NEW ISSUE
FULL BOOK-ENTRY

Ratings:
Moody's: "Aa3"
Fitch: "AA-"
(See "MISCELLANEOUS – Ratings" herein)

*In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law (1) assuming compliance by the City with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (a) interest on the 2023A Bonds (i) is excludable from gross income for federal income tax purposes, and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax, and (b) interest on the 2023B Bonds (i) is excludable from gross income for federal income tax purposes, except for interest on a 2023B Bond for any period during which such 2023B Bond is held by a person who is a "substantial user" of the facilities financed or refinanced by the 2023B Bonds or a "related person" within the meaning of Section 147(a) of the Code, and (ii) is an item of tax preference for purposes of the federal alternative minimum tax, and (2) interest on the 2023 Bonds is exempt from State of North Carolina income taxation. See "**TAX TREATMENT**" herein.*

CHARLOTTE™

$367,160,000
CITY OF CHARLOTTE, NORTH CAROLINA
Charlotte Douglas International Airport

$256,875,000 Airport Revenue Bonds Series 2023A (NON-AMT)	$110,285,000 Airport Revenue Bonds Series 2023B (AMT)

Dated: Date of Issuance

Due: As shown on inside cover

This Official Statement has been prepared by the City of Charlotte, North Carolina (the "City") to provide information on the above referenced bonds offered hereby (the "2023 Bonds"). Selected information is presented on this cover page for the convenience of the user. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Security: **THE 2023 BONDS ARE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE FROM NET REVENUES. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2023 BONDS ARE NOT PAYABLE FROM THE GENERAL FUNDS OF THE CITY, NOR DO THE 2023 BONDS CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE ON ANY OF ITS PROPERTY OR ON ANY OF ITS INCOME, RECEIPTS OR REVENUES, EXCEPT AS PROVIDED IN THE BOND ORDER OR THE 2023 RESOLUTION (EACH AS DEFINED HEREIN) PURSUANT TO WHICH THE 2023 BONDS ARE ISSUED. NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2023 BONDS, AND NO OWNER HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE CITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT UNDER THE BOND ORDER OR THE 2023 RESOLUTION.**

The 2023 Bonds will be issued and secured under the Bond Order on a parity with the City's outstanding Prior Bonds (as defined herein) and any Additional Bonds (as defined herein) that may be issued, from time to time.

Redemption: The 2023 Bonds will be subject to redemption as described herein.

Issued Pursuant to: The 2023 Bonds will be issued pursuant to the Bond Order and the 2023 Resolution.

Purpose: The City is issuing the 2023 Bonds to obtain funds to (1) refinance a portion of the 2022 Note (as defined herein), (2) acquire and construct certain improvements to the Charlotte Douglas International Airport, (3) fund capitalized interest, (4) fund a deposit to the debt service reserve fund and (5) pay the costs of issuance of the 2023 Bonds.

Interest Payment Dates: 2023A Bonds and 2023B Bonds: January 1 and July 1 of each year, commencing January 1, 2024.

Denomination: $5,000 or integral multiples thereof.

Closing/Delivery Date: 2023 Bonds: On or about September 28, 2023.

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

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

City Financial Advisor: DEC Associates, Inc., Charlotte, North Carolina.

Airport Financial Advisor: Frasca & Associates, LLC, New York, New York.

Bond Counsel: Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina.

City Counsel: Patrick W. Baker, Esq., Charlotte, North Carolina.

Underwriter's Counsel: McGuireWoods LLP, Charlotte, North Carolina.

BofA Securities

J.P. Morgan **Ramirez & Co., Inc.** **Raymond James**

September 14, 2023

$256,875,000
Airport Revenue Bonds Series 2023A (NON-AMT)

MATURITY SCHEDULE

$128,935,000 Serial 2023A Bonds (NON-AMT)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP** Base: 161036	Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP ** Base: 161036
2025	$785,000	5.00%	3.22%	UR7	2035	$7,110,000	5.00%	3.44%*	VB1
2026	825,000	5.00	3.13	US5	2036	7,470,000	5.00	3.58*	VC9
2027	865,000	5.00	3.04	UT3	2037	7,840,000	5.00	3.70*	VD7
2028	910,000	5.00	3.06	UU0	2038	8,230,000	5.00	3.79*	VE5
2029	5,305,000	5.00	3.07	UV8	2039	8,645,000	5.00	3.86*	VF2
2030	5,575,000	5.00	3.12	UW6	2040	9,080,000	5.00	3.91*	VG0
2031	5,850,000	5.00	3.18	UX4	2041	9,530,000	5.00	4.00*	VH8
2032	6,145,000	5.00	3.24	UY2	2042	10,005,000	5.00	4.09*	VJ4
2033	6,450,000	5.00	3.24	UZ9	2043	10,505,000	5.00	4.13*	VK1
2034	6,775,000	5.00	3.32*	VA3	2044	11,035,000	5.00	4.18*	VL9

$49,935,000 5.00% Term 2023A Bonds Due July 1, 2048, Yield 4.28%*, CUSIP** 161036 VM7
$38,005,000 5.00% Term 2023A Bonds Due July 1, 2053, Yield 4.33%*, CUSIP** 161036 VN5
$40,000,000 5.25% Term 2023A Bonds Due July 1, 2053, Yield 4.26%*, CUSIP** 161036 VP0

$110,285,000
Airport Revenue Bonds Series 2023B (AMT)

$58,425,000 Serial 2023B Bonds (AMT)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP** Base: 161036	Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP** Base: 161036
2025	$1,765,000	5.00%	3.83%	VQ8	2035	$2,880,000	5.00%	4.01%*	WA2
2026	1,855,000	5.00	3.79	VR6	2036	3,020,000	5.00	4.09*	WB0
2027	1,950,000	5.00	3.73	VS4	2037	3,175,000	5.00	4.21*	WC8
2028	2,045,000	5.00	3.74	VT2	2038	3,330,000	5.00	4.29*	WD6
2029	2,150,000	5.00	3.78	VU9	2039	3,500,000	5.00	4.35*	WE4
2030	2,255,000	5.00	3.82	VV7	2040	3,675,000	5.00	4.37*	WF1
2031	2,370,000	5.00	3.86	VW5	2041	3,855,000	5.00	4.46*	WG9
2032	2,485,000	5.00	3.90	VX3	2042	4,050,000	5.00	4.51*	WH7
2033	2,610,000	5.00	3.91	VY1	2043	4,250,000	5.00	4.55*	WJ3
2034	2,740,000	5.00	3.95*	VZ8	2044	4,465,000	5.00	4.57*	WK0

$20,210,000 5.00% Term 2023B Bonds Due July 1, 2048, Yield 4.60%*, CUSIP** 161036 WL8
$31,650,000 5.25% Term 2023B Bonds Due July 1, 2053, Yield 4.58%*, CUSIP** 161036 WM6

---

* Yield to the first call date of July 1, 2033 at par.
** No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon. This Official Statement and its electronic distribution does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any offer or sale of the 2023 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by the Underwriters and is not to be construed as a representation by the Underwriters.

NONE OF THE 2023 BONDS, THE BOND ORDER OR THE 2023 RESOLUTION (AS DEFINED HEREIN) HAS BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED AND SECTION 304(A)(4) OF THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE 2023 BONDS AND THE BOND ORDER IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2023 BONDS AND THE BOND ORDER HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2023 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the City or the Airport since the date hereof.

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

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

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

TABLE OF CONTENTS (continued)

TABLE OF CONTENTS
(continued)

Page

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

LOCAL GOVERNMENT COMMISSION
STATE AND LOCAL GOVERNMENT FINANCE DIVISION
SHARON EDMUNDSON, DEPUTY TREASURER

OFFICIAL STATEMENT

relating to

$367,160,000
CITY OF CHARLOTTE, NORTH CAROLINA
Charlotte Douglas International Airport

$256,875,000
Airport Revenue Bonds
Series 2023A (NON-AMT)

$110,285,000
Airport Revenue Bonds
Series 2023B (AMT)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices, provides certain information concerning the City of Charlotte, North Carolina (the "City"), the Charlotte Douglas International Airport (the "Airport") and certain other information in connection with the issuance by the City of $256,875,000 Airport Revenue Bonds, Series 2023A (Non-AMT) (the "2023A Bonds") and $110,285,000 Airport Revenue Bonds, Series 2023B (AMT) (the "2023B Bonds" and collectively with the 2023A Bonds, the "2023 Bonds"). For further information about the City, see **"APPENDIX E – THE CITY OF CHARLOTTE"**.

The 2023 Bonds are being issued pursuant to The State and Local Government Revenue Bond Act, as amended; a Bond Order adopted by the City Council on April 24, 2017, which restated, supplemented and amended the bond order originally adopted by the City Council on November 18, 1985, as amended and supplemented by Supplemental Bond Order Number 1 adopted by the City Council on March 22, 2021 (the "Bond Order"), and the Series Resolution regarding the 2023 Bonds adopted by the City Council on August 28, 2023 (the "2023 Resolution"). The proceeds of the 2023 Bonds will be used, with other available funds, to (1) refinance a portion of the 2022 Note (as defined herein), (2) pay the costs of acquisition, rehabilitation, renovation, expansion and construction of certain improvements to the Airport (the "2023 Projects"), (3) fund capitalized interest, (4) fund a deposit to the debt service reserve fund, and (5) pay the costs of issuance of the 2023 Bonds.

The sale of the 2023 Bonds will be made by and with the approval of the Local Government Commission of North Carolina (the "Local Government Commission"). See **"APPENDIX F – LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA"**.

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

Series of Bonds	Initial Par Amount	Principal Currently Outstanding[1]
Airport Refunding Revenue Bonds, Series 2014A (the "2014A Bonds")	$74,290,000	$69,915,000
Airport Revenue Bonds, Series 2017A (the "2017A Bonds")	167,385,000	153,360,000
Airport Revenue Bonds, Series 2017B (the "2017B Bonds")	16,345,000	15,155,000
Airport Revenue Refunding Bonds, Series 2017C (the "2017C Bonds" and collectively with the 2017A and 2017B Bonds, the "2017 Bonds")	119,050,000	101,235,000
Airport Revenue Bonds Series 2019A (the "2019A Bonds")	142,220,000	134,040,000
Airport Revenue Bonds Series 2019B (the "2019B Bonds", and collectively with the 2019A Bonds, the "2019 Bonds")	36,145,000	34,245,000
Airport Revenue Bonds, Series 2021A (the "2021A Bonds")	271,525,000	260,815,000
Airport Revenue Bonds Series 2021B (the "2021B Bonds", and collectively with the 2021A Bonds, the "2021 Bonds")	108,420,000	100,040,000
Airport Revenue Bonds, Series 2022A (the "2022A Bonds")	298,705,000	295,120,000
Airport Revenue Bonds Series 2022B (the "2022B Bonds", and collectively with the 2022A Bonds, the "2022 Bonds")	74,225,000	73,355,000
Subtotal	$1,339,410,000	$1,237,280,000
Airport Revenue Bond Anticipation Note, Series 2022 (the "2022 Note")[2]	Maximum 300,000,000	Maximum 300,000,000
Total	Maximum $1,639,410,000	Maximum $1,537,280,000

1 As of August 28, 2023.
2 As of August 28, 2023, the 2022 Note is outstanding in the principal amount of $135,755,643.72.

After the issuance of the 2023 Bonds, the 2014A Bonds, the 2017 Bonds, the 2019 Bonds, the 2021 Bonds, the 2022 Bonds and the 2022 Note will be the "Prior Bonds". The City expects to prepay the 2022 Note, which is held by Bank of America, N.A., with proceeds of the 2023 Bonds and the 2023 Note (defined below), as well as PFC Revenues and other Airport funds.

Pursuant to the Bond Order and a Series Resolution regarding the 2023 Note adopted by the City Council on August 28, 2023 (the "2023 Note Resolution"), the City plans to authorize $280,000,000 principal amount of its Airport Revenue Bond Anticipation Note, Series 2023 (the "2023 Note"). Under the 2023 Note, the City will be authorized to draw amounts, from time-to-time, to finance and refinance the costs of the 2023 Projects. The draw schedule of the 2023 Note is uncertain at this time. The 2023 Bonds will be parity obligations with the Prior Bonds and the 2023 Note under the Bond Order. The City anticipates that the 2023 Note will be purchased by Bank of America, N.A. **The 2023 Note is not being offered pursuant to this Official Statement.**

After the issuance of the 2023 Bonds and the authorization of the 2023 Note, Bonds in the principal amount of $1,884,440,000 will be authorized to be Outstanding under the Bond Order, consisting of Prior Bonds in the aggregate principal amount of $1,237,280,000, the 2023 Bonds in the aggregate principal amount of $367,160,000 and the 2023 Note in the maximum authorized principal amount of $280,000,000.

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

A portion of the debt service on the 2023 Bonds, the 2023 Note and the Prior Bonds which meet the definition of PFC Eligible Bonds (as defined in the Bond Order) may also be paid by certain PFC Revenues (as defined in the Bond Order) for PFC Eligible Projects (as defined in the Bond Order). Under the Aviation Safety and Capacity Act of 1990 (the "PFC Act"), as modified by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR-21") and pursuant to 14 CFR Part 158, airports may apply to the Federal Aviation Administration (the "FAA") for authorization to impose a fee on every enplaning revenue passenger ("Passenger Facility Charge" or "PFC") at the sponsored airport and to use the revenues derived from any such PFC to pay the allowable costs of PFC Eligible Projects. The FAA has granted the City authority to impose a $3.00 PFC, collect therefrom PFC Revenues in an aggregate amount of $3,258,936,947, and use such PFC Revenues to pay the cost of PFC Eligible Projects. As of June 30, 2023, $993,642,274 of this PFC authority had been received. The City is permitted to use revenues derived from its existing $3.00 PFC to pay debt service on a portion of the Prior Bonds. See also **"PASSENGER FACILITY CHARGES"** for a discussion on the Airport's intention to seek FAA approval to increase the PFC imposed by the City.

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

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

Unless otherwise indicated, capitalized terms used in this Official Statement have the meanings established in the Bond Order and the 2023 Resolution. See **"APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Definitions of Certain Terms"**.

THE 2023 BONDS

General

The 2023 Bonds will be dated their date of issuance and will bear interest from their date payable semiannually on each January 1 and July 1, commencing January 1, 2024, at the rates shown on the inside cover page (computed on the basis of a 360-day year of twelve 30-day months).

Principal of the 2023 Bonds will be payable, subject to redemption as described herein, on July 1 in the years and amounts shown on the inside cover page. The 2023 Bonds will be issued in fully registered form in denominations of $5,000 and integral multiples thereof. U.S. Bank Trust Company, National Association, is the Trustee and Bond Registrar for the 2023 Bonds.

Book-Entry-Only Form

The 2023 Bonds will be delivered as fully registered certificates in book-entry-only form without physical delivery of certificates to the beneficial owners of the 2023 Bonds. The Trustee will make payments of principal of and interest on the 2023 Bonds to DTC, which will in turn remit such payments to its direct participants for subsequent distribution to the beneficial owners of the 2023 Bonds. See **APPENDIX G** hereto.

Redemption

Optional Redemption of 2023 Bonds

The 2023 Bonds maturing on or after July 1, 2034, may be redeemed prior to their maturities, at the option of the City, from any funds that may be available for such purpose, in whole or in part, on any date on or after July 1, 2033, at a redemption price equal to the principal amount of 2023 Bonds to be redeemed, together with accrued interest, if any, to the redemption date, without premium.

Extraordinary Optional Redemption

The 2023 Bonds are subject to redemption, in whole or in part on any date, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, upon instructions from the City, from the Net Proceeds of insurance or Eminent Domain that are deposited in the related subaccount of the Revenue Bond Redemption Account as provided in the Bond Order and the 2023 Resolution.

Sinking Fund Redemption

The 2023A Bonds maturing on July 1, 2048 are subject to mandatory sinking fund redemption in part on July 1 in each year by lot, from money required to be deposited in the Series 2023A Subaccount of the Revenue Bond Sinking Fund Account, at a redemption price equal to the principal amount of the 2023A Bonds being redeemed, without premium, plus accrued interest to the date of redemption in the years and in the amounts set forth below:

Year	Principal Amount
2045	$11,585,000
2046	12,165,000
2047	12,775,000
2048	13,410,000*

* Maturity

The 2023A Bonds maturing on July 1, 2053 (with the interest rate coupon of 5.00%) are subject to mandatory sinking fund redemption in part on July 1 in each year by lot, from money required to be deposited in the Series 2023A Subaccount of the Revenue Bond Sinking Fund Account, at a redemption price equal to the principal amount of the 2023A Bonds being redeemed, without premium, plus accrued interest to the date of redemption in the years and in the amounts set forth below:

Year	**Principal Amount**
2049	$6,840,000
2050	7,200,000
2051	7,580,000
2052	7,985,000
2053	8,400,000*

* Maturity

The 2023A Bonds maturing on July 1, 2053 (with the interest rate coupon of 5.25%) are subject to mandatory sinking fund redemption in part on July 1 in each year by lot, from money required to be deposited in the Series 2023A Subaccount of the Revenue Bond Sinking Fund Account, at a redemption price equal to the principal amount of the 2023A Bonds being redeemed, without premium, plus accrued interest to the date of redemption in the years and in the amounts set forth below:

Year	**Principal Amount**
2049	$7,240,000
2050	7,605,000
2051	7,980,000
2052	8,375,000
2053	8,800,000*

* Maturity

The 2023B Bonds maturing on July 1, 2048 are subject to mandatory sinking fund redemption in part on July 1 in each year by lot, from money required to be deposited in the Series 2023B Subaccount of the Revenue Bond Sinking Fund Account, at a redemption price equal to the principal amount of the 2023B Bonds being redeemed, without premium, plus accrued interest to the date of redemption in the years and in the amounts set forth below:

Year	**Principal Amount**
2045	$4,690,000
2046	4,925,000
2047	5,170,000
2048	5,425,000*

* Maturity

The 2023B Bonds maturing on July 1, 2053 are subject to mandatory sinking fund redemption in part on July 1 in each year by lot, from money required to be deposited in the Series 2023B Subaccount of the Revenue Bond Sinking Fund Account, at a redemption price equal to the principal amount of the 2023B Bonds being redeemed, without premium, plus accrued interest to the date of redemption in the years and in the amounts set forth below:

Year	Principal Amount
2049	$5,700,000
2050	6,000,000
2051	6,310,000
2052	6,645,000
2053	6,995,000*

* Maturity

Notice of Redemption

Notice of redemption of any 2023 Bonds will be given by the Trustee not less than 30 days nor more than 60 days before the date fixed for redemption (1) to the North Carolina Local Government Commission by mail, electronic or facsimile transmission, (2)(a) to DTC or its nominee by registered or certified mail at the address provided to the Trustee by DTC or as otherwise permitted by DTC's rules and procedures or (b) if DTC or its nominee is no longer the Owner of the 2023 Bonds, by mail to the then-registered Owners of 2023 Bonds to be redeemed at the last address shown on the registration books kept by the Bond Registrar and (3) to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB.

Selection of 2023 Bonds for Redemption

If less than all of the 2023 Bonds are called for redemption, the City will select the series of the 2023 Bonds and the maturity or maturities of the 2023 Bonds within a series to be redeemed and DTC will select the 2023 Bonds within the same maturity of a series pursuant to its rules and procedures or if a book-entry system is no longer in effect, the Bond Registrar will select the 2023 Bonds to be redeemed by lot in such manner as the Bond Registrar in its discretion may deem proper. If a 2023 Bond subject to redemption is in a denomination larger than $5,000, a portion of such 2023 Bonds may be redeemed, but only in a principal amount such that the unredeemed portion of such 2023 Bond is equal to $5,000 or an integral multiple thereof. If a portion of a 2023 Bond is called for redemption, a new 2023 Bond of such series in principal amount equal to the unredeemed portion thereof shall be issued to the Owner thereof upon surrender thereof.

Effect of Redemption

On the date fixed for redemption, notice having been given in the manner and under the conditions described above, the 2023 Bonds or portions thereof called for redemption will be due and payable at the Redemption Price provided therefor, plus accrued interest to the redemption date. If money or non-callable Government Obligations (that have maturity dates or redemption dates which, at the option of the holder of such Government Obligations, are not later than the dates on which money will be required to effect such redemption), or a combination of both, sufficient to pay the Redemption Price of the 2023 Bonds or portions thereof to be redeemed, plus accrued interest thereon to the redemption date, are held by the Trustee in trust for the Owners of the 2023 Bonds to be redeemed, interest on the 2023 Bonds or portions thereof called for redemption will cease to accrue; such 2023 Bonds or portions thereof will cease to be entitled to any benefits or security under the Bond Order or to be deemed Outstanding; and the Owners of such 2023 Bonds or portions thereof will have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest to the redemption date.

If an Event of Default occurs and is continuing, there will be no redemption of less than all of the 2023 Bonds Outstanding.

Ownership of Bonds

The person in whose name any 2023 Bond is registered will be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and premium, if any, and interest on, any such 2023 Bonds will be made only to or upon the order of the Owner thereof as its name and address appear on the registration books kept by the Bond Registrar at the close of business on the Record Date. All such payments will be valid and effectual to satisfy and discharge the liability upon such 2023 Bond to the extent of the sum or sums so paid. So long as the 2023 Bonds are issued in book-entry-only form, Cede & Co., as nominee for DTC, will be deemed and regarded as the absolute owner thereof for all purposes. See **"THE 2023 BONDS – Book-Entry-Only Form"**.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Source of Payment

Pledge of Net Revenues

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

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

PFCs

The City has the authority to impose PFCs in accordance with the terms of the FAA approval. The FAA has granted the City authorization to collect $3,258,936,947 in PFCs. The City's PFC authorizations permit the City to use revenues derived from its existing $3.00 PFC to pay debt service on a portion of the Prior Bonds used to finance PFC Eligible Projects. In July 2023, the City submitted a PFC amendment application to the FAA for authorization to use revenues derived from its $3.00 PFC to increase funding on proposed PFC Eligible Projects and the City received FAA approval in August 2023. See also **"PASSENGER FACILITY CHARGES"** for a discussion on the Airport's intention to seek FAA approval to increase the PFC imposed by the City.

The Bond Order creates a category of PFC revenues defined as "Pledged PFC Revenues". Under the Bond Order, PFC Revenues will be applied by the City (although not legally and contractually pledged as Revenues) to the following: (1) by transfer to the Bond Fund, to pay debt service on PFC Eligible Bonds, (2) to pay the capital costs of PFC Eligible Projects, and (3) as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs. However, if the PFC Revenues are Pledged PFC Revenues, Pledged PFC Revenues would be pledged to the payment of a particular series of Bonds and would be applied by the City first, to the payment of such Bonds, second to pay the capital costs of PFC Eligible Projects, and third, as otherwise permitted by federal statute or the regulations promulgated by the FAA. PFC Revenues have not been pledged to the payment of the 2023 Bonds. See **"PASSENGER FACILITY CHARGES"**.

Revenue Bond Reserve Account

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

The 2023 Resolution provides that the 2023 Bonds will be Common Reserve Bonds and will be secured by the Common Reserve Subaccount. The Trustee shall use money deposited in the Common Reserve Subaccount of the Revenue Bond Reserve Account solely for the purpose of paying the principal of and the interest on each Series of Common Reserve Bonds whenever and to the extent that (1) money in the applicable Subaccount of the Revenue Bond Interest Account created with respect to such Series of Common Reserve Bonds is insufficient to pay the interest on such Series of Common Reserve Bonds or (2) money in the applicable Subaccount of the Revenue Bond Principal Account or the applicable Subaccount of the Revenue Bond Sinking Fund Account created with respect to such Series of Common Reserve Bonds is insufficient to pay the principal of such Series of Common Reserve Bonds. With respect to the 2023 Bonds, the Trustee shall withdraw such money in accordance with the order of priorities set forth in the 2023 Resolution, and with respect to any subsequent Series of Common Reserve Bonds, the Trustee shall withdraw such money in accordance with the order of priorities set forth in the corresponding section of the applicable Common Reserve Series Resolution; *provided, however*, if there is insufficient money in the Common Reserve Subaccount of the Revenue Bond Reserve Account to satisfy all deposits required by the 2023 Resolution, then any amounts remaining in the Common Reserve Subaccount of the

Revenue Bond Reserve Account will be used to satisfy the deposits between each subaccount on a *pro rata* basis in accordance with the Outstanding aggregate principal amount of each corresponding Series of Common Reserve Bonds. If on any Interest Payment Date the amount on deposit in an account of the Common Reserve Subaccount of the Revenue Bond Reserve Account exceeds the Reserve Requirement therefor, the Trustee shall transfer such excess to (1) the applicable Subaccount of the Revenue Bond Interest Account created with respect to each Series of Common Reserve Bonds on a *pro rata* basis based on the Outstanding aggregate principal amount of each corresponding Series of the Common Reserve Bonds or (2) as the City otherwise directs as required by the City's arbitrage and tax regulatory agreement executed and delivered in connection with any Series of Common Reserve Bonds. See **"APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – DEFINITIONS OF CERTAIN TERMS"** for the definition of "Reserve Requirement".

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

Under the 2023 Resolution, there may be deposited to the credit of the Common Reserve Subaccount certain surety bonds or other insurance policies meeting the requirements of the Bond Order in lieu of or in substitution for all of the money or securities then to the credit of such subaccount.

Currently the Common Reserve Subaccount of the Revenue Bond Reserve Account is the sole Subaccount in the Revenue Bond Reserve Account. Prior to the issuance of the 2023 Bonds, the requirement for the Common Reserve Subaccount of the Revenue Bond Reserve Account is $89,805,718.69. The Common Reserve Subaccount of the Revenue Bond Reserve Account is currently funded with cash and eligible securities in the amount of the Reserve Requirement for the Common Reserve Subaccount. The Reserve Requirement is calculated based on when the City makes deposits with the Trustee, as required by the Bond Order.

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

The 2023 Note Resolution provides that the 2023 Note will not be secured by the Revenue Bond Reserve Account.

Rate Covenant

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

Additional Bonds

The City may issue additional obligations on a parity with all Bonds outstanding under the Bond Order, including the 2023 Bonds and the 2023 Note, for Additional Facilities only if one of the following conditions is met:

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

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

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

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

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

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

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

Special Purpose Facilities Bonds

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

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

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

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

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

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

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

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

FLOW OF FUNDS

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

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

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

Subaccounts, as applicable, are to be created for each account in the Revenue Bond Fund with respect to each Series of Bonds. The 2023 Resolution creates the following subaccounts with respect to the 2023 Bonds:

2023 Additional Facilities Account of the Construction Account

(a) Series 2023A Subaccount of the Series 2023 Additional Facilities Account; and
(b) Series 2023B Subaccount of the Series 2023 Additional Facilities Account.

2023A Bonds

(a) Series 2023A Subaccount of the Revenue Bond Interest Account;
(b) Series 2023A Subaccount of the Revenue Bond Principal Account;
(c) Series 2023A Subaccount of the Revenue Bond Redemption Account;
(d) Series 2023A Subaccount of the Revenue Bond Sinking Fund Account; and
(e) Series 2023A Subaccount of the Revenue Bond Capitalized Interest Account.

2023B Bonds

(a) Series 2023B Subaccount of the Revenue Bond Interest Account;
(b) Series 2023B Subaccount of the Revenue Bond Principal Account;
(c) Series 2023B Subaccount of the Revenue Bond Redemption Account;
(d) Series 2023B Subaccount of the Revenue Bond Sinking Fund Account; and
(e) Series 2023B Subaccount of the Revenue Bond Capitalized Interest Account.

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

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

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

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

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

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

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

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

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

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

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

Amounts deposited to the various funds and accounts described above will be applied as provided in the Bond Order and the 2023 Resolution. See **"APPENDIX C – SUMMARY OF PRINCIPAL**

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

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

The Bond Order and the 2023 Resolution provide that all interest earned or profit or loss realized on investments or deposits of money for all funds and accounts, except the Rebate Account, if any, the Airport Construction Fund, and the Airport Discretionary Fund (which funds or accounts retain their own earnings), will be credited or charged to the Revenue Fund.

THE PLAN OF FINANCE

The proceeds of the 2023 Bonds will be used, with other available funds, to (1) refinance a portion of the 2022 Note, (2) pay the costs of acquisition, rehabilitation, renovation, expansion and construction of certain improvements to the Airport, consisting of (i) the Concourse A Phase II Expansion and (ii) the Fourth Parallel Runway (the "2023 Projects"), (3) fund capitalized interest, (4) fund a deposit to the debt service reserve fund, and (5) pay the costs of issuance of the 2023 Bonds.

The Concourse A Phase II Expansion includes the planning, design, and construction of Concourse A North Expansion Phase II to add ten gates and aircraft parking positions. This expansion is the second phase of the Concourse A Expansion program. Concourse A North Expansion Phase I was a concourse expansion of nine gates and associated aircraft parking positions. Concourse A North Expansion Phase II will construct a 3-level pier of an estimated 167,367 square feet and will include 10 passenger boarding gates, holdrooms, public restrooms, circulation areas with moving sidewalks, concession areas, a baggage conveyor system and other support areas. All parking positions will include hydrant fueling, new passenger loading bridges, preconditioned air and 400 Hz power. The Concourse A Phase II Expansion is expected to be completed in late calendar year 2024.

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

The Fourth Parallel Runway is expected to be completed in calendar year 2027.

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

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents how the proceeds of the 2023 Bonds and certain Airport funds are expected to be applied.

	2023A Bonds	2023B Bonds	Total
SOURCES OF FUNDS			
Par Amount	$256,875,000	$110,285,000	$367,160,000
Original Issue Premium	20,717,235	5,511,673	26,228,908
Total	**$277,592,235**	**$115,796,673**	**$393,388,908**
USES OF FUNDS			
Deposit to Construction Account	$200,199,839	$72,237,589	$272,437,428
Capitalized Interest	1,871,756	4,241,643	6,113,399
Prepayment of 2022 Note [1]	55,698,970	31,032,292	86,731,262
Deposit to Common Reserve Subaccount	17,933,753	7,481,005	25,414,758
Costs of Issuance [2]	1,887,917	804,144	2,692,061
Total	**$277,592,235**	**$115,796,673**	**$393,388,908**

[1] The remaining balance of the 2022 Note will be prepaid with a portion of the proceeds of the 2023 Note, PFC Revenues and other Airport Funds.

[2] Includes various professional fees and other financing costs, including underwriters' discount.

[Remainder of page intentionally left blank]

DEBT SERVICE REQUIREMENTS

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

Fiscal Year Ending June 30	Prior Bonds Total[1]	2023A Bonds Principal	2023A Bonds Interest	2023B Bonds Principal	2023B Bonds Interest	Total
2024	$94,790,662	$ 0	$9,815,677	$ 0	$4,241,643	$108,847,982
2025	94,878,912	785,000	12,943,750	1,765,000	5,593,375	115,966,037
2026	94,906,912	825,000	12,904,500	1,855,000	5,505,125	115,996,537
2027	94,932,662	865,000	12,863,250	1,950,000	5,412,375	116,023,287
2028	93,386,162	910,000	12,820,000	2,045,000	5,314,875	114,476,037
2029	90,565,662	5,305,000	12,774,500	2,150,000	5,212,625	116,007,787
2030	85,913,162	5,575,000	12,509,250	2,255,000	5,105,125	111,357,537
2031	85,924,062	5,850,000	12,230,500	2,370,000	4,992,375	111,366,937
2032	85,923,062	6,145,000	11,938,000	2,485,000	4,873,875	111,364,937
2033	85,964,212	6,450,000	11,630,750	2,610,000	4,749,625	111,404,587
2034	85,955,012	6,775,000	11,308,250	2,740,000	4,619,125	111,397,387
2035	76,690,950	7,110,000	10,969,500	2,880,000	4,482,125	102,132,575
2036	76,707,800	7,470,000	10,614,000	3,020,000	4,338,125	102,149,925
2037	76,721,300	7,840,000	10,240,500	3,175,000	4,187,125	102,163,925
2028	70,028,400	8,230,000	9,848,500	3,330,000	4,028,375	95,465,275
2039	70,046,400	8,645,000	9,437,000	3,500,000	3,861,875	95,490,275
2040	63,951,400	9,080,000	9,004,750	3,675,000	3,686,875	89,398,025
2041	63,961,300	9,530,000	8,550,750	3,855,000	3,503,125	89,400,175
2042	58,569,650	10,005,000	8,074,250	4,050,000	3,310,375	84,009,275
2043	58,571,200	10,505,000	7,574,000	4,250,000	3,107,875	84,008,075
2044	58,560,775	11,035,000	7,048,750	4,465,000	2,895,375	84,004,900
2045	58,559,825	11,585,000	6,497,000	4,690,000	2,672,125	84,003,950
2046	58,562,325	12,165,000	5,917,750	4,925,000	2,437,625	84,007,700
2047	58,554,925	12,775,000	5,309,500	5,170,000	2,191,375	84,000,800
2048	46,342,400	13,410,000	4,670,750	5,425,000	1,932,875	71,781,025
2049	46,355,112	14,080,000	4,000,250	5,700,000	1,661,625	71,796,987
2050	35,134,325	14,805,000	3,278,150	6,000,000	1,362,375	60,579,850
2051	35,133,325	15,560,000	2,518,888	6,310,000	1,047,375	60,569,588
2052	22,755,887	16,360,000	1,720,938	6,645,000	716,100	48,197,925
2053	0	17,200,000	882,000	6,995,000	367,238	25,444,238
Total	$2,028,347,781	$256,875,000	$259,895,652	$110,285,000	$107,410,105	$2,762,813,538

Note: Totals may not tie due to rounding.

[1] The Prior Bonds Total includes the following fixed rate bonds: the 2014A Bonds, the 2017 Bonds, the 2019 Bonds, the 2021 Bonds and the 2022 Bonds. The table excludes the 2023 Note.

THE CITY

General

The City, a municipal corporation of the State located in Mecklenburg County (the "County"), is the 16th most populated city in the United States. The City was incorporated in 1768, became the County seat in 1774, and has grown from an initial 360 acres to a present area covering 308 square miles of the 527 square-mile County.

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

The 2023 Bonds are special obligations of the City, payable from Net Revenues. The principal of, premium, if any, and interest on the 2023 Bonds are not payable from the general funds of the City, nor do the 2023 Bonds constitute a legal or equitable pledge, charge, lien or encumbrance on any of its property or on any of its income, receipts or revenues, except as provided in the Bond Order or the 2023 Resolution (each as defined herein) pursuant to which the 2023 Bonds are issued. Neither the credit nor the taxing power of the City is pledged for the payment of the principal of, premium, if any, or interest on the 2023 Bonds, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Bond Order or the 2023 Resolution.

Management and Personnel

Marcus D. Jones is the City Manager for the City. The City Manager maintains fiscal stewardship over the City's $3.24 billion budget in addition to operations of the City's 20 departments. These responsibilities include community safety; economic development; trash collection; water, sewer and storm water; construction and maintenance of streets; public transit (bus and light rail) as well as the Airport. Mr. Jones' previous 28 years of public service experience includes 11 years with the City of Norfolk – serving as budget director, Assistant City Manager and City Manager, the Deputy Chief Administrative Officer for Richmond, Virginia, and the Deputy Secretary of finance for two governors in the Commonwealth of Virginia.

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

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

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

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

Environmental, Social, and Governance (ESG)

Strategic Energy Action Plan

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

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

In the first few years since adopting the SEAP, the City continues to implement projects aimed at reaching the SEAP 2030 and 2050 goals. As of Fiscal Year 2022, the City had a total of 90 electric vehicles (EV) in service and an additional 72 EVs ordered. The City had 121 EV charging stations with 205 ports. Fifty stations and 93 ports are available to the public. The City also has 17 battery electric bus (BEB) chargers with 31 ports. The City recently broke ground on its first all-electric fire station that will house an electric fire truck, charging infrastructure and additional sustainable elements to make it an all-electric facility.

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

The City Council has adopted a priority of Well-Managed Government, Equity, Engagement, and Environment. This priority stands as a fundamental priority inclusive of a commitment to and focus on advancing equity and safeguarding the environment. The City Council developed an equity framework in order to apply an equity lens to City Council decisions and mitigate any negative impact in those decisions.

Affordable Housing/Great Neighborhood

The City's and its community's commitment to increasing the affordable housing supply led to the creation of the privately financed Charlotte Housing Opportunity Investment Fund (the "Housing Opportunity Fund") in the spring of 2018. By September of 2019, the Housing Opportunity Fund exceeded its fundraising goal of $50 million. The combined funding from the Housing Opportunity Fund and the Housing Trust Fund, a fund established by the City and administered by the City's Housing & Neighborhood Services' Housing Services division, is able to leverage public, private, and non-profit dollars to increase the housing supply and accessibility of housing in the community. After the 2022 voter referendum, the aggregate amount of affordable housing bonds approved by voters from 2014 through 2022 was equal to $180 million.

Office of Equity, Mobility, and Immigration Integration

In 2019, the City established the Office of Equity, Mobility, and Immigrant Integration ("EMII") to address systemic and community barriers that limit opportunities for the City's vulnerable communities. EMII leads the City's efforts in carrying out the work identified in the 2015 Immigrant Integration Task Force Report, the 2017 Leading on Opportunity Report, and the 2018 Assessment of the City of Charlotte's Effort on Diversity, Equity, and Inclusion. They also consult on the DEI efforts internally and externally, manage the SAFE Charlotte grant and Alternative to Violence (ATV) program, and serve as liaisons for the Immigrant and Refugee community, including implementing the city's Language Access Policy and Plan. The goals of the office are separated into three areas which include Diversity, Equity and Inclusion, Safety and Economic Mobility and Immigrant Integration.

Workforce Development

The City Council's workforce development initiative will leverage the City's resources and external partnerships in addressing the specific workforce development needs of the community. Building on the momentum from the City's internal apprenticeship programs that have been successful for the Aviation Department and Charlotte Water, the City plans to add 29 new apprenticeships in Fiscal Year 2024. The City has also supported workforce development by partnering with Central Piedmont Community College to provide tuition assistance for certain courses or job certifications for City employees.

The City invested $500,000, supported from CARES Act funding, into a newly developed Renewable Energy and Efficiency Workforce Training Program. The Renewable Energy and Efficiency Workforce Training Program provides training in the areas of HVAC, electrical trades and sustainable technologies for Charlotte residents displaced from employment by COVID-19. In 2022, 33 participants were trained through RENEW program. In total, 121 training participants have successfully graduated the RENEW training program.

Airport

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

In addition, the Airport is in the process of converting its approximately 69 bus fleet to full electric buses over the next five to seven years. The first ten electric buses are currently in operation with another five buses ordered and expected to be operational this year. In the terminal, there are several sustainability initiatives including 85 smart waste and recycling stations and dynamic glass panes which are made to adjust to the outside weather thereby lowering heating, cooling and lighting related energy costs.

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

As a major hub airport receiving financial AIP (as defined below) funding on various projects through federal grants, the Airport is responsible for maintaining a program called the Limited English Proficiency Program ("LEP"). This program ensures that LEP individuals are provided with meaningful access to air travel and other important Airport services and is enforced with legal requirements from Bill Clinton's Executive Order 13166 and the FAA's Title VI component. The Airport fulfills LEP requirements by conducting periodic four-factor analyses and by offering accessibility through services and programs such as symbol-based signage, multi-lingual staff, a phone interpretation service, and text-based translation/captioning.

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

THE AIRPORT

General

The Airport is owned by the City and operated by the City of Charlotte Aviation Department. It is classified as a large hub by the FAA. In 2022, the Airport was the eighth busiest airport in the nation as measured by enplaned passengers according to the USDOT. The Airport is one of only two network airline hubs (Hartsfield-Jackson Atlanta International Airport being the other) in the southeast and was the second busiest hub for American Airlines, behind Dallas Fort Worth International Airport, as measured by enplaned passengers for 2022.

Management and Personnel

Haley Gentry was appointed the Aviation Director in June 2021, following her serving as the Interim Aviation Director commencing in September 2020. Prior to this appointment Ms. Gentry served as the Chief Business and Innovation Officer, responsible for complete oversight of four of the Airport's divisions, which include Business and Revenue, Information Technology, Economic & Community Affairs and Innovation & Experience. Ms. Gentry is responsible for managing the Aviation Department's multi-million-dollar Airport revenue portfolio. This includes airlines, in-terminal concessions, rental cars, fixed base operator and various parking products. She is also responsible for the development of non-aeronautical revenues and the implementation of the Aviation Department's commercial development strategy. She began as an airport intern and has worked in Operations, Public Affairs, Administration and the Office of the Aviation Director. She has over 30 years of experience at the Airport and is a member of the North

Carolina Airports Association (NCAA), American Association of Airport Executives (AAAE), Women in Aviation International and Renaissance West Community Initiative. Ms. Gentry earned her bachelor of science degree from Appalachian State University.

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

Michael D. Hill, Jr., Chief Financial Officer, oversees all financial planning, accounting and procurement activities for the department. This includes the development and implementation of its strategic financial plan and annual operating budget. Mr. Hill is also responsible for the preparation and development of the Airport's airline rates and charges, development of its Annual Financial Report, the financial implementation of the department's $3.1 billion capital improvement program and management of its debt portfolio. Mr. Hill also oversees all procurement activities for the Airport including all goods and services and construction. Mr. Hill has 22 years of professional airport experience and received a bachelor of science degree in airport management and business administration from Indiana State University. He is a Certified Member of the American Association of Airport Executives (AAAE).

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

Jerome Woodard, Chief Operating Officer, is responsible for oversight of the Airport's Operations divisions which include Airside, Landside, Security and Terminal Operations along with the Emergency Management and Joint Operations Center groups. Within this capacity, Mr. Woodard has oversight of a team of over three-hundred employees responsible for the safe and efficient movement of nearly fifty-million passengers through the Charlotte Douglas Airport facility annually. Along with the movement of the passengers, Mr. Woodard has regulatory compliance responsibility for Airport Operations under the guidance of the Transportation Security Administration as well as the Federal Aviation Administration. Prior to Mr. Woodard's selection as the Chief Operating Officer for CLT, he served as an Assistant General Manager for the Hartsfield Jackson Atlanta International Airport. A Chicago native, Mr. Woodard received a bachelor of science degree in Aviation Management from Southern Illinois University – Carbondale and a master's of business administration from Walden University. He is a Certified Member (CM) of the

American Association of Airport Executives (AAAE) and an Airport Certified Employee (ACE) in both Operations and Security.

Physical Facilities

The Airport occupies approximately 6,000 acres of land within the City and is located approximately seven miles west of the City's central business district. The Airport currently has four runways, all equipped with precision instrument landing systems. Three of the Airport's runways are parallel and have lengths of 10,000 feet, 9,000 feet and 8,646 feet. Simultaneous independent departures and arrivals are authorized on these parallel runways. The fourth runway is 7,500 feet long.

The terminal complex consists of the passenger terminal building, aircraft parking apron, fuel farm, parking facilities, a consolidated rental car facility, roadways, and the FAA air traffic control tower. The passenger terminal building was originally constructed in 1982 and has been renovated and expanded to include approximately 1,900,000 square feet, with six concourses and 114 passenger boarding gates.

Automobile parking facilities include both surface and multi-level garage facilities and provide approximately 23,319 public parking spaces. The Airport completed construction of a new consolidated rental car facility in 2015, which provides approximately 2,900 ready-return and quick turn-around spaces.

Air Service Area

The Airport serves a significant and growing air service area. The City is the core of the Charlotte-Concord, NC-SC Combined Statistical Area, a region with over 2.9 million people in 2022, that includes the Charlotte-Concord-Gastonia, NC-SC metropolitan statistical area (the "MSA"), the Albemarle, NC micropolitan statistical area, and the Shelby, NC micropolitan statistical area. The City is also part of a larger geographic area, identified by the Bureau of Economic Analysis as the Charlotte-Gastonia-Salisbury NC-SC Economic Area, which encompasses 20 counties in North Carolina and South Carolina – Alexander, Anson, Burke, Cabarrus, Caldwell, Catawba, Cleveland, Gaston, Iredell, Lincoln, McDowell, Mecklenburg, Rowan, Rutherford, Stanly, and Union Counties in North Carolina, and Chester, Chesterfield, Lancaster, and York Counties in South Carolina. This 20-county area has been identified as the primary air service area ("ASA") for the Airport.

The City and the ASA have experienced significant population growth over the past several decades. The population of the City and the ASA have been estimated to be as follows:

	2000	**2010**	**2015**	**2020**	**2022**
City	540,828	731,424	827,097	874,579	979,096
ASA	2,398,851	2,934,259	3,126,193	3,359,275	3,398,953

Sources: City population – United States Department of Commerce, Bureau of the Census (2000, 2010, 2015 and 2020); City of Charlotte Fiscal Year 2022 Annual Comprehensive Financial Report
ASA population – Woods & Poole Economics, Inc.

The combination of population growth and location reinforces the City's role as a regional center in the Southeast. The nature and location of the major cities of origin and destination for passengers using the Airport underline the central location of the Airport. The 30 major markets listed on the following page represent approximately 61.8% of total origin and destination enplanements at the Airport in Fiscal Year 2022. These destinations are those in which airlines serving the Airport enplaned at least 50,000 passengers. All but eight are less than 1,000 miles from the Airport. See Table IV-7 "Top Origin and Destination Markets" in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

Top Origin and Destination Markets
Fiscal Year 2022

City	Distance from Airport (miles)	Percent of Total Domestic Enplanements
New York [1]	544	7.7%
South Florida [2]	650	4.1
Washington, DC [3]	350	3.7
Chicago [4]	599	3.5
Boston	727	3.3
Dallas/Ft. Worth [5]	937	3.1
Denver	1,338	3.1
Las Vegas	1,917	3.1
Orlando	468	3.1
Philadelphia	447	2.5
Los Angeles [6]	2,125	2.4
Phoenix	1,774	1.9
Houston [7]	912	1.9
Detroit	500	1.6
Nashville	329	1.6
Bay Area [8]	2,296	1.5
Tampa	508	1.4
Minneapolis/St. Paul	930	1.4
Austin	1,185	1.1
San Diego	2,193	1.0
St. Louis	575	1.0
Salt Lake City	1,727	1.0
Seattle	2,279	1.0
Atlanta	227	0.9
Hartford, CT	643	0.9
New Orleans	652	0.8
Fort Myers	719	0.8
Pittsburgh	366	0.8
Indianapolis	428	0.8
Cleveland	431	0.7
Total		**61.8%**

[1] LaGuardia (LGA), John F. Kennedy (JFK), Newark Liberty (EWR) and Westchester County (HPN) airports
[2] Fort Lauderdale (FLL) and Miami (MIA) airports
[3] Ronald Reagan Washington National (DCA), Dulles (IAD) and Baltimore (BWI) airports
[4] O'Hare (ORD) and Midway (MDW) airports
[5] Dallas Fort Worth (DFW) and Dallas Love Field (DAL) airports
[6] Los Angeles (LAX), John Wayne (SNA), Ontario (ONT), Long Beach (LGB) and Hollywood-Burbank (BUR) airports
[7] George Bush Intercontinental (IAH) and Hobby (HOU) airports
[8] San Francisco (SFO), Mineta San Jose (SJC) and Oakland (OAK) airports
Source: Charlotte Douglas International Airport

Airlines Serving the Airport

As of June 2023, the Airport had scheduled passenger air service provided by eight U.S. mainline passenger air carriers, nine regional domestic carriers and three foreign flag carriers. As of June 2023, the airlines serving the Airport operated non-stop service to 142 domestic and 35 international airports for a total of 177 non-stop destinations served from the Airport. As of January 2020 (pre-pandemic), the airlines serving the Airport operated non-stop service to 133 domestic and 33 international airports for a total of 166 non-stop destinations served from the Airport. The Airport is also served by several cargo airlines and is the base for approximately 94 general aviation aircraft. The Airport operates the single fixed base operator at the Airport. A unit of the North Carolina Air National Guard and other aviation support facilities are also located at the Airport.

Airlines Serving the Airport [1, 2]

Domestic	Foreign Flag
American Airlines	Air Canada
Delta Air Lines	Lufthansa German Airlines
Frontier Airlines [3]	Volaris
JetBlue Airways	
Southwest Airlines	
Spirit Airlines [3]	
United Airlines	
Contour Airlines	
Sun Country Airlines [4]	

[1] As of April 2023.
[2] Service may be provided by regional affiliates. The table does not list these airlines separately.
[3] On July 28, 2022, the parent company of JetBlue Airways announced it would purchase Spirit Airlines for $3.8 billion. The impact of the acquisition of Spirit Airlines by JetBlue Airways is unknown at this time. See "INVESTMENT CONSIDERATIONS – Consolidations and Mergers".
[4] Sun Country began servicing the Airport in April 2023.
Source: Charlotte Douglas International Airport

Historical Enplaned Passengers

The City's central location on the eastern seaboard makes it a natural site as a connecting point in the national aviation system. In 1981, a predecessor of American began to develop its primary hub at the Airport. The Airport is now American Airlines' second largest hub (both pre- and during the pandemic) as measured by passengers, seats and flights, behind only Dallas Fort Worth International Airport ("DFW").

According to Diio Mi's Schedules database, for Fiscal Year 2019, the Airport accounted for approximately 20% of American Airlines total (i.e., departing and arriving) seat capacity (DFW accounted for 27%) and for Fiscal Year 2023, the Airport accounted for approximately 21% of American Airlines seat capacity (DFW accounted for 30%).

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

The following table sets forth the total passenger enplanement traffic at the Airport:

Total Airport Enplanements [1]
(Thousands)

Fiscal Year	Origin-and-Destination ("O&D")	Annual % Change	Connecting	Annual % Change	Total	Annual % Change
2013	5,277	5.2%	15,304	2.4%	20,581	3.1%
2014	5,440	3.1	16,112	5.3	21,552	4.7
2015	5,643	3.7	15,980	-0.8	21,623	0.3
2016	6,143	8.9	15,711	-1.7	21,853	1.1
2017	6,554	6.7	15,080	-4.0	21,635	-1.0
2018	6,851	4.5	15,318	1.6	22,169	2.5
2019	7,281	6.3	15,786	3.1	23,067	4.1
2020[2]	5,732	-21.3	12,908	-18.2	18,640	-19.2
2021	3,879	-32.3	12,804	-0.8	16,683	-10.5
2022	6,951	79.2	15,344	19.8	22,295	33.6

[1] See Table IV-4 "Historical CLT Originating and Connecting Enplanements" and the corresponding discussions in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**. The Report sources enplanement information from BTS, which only includes revenue passengers in its enplanement numbers. The Airport includes both revenue and non-revenue passengers in its enplanement numbers.
[2] See **"Impact of the COVID-19 Pandemic on the Airport"** below.
Source: Charlotte Douglas International Airport

As noted in the Report of the Airport Consultant, there are differences in the enplaned passenger data reported by the Airport in comparison to the data available from BTS.

In Fiscal Year 2021, originating enplanements decreased 32.3% and connecting enplanements by 6.7% compared to Fiscal Year 2020. Total Fiscal Year 2021 enplanements decreased 14.2% compared to the prior year. In Fiscal Year 2022, originating enplanements increased 79.2% and connecting enplanements by 26.0% compared to Fiscal Year 2021. Total Fiscal Year 2022 enplanements increased 38.4% compared to the prior year.

While the Airport is primarily a domestic connecting hub, it is also an international gateway with nonstop service to Canada, the Caribbean, Latin America, and Europe. In Fiscal Year 2021, international enplaned passengers decreased by 44.5% to 654,883, or 4.0% of total enplaned passengers, reflecting the continuing impact of the COVID-19 pandemic's impact on international traffic. In Fiscal Year 2022, international enplaned passengers increased by 99% to 1,303,817, or 5.8% of total enplaned passengers, as international travel began to rebound from the COVID-19 pandemic.

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

The Airport reports that enplanements were approximately 25,442,732 in Fiscal Year 2023, which is approximately 10.46% more than the enplanements in Fiscal Year 2022 and 6.0% more than the enplanements in Fiscal Year 2019.

Airline Market Shares

American Airlines, and their regional affiliates enplaned approximately 94.3% of the total number of passengers enplaned at the Airport during Fiscal Year 2021 and enplaned approximately 91.9% of the total number of passengers enplaned at the Airport during Fiscal Year 2022.

Historical Enplaned Passengers and Market Share

Airline	Actual FY 2018	Market Share	Actual FY 2019	Market Share	Actual FY 2020	Market Share	Actual FY 2021	Market Share	Actual FY 2022	Market Share	FY 2022 as % of FY 2019	CAGR FY 18-22
SIGNATORY AIRLINES												
American Airlines	21,016,953	91.1%	21,828,003	91.1%	17,682,466	91.1%	15,703,982	94.3%	21,175,318	91.9%	**97.0%**	0.2%
Delta Air Lines	816,452	3.5%	812,468	3.4%	596,152	3.1%	327,873	2.0%	733,033	3.2%	**90.2%**	-2.7%
United Airlines	510,356	2.2%	510,821	2.1%	371,272	1.9%	221,597	1.3%	349,302	1.5%	**68.4%**	-9.0%
Southwest Airlines	317,872	1.4%	351,053	1.5%	249,584	1.3%	177,028	1.1%	299,731	1.3%	**85.4%**	-1.5%
Frontier Airlines	179,496	0.8%	198,465	0.8%	186,914	1.0%	102,390	0.6%	194,040	0.8%	**97.8%**	2.0%
JetBlue Airways	116,767	0.5%	133,312	0.6%	90,691	0.5%	12,304	0.1%	48,116	0.2%	**36.1%**	-19.9%
Spirit Airlines	-	0.0%	6,279	0.0%	146,152	0.8%	82,531	0.5%	162,555	0.7%	**2588.9%**	N/A
Subtotal Signatory	**22,957,896**	**99.5%**	**23,840,401**	**98.7%**	**19,323,231**	**99.6%**	**16,627,705**	**99.9%**	**22,962,095**	**99.7%**	**96.3%**	**2.3%**
NON-SIGNATORY AIRLINES												
Lufthansa German Airlines	69,644	0.3%	73,829	0.3%	50,286	0.3%	-	0.0%	39,061	0.2%	**52.9%**	-13.5%
Air Canada	26,807	0.1%	26,165	0.1%	17,434	0.1%	-	0.0%	3,207	0.0%	**12.3%**	-41.2%
Other Domestic	19,114	0.1%	12,955	0.1%	13,550	0.1%	15,884	0.1%	26,127	0.1%	**201.7%**	8.1%
ASIG/Charter	1,583	0.0%	6,060	0.0%	4,133	0.0%	1,336	0.0%	3,052	0.0%	**50.4%**	17.8%
Subtotal Non-Signatory	**117,148**	**0.5%**	**119,009**	**0.5%**	**85,403**	**0.4%**	**17,220**	**0.1%**	**71,447**	**0.3%**	**60.0%**	**-11.6%**
AIRPORT TOTAL	**23,075,044**	**100.0%**	**23,959,410**	**100.0%**	**19,408,634**	**100.0%**	**16,644,925**	**100.0%**	**23,033,542**	**100.0%**	**96.1%**	**0.0%**

Source: Charlotte Douglas International Airport

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

Projected Air Traffic

The projections of future growth of airline traffic during the period beginning July 1, 2023 and ending June 30, 2030 were prepared by Newton & Associates, Inc. and appear in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"** (the "Report"). In the Report of the Airport Consultant, total enplanements (origin and destination enplanements plus connecting enplanements) were projected to increase at a rate of 1.79% during such period. See Table IV-13 "Forecast of Enplaned Passengers" and the corresponding discussions of such projections and the assumptions and rationale underlying such projections in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

Role of the Airport as a Hub for American Airlines

American Airlines is the world's largest airline. The Airport currently serves as the second largest hub airport for the American Airlines Group, after Dallas/Fort Worth International and ahead of the merged airline's hubs in Chicago, Miami, New York, Philadelphia, Phoenix, and Washington, D.C. See **"American Airlines and the Role of the Airport as a Connecting Hub"** in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

American Airlines (including regional affiliates) served approximately 91.9% of the Airport's enplaned passengers in Fiscal Year 2022, 94.3% in Fiscal Year 2021, 91.1% in Fiscal Year 2020 and 91.1% in Fiscal Year 2019. The following table provides the number of domestic and foreign airports served by the combined airlines from the Airport as of January 2020, 2021, 2022 and 2023.

	January 2020	**January 2021**	**January 2022**	**January 2023**
Domestic	136	138	143	140
Foreign	30	26	32	37

Airline Information

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

Transportation Network Companies

Transportation network companies ("TNCs"), such as Uber, Lyft, Wingz, Turo and others, offer transportation services at the request of customers through smartphone applications. Since the launch of transportation service by Lyft and UberX in 2012, TNCs have rapidly become a common transportation service across the United States and elsewhere. As their popularity increased, cities, counties, and especially state governments began to recognize the need to regulate this new service. As a result, more than 38 states have established regulations controlling the manner in which TNCs operate. After their initial increase in popularity in downtown urban areas, TNCs began to drop off and pick up passengers at airports.

Uber and Lyft began operating at the Airport in 2017 pursuant to a license awarded by the City on April 1, 2017, and amended January 10, 2018. Under the license, both companies are required to pay the Airport a fee for each trip onto Airport property to pick up or discharge passengers. As of July 1, 2019, the per trip fare increased from $1.50 to $3.25. During the initial term of the contract (2017 to 2019), the Airport was able to adjust the per trip fare annually provided the year over year increase could not exceed 5%. Now that the initial term of the contract has ended, the Airport is able to adjust the per trip fare at any time without the 5% cap or any other limitations. Effective July 1, 2022, the per trip fare increased from $3.25 to $3.50. Consequently, TNCs are another source of revenue at the Airport.

Turo is a peer-to-peer carsharing company that allows private car owners to rent out their vehicles via an online and mobile interface, and currently operates at the Airport. The Airport has negotiated a new agreement with Turo and they pay the Airport 10% of gross revenues. Total revenues to the Airport were approximately $265 thousand (unaudited) for the first six months of Fiscal Year 2023.

Total TNC Revenue for Fiscal Year 2020 was approximately $4.6 million, for Fiscal Year 2021 was approximately $1.9 million and for Fiscal Year 2022 was approximately $4.3 million. The Airport estimates TNC Revenue for Fiscal Year 2023 will be approximately $6.0 million (unaudited). Since each trip could involve more than one passenger, it is not possible to correlate TNC volume with Airport passenger traffic. It is possible that the increasing popularity of TNCs may result in a decrease in parking and rental car transactions at the Airport, but the potential financial impact of TNC activity on Airport Revenue is currently unknown. See **"Transportation Network Companies Revenue"** in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

Impact of the COVID-19 Pandemic on the Airport

The information and data contained in this section are being provided solely for the purpose of describing the impacts of the COVID-19 pandemic on the Airport, its operations and its financial condition. The City is under no obligation to update the information and data contained herein and such information and data shall not be deemed to be "Annual Financial Information" under the City's Rule 15c2-12 undertakings under the 2023 Resolution. See "CONTINUING DISCLOSURE OBLIGATION".

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

Background

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

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

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

Federal Relief Efforts

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

[Remainder of page intentionally left blank]

Economic Relief Grant Allocations
As of June 1, 2023

	CARES Act Funds	CRRSAA Funds	ARPA Funds	Total
Total Award	$135,568,960	$40,899,131	$168,218,533	$344,686,624
Uses				
Fiscal Year 2021				
O&M Expenses	$45,900,000	$0	$0	$45,900,000
COVID Related Capital Expenditures	687,084	0	0	687,084
Debt Service[1]	48,325,594	0	0	48,325,594
Concessions	0	0	0	0
Subtotal	$94,912,678	$0	$0	$94,912,678
Fiscal Year 2022				
O&M Expenses	$3,698,056	$6,616,188	$0	$10,314,244
COVID Related Capital Expenditures	762,136	0	0	762,136
Debt Service[2]	32,845,815	27,866,768	5,894,313	66,606,896
Concessions	0	5,182,943	0	5,182,943
Subtotal	$37,306,007	$39,665,899	$5,894,313	$82.866.219
Fiscal Year 2023				
O&M Expenses	$0	$0	$11,800,000	$11,800,000
Concessions	0	0	20,731,771	20,731,771
Debt Service	0	1,233,232	34,953,087	36,186,319
Subtotal	$0	$1,233,232	$67,484,858	$68,718,090
Fiscal Year 2024				
O&M Expenses	$1,430,275	$0	$5,546,913	$6,977,188
COVID Related Capital Expenditures	1,920,000	0	0	1,920,000
Debt Service [3]	0	0	89,292,449	89,292,449
Subtotal	$3,350,275	0	$94,839,362	$98,189,637
Total	**$135,568,960**	**$40,899,131**	**$168,218,533**	**$344,686,624**

[1] A portion of the funds were used to redeem a portion of the City's $60,295,000 Taxable Airport Special Facilities Revenue Bonds (Consolidated Car Rental Facilities Project), Series 2011, and to redeem a portion of the City's Bond Anticipation Note, Series 2021 (the "2021 Note").
[2] A portion of the funds was used to redeem a portion of the City's 2021 Note.
[3] A portion of the funds will be used to redeem a portion of the City's 2022 Note.
Source: Charlotte Douglas International Airport

Impact of COVID-19 on Enplanements at the Airport

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

In 2023, the Airport has continued to experience a recovery in enplanements from calendar year 2020 enplanement declines. Total enplanements for the ten-months of Fiscal Year 2023 represented approximately 106% of the total for the same period in 2019.

The following enplanements table provides month-by-month enplanements for Fiscal Year 2019 through Fiscal Year 2022 and the first ten-months of Fiscal Year 2023, with comparisons to 2019 enplanements for each month.

Total Enplaned Passengers by Month

	Monthly Enplanements					Percentage of 2019 (Same Month)			
Month	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
Jul	2,073,983	2,193,703	998,862	2,179,911	2,195,461	105.8%	48.2%	105.1%	105.9%
Aug	2,058,273	2,143,301	1,054,352	1,948,669	2,133,199	104.1	51.2	94.7	103.6
Sep	1,678,735	2,006,160	1,178,290	1,822,671	1,990,658	119.5	70.2	108.6	118.6
Oct	2,029,242	2,205,848	1,382,020	2,081,952	2,199,615	108.7	68.1	102.6	108.4
Nov	1,975,406	2,033,158	1,142,800	1,935,348	2,072,457	102.9	57.9	98.0	104.9
Dec	1,861,307	2,179,262	1,170,461	1,929,499	2,101,598	117.1	62.9	103.7	112.9
Jan	1,872,228	2,094,533	1,057,505	1,420,310	1,854,451	111.9	56.5	75.9	99.1
Feb	1,804,787	1,956,785	1,058,938	1,571,725	1,832,945	108.4	58.7	87.1	101.6
Mar	2,151,107	1,142,874	1,610,264	1,985,480	2,218,381	53.1	74.9	92.3	103.1
Apr	2,069,436	169,149	1,869,918	1,895,450	2,170,876	8.2	90.4	91.6	104.9
May	2,220,169	499,035	2,041,555	2,077,704	2,284,602	22.5	92.0	93.6	102.9
Jun	2,164,736	784,826	2,079,960	2,184,823	2,388,489	36.3	96.1	100.9	110.3

Source: Charlotte Douglas International Airport

Impact on Certain Non-Airline Revenues

With the decrease in enplaned passengers, there was corresponding decreases in demand for parking, rental cars, TNCs and passenger terminal concessions. As enplanements have rebounded, the demand for parking, rental cars, TNCs and passenger terminal concessions and the resulting revenues have increased. For Fiscal Year 2022, the City total public parking revenues were $81.4 million, which was 31% more than Fiscal Year 2019. Airport management anticipates public parking demand and revenues will continue to increase with increases in passenger enplanement activity at the Airport. Total rental car, food, beverage and retail concession revenues for Fiscal Year 2022 were $72.4 million, which was 7.5% more than Fiscal Year 2019.

Other Related Matters

On May 22, 2020, the Hertz Corporation and its affiliates, Thrifty Car Rental and Dollar Rent-A-Car (collectively, "Hertz") filed for Chapter 11 bankruptcy and subsequently emerged from bankruptcy July 1, 2021. Hertz is currently up-to-date on its financial obligations relating to rental car facilities (the "Hertz Agreement") that terminate on June 30, 2025. For the first ten-months of Fiscal Year 2023, Hertz has an approximate market share of 25% at the Airport among rental car operators.

On May 27, 2020, Advantage Holdco, Inc. and six affiliated companies (collectively, "Advantage") filed for Chapter 11 bankruptcy protection. The Advantage rental car operation at the Airport has been taken over by Sixt Rent a Car and is currently up-to-date on its financial obligations relating to rental car facilities that terminate on June 30, 2025. Sixt has an approximate market share of 3.7% at the Airport among rental car operators.

Lufthansa German Airlines suspended air services at the Airport from March 2020 until July 2021. In Fiscal Year 2021, Lufthansa German Airlines did not provide any service at the Airport. In Fiscal Year 2019, Lufthansa German Airlines enplaned approximately 73,829 passengers, constituting approximately 0.3% of the market share of the enplaned passengers at the Airport. In Fiscal Year 2023, Lufthansa enplaned approximately 70,964 passengers.

Air Canada suspended air services at the Airport in March 2020 and resumed service in May 2022. In Fiscal Year 2019, Air Canada enplaned approximately 26,165 passengers, constituting approximately 0.1% of the market share of the enplaned passengers at the Airport. In Fiscal Year 2023, Air Canada enplaned approximately 23,722 passengers.

CAPITAL IMPROVEMENT PROGRAM

The Airport maintains a rolling, five-year capital improvement program to accommodate existing and forecast passenger demand at the Airport. This ongoing program is derived from the Airport's master plan and is updated annually to reflect changes in market conditions, funding capacity, and the Airport's strategic priorities. Construction of the first capital improvements recommended by the master plan commenced in 2017. The Airport's current five-year capital improvement program was adopted by City Council in June 2023 in connection with the adoption of the Airport's annual operating budget. The program consists of on-going and future projects in varying stages of execution, including some projects for which costs were partially funded in prior years. The estimated aggregate project costs to be funded between Fiscal Year 2024 and Fiscal Year 2028 totals $1.8 billion; combining estimated funding requirements for Fiscal Year 2023, the total program cost is approximately $2.3 billion. Together, these costs are referred to as the "FY 2024 Capital Improvement Program". The capital expenditures for the FY 2024 Capital Improvement Program by cost center is as follows: $539.6 million in terminal cost center expenditures, $1.66 billion in airfield cost center expenditures, and $109.6 million in other cost center expenditures.

As a result of the COVID-19 pandemic, the City reduced over $150 million from the 5-year CIP with the elimination and deferral of four previously included capital projects. Demand based projects such as Concourse A Phase II Expansion were deferred and other projects moved past the five-year horizon of the CIP. The Concourse A Phase II Expansion is now part of the 2023 Projects. In addition, the Federal Inspection Station facility which was previously moved past the five-year horizon of the CIP has been accelerated back into the five-year horizon of the CIP.

The actual timing of construction or implementation of projects will depend on circumstances outside the Airport's control including actual demand levels or need and the receipt of required regulatory, environmental, and airline approvals. The FY 2024 Capital Improvement Program is expected to be funded through a combination of the proceeds of 2023 Bonds, the 2023 Note, other Outstanding Bonds, Additional Bonds, federal grants, PFC Revenues, CFC Revenues and other Airport funds. The actual cost of the projects may change, and the Airport may elect to defer or change the funding plan for any of the projects. The Airport includes contingencies of approximately 5 to 10% in the FY 2024 Capital Improvement Program costs estimates; provided, however, federally funded projects do not include contingencies in the project budget.

The Airport reassesses its capital needs at least annually and will modify the FY 2024 Capital Improvement Program as necessary to accommodate demand-driven traffic activity, security needs, and other factors, which could result in increases or decreases to the FY 2024 Capital Improvement Program, or changes to the timing of completion of certain projects. This process also involves the internal preparation of detailed long-term financial forecasts that evaluate the financial implications of proposed capital improvements on key metrics. These forecast metrics are compared with financial planning guidelines adopted as part of the Airport's most recent master planning effort, which include target metrics for liquidity (at least 800 days cash on hand) and debt service coverage (at least 1.50x coverage per the Bond Order calculation and 2.00x per an industry-standard cash flow calculation based on gross debt service in which all sources of debt service payments are included in the numerator of the coverage ratio). See **"INVESTMENT CONSIDERATIONS"** herein.

Major projects in the FY 2024 Capital Improvement Program (inclusive of expenditures incurred prior to 2023 and therefore not included in the FY 2024 Capital Improvement Program) include (a) the Fourth Parallel Runway, including associated end-around taxiways and ARFF station ($1,006.0 million); (b) an extension of Taxiway F, a new crossfield taxiway, and a de-ice pad on the south side of the airfield ($200.2 million); (c) an end-around taxiway on the northwest side of the airfield ($253.1 million); (d) phase 1 of an apron expansion to the south of the terminal complex ($284 million); (e) Phase II of the Concourse A Expansion ($241.0 million); and (f) an expansion of the passenger circulation corridor connecting Concourses D and E ($164.0 million). The FY 2024 Capital Improvement Program includes the 2023 Projects.

The following table provides a summary of the Airport's current expectations regarding the funding sources for the various portions of the FY 2024 Capital Improvement Program ($ in thousands).

			Airport Revenue Bonds			
Federal AIP and State Grants	**Federal BIL AIG Grants**	**PFC Pay-as-You-Go**	**Series 2023 Bonds [1]**	**Additional Bonds [2]**	**Airport Cash and Other [3]**	**Total Funding Sources**
$412,104	$225,302	$210,220	$256,089	$936,178	$272,899	$2,312,792

[1] Excludes $103,075 in reimbursements for 2022 and prior expenditures. The total amount of project costs to be funded with the Series 2023 Bonds is $359,164.
[2] Additional Bonds are expected to be issued in 2025 and 2027 and will be sized depending on the amount of AIG grants received.
[3] Includes $17,258 in CFC pay-as-you-go.

For more information regarding the 2023 Projects, see **"THE PLAN OF FINANCE – THE 2023 Projects"** and **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

PASSENGER FACILITY CHARGES

PFCs are available to airports to finance specific eligible projects that (1) preserve or enhance capacity, safety or security of the national air transportation system, (2) reduce noise resulting from an airport or (3) furnish opportunities for enhanced competition among air carriers. PFCs may also be used to pay PFC eligible debt service on outstanding bonds. The level of PFC which may be charged can vary from $1.00, $2.00, $3.00, $4.00 or $4.50 depending upon the authorization requested by the sponsor and approved by the FAA. The City has received FAA approval to impose and use the revenues derived from a $3.00 PFC to pay the PFC eligible costs of the PFC Eligible Projects. The Airport has stated that it will start the process for requesting an increase in the PFC and it anticipates submitting an application to the FAA to increase the PFC to $4.50 in the fall of 2023. There is no guarantee that the City will receive FAA approval. If approved, any increase in the PFC is not expected to be implemented until the spring of 2024. Based on current enplanement levels, the Airport estimates that the increase in the PFC rate will generate over $30 million in additional annual PFC Revenues.

The City began collecting PFCs on November 1, 2004. In accordance with the PFC approvals, the City's PFC authority as of July 1, 2023, was $3,258,936,947 and the current estimated charge expiration date is April 1, 2047.

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

Historical PFC Collections

	PFC Revenue (Dollars in $000's)		
Fiscal Year	**Collections**	**Interest**	**Total**
2004-2012	$355,995	$16,356	$372,351
2013	51,662	1,050	52,712
2014	63,530	1,190	64,719
2015	56,062	1,446	57,508
2016	63,676	1,321	64,997
2017	59,015	1,815	60,830
2018	60,302	1,879	62,181
2019	62,619	3,458	66,077
2020	55,777	5,446	61,223
2021	43,321	2,446	45,767
2022	60,895	2,468	63,363
2023 [1]	68,464	769	69,233
Total	**$1,001,318**	**$39,644**	**$1,040,962**

[1] Estimated numbers for Fiscal Year 2023.
Source: Charlotte Douglas International Airport

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

[Remainder of page intentionally left blank]

FEDERAL AND STATE GRANTS

Federal Airport Improvement Program

The FAA's Airport Improvement Program ("AIP") consists of entitlement funds and discretionary funds. Entitlement funds are distributed through grants by a formula currently based on the number of enplanements and the amount of landed weight of arriving cargo at individual airports. Discretionary funds are distributed based on the FAA's assessment of national priorities.

In Fiscal Years 2020 and 2021, the Airport received $16.2 million and $17.0 million, respectively, in AIP grants primarily to reimburse for ramp expansion, taxiway reconstruction, and environmental assessment/impact studies.

BIL Grants

On November 15, 2021, President Biden signed the $1.2 trillion Infrastructure Investment and Jobs Act (known as the "Bipartisan Infrastructure Law") into law. The Bipartisan Infrastructure Law includes $25 billion of investment in the nation's air transportation system, which includes $15 billion of airport infrastructure grants for airport infrastructure improvements, $5 billion of discretionary grants for improvements of the physical condition of the FAA's air traffic control facilities, and $5 billion of competitive grants for passenger terminal facilities improvements. The program will fund $5 billion each year for five years, commencing Fiscal Year 2022.

Based on the same apportionment system used by the FAA to allocate AIP entitlement grant funds (as described in "– Federal Airport Improvement Program" above), the Airport received approximately $43.1 million in Fiscal Year 2023, which will be used for airfield projects currently in the CIP. The Airport also expects to receive approximately the same amount for each of the remaining four years of the BIL program, and the Airport anticipates allocating these grant funds to future eligible improvements currently included in the 2023- 2028 CIP.

Competitive grants for passenger terminal facilities, under the Bipartisan Infrastructure Law ("BIL") Airport Terminal Program (ATP), are awarded to eligible airports for airport terminal development projects that address the aging infrastructure of the nation's airports. In 2023, the Airport was selected to receive a $32 million grant under the BIL ATP Program for the Concourse E Renovation project, currently under design. The grant, which is intended to be applied to construction costs for the project, is expected to be executed in federal Fiscal Year 2024. The Airport also may elect to apply for additional competitive grants under the BIL ATP component in the remaining three years of the program but currently none of these future grants are programmed to fund the CIP.

The Airport has submitted an FAA Letter of Intent application for $450 million AIP entitlement grant and discretionary grant funding for the Fourth Parallel Runway Program and the Airport expects to receive FAA approval on or before December, 2023. The Airport is currently assuming $250 million of AIP grant funds in the funding plan for the Fourth Parallel Runway Program. The amount of AIP grant funds actually received by the Airport will impact the amount of additional bonds the Airport will issue to complete the funding of the Fourth Parallel Runway Program.

North Carolina Airport Improvement Program

In 2015, the State of North Carolina Airport System Plan was adopted by the North Carolina General Assembly into law. The General Assembly funds are recurring on an annual basis with an allocation to the Airport of between $25-35 million. The City has received funding from this program the past four years and has applied it to cover non-PFC related debt service, property acquisition, and capital projects at the Airport.

THE AIRLINE AGREEMENT

The City entered into a new Airline Use and Lease Agreement effective July 1, 2016 (the "Airline Agreement"), with American Airlines, Delta Air Lines, JetBlue Airways, Southwest Airlines, and United Airlines, and in Fiscal Year 2020 Frontier Airlines and Spirit Airlines became signatories to the Airline Agreement. These seven airlines are currently classified as "Signatory Airlines" under the Airline Agreement, which is defined as any operator of an air transport system at the Airport with an Airline Agreement in effect. The term of the Airline Agreement expires June 30, 2026. As of Fiscal Year 2020, 100% of domestic mainline airlines serving the Airport year-round are now Signatory Airlines. Sun Country Airlines, which began seasonal service at the Airport in April 2023, is not a signatory to the Airline Agreement. For Fiscal Year 2022, the Signatory Airlines accounted for approximately 22.96 million enplanements at the Airport or 99.7% of the Airport's total enplanements.

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

In addition to specifying facility use provisions, the Airline Agreement also contains a provision allowing Signatory Airlines a one-time right to reduce its leased premises, including up to 50% of leased preferential use gates, at the five-year anniversary date of the Airline Agreement. The Airline Agreement required Signatory Airlines to notify the City of its request no later than December 31, 2020, and notwithstanding the effects of the COVID-19 pandemic, no Signatory Airline requested a reduction in leased premises pursuant to this provision. The airlines have no right to reduce leased premises for the remaining term of the Airline Agreement.

Airport Fees and Charges

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

Terminal Building Charges

Under the Airline Agreement, each Signatory Airline is required to pay Terminal Building Charges for its use of the terminal building. The Terminal Building Charges effective July 1st of each Fiscal Year are determined according to the rate setting methodology contained in the Airline Agreement. Each

Signatory Airline is required to pay a Terminal Rental Rate for any Exclusive Use Premises, Preferential Use Premises, Common Use Premises, and Joint Use Premises assigned to such Airline.

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

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

Landing Fees

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

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

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

Sharing of Net Remaining Terminal Complex Revenues

The Airline Agreement obligates the City to pay to each Signatory Airline its pro-rata share of forty percent (40%) of Net Remaining Terminal Complex Revenue (if any) for each Fiscal Year in connection with the City's annual settlement with each Airline. Each Signatory Airline's pro-rata share is determined by dividing the total amount of such Signatory Airline's payments made by the total amount of all such payments made by all Signatory Airlines during the immediately preceding Fiscal Year. Each Airline's pro-rata amount, if any, owed by the City to the Airline for each Fiscal Year is determined at the time of the

Final Audit for such Fiscal Year. The City has the right to set off against any such pro-rata amount the amounts, if any, then due and owing by the Airline to the City under the Airline Agreement or otherwise owing by the Airline to the City.

Extraordinary Coverage Protection

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

Pre-Approved Capital Projects and MII Approvals

By executing the Airline Agreement, the Signatory Airlines approved a list of Capital Improvement Projects defined in the Airline Agreement (the "Pre-Approved Projects") of an estimated cost of $500 million. The City may proceed with the Pre-Approved Projects without further review or approval of a majority-in-interest ("MII Approval") of the Signatory Airlines, unless there is a material change in the scope or budget for such Pre-Approved Projects.

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

The City has obtained MII Approval from the Signatory Airlines to fund the Capital Improvements comprising the 2023 Projects that are not Pre-Approved Projects or Exempt Projects under the Airline Agreement and related financing costs to be funded by the proceeds of the 2023 Bonds.

AIRPORT FINANCIAL INFORMATION

Historical Revenues and Expenses

Revenues

Historical Airport revenues for the Fiscal Year 2018 through Fiscal Year 2022 were prepared by Newton & Associates, Inc. and appear in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**. The Report of the Airport Consultant indicates that Total Revenues increased from approximately $239.4 million in Fiscal Year 2018 to approximately $319.0 million in Fiscal Year 2022, a compound annual growth rate of 7.44%.

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

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	CAGR 2018 – 2022	CAGR 2020 – 2022
Airline Cost Centers Revenue:							
Terminal Revenue	$95,878	$107,642	$92,300	$75,920	$117,356	5.2%	12.8%
Other Terminal Complex Revenue	87,148	91,260	75,170	46,321	116,422	7.5	24.5
Airfield Revenue	28,437	30,969	31,323	23,078	39,830	8.8	12.8
Sub-Total	$211,463	$229,871	$198,793	$145,319	$273,608	6.7	17.3
Non-Airline Cost Center Revenue:	$27,924	$37,448	$29,215	$26,065	$45,377	12.90%	24.6%
Total Revenues	**$239,388**	**$267,319**	**$228,008**	**$171,384**	**$318,984**	7.4%	18.3%

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

Expenses

Historical Airport expenses for the Fiscal Year 2018 through Fiscal Year 2022 were prepared by Newton & Associates, Inc. and appear in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**. Total Airport expenses increased from $141.3 million in Fiscal Year 2018 to $192.9 million in Fiscal Year 2022, a compound annual growth rate of 8.10% and total Airport expenses increased from $174.1 million in Fiscal Year 2020 to $192.9 million in Fiscal Year 2022, resulting in a compound annual growth rate of 5.2%. See Table V-2 "Historical Airport Expenses" and the corresponding discussions in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

[Remainder of page intentionally left blank]

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	CAGR 2018 – 2022	CAGR 2020 – 2022
Airport Expenses							
Terminal Complex	$80,034	$86,813	$93,015	$86,233	$97,093	4.9%	2.2%
Airfield	10,804	11,441	10,955	11,173	13,882	6.5%	12.6%
ASF	26,295	31,374	32,680	36,368	38,291	9.9%	8.2%
Non-Airline Cost Centers	24,142	33,998	37,507	21,090	43,656	16.0%	7.9%
Total Airport Expenses	**$141,274**	**$163,626**	**$174,157**	**$154,864**	**$192,922**	**8.10%**	5.2%

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

Historical Debt Service Coverage

A historical application of revenues under the provisions of the Bond Order for the Fiscal Years 2018 through 2022 was prepared by Newton & Associates, Inc. and appears in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**. From Fiscal Year 2018 to Fiscal Year 2022 total operating revenues increased at a compounded annual growth rate of 7.44% and current expenses increased at a compounded annual growth rate of 8.10%. Further, during this time period Debt Service Coverage reached a high of 5.96 times in Fiscal Year 2018 and was at its lowest in Fiscal Year 2021 at 3.83 times. See Table V-3 "Historical Application of Revenue Under Provisions of the Bond Order" and the corresponding discussions in **"APPENDIX B – REPORT OF THE AIRPORT CONSULTANT"**.

[Remainder of page intentionally left blank]

(Dollars in $000's) **Application of Revenues**		**Fiscal Year 2018**	**Fiscal Year 2019**	**Fiscal Year 2020**	**Fiscal Year 2021**	**Fiscal Year 2022**
Revenues						
Operating revenues		$211,463	$229,870	$198,793	$145,319	$318,984
Nonoperating revenues [1]		2,436	3,577	27,984	24,892	18,259
Coverage Factor [2]		12,101	12,408	13,595	13,595[2]	16,429
Total revenues		**$226,000**	**$245,855**	**$240,372**	**$183,806**	**$353,672**
Expenses						
Included operating expense [3]		$117,132	$129,628	$136,650	$133,773	$192,922
Grants applied to operating expenses [4]		0	0	0	(45,900)	(10,314)
Change in operating fund reserve [5]		2,671	308	1,187	0	6,004
Debt service fees [6]		181	181	32	138	213
Total expenses		**$119,984**	**$130,117**	**$137,869**	**$88,011**	**$188,825**
Net revenues available for revenue bond debt service	**[A]**	**$106,016**	**$115,738**	**$102,503**	**$95,795**	**$164,847**
Gross revenue bond debt service		$39,807	$49,634	$54,382	$48,669	$65,714
Less: PFC's applied		(22,032)	(26,763)	(28,264)	(23,678)	(34,570)
Requirement for Revenue Bond Fund [7]	**[B]**	**$17,775**	**$22,871**	**$26,118**	**$24,991**	**$31,144**
Debt Service Coverage [8]	**[A/B]**	**5.96x**	**5.06x**	**3.92x[5]**	**3.83x [5]**	**5.29x**

1 Includes NCAIP and Federal Covid Relief Grant funds.
2 Coverage Factor equal to 25% of the Gross Revenue Bond Debt Service from prior Fiscal Year.
3 The City elected to recognize all former Excluded Cost Centers (Non-Airline Cost Centers) revenue and operating expenses as revenue and current expenses as of July 1, 2021. Fiscal Years 2018 through 2020 do not include amounts from Excluded Cost Centers.
4 NCAIP and Federal COVID Relief Grant funds applied to the payment of operating expenses.
5 Increases required per bond order to the operating fund reserve to maintain reserve equal to 33 1/3% of included operating expense.
6 Trustee, remarketing and other revenue bond debt service fees.
7 Scheduled principal and interest payments without regard to early redemptions of principal, if any.
8 FY 2018 – FY 2021's debt service coverage calculations did not include Non-Airline Cost Center Revenue or Expense.
Source: City of Charlotte Fiscal Year 2022 Annual Comprehensive Financial Report

Historical Airline Cost Per Enplaned Passenger

The table set forth below shows the cost per enplaned passenger for the Fiscal Year 2018 through Fiscal Year 2022. In Fiscal Year 2022, the CPE was $1.57.

Cost Per Enplaned Passenger[1]

	Fiscal Year 2018	**Fiscal Year 2019**	**Fiscal Year 2020**	**Fiscal Year 2021**	**Fiscal Year 2022**
Cost Per Enplaned Passenger	$1.26	$1.55	$2.26	$1.77	$1.57

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

Liquidity and Financial Position

As of June 30, 2022, the Airport had $564.6 million in unrestricted and discretionary reserves. Based upon $192.9 million in O&M Expenses, the Airport's days of cash on hand ("DCOH") was 1,068 as of June 30, 2022. Through the first nine-months of Fiscal Year 2023, the Airport's DCOH is estimated at 1,087 (unaudited). The Airport has a DCOH management target of at least 800 DCOH.

In addition, the Airport maintains significant restricted reserves which may be available to fund debt service, such as $267.5 million in PFC fund balance, $10.5 million in contract facility charges ("CFC") reserves and $46.1 million in cash and cash equivalents held by the bond trustee as of June 30, 2022. The City currently has a $3.00 PFC collection level which provides additional untapped capital funding capacity, as the FAA permits a maximum of $4.50. See "**PASSENGER FACILITY CHARGES**" for a discussion on the Airport's intention to seek FAA approval to increase the PFC imposed by the City.

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

Airport Liquidity

	FY 2018	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
Balances (in millions)					
Cash & Cash Equivalents	**$957,047**	**$950,906**	**$941,942**	**$936,113**	**$1,008,808**
Restricted Funds					
Cash and cash equivalents held by trustee	83,314	65,403	70,610	45,295	46,136
Passenger facility charges	208,833	210,434	214,260	235,914	267,567
Contract facility charges	26,196	30,514	35,535	1,788	10,505
Operating fund reserve	41,105	41,105	41,105	41,105	47,109
Coverage factor	12,101	12,408	13,595	13,595	16,429
Cannon Estate	6,092	6,221	6,339	6,384	6,414
CFC stabilization reserve	2,000	2,000	2,000	2,000	2,000
Renewal & improvement fund	1,500	1,500	1,500	1,500	1,500
CFC repair and replacement reserve	500	500	500	500	500
Total Restricted Funds	**$381,641**	**$370,085**	**$385,444**	**$348,081**	**$398,160**
Non-airline terminal revenue distribution	28,357	28,971	24,554	19,122	46,098
Total Reductions	**409,998**	**399,056**	**409,998**	**367,203**	**444,258**
Unrestricted Cash, June 30	**$547,049**	**$551,850**	**$531,944**	**$568,910**	**$564,550**
Days Cash on Hand Calculation					
Total airport cash on hand, June 30	$547,049	$551,850	$531,944	$568,910	$564,550
Total Current Expense	141,274	163,626	174,158	154,864	192,922
Days Cash on Hand	**1,413**	**1,231**	**1,115**	**1,341**	**1,068**

Source: City of Charlotte Fiscal Year 2022 Annual Comprehensive Financial Report

REPORT OF THE AIRPORT CONSULTANT

Newton & Associates, Inc. prepared the Report of the Airport Consultant which is included as **APPENDIX B**. The Report of the Airport Consultant describes key factors that will affect future air traffic, presents airline traffic and financial forecasts for the Fiscal Year 2023 through Fiscal Year 2028 and sets forth the assumptions upon which the forecasts are based. The Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

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

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

INVESTMENT CONSIDERATIONS

The following section describes certain risk factors affecting the payment of and security for all Bonds outstanding under the Bond Order, including the 2023 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of the 2023 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following special factors along with all other information described elsewhere or incorporated by reference in this Official Statement in evaluating the 2023 Bonds.

General Factors Affecting Level of Airline Traffic and Revenues

Pursuant to the Bond Order, the principal of and interest on all Bonds outstanding under the Bond Order, including the Prior Bonds and the 2023 Bonds, are payable solely from Net Revenues. The ability to pay debt service on the Prior Bonds and the 2023 Bonds will depend on the receipt of sufficient Net Revenues. In addition, the Bond Order provides that the proceeds received by the City from PFCs will be applied by the City (although not legally and contractually pledged as Revenues) to the following: (1) by transfer to the Bond Fund, to pay debt service on PFC Eligible Bonds, (2) to pay the capital costs of PFC Eligible Projects and (3) as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs.

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

Uncertainties of The Airline Industry

Generally

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

Financial Condition of Airlines Serving the Airport

The economic condition of the airline industry is volatile, and in recent years the industry has undergone significant changes, including major restructuring, bankruptcy, mergers, acquisitions and closures. The COVID-19 pandemic severely and negatively affected domestic and international air travel in 2020 and 2021. Various travel restrictions, stay-at-home orders, and social distancing guidelines due to COVID-19, and the resulting reduced demand for air travel, had material adverse financial and operating impacts on the airlines serving the Airport. The losses in 2020 and 2021 as a result of the COVID-19 pandemic led many airlines to subsequently reduce flights and routes, and reduce passengers and flight loads per flight. In 2022 airlines began to rebound and the Airport enplanements in Fiscal Year 2022 were approximately 96.3% compared to 2019 enplanements. See **"THE AIRPORT – Impact of the COVID-19 Pandemic on the Airport"** and **"– Public Health and Worldwide Health Concerns"** below.

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

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

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

Availability and Cost of Aviation Fuel

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

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

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

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

Airline Bankruptcies

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

American Airlines and other airlines operating at the Airport have emerged from bankruptcy reorganization in the past. The cessation of operations by an airline with significant operations at the Airport, such as American Airlines, could have a material adverse effect on operations, Revenues (with the resultant effect on repayment of the 2023 Bonds) and the cost to the other airlines of operating at the Airport.

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

Consolidations and Mergers

In response to competitive pressures and increased costs, airlines have merged and acquired competitors in an attempt to combine operations in order to increase cost synergies and become more competitive. In 2009, Delta merged with Northwest Airlines. In 2010, United Airlines and Continental Airlines merged. In April 2015, American Airlines and US Airways completed their merger, which created the largest airline in the world in terms of operating revenue and revenue passenger miles. In 2016, Alaska Airlines merged with Virgin America. In addition, all of the large U.S. airlines are members of alliances with foreign-flag airlines, which alliances, and other marketing arrangements, provide airlines with many of the advantages of mergers. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines.

On July 28, 2022, the parent company of JetBlue Airways announced it would purchase Spirit Airlines for $3.8 billion after the merger agreement between Frontier Airlines and Spirit Airlines fell apart. In March of 2023, the Justice Department, together with the Attorney General of the Commonwealth of Massachusetts, the State of New York and the District of Columbia, filed a civil antitrust lawsuit to block JetBlue Airways acquisition of Spirit Airlines. The impact of the acquisition on the Airport is unknown at this time. In Fiscal Year 2022, JetBlue Airways and Spirit Airlines together accounted for approximately 0.9% of the Airport's enplaned passengers.

Further airline consolidation is possible and could change airline service patterns, particularly at the connecting hub airports of the merged airlines. The Airport cannot predict what impact, if any, such consolidations will have on airline traffic at the Airport.

Other Commercial Service Airports

The Airport competes with other U.S. airports for both domestic and international passengers. A portion of the Airport's ASA is also served by Concord-Padgett Regional Airport. Concord-Padgett Regional Airport is owned by the City of Concord, North Carolina. Concord-Padgett Regional Airport covers an area of 697 acres and has two runways. Allegiant Air is currently the only airline that services the airport. In calendar year 2022, Concord-Padgett Regional Airport served approximately 122,585 passengers domestically and none internationally.

There are ten commercial service primary airports in North Carolina. The Airport is the largest of these ten airports. The Raleigh-Durham International Airport is the second largest commercial service airport with approximately 11,842,330 enplanements in calendar year 2022 and is located approximately 160 miles from the Airport.

Growth of Low-Cost Carriers

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

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

In Fiscal Year 2022 approximately 1.8% of the Airport's enplanements were from LCCs. See **"THE AIRPORT – Airlines Serving the Airport"** and **"HISTORICAL ENPLANED PASSENGERS"** herein for more information about historical airline market shares at the Airport. In April 2023, Sun Country, another LCC, began servicing the Airport.

Certain Risks Related to Market Dominance by American Airlines

American Airlines accounted for approximately 88% of the Airport's approximately 520 daily flights in Fiscal Year 2022. The City does not have any knowledge of, nor can it predict, any challenges for American Airlines; however, as a result of the market dominance by the airline, any such challenge could adversely impact the Airport.

Effect of Contractual Counterparty Bankruptcy

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

Future bankruptcies, restructurings and liquidations of other concessionaires or contractual counterparties may occur. While it is not possible to predict the impact on the Airport of future bankruptcies, restructurings and liquidations by concessionaires or counterparties, if such concessionaire or counterparty had significant operations or contractual obligations at the Airport, its bankruptcy, restructuring or liquidation could have a material adverse effect on the Revenues of the Airport, operations at the Airport and could increase the costs of other contractual counterparties to operate at the Airport. In addition, there can be no assurance that other additional concessionaires or contractual counterparties would be available to provide the Revenues, services or operations at the Airport of any bankrupt or terminating concessionaire or counterparty.

National and International Economic and Political Conditions

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

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

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

Capacity of National Air Traffic Control and Airport Systems

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

Air Carrier Service and Routes

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

Air Travel Security

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

Public Health and Worldwide Health Concerns

Travel restrictions, as well as other public health measures, may be imposed to limit the spread of communicable diseases which may arise. The rapidly spreading outbreak of the COVID-19 was declared a pandemic by the World Health Organization ("WHO"). With the most significant impacts occurring in 2020 and 2021, the outbreak had an adverse effect on domestic and international travel and a number of travel-related industries, and has severely and broadly disrupted local and global economies. Some of the impacts to date are discussed in **"THE AIRPORT – Impact of the COVID-19 Pandemic on the Airport".**

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

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

Other previous travel alerts or advisories include the 2016 travel alert by the U.S. Centers for Disease Control and Prevention warning pregnant women to avoid travel to areas where outbreaks of the Zika virus, which has been linked to birth defects, were occurring. In 2009, WHO and the U.S. Department of Health and Human Services (through the Secretary of the Department of Homeland Security) declared public health emergencies as the result of outbreaks of a serious strain of H1N1 influenza or "flu." In spring 2003, there was an outbreak of a serious strain of bird flu in Asia and Canada called "Severe Acute Respiratory Syndrome" or SARS.

Future outbreaks or pandemics may lead to a significant or material decrease in air traffic, at least for a temporary period, which in turn could cause a further decrease in passenger activity at the Airport and a corresponding decline in Revenues. A disruption to the global supply chain due to a pandemic can also stall manufacturing and construction operations, which in turn could interfere with the City's operations, or the operations of the airlines operating at the Airport.

Passenger Facility Charges

Application

The Bond Order provides that the proceeds received by the City from PFCs will be applied by the City (although not legally and contractually pledged as Revenues) to the following: (1) by transfer to the Bond Fund, to pay debt service on PFC Eligible Bonds (2) to pay the capital costs of PFC Eligible Projects and (3) as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs. However, federal law dictates that PFC revenues may only be used to pay for, or provide reimbursement for the payment of, projects specifically authorized in the application authorizing the collection and use of the PFCs ("PFC Eligible Projects"). As a result, notwithstanding the City's option to use PFC revenues, those revenues may only be applied to pay all or a portion of the debt service on the Prior Bonds or the 2023 Bonds to the extent that such proceeds are or have been used to pay for PFC Eligible Projects.

Sufficiency

The City's ability to collect PFC revenues will vary depending on the actual number of passenger enplanements at the Airport. If the number of enplaned passengers at the Airport falls below the estimate used by the Airport Consultant to project annual PFC revenues to be collected in the future, actual PFC revenues will fall short of projections. Such a shortfall in PFC collections could have an adverse impact on the timely payment of principal of or interest on the 2023 Bonds. This adverse impact could be direct, or indirect, which could occur if the PFC shortfall resulted in a sufficient increase in landing fees to impact negatively the Airport's desirability to the airline industry, thus ultimately impacting the City's collection of landing fees. There can be no assurance as to what passenger traffic, and revenues of the Airport, will be in the future.

Availability

The authority to impose and use PFCs is subject to the terms and conditions of the PFC Act, AIR-21 and the related regulations and statutes. Failure to comply with the requirements of applicable law, such as the failure to use PFCs strictly for the approved PFC Eligible Projects, may cause the FAA to terminate or reduce the City's authority to impose and collect PFCs. In addition, notwithstanding FAA regulations requiring airlines that collect PFCs to account for PFC collections separately and indicating that those PFC collections are to be regarded as funds held in trust by the collecting airline for the beneficial interest of the public agency imposing the PFC, in the event of a bankruptcy proceeding involving a collecting airline, there is the possibility that a bankruptcy court could hold that the PFCs in the airline's custody are not to be treated as trust funds and that the Airport is not entitled to any priority over other creditors of the collecting airline as to such funds. Also, there is no assurance that the PFC Act or any other relevant legislation or regulation will not be repealed or amended as to adversely affect the City's ability to collect PFCs or to apply them to pay for the PFC Eligible Projects. The occurrence of any of these events could have an adverse impact on the timely payment of principal of or interest on the 2023 Bonds, as noted above. See **"PASSENGER FACILITY CHARGES"**.

Federal Regulation Regarding Rates and Charges Disputes

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

Regulations and Restrictions Affecting the Airport

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

Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of the Airport and on the airlines operating at the Airport. The United States Environmental Protection Agency (the "EPA") has taken steps toward regulation of greenhouse gas ("GHG") emissions under existing federal law. These steps may lead to further regulation of aircraft GHG emissions. No assurances can be given as to what any EPA emissions standards governing the Airport or the airlines could be or what effect those standards may have on the Airport or the airlines operating at the Airport.

Cost of Capital Improvement Program

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

Force Majeure Events Affecting The City and The Airport

There are certain unanticipated events beyond the City's control that could have a material adverse effect on the City's operations and financial condition, or on the Airport's operations and financial condition, if they were to occur. These events include fire, flood, earthquake, epidemic, pandemic, adverse health conditions or other unavoidable casualties or acts of God, freight embargo, labor strikes or work stoppages, civil commotion, new acts of war or escalation of existing war conditions, sabotage, enemy action, pollution, unknown subsurface or concealed conditions affecting the environment, and any similar causes. No assurance can be provided that such events will not occur, and, if any such events were to occur, no prediction can be provided as to the actual impact or severity of the impact on the City's operations and financial condition or on the Airport's operations and financial condition, as applicable.

Availability of PFC Revenue

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

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

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

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

Additional Federal Authorization and Funding Considerations

The City receives federal funding for the Airport not only in connection with FAA AIP Grants and PFC authorizations, but also in the form of funding for the TSA, air traffic control and other FAA staffing and facilities. On October 5, 2018, President Trump signed into law the FAA Reauthorization Act which reauthorizes the FAA operations and programs and provides funding through September 30, 2023. As of the date of this Official Statement, the City has no assurance that the current FAA authorization and programs will be extended or that a new authorization or programs will be approved beyond September 30, 2023. On June 13, 2023, the FAA Reauthorization Act of 2023 was introduced to the Commerce, Science and Transportation Committee of the Senate. In the event that the FAA Reauthorization Act of 2023 is not passed and the current FAA authorization were to expire without a long-term reauthorization or another short-term extension, during such period FAA programs would be unauthorized, including FAA programs providing funding for the Airport. The City is unable to predict whether legislation to extend or reauthorize this statute or otherwise continue FAA programs will be adopted prior to the scheduled expiration date, if not so adopted, the duration of any resulting period of de-authorization, and the impact on the Airport finances which might result therefrom.

Federal funding is also impacted by sequestration, a budgetary feature first introduced under the federal Budget Control Act of 2011. Unless changed by the United States Congress from time to time, sequestration is a multi-year process and could continue to affect FAA, TSA and CBP budgets and staffing, resulting in staffing shortages and traffic delays and cancellations at airports across the United States. The full impact of sequestration on the aviation industry and the Airport, generally, resulting from potential layoffs or further furloughs of federal employees responsible for federal airport security screening and air traffic control, is unknown at this time.

Structural Changes in the Travel Market

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

Alternative Transportation Modes and Future Parking Demand

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

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

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

Cybersecurity

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

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

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

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

Municipal Bankruptcy

State Law Authorization

Under North Carolina law, a local governmental unit such as the City may not file for bankruptcy protection without (1) the consent of the Local Government Commission and (2) satisfaction of the requirements of § 109(c) of the United States Bankruptcy Code. If the City were to initiate bankruptcy proceedings with the consent of the Local Government Commission and satisfy the requirements of 11 U.S.C. § 109(c), the bankruptcy proceedings could have material and adverse effects on holders of the 2023 Bonds, including (a) delay in enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a plan of reorganization reducing or delaying payment of the 2023 Bonds. The effect of the other provisions of the United States Bankruptcy Code on the rights and remedies of the holders of the 2023 Bonds cannot be predicted and may be affected significantly by judicial interpretation, general principles of equity (regardless of whether considered in a proceeding in equity or at law) and considerations of public policy. In addition to its consent to bankruptcy filings by local government units, North Carolina law vests authority in the Local Government Commission to intervene in the financial affairs, including taking full control of the financial affairs, of local government units, including the City, if the unit defaults, or in the opinion of the Local Government Commission will default, on a future debt service payment if financial policies and practices are not improved.

Special Revenues

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

Assumptions in the Report of the Airport Consultant

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

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

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

Forward-Looking Statements

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

FINANCIAL STATEMENTS

The separate audited financial statements of the Airport enterprise for the Fiscal Year ended June 30, 2022, which have been audited by an independent firm of certified public accountants, are included as **APPENDIX A** to this Official Statement. These audited statements do not present the Airport financial data by cost centers.

UNDERWRITING

BofA Securities, Inc., J.P. Morgan Securities, Ramirez & Co., Inc. and Raymond James & Associates, Inc. (the "Underwriters") are offering the 2023 Bonds pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") among BofA Securities, Inc. (the "Representative"), on behalf of the Underwriters, the City and the Local Government Commission. The Bond Purchase Agreement provides that the Underwriters have agreed, subject to certain terms and conditions, to purchase the 2023 Bonds at a purchase price equal to $391,828,496.98 representing the par amount of the 2023 Bonds, plus original issue premium of $26,228,908.25, less an underwriting discount of $1,560,411.27.

The Underwriters may offer and sell the 2023 Bonds to certain dealers (including dealers depositing the 2023 Bonds into investment trusts) and others at prices different from the public offering prices shown on the inside cover. The Underwriters may change the public offering prices from time to time at their discretion.

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

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City.

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

BofA Securities, Inc., an Underwriter of the 2023 Bonds, and Bank of America, N.A., which is the holder of the 2022 Note and the expected purchaser of the 2023 Note, are both wholly-owned, indirect subsidiaries of Bank of America Corporation.

BofA Securities, Inc., an Underwriter of the 2023 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"). As part of this arrangement, BofA Securities, Inc. may distribute securities to Merrill, which may in turn distribute such securities to investors through the financial advisor network of Merrill. As part of this arrangement, BofA Securities, Inc. may compensate Merrill as a dealer for their selling efforts with respect to the 2023 Bonds.

J.P. Morgan Securities ("JPMS"), one of the Underwriters of the 2023 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2023 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to 2023 Bonds that such firm sells.

LEGAL MATTERS

Litigation

Except as disclosed herein, no litigation is now pending or, to the best of the City's knowledge, threatened, against or affecting the City which seeks to restrain or enjoin the authorization, issuance or delivery of the 2023 Bonds, the Bond Order or the 2023 Resolution, or which contests the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the 2023 Bonds, or the City's creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the City's authorization, execution and delivery of the Bond Order, the 2023 Resolution or the 2023 Bonds, or the City's authority to carry out its obligations thereunder, or which would have a material adverse impact on the City's condition, financial or otherwise.

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

Opinions of Counsel

All legal matters related to the authorization, execution, sale and delivery of the 2023 Bonds are subject to Bond Counsel's approval. The proposed form of Bond Counsel's opinion is included as **APPENDIX D**.

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

Related Parties

Parker Poe Adams & Bernstein LLP serves as bond counsel for the City and, from time to time it and McGuireWoods LLP, counsel to the Underwriters, have represented the Underwriters as counsel in other financing transactions. Neither the City nor the Underwriters have conditioned the future employment of either of these firms in connection with any proposed financing issues for the City or for the Underwriters on the successful issuance of the 2023 Bonds.

TAX TREATMENT

General

On the date of issuance of the 2023 Bonds, Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina ("Bond Counsel"), will render an opinion that, under existing law (1) assuming compliance by the City with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), (a) interest on the 2023A Bonds (i) is excludable from gross income for federal income tax purposes, and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax, and (b) interest on the 2023B Bonds (i) is excludable from gross income for federal income tax purposes, except for interest on a 2023B Bond for any period during which such 2023B Bond is held by a person who is a "substantial user" of the facilities financed or refinanced by the 2023B Bonds or a "related person" within the meaning of Section 147(a) of the Code, and (ii) is an item of tax preference for purposes of the federal alternative minimum tax and (2) interest on the 2023 Bonds is exempt from State of North Carolina income taxation. Interest on the 2023A Bonds and 2023B Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the 2023 Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the City rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2023 Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the 2023 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the City subsequent to issuance of the 2023 Bonds to maintain the excludability of the interest on the 2023 Bonds from gross income for federal income tax purposes. Bond Counsel's opinion is given in reliance on certifications by representatives of the City as to certain facts material to the opinion and the requirements of the Code.

The City has covenanted to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2023 Bonds in order that the interest on the 2023 Bonds be, or continues to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the City with such covenants, and Bond Counsel has not been retained to monitor compliance by the City with such covenants subsequent to the date of issuance of the 2023 Bonds. Failure to comply with certain of such requirements may cause the interest on the 2023 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2023 Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt, accrual or amount of interest on the 2023 Bonds.

If the interest on the 2023 Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the City to comply with any requirements described above, the City is not required to redeem the 2023 Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the 2023 Bonds. Prospective purchasers and owners of the 2023 Bonds are advised that, if the Internal Revenue Service does audit the 2023 Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the City as the taxpayer, and the owners of the 2023 Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the 2023 Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the 2023 Bonds should be aware that ownership of the 2023 Bonds and the accrual or receipt of interest on the 2023 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions**,** property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2023 Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the 2023 Bonds should consult their own tax advisors as to collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the 2023 Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the 2023 Bonds to be subject directly or indirectly to federal, state or local income taxation, adversely affect the market price or marketability of the 2023 Bonds or otherwise prevent the owners of the 2023 Bonds from realizing the full current benefit of the status of the interest on the 2023 Bonds.

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

Original Issue Premium

As indicated on the inside cover page, the 2023 Bonds (collectively, the "Premium Bonds") are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Premium Bond.

CONTINUING DISCLOSURE OBLIGATION

In accordance with the requirements of Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 ("Rule 15c2-12"), the City has undertaken in the 2023 Resolution to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(1) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2023, the audited financial statements of the City for the preceding Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the City for such fiscal year to be replaced subsequently by audited financial statements of the City to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2023, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included in the tables under the captions **"THE AIRPORT -- Airlines Serving the Airport," "Air Service Area,"** and **"Historical Enplaned Passengers,"** to the extent such items are not included in the financial statements referred to in paragraph (1) above.

(3) in a timely manner not in excess of 10 Business Days, notice of the occurrence of any of the following events with respect to the 2023 Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on the debt service reserves reflecting financial difficulties;

(d) unscheduled draws on any credit enhancements reflecting financial difficulties;

(e) substitution of any credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2023 Bonds or other material events affecting the tax status of the 2023 Bonds;

(g) modification of the rights of the Beneficial Owners of the 2023 Bonds, if material;

(h) call of any of the 2023 Bonds, other than mandatory sinking fund redemptions, if material, and tender offers;

(i) defeasance of any of the 2023 Bonds;

(j) release, substitution or sale of any property securing repayment of the 2023 Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the City;

(m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;

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

(o) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect the beneficial owners of the 2023 Bonds, if material; and

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

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

For purposes of this undertaking, "financial obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

The City has acknowledged in the 2023 Resolution that its undertaking pursuant to Rule 15c2-12 is intended to be for the benefit of the Owners and the beneficial owners of the 2023 Bonds and is enforceable by the Trustee or by any Owner or beneficial owner of the 2023 Bonds. The right to enforce the provisions of the City's Rule 15c2-12 undertakings is limited to a right to obtain specific performance of the City's obligations and a failure by the City to comply with its Rule 15c2-12 undertakings will not be an event of default under the Bond Order or the 2023 Resolution and will not result in acceleration of the 2023 Bonds. All actions shall be instituted, had and maintained in the manner provided in the 2023 Resolution for the benefit of all Owners and beneficial owners of the 2023 Bonds.

The City may modify from time to time, consistent with Rule 15c2-12, the information provided or the format of the presentation of such information to the extent necessary or appropriate in the judgment of the City, but: (1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City; (2) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12 as well as any changes in circumstances; and (3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by the Trustee or nationally recognized bond counsel or by the approving vote of the Owners of a majority in principal amount of the 2023 Bonds. Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided. The City's Rule 15c2-12 undertakings will terminate on payment, or provision having been made for payment in a manner consistent with the Rule 15c2-12, in full of the principal of and interest on the 2023 Bonds.

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

Except as described below, during the previous five years, the City has not knowingly failed to comply in all material respects with its previous continuing disclosure obligations undertaken pursuant to Rule 15c2-12. The rating agencies have periodically modified the claims-paying ability of municipal bond insurers and the ratings of financial institutions providing credit or liquidity support to governmental financings several times without giving notice of such modifications to the City. The City has learned of some rating changes through general sources and, when it did so, filed the appropriate material event notice related to such ratings change to the extent they are applicable to the City's indebtedness; however, it is possible that the City either was unaware of a change or did not learn of a change in order to file a notice in a timely fashion. A defeasance notice related to general obligation refunding bonds issued by the City on March 4, 2020 was posted with the MSRB on March 27, 2020, seven business days after the filing deadline.

FORWARD-LOOKING STATEMENTS

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

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

MISCELLANEOUS

Ratings

The 2023 Bonds have been rated "Aa3" by Moody's Investors Service ("Moody's") and "AA-" by Fitch Ratings ("Fitch"). Each rating agency has indicated that the outlook for its respective rating is stable. Further explanation of the significance of such ratings may be obtained from Moody's and Fitch. The ratings are not a recommendation to buy, sell or hold the 2023 Bonds and should be evaluated independently. There is no assurance that such ratings will not be withdrawn or revised downward by Moody's or Fitch. Any such action may have an adverse effect on the market price of the 2023 Bonds. Neither the City nor the Underwriters have undertaken any responsibility after the execution and delivery of the 2023 Bonds to assure maintenance of the ratings or to oppose any such revision or withdrawal.

Financial Advisors

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

Approval

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

Members of the Local Government Commission staff have participated in the preparation of this Official Statement and other documents related to the issuance of the 2023 Bonds, but the Local Government Commission and its staff assume no responsibility for the accuracy or completeness of any representation or statement in this Official Statement, other than those in **APPENDIX F**.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

CITY OF CHARLOTTE, NORTH CAROLINA
AUDITED FINANCIAL STATEMENTS OF THE AIRPORT
FOR THE YEAR ENDED JUNE 30, 2022

[THIS PAGE INTENTIONALLY LEFT BLANK]

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE AIRPORT ENTERPRISE FUND

For the fiscal year ended June 30, 2022

CLT
CHARLOTTE DOUGLAS® INTERNATIONAL AIRPORT

CITY of CHARLOTTE

An Enterprise Fund of the City of Charlotte | Charlotte, North Carolina

CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT

NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

As of June 30, 2022:

MAYOR	MAYOR PRO TEM
Vi Alexander Lyles	Julie Eiselt

CITY COUNCIL

Dimple Ajmera	Reneé Johnson
Tariq Bokhari	Matt Newton
Edmund H. Driggs	Greg Phipps
Larken Egleston	Victoria Watlington
Malcolm Graham	Braxton Winston

CITY MANAGER

Marcus D. Jones

CITY FINANCE DEPARTMENT

Teresa T. Smith Chief Financial Officer	Betty J. Mattos Chief Accountant

AVIATION DEPARTMENT

Haley Gentry Aviation Chief Executive Officer	Michael Hill, Jr. Aviation Chief Financial Officer

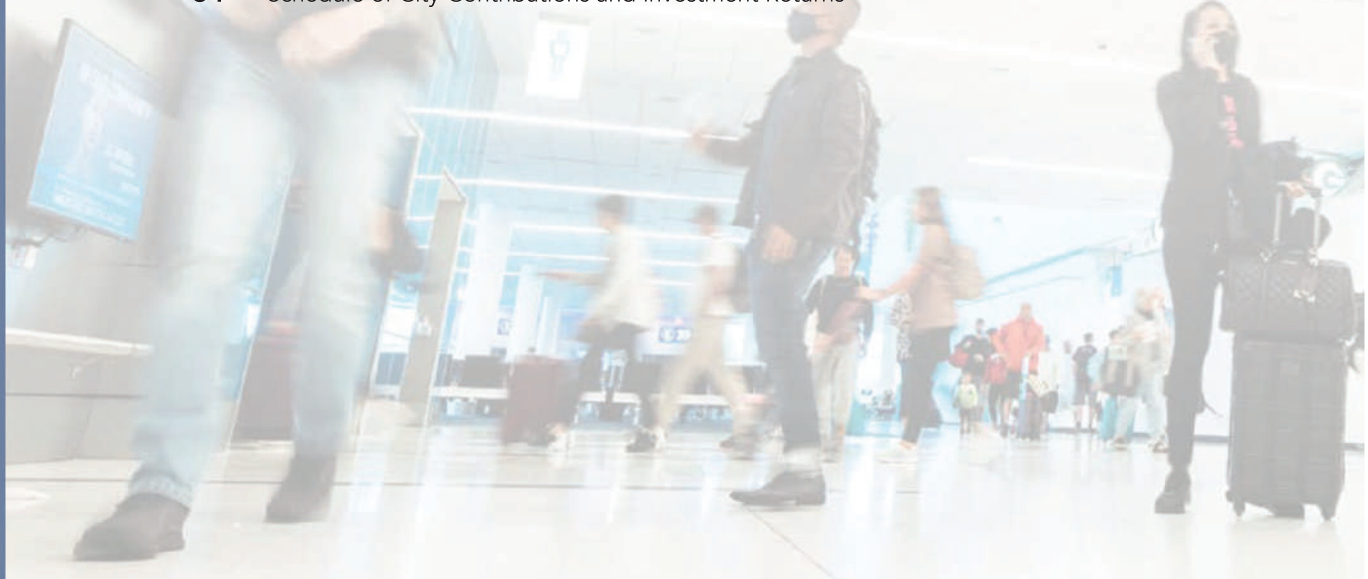
Prepared by the Charlotte Douglas International Airport Finance Department

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

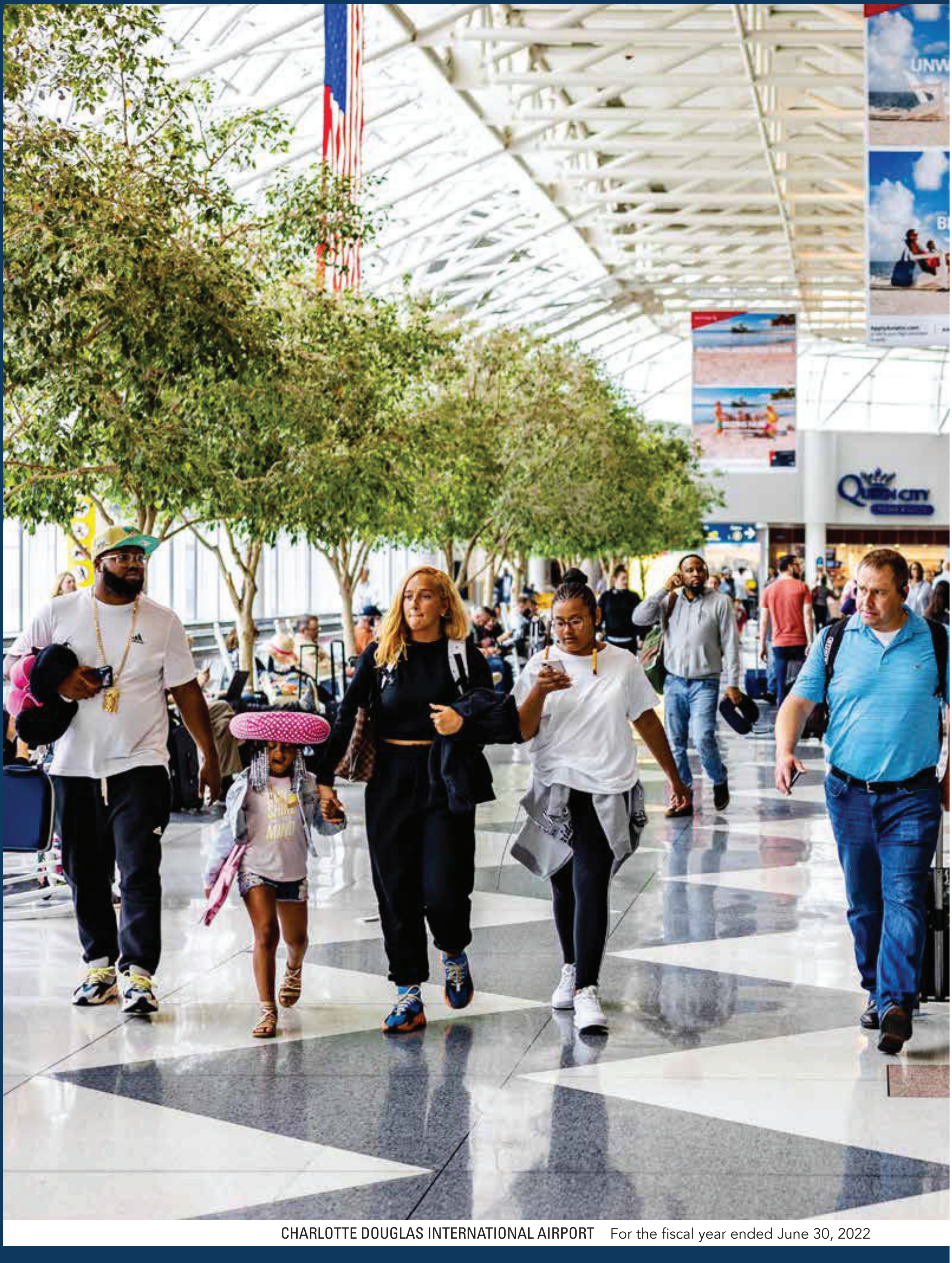
CLT CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT

charlottenc.gov

TABLE OF CONTENTS

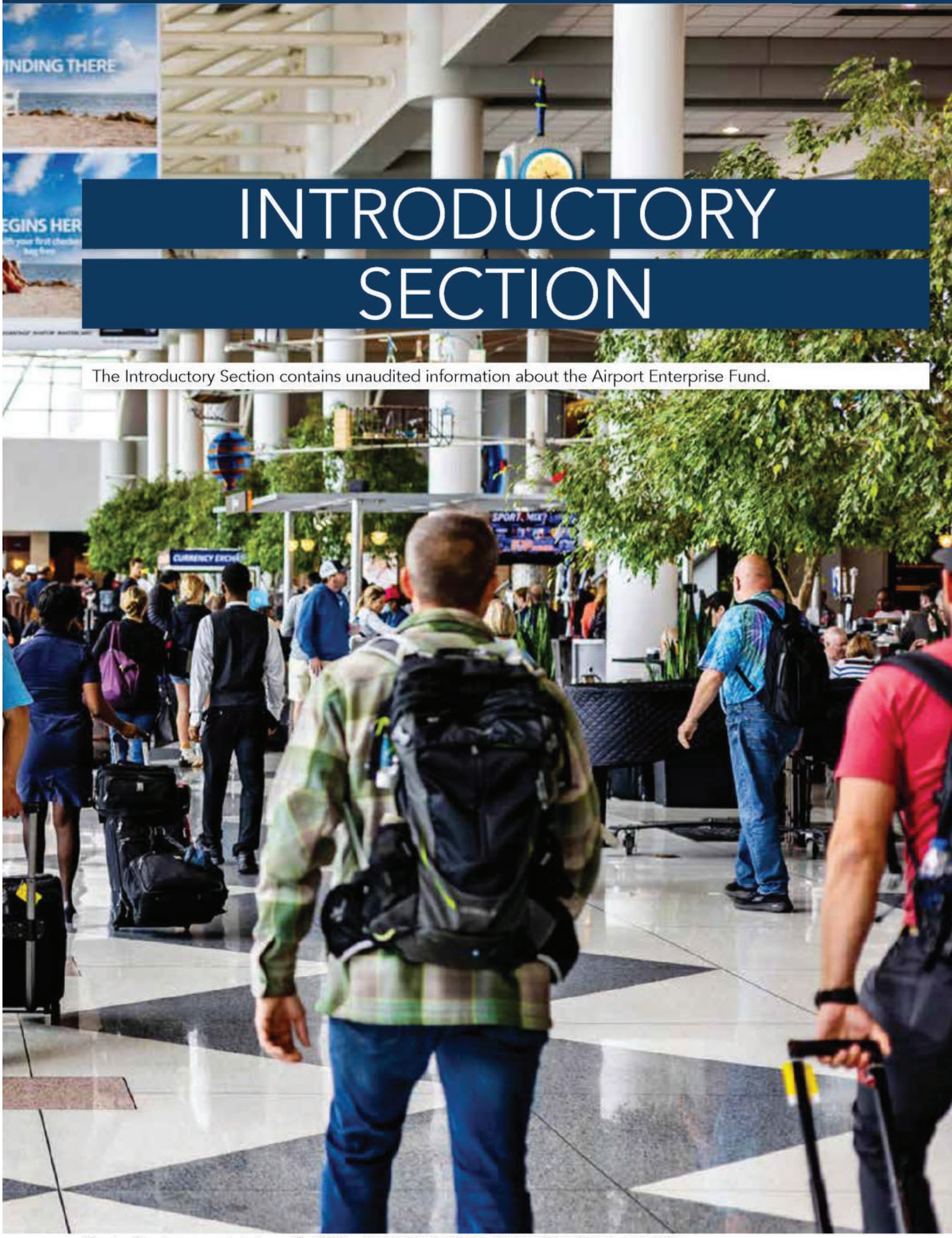


87 STATISTICAL SECTION



INTRODUCTORY SECTION

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



MESSAGE FROM THE AVIATION DEPARTMENT CHIEF EXECUTIVE OFFICER AND THE CITY OF CHARLOTTE CHIEF FINANCIAL OFFICER

January 23, 2023

Honorable Mayor, City Council and Citizens of Charlotte:

We are honored to present the Charlotte Douglas International Airport (an enterprise fund of the City of Charlotte, North Carolina) Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The basic financial statements in this report are prepared and presented in conformity with Generally Accepted Accounting Principles (U.S. GAAP) in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

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

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

Management's Discussion and Analysis (MD&A) begins on page 29 and provides a narrative introduction, overview, and analysis of the Financial Statements and Notes. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. Starting on page 87, the Statistical Section provides additional relevant unaudited information.

Haley Gentry
Aviation Department Chief Executive Officer
Charlotte Douglas International Airport

Teresa T. Smith
Chief Financial Officer
City of Charlotte


CLT
By The Numbers
FY 2022
PASSENGER AIRLINES: 19
COUNTRIES SERVED: 24
NEW DESTINATIONS: 12
6TH BUSIEST AIRPORT BASED ON NUMBER OF PASSENGERS
TOTAL DESTINATIONS: 188
GATES: 114
ECONOMIC IMPACT: $24.6 BILLION
AVERAGE DAILY DEPARTURES: 637
OPERATING REVENUE $319.0 MILLION
AIRPORT SIZE: 6,000 ACRES
CONCESSION SPACE: 190,000 SQUARE FEET
TERMINAL SPACE: 1.9 MILLION SQUARE FEET
PARKING SPACES: 21,000

FISCAL YEAR 2022 HIGHLIGHTS

The Airport's recovery in passenger traffic cemented in Fiscal Year (FY) 2022, particularly in the second half of the year following increased cases of the COVID-19 Omicron variant. Monthly passenger activity was at least 90.0 percent of the same month in 2019, prior to the pandemic, for every month except December 2021 through February 2022, when national traffic slowed due to the Omicron outbreak. The lifting of the national mask mandate in April 2022 marked a new phase of the recovery.

As has been the case throughout the pandemic, the Airport outperformed national trends in traffic recovery as American Airlines continued its strategy of concentrating its connecting capacity at the Airport and Dallas-Fort Worth International Airport. For calendar year 2021, Airports Council International (ACI) released data showing the Airport ranked as the fifth busiest airport in the world based on operations and sixth busiest based on passenger traffic. The Airport ended FY 2022 with passenger traffic just 4.0 percent lower than pre-pandemic FY 2019 levels, compared with 10.0 percent for the nation as a whole. International traffic data for the full 12-month period ending June 30, 2022 were not available at the time of the compilation of this report.

Airport Director's Management Team

During FY 2022, the Airport was awarded an initial round of $43.2 million in grant funding under the Bipartisan Infrastructure Law (BIL) Airport Infrastructure Grant (AIG) funding. Combined with the other two BIL programs, the Airport Terminal Program (ATP) and the Facilities and Equipment Program for air traffic control towers, this program will provide $25.0 billion over five years to address repair and maintenance needs, reduce congestion and emissions, and modernize the National Airspace System. The Airport expects to receive annual AIG funding in similar amounts to the initial round of funding over the next four years and will aggressively pursue opportunities for additional discretionary grant funding through the ATP. These grants will be a key funding source for the Airport's airfield capacity enhancement program, among other critical projects, and will reduce the amount of debt needed to fund the Airport's capital program.

To provide funding for the capital program, the Airport returned to the capital market in May 2022 with the issuance of $373.0 million in Airport Revenue Bonds. This issuance will be used to complete the Terminal Lobby Expansion project. Debt service on the bonds will be paid through airline rates and charges, concession and other non-airline revenues, and Passenger Facility Charges (PFCs).

Management intends to continue to prudently implement the Airport's capital program in parallel with the expected continued increases in traffic as the nation and industry recover from the effects of the COVID-19 pandemic.

Now in its sixth year, the Airline Use and Lease Agreement (AUA) with the Signatory Carriers continues to provide management a strong and secure financial platform for the next four years and a tool for responsibly meeting airline traffic demand. CLT's strong liquidity and cost-recovery-based airline agreement has proven to be a stable foundation able to withstand financial downturns, such as those experienced during the COVID-19 pandemic.

Also in its sixth year, the Destination CLT capacity modernization program is showing very visible progress to excited CLT passengers. The first new facilities opened in 2018, and the program remains on budget. Construction is underway for many other significant program elements, including the opening of the 34,000-square-foot expansion of Concourse E and the Airport's new Federal Aviation Administration (FAA) commissioned control tower both of which opened in the fourth quarter of FY 2022. At 370 feet tall, the control tower is the second largest tower in the nation and was designed to accommodate current and future operations at CLT.

The $50.0 million Concourse E project added one gate to the north end of the concourse and relocated nine existing gates to improve operational efficiency and add passenger boarding bridges. The concourse expansion includes a pet relief area, a nursing mothers' room, restrooms with touchless fixtures, seats with integrated power, LED lighting, and terrazzo flooring. Work continued on other capacity expansion projects, the most visible among them for passengers being the Terminal Lobby Expansion project. In May 2022, the Airport broke ground on Concourse A Phase II to provide 10 additional mainline aircraft gates.

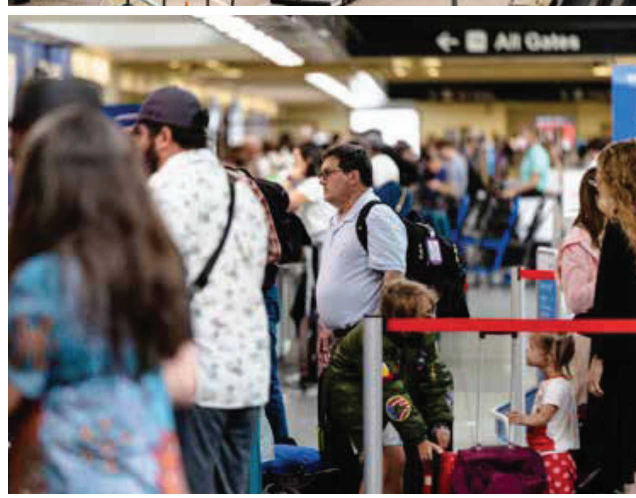
PROFILE OF THE REPORTING ENTITY

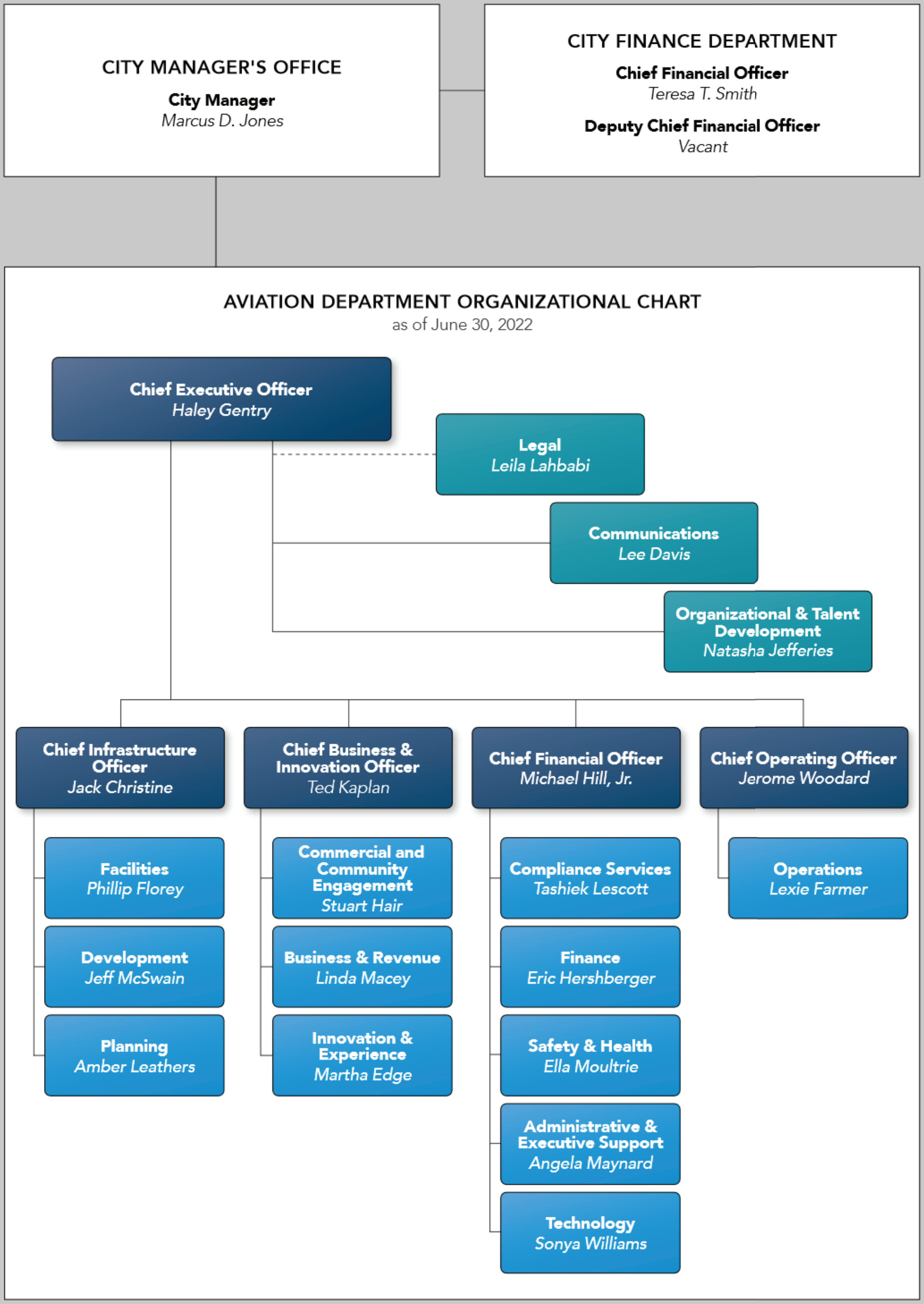
The Airport is located in the Southeastern U.S., a two-hour flight from 60.0 percent of the nation's population and an integral part of a thriving regional economic center. The Airport is one of the busiest in the nation, serving approximately 23.0 million passengers in FY 2022. CLT ranks as the sixth busiest in passengers in the nation according to Airports Council International–North America's calendar year 2021 traffic summary. The Airport is owned by the City of Charlotte, North Carolina (the City) and operated by the City of Charlotte Aviation Department (Aviation Department or Aviation).

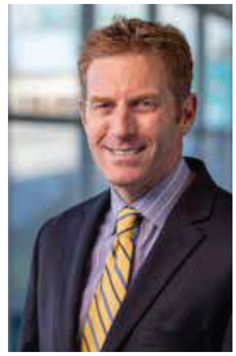
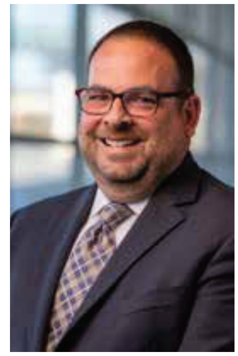
The City is the core of the Airport's air service area. As defined by the U.S. Bureau of Economic Analysis, the Charlotte-Gastonia-Salisbury NC-SC Economic Area is a region encompassing 20 counties in North Carolina and South Carolina with a population of over 2.7 million in 2021. Since 1929, the City of Charlotte has had a Council-Manager form of government. Policy-making and legislative authority are vested in a governing body consisting of a Mayor and 11 City Council members who are elected every two years on a partisan basis. The Mayor and four Council members are elected at-large by a citywide vote. The remaining seven Council members are elected by district, from voters who reside in each district. The Mayor and Council are responsible for appointing the City Manager, City Attorney, City Clerk, and members of various boards and commissions. The Council appropriates the annual budget, sets the tax rate and approves the financing of all city operations and capital investments. The City Manager is responsible for carrying out policies and ordinances and directs the daily operations and programs of the City.

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

Within the City structure, the Aviation CEO leads the Aviation Department's leadership team, overseeing operations and development of the Airport and long-term strategic planning. The leadership team includes four chief officers for the core Airport functions of Operations, Infrastructure, Business & Innovation, and Finance, Administration & Technology. These chief officers are currently overseeing 12 divisions of the Airport. Managers overseeing Communications and Organizational & Talent Development report directly to the Aviation CEO, and the Aviation's Chief Legal Counsel reports to the City Attorney with a dotted line to the Aviation CEO. The organizational chart, shown on the next page, reflects leadership as of June 30, 2022.




CITY MANAGER'S OFFICE
City Manager
Marcus D. Jones
CITY FINANCE DEPARTMENT
Chief Financial Officer
Teresa T. Smith
Deputy Chief Financial Officer
Vacant
AVIATION DEPARTMENT ORGANIZATIONAL CHART
as of June 30, 2022
Chief Executive Officer
Haley Gentry
Legal
Leila Lahbabi
Communications
Lee Davis
Organizational & Talent Development
Natasha Jefferies
Chief Infrastructure Officer
Jack Christine
Facilities
Phillip Florey
Development
Jeff McSwain
Planning
Amber Leathers
Chief Business & Innovation Officer
Ted Kaplan
Commercial and Community Engagement
Stuart Hair
Business & Revenue
Linda Macey
Innovation & Experience
Martha Edge
Chief Financial Officer
Michael Hill, Jr.
Compliance Services
Tashiek Lescott
Finance
Eric Hershberger
Safety & Health
Ella Moultrie
Administrative & Executive Support
Angela Maynard
Technology
Sonya Williams
Chief Operating Officer
Jerome Woodard
Operations
Lexie Farmer

Haley Gentry
Chief Executive Officer

Jack Christine
Chief Infrastructure Officer

Jerome Woodard
Chief Operating Officer

Ted Kaplan
Chief Business & Innovation Officer

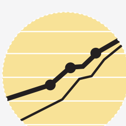
Michael Hill, Jr.
Chief Financial Officer

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

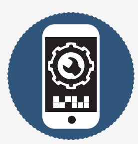
Aviation management utilizes six core Strategic Principles to manage and run the nation's 6th busiest airport by passengers, including: Safety and Security; Customer Focus; Strategic Growth; Asset Preservation; Value Employees; and Strong Partnerships.

Safety and Security emphasizes devising safety practices to reduce the likelihood of harm or loss to people and property.

Customer Focus centers around providing a superior travel experience, one that blends southern hospitality with ease and efficiency of movement.



Strategic Growth, also known as demand-driven growth, ensures facility development is targeted for continued growth and global competitiveness.



Asset Preservation includes proactively maintaining equipment and facilities to safeguard against service disruptions, as well as pursuing technology to expand airport capabilities and business vitality.

Value Employees focuses on promoting development, education and training, accountability and ownership, competitive compensation and quality working conditions for the Airport's employees.

Strong Partnerships involves fostering a financially self-sustaining and cost-competitive environment with our business partners built on trust and integrity. This principle also applies to the Airport's relationship with the community, assuring the community that the Airport will act in a responsible way providing information, seeking engagement and mutually beneficial solutions.

AIRPORT OPERATIONS

Passenger traffic at CLT began the fiscal year strong with July 2021 enplanements approximately 121.2 percent higher than July 2020 enplanements, and 0.7 percent higher than July 2019 (the corresponding pre-pandemic month in fiscal year FY 2020). Throughout FY 2022, CLT saw significant increases over FY 2021, and more closely aligned with the FY 2019 pre-pandemic numbers. Although enplanements decreased during the Omicron surge in January through February 2022, by June 2022 they had increased by 5.0 percent over June 2021.

During FY 2022, 19 airlines provided regularly scheduled passenger service at the Airport, providing an average of 637 daily departures to 188 destinations in 24 countries in the Americas, the Caribbean, and Europe. Additionally, four all-cargo airlines operated regularly at CLT. Additional detail regarding airline market shares is available in the Statistical Section, Schedule 24 on page 128.

The table below lists the passenger and cargo airlines providing service at the Airport during FY 2022.

AIRLINES PROVIDING SCHEDULED SERVICE AT CLT

(Fiscal Year Ended June 30, 2022)

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

The composition of traffic in FY 2022 consisted of 30.2 percent Origin & Destination (O&D) and 69.8 percent connecting passenger activity. This more closely aligned with years prior to FY 2021, which saw only 23.3 percent of O&D passengers. O&D passengers are those beginning or ending their trips at the Airport, as opposed to connecting passengers who change planes at the Airport to reach their final destination. For FY 2022, total enplaned passengers increased 38.4 percent to 23.0 million. CLT primarily provides domestic service, with only 5.7 percent of FY 2022 enplanements being international. For more detailed information on enplaned passenger numbers, please refer to Schedules 22 - 24 on pages 126 through 128 in the Statistical Section.

During FY 2022, American Airlines added new destinations to Columbus, Georgia; Dublin, Ireland; El Paso, Texas; Rome (Fiumicino), Italy; Frankfurt, Germany; Grand Cayman, Cayman Islands; Madrid, Spain; Munich, Germany. Delta Air Lines added service to Boston, Massachusetts. Spirit Airlines also added service to Las Vegas, Nevada. Contour Airlines added service to Muscle Shoals, Alabama. Lufthansa Airlines added service to Munich, Germany.

Since the pandemic recovery began, CLT's passenger numbers have consistently exceeded averages for the nation as a whole. This trend is primarily attributable to the decision of American Airlines to further concentrate traffic at its CLT hub (its second-busiest hub) to efficiently serve connecting traffic. Management continues to monitor trends in the recovery, making adjustments to financial, operating, and capital plans as warranted.

Below is the FY 2022 list of the 25 busiest domestic O&D markets served from CLT.

TOP 25 DOMESTIC O&D MARKETS

	City	FY 2022 Enplanements	Percent of Total Domestic Enplanements	Distance from Airport (miles)
1	New York Area[1]	557,337	8.9%	534
2	South Florida[2]	297,299	4.7%	650
3	Washington DC Area[3]	272,358	4.3%	331
4	Chicago[4]	249,898	4.0%	599
5	Boston	232,414	3.7%	728
6	Dallas[5]	231,052	3.7%	936
7	Denver	221,139	3.5%	1,338
8	Los Angeles[6]	218,832	3.5%	2,125
9	Orlando	218,187	3.5%	468
10	Las Vegas	215,750	3.4%	1,916
11	Philadelphia	176,833	2.8%	448
12	Phoenix	139,281	2.2%	1,774
13	Houston[7]	135,750	2.2%	913
14	San Francisco[8]	118,463	1.9%	2,296
15	Detroit	113,968	1.8%	500
16	Nashville	110,274	1.8%	329
17	Tampa	98,846	1.6%	507
18	Minneapolis/St. Paul	98,654	1.6%	930
19	Austin	78,228	1.2%	1,032
20	St. Louis	75,537	1.2%	575
21	Atlanta	73,284	1.2%	227
22	San Diego	72,523	1.2%	2,077
23	Salt Lake City	70,769	1.1%	1,727
24	Seattle	68,453	1.1%	2,279
25	Hartford	65,930	1.0%	644
	Total Top 25	**4,211,059**	**67.1%**	

CITY LEGEND

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

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

[3]Ronald Reagan (DCA), Dulles (IAD) and Baltimore (BWI) Airports

[4]O'Hare (ORD) and Midway (MDW) Airports

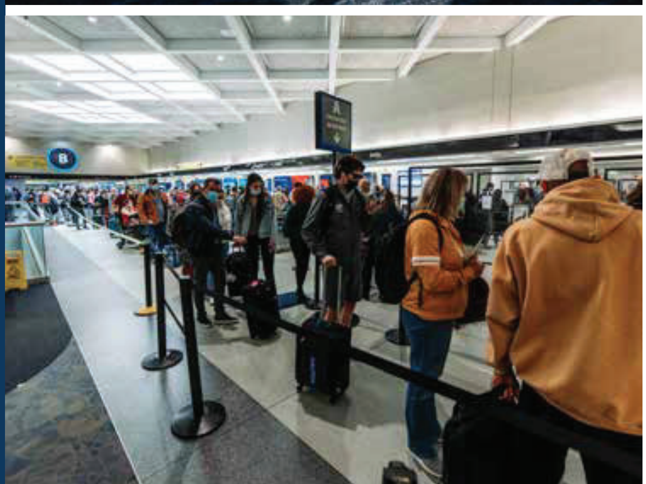
[5]Dallas/Ft. Worth (DFW) and Dallas Love Field (DAL) Airports

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

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

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

AIRPORT FACILITIES



The Airport, located approximately seven miles from the City's central business district, was established in 1935 as Charlotte Municipal Airport. It occupies approximately 6,000 acres of land located within the City and is accessible within minutes from Interstate 85 and Interstate 77. It is the only large hub airport designated by the Federal Aviation Administration (FAA) as a commercial or primary airport serving more than 1.0 percent of annual passenger boardings in North Carolina. The closest commercial service airports are Concord-Padgett Regional Airport (JQF, 30 miles), Greenville-Spartanburg International Airport (GSP, 88 miles), Columbia Metropolitan Airport (CAE, 102 miles), Piedmont Triad International Airport (GSO, 103 miles), Asheville Regional Airport (AVL, 111 miles), Florence Regional Airport (FLO, 118 miles) and Raleigh-Durham International Airport (RDU, 161 miles). According to FAA data, CLT enplaned more than 4.8 times the number of passengers as the busiest of these airports, RDU, during calendar year 2021.

The Airport has a 1.9 million square foot terminal with five concourses and 114 gates. The terminal includes approximately 190,000 square feet of concession space, including casual and fast-food options, as well as a variety of retail shops and services to meet passenger needs. The airfield has three parallel runways and one crosswind runway. Runway 18C/36C (north/south) is 10,000 feet, 18R/36L (north/south) is 9,000 feet, 18L/36R (north/south) is 8,676 feet, and 5/23 (crosswind) is 7,502 feet. Runway 5/23 is currently only available for taxiing operations as it is being decommissioned as part of the South Ramp Expansion project.

There are approximately 21,000 public parking spaces at the Airport. These are comprised of short-term and long-term lots, and spaces for Valet and Express Deck operations, to accommodate differing passenger needs and price points. The Hourly Parking Deck, located directly across from the terminal, houses the Airport's Consolidated Rental Car Facility (CONRAC) on the bottom three levels. The CONRAC provides the rental car operators approximately 2,900 ready/return and quick-turn-around spaces and a facility for fueling and cleaning operations.

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

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

AIRLINE AGREEMENTS AND FINANCIAL POLICIES

CLT adopted a modernized Airline Use and Lease Agreement (AUA) in July 2016, and FY 2022 was the sixth year in which the Airport calculated rates and charges pursuant to the AUA. The AUA governs the use of the Airport by the seven Signatory Airlines and the establishment of rates, fees and charges payable annually by the Signatory Airlines. These fees and charges generate revenues sufficient to compensate the City for debt service on airport revenue bonds and operation and maintenance expenses. The AUA continues the historical 40.0 percent share of excess non-airline terminal revenues with the Signatory Airlines.

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

MANAGEMENT'S FINANCIAL TARGETS & ACTUAL RESULTS

	FY 2022 Targets	FY 2022 Actual Results
Debt Service Coverage:		
1. Debt Service Coverage - Bond Ordinance (PFC Offset Method)[1]	≥2.00X	5.3X
2. Debt Service Coverage - PFCs Classified as Revenues and excluding rolling coverage	≥1.50X	2.8X
Airport Revenue Bond Debt per Enplanement	≤$60	$55.47
Liquidity – Days Cash on Hand[2]	≥800 DAYS	1,068
Net Airline Cost per Enplaned Passenger	-	$1.57

[1]The debt service coverage of 5.3x is presented as a financial calculation. North Carolina Airport Improvement Program (NCAIP) and Airport Coronavirus Response Grant Program (Federal COVID Relief Grant) funds were used to reimburse the debt service payments reflected in this calculation for FY 2022. FY 2022 debt service was paid in full by PFCs and grants.

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

RATING AGENCY ACTIONS

The Airport continues to maintain strong ratings as it recovers from the unprecedented effects of the COVID-19 pandemic. In April 2022, the Airport received ratings of Aa3 with a stable outlook from Moody's Investors Service for the Series 2022AB Bonds. Moody's report cited the Airport's consistently strong financial metrics, the exceptional resilience of traffic during the pandemic, and the strong and growing local economy as particular credit strengths. Also in April 2022, Fitch assigned an AA- rating to the Series 2022AB Bonds with a stable outlook. Both Moody's and Fitch affirmed their issuer ratings for CLT's Airport revenue bonds in connection with the 2022 transaction. Fitch also cited the Airport's solid financial metrics, including a highly competitive Cost Per Enplaned (CPE) passenger and robust liquidity, as well as the Airport's conservative debt structure as credit strengths.

Aa3
MOODY'S INVESTORS SERVICE

AA-
FITCH RATINGS

DEVELOPMENT INITIATIVES

DESTINATION CLT

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

Destination CLT is well underway and the status of each major component as of June 30, 2022 is listed below:

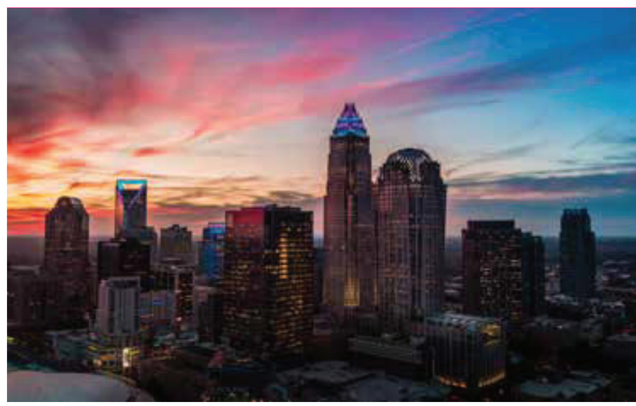
DESTINATION CLT PROJECTS	DESCRIPTION OF PROJECT	STATUS
Concourse A Expansion Phase I	Construction of nine gates north of Concourse A to accommodate expanding air service and replace several existing gates	Construction Complete – Opened July 2018
Elevated Roadway and Terminal Curb Front	Expansion of roadway and curb front facilities to meet growing local passenger demand and reduce congestion	Construction Complete – Opened October 2019
East Terminal Expansion Phase II	Construction of a three-level addition of approximately 51,000 sq. ft. at Concourses D and E, enhancing passenger circulation and providing area for multiple concessions on the Departures/Ticketing level	Construction Complete – Opened November 2019
Terminal Renovations	Updates and refurbishment of the 35-year-old terminal building, including infrastructure replacement and upgrades to finishes such as walls, ceilings, and flooring	Construction Complete – Opened Winter 2020
Concourse E Expansion Phase VIII and IX	Construction of 34,000 sq. ft. of hold room and support space on the north and east end of Concourse E	Construction Complete – Opened Spring 2022
Concourse A Expansion Phase II	Construction of 10 gates north of Concourse A to accommodate expanding air service.	Design Underway – Estimated Completion: Summer 2024
Terminal Lobby Expansion	Expansion to the ticketing and security areas for O&D passengers	Construction Underway – Estimated Completion: Winter 2025
Fourth Parallel Runway	Increase efficiency and capacity of the airfield	Preliminary Engineering Underway, Design to begin Winter 2022

PROJECT AMP

Implementation of Project AMP (Airport Master Plan) continued in FY 2022. CLT solicited and selected a land development consultant to help bring the vision of Destination District Central to fruition. CLT leased 49 acres of land in Destination District West to an industrial developer for 49 years, generating $490,000 annually with a 2.0 percent annual escalation. The Airport Area Strategic Development Plan (AASDP) is supported by real estate market data. In FY 2022, Commercial Engagement completed an updated Real Estate Market Analysis, which will guide the development of Airport land moving forward.

THE REGION'S ECONOMY

Before the COVID-19 pandemic, the Charlotte regional economy was growing at an exceptional pace. In FY 2022, the region's economy continued to rebound from the losses and maintain some of its previous business success. The Charlotte-Concord-Gastonia, North Carolina and South Carolina Metropolitan Statistical Area (MSA), has an estimated 2021 population of 2.7 million. The MSA has eight Fortune 500 companies headquartered within it, and the City ranks as the nation's second largest financial banking center. According to the Charlotte Regional Business Alliance, there have been more than 1,000 international companies representing over 40 countries and employing more than 80,000 people which have spawned the creation of several honorary consulates, international and cultural organizations. The Charlotte region ranked 21st in the United States for total Gross Domestic Product (GDP) output and Mecklenburg County accounted for about 21.0 percent of the total GDP output for the state in 2020, the most recently available data from the Bureau of Economic Analysis. In addition, the Charlotte region has seen a full employment recovery following the onset of the COVID-19 pandemic. The region topped pre-pandemic levels in early 2022 with an average of 12,500 net jobs added each quarter since the start of 2021.



Trucking, rail, and transportation arrangement firms are major industries in the region. Other transportation assets in the region besides the Airport include four interstate highways (I-85, I-77, I-485 and I-40). The City is also the center of the country's largest consolidated rail system.

The tourism industry continues to operate in the reality of COVID-19, FY 2022 began to see the Charlotte tourism market recover. Charlotte continues to be a destination of choice for tourism including recreational opportunities such as the NASCAR Hall of Fame complex, Charlotte Motor Speedway, the National Football League's Carolina Panthers, Minor League Baseball's Charlotte Knights, American Hockey League's Charlotte Checkers, the National Basketball Association's Charlotte Hornets and Major League Soccer's Charlotte Football Club. The U.S. National Whitewater Center is located nearby on the Catawba River and contains the world's largest artificial whitewater river and a U.S. Olympic Training site.

ECONOMIC IMPACT

Charlotte Douglas International Airport continues to be a major economic driver to Charlotte's regional economy with the continuous growth and expansion of its facilities and infrastructures. In 2020, North Carolina Department of Transportation (NCDOT) reported on the economic impact and contribution of CLT, showing $24.6 billion in economic output, $1.3 billion in state and local taxes, 169,390 jobs for North Carolina residents and $6.8 billion in personal income. The Airport's economic impact is expected to increase as facilities are expanded and air service continues to rebound from the implications of COVID-19.

ACCOLADES

GOVERNMENT FINANCE OFFICERS ASSOCIATION

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Charlotte Douglas International Airport, North Carolina for its annual comprehensive financial report for its fiscal year ended June 30, 2021. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.

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

CAROLINA PUBLIC SECTOR STAR

The Aviation Department was recognized by the North Carolina Department of Labor with a Carolina Public Sector Star designation in October 2021. The Carolina Star program recognizes state agencies and local governments for their leadership and success in providing a safe and healthy work environment.

GOLD AWARDS

Administration and Facilities divisions received Gold Awards from the N.C. Department of Labor in August 2021. The annual awards recognize public and private firms that achieve and maintain good safety records. The program is designed to stimulate interest in accident prevention and to promote safety in the workplace.

TERMINAL'S 40TH BIRTHDAY

Aviation Department staff marked the terminal's 40th anniversary and 86 years of commercial aviation in the Queen City on May 2, 2022. The Airport's original 325,000-square foot passenger terminal opened on May 2, 1982, with 25 gates, two concourses and four major airlines. As of FY 2022, the Airport's current passenger terminal is 1.9 million square feet, with 114 gates, five concourses and seven signatory airlines.

Aviation Department Finance Managers and Financial Reporting Team

RUNWAY 5K

The 14th Runway 5K drew 1,500 runners and walkers to CLT's airfield in October 2021. The sold-out race was staged for the first time entirely on Runway 18L-36R and its network of taxiways. COVID-19 safety guidelines were incorporated throughout the event.

Over the past four years, six students have received more than $88,000 in scholarship assistance from run proceeds to attend Central Piedmont Community College.

The Aviation Department created the scholarships in 2018 to promote careers in aviation and economic opportunities in Charlotte. The scholarships cover tuition and books and provide internship opportunities.

Since 2007, over 21,000 people have participated in the Runway 5K, which has raised more than $250,000 for local nonprofit agencies and college scholarships.

PHOENIX MARKETING INTERNATIONAL (PMI) SURVEY

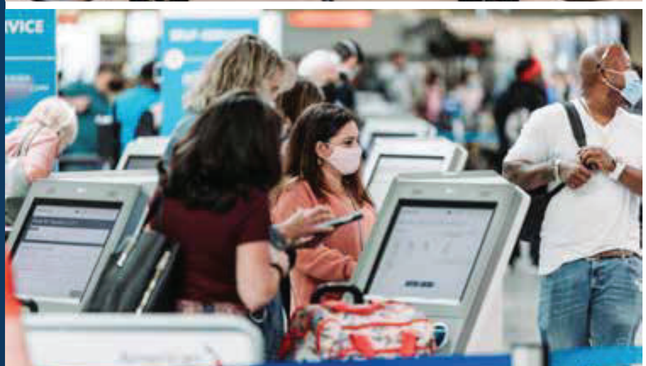
Nine out of 10 passengers were satisfied with their experience at CLT, getting to the terminal, the check-in experience, service at the security checkpoints and terminal facilities, according to a Phoenix Marketing International Survey of 1,600 CLT customers in December 2021. Eight out of 10 passengers were pleased with the gate area, food and beverage options, retail services, baggage delivery and their experience leaving the terminal.

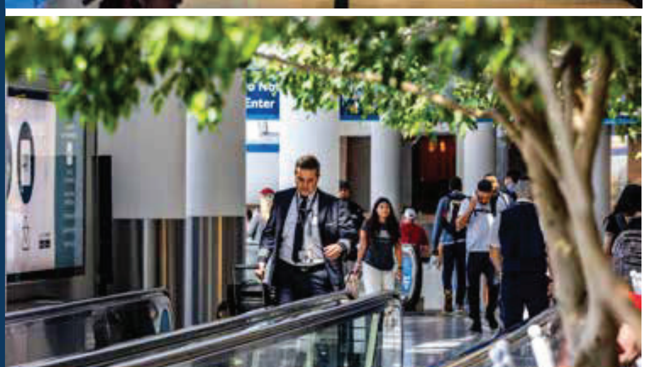
ACI PRELIMINARY RANKINGS

CLT ranks the fifth busiest airport worldwide for arrivals and departures and sixth for passenger traffic, according to Airports Council International (ACI) 2021 preliminary rankings released in April 2022. It is a jump from 2020 when CLT placed sixth worldwide for arrivals and departures and 18th for passenger traffic.

Charlotte Douglas handled 519,895 arrivals and departures in 2021 and served 43 million passengers, which is 86% of the record-breaking 50 million passengers in 2019.

ACKNOWLEDGEMENTS





We hope you find this report to be informative and helpful. Our management philosophy is grounded in sound financial stewardship, as evidenced by FY 2022's financial results and the production of this report. We greatly appreciate all the team members who work tirelessly providing and supporting excellent airport operations, including those who assisted in the preparation of this report.

Respectfully submitted,

Haley Gentry

Haley Gentry
Aviation Department
Chief Executive Officer
Charlotte Douglas International Airport

CLT
CHARLOTTE DOUGLAS®
INTERNATIONAL AIRPORT

Teresa T. Smith

Teresa T. Smith
Chief Financial Officer
City of Charlotte

CITY of CHARLOTTE

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charlotte Douglas International Airport
North Carolina

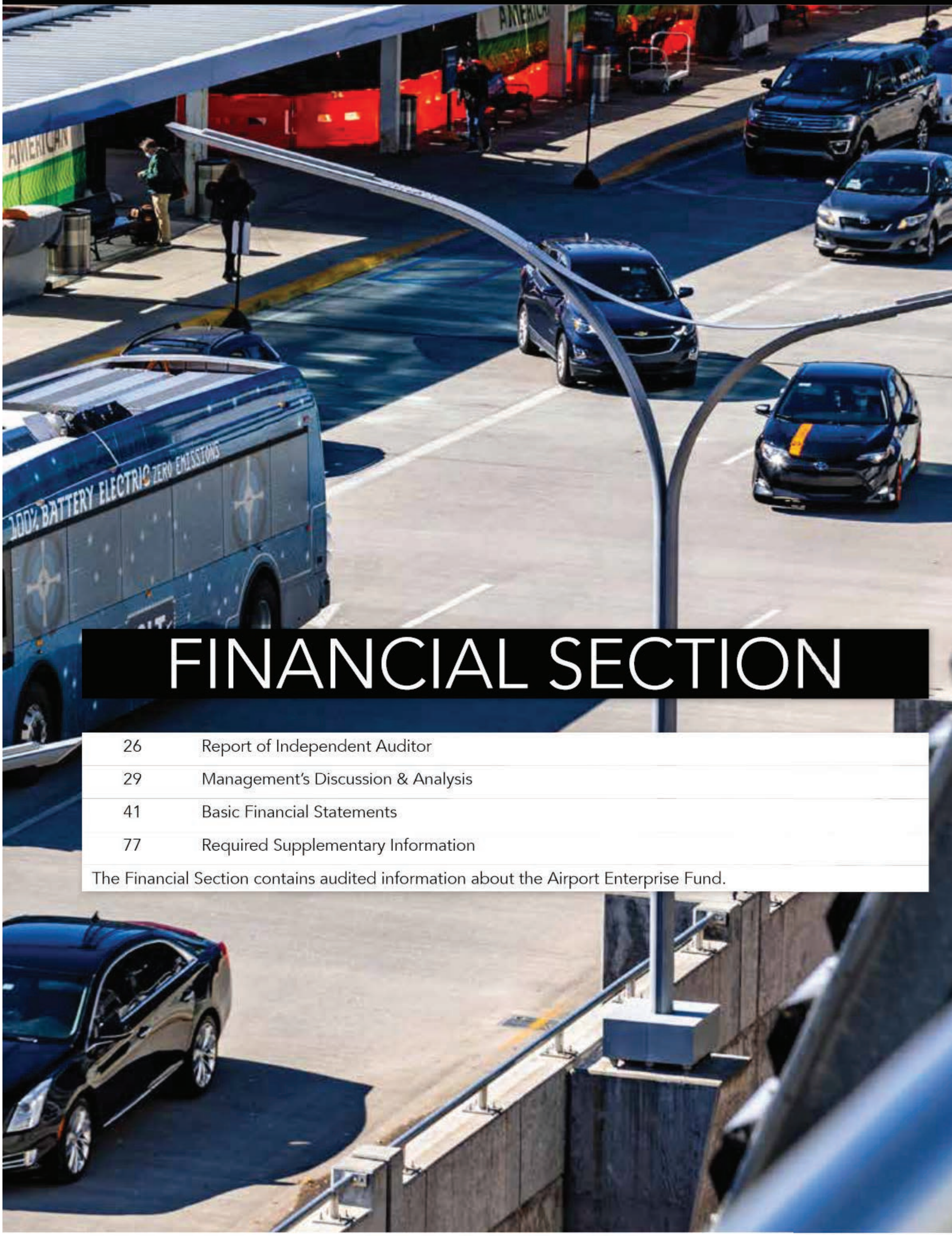
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO


AMERICAN
SPIRIT
VOLARIS
CLT
BUSINESS VALET
159



FINANCIAL SECTION

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

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

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

Opinion

We have audited the accompanying statement of net position of the Charlotte Douglas International Airport (the "Airport"), an enterprise fund of the City of Charlotte, North Carolina (the "City"), as of June 30, 2022, and the statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of June 30, 2022 and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Airport and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2022 and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

cbh.com

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

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

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

Required Supplementary Information

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

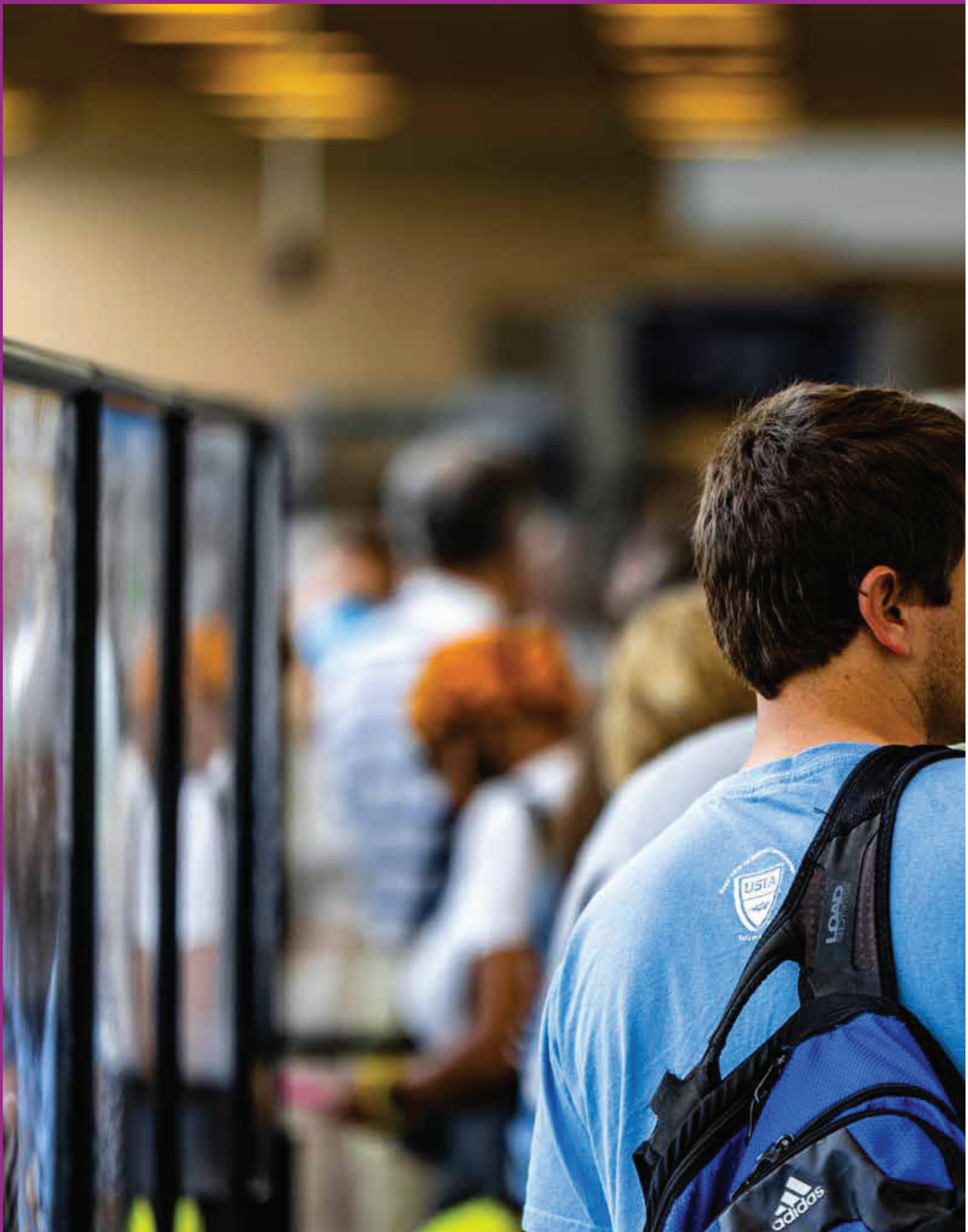
Other Information

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

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

Cherry Bekaert LLP

Charlotte, North Carolina
January 23, 2023



MANAGEMENT'S DISCUSSION & ANALYSIS

MANAGEMENT'S DISCUSSION & ANALYSIS

Management's Discussion & Analysis (MD&A) provides a narrative introduction, overview and analysis of the financial activities of Charlotte Douglas International Airport (Airport), an enterprise fund of the City of Charlotte. The information contained herein pertains to the financial performance of the Airport for the Fiscal Year (FY) ended June 30, 2022. This MD&A should be read in conjunction with the Financial Statements and Notes that follow.

FINANCIAL HIGHLIGHTS

FISCAL YEAR 2022

- Total net position for the Airport Enterprise Fund on June 30, 2022 was $2.1 billion; 23.1 percent or $487.3 million of that total was unrestricted. The net position increased $136.7 million from total net position on June 30, 2021.
- Operating revenues increased by $147.6 million to $319.0 million in FY 2022. The increase was primarily attributed to the significant increase in airline activity following the COVID-19 pandemic.
- Total operating expenses, excluding depreciation and amortization, increased by $38.1 million to $192.9 million in FY 2022. Overall, the increase in operating expense is attributable to higher operational costs in the Terminal Building, Ground Transportation, Airfield and FBO, as result of increased air travel.
- Capital contributions increased by $12.5 million to $42.0 million in FY 2022. This category is primarily comprised of grants used to fund capital projects directly and grants used to pay debt service on bond funded projects in FY 2022.
- The Airport received $80.3 million in federal grant revenue in FY 2022 related to three Coronavirus aid and relief grants. This included $37.2 million from the Coronavirus Aid, Relief and Economic Security Act (CARES Act) grant for reimbursement for debt service, operating expenses and COVID-19- related capital improvements to the Terminal Building; $1.6 million from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) grant related to federally mandated relief to concessionaires and $34.5 million for reimbursement for debt service and operating expenses; and $5.9 million from the American Rescue Plan Act (ARP Act) for reimbursement for debt service. Also, in FY 2022 the Airport received $3.5 million in state grant revenue related to the North Carolina Airport Improvement Program (NCAIP). This amount represents reimbursements related to debt service paid in FY 2022.
- During FY 2022, the City implemented GASB Statement 87, Leases, to all City departments. The implementation of this standard requires reporting of leased assets and liabilities that were previously classified as operating leases and recognizing leases as inflows and outflows of resources based on lease contracts.
- Nonoperating revenues decreased by $38.1 million to $141.5 million. This decrease was primarily due to a decrease in grant income of $40.0 million and a $10.3 million decrease in investment earnings.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of this report consists of two parts: Management's Discussion & Analysis (this section) and the Basic Financial Statements. The Basic Financial Statements section includes Notes to the Financial Statements that provide explanations and detailed data on pages 48 through 75.

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

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

NET POSITION

(Fiscal Years Ended June 30; $000)

	2022	2021
ASSETS		
Current and other assets	$ 1,649,298	$ 1,178,656
Capital assets, net	2,271,486	2,087,254
Total assets	**3,920,784**	**3,265,910**
DEFERRED OUTFLOWS OF RESOURCES	**19,231**	**14,965**
LIABILITIES		
Current liabilities	182,864	106,380
Noncurrent liabilities	1,459,218	1,187,429
Total liabilities	**1,642,082**	**1,293,809**
DEFERRED INFLOWS OF RESOURCES	**188,037**	**13,857**
NET POSITION		
Net investment in capital assets	1,177,828	1,076,222
Restricted	444,797	385,858
Unrestricted	487,271	511,129
TOTAL NET POSITION	**$ 2,109,896**	**$ 1,973,209**

The analysis below explains the Net Position.

FISCAL YEAR 2022 COMPARED TO FISCAL YEAR 2021

Total assets increased by $654.9 million, or 20.1 percent, in FY 2022 compared to FY 2021. The increase in capital assets is primarily due to the ongoing construction of the Airport's West Ramp Expansion Phase II, Concourse E Expansion Phase 8/8B/9, Fuel Farm Expansion Phase III, Airport Monumental Entrance and Terminal Lobby Expansion projects. The increase in current and other assets is due to an increase in lease receivables from the implementation of GASB 87 and an increase in restricted assets from proceeds of the 2022AB bonds.

Total liabilities increased by $348.3 million, or 26.9 percent, in FY 2022 compared to FY 2021. This increase is primarily due to an issuance of General Airport Revenue Bonds (GARBs), also referred to as Airport Revenue Bonds (ARBs) to support the construction of capital projects offset by annual debt service payments. The remaining increase in total liabilities is due to accounts payables accruals at year-end to include non-airline terminal revenue share of $46.1 million in FY 2022 in comparison to $19.1 million in FY 2021.

Total net position increased by $136.7 million or 6.9 percent in FY 2022 compared to FY 2021. As of June 30, 2022, $1.2 billion was invested in capital assets, $444.8 million was restricted for debt service reserves, PFCs, CFCs, working capital, and net OPEB assets, while $487.3 million was unrestricted and available for short-term operational needs. This increased net position is primarily due to ongoing capital development, which increases the airport's capital assets.

THIS PAGE INTENTIONALLY LEFT BLANK

CHANGES IN NET POSITION

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

CHANGES IN NET POSITION

(Fiscal Years Ended June 30; $000)

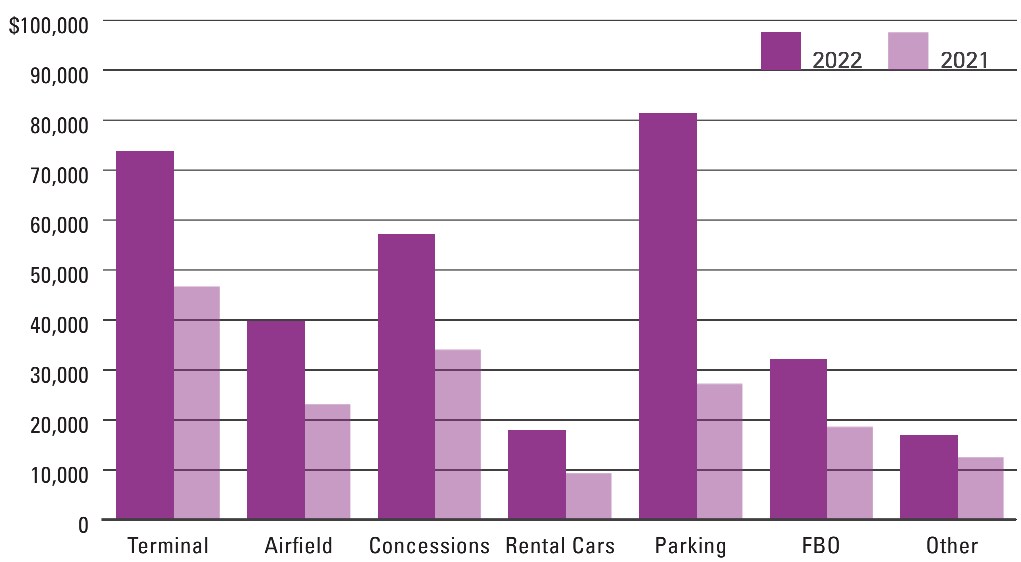
	2022	2021
REVENUES		
Operating revenues:		
Terminal rents & fees	$ 73,779	$ 46,657
Airfield	39,830	23,078
Concessions	57,060	34,050
Rental cars	17,868	9,319
Parking	81,445	27,203
Fixed base operator area	32,210	18,593
Other	16,792	12,484
Total operating revenues	**318,984**	**171,384**
Nonoperating revenues:		
Grant contributions	82,677	122,649
Passenger facility charges	60,656	45,961
Contract facility charges	11,071	7,160
Investment earnings	(11,305)	(1,053)
Other revenues	(1,580)	4,891
Total nonoperating revenues	**141,519**	**179,608**
Total revenues	**460,503**	**350,992**
EXPENSES		
Operating expenses before depreciation and amortization	192,922	154,864
Right to use lease amortization	108	-
Depreciation	86,821	83,930
Interest and other charges	39,744	39,871
Other expenses	46,098	19,122
Total expenses	**365,693**	**297,787**
Capital contributions	**42,039**	**29,542**
Transfers to other City funds	**(162)**	**(202)**
Increase in net position	**136,687**	**82,545**
NET POSITION - beginning (July 1)	**1,973,209**	**1,890,664**
NET POSITION - ending (June 30)	**$ 2,109,896**	**$ 1,973,209**

OPERATING REVENUES

OPERATING REVENUES

(Fiscal Years Ended June 30; $000)

	2022	2021
AIRLINE REVENUES		
Terminal rents & fees	$ 73,779	$ 46,657
Airfield	39,830	23,078
Total airline revenues	**113,609**	**69,735**
CONCESSIONS, RENTAL CARS AND PARKING REVENUES		
Concessions	57,060	34,050
Rental cars	17,868	9,319
Parking	81,445	27,203
Total concessions, rental cars and parking revenues	**156,373**	**70,572**
FBO & OTHER REVENUES		
FBO	32,210	18,593
Other	16,792	12,484
Total FBO & other revenues	**49,002**	**31,077**
TOTAL OPERATING REVENUES	**$ 318,984**	**$ 171,384**



The analysis below explains the increases in operating revenues.

FISCAL YEAR 2022 COMPARED TO FISCAL YEAR 2021

Operating revenues increased by $147.6 million or 86.1 percent to $319.0 million in FY 2022 from $171.4 in FY 2021. This increase was due to significant recovery and increased airline activity following the COVID-19 pandemic.

Airline revenues increased $43.9 million or 62.9 percent to $113.6 million in FY 2022. Terminal revenues and airfield revenues both increased. Terminal rents and fees increased by $27.1 million to $73.8 million while airfield revenues, which are associated with the airline landing fees, increased by $16.8 million to $39.8 million. The increase in revenues is overall attributable to significantly higher passenger activity in FY 2022. Airline revenues constitutes 35.6 percent of total operating revenues in FY 2022.

Concessions, rental cars and parking revenues increased $85.8 million or 121.6 percent, to $156.4 million in FY 2022. Parking revenues increased from $27.2 million to $81.4 million; a 199.4 percent increase. This resulted from the increase in passenger activity, as well as the implementation of a new parking revenue control system and online booking system. Concessions increased $23.0 million or 67.6 percent due to significant increases in food and beverage and retail sales from the increase in passenger activity. Rental car revenues increased by $8.5 million or 91.7 percent also due to increased volume of rental services as passenger activity rebounded. Concessions, rental cars and parking revenues were 49.0 percent of total operating revenues in FY 2022.

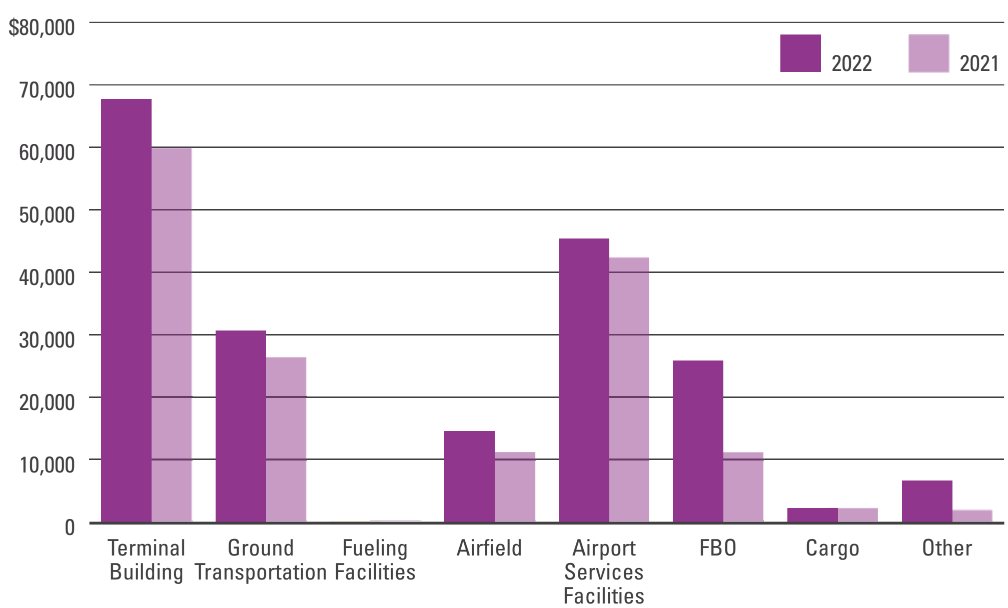
Fixed Base Operator (FBO) and other revenues increased $17.9 million or 57.7 percent to $49.0 million in FY 2022. FBO revenues increased $13.6 million or 73.2 percent due to the increase in ancillary services. Other revenues increased by $4.3 million or 34.5 percent due to increased miscellaneous revenues to include non-terminal rents and deicing. FBO & other revenues were 15.4 percent of total operating revenues in FY 2022.

OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION

OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION

(Fiscal Years Ended June 30; $000)

	2022	2021
TERMINAL & AIRFIELD		
Terminal building	$ 67,674	$ 59,800
Ground transportation	30,628	26,336
Fueling facilities	175	98
Airfield	14,549	11,172
Total terminal & airfield	**113,026**	**97,406**
AIRPORT SERVICES FACILITIES	**45,341**	**42,329**
FBO, CARGO & OTHER		
FBO	25,839	11,125
Cargo	2,229	2,147
Other	6,487	1,857
Total FBO, cargo & other	**34,555**	**15,129**
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	**$ 192,922**	**$ 154,864**



The analysis below explains the increases in operating expenses.

FISCAL YEAR 2022 COMPARED TO FISCAL YEAR 2021

Operating expenses before depreciation and amortization increased $38.1 million or 24.6 percent, to $192.9 million in FY 2022.

Terminal Building expenses increased $7.9 million to $67.7 million or 13.2 percent, Ground Transportation expenses increased by $4.3 million and Airfield expenses increased $3.4 million in FY 2022. Terminal Building expenses increased due to higher operational costs, as well as maintenance and materials usage, as a result of increased passenger activity. Ground Transportation expenses increased because of increased required maintenance, personnel costs and increased cost of fuel, resulting from increased passenger activity. Airfield experienced higher expenses due to multiple inclement weather events, increased aircraft activity, staffing needs and increased contractual services. Terminal and Airfield expenses accounted for 58.6 percent of operating expenses before depreciation and amortization in FY 2022.

Airport services facilities (ASF) expenses (the Airport's indirect overhead expense allocation) increased $3.0 million or 7.1 percent, to $45.3 million in FY 2022. ASF's increase was due to higher personnel costs, operations and maintenance and contractual increases. ASF accounted for 23.5 percent of operating expenses before depreciation and amortization in FY 2022.

FBO, cargo and other expenses increased $19.4 million or 128.4 percent, to $34.6 million in FY 2022. FBO expenses increased $14.7 million or 132.3 percent primarily due to increased fuel cost. Cargo and other operating expenses also increased. FBO, cargo and other expenses accounted for 17.9 percent of operating expenses before depreciation and amortization in FY 2022.

CAPITAL ASSETS

The Airport Enterprise Fund's net capital assets were $2.3 billion in FY 2022 and $2.1 billion in FY 2021.

FY 2022's increase of $184.2 million or 8.8 percent was primarily due to Construction in Progress, as some Destination CLT projects are still underway. The following is a summary of capital assets at June 30, 2022, and 2021:

CAPITAL ASSETS

(Fiscal Years Ended June 30; $000)

	2022	2021
Land	$ 406,538	$ 399,315
Buildings	1,381,566	1,330,295
Runways	536,134	499,220
Other improvements	369,228	351,246
Intangibles	18,791	16,468
Machinery & equipment	168,791	162,870
Construction in progress	496,449	352,936
Leased machinery & equipment	547	-
TOTAL CAPITAL ASSETS	**3,378,044**	**3,112,350**
Less: accumulated depreciation	1,106,450	1,025,096
Less: accumulated amortization	108	-
NET CAPITAL ASSETS	**$ 2,271,486**	**$ 2,087,254**

SIGNIFICANT CAPITAL ASSET ADDITIONS DURING FY 2022

- Construction in Progress increased $143.5 million primarily due to the ongoing construction on the Terminal Lobby Expansion project and Taxiway F Extension, Deice Pad & Taxiway South Crossfield project in FY 2022. Progress was made on several large projects during FY 2022 including:
  - Terminal Lobby Expansion — $98.4 million increase in construction expense
  - Taxiway F Extension, Deice Pad & Taxiway South Crossfield — $40.0 million increase in construction expense
  - North End Around Taxiway — $18.6 million increase in construction expense
  - Concourse A Expansion Phase II — $11.8 million increase in construction expense
  - Terminal Lobby Canopy — $5.9 million increase in construction expense
  - Ramp D&E Dual Taxilanes — $5.1 million increase in construction expense
  - Fire Station 41 Bay Expansion — $2.0 million increase in construction expense
  - West Ramp Phase II Lavatory & Ground Support Equipment — $1.9 million increase in construction expense
  - Atrium and Mezzanine Renovations — $1.8 million increase in construction expense
  - Central Energy Plant — $1.8 million increase in construction expense
- New project capitalizations recorded in FY 2022 include:
  - West Ramp Expansion Phase II of $27.9 million
  - Fuel Farm Expansion Phase III of $7.3 million
  - Terminal Expansion Pedestrian Tunnels of $5.9 million
  - Concourse D Renovation of $5.9 million
  - Airport Monumental Entrance of $4.9 million
  - Terminal Lobby Expansion of $3.3 million

Additional information on the Airport Enterprise Fund's Capital Assets can be found in Note 3 in the Notes to the Financial Statements, page 56.

DEBT ADMINISTRATION

CITY OF CHARLOTTE, NORTH CAROLINA
CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT
AIRPORT REVENUE BONDS

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

As of June 30, 2022 and 2021, the Airport had $1.3 billion and $930.8 million, respectively, of Airport Revenue Bond principal outstanding.

For more information regarding the GARBs, please refer to Note 4 in the Notes to the Financial Statements, page 57.

Additionally, as of June 30, 2022 and 2021, the Airport had Bond Anticipation Notes (BANs) outstanding in the amounts of $13.3 million and $34.3 million, respectively. Net Revenues on parity with the outstanding Airport Revenue Bonds secure the BANs.

For more information regarding the BANs, please refer to Note 4 in the Notes to the Financial Statements, page 57.

CITY OF CHARLOTTE, NORTH CAROLINA
TAXABLE AIRPORT SPECIAL FACILITIES REVENUE BONDS
(CONSOLIDATED CAR RENTAL FACILITIES PROJECT) SERIES 2011

The City of Charlotte, North Carolina Taxable Airport Special Facilities Revenue Bonds (CONRAC) are issued pursuant to the State and Local Government Revenue Bond Act and a General Trust Indenture dated November 1, 2011. The Series 2011 CONRAC Bonds are special obligations of the City, secured solely by Contract Facility Charges (CFCs), Contingent Rent and money and investments in certain funds and accounts held under the General Trust Indenture. Amounts paid by the rental car companies as ground rent or concession fees are not included as pledged revenues.

The CFC was imposed on July 1, 2007, at a rate of $3.50 per transaction day and was increased to $4.00 per transaction day on October 1, 2011. The City may, at its discretion, raise the CFC per transaction day rate. At this time, the City does not anticipate raising the CFC. The CONRAC project opened in April 2015.

On July 1, 2021, the remaining balance of $50.9 million of the Airport's Series 2011 CONRAC revenue bonds were redeemed early.

Information regarding CONRAC bonds can be found in Notes 13 and 14 in the Notes to the Financial Statements, page 75.

ECONOMIC FACTORS AFFECTING THE AIRPORT ENTERPRISE FUND

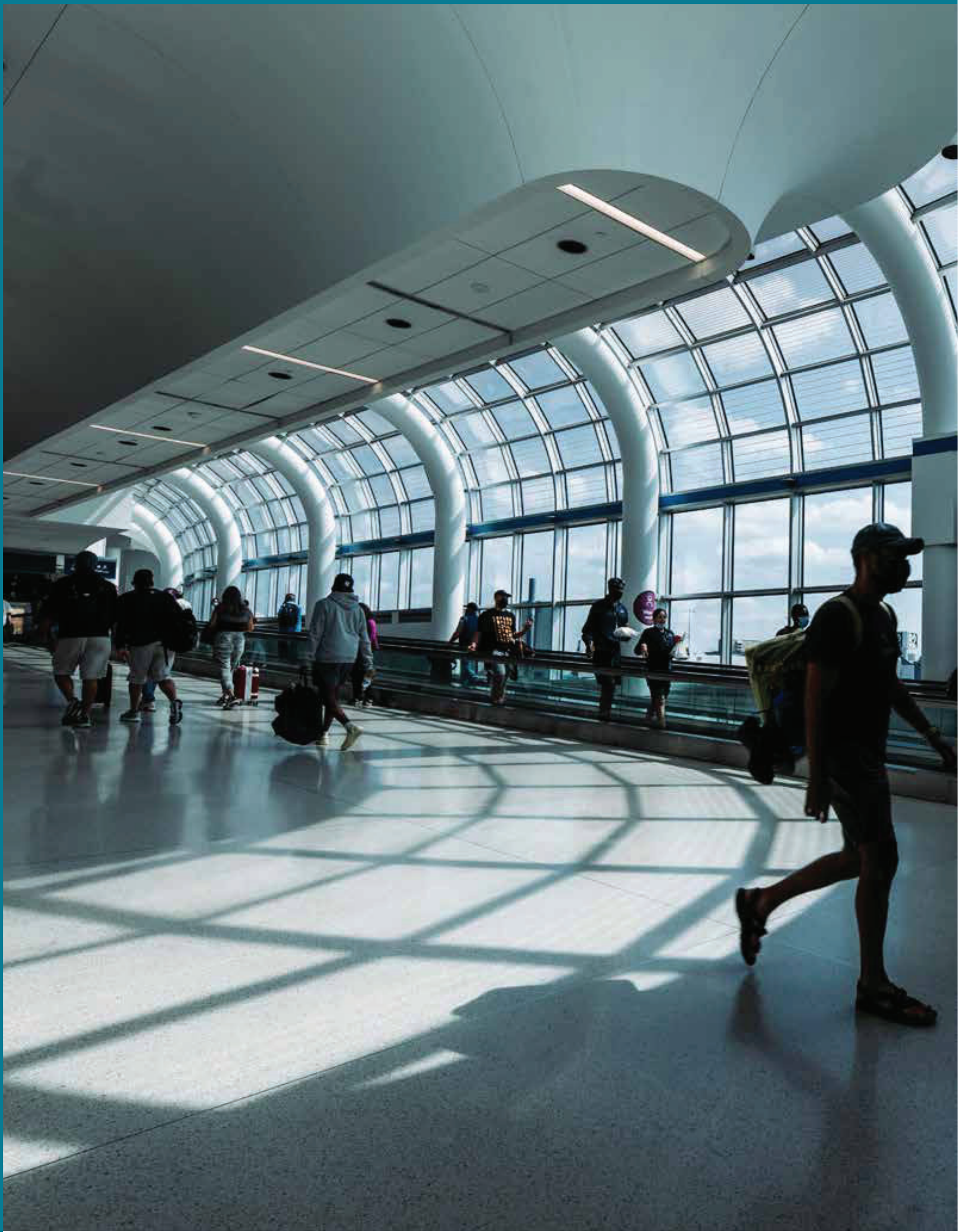
- The airline industry continued its recovery in FY 2022 from the COVID-19 pandemic. At CLT, passenger enplanements increased by 38.4 percent over FY 2021. During FY 2020, enplanements had decreased by 19.0 percent, and in FY 2021, dropped again by 14.2 percent. This year's increase brings CLT very close to pre-pandemic levels by reaching 96.1 percent of FY 2019 enplanements.
- The Airport's air service area is the Charlotte-Gastonia-Salisbury NC-SC Economic Area, as defined by the U.S. Bureau of Economic Analysis. The Charlotte-Concord-Gastonia North Carolina & South Carolina Metropolitan Statistical Area (MSA) is the primary economic center of the Economic Area. According to U.S. Census estimates, the MSA's estimated calendar year 2021 population was 2.7 million.
- The MSA and State of North Carolina unemployment rates were lower than the nation in calendar year 2021. The MSA and North Carolina rates were 4.6 percent while the nation's unemployment rate was 5.3 percent.
- American Airlines serves 91.8 percent of the enplaned passengers in FY 2022. For the fiscal year ended June 30, 2022, American Airlines and its affiliates provided 28.7 percent of the Airport's operating revenues.

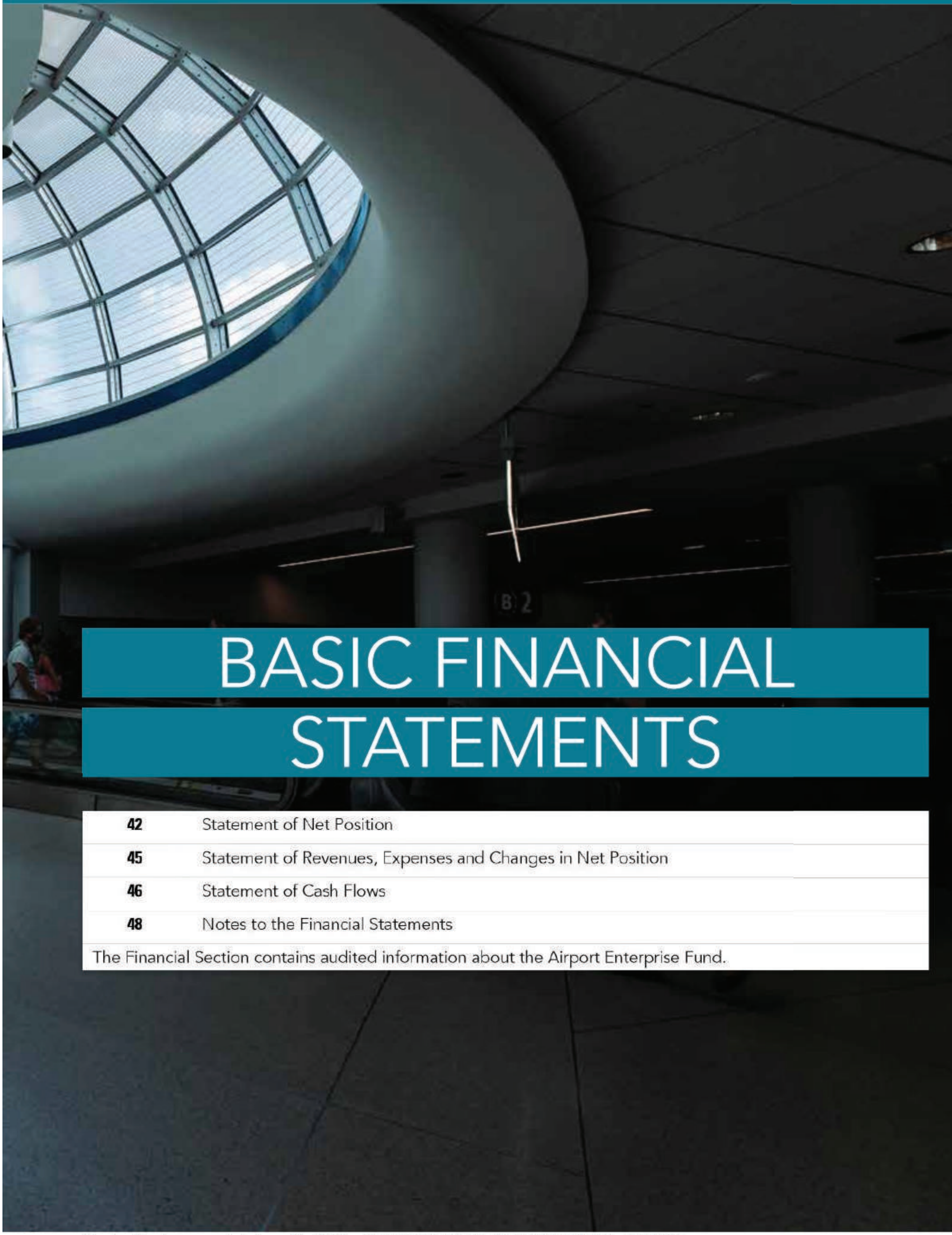
REQUESTS FOR FINANCIAL INFORMATION

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

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

For prior Airport financial reports or other City financial information please visit the City of Charlotte's Finance Department website at: charlottenc.gov/finance/pages/publications.aspx.





BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION

JUNE 30, 2022; $000

ASSETS	
Current assets:	
Cash, cash equivalents and investments	$ 684,599
Receivables, net of allowance for uncollectibles ($424)	
Accounts	46,159
Lease receivable	16,486
Other	1,548
Total receivables	**64,193**
Due from other governmental agencies	12,847
Due from other funds	104
Prepaid items	1,276
Restricted assets-	
Cash and cash equivalents	324,209
Investments	408,019
Total restricted assets	**732,228**
Total current assets	**1,495,247**
Long-term assets:	
Lease receivable	148,763
Net OPEB asset	5,288
Capital assets (Note 3)	
Land	406,538
Buildings	1,381,566
Runways	536,134
Other improvements	369,228
Intangibles	18,791
Machinery and equipment	168,791
Construction in progress	496,449
Total capital assets	**3,377,497**
Less accumulated depreciation	1,106,450
Total capital assets, net	**2,271,047**
Right to use leased assets	547
Less accumulated right to use amortization	108
Total right to use leased assets, net	**439**
Total long-term assets	**2,425,537**
Total assets	**3,920,784**
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	9,658
OPEB deferrals	4,123
Contributions to pension plan in current fiscal year	4,959
Unamortized bond refunding charges	491
Total deferred outflows of resources	**19,231**

CONTINUED

LIABILITIES	
Current liabilities:	
Accounts payable	$ 44,540
Deposits and retainage payable	1,322
Accrued interest payable	4
Due to component unit	43
Unearned revenue	17,268
Current maturities of noncurrent liabilities	2,210
Current liabilities payable from restricted assets-	
Accounts payable	44,319
Deposits and retainage payable	22,363
Accrued interest payable	22,414
Revenue bonds payable	28,381
Total current liabilities payable from restricted assets	**117,477**
Total current liabilities	**182,864**
Noncurrent liabilities (Note 4)	
Revenue bonds payable - net of unamortized premiums of $164,415	1,433,400
Revenue bond anticipation notes payable	13,268
Lease payable	329
Compensated absences payable	2,775
Net pension liability	9,446
Total noncurrent liabilities	**1,459,218**
Total liabilities	**1,642,082**
DEFERRED INFLOWS OF RESOURCES	
Leases	163,907
Pension deferrals	13,495
OPEB deferrals	5,082
Gain on refunding	5,553
Total deferred inflows of resources	**188,037**
NET POSITION	
Net investment in capital assets	1,177,828
Restricted for:	
Debt service	105,720
Passenger facility charges eligible projects	273,582
Contract facility charges eligible projects	11,598
Working capital	48,609
Net OPEB asset	5,288
Unrestricted	487,271
Total net position	**$ 2,109,896**

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

THIS PAGE INTENTIONALLY LEFT BLANK

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022; $000

OPERATING REVENUES:	
Terminal rents & fees	$ 73,779
Airfield	39,830
Concessions	57,060
Rental cars	17,868
Parking	81,445
Fixed base operator area	32,210
Other	16,792
Total operating revenues	**318,984**
OPERATING EXPENSES:	
Terminal building	67,674
Ground transportation	30,628
Fueling facilities	175
Airfield	14,549
Airport services facilities	45,341
Fixed base operator area	25,839
Cargo area	2,229
Right to use lease amortization	108
Depreciation	86,821
Other	6,487
Total operating expenses	**279,851**
Operating income	**39,133**
NONOPERATING REVENUES (EXPENSES):	
Grant contributions	82,677
Passenger facility charges	60,656
Contract facility charges	11,071
Investment earnings	(11,305)
Interest expense and other charges	(39,744)
Non-airline terminal revenue distribution	(46,098)
Other	(1,580)
Total nonoperating revenues (expenses)	**55,677**
Income before contributions	94,810
CAPITAL CONTRIBUTIONS	42,039
TRANSFERS OUT	(162)
Change in net position	**136,687**
Total net position - beginning	**1,973,209**
Total net position - ending	**$ 2,109,896**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022; $000

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	$ 314,531
Payments to suppliers	(117,928)
Payments to other City funds for services	(32,899)
Payments to employees	(48,061)
Payments to airlines for non-airline terminal revenue distribution	(19,122)
Other (payments)	(4,588)
Net cash provided by operating activities	**91,933**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Noncapital contributions	82,677
Transfers	(162)
Net cash provided by noncapital financing activities	**82,515**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from capital debt	477,821
Passenger facility charges	60,928
Contract facility charges	10,978
Acquisition and construction of capital assets	(239,147)
Leases	(1,633)
Principal paid on capital debt	(180,457)
Interest and other charges paid on capital debt	(41,543)
Capital contributions	61,521
Net cash provided by capital and related financing activities	**148,468**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(395,955)
Proceeds from sale and maturities of investments	157,095
Interest received	(11,361)
Net cash (used) by investing activities	**(250,221)**
Net increase in cash, cash equivalents and investments	72,695
Cash, cash equivalents and investments - beginning of year	936,113
Cash, cash equivalents and investments - end of year	**$ 1,008,808**

CONTINUED

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$	39,133
Adjustments to reconcile operating income to net cash provided by operating activities-		
Depreciation		86,821
Amortization		108
Other (payments)		(4,588)
Non-airline terminal revenue distribution		(19,122)
Change in assets, deferred outflows, liabilities and deferred inflows-		
(Increase) in receivables		(4,453)
Decrease in due from other governmental agencies		1,412
(Increase) in due from other funds		(22)
(Increase) in prepaid items		(781)
(Increase) in deferred outflows of resources for pensions		(2,484)
Decrease in deferred outflows of resources for OPEB		6,644
(Increase) in net OPEB asset		(1,855)
(Decrease) in accounts payable		(7,704)
(Decrease) in deposits and retainage payable		(263)
Increase in due to component unit		9
(Decrease) in net pension liability		(11,805)
Increase in deferred inflows of resources for pensions		13,495
(Decrease) in deferred inflows of resources for OPEB		(2,772)
Increase in compensated absences payable		160
Total adjustments		**52,800**
Net cash provided by operating activities	**$**	**91,933**
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Acquisition of capital assets through leases	$	547
Proceeds from refunding bonds		115,002
Payment to refunded bond escrow agent		(115,002)
Net noncash investing, capital and financing activities	**$**	**547**

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. REPORTING ENTITY

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

B. BASIS OF PRESENTATION

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

C. CASH AND CASH EQUIVALENTS/INVESTMENTS

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

DEPOSITS

As of June 30, 2022, the carrying amount of bank deposits was $36,087 and the bank balance solely in the Airport's name was $1,005. The remainder of the Airport's bank balance is included in the City's pooled cash account. All deposits of the City are made in board-designated official depositories and are secured as required by state statutes. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit. The Airport has petty cash of $9.

According to the City's policy regarding custodial credit risk for deposits, all of the City's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. Of the Airport's bank balance, $250 was covered at the federal depository insurance coverage level and $755 was covered by collateral held under the Pooling Method.

CONTINUED JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

INVESTMENTS

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

The investments of the Airport at June 30, 2022, stated at fair value, were $1,380,731. Of this amount, $408,019 were restricted. The investments and maturities were as follows:

		2022 Investment Maturities (in Years)		
	Fair Value	**Less than 1**	**1-3**	**More than 3**
Investment type				
U.S. Treasuries	$ 242,249	$ 189,036	$ 53,213	$ -
U.S. Agencies	547,995	369,929	153,333	24,733
Commercial paper	36,328	36,328	-	-
Mutual funds	46,408	N/A	N/A	N/A
NCCMT Government Portfolio	507,751	N/A	N/A	N/A
Total	**$ 1,380,731**	**$ 595,293**	**$ 206,546**	**$ 24,733**

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

The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2022:

Investments by fair value level	**6/30/2022**	**Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Fair Value Measurements Using Quoted Prices in Active Markets for Similar Assets (Level 2)**
Debt securities			
U.S. Treasuries	$ 242,249	$ 242,249	$ -
U.S. Agencies	547,995	-	547,995
Commercial paper	36,328	36,328	-
Mutual funds	46,408	46,408	-
NCCMT Government Portfolio	507,751	507,751	-
Total investments by fair value level	**$ 1,380,731**	**$ 832,736**	**$ 547,995**

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

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

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

Credit Risk. The City's investment policy seeks to minimize credit risk by pre-qualifying and conducting ongoing due diligence of the financial institutions, broker/dealers, and intermediaries with which the City will do business and diversifying the investment portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NSROs). As of June 30, 2022, the Airport's investments in U.S. Agencies (Federal Home Loan Bank) are rated AA+ by S&P and Aaa by Moody's. The Airport's investments in NCCMT Government Portfolio carried a credit rating of AAAm by S&P.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2022, the City had no investments subject to custodial credit risk. The City's investment policy limits custodial credit risk by providing purchased securities be delivered to a third-party safekeeping bank designated by the City.

D. ACCOUNTS RECEIVABLES

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

E. LEASE RECEIVABLES

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

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

F. CAPITAL ASSETS

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

Buildings..25 years
Runways...33 years
Other Improvements ....25 years
Intangibles ....5 years
Machinery and Equipment.........................3–15 years

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

G. RIGHT TO USE LEASED ASSETS

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

H. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The Deferred Outflows of Resources financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an expense until then. The Airport has pension and OPEB deferrals, contributions to the pension plan in the current fiscal year and unamortized bond refunding charges that meet these criteria in the following amounts:

		2022
Pension deferrals	$	9,658
OPEB deferrals		4,123
Contributions to the pension plan in the current fiscal year		4,959
Unamortized bond refunding charges		491
Total	**$**	**19,231**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The Deferred Inflows of Resources financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The Airport has leases, pension and OPEB deferrals and gain on refundings that meet these criteria in the following amounts:

		2022
Leases	$	163,907
Pension deferrals		13,495
OPEB deferrals		5,082
Gain on refundings		5,553
Total	**$**	**188,037**

I. NONCURRENT LIABILITIES

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

J. COMPENSATED ABSENCES

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

Employees accumulate sick leave at the rate of one day per month and can accrue an unlimited number of days. Sick leave can be taken for personal illness or illness of a member of the immediate family. Sick leave is lost upon termination or resignation, unless the employee's effective date of retirement is within 365 days of the termination or resignation. However, 20 percent of outstanding sick leave, with a maximum of 43.5 days, is payable upon retirement or death.

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

K. NET POSITION

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

L. REVENUES

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

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

M. PENSIONS

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

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

N. LEASES

As of July 1, 2021, the City adopted the provisions of GASB 87, Leases, which amended the existing accounting standards for lease reporting. The new guidance requires lessees in a leasing arrangement recognize a right to use asset and a lease liability for most leases (other than leases that meet the definition of a short-term lease) at lease commencement. The liability will be equal to the present value of lease payments. Additionally, the new guidance requires lessors in a leasing arrangement to recognize a lease receivable and a deferred inflow of resources for most leases (other than leases that meet the definition of a short-term lease) at lease commencement. The liability (lessees) or deferred inflow (lessors) will be equal to the present value of lease payments.

CONTINUED JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

2. RECEIVABLES

A. LEASE RECEIVABLE

The Airport leases land, buildings, machinery and equipment, and Airport facilities (non-regulated leases) to various third-party tenants doing business in the City of Charlotte. These leases have terms including options to extend between 5 and 49 years, with payments required monthly, semiannually, or annually. In addition to fixed payments and variable payments that are fixed in substance, the present value of which are included in the lease receivable, the Airport receives variable payments that depend on future performance of the lessee or usage of the underlying asset and non lease payments that are excluded from the measurement of the lease receivable and recognized as inflows of resources.

In fiscal year 2022, the Airport recognized $16,620 of lease revenue and $1,616 of interest revenue related to these leases. In addition, the Airport recognized $50,189 in variable lease revenue not included in the lease receivable. As of June 30, 2022, the Airport's lease receivables were valued at $165,420. The deferred inflow of resources associated with these leases to be recognized as revenue over the remaining terms of the leases is $163,907.

The principal and interest requirements to maturity for the lease receivable at June 30, 2022, are as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 16,486	$ 2,001	$ 18,487
2024	16,430	1,821	18,251
2025	16,656	1,628	18,284
2026	16,600	1,439	18,039
2027	16,017	1,248	17,265
2028-2032	41,528	4,059	45,587
2033-2037	12,626	2,634	15,260
2038-2042	10,073	1,768	11,841
2043-2047	2,280	1,331	3,611
2048-2052	2,644	1,147	3,791
2053-2057	3,047	934	3,981
2058-2062	3,491	689	4,180
2063-2067	3,979	410	4,389
2068-2071	3,392	101	3,493
Total	**$ 165,249**	**$ 21,210**	**$ 186,459**

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000) CONTINUED

B. REGULATED LEASES

The City has leasing agreements for aeronautical use of the Airport's airfield, terminal, and other facilities as defined by the Federal Aviation Administration, which qualify to be treated as regulated in accordance with the requirements of GASB 87. The City leases land and buildings to third parties under these agreements.

As of June 30, 2022, the remaining amount of expected future minimum payments under these agreements is as follows:

Year Ending June 30		Principal
2023	$	42,560
2024		42,610
2025		42,610
2026		42,219
2027		4,489
2028-2032		20,330
2033-2037		17,849
2038-2042		12,197
2043-2047		3,741
2048-2052		1,314
2053-2056		104
Total	**$**	**230,023**

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

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

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

In addition, the agreement grants American Airlines preferential use of boarding gates, aircraft parking, and other areas at the Airport. No other airlines have exclusive or preferential use of more than five (5) percent of terminal space or other areas of the Airport as of June 30, 2022. Exclusive and preferential use of space are summarized as follows:

CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT LEASED TERMINAL SPACE

	American	Delta	United	Southwest	Jet Blue	Spirit	Frontier	Joint Use	Other Space	Total
Airline Leased Space (sq. ft.)	**430,955**	**33,954**	**18,765**	**8,462**	**5,372**	**3,611**	**2,291**	**289,361**	**-**	**792,771**
Airline Exclusive	276,060	18,805	5,955	2,682	1,960	1,743	513	-	-	**307,718**
Airline Preferential	154,895	15,149	12,810	5,780	3,412	1,868	1,778	-	-	**195,692**
Joint Use	-	-	-	-	-	-	-	289,361	-	**289,361**
Non-Airline Rentable Space	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**401,163**	**401,163**
Common Use Gate/ Holdroom	-	-	-	-	-	-	-	-	17,352	**17,352**
Common Use Ticket Counter	-	-	-	-	-	-	-	-	2,141	**2,141**
Concessions	-	-	-	-	-	-	-	-	217,740	**217,740**
Rentable-Other Office	-	-	-	-	-	-	-	-	34,592	**34,592**
Customs and Border Protection	-	-	-	-	-	-	-	-	129,338	**129,338**
Total Leasable Space	**430,955**	**33,954**	**18,765**	**8,462**	**5,372**	**3,611**	**2,291**	**289,361**	**401,163**	**1,193,934**
Common and preferential use gate assignments Number of gates	88	7	4	2	1	1	1	-	10	**114**

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000) *CONTINUED*

For the year ended June 30, 2022, the Airport recognized $42,864 of inflows of resources from fixed lease revenue payments and $37,335 of inflows of resources from variable lease payments not included in expected future minimum payments related to these regulated lease agreements. Variable lease payments were based on usage measures and included landing fees, bag processing fees, gate use fees, international facility use fees, and ticket counter use fees.

3. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance July 1, 2021	Increases	Decreases	Ending Balance June 30, 2022
Capital assets, not being depreciated:				
Land	$ 399,315	$ 7,223	$ -	$ 406,538
Construction in progress	352,936	279,057	135,544	496,449
Total capital assets, not being depreciated	**752,251**	**286,280**	**135,544**	**902,987**
Capital assets, being depreciated:				
Buildings	1,330,295	51,271	-	1,381,566
Runways	499,220	36,914	-	536,134
Other improvements	351,246	17,982	-	369,228
Intangibles	16,468	2,323	-	18,791
Machinery and equipment	162,870	11,867	5,946	168,791
Total capital assets being depreciated	**2,360,099**	**120,357**	**5,946**	**2,474,510**
Less accumulated depreciation for:				
Buildings	616,465	42,313	-	658,778
Runways	219,816	13,560	-	233,376
Other improvements	88,638	13,732	-	102,370
Intangibles	7,803	2,738	-	10,541
Machinery and equipment	92,374	14,478	5,467	101,385
Total accumulated depreciation	**1,025,096**	**86,821**	**5,467**	**1,106,450**
Total capital assets, being depreciated, net	**1,335,003**	**33,536**	**479**	**1,368,060**
Right to use assets being amortized:				
Leased machinery and equipment	-	547	-	547
Total right to use assets being amortized	**-**	**547**	**-**	**547**
Less accumulated amortization for:				
Leased machinery and equipment	-	108	-	108
Total accumulated amortization	**-**	**108**	**-**	**108**
Total right to use assets being amortized, net	**-**	**439**	**-**	**439**
Capital assets, net	**$ 2,087,254**	**$ 320,255**	**$ 136,023**	**$ 2,271,486**

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

CONTINUED JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

4. NONCURRENT LIABILITIES:

A summary of changes in noncurrent liabilities for the year ended June 30, 2022, follows by type:

	Interest Rates	Date Issued	Final Maturity	Original Issue Amount	Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022	Due Within One Year
General Airport Revenue Bonds:									
2014 Refunding Series A	5.00%	11/6/2014	2035	$ 74,290	$ 74,290	$ -	$ -	$ 74,290	$ -
2014 Refunding Series B	2.00% - 5.00%	11/6/2014	2024	31,100	9,270	-	4,380	4,890	4,560
2017 Series A	5.00%	6/1/2017	2048	167,385	162,475	-	2,730	159,745	3,105
2017 Series B	5.00%	6/1/2017	2048	16,345	15,990	-	210	15,780	300
2017 Refunding Series C	3.25% - 5.00%	6/1/2017	2042	119,050	111,770	-	3,350	108,420	3,510
2019 Series A	3.00% - 5.00%	6/20/2019	2050	142,220	141,080	-	2,050	139,030	2,380
2019 Series B	4.00% - 5.00%	6/20/2019	2050	36,145	35,940	-	435	35,505	595
2021 Series A	3.00% - 5.00%	5/6/2021	2052	271,525	271,525	-	-	271,525	3,460
2021 Series B	3.00% - 5.00%	5/6/2021	2052	108,420	108,420	-	-	108,420	3,640
2022 Series A	4.00% - 5.00%	6/2/2022	2053	298,705	-	298,705	-	298,705	-
2022 Series B	4.25% - 5.00%	6/2/2022	2053	74,225	-	74,225	-	74,225	-
Subtotal General Airport Revenue Bonds					**930,760**	**372,930**	**13,155**	**1,290,535**	**21,550**
Consolidated Rental Car Facilities:									
2011 Series CONRAC	2.48% - 6.06%	11/9/2011	2042	60,295	52,300	-	52,300	-	-
Total bonds					**983,060**	**372,930**	**65,455**	**1,290,535**	**21,550**
Plus unamortized premiums					167,014	10,887	6,655	171,246	6,831
Total bonds payable net of unamortized premiums					**1,150,074**	**383,817**	**72,110**	**1,461,781**	**28,381**
Direct Placement Revenue Bond Anticipation Notes					34,266	94,004	115,002	13,268	-
Lease liabilities					-	547	111	436	107
Compensated absences					4,718	3,402	3,242	4,878	2,103
Net pension liability (LGERS) (Note 6)					21,251	-	11,805	9,446	-
Total noncurrent liabilities net of unamortized premiums					**$ 1,210,309**	**$ 481,770**	**$ 202,270**	**$ 1,489,809**	**$ 30,591**

Bond debt service requirements to maturity are as follows:

GENERAL AIRPORT REVENUE BONDS

Year Ending June 30	Principal	Interest	Total
2023	$ 21,550	$ 51,413	$ 72,963
2024	31,705	57,227	88,932
2025	38,335	55,497	93,832
2026	40,340	53,530	93,870
2027	42,385	51,462	93,847
2028-2032	220,940	224,285	445,225
2033-2037	236,890	168,880	405,770
2038-2042	223,225	116,413	339,638
2043-2047	218,810	69,424	288,234
2048-2052	194,485	22,906	217,391
2053	21,870	443	22,313
Total	**$ 1,290,535**	**$ 871,480**	**$ 2,162,015**

A. REFUNDING GENERAL AIRPORT REVENUE BONDS (GARBS)

In June 2022, the City issued $298,705 in Airport Revenue Bonds, Series 2022A with interest rates ranging from 4.0 to 5.0 percent. The net proceeds of $305,779 (after payment of $1,305 in underwriting fees and other issue costs) along with $30,875 in available funds from the City were used to refund $81,387 of outstanding Revenue Bond Anticipation Notes, Series 2021 and fund the debt service reserve fund for the 2022A bonds. No revenue bonds were refunded in this transaction.

In June 2022, the City issued $74,225 in Airport Revenue Bonds, Series 2022B with interest rates ranging from 4.25 to 5.0 percent. The net proceeds of $76,409 (after payment of $325 in underwriting fees and other issue costs) along with $7,719 in available funds from the City were used to refund $20,347 of outstanding Revenue Bond Anticipation Notes, Series 2021 and fund the debt service reserve fund for the 2022B bonds. No revenue bonds were refunded in this transaction.

In June 2022, the City issued $13,268 in Airport revenue bond anticipation notes, Series 2022 to refund $13,268 in outstanding revenue bond anticipation notes, Series 2021.

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

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

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

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

1. In the Revenue Bond Fund an amount equal to the maximum principal and interest requirements for the Revenue Bonds for any current or succeeding fiscal year, $89,292.
2. In the Operating Fund an amount equal to 1/3 of the annual budget for current expenses, $47,109 in 2022.

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

Bond Series	Reserve Account Requirement (in thousands)	
2014AB	$	8,348
2017A	$	11,297
2017B	$	1,103
2017C	$	8,034
2019A	$	9,328
2019B	$	2,371
2021AB	$	21,922
2022AB	$	26,889

B. GENERAL AIRPORT REVENUE BOND ANTICIPATION NOTES

The City has available an Airport direct placement revenue bond anticipation note program to finance the cost of Airport improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed $300,000. The note is payable from net revenues of the Airport. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by General Airport Revenue Bonds. The note will mature no later than the third anniversary of the closing date or June 2, 2025. The City had Airport direct placement revenue bond anticipation notes payable of $13,268 outstanding at June 30, 2022. Interest rates are based upon market conditions.

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

Year Ending June 30	Principal		Interest	
2023	$	-	$	154
2024		-		154
2025		13,268		142
Total	**$**	**13,268**	**$**	**450**

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000) CONTINUED

C. LEASE LIABILITIES

The Airport has entered into agreements to lease certain machinery and other equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The terms and conditions for these leases vary and generally contain renewal options for periods ranging from four to twenty years. If the Airport is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term and associated potential option payments are excluded from the present value calculation of the right to use lease asset and the lease liability determination. The Airport's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. As a result of the leases, the Airport has recorded the right to use assets with a total net book value of $439.

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

In fiscal year 2022, the Airport recognized $49 in variable lease payments not previously included in the measurement of the lease liability. As of June 30, 2022, the Airport's lease payables were valued at $436.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, are as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 107	$ 5	$ 112
2024	49	4	53
2025	46	3	49
2026	46	3	49
2027	47	2	49
2028-2031	141	3	144
Total	**$ 436**	**$ 20**	**$ 456**

5. LEASE AGREEMENTS:

AIRLINE USE AND LEASE AGREEMENT

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

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

AIRPORT LEASING ARRANGEMENTS

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

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

	2022
Land	$ 406,538
Buildings	1,381,566
Runways	536,134
Improvements other than buildings	369,228
Intangibles	18,791
Machinery and equipment	168,791
Total	**2,881,048**
Less accumulated depreciation	1,106,450
Total	**$ 1,774,598**

6. TRANSACTIONS WITH THE CITY OF CHARLOTTE:

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

	2022
Administrative and other City services	$ 14,333
Airport security provided by CMPD	10,837
Crash, fire and rescue services	7,729
Total	**$ 32,899**

7. PENSION PLANS AND OTHER BENEFITS:

A. LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

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

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

Contributions. Contribution provisions are established by North Carolina General Statute § 128-30 and may be amended only by the North Carolina General Assembly. Aviation Department employees are required to contribute 6 percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The contractually required contribution rate for the year ended June 30, 2022 was 11.35 percent for general employees of the Aviation Department, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Aviation Department were $4,959 for the year ended June 30, 2022.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the Aviation Department reported a liability of $9,446 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the City's proportion was 6.844 percent, which was an increase of 0.365 percent from its proportion measured as of June 30, 2020.

CONTINUED JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

For the year ended June 30, 2022, the Aviation Department recognized pension expense of $4,165. At June 30, 2022, the Aviation Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,005	$ -
Changes of assumptions	5,934	-
Net difference between projected and actual earnings on pension plan investments	-	13,495
Changes in proportion and differences between Aviation contributions and proportionate share of contributions	719	-
Aviation Department's contributions subsequent to the measurement date	4,959	-
Total	**$ 14,617**	**$ 13,495**

$4,959 reported as deferred outflows of resources related to pensions resulting from Aviation Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2023	$ 1,169
2024	(16)
2025	(860)
2026	(4,130)
Total	**$ (3,837)**

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000) *CONTINUED*

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	**100%**	

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

The information in the previous table is based on 30-year expectations developed with the consulting actuary for the asset, liability and investment policy study for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00 percent. All rates of return and inflation are annualized.

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Aviation Department's proportionate share of the net pension liability (asset)	$ 36,667	$ 9,446	$ (12,956)

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

B. OTHER POSTEMPLOYMENT BENEFITS

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

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

Plan Membership. At June 30, 2021 the membership of the EBTP for the City consisted of the following:

	2021
Inactive plan members or beneficiaries currently receiving benefit payments	2,208
Active plan members	3,003
Total	**5,211**

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000) *CONTINUED*

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

Contributions. The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution rates for plan members were dependent on the years of service and the coverage selected. Monthly rates ranged from $221 to $4,709 per retiree.

CITY CONTRIBUTIONS TO EBTP BASED ON YEARS OF CREDITABLE SERVICE

	Date Hired	
Years of Creditable Service	Pre-July 1, 2009	On or after July 1, 2009
10 less than 15 years	0%	0%
15 to 20 years	51%	0%
20 + years	60%	0%

The City Council set the employer contribution rate to contribute the projected pay-as-you-go-financing requirements, with additional amounts to prefund benefits as determined annually. For the current year, the City contributed $16,081 to the plan; the Aviation Department's proportionate share of the employer contribution was $474.

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

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

The LTIP policy regarding the allocation of invested assets is established and may be amended by a majority vote of its Board members. It is the policy of the Board to pursue an investment strategy with moderate risk that provides a rate of return that exceeds the rate of inflation and that is above average compared to relevant market benchmarks. The Board also seeks prudent diversification of the portfolio across a broad selection of distinct asset classes. The LTIP discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. LTIP investments are valued at fair value. The following was the Board's adopted asset allocation policy based on an analysis of historical and projected capital market return patterns and consistent with the moderate risk tolerance defined in its policy:

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

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

Rate of Return. For the year ended June 30, 2022, the annual money market weighted rate of return on investment, net of investment expenses, was 7.25 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the City at June 30, 2022 were as follows:

Measurement Date of June 30, 2022

	City	Airport's Proportionate Share
Total OPEB Liability	$ 463,295	$ 11,425
Plan fiduciary net position	131,184	16,713
Net OPEB liability (asset)	**$ 332,111**	**$ (5,288)**
Plan fiduciary net position as a percentage of the total OPEB liability	28.32%	146.28%

Actuarial Assumptions. The total OPEB liability of the City was determined by an actuarial valuation as of June 30, 2021, using the following key actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Firefighters	3.75% - 9.00%
Law Enforcement Officers	3.25% - 7.90%
Long-term Investment rate of return, net of OPEB plan investment expense, including price inflation	7.25%
Municipal Bond Index Rate:	
Prior measurement date	2.16%
Measurement date	3.54%
Year FNP is projected to be depleted:	
Prior measurement date	N/A
Measurement date	2047
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation:	
Prior measurement date	7.40%
Measurement date	5.28%
Healthcare cost trends:	
Pre-Medicare medical and prescription drug	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Medicare medical and prescription drug	5.25% for 2021 decreasing to an ultimate rate of 4.50% by 2025

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000) CONTINUED

NOTES TO THE FINANCIAL STATEMENTS

Total OPEB liabilities were rolled forward to June 30, 2021 and June 30, 2022 for the employer and the plan, respectively, utilizing updated procedures incorporating the actuarial assumptions.

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

Discount Rate. The discount rate used to measure the total OPEB liability at June 30, 2021 was 5.28 percent. The projection's basis was an actuarial valuation performed as of June 30, 2020.

Sensitivity of the Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the Aviation Department's proportionate share of the net OPEB asset of the EBTP as of June 30, 2022 calculated using the discount rate of 5.28 percent, as well as what the Aviation Department's proportionate share of the EBTP's asset would be if it were calculated using a discount rate that is one percentage point lower (4.28 percent) or one percentage point higher (6.28 percent) than the current rate.

	1% Decrease (4.28%)	Discount Rate (5.28%)	1% Increase (6.28%)
Net OPEB (asset)	$ (4,422)	$ (5,288)	$ (6,357)

Sensitivity of the Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates. The following presents the Aviation Department's proportionate share of the net OPEB asset of the EBTP as of June 30, 2022, as well as what the Aviation Department's proportionate share of the EBTP asset would be if it were to calculate the healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

	Healthcare Cost Trend Rates		
	1% Decrease	Current Rate	1% Increase
Net OPEB (asset)	$ (6,579)	$ (5,288)	$ (4,253)

Changes in Net OPEB Liability (Asset), OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2022, the Aviation Department's proportionate share of the EBTP's reported net OPEB asset was $(5,288). The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions.

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

At June 30, 2022, the components of the Aviation Department's proportionate share of the net OPEB asset of the EBTP, measured as of June 30, 2022, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a)-(b)
Balances at June 30, 2021	$ 8,564	$ 20,496	$ (11,932)
Changes for the year:			
Service cost	114	-	114
Interest	619	-	619
Difference between expected and actual experience	(74)	-	(74)
Changes of Assumptions or other inputs	2,560	-	2,560
Contributions-employers	-	474	(474)
Net investment income	-	(2,163)	2,163
Administrative expense	-	(1,852)	1,852
Benefit payments	(358)	(242)	(116)
Net change	2,861	(3,783)	6,644
Balances at June 30, 2022	**$ 11,425**	**$ 16,713**	**$ (5,288)**

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 7.40 percent in 2021 to 5.28 percent in 2022. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule. The excise tax of 40 percent on healthcare plans that are above the thresholds set by the Affordable Care Act will be effective in 2022 and have been reflected.

For the year ended June 30, 2022, the Aviation Department's proportionate share of the EBTP's recognized OPEB income was $(600). At June 30, 2022, the Aviation Department's proportionate share of the EBTP's reported deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 34	$ 1,173
Changes of assumptions or other inputs	3,492	3,909
Net difference between projected and actual earnings on plan investments	597	-
Total	**$ 4,123**	**$ 5,082**

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000) *CONTINUED*

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

Year ending June 30:		
2023	$	(1,085)
2024		(527)
2025		263
2026		390
Total	**$**	**(959)**

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

Other Employee Benefit Trust		
Statement of Net Position		
Assets:		
Cash, cash equivalents and investments	$	845
Receivables:		
Interest and dividends		3
Investments:		
Mutual funds		130,339
Total assets		131,187
Liabilities:		
Accounts payable		3
Net Position:		
Net position restricted for OPEB	**$**	**131,184**

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

Other Employee Benefit Trust
Statement of Changes in Net Position

Additions:		
Contributions-		
Employer	$	15,550
Investment income -		
Net appreciation in fair value of investments		(29,677)
Interest		242
Total investment income		(29,435)
Investment expense		240
Net investment income		(29,675)
Total additions		(14,125)
Deductions:		
Benefits		6,792
Insurance premiums		7,745
Administration		1,902
Total deductions		16,439
Change in net position		(30,564)
Net position - beginning		161,748
Net position - ending	**$**	**131,184**

C. DEFERRED COMPENSATION PLAN

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

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

8. INSURANCE:

A. EMPLOYEE HEALTH AND LIFE

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

The Aviation Department participates in the City's employee health and life insurance program which is accounted for in the Employee Health and Life Insurance Fund (EHLIF), an internal service fund, of the City. The Aviation Department makes payments to the EHLIF for both an amount per employee and a proportionate share of the administrative cost. The amount per employee is based on actuarial estimates of amounts needed to pay prior and current year claims. The employees and retirees contribute a portion of the cost for health coverage. The City provides basic life insurance and accidental death and dismemberment benefits for employees in the amount of two times the employees' salary up to a maximum of five-hundred thousand. Employees may purchase additional life insurance up to a maximum of five times their salary. The City provides short-term disability that equals 60 percent of salary for up to 26 weeks. The Aviation Department made payments to the EHLIF for the year ended June 30, 2022 in the amount of $5,045.

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000) CONTINUED

B. RISK MANAGEMENT

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport participates in the risk management program of the City. The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for excess property damage for buildings, contents, and light rail trains; excess workers' compensation; excess vehicle and general liability; network security liability; police professional liability; police helicopter hull liability; drone liability; airport liability; City bus liability and passenger railway liability for the light rail train operations. Insurance coverage includes vehicle and general liability claims in excess of $2,000 but less than $22,000 per occurrence, workers' compensation claims in excess of $2,000, property damage claims in excess of $250 and flood insurance of $100,000 in all flood zones, except $10,000 in flood zone A in excess of federal flood program maximums, network security coverage in the amount of $40,000, and drone liability in the amount of $2,000. The finance officer is bonded for $100. Employees who handle funds or have access to inventories are bonded under a blanket bond for $500. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. Settled claims have not exceeded insurance coverage in the past three years. The Airport makes payments to the RMF based on historical cost information or actuarial estimates of the amounts needed to pay prior and current year claims and establish a reserve for catastrophic losses. The Airport made payments to the RMF for the year ended June 30, 2022 in the amount of $2,427.

9. COMMITMENTS AND CONTINGENCIES:

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

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

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

		2022
Project Authorization	$	2,777,465
Expended		2,095,186
Unexpended	**$**	**682,279**

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

The Airport had construction and other contractual commitments of approximately $149 million at June 30, 2022.

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

10. MAJOR CUSTOMERS:

American Airlines Group, Inc. (American Airlines), is the major passenger airline serving the Airport. For the fiscal year ended June 30, 2022, American Airlines and its affiliates provided 28.68 percent of the Airport's operating revenues.

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

11. DEBT SERVICE COVERAGE:

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

		2022
Revenues:		
Operating revenues	$	318,984
Nonoperating revenues		18,259
Coverage factor		16,429
Total revenues		**353,672**
Application of revenues:		
Operating expense		(192,922)
Grants applied to operating expense		10,314
Change in operating fund reserve		(6,004)
Debt service fees		(213)
Total application of revenues		**(188,825)**
Net revenues available for revenue bond debt service (1)	**$**	**164,847**
Requirement for revenue bond fund (2)	**$**	**31,144**
Debt Service Coverage (1)/(2)		**5.3**

The debt service coverage of 5.3 is presented as a financial calculation. North Carolina Airport Improvement Program (NCAIP) and Airport Coronavirus Response Grant Program (Federal COVID Relief Grant) funds were used to reimburse the debt service payments reflected in this calculation for FY 2022. FY 2022 debt service was paid in full by PFCs and grants.

THIS PAGE INTENTIONALLY LEFT BLANK

JUNE 30, 2022 (DOLLAR AMOUNTS IN $000)

12. PASSENGER FACILITY CHARGES:

The Federal Aviation Administration (FAA) authorized the Airport to collect Passenger Facility Charges (PFC) of $3 per qualifying enplaned passenger commencing November 1, 2004. The net receipts from PFC are accounted for on the accrual basis of accounting in the statement of revenues, expenses and changes in fund net position and are restricted for use on FAA approved projects. The Airport has been authorized to collect PFC in the aggregate amount of $3,258,937.

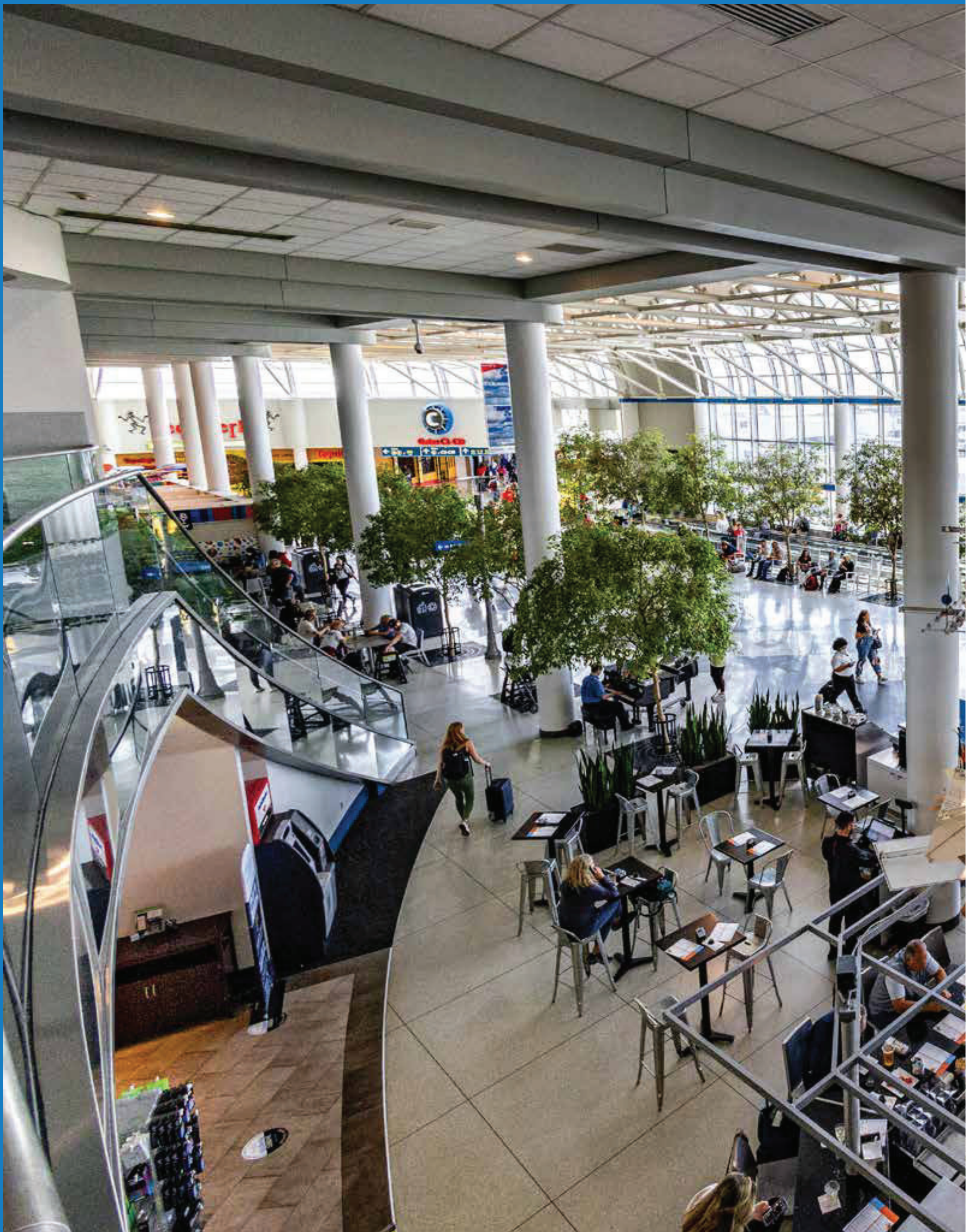
		2022
Aggregate PFC collections, beginning	$	902,677
PFC collections		61,572
Aggregate PFC collections, ending	**$**	**964,249**

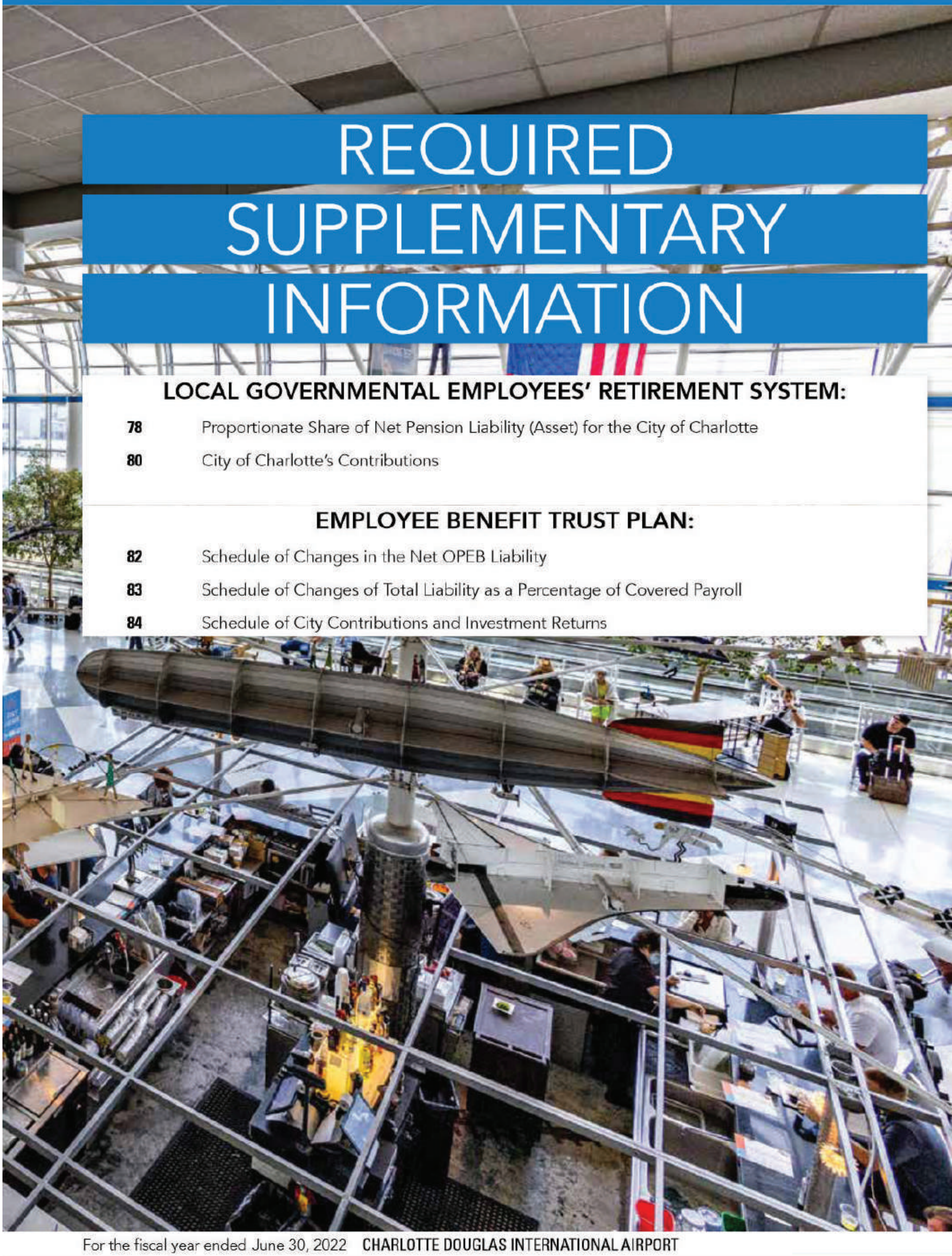
13. CONTRACT FACILITY CHARGES:

Beginning July 1, 2007 Contract Facility Charges (CFCs) were imposed on rental car companies at a rate of $3.50 per transaction, per day. On October 1, 2011 the rate was increased to $4.00 per transaction, per day. The City may, at its discretion, raise the CFC per-transaction-per-day rate. In 2022, the City received $11,071 in CFC revenue.

14. EARLY EXTINGUISHMENT:

On July 1, 2021, the City early redeemed the balance in full ($50,960) of the Airport Series 2011 CONRAC revenue bonds.





REQUIRED SUPPLEMENTARY INFORMATION

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM:

EMPLOYEE BENEFIT TRUST PLAN:

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

LAST NINE FISCAL YEARS (DOLLAR AMOUNTS IN $000)

Valuation Date **Measurement Date** **Reporting Date**	**December 31, 2020** **June 30, 2021** **June 30, 2022**	**December 31, 2019** **June 30, 2020** **June 30, 2021**	**December 31, 2018** **June 30, 2019** **June 30, 2020**	**December 31, 2017** **June 30, 2018** **June 30, 2019**	**December 31, 2016** **June 30, 2017** **June 30, 2018**
City of Charlotte's proportion of the net pension liability (asset) (%)	6.84%	6.48%	6.32%	6.25%	6.12%
City of Charlotte's proportion of the net pension liability (asset) ($)	$ 104,952	$ 231,494	$ 172,606	$ 148,334	$ 93,421
Airport's proportion of the net pension liability (asset) ($)	$ 9,446	$ 21,251	$ 15,241	$ 11,644	$ 6,820
City of Charlotte's covered payroll	$ 473,265	$ 454,357	$ 425,364	$ 397,056	$ 381,739
City of Charlotte's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	22.18%	50.95%	40.58%	37.36%	24.47%
Plan fiduciary net position as a percentage of the total pension liability[1]	95.51%	88.61%	90.86%	91.63%	94.18%

CONTINUED

Valuation Date Measurement Date Reporting Date	December 31, 2015 June 30, 2016 June 30, 2017	December 31, 2014 June 30, 2015 June 30, 2016	December 31, 2013 June 30, 2014 June 30, 2015	December 31, 2012 June 30, 2013 June 30, 2014
City of Charlotte's proportion of the net pension liability (asset) (%)	6.05%	5.89%	(5.88%)	5.89%
City of Charlotte's proportion of the net pension liability (asset) ($)	$ 128,378	$ 26,455	$ (32,461)	$ 71,032
Airport's proportion of the net pension liability (asset) ($)	$ 8,435	$ 1,944	$ (1,893)	$ 3,877
City of Charlotte's covered payroll	$ 350,856	$ 327,094	$ 358,413	$ 317,369
City of Charlotte's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.59%	8.09%	(9.06%)	22.38%
Plan fiduciary net position as a percentage of the total pension liability[1]	91.47%	98.09%	102.47%	94.35%

NOTES:
[1]This will be the same percentage for all participant employers in the LGERS plan.

Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.
This schedule will not present ten years' worth of fiscal information until 2023.

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

LAST NINE FISCAL YEARS (DOLLAR AMOUNTS IN $000)

	2022	2021	2020	2019	2018
City of Charlotte's contractually required contribution	$ 55,104	$ 49,054	$ 41,715	$ 33,945	$ 30,712
City of Charlotte's contributions in relation to the contractually required contribution	55,104	49,054	41,715	33,945	30,712
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City of Charlotte's covered payroll	$ 476,720	$ 473,265	$ 454,357	$ 425,364	$ 397,056
City of Charlotte's contributions as a percentage of covered payroll	11.56%	10.37%	9.18%	7.98%	7.73%
Airport's proportion of contractually required contribution	$ 4,959	$ 4,503	$ 3,683	$ 2,665	$ 2,242
Airport's proportion of contributions in relation to the contractually required contribution	4,959	4,503	3,683	2,665	2,242
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -

CONTINUED

	2017	2016	2015	2014
City of Charlotte's contractually required contribution	$ 28,613	$ 23,959	$ 24,288	$ 23,348
City of Charlotte's contributions in relation to the contractually required contribution	28,613	23,959	24,288	23,348
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City of Charlotte's covered payroll	$ 381,739	$ 350,856	$ 327,094	$ 358,413
City of Charlotte's contributions as a percentage of covered payroll	7.50%	6.83%	7.43%	6.51%
Airport's proportion of contractually required contribution	$ 1,880	$ 1,501	$ 1,497	$ 1,274
Airport's proportion of contributions in relation to the contractually required contribution	1,880	1,501	1,497	1,274
Contribution deficiency (excess)	$ -	$ -	$ -	$ -

NOTE:

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

This schedule will not present ten years' worth of fiscal information until 2023.

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

LAST SIX FISCAL YEARS (DOLLAR AMOUNTS IN $000)

Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	July 1, 2017	July 1, 2017
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Reporting Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
City of Charlotte's total OPEB liability						
Service Cost at end of year	$ 4,634	$ 17,691	$ 10,615	$ 8,123	$ 7,545	$ 7,002
Interest on the total OPEB liability	25,121	19,173	22,012	24,031	24,372	23,432
Difference between expected and actual experience	(2,333)	(39,053)	3,218	(106,807)	-	(294)
Changes of assumptions or other inputs	103,796	(275,389)	145,782	(45,850)	-	-
Benefit payments	(14,537)	(8,819)	(18,016)	(15,592)	(25,143)	(14,639)
Net change in total OPEB liability	**116,681**	**(286,397)**	**163,611**	**(136,095)**	**6,774**	**15,501**
City of Charlotte's total OPEB liability - beginning	346,614	633,011	469,400	605,495	598,721	583,220
City of Charlotte's total OPEB liability - ending	**$ 463,295**	**$ 346,614**	**$ 633,011**	**$ 469,400**	**$ 605,495**	**$ 598,721**
Plan Fiduciary Net Position						
Contributions - employer	$ 15,550	$ 44,303	$ 19,957	$ 21,689	$ 20,454	$ 16,361
Net investment income	(29,674)	26,988	1,224	4,730	5,881	7,532
Benefit payments	(14,537)	(8,818)	(18,016)	(15,592)	(14,782)	(14,639)
Additional contributions into the trust	-	-	-	-	20,325	-
Administrative expense	(1,903)	(1,774)	(1,984)	(223)	(266)	(232)
Other	-	-	(41)	-	(2,746)	(1,844)
Net change in plan fiduciary net position	**(30,564)**	**60,699**	**1,140**	**10,604**	**28,866**	**7,178**
Plan fiduciary net position - beginning	161,748	101,049	99,909	89,305	60,439	53,261
Plan fiduciary net position - ending	131,184	161,748	101,049	99,909	89,305	60,439
City of Charlotte's net OPEB liability - ending	**$ 332,111**	**$ 184,866**	**$ 531,962**	**$ 369,491**	**$ 516,190**	**$ 538,282**

NOTE:
Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.
This schedule will not present ten years' worth of fiscal information until 2026.

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

LAST SIX FISCAL YEARS (DOLLAR AMOUNTS IN $000)

	2022	2021	2020	2019	2018	2017
City of Charlotte's total OPEB liability	$ 463,295	$ 346,614	$ 633,011	$ 469,400	$ 605,495	$ 598,721
Plan fiduciary net position	131,184	161,748	101,049	99,909	89,305	60,439
City of Charlotte's net OPEB liability	**$ 332,111**	**$ 184,866**	**$ 531,962**	**$ 369,491**	**$ 516,190**	**$ 538,282**
Plan fiduciary net position as a percentage of the total OPEB liability	28.32%	46.67%	15.96%	21.28%	14.75%	10.09%
City of Charlotte's covered payroll	$ 222,802	$ 240,688	$ 252,834	$ 252,834	$ 402,489	$ 402,489
City of Charlotte's net OPEB liability as a percentage of covered payroll	149.06%	76.81%	210.40%	146.14%	128.25%	133.74%

NOTE:

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

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

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

LAST SIX FISCAL YEARS (DOLLAR AMOUNTS IN $000)

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 24,483	$ 26,605	$ 26,605	$ 26,605	$ 25,967	$ 22,729
Contributions in relation to actuarially determined contribution	15,550	44,303	19,957	21,689	40,778	24,630
Contribution deficiency (excess)	**$ 8,933**	**$ (17,698)**	**$ 6,648**	**$ 4,916**	**$ (14,811)**	**$ (1,901)**
City of Charlotte's covered payroll	$ 222,802	$ 240,688	$ 252,834	$ 252,834	$ 402,489	$ 402,489
Contributions in relation to actuarially determined contribution as a percentage of covered payroll	6.98%	18.41%	7.89%	8.58%	10.13%	6.12%

The total OPEB liability was determined based on actuarial valuation as of June 30, 2020, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Firefighters	3.75% - 9.00%
Law Enforcement Officers	3.25% - 7.90%
Long-term Investment rate of return, net of OPEB plan investment expense, including price inflation	7.25%
Municipal Bond Index Rate:	
Prior measurement date	2.16%
Measurement date	3.54%
Year FNP is projected to be depleted:	
Prior measurement date	N/A
Measurement date	2047
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation:	
Prior measurement date	7.40%
Measurement date	5.28%
Healthcare cost trends:	
Pre-Medicare medical and prescription drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare medical and prescription drug	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses	(18.28%)	25.41%	1.30%	4.38%	7.60%	13.84%

NOTE:
Information shown on this page is for the employer, the City of Charlotte, unless otherwise noted.
This schedule will not present ten years' worth of fiscal information until 2026.

THIS PAGE INTENTIONALLY LEFT BLANK


CAT
CAT
ACTION

STATISTICAL SECTION

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

This part of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Airport's overall financial health. This information is presented in five categories:

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the Airport's financial performance and well-being have changed over time.

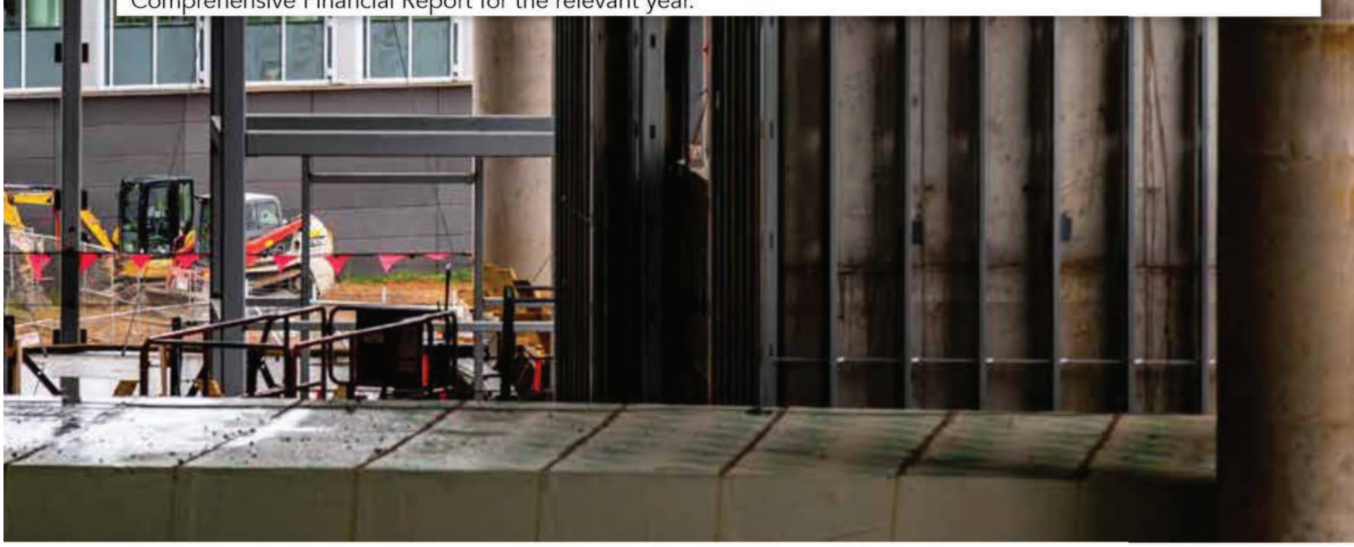
REVENUE CAPACITY – These schedules contain information to help the reader understand and assess the factors that affect the Airport's ability to generate its own revenues.

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the Airport's current levels of outstanding debt and the Airport's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the Airport's financial activities take place.

OPERATING INFORMATION – These schedules contain operational data to help the reader understand how the information in the Airport's financial report relates to the services the Airport provides.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Airport's Annual Comprehensive Financial Report for the relevant year.



STATISTICAL SECTION

FINANCIAL TRENDS

REVENUE CAPACITY

DEBT CAPACITY

DEMOGRAPHIC AND ECONOMIC INFORMATION

OPERATING INFORMATION

SCHEDULE 1

NET POSITION

(FISCAL YEARS ENDED JUNE 30; $000)

	2022	2021	2020	2019	2018
Net investment in capital assets	$ 1,177,828	$ 1,076,222	$ 1,025,131	$ 1,021,272	$ 892,908
Restricted for:					
Debt service	105,720	83,803	83,666	82,479	70,452
Passenger facility charges eligible projects	273,582	242,326	218,877	217,620	215,155
Contract facility charges eligible projects	11,598	5,192	43,079	41,225	36,472
Working capital	48,609	42,605	42,605	42,605	42,605
Net OPEB asset	5,288	11,932	-	-	-
Unrestricted	487,271	511,129	477,306	438,554	454,033
Total net position	**$ 2,109,896**	**$ 1,973,209**	**$ 1,890,664**	**$ 1,843,755**	**$ 1,711,625**

CONTINUED

	2017	2016	2015	2014	2013
Net investment in capital assets	$ 801,702	$ 732,366	$ 696,987	$ 555,990	$ 445,327
Restricted for:					
Debt service	70,452	60,397	60,397	53,911	53,914
Passenger facility charges eligible projects	202,556	317,283	308,710	277,238	248,867
Contract facility charges eligible projects	32,557	30,116	26,456	32,486	27,383
Working capital	39,934	35,588	31,860	25,021	23,048
Net OPEB asset	-	-	-	-	-
Unrestricted	510,636	407,378	373,618	339,069	372,319
Total net position	**$ 1,657,837**	**$ 1,583,128**	**$ 1,498,028**	**$ 1,283,715**	**$ 1,170,858**

SOURCE:
City of Charlotte Finance Department

SCHEDULE 2

CHANGES IN NET POSITION

(FISCAL YEARS ENDED JUNE 30; $000)

	2022	2021	2020	2019	2018
REVENUES					
Terminal rents & fees	$ 73,779	$ 46,657	$ 64,000	$ 65,298	$ 54,782
Airfield	39,830	23,078	31,323	30,969	28,437
Concessions	57,060	34,050	41,141	56,116	51,992
Rental cars[1]	17,868	9,319	13,220	16,817	15,666
Parking	81,445	27,203	47,561	62,163	59,642
Maintenance facility	-	-	-	-	-
Fixed base operator area[2]	32,210	18,593	18,816	22,734	18,476
Other	16,792	12,484	11,947	13,221	10,393
Total operating revenues	**318,984**	**171,384**	**228,008**	**267,318**	**239,388**
Grant contributions	82,677	122,649	-	-	-
Passenger facility charges	60,656	45,961	53,437	63,161	60,374
Contract facility charges	11,071	7,160	10,577	13,570	13,351
Investment earnings	(11,305)	(1,053)	21,991	25,548	13,001
Private contributions	-	-	-	5,000	-
Other	(1,580)	4,891	593	4,874	-
Total nonoperating revenues	**141,519**	**179,608**	**86,598**	**112,153**	**86,726**
Total revenues	**460,503**	**350,992**	**314,606**	**379,471**	**326,114**
EXPENSES					
Terminal area[3]	-	-	-	-	-
Terminal building	67,674	59,800	62,018	54,536	48,744
Ground transportation	30,628	26,336	30,829	32,141	31,166
Fueling facilities	175	98	169	136	124
Airfield	14,549	11,172	10,954	11,441	10,804
Airport services facility	45,341	42,329	38,515	36,948	31,741
Fixed base operator area	25,839	11,125	22,244	18,732	13,742
Cargo area	2,229	2,147	2,552	1,709	1,853
Right to use lease amortization	108	-	-	-	-
Depreciation	86,821	83,930	74,117	63,104	58,359
Other	6,487	1,857	6,877	7,983	3,100
Total operating expenses	**279,851**	**238,794**	**248,275**	**226,730**	**199,633**
Interest expense & other charges	39,744	39,871	38,606	34,640	33,515
Non-airline terminal revenue distribution[4]	46,098	19,122	24,554	28,971	28,357
Other	-	-	-	-	3,158
Total nonoperating expenses	**85,842**	**58,993**	**63,160**	**63,611**	**65,030**
Total expenses	**365,693**	**297,787**	**311,435**	**290,341**	**264,663**
NET (EXPENSE)/REVENUE	**94,810**	**53,205**	**3,171**	**89,130**	**61,451**
Capital contributions	42,039	29,542	49,611	42,928	3,338
Transfers out to other City funds	(162)	(202)	(5,873)	(67)	-
CHANGE IN NET POSITION	**$ 136,687**	**$ 82,545**	**$ 46,909**	**$ 131,991**	**$ 64,789**

CONTINUED

	2017	2016	2015	2014	2013
REVENUES					
Terminal rents & fees	$ 47,386	$ 42,091	$ 31,267	$ 33,609	$ 30,988
Airfield	27,219	25,275	26,880	22,644	22,202
Concessions	45,830	48,527	41,008	52,890	47,056
Rental cars[1]	14,887	14,111	13,608	N/A	N/A
Parking	59,323	51,674	47,624	40,824	42,486
Maintenance facility	-	-	-	7,068	7,066
Fixed base operator area[2]	14,456	13,732	15,885	17,429	N/A
Other	8,596	11,037	17,442	10,332	28,422
Total operating revenues	**217,697**	**206,447**	**193,714**	**184,796**	**178,220**
Grant contributions	-	-	-	-	-
Passenger facility charges	58,855	59,171	60,238	59,526	56,111
Contract facility charges	12,898	12,273	10,187	10,009	9,543
Investment earnings	5,233	4,595	4,321	5,438	(662)
Private contributions	-	-	119,057	-	-
Other	-	-	-	-	-
Total nonoperating revenues	**76,986**	**76,039**	**193,803**	**74,973**	**64,992**
Total revenues	**294,683**	**282,486**	**387,517**	**259,769**	**243,212**
EXPENSES					
Terminal area[3]	-	72,073	59,895	53,756	47,110
Terminal building	46,322	-	-	-	-
Ground transportation	26,968	-	-		-
Fueling facilities	218	-	-	-	-
Airfield	9,046	8,452	5,898	8,022	4,552
Airport services facility	32,376	24,534	25,683	17,066	17,221
Fixed base operator area	10,680	9,711	10,985	17,076	16,870
Cargo area	1,879	2,909	2,817	4,825	2,105
Right to use lease amortization	-	-	-	-	-
Depreciation	56,063	50,681	45,897	38,066	38,317
Other	3,524	336	-	-	-
Total operating expenses	**187,076**	**168,696**	**151,175**	**138,811**	**126,175**
Interest expense & other charges	21,813	18,898	27,958	32,149	30,088
Non-airline terminal revenue distribution[4]	25,880	18,525	10,631	14,777	16,041
Other	1,857	11,973	1,797	1,421	4,143
Total nonoperating expenses	**49,550**	**49,396**	**40,386**	**48,347**	**50,272**
Total expenses	**236,626**	**218,092**	**191,561**	**187,158**	**176,447**
NET (EXPENSE)/REVENUE	**58,057**	**64,394**	**195,956**	**72,611**	**66,765**
Capital contributions	16,874	20,706	20,960	40,246	40,475
Transfers out to other City funds	(222)	-	-	-	(1,127)
CHANGE IN NET POSITION	**$ 74,709**	**$ 85,100**	**$ 216,916**	**$ 112,857**	**$ 106,113**

NOTES:

[1]Rental car revenues were not shown separately until FY 2015, for previous years they were combined in Other revenues.

[2]Fixed base operator revenues were not shown separately until FY 2014, for previous years they were combined in Other revenues.

[3]Terminal area expenses have been broken down in new cost centers (Terminal Building, Ground Transportation and Fueling facilities) per the new Airline Use and Lease Agreement effective July 1, 2016.

[4]The Signatory Airline's share is 40% of the Airport's excess Non-airline terminal revenue

SOURCE
City of Charlotte
Finance Department

SCHEDULE 3

RECONCILIATION OF CASH BALANCES, NON-GAAP

(FISCAL YEARS ENDED JUNE 30; $000)

	2022	2021	2020	2019	2018
Cash & cash equivalents, June 30[1]	**$ 1,008,808**	**$ 936,113**	**$ 941,942**	**$ 950,906**	**$ 957,047**
Restricted funds:					
Cash & cash equivalents held by trustee	46,136	45,295	70,610	65,403	83,314
Passenger facility charges (restricted by FAA)	267,567	235,914	214,260	210,434	208,833
Contract facility charges (restricted by City/RACs)	10,505	1,788	35,535	30,514	26,196
Operating fund reserve	47,109	41,105	41,105	41,105	41,105
Coverage factor	16,429	13,595	13,595	12,408	12,101
Cannon Estate[2]	6,414	6,384	6,339	6,221	6,092
CFC stabilization reserve	2,000	2,000	2,000	2,000	2,000
Renewal & improvement fund	1,500	1,500	1,500	1,500	1,500
CFC repair and replacement reserve	500	500	500	500	500
Total restricted funds	**398,160**	**348,081**	**385,444**	**370,085**	**381,641**
Non-airline terminal revenue distribution[3]	46,098	19,122	24,554	28,971	28,357
Total reductions	**444,258**	**367,203**	**409,998**	**399,056**	**409,998**
UNRESTRICTED CASH, JUNE 30	**$ 564,550**	**$ 568,910**	**$ 531,944**	**$ 551,850**	**$ 547,049**
Days cash on hand calculation					
Total airport cash on hand, June 30	$ 564,550	$ 568,910	$ 531,944	$ 551,850	$ 547,049
Total operating expenses[4]	192,922	154,864	174,158	163,626	141,274
Days cash on hand	**1,068**	**1,341**	**1,115**	**1,231**	**1,413**

CONTINUED

	2017	2016	2015	2014	2013
Cash & cash equivalents, June 30[1]	**$ 959,285**	**$ 916,188**	**$ 879,485**	**$ 745,830**	**$ 721,686**
Restricted funds:					
Cash & cash equivalents held by trustee	80,651	78,218	86,412	-	-
Passenger facility charges (restricted by FAA)	196,574	293,244	298,471	271,245	238,834
Contract facility charges (restricted by City/RACs)	22,912	21,030	18,919	25,204	20,252
Operating fund reserve	38,434	34,088	30,360	23,521	23,048
Coverage factor	12,101	12,101	12,101	12,101	12,101
Cannon Estate[2]	6,016	5,974	5,943	5,913	5,886
CFC stabilization reserve	2,000	2,000	2,000	2,000	2,000
Renewal & improvement fund	1,500	1,500	1,500	1,500	1,500
CFC repair and replacement reserve	500	500	500	500	500
Total restricted funds	**360,688**	**448,655**	**456,206**	**341,984**	**304,121**
Non-airline terminal revenue distribution[3]	25,880	18,525	10,631	14,777	16,041
Total reductions	**386,568**	**467,180**	**466,837**	**356,761**	**320,162**
UNRESTRICTED CASH, JUNE 30	**$ 572,717**	**$ 449,008**	**$ 412,648**	**$ 389,069**	**$ 401,524**
Days cash on hand calculation					
Total airport cash on hand, June 30	$ 572,717	$ 449,008	$ 412,648	$ 389,069	$ 401,524
Total operating expenses[4]	131,013	118,015	105,278	100,745	87,858
Days cash on hand	**1,596**	**1,390**	**1,433**	**1,410**	**1,668**

NOTES:
[1]GAAP balance from the Statement of Cash Flows on page 46.
[2]Cannon Estate funds are held in an Airport Reserve Fund.
[3]The Signatory Airline's share is 40% of the Airport's excess Non-airline terminal revenue as shown on Schedule 2.
[4]GAAP Basis excluding depreciation and amortization.

SOURCE:
City of Charlotte Finance Department

SCHEDULE 4

OPERATING EXPENSE PER ENPLANED PASSENGER

(FISCAL YEARS ENDED JUNE 30; 000)

	2022	2021	2020	2019	2018
OPERATING EXPENSES					
Terminal area[1]	$ -	$ -	$ -	$ -	$ -
Terminal building	67,674	59,800	62,018	54,536	48,744
Ground transportation	30,628	26,336	30,829	32,141	31,166
Fueling facilities	175	98	169	136	124
Airfield	14,549	11,172	10,954	11,441	10,804
Airport service facilities	45,341	42,329	38,515	36,948	31,741
Fixed based operator area	25,839	11,125	22,244	18,732	13,742
Cargo area	2,229	2,147	2,552	1,709	1,853
Right to use lease amortization	108	-	-	-	-
Depreciation	86,821	83,930	74,117	63,104	58,359
Other	6,487	1,857	6,877	7,983	3,100
Total operating expenses	**279,851**	**238,794**	**248,275**	**226,730**	**199,633**
Total enplaned passengers[2]	**23,034**	**16,645**	**19,409**	**23,959**	**23,075**
Operating expenses per enplaned passenger	**$ 12.15**	**$ 14.35**	**$ 12.79**	**$ 9.46**	**$ 8.65**

CONTINUED

	2017	2016	2015	2014	2013
OPERATING EXPENSES					
Terminal area[1]	$ -	$ 72,073	$ 59,895	$ 59,202	$ 47,110
Terminal building	46,322	-	-	-	-
Ground transportation	26,968	-	-	-	-
Fueling facilities	218	-	-	-	-
Airfield	9,046	8,452	5,898	4,690	4,552
Airport service facilities	32,376	24,534	25,683	24,580	17,221
Fixed based operator area	10,680	9,711	10,985	10,906	16,870
Cargo area	1,879	2,909	2,817	1,367	2,105
Right to use lease amortization	-	-	-	-	-
Depreciation	56,063	50,681	45,897	38,066	38,317
Other	3,524	336	-	-	-
Total operating expenses	**187,076**	**168,696**	**151,175**	**138,811**	**126,175**
Total enplaned passengers[2]	**22,516**	**22,380**	**22,190**	**21,977**	**21,108**
Operating expenses per enplaned passenger	**$ 8.31**	**$ 7.54**	**$ 6.81**	**$ 6.32**	**$ 5.98**

NOTES:

[1]Terminal area center has been broken down into new cost centers (Terminal Building, Ground Transportation and Fueling facilities) per the Airline Use and Lease Agreement effective July 1, 2016.

[2]FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

SOURCE:
City of Charlotte Aviation Department

SCHEDULE 5

CAPITAL ASSETS

(FISCAL YEARS ENDED JUNE 30; 000)

	2022	2021	2020	2019	2018
Total capital assets					
Land	$ 406,538	$ 399,315	$ 392,289	$ 374,666	$ 308,974
Buildings	1,381,566	1,330,295	1,274,588	1,050,562	914,068
Runways	536,134	499,220	480,405	444,993	419,532
Other improvements	369,228	351,246	312,011	233,517	176,693
Intangibles	18,791	16,468	13,160	6,642	4,788
Machinery and equipment	168,791	162,870	152,184	140,112	127,502
Construction in progress	496,449	352,936	245,698	390,568	459,492
Leased machinery and equipment	547	-	-	-	-
Total	**3,378,044**	**3,112,350**	**2,870,335**	**2,641,060**	**2,411,049**
Less accumulated depreciation	1,106,450	1,025,096	942,262	870,265	809,143
Less accumulated amortization	108	-	-	-	-
Total capital assets, net	**$ 2,271,486**	**$ 2,087,254**	**$ 1,928,073**	**$ 1,770,795**	**$ 1,601,906**

CONTINUED

	2017	2016	2015	2014	2013
Total capital assets					
Land	$ 308,974	$ 306,101	$ 308,623	$ 302,868	$ 299,917
Buildings	911,624	910,665	747,494	670,508	642,556
Runways	419,271	415,382	393,153	392,982	392,371
Other improvements	163,293	148,865	106,180	100,066	91,366
Intangibles	4,641	3,317	3,317	3,317	3,317
Machinery and equipment	121,842	114,134	102,669	54,207	38,485
Construction in progress	241,625	104,147	261,145	279,094	158,255
Leased machinery and equipment	-	-	-	-	-
Total	**2,171,270**	**2,002,611**	**1,922,581**	**1,803,042**	**1,626,267**
Less accumulated depreciation	752,579	699,746	650,184	609,707	570,386
Less accumulated amortization	-	-	-	-	-
Total capital assets, net	**$ 1,418,691**	**$ 1,302,865**	**$ 1,272,397**	**$ 1,193,335**	**$ 1,055,881**

SOURCE:
City of Charlotte Finance Department

SCHEDULE 6

RECONCILED LANDING FEE RATES

(FISCAL YEARS ENDED JUNE 30)

FISCAL YEAR	Rate Per 1,000 Pounds (Units of Landed Weight)
2022	$ 1.50
2021	1.05[1]
2020	1.21[1]
2019	1.03
2018	0.98
2017	0.95
2016	0.87
2015	0.88
2014	0.84
2013	0.72

NOTE:

[1]FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

Landing fees based on reconciled Airport Fees and Charges

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 7

NET AVERAGE COST PER ENPLANED PASSENGER

(FISCAL YEARS ENDED JUNE 30)

FISCAL YEAR	NET AVERAGE COST PER ENPLANEMENT (CPE)
2022	$ 1.57
2021	1.77[1]
2020	2.26[1]
2019	1.55
2018	1.26
2017	1.23
2016	1.35
2015	1.33
2014	1.16
2013	1.13

NOTE:

[1]FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to COVID-19 pandemic impact on air service.

CPE based on reconciled Airlines Fees and Charges.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 8

TOP REVENUE SOURCES

(FISCAL YEARS ENDED JUNE 30; $000)

2022

RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking[1]	$ 81,444	25.5
2	American Airlines[2]	72,306	22.7
3	HMS Host	38,358	12.0
4	Fixed base operator area revenues[3]	32,582	10.2
5	The Paradies Shops LLC	16,634	5.2
6	PSA Airlines - American Airlines	6,698	2.1
7	Vanguard Car Rental USA, Inc.	4,080	1.3
8	Delta Air Lines	4,004	1.3
9	Hertz Rent-A-Car	3,756	1.2
10	Avis Rent-A-Car	3,149	1.0
		$ 263,011	82.5%

2021

RANK	Source	Revenue	% Total Operating Revenue
1	American Airlines[2]	$ 48,238	28.1
2	Public automobile parking[1]	32,731	19.1
3	HMS Host	23,533	13.7
4	Fixed base operator area revenues[3]	16,657	9.7
5	The Paradies Shops LLC	10,352	6.0
6	PSA Airlines - American Airlines	5,356	3.1
7	Vanguard Car Rental USA, INC.	3,053	1.8
8	Delta Air Lines	2,517	1.5
9	Piedmont Airlines - American Airlines	2,193	1.3
10	Enterprise Rent-A-Car	2,006	1.2
		$ 146,636	85.5%

2020

RANK	Source	Revenue	% Total Operating Revenue
1	American Airlines[2]	$ 67,264	29.5
2	Public automobile parking[1]	47,560	20.9
3	HMS Host	27,079	11.9
4	Fixed base operator area revenues[3]	19,077	8.4
5	The Paradies Shops LLC	10,923	4.8
6	PSA Airlines - American Airlines	5,901	2.6
7	Vanguard Car Rental USA, INC.	4,205	1.8
8	Delta Air Lines	3,771	1.7
9	Raiser LLC	3,218	1.4
10	Hertz Rent-A-Car	2,813	1.2
		$ 191,811	84.2%

2019

RANK	Source	Revenue	% Total Operating Revenue
1	American Airlines[2]	$ 68,155	25.5
2	Public automobile parking[1]	62,163	23.3
3	HMS Host	36,114	13.5
4	Fixed base operator area revenues[3]	23,050	8.6
5	The Paradies Shops LLC	15,575	5.8
6	PSA Airlines - American Airlines	7,384	2.8
7	Vanguard Car Rental USA, INC.	4,990	1.9
8	Delta Air Lines	4,162	1.6
9	Hertz Rent-A-Car	3,463	1.3
10	Intersection Media, LLC	2,963	1.1
		$ 228,019	85.4%

2018

RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking[1]	$ 59,642	24.9
2	American Airlines[2]	57,815	24.2
3	HMS Host	31,878	13.3
4	Fixed base operator area revenues[3]	18,785	7.8
5	The Paradies Shops LLC	13,689	5.7
6	PSA Airlines - American Airlines	6,894	2.9
7	Intersection Media, LLC	4,763	2.0
8	Vanguard Car Rental USA, INC.	3,983	1.7
9	Hertz Rent-A-Car	3,176	1.3
10	Delta Air Lines	3,042	1.3
		$ 203,667	85.1%

2017

RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking[1]	$ 59,325	27.3
2	American Airlines[2]	55,119	25.3
3	HMS Host	30,129	13.8
4	Fixed base operator area revenues[3]	14,753	6.8
5	The Paradies Shops LLC	12,391	5.7
6	PSA Airlines - American Airlines	6,728	3.1
7	Intersection Media, LLC	5,478	2.5
8	Vanguard Car Rental USA, INC.	4,518	2.1
9	Hertz Rent-A-Car	3,495	1.6
10	Delta Air Lines	3,117	1.4
		$ 195,053	89.6%

CONTINUED

2016

RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking[1]	$ 51,674	25.0
2	American Airlines (US Airways)	43,775	21.2
3	HMS Host	29,199	14.1
4	Fixed base operator area revenues[3]	14,019	6.8
5	The Paradies Shops LLC	11,581	5.6
6	PSA Airlines - American Airlines	9,082	4.4
7	Intersection Media, LLC	5,320	2.6
8	Vanguard Car Rental USA, INC.	3,985	1.9
9	Hertz Rent-A-Car	3,213	1.6
10	Piedmont Airlines dba American Airlines	3,041	1.5
		$ 174,889	84.7%

2015

RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking[1]	$ 47,517	24.5
2	US Airways	35,763	18.5
3	HMS Host	26,703	13.8
4	Fixed base operator area revenues[3]	16,189	8.4
5	The Paradies Shops LLC	10,472	5.4
6	PSA Airlines - American Airlines	6,230	3.2
7	Vanguard Car Rental USA, INC.	3,987	2.1
8	Hertz Rent-A-Car	3,699	1.9
9	Avis Rent-A-Car	2,809	1.5
10	Piedmont Airlines dba American Airlines	2,804	1.4
		$ 156,173	80.7%

2014

RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking[1]	$ 40,824	22.1
2	US Airways	34,929	18.9
3	HMS Host	27,306	14.8
4	Fixed base operator area revenues[3]	17,429	9.4
5	The Paradies Shops LLC	8,858	4.8
6	Hertz Rent-A-Car	3,433	1.9
7	PSA Airlines - American Airlines	3,171	1.7
8	Vanguard Car Rental USA, INC.	2,864	1.5
9	Avis Rent-A-Car	2,430	1.3
10	Piedmont Airlines dba American Airlines	2,040	1.1
		$ 143,284	77.5%

2013

RANK	Source	Revenue	% Total Operating Revenue
1	Public automobile parking[1]	$ 42,486	23.8
2	US Airways	29,230	16.4
3	HMS Host	22,022	12.4
4	Fixed base operator area revenues[3]	17,376	9.7
5	The Paradies Shops LLC	7,560	4.2
6	PSA Airlines - American Airlines	3,320	1.9
7	Hertz Rent-A-Car	3,226	1.8
8	Mesa Airlines dba US Airways Express	3,181	1.8
9	Vanguard Car Rental USA, INC.	2,608	1.5
10	Piedmont Airlines dba American Airlines	2,321	1.3
		$ 133,330	74.8%

NOTES:

[1]Revenues generated by public and valet parking operations.

[2]Revenues reported for American Airlines do not include affiliates.

[3]Operated by Wilson Air Center under management contract.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 9

PASSENGER FACILITY CHARGE APPROVALS AND REMAINING AUTHORITY

(FISCAL YEARS ENDED JUNE 30; $000)

PFC APPLICATION	APPLICATION NUMBER	2022	2021	2020	2019	2018
PFCs Authorized						
PFC Application No. 1[1]	04-01-C-00-CLT	$ 479,688	$ 479,688	$ 479,688	$ 650,150	$ 650,150
PFC Application No. 2[1]	07-02-C-00-CLT	101,565	101,565	101,565	143,057	143,057
PFC Application No. 3[1]	09-03-C-00-CLT	54,740	54,740	54,740	79,266	79,266
PFC Application No. 4[1]	11-04-C-00-CLT	106,484	106,484	106,484	127,806	127,806
PFC Application No. 5[1]	15-05-C-00-CLT	91,494	87,195	87,195	87,195	87,195
PFC Application No. 6[2]	17-06-C-00-CLT	491,775	474,478	474,478	499,355	539,355
PFC Application No. 7[2]	18-07-U-00-CLT	40,000	40,000	40,000	40,000	-
PFC Application No. 8[1]	19-08-C-00-CLT	1,436,133	1,436,133	1,819,083	-	-
PFC Application No. 9	21-09-U-00-CLT	457,058	-	-	-	-
Total PFCs authorized		**3,258,937**	**2,780,283**	**3,163,233**	**1,626,829**	**1,626,829**
PFC Revenue						
Total PFCs collected[3]		927,800	866,905	823,584	767,807	705,188
Total PFC interest income[3]		36,450	35,772	33,326	27,880	24,422
Total PFC revenue		**964,250**	**902,677**	**856,910**	**795,687**	**736,458**
REMAINING PFC AUTHORITY		**$2,294,687**	**$1,877,606**	**$2,306,323**	**$ 831,142**	**$ 890,371**

CONTINUED

PFC APPLICATION	APPLICATION NUMBER	2017	2016	2015	2014	2013
PFCs Authorized						
PFC Application No. 1[1]	04-01-C-00-CLT	$ 650,150	$ 650,150	$ 650,150	$ 650,150	$ 650,150
PFC Application No. 2[1]	07-02-C-00-CLT	143,057	143,057	143,057	143,057	143,057
PFC Application No. 3[1]	09-03-C-00-CLT	79,266	79,266	79,266	80,766	80,766
PFC Application No. 4[1]	11-04-C-00-CLT	127,806	128,507	164,302	164,302	164,302
PFC Application No. 5[1]	15-05-C-00-CLT	87,195	67,660	67,660	-	-
PFC Application No. 6[2]	17-06-C-00-CLT	539,355	-	-	-	-
PFC Application No. 7[2]	18-07-U-00-CLT	-	-	-	-	-
PFC Application No. 8[1]	19-08-C-00-CLT	-	-	-	-	-
PFC Application No. 9	21-09-U-00-CLT	-	-	-	-	-
Total PFCs authorized		**1,626,829**	**1,068,640**	**1,104,435**	**1,038,275**	**1,038,275**
PFC Revenue						
Total PFCs collected[3]		644,887	585,872	522,195	466,134	402,605
Total PFC interest income[3]		22,543	20,728	19,407	17,961	16,771
Total PFC revenue		**673,935**	**612,971**	**552,364**	**490,609**	**429,894**
REMAINING PFC AUTHORITY		**$ 952,894**	**$ 455,669**	**$ 552,071**	**$ 547,666**	**$ 608,381**

NOTES:
[1]As amended.
[2]Collection of $40 million approved as part of Application 6 was approved for Use in Application 7.
[3]FYs 2013 - 2020 restated to cash basis.

SOURCE:
City of Charlotte Aviation Department

THIS PAGE INTENTIONALLY LEFT BLANK

SCHEDULE 10

PASSENGER FACILITY CHARGE COLLECTIONS, NON-GAAP

(FISCAL YEARS ENDED JUNE 30)

				ENPLANED PASSENGERS		
FISCAL YEAR	PFC RATE	AIRLINE ADMIN FEE	NET PFC RATE	TOTAL (000)	PFC ELIGIBLE[1]	TOTAL PFC COLLECTIONS ($000)[2]
2022	$ 3.00	$ 0.11	$ 2.89	23,034	91.5%	$ 60,895
2021[3]	3.00	0.11	2.89	16,645	90.1%	43,321
2020[3]	3.00	0.11	2.89	19,409	99.4%	55,777
2019	3.00	0.11	2.89	23,959	90.4%	62,619
2018	3.00	0.11	2.89	23,075	90.4%	60,302
2017	3.00	0.11	2.89	22,516	90.4%	59,015
2016	3.00	0.11	2.89	22,380	91.5%	63,676
2015	3.00	0.11	2.89	22,190	93.9%	56,062
2014	3.00	0.11	2.89	21,977	92.2%	63,530
2013	3.00	0.11	2.89	21,108	92.0%	51,662

NOTES:

[1]PFC eligible passengers imputed from total enplaned passengers, net PFC rate, and total PFC collections.

[2]PFC Revenue restated for FYs 2013-2020 to Cash Basis

[3]FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 11

PASSENGER FACILITY CHARGE FUND ACTIVITY

(FISCAL YEARS ENDED JUNE 30; $000)

	2022	2021	2020	2019	2018
PFC revenue available					
Beginning balance	$ 235,926	$ 214,268	$ 210,436	$ 208,836	$ 196,580
PFC revenues[1]	60,895	43,321	55,777	62,619	60,302
PFC interest earnings	678	2,446	5,446	3,458	1,879
Sale of land	-	-	-	2,275	-
Transfers in[2]	104,620	-	23,465	226	3,681
Adjustment[3]	-	13,144	-	-	-
Total PFC revenue available	**402,119**	**273,179**	**295,124**	**277,414**	**262,442**
PFC expenditures					
PFC eligible debt service	34,570	27,974	28,965	26,978	22,251
PAYGO projects[2,3]	100,000	9,279	51,891	40,000	31,355
Adjustment[4]	-	-	-	-	-
Total PFC expenditures	**134,570**	**37,253**	**80,856**	**66,978**	**53,606**
PFC REMAINING CASH BALANCE	**$ 267,549**	**$ 235,926**	**$ 214,268**	**$ 210,436**	**$ 208,836**

CONTINUED

	2017	2016	2015	2014	2013
PFC revenue available					
Beginning balance	$ 293,250	$ 298,477	$ 271,251	$ 238,840	$ 209,540
PFC revenues[1]	59,015	63,676	56,062	63,530	51,662
PFC interest earnings	1,815	1,321	1,446	1,190	1,050
Sale of land	-	-	-	-	-
Transfers in[2]	-	5,314	-	-	-
Adjustment[3]	-	-	-	-	-
Total PFC revenue available	**354,080**	**368,788**	**328,759**	**303,560**	**262,252**
PFC expenditures					
PFC eligible debt service	26,589	20,949	21,404	22,512	23,172
PAYGO projects[2,3]	130,911	54,589	8,878	426	240
Adjustment[4]	-	-	-	9,371	-
Total PFC expenditures	**157,500**	**75,538**	**30,282**	**32,309**	**23,412**
PFC REMAINING CASH BALANCE	**$ 196,580**	**$ 293,250**	**$ 298,477**	**$ 271,251**	**$ 238,840**

NOTES:
[1]All years shown have been restated to Cash Basis.
[2]FY 2022 activity reflects transfers to fund projects that were later removed in the fiscal year due to revised funding plans.
[3]Transfer from Discretionary Fund for PFC Amendments to previously closed projects.
[4]Transfer to Discretionary Fund for PFC portion of amortization swap termination payments and refunding of 1997A Bonds.

SOURCE:
City of Charlotte Aviation Department

THIS PAGE INTENTIONALLY LEFT BLANK

SCHEDULE 12

CONTRACT FACILITY CHARGE COLLECTIONS

(FISCAL YEARS ENDED JUNE 30)

FISCAL YEAR	RENTAL CAR TRANSACTION DAYS[1] (000)	CFC RATE	TOTAL CFC COLLECTIONS ($000)
2022	2,768	$ 4.00	$ 11,071
2021	1,790	4.00	7,160
2020	2,644	4.00	10,577
2019	3,392	4.00	13,570
2018	3,338	4.00	13,351
2017	3,225	4.00	12,898
2016	3,068	4.00	12,273
2015	2,715	4.00	10,860
2014	2,502	4.00	10,009
2013	2,480	4.00	9,920

NOTES:
[1]Rental Car Transaction Days imputed from CFC Collections and CFC Rate.

SOURCE:
City of Charlotte Aviation Department

SCHEDULE 13

CONTRACT FACILITY CHARGE FUND ACTIVITY

(FISCAL YEARS ENDED JUNE 30; $000)

	2022	2021	2020	2019	2018
CFC revenues					
Beginning balance	$ 2,691	$ 40,578	$ 38,724	$ 33,972	$ 30,057
CFC revenues	11,071	7,160	10,577	13,570	13,351
CFC interest earnings	(22)	330	844	704	386
Transfers in	3,048	89	209	109	-
Facility rents	-	-	-	-	-
Total CFC revenue available	16,788	48,157	50,354	48,355	43,794
CFC expenditures					
Debt service	-	4,445	4,449	4,444	4,448
Additional Principal Payment[1]	2,362	36,474	-	-	-
Debt service fees	-	27	25	25	24
Operation and maintenance	5,328	4,520	5,302	5,162	5,350
CIP fund transfer net[2, 3]	-	-	-	-	-
Total CFC expenditures	**7,690**	**45,466**	**9,776**	**9,631**	**9,822**
CFC REMAINING BALANCE	**$ 9,098**	**$ 2,691**	**$ 40,578**	**$ 38,724**	**$ 33,972**

CONTINUED

	2017	2016	2015	2014	2013
CFC revenues					
Beginning balance	$ 27,382	$ 23,722	$ 29,751	$ 24,649	$ -
CFC revenues	12,898	12,273	10,860	10,009	9,920
CFC interest earnings	201	110	81	114	61
Transfers in	-	2	-	-	-
Facility rents	-	-	(673)	-	(376)
Total CFC revenue available	**40,481**	**36,107**	**40,019**	**34,772**	**29,956**
CFC expenditures					
Debt service	4,449	4,449	4,469	3,833	3,811
Additional Principal Payment[1]	-	-	-	-	-
Debt service fees	24	23	-	-	-
Operation and maintenance	5,237	4,253	-	-	-
CIP fund transfer net[2, 3]	714	-	11,828	1,188	1,496
Total CFC expenditures	**10,424**	**8,725**	**16,297**	**5,021**	**5,307**
CFC REMAINING BALANCE	**$ 30,057**	**$ 27,382**	**$ 23,722**	**$ 29,751**	**$ 24,649**

NOTE:
[1]2011 CFC Bonds fully redeemed in FY 2022. As a result, there were no debt service payments required.
[2]CFC funds transferred to CONRAC facility construction fund to pay project costs.
[3]FY 2017 has been restated to remove a prior year loan repayment not previously included in CIP fund transfer net.

SOURCE:
City of Charlotte Aviation Department

SCHEDULE 14

BOND INDENTURE DEBT SERVICE COVERAGE

(FISCAL YEARS ENDED JUNE 30; $000)

Application of Revenues		2022	2021	2020	2019	2018
Revenues						
Operating revenues		$ 318,984	$ 145,319	$ 198,793	$ 229,870	$ 211,463
Nonoperating revenues		18,259	24,892	27,984	3,577	2,436
Coverage factor[1]		16,429	13,595	13,595	12,408	12,101
Total revenues		**353,672**	**183,806**	**240,372**	**245,855**	**226,000**
Expenses						
Operating expense		192,922	133,773	136,650	129,628	117,132
Grants applied to operating expense[2]		(10,314)	(45,900)	-	-	-
Change in operating fund reserve[3]		6,004	-	1,187	308	2,671
Debt service fees[4]		213	138	32	181	181
Total expenses		**188,825**	**88,011**	**137,869**	**130,117**	**119,984**
Net revenues available for revenue bond debt service	[A]	**164,847**	**95,795**	**102,503**	**115,738**	**106,016**
Principal and interest[5]		65,714	48,669	54,382	49,634	39,807
Less: PFC's applied		(34,570)	(23,678)	(28,264)	(26,763)	(22,032)
Total	[B]	**$ 31,144**	**$ 24,991**	**$ 26,118**	**$ 22,871**	**$ 17,775**
Debt Service Coverage	[A/B]	**5.3**	**3.8**	**3.9**	**5.1**	**6.0**

CONTINUED

Application of Revenues		2017	2016	2015	2014	2013
Revenues						
Operating revenues		$ 194,914	$ 182,774	$ 163,655	$ 150,545	$ 144,894
Nonoperating revenues		1,103	646	687	586	(201)
Coverage factor[1]		12,101	12,101	12,101	12,101	12,101
Total revenues		**208,118**	**195,521**	**176,443**	**163,232**	**156,794**
Expenses						
Operating expense		109,230	101,279	87,680	78,766	67,843
Grants applied to operating expense[2]		-	-	-	-	-
Change in operating fund reserve[3]		4,346	3,728	4,107	473	3,893
Debt service fees[4]		109	32	125	104	-
Total expenses		**113,685**	**105,039**	**91,912**	**79,343**	**71,736**
Net revenues available for revenue bond debt service	[A]	**94,433**	**90,482**	**84,531**	**83,889**	**85,058**
Principal and interest[5]		43,530	46,673	47,138	48,584	49,250
Less: PFC's applied		(26,091)	(20,951)	(21,405)	(22,512)	(23,179)
Total	[B]	**$ 17,439**	**$ 25,722**	**$ 25,733**	**$ 26,072**	**$ 26,071**
Debt Service Coverage	[A/B]	**5.4**	**3.5**	**3.3**	**3.2**	**3.3**

NOTES:

FY 2020 and 2021 have been restated to include North Carolina Airport Improvement Program (NCAIP) and Airport Coronavirus Response Grant Program (Federal COVID Relief Grant) funds as non-operating revenues. Grant funds were used to pay debt service in these years.

Beginning with the issuance of the Series 2021 Bonds, and as provided by the Bond Order, the City has elected to reclassify all revenue and expense of the Excluded Cost Centers as Included Cost Center Revenue and Current Expense and to pledge such net revenue to payment of debt service on the City's Outstanding Bonds as of July 1, 2021. Prior to FY 2022, Excluded Cost Centers net revenues were not pledged to the payment of debt service and are not included in the application of revenues or debt service coverage calculation.

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

[2]NCAIP and Federal COVID Relief Grant funds applied to the payment of operating expenses.

[3]Increase required per bond order to the operating fund reserve to maintain reserve equal to 33 1/3% of included operating expense.

[4]Trustee, remarketing and other revenue bond debt service fees.

[5]Scheduled principal and interest payments without regard to early redemptions of principal, if any.

SOURCE:
City of Charlotte Aviation Department

SCHEDULE 15

OUTSTANDING DEBT BY TYPE PER ENPLANED PASSENGER

(FISCAL YEARS ENDED JUNE 30; $000)

	2022	2021	2020	2019	2018
Outstanding debt					
Airport Revenue Bonds[1]	$ 1,290,535	$ 930,760	$ 800,190	$ 818,940	$ 654,180
Bond Anticipation Notes	13,268	34,266	77,250	10,435	43,571
Total outstanding debt	**$ 1,303,803**	**$ 965,026**	**$ 877,440**	**$ 829,375**	**$ 697,751**
Enplaned passengers[2]	23,034	16,645	19,409	23,959	23,075
Airport Revenue Bond debt per enplaned passenger	**$ 56.60**	**$ 57.98**	**$ 45.21**	**$ 34.62**	**$ 30.24**
Consolidated Rental Car Facility outstanding debt[3]	**$ -**	**$ 52,300**	**$ 53,585**	**$ 54,810**	**$ 55,985**

CONTINUED

	2017	2016	2015	2014	2013
Outstanding debt					
Airport Revenue Bonds[1]	$ 668,585	$ 532,785	$ 554,110	$ 613,220	$ 663,000
Bond Anticipation Notes	2,976	65,621	43,295	N/A	N/A
Total outstanding debt	**$ 671,561**	**$ 598,406**	**$ 597,405**	**$ 613,220**	**$ 663,000**
Enplaned passengers[2]	22,516	22,380	22,190	21,977	21,108
Airport Revenue Bond debt per enplaned passenger	**$ 29.83**	**$ 26.74**	**$ 26.92**	**$ 27.90**	**$ 31.41**
Consolidated Rental Car Facility outstanding debt[3]	**$ 57,110**	**$ 58,200**	**$ 59,260**	**$ 60,295**	**$ 60,295**

NOTE:
[1]Does not include unamortized premiums.
[2]FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.
[3]CONRAC revenue bonds were fully redeemed in July 2021.

SOURCE:
City of Charlotte Aviation Department

SCHEDULE 16

CONTRACT FACILITY CHARGE SPECIAL FACILITIES DEBT SERVICE COVERAGE

(FISCAL YEARS ENDED JUNE 30; $000)

	2022[1]	2021	2020	2019	2018
Revenues:					
CFC revenue:					
CFC collections[2]	$ -	$ 7,160	$ 10,577	$ 13,570	$ 13,351
CFC interest earnings	-	330	844	704	386
Transfers in	-	89	209	109	-
Total annual CFC revenue	**-**	**7,579**	**11,630**	**14,383**	**13,737**
Rolling coverage fund	-	1,112	1,112	1,112	1,112
Total revenues available for DS coverage	**-**	**8,691**	**12,742**	**15,495**	**14,849**
Application of revenues					
Debt service fund	-	4,445	4,449	4,444	4,448
Operation and maintenance fund[2]	-	4,520	5,302	5,162	5,350
Debt service fees	-	27	25	25	24
CFC stabilization fund[3]	-	(1,413)	1,854	4,752	3,915
Total application of revenues	**$ -**	**$ 7,579**	**$ 11,630**	**$ 14,383**	**$ 13,737**
Debt service coverage - with coverage fund (x)	**0.00**	**1.96**	**2.86**	**3.49**	**3.34**
Debt service coverage - without coverage fund (x)	**0.00**	**1.71**	**2.61**	**3.24**	**3.09**

CONTINUED

	2017	2016	2015	2014	2013
Revenues:					
CFC revenue:					
CFC collections[2]	$ 12,898	$ 12,273	$ 10,860	$ 10,009	$ 9,920
CFC interest earnings	201	110	81	114	61
Transfers in	-	2	-	-	-
Total annual CFC revenue	**13,099**	**12,385**	**10,941**	**10,123**	**9,981**
Rolling coverage fund	1,112	1,112	1,112	1,112	1,112
Total revenues available for DS coverage	**14,211**	**13,497**	**12,053**	**11,235**	**11,093**
Application of revenues					
Debt service fund	4,449	4,449	4,469	3,833	3,811
Operation and maintenance fund[2]	5,237	4,253	673	-	376
Debt service fees	24	23	-	-	-
CFC stabilization fund[3]	3,389	3,660	5,799	6,290	5,794
Total application of revenues	**$ 13,099**	**$ 12,385**	**$ 10,941**	**$ 10,123**	**$ 9,981**
Debt service coverage - with coverage fund (x)	**3.25**	**3.03**	**2.70**	**2.93**	**2.91**
Debt service coverage - without coverage fund (x)	**3.00**	**2.78**	**2.45**	**2.64**	**2.62**

NOTES:

[1]CFC Debt service was paid in full in FY 2022. This schedule will no longer be reported after FY 2022.

[2]Annual O&M expenses for the CONRAC facility.

[3]The change in the Revenue Fund after all moneys have been transferred and credited to funds and accounts as required by the General Trust Indenture. Stabilization Fund accounts were restated for 2012-2016 to exclude Rolling Coverage erroneously included in amounts.

SOURCE:
City of Charlotte Aviation Department

SCHEDULE 17

POPULATION (MSA)

CALENDAR YEAR	POPULATION
2022	N/A
2021	2,701,046
2020	2,669,665
2019	2,626,694
2018	2,584,646
2017	2,542,910
2016	2,493,738
2015	2,443,016
2014	2,396,711
2013	2,355,919

NOTE:

Census Bureau midyear population estimates. Census released county population data for 2020 and 2021, which are based on the 2020 decennial counts.

Prior years' updated with more recent information available at time of publication.

N/A: Information not available.

SOURCE:

Bureau of Economic Analysis U.S. Department of Commerce - Charlotte-Concord-Gastonia, North Carolina & South Carolina (Metropolitan Statistical Area)

SCHEDULE 18

TOTAL PERSONAL INCOME (MSA)

($000)

CALENDAR YEAR	TOTAL INCOME
2022	$ N/A
2021	167,617,407
2020	154,075,451
2019	143,966,000
2018	135,569,510
2017	128,403,383
2016	120,320,313
2015	114,567,872
2014	106,648,113
2013	100,105,902

NOTE:

Personal income was computed using Census Bureau with the revision statistics for 2013-2020.

Prior years' updated with more recent information available at time of publication.

N/A: Information not available.

SOURCE:

Bureau of Economic Analysis U.S. Department of Commerce - Charlotte-Concord-Gastonia, North Carolina & South Carolina (Metropolitan Statistical Area)

SCHEDULE 19

PER CAPITA PERSONAL INCOME (MSA)

CALENDAR YEAR	INCOME
2022	$ N/A
2021	62,056
2020	57,713
2019	54,809
2018	52,452
2017	50,495
2016	48,249
2015	46,896
2014	44,498
2013	42,491

NOTE:

Per capita personal income was computed using Census Bureau midyear population estimates.

Prior years' updated with more recent information available at time of publication.

N/A: Information not available

SOURCE:

Bureau of Economic Analysis U.S. Department of Commerce - Charlotte-Concord-Gastonia, North Carolina & South Carolina (Metropolitan Statistical Area)

SCHEDULE 20

UNEMPLOYMENT RATE (MSA)

CALENDAR YEAR	UNEMPLOYMENT RATE
2022	N/A
2021	4.62%
2020	7.08%
2019	3.54%
2018	3.75%
2017	4.27%
2016	4.82%
2015	5.41%
2014	6.00%
2013	7.62%

NOTE:

Prior years' updated with more recent information available at time of publication.

N/A: Information not available.

SOURCE:

U.S. Bureau of Labor Statistics - Charlotte-Concord-Gastonia, North Carolina & South Carolina (Metropolitan Statistical Area)

SCHEDULE 21

10 LARGEST CHARLOTTE-AREA NON-GOVERNMENT EMPLOYERS

(RANKED BY NUMBERS OF FULL TIME EMPLOYEES)

2022

Rank	Employer	Number of Employees
1	Atrium Health	39,000
2	Wells Fargo & Co.	27,200
3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000
5	Novant Health Inc.	13,088
6	American Airlines Group	13,000
7	Lowe's Cos. Inc.	11,000
8	Harris Teeter, a division of The Kroger Co.	8,239
9	Duke Energy Corp.	7,700
10	Daimler Trucks North America	6,800

2021

Rank	Employer	Number of Employees
1	Atrium Health	39,039
2	Wells Fargo & Co.	27,500
3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000
5	American Airlines Group	12,000
6	Novant Health Inc.	11,635
7	Lowe's Cos. Inc.	11,000
8	Harris Teeter, a division of The Kroger Co.	8,239
9	Duke Energy Corp.	7,700
10	Compass Group USA Inc.	5,000

2020

Rank	Employer	Number of Employees
1	Atrium Health	38,320
2	Wells Fargo & Co.	27,500
3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000
5	Novant Health Inc.	14,170
6	American Airlines Group	12,000
7	Lowe's Cos. Inc.	9,233
8	Delhaize America Inc./ Food Lion LLC	8,465
9	Harris Teeter, a division of The Kroger Co.	8,329
10	Duke Energy Corp.	7,700

2019

Rank	Employer	Number of Employees
1	Atrium Health	35,700
2	Wells Fargo & Co.	26,000
3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000
5	Novant Health Inc.	12,172
6	American Airlines Group	11,000
7	Lowe's Cos. Inc.	9,233
8	Delhaize America Inc./ Food Lion LLC	8,465
9	Harris Teeter, a division of The Kroger Co.	8,239
10	Duke Energy Corp.	7,700

2018

Rank	Employer	Number of Employees
1	Atrium Health	35,700
2	Wells Fargo & Co.	25,100
3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000
5	American Airlines Group	11,000
6	Delhaize America Inc./ Food Lion LLC	10,859
7	Novant Health Inc.	9,679
8	Lowe's Cos. Inc.	8,500
9	Duke Energy Corp.	8,300
10	Harris Teeter, a division of The Kroger Co.	8,239

2017

Rank	Employer	Number of Employees
1	Carolinas Health Care System	35,000
2	Wells Fargo & Co.	24,100
3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000
5	American Airlines Group	11,500
6	Delhaize America Inc./ Food Lion LLC	10,859
7	Novant Health Inc.	9,679
8	Lowe's Cos. Inc.	8,500
9	Duke Energy Corp.	8,487
10	Harris Teeter, a division of The Kroger Co.	8,239

CONTINUED

2016

Rank	Employer	Number of Employees
1	Carolinas Health Care System	35,000
2	Wells Fargo & Co.	23,500
3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000
5	Novant Health Inc.	11,698
6	American Airlines Group	11,500
7	Lowe's Cos. Inc.	9,077
8	Harris Teeter, a division of The Kroger Co.	8,239
9	Duke Energy Corp.	7,800
10	Delhaize America Inc./ Food Lion LLC	6,900

2015

Rank	Employer	Number of Employees
1	Carolinas Health Care System	35,000
2	Wells Fargo & Co.	23,000
3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000
5	Novant Health Inc.	11,000
6	American Airlines Group	9,900
7	Delhaize America Inc./ Food Lion LLC	9,078
8	Harris Teeter, a division of The Kroger Co.	8,239
9	Lowe's Cos. Inc.	7,801
10	Duke Energy Corp.	7,800

2014

Rank	Employer	Number of Employees
1	Carolinas Health Care System	35,000
2	Wells Fargo & Co.	22,100
3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000
5	Lowe's Cos. Inc.	12,960
6	Novant Health Inc.	11,000
7	American Airlines Group	9,900
8	Harris Teeter, a division of The Kroger Co.	8,239
9	Duke Energy Corp.	7,800
10	Delhaize America Inc./ Food Lion LLC	6,900

2013

Rank	Employer	Number of Employees
1	Carolinas Health Care System	35,000
2	Wells Fargo & Co.	20,700
3	Wal-Mart Stores Inc.	16,100
4	Bank of America Corp.	15,000
5	Novant Health Inc.	11,000
6	Delhaize America Inc./ Food Lion LLC	8,700
7	Harris Teeter, a division of The Kroger Co.	8,239
8	Duke Energy Corp.	7,800
9	Lowe's Cos. Inc.	7,670
10	US Airways Group Inc.	7,100

NOTE:
The Charlotte area includes the following counties: Alexander, Anson, Cabarrus, Catawba, Chester (SC), Chesterfield (SC), Cleveland, Gaston, Iredell, Lancaster (SC), Lincoln, Mecklenburg, Rowan, Stanly, Union and York (SC).

SOURCE:
Charlotte Business Journal Book of Lists

SCHEDULE 22

DOMESTIC AND INTERNATIONAL ENPLANED PASSENGERS

(FISCAL YEARS ENDED JUNE 30; 000)

FISCAL YEAR	DOMESTIC	ANNUAL % CHANGE	INTERNATIONAL	ANNUAL % CHANGE	TOTAL	ANNUAL % CHANGE
2022	21,715	35.9%	1,319	98.9%	23,034	38.4%
2021[1]	15,982	-12.2%	663	-44.8%	16,645	-14.2%
2020[1]	18,208	-18.1%	1,201	-30.1%	19,409	-19.0%
2019	22,241	3.4%	1,718	9.8%	23,959	3.8%
2018	21,511	3.3%	1,564	-7.7%	23,075	2.5%
2017	20,822	-0.7%	1,694	19.7%	22,516	0.6%
2016	20,965	0.9%	1,415	-0.2%	22,380	0.9%
2015	20,772	1.2%	1,418	-1.9%	22,190	1.0%
2014	20,531	4.0%	1,446	5.8%	21,977	4.1%
2013	19,742	5.7%	1,366	2.9%	21,108	5.5%

NOTE:

[1]FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

SOURCE:

City of Charlotte Aviation Department

SCHEDULE 23

ENPLANED PASSENGERS BY TYPE

(FISCAL YEARS ENDED JUNE 30; 000)

FISCAL YEAR	O&D	ANNUAL % CHANGE	CONNECTING	ANNUAL % CHANGE	TOTAL	ANNUAL % CHANGE
2022	6,951	79.2%	16,083	26.0%	23,034	38.4%
2021[1]	3,879	-32.3%	12,766	-6.7%	16,645	-14.2%
2020[1]	5,732	-21.0%	13,677	-18.1%	19,409	-19.0%
2019	7,252	5.9%	16,707	3.0%	23,959	3.8%
2018	6,851	4.9%	16,224	1.5%	23,075	2.5%
2017	6,530	6.3%	15,986	-1.5%	22,516	0.6%
2016	6,143	8.9%	16,237	-1.9%	22,380	0.9%
2015	5,643	3.7%	16,547	0.1%	22,190	1.0%
2014	5,440	3.1%	16,537	4.5%	21,977	4.1%
2013	5,277	5.2%	15,831	5.6%	21,108	5.5%

Compound Annual Growth Rates:

2013 - 2022	3.1%	0.2%	1.0%

NOTE:

[1]FY 2021 and FY 2020 airline activity decreased in comparison to prior years due to the COVID-19 pandemic impact on air service.

SOURCE:

Airline Data Inc. formerly Data Base Products

SCHEDULE 24

ENPLANED PASSENGERS BY AIRLINES

(FISCAL YEARS ENDED JUNE 30; 000)

ENPLANED PASSENGERS BY AIRLINE	2022		2021		2020		2019	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total
American Airlines								
American Airlines	15,069	65.4%	9,785	58.8%	11,917	61.4%	14,749	61.5%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	-	0.0%
American Eagle	-	0.0%	-	0.0%	67	0.4%	-	0.0%
Endeavor Air	-	0.0%	-	0.0%	83	0.4%	-	0.0%
Envoy Air	239	1.0%	63	0.4%	-	0.0%	158	0.6%
ExpressJet Airlines	-	0.0%	-	0.0%	-	0.0%	67	0.3%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Piedmont Airlines	978	4.2%	655	3.9%	682	3.5%	662	2.8%
PSA Airlines	4,420	19.2%	4,088	24.6%	4,460	23.0%	5,483	23.0%
Republic Airways	470	2.0%	1,113	6.7%	473	2.4%	614	2.6%
SkyWest Airlines	-	0.0%	-	0.0%	-	0.0%	95	0.4%
Total American Airlines	**21,176**	**91.8%**	**15,704**	**94.4%**	**17,682**	**91.1%**	**21,828**	**91.2%**
US Airways & Affiliates								
US Airways, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Piedmont Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
PSA Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total US Airways	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
Total US Airways & American Airlines	**21,176**	**91.8%**	**15,704**	**94.4%**	**17,682**	**91.1%**	**21,828**	**91.2%**
Delta Air Lines (inc former Northwest)								
Delta Air Lines	523	2.3%	215	1.3%	488	2.5%	613	2.6%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Comair, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Compass Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Endeavor Air	86	0.4%	38	0.2%	73	0.4%	130	0.6%
ExpressJet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
GoJet Airlines	-	0.0%	-	0.0%	-	0.0%	4	0.0%
Pinnacle Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	108	0.5%	48	0.3%	17	0.1%	35	0.1%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest Airlines	16	0.1%	27	0.1%	18	0.1%	30	0.1%
Total Delta Air Lines	**733**	**3.3%**	**328**	**1.9%**	**596**	**3.1%**	**812**	**3.4%**
United Airlines (inc former Continental)								
United Airlines, Inc.	57	0.2%	32	0.2%	85	0.4%	114	0.5%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
ExpressJet Airlines	-	0.0%	-	0.0%	25	0.1%	2	0.0%
GoJet Airlines	27	0.1%	25	0.1%	4	0.0%	19	0.1%
Mesa Airlines	107	0.5%	59	0.3%	109	0.6%	147	0.6%
Republic Airways	89	0.4%	63	0.4%	98	0.5%	156	0.7%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest Airlines	69	0.3%	43	0.3%	50	0.3%	73	0.2%
Trans State Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total United Airlines	**349**	**1.5%**	**222**	**1.3%**	**371**	**1.9%**	**511**	**2.1%**

CONTINUED ON NEXT PAGE

ENPLANED PASSENGERS BY AIRLINE	2022		2021		2020		2019	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total
Other Domestic Carriers								
Contour Airlines	14	0.1%	6	0.0%	6	0.0%	3	0.0%
Frontier Airlines	194	0.8%	102	0.6%	187	1.0%	199	0.8%
JetBlue Airways	48	0.2%	12	0.1%	91	0.5%	133	0.6%
Miami Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Sun Country Airlines	1	0.0%	-	0.0%	1	0.0%	1	0.0%
Southwest Airlines	300	1.3%	177	1.1%	250	1.3%	351	1.5%
Spirit Airlines, Inc.	163	0.7%	83	0.5%	146	0.8%	6	0.0%
ViaAir, LLC / Mauiva, LLC	-	0.0%	-	0.0%	-	0.0%	2	0.0%
Republic Airway, Caesars Charter	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Swift Air	1	0.0%	1	0.0%	2	0.0%	3	0.0%
XTRA Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Other Domestic Carriers	**721**	**3.1%**	**381**	**2.3%**	**683**	**3.6%**	**698**	**2.9%**
Foreign Flag Carriers								
Aeromexico	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Aeroenlaces Nacionales, S.A. de C.V.	-	0.0%	-	0.0%	1	0.0%	2	0.0%
Air Canada/AC Jazz/Air Georgian	3	0.0%	-	0.0%	17	0.1%	26	0.1%
Insel Air International	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Interjet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Lufthansa German Airlines	39	0.2%	-	0.0%	51	0.2%	74	0.3%
Sunwing Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Vacation Express-Volaris	1	0.0%	-	0.0%	-	0.0%	-	0.0%
Volaris	12	0.1%	10	0.1%	8	0.0%	8	0.0%
Total Other International Carriers	**55**	**0.3%**	**10**	**0.1%**	**77**	**0.3%**	**110**	**0.4%**
Total	**23,034**	**100%**	**16,645**	**100%**	**19,409**	**100%**	**23,959**	**100%**

ENPLANED PASSENGERS BY AIRLINES

(FISCAL YEARS ENDED JUNE 30; 000)

CONTINUED FROM PREVIOUS PAGE

ENPLANED PASSENGERS BY AIRLINE	2018		2017		2016		2015	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total
American Airlines								
American Airlines	14,361	62.3%	14,026	62.3%	10,637	47.5%	498	2.2%
Air Wisconsin	122	0.5%	383	1.7%	345	1.5%	-	0.0%
American Eagle	-	0.0%	-	0.0%	11	0.1%	-	0.0%
Endeavor Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Envoy Air	74	0.3%	29	0.1%	-	0.0%	-	0.0%
ExpressJet Airlines	73	0.3%	13	0.1%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%	38	0.2%	-	0.0%
Piedmont Airlines	481	2.1%	497	2.2%	496	2.2%	-	0.0%
PSA Airlines	5,395	23.4%	5,029	22.3%	3,325	14.9%	-	0.0%
Republic Airways	511	2.2%	569	2.5%	432	1.9%	-	0.0%
SkyWest Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total American Airlines	**21,017**	**91.1%**	**20,546**	**91.2%**	**15,284**	**68.3%**	**498**	**2.2%**
US Airways & Affiliates								
US Airways, Inc.	-	0.0%	-	0.0%	5,139	23.0%	13,459	60.7%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	547	2.5%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	1,199	5.4%
Piedmont Airlines	-	0.0%	-	0.0%	-	0.0%	785	3.5%
PSA Airlines	-	0.0%	-	0.0%	-	0.0%	3,256	14.7%
Republic Airways	-	0.0%	-	0.0%	-	0.0%	680	3.0%
Total US Airways	**-**	**0.0%**	**-**	**0.0%**	**5,139**	**23.0%**	**19,926**	**89.8%**
Total US Airways & American Airlines	**21,017**	**91.1%**	**20,546**	**91.2%**	**20,423**	**91.3%**	**20,424**	**92.0%**
Delta Air Lines (inc former Northwest)								
Delta Air Lines	581	2.6%	599	2.7%	764	3.4%	776	3.5%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	17	0.1%
Comair, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Compass Airlines	-	0.0%	1	0.0%	-	0.0%	11	0.0%
Endeavor Air	141	0.6%	103	0.5%	-	0.0%	-	0.0%
ExpressJet Airlines	54	0.2%	49	0.2%	46	0.2%	22	0.1%
GoJet Airlines	8	0.0%	27	0.1%	40	0.2%	41	0.2%
Pinnacle Airlines	-	0.0%	-	0.0%	91	0.4%	72	0.3%
Republic Airways	4	0.0%	4	0.0%	-	0.0%	-	0.0%
Shuttle America	-	0.0%	11	0.1%	11	0.1%	14	0.1%
SkyWest Airlines	26	0.1%	34	0.2%	13	0.1%	2	0.0%
Total Delta Air Lines	**814**	**3.5%**	**828**	**3.8%**	**965**	**4.4%**	**955**	**4.3%**
United Airlines (inc former Continental)								
United Airlines, Inc.	124	0.5%	131	0.6%	86	0.4%	23	0.1%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
ExpressJet Airlines	3	0.0%	5	0.0%	55	0.3%	192	0.9%
GoJet Airlines	7	0.0%	21	0.1%	23	0.1%	7	0.0%
Mesa Airlines	132	0.6%	138	0.6%	108	0.5%	54	0.3%
Republic Airways	174	0.8%	133	0.6%	54	0.2%	-	0.0%
Shuttle America	-	0.0%	6	0.0%	47	0.2%	23	0.1%
SkyWest Airlines	71	0.3%	61	0.3%	72	0.3%	21	0.1%
Trans State Airlines	-	0.0%	2	0.0%	3	0.0%	9	0.0%
Total United Airlines	**511**	**2.2%**	**497**	**2.2%**	**448**	**2.0%**	**329**	**1.5%**

CONTINUED ON NEXT PAGE

ENPLANED PASSENGERS BY AIRLINE	2018		2017		2016		2015	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total	Enplaned Passengers	% to total
Other Domestic Carriers								
Contour Airlines	-	0.8%	-	0.7%	-	0.4%	-	0.2%
Frontier Airlines	179	0.8%	146	0.7%	89	0.4%	53	0.2%
JetBlue Airways	117	0.5%	117	0.5%	121	0.5%	121	0.6%
Miami Air	-	0.0%	-	0.0%	-	0.0%	1	0.0%
Sun Country Airlines	2	0.0%	2	0.0%	-	0.0%	-	0.0%
Southwest Airlines	318	1.4%	278	1.2%	248	1.1%	211	1.0%
Spirit Airlines, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
ViaAir, LLC / Mauiva, LLC	15	0.1%	13	0.1%	1	0.0%	1	0.0%
Republic Airway, Caesars Charter	-	0.0%	-	0.0%	-	0.0%	3	0.0%
Swift Air	2	0.0%	2	0.0%	1	0.0%	-	0.0%
XTRA Airways	1	0.0%	2	0.0%	1	0.0%	1	0.0%
Total Other Domestic Carriers	**634**	**2.8%**	**560**	**2.4%**	**461**	**2.0%**	**391**	**1.8%**
Foreign Flag Carriers								
Aeromexico	-	0.0%	1	0.0%	1	0.0%	-	0.0%
Aeroenlaces Nacionales, S.A. de C.V.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Canada/AC Jazz/Air Georgian	27	0.1%	24	0.1%	22	0.1%	20	0.1%
Insel Air International	-	0.0%	-	0.0%	2	0.0%	5	0.0%
Interjet Airlines	-	0.0%	-	0.0%	1	0.0%	1	0.0%
Lufthansa German Airlines	70	0.3%	59	0.3%	55	0.2%	64	0.3%
Sunwing Airlines	-	0.0%	-	0.0%	2	0.0%	1	0.0%
Vacation Express-Volaris	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Volaris	2	0.0%	1	0.0%	-	0.0%	-	0.0%
Total Other International Carriers	**99**	**0.4%**	**85**	**0.4%**	**83**	**0.3%**	**91**	**0.4%**
Total	**23,075**	**100%**	**22,516**	**100%**	**22,380**	**100%**	**22,190**	**100%**

ENPLANED PASSENGERS BY AIRLINES

(FISCAL YEARS ENDED JUNE 30; 000)

CONTINUED FROM PREVIOUS PAGE

ENPLANED PASSENGERS BY AIRLINE	2014		2013	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total
American Airlines				
American Airlines	227	1.0%	200	0.9%
Air Wisconsin	-	0.0%	-	0.0%
American Eagle	167	0.8%	210	1.0%
Endeavor Air	-	0.0%	-	0.0%
Envoy Air	-	0.0%	-	0.0%
ExpressJet Airlines	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%
Piedmont Airlines	-	0.0%	-	0.0%
PSA Airlines	-	0.0%	-	0.0%
Republic Airways	-	0.0%	-	0.0%
SkyWest Airlines	-	0.0%	-	0.0%
Total American Airlines	**394**	**1.8%**	**410**	**1.9%**
US Airways & Affiliates				
US Airways, Inc.	13,587	61.8%	12,751	60.4%
Air Wisconsin	768	3.5%	888	4.2%
Chautauqua Airlines	-	0.0%	150	0.7%
Mesa Airlines	2,303	10.5%	1,681	8.0%
Piedmont Airlines	683	3.1%	769	3.7%
PSA Airlines	1,842	8.4%	1,903	9.0%
Republic Airways	598	2.7%	764	3.6%
Total US Airways	**19,781**	**90.0%**	**18,906**	**89.6%**
Total US Airways & American Airlines	**20,175**	**91.8%**	**19,316**	**91.5%**
Delta Air Lines (inc former Northwest)				
Delta Air Lines	708	3.3%	649	3.1%
Chautauqua Airlines	44	0.2%	5	0.0%
Comair, Inc.	-	0.0%	5	0.0%
Compass Airlines	28	0.1%	63	0.3%
Endeavor Air	-	0.0%	-	0.0%
ExpressJet Airlines	75	0.3%	64	0.3%
GoJet Airlines	30	0.1%	31	0.2%
Pinnacle Airlines	53	0.2%	86	0.4%
Republic Airways	-	0.0%	-	0.0%
Shuttle America	10	0.1%	19	0.1%
SkyWest Airlines	2	0.0%	3	0.0%
Total Delta Air Lines	**950**	**4.3%**	**925**	**4.4%**
United Airlines (inc former Continental)				
United Airlines, Inc.	34	0.2%	36	0.2%
Chautauqua Airlines	19	0.1%	26	0.1%
ExpressJet Airlines	217	1.0%	200	1.0%
GoJet Airlines	-	0.0%	-	0.0%
Mesa Airlines	76	0.3%	86	0.4%
Republic Airways	20	0.1%	11	0.0%
Shuttle America	12	0.0%	40	0.2%
SkyWest Airlines	13	0.1%	25	0.1%
Trans State Airlines	-	0.0%	-	0.0%
Total United Airlines	**391**	**1.8%**	**424**	**2.0%**

CONTINUED

ENPLANED PASSENGERS BY AIRLINE	2014		2013	
	Enplaned Passengers	% to total	Enplaned Passengers	% to total
Other Domestic Carriers				
Contour Airlines	-	0.0%	-	0.0%
Frontier Airlines	10	0.0%	-	0.0%
JetBlue Airways	119	0.6%	129	0.6%
Miami Air	1	0.0%	-	0.0%
Sun Country Airlines	-	0.0%	-	0.0%
Southwest Airlines	228	1.0%	204	1.0%
Spirit Airlines, Inc.	-	0.0%	-	0.0%
ViaAir, LLC / Mauiva, LLC	-	0.0%	-	0.0%
Republic Airway, Caesars Charter	-	0.0%	1	0.0%
Swift Air	-	0.0%	-	0.0%
XTRA Airways	-	0.0%	-	0.0%
Total Other Domestic Carriers	**358**	**1.6%**	**334**	**1.6%**
Foreign Flag Carriers				
Aeromexico	-	0.0%	-	0.0%
Aeroenlaces Nacionales, S.A. de C.V.	-	0.0%	-	0.0%
Air Canada/AC Jazz/Air Georgian	17	0.1%	17	0.1%
Insel Air International	5	0.0%	5	0.0%
Interjet Airlines	-	0.0%	-	0.0%
Lufthansa German Airlines	81	0.4%	87	0.4%
Sunwing Airlines	-	0.0%	-	0.0%
Vacation Express-Volaris	-	0.0%	-	0.0%
Volaris	-	0.0%	-	0.0%
Total Other International Carriers	**103**	**0.5%**	**109**	**0.5%**
Total	**21,977**	**100%**	**21,108**	**100%**

SOURCE:
City of Charlotte Aviation Department

THIS PAGE INTENTIONALLY LEFT BLANK

SCHEDULE 25

DOMESTIC ORIGIN & DESTINATION DEPLANEMENTS

(FISCAL YEARS ENDED JUNE 30; 000)

	RESIDENTS		VISITORS				
FISCAL YEAR	DEPLANEMENTS	% OF TOTAL	DEPLANEMENTS	% OF TOTAL	ONE WAY PASSENGERS	% OF TOTAL	TOTAL
2022	3,793	54.3%	3,021	43.3%	170	2.4%	6,984
2021	1,987	51.0%	1,760	45.2%	146	3.8%	3,893
2020	3,065	53.0%	2,574	44.6%	140	2.4%	5,779
2019	3,908	53.4%	3,242	44.3%	165	2.3%	7,315
2018	3,612	53.3%	2,994	44.1%	174	2.6%	6,780
2017	3,513	53.8%	2,845	43.6%	172	2.6%	6,530
2016	3,279	53.4%	2,682	43.7%	182	2.9%	6,143
2015	3,010	53.3%	2,447	43.4%	186	3.3%	5,643
2014	2,955	54.3%	2,326	42.8%	159	2.9%	5,440
2013	2,843	53.9%	2,284	43.3%	150	2.8%	5,277

Compound Annual Growth Rates:

2013-2022	3.3%	3.2%	1.4%	3.2%

SOURCE:
Airline Data Inc. formerly Data Base Products, Inc.

SCHEDULE 26

LANDED WEIGHT BY AIRLINE

(FISCAL YEARS ENDED JUNE 30; 000)

LANDED WEIGHT BY AIRLINE	2022		2021		2020		2019	
	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total
American Airlines								
American Airlines	16,326,407	61.7%	11,996,891	55.2%	14,544,746	57.6%	16,693,234	66.2%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	-	0.0%
American Eagle	-	0.0%	-	0.0%	170,808	0.7%	-	0.0%
Endeavor Air	-	0.0%	-	0.0%	72,382	0.3%	-	0.0%
Envoy Air	278,065	1.0%	75,554	0.3%	-	0.0%	173,067	0.7%
ExpressJet Airlines	-	0.0%	-	0.0%	-	0.0%	90,048	0.4%
Mesa Airlines	-	0.0%	74	0.0%	74	0.0%	-	0.0%
Piedmont Airlines	994,391	3.8%	771,383	3.5%	808,311	3.2%	703,355	2.8%
PSA Airlines	5,166,681	19.5%	5,299,715	24.4%	5,882,875	23.3%	6,569,163	26.0%
Republic Airways	535,575	2.0%	1,340,873	6.2%	617,338	2.4%	732,439	2.6%
SkyWest Airlines	67	0.0%	-	0.0%	67	0.0%	122,262	0.4%
Total American Airlines	**23,301,186**	**88.0%**	**19,484,490**	**89.6%**	**22,096,601**	**87.5%**	**25,083,568**	**99.0%**
US Airways & Affiliates								
US Airways, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Piedmont Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
PSA Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total US Airways	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
Total US Airways & American Airlines	**23,301,186**	**88.0%**	**19,484,490**	**89.6%**	**22,096,601**	**87.5%**	**25,083,568**	**99.0%**
Delta Air Lines (inc former Northwest)								
Delta Air Lines	621,338	2.3%	393,669	1.8%	649,987	2.6%	771,329	3.1%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Comair, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Compass Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Endeavor Air	133,488	0.5%	77,999	0.4%	119,360	0.5%	178,102	0.7%
ExpressJet Airlines	-	0.0%	-	0.0%	-	0.0%	67	0.0%
GoJet Airlines	-	0.0%	150	0.0%	-	0.0%	5,591	0.0%
Pinnacle Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airways	164,911	0.6%	100,524	0.5%	29,059	0.1%	52,217	0.2%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest Airlines	20,653	0.1%	45,959	0.2%	24,886	0.1%	44,652	0.2%
Trans State Airlines	-	0.0%	-	0.0%	-	0.0%	44	0.0%
Total Delta Air Lines	**940,390**	**3.5%**	**618,301**	**2.9%**	**823,292**	**3.3%**	**1,052,002**	**4.2%**
United Airlines (inc former Continental)								
United Airlines, Inc.	79,045	0.3%	49,290	0.2%	104,256	0.4%	144,998	0.6%
Air Wisconsin	-	0.0%	94	0.0%	94	0.0%	47	0.0%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Continental Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
ExpressJet Airlines	-	0.0%	-	0.0%	35,491	0.1%	1,994	0.0%
GoJet Airlines	38,074	0.1%	35,269	0.2%	5,421	0.0%	20,837	0.1%
Mesa Airlines	125,148	0.5%	80,239	0.4%	139,877	0.6%	162,265	0.6%
Republic Airways	109,484	0.4%	87,370	0.4%	122,035	0.5%	178,143	0.7%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest Airlines	75,901	0.3%	53,817	0.2%	65,580	0.3%	80,593	0.3%
Trans State Airlines	-	0.0%	-	0.0%	-	0.0%	44	0.0%
Total United Airlines	**427,652**	**1.6%**	**306,079**	**1.4%**	**472,754**	**1.9%**	**588,921**	**2.3%**

CONTINUED ON NEXT PAGE

LANDED WEIGHT BY AIRLINE	2022		2021		2020		2019	
	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total
Other Domestic Carriers								
ABX Air, Inc.	-	0.0%	139,688	0.6%	219,274	0.9%	147,021	0.6%
Aeronexus Corporate	-	0.0%	-	0.0%	320	0.0%	-	0.0%
Air Transport International, LLC	135,006	0.5%	-	0.0%	652	0.0%	320	0.0%
Airnet Systems	-	0.0%	-	0.0%	-	0.0%	80	0.0%
CSA, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Contour Airlines	34,309	0.1%	25,142	0.1%	26,525	0.1%	15,895	0.1%
Comair Air	-	0.0%	-	0.0%	585	0.0%	-	0.0%
Elite Airways	-	0.0%	-	0.0%	134	0.0%	-	0.0%
FedEx Corp.	353,711	1.3%	335,993	1.5%	386,852	1.5%	360,803	1.4%
Frontier Airlines, Inc.	191,856	0.7%	105,595	0.5%	188,743	0.8%	185,323	0.7%
Gulf & Caribbean Cargo, Inc.	-	0.0%	-	0.0%	-	0.0%	328	0.0%
IFL Group	47	0.0%	-	0.0%	28	0.0%	219	0.0%
Interjet West, Inc.	-	0.0%	-	0.0%	300	0.0%	150	0.0%
JetBlue Airways	59,694	0.2%	22,359	0.1%	117,906	0.5%	147,477	0.6%
Kalitta Air, LLC	-	0.0%	-	0.0%	-	0.0%	15	0.0%
Kalitta Charters	-	0.0%	-	0.0%	-	0.0%	1,472	0.0%
Sun Country Airlines	-	0.0%	-	0.0%	1,782	0.0%	2,360	0.0%
Mountain Air Cargo, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Nonlinor Aviation	-	0.0%	-	0.0%	-	0.0%	116	0.0%
Republic Airway, Caesar Charter	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Roush D. Aviation, LLC	-	0.0%	-	0.0%	-	0.0%	-	0.0%
MN Airlines LLC	25,164	0.1%	14,484	0.1%	-	0.0%	-	0.0%
Spirit Airlines, Inc.	165,710	0.6%	87,170	0.4%	185,369	0.7%	6,538	0.0%
Southwest Airlines	344,063	1.3%	277,781	1.3%	355,856	1.4%	421,758	1.7%
United Parcel Service Company	250,327	1.0%	292,448	1.3%	185,810	0.7%	143,012	0.6%
USA Jet	-	0.0%	-	0.0%	-	0.0%	2,867	0.0%
ViaAir, LLC	-	0.0%	-	0.0%	-	0.0%	8,339	0.0%
Titan Airways	175	0.0%	-	0.0%	-	0.0%	-	0.0%
Wilson Air Center	15,686	0.1%	-	0.0%	-	0.0%	-	0.0%
Aeronaves TSM - VTM	-	0.0%	-	0.0%	-	0.0%	538	0.0%
Total Other Domestic Carriers	**1,575,748**	**5.9%**	**1,300,658**	**5.9%**	**1,670,136**	**6.6%**	**1,444,631**	**5.7%**
Foreign Flag Carriers								
Aeromexico	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Aeroenlaces Nacionales, S.A. de C.V.	-	0.0%	-	0.0%	852	0.0%	2,130	0.0%
Air Austral	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Canada/ Air Georgian/ Jazz Aviation/ Sky Regional	3,487	0.0%	-	0.0%	28,936	0.1%	30,879	0.1%
Atlas Air Inc.	93,256	0.4%	1,920	0.0%	17,876	0.1%	65,352	0.3%
Eastern Air Lines Group Inc.	15,070	0.1%	-	0.0%	-	0.0%	-	0.0%
Evelop Airlines	320	0.0%	-	0.0%	-	0.0%	-	0.0%
Dreamjet SAS dba La Compagnie	170	0.0%	-	0.0%	-	0.0%	-	0.0%
Insel Air International B.V	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Qatar Airways Corporation	-	0.0%	3,324	0.1%	-	0.0%	-	0.0%
Interjet (Airlines)	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Lufthansa German Airlines	119,339	0.5%	-	0.0%	109,666	0.4%	152,251	0.6%
Miami Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Sunwing Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Swift Airlines	2,293	0.0%	2,315	0.0%	3,636	0.0%	4,994	0.0%
Tem Enterprises dba XTRA Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Vision Airlines, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Volaris	710	0.0%	14,860	0.1%	11,543	0.1%	10,241	0.0%
World Atlantic	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Other International Carriers	**234,645**	**1.0%**	**22,419**	**0.2%**	**172,509**	**0.7%**	**265,847**	**0.9%**
Total	**26,479,621**	**100%**	**21,731,947**	**100%**	**25,235,292**	**100%**	**28,434,969**	**112%**

LANDED WEIGHT BY AIRLINE

(FISCAL YEARS ENDED JUNE 30; 000)

CONTINUED FROM PREVIOUS PAGE

LANDED WEIGHT BY AIRLINE	2018		2017		2016		2015	
	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total
American Airlines								
American Airlines	16,431,659	59.7%	16,562,419	60.5%	12,646,211	47.0%	568,775	2.1%
Air Wisconsin	137,099	0.5%	429,110	1.6%	380,747	1.4%	-	0.0%
American Eagle	-	0.0%	-	0.0%	12,662	0.0%	-	0.0%
Endeavor Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Envoy Air	89,384	0.3%	31,100	0.1%	-	0.0%	-	0.0%
ExpressJet Airlines	95,408	0.4%	17,420	0.1%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	740	0.0%	45,213	0.2%	-	0.0%
Piedmont Airlines	531,931	1.9%	555,785	2.0%	551,313	2.1%	-	0.0%
PSA Airlines	6,403,987	23.3%	6,050,916	22.1%	4,090,412	15.2%	-	0.0%
Republic Airways	584,352	2.1%	647,643	2.4%	493,442	1.9%	-	0.0%
SkyWest Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total American Airlines	**24,273,820**	**88.2%**	**24,295,133**	**88.8%**	**18,220,000**	**67.8%**	**568,775**	**2.1%**
US Airways & Affiliates								
US Airways, Inc.	-	0.0%	-	0.0%	5,876,807	21.9%	15,999,897	60.5%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	592,247	2.2%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%	-	0.0%	1,315,820	5.0%
Piedmont Airlines	-	0.0%	-	0.0%	-	0.0%	836,852	3.2%
PSA Airlines	-	0.0%	-	0.0%	-	0.0%	3,826,598	14.5%
Republic Airways	-	0.0%	-	0.0%	-	0.0%	758,874	2.9%
Total US Airways	**-**	**0.0%**	**-**	**0.0%**	**5,876,807**	**21.9%**	**23,330,288**	**88.3%**
Total US Airways & American Airlines	**24,273,820**	**88.2%**	**24,295,133**	**88.8%**	**24,096,807**	**89.7%**	**23,899,063**	**90.4%**
Delta Air Lines (inc former Northwest)								
Delta Air Lines	729,381	2.7%	778,984	2.8%	914,847	3.4%	944,827	3.5%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	19,615	0.1%
Comair, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Compass Airlines	-	0.0%	972	0.0%	-	0.0%	13,238	0.1%
Endeavor Air	192,993	0.7%	144,256	0.5%	-	0.0%	-	0.0%
ExpressJet Airlines	84,385	0.3%	72,674	0.3%	62,665	0.2%	31,450	0.1%
GoJet Airlines	10,612	0.0%	36,049	0.1%	53,774	0.2%	64,789	0.2%
Pinnacle Airlines	-	0.0%	-	0.0%	114,612	0.5%	105,023	0.4%
Republic Airways	7,179	0.0%	7,061	0.0%	-	0.0%	-	0.0%
Shuttle America	-	0.0%	17,060	0.1%	12,572	0.0%	19,777	0.1%
SkyWest Airlines	40,043	0.2%	42,779	0.2%	16,023	0.1%	2,820	0.0%
Trans State Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Delta Air Lines	**1,064,593**	**3.9%**	**1,099,835**	**4.0%**	**1,174,493**	**4.4%**	**1,201,539**	**4.5%**
United Airlines (inc former Continental)								
United Airlines, Inc.	158,247	0.6%	162,390	0.6%	108,903	0.4%	28,197	0.1%
Air Wisconsin	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Chautauqua Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Continental Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
ExpressJet Airlines	3,243	0.0%	5,344	0.0%	53,951	0.2%	185,767	0.7%
GoJet Airlines	7,437	0.0%	23,517	0.1%	25,326	0.1%	7,631	0.0%
Mesa Airlines	150,913	0.5%	168,628	0.6%	128,272	0.5%	68,462	0.3%
Republic Airways	190,409	0.7%	149,168	0.5%	60,679	0.2%	-	0.0%
Shuttle America	-	0.0%	7,230	0.0%	55,604	0.2%	27,478	0.1%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest Airlines	77,692	0.3%	68,010	0.2%	79,898	0.3%	24,534	0.1%
Trans State Airlines	391	0.0%	1,711	0.0%	3,556	0.0%	9,481	0.0%
Total United Airlines	**588,332**	**2.1%**	**585,998**	**2.1%**	**516,189**	**1.9%**	**351,550**	**1.3%**

CONTINUED ON NEXT PAGE

LANDED WEIGHT BY AIRLINE	2018		2017		2016		2015	
	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total	Landed Weight	% to total
Other Domestic Carriers								
ABX Air, Inc.	66,401	0.2%	66,144	0.2%	-	0.0%	-	0.0%
Aeronexus Corporate	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Transport International, LLC	74,268	0.3%	87,343	0.3%	-	0.0%	-	0.0%
Airnet Systems	126	0.0%	78	0.0%	-	0.0%	892	0.0%
CSA, Inc.	-	0.0%	-	0.0%	-	0.0%	34	0.0%
Contour Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Comair Air	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Elite Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
FedEx Corp.	349,467	1.3%	320,016	1.2%	305,558	1.1%	267,448	1.0%
Frontier Airlines, Inc.	166,292	0.6%	139,768	0.5%	90,147	0.3%	59,477	0.2%
Gulf & Caribbean Cargo, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
IFL Group	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Interjet West, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
JetBlue Airways	135,738	0.5%	129,551	0.5%	133,193	0.5%	131,991	0.5%
Kalitta Air, LLC	-	0.0%	5,195	0.0%	-	0.0%	1,282	0.0%
Kalitta Charters	231	0.0%	650	0.0%	492	0.0%	2,056	0.0%
Sun Country Airlines	4,517	0.0%	3,286	0.0%	258	0.0%	-	0.0%
Mountain Air Cargo, Inc.	-	0.0%	-	0.0%	94	0.0%	119	0.0%
Nonlinor Aviation	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airway, Caesar Charter	-	0.0%	-	0.0%	873	0.0%	7,081	0.0%
Roush D. Aviation, LLC	-	0.0%	-	0.0%	-	0.0%	5,887	0.0%
MN Airlines LLC	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Spirit Airlines, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Southwest Airlines	363,208	1.3%	316,424	1.2%	269,368	1.0%	245,024	0.9%
United Parcel Service Company	124,952	0.5%	96,537	0.4%	103,939	0.4%	89,081	0.4%
USA Jet	321	0.0%	1,439	0.0%	886	0.0%	1,466	0.0%
ViaAir, LLC	63,996	0.2%	53,418	0.2%	19,320	0.1%	10,859	0.1%
Titan Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Wilson Air Center	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Aeronaves TSM - VTM	-	0.0%	-	0.2%	-	0.0%	-	0.0%
Total Other Domestic Carriers	**1,349,517**	**4.9%**	**1,219,849**	**4.5%**	**924,128**	**3.4%**	**822,697**	**3.1%**
Foreign Flag Carriers								
Aeromexico	-	0.0%	904	0.0%	844	0.0%	-	0.0%
Aeroenlaces Nacionales, S.A. de C.V.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Austral	-	0.0%	554	0.0%	-	0.0%	-	0.0%
Air Canada/ Air Georgian/ Jazz Aviation/ Sky Regional	31,255	0.1%	31,020	0.1%	29,610	0.1%	28,303	0.1%
Atlas Air Inc.	63,226	0.2%	5,216	0.0%	-	0.0%	-	0.0%
Eastern Air Lines Group Inc.	-	0.0%	1,170	0.0%	-	0.0%	-	0.0%
Evelop Airlines	-	0.0%	466	0.0%	-	0.0%	-	0.0%
Dreamjet SAS dba La Compagnie	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Insel Air International B.V	-	0.0%	-	0.0%	3,898	0.0%	7,239	0.0%
Qatar Airways Corporation	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Interjet (Airlines)	-	0.0%	-	0.0%	852	0.0%	1,846	0.0%
Lufthansa German Airlines	148,674	0.6%	137,261	0.5%	130,228	0.5%	153,385	0.6%
Miami Air	146	0.0%	146	0.0%	292	0.0%	1,022	0.0%
Sunwing Airlines	174	0.0%	-	0.0%	1,609	0.0%	1,317	0.0%
Swift Airlines	2,050	0.0%	1,559	0.0%	605	0.0%	-	0.0%
Tem Enterprises dba XTRA Airways	2,376	0.0%	4,728	0.0%	2,396	0.0%	1,116	0.0%
Vision Airlines, Inc.	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Volaris	1,988	0.0%	852	0.0%	-	0.0%	-	0.0%
World Atlantic	279	0.0%	419	0.0%	130	0.0%	-	0.0%
Total Other International Carriers	**250,168**	**0.9%**	**184,295**	**0.6%**	**170,464**	**0.6%**	**194,228**	**0.7%**
Total	**27,526,430**	**100%**	**27,385,110**	**100.0%**	**26,882,081**	**100.0%**	**26,469,077**	**100.0%**

LANDED WEIGHT BY AIRLINE

(FISCAL YEARS ENDED JUNE 30; 000)

CONTINUED FROM PREVIOUS PAGE

LANDED WEIGHT BY AIRLINE	2014		2013	
	Landed Weight	% to total	Landed Weight	% to total
American Airlines				
American Airlines	263,685	1.0%	239,738	1.0%
Air Wisconsin	-	0.0%	-	0.0%
American Eagle	214,445	0.8%	271,540	1.1%
Endeavor Air	-	0.0%	-	0.0%
Envoy Air	-	0.0%	-	0.0%
ExpressJet Airlines	-	0.0%	-	0.0%
Mesa Airlines	-	0.0%	-	0.0%
Piedmont Airlines	-	0.0%	-	0.0%
PSA Airlines	-	0.0%	-	0.0%
Republic Airways	-	0.0%	-	0.0%
SkyWest Airlines	-	0.0%	-	0.0%
Total American Airlines	**478,130**	**1.8%**	**511,278**	**2.1%**
US Airways & Affiliates				
US Airways, Inc.	15,926,422	61.0%	14,662,434	58.7%
Air Wisconsin	877,772	3.4%	1,041,849	4.2%
Chautauqua Airlines	-	0.0%	163,473	0.7%
Mesa Airlines	2,543,189	9.7%	1,860,946	7.5%
Piedmont Airlines	776,864	3.0%	915,763	3.7%
PSA Airlines	2,270,403	8.7%	2,347,054	9.4%
Republic Airways	683,059	2.6%	881,663	3.5%
Total US Airways	**23,077,709**	**88.4%**	**21,873,182**	**87.7%**
Total US Airways & American Airlines	**23,555,839**	**90.2%**	**22,384,460**	**89.8%**
Delta Air Lines (inc former Northwest)				
Delta Air Lines	802,924	3.1%	756,382	3.1%
Chautauqua Airlines	47,910	0.2%	5,616	0.0%
Comair, Inc.	-	0.0%	5,942	0.0%
Compass Airlines	33,302	0.1%	84,998	0.3%
Endeavor Air	-	0.0%	-	0.0%
ExpressJet Airlines	104,974	0.4%	80,401	0.3%
GoJet Airlines	45,828	0.2%	51,215	0.2%
Pinnacle Airlines	67,877	0.2%	100,825	0.4%
Republic Airways	-	0.0%	-	0.0%
Shuttle America	14,207	0.1%	29,108	0.1%
SkyWest Airlines	94	0.0%	3,521	0.0%
Trans State Airlines	-	0.0%	-	0.0%
Total Delta Air Lines	**1,117,116**	**4.3%**	**1,118,008**	**4.4%**
United Airlines (inc former Continental)				
United Airlines, Inc.	42,714	0.2%	41,089	0.2%
Air Wisconsin	-	0.0%	-	0.0%
Chautauqua Airlines	20,211	0.1%	28,380	0.1%
Continental Airlines	-	0.0%	5,770	0.0%
ExpressJet Airlines	234,527	0.9%	211,844	0.9%
GoJet Airlines	-	0.0%	-	0.0%
Mesa Airlines	89,378	0.3%	103,716	0.4%
Republic Airways	19,665	0.1%	11,007	0.0%
Shuttle America	14,534	0.1%	37,457	0.2%
Shuttle America	-	0.0%	22,127	0.1%
SkyWest Airlines	13,134	0.0%	26,762	0.1%
Trans State Airlines	-	0.0%	-	0.0%
Total United Airlines	**434,163**	**1.7%**	**488,152**	**2.0%**

CONTINUED

LANDED WEIGHT BY AIRLINE	2014 Landed Weight	2014 % to total	2013 Landed Weight	2013 % to total
Other Domestic Carriers				
ABX Air, Inc.	320	0.0%	-	0.0%
Aeronexus Corporate	-	0.0%	-	0.0%
Air Transport International, LLC	-	0.0%	-	0.0%
Airnet Systems	8,732	0.1%	12,627	0.1%
CSA, Inc.	-	0.0%	-	0.0%
Contour Airlines	-	0.0%	-	0.0%
Comair Air	-	0.0%	-	0.0%
Elite Airways	-	0.0%	-	0.0%
FedEx Corp.	252,205	1.0%	243,828	1.0%
Frontier Airlines, Inc.	10,624	0.1%	-	0.0%
Gulf & Caribbean Cargo, Inc.	-	0.0%	-	0.0%
IFL Group	-	0.0%	-	0.0%
Interjet West, Inc.	-	0.0%	-	0.0%
JetBlue Airways	134,280	0.5%	154,811	0.6%
Kalitta Air, LLC	-	0.0%	-	0.0%
Kalitta Charters	524	0.0%	730	0.0%
Sun Country Airlines	-	0.0%	-	0.0%
Mountain Air Cargo, Inc.	8	0.0%	256	0.0%
Nonlinor Aviation	-	0.0%	-	0.0%
Republic Airway, Caesar Charter	1,164	0.0%	679	0.0%
Roush D. Aviation, LLC	11,002	0.0%	11,283	0.0%
MN Airlines LLC	-	0.0%	-	0.0%
Spirit Airlines, Inc.	-	0.0%	-	0.0%
Southwest Airlines	267,998	1.0%	234,538	0.9%
United Parcel Service Company	89,313	0.3%	88,941	0.4%
USA Jet	927	0.0%	940	0.0%
ViaAir, LLC	-	0.0%	-	0.0%
Titan Airways	-	0.0%	-	0.0%
Wilson Air Center	-	0.0%	-	0.0%
Aeronaves TSM - VTM	-	0.0%	-	0.0%
Total Other Domestic Carriers	**777,097**	**3.0%**	**748,633**	**3.0%**
Foreign Flag Carriers				
Aeromexico	-	0.0%	-	0.0%
Aeroenlaces Nacionales, S.A. de C.V.	-	0.0%	-	0.0%
Air Austral	-	0.0%	-	0.0%
Air Canada/ Air Georgian/ Jazz Aviation/ Sky Regional	28,341	0.1%	29,177	0.1%
Atlas Air Inc.	-	0.0%	-	0.0%
Eastern Air Lines Group Inc.	-	0.0%	-	0.0%
Evelop Airlines	-	0.0%	-	0.0%
Dreamjet SAS dba La Compagnie	-	0.0%	-	0.0%
Insel Air International B.V	6,992	0.0%	6,885	0.0%
Qatar Airways Corporation	-	0.0%	-	0.0%
Interjet (Airlines)	-	0.0%	-	0.0%
Lufthansa German Airlines	167,411	0.7%	178,621	0.7%
Miami Air	1,022	0.0%	-	0.0%
Sunwing Airlines	-	0.0%	-	0.0%
Swift Airlines	-	0.0%	-	0.0%
Tem Enterprises dba XTRA Airways	-	0.0%	732	0.0%
Vision Airlines, Inc.	1,427	0.0%	-	0.0%
Volaris	-	0.0%	-	0.0%
World Atlantic	-	0.0%	-	0.0%
Total Other International Carriers	**205,193**	**0.8%**	**215,415**	**0.8%**
Total	**26,089,408**	**100.0%**	**24,954,668**	**100.0%**

SOURCE:
City of Charlotte Aviation Department

SCHEDULE 27

AIRCRAFT OPERATIONS

(FISCAL YEARS ENDED JUNE 30; 000)

FISCAL YEAR	OPERATIONS
2022	520
2021	445
2020	495
2019	565
2018	547
2017	549
2016	546
2015	546
2014	548
2013	554

SOURCE:
Federal Aviation Administration Monthly Traffic Activity Reports

SCHEDULE 28

AVERAGE LOAD FACTOR

(FISCAL YEARS ENDED JUNE 30; 000)

FISCAL YEAR	ENPLANEMENTS	TOTAL SEATS	LOAD FACTOR
2022	23,034	27,093	85.0%
2021	16,645	22,061	75.4%
2020	19,409	25,051	77.5%
2019	23,959	28,232	84.9%
2018	23,075	27,142	85.0%
2017	22,516	27,308	82.5%
2016	22,380	27,399	81.7%
2015	22,190	24,423	90.9%
2014	21,977	26,350	83.4%
2013	21,108	25,298	83.4%

NOTE:
Load Factor calculated by dividing enplaned passengers by total seats.

SOURCE:
City of Charlotte Aviation Department

THIS PAGE INTENTIONALLY LEFT BLANK

SCHEDULE 29

CARGO ENPLANED

(FISCAL YEARS ENDED JUNE 30; 000)

FISCAL YEAR	POUNDS ENPLANED
2022	196,802
2021	160,827
2020	161,054
2019	178,559
2018	184,741
2017	160,607
2016	134,618
2015	130,382
2014	126,124
2013	121,862

SOURCE:
City of Charlotte Aviation Department

SCHEDULE 30

EMPLOYEE COUNT BY DIVISION

(FISCAL YEARS ENDED JUNE 30)

Division/Group	2022	2021	2020	2019	2018
Administration	59	52	53	45	40
Operations	282	290	303	300	269
Facilities	186	180	181	181	167
Development	36	37	37	36	32
Business Office	19	14	16	16	19
Finance	26	23	24	21	19
Innovation & Experience	12	11	10	11	0
Technology	32	26	26	31	23
Total	**652**	**633**	**650**	**641**	**569**

CONTINUED

Division/Group	2017	2016	2015	2014	2013
Administration	34	31	26	24	19
Operations	258	259	245	240	237
Facilities	155	144	126	128	111
Development	27	27	20	21	17
Business Office	14	12	10	8	0
Finance	20	17	16	15	8
Innovation & Experience	0	0	0	0	0
Technology	16	14	10	11	10
Total	**524**	**504**	**453**	**447**	**402**

SOURCE:
City of Charlotte Aviation Department

SCHEDULE 31

RENTAL CAR REVENUE MARKET SHARE

(FISCAL YEARS ENDED JUNE 30; $000)

	2022	2021	2020	2019	2018
GROSS REVENUE[1]					
On-Airport					
Hertz	$ 37,498	$ 18,539	$ 23,924	$ 33,603	$ 31,830
National	42,374	30,327	37,697	47,669	46,694
Avis	31,169	14,967	18,495	25,536	24,900
Enterprise	27,076	19,529	19,360	24,909	24,808
Budget	30,130	14,258	13,902	16,839	14,342
Dollar	15,101	7,800	7,424	9,284	8,707
Sixt/Advantage/Simply Wheelz[2,3]	3,316	1,646	2,033	3,606	3,803
Thrifty[2]	-	-	-	-	-
Total On-Airport	**186,664**	**107,066**	**122,835**	**161,446**	**155,084**
Off-Airport					
Ace Rent A Car	707	-	-	-	-
Advantage/Simply Wheelz[2]	-	-	-	-	-
Airport Van Rental	-	-	-	305	-
East Coast Rental/Sixt RAC	-	-	-	-	-
ER Travel, DBA Easirent	273	-	-	-	-
HPower Inv NC, LLC	5	-	-	-	-
Mega MC, LLC	389	-	-	-	-
Payless	-	-	-	395	1,078
Prestige Rentals LLC	-	-	9	12	-
Silvercar	-	52	431	534	-
Thrifty[2]	-	-	-	-	12
Triangle	-	-	-	-	-
Total Off-Airport	**1,374**	**52**	**440**	**1,246**	**1,090**
GRAND TOTAL - GROSS REVENUE	**$ 188,038**	**$ 107,118**	**$ 123,275**	**$ 162,692**	**$ 156,174**
MARKET SHARE					
On-Airport					
Hertz	20.0%	17.3%	19.4%	20.7%	20.4%
National	22.5%	28.3%	30.6%	29.3%	29.9%
Avis	16.6%	14.0%	15.0%	15.7%	15.9%
Enterprise	14.4%	18.2%	15.7%	15.3%	15.9%
Budget	16.0%	13.3%	11.3%	10.4%	9.2%
Dollar	8.0%	7.3%	6.0%	5.7%	5.6%
Sixt/Advantage/Simply Wheelz[2,3]	1.8%	1.6%	1.6%	2.2%	2.4%
Thrifty[2]	0.0%	0.0%	0.0%	0.0%	0.0%
Total On-Airport	**99.3%**	**100.0%**	**99.6%**	**99.3%**	**99.3%**
Off-Airport					
Ace Rent A Car	0.4%	0.0%	0.0%	0.0%	0.0%
Advantage/Simply Wheelz[2]	0.0%	0.0%	0.0%	0.0%	0.0%
Airport Van Rental	0.0%	0.0%	0.0%	0.2%	0.0%
East Coast Rental/Sixt RAC	0.0%	0.0%	0.0%	0.0%	0.0%
ER Travel, DBA Easirent	0.1%	0.0%	0.0%	0.0%	0.0%
HPower Inv NC, LLC	0.0%	0.0%	0.0%	0.0%	0.0%
Mega MC, LLC	0.2%	0.0%	0.0%	0.0%	0.0%
Payless	0.0%	0.0%	0.0%	0.2%	0.7%
Prestige Rentals LLC	0.0%	0.0%	0.0%	0.0%	0.0%
Silvercar	0.0%	0.0%	0.4%	0.3%	0.0%
Thrifty[2]	0.0%	0.0%	0.0%	0.0%	0.0%
Triangle	0.0%	0.0%	0.0%	0.0%	0.0%
Total Off-Airport	**0.7%**	**0.0%**	**0.4%**	**0.7%**	**0.7%**
GRAND TOTAL - MARKET SHARE	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

CONTINUED

		2017		2016		2015		2014		2013
GROSS REVENUE[1]										
On-Airport										
Hertz	$	30,629	$	31,693	$	31,524	$	33,794	$	31,452
National		43,073		39,374		34,971		28,251		26,290
Avis		24,265		24,262		23,304		23,772		21,966
Enterprise		21,615		19,081		17,516		16,211		14,569
Budget		13,637		13,241		11,948		12,019		10,412
Dollar		7,495		6,351		5,805		7,031		5,797
Sixt/Advantage/Simply Wheelz[2,3]		3,065		3,253		2,653		2,576		1,152
Thrifty[2]		-		-		-		-		2,567
Total On-Airport		**143,779**		**137,255**		**127,721**		**123,654**		**114,205**
Off-Airport										
Ace Rent A Car		-		-		-		-		-
Advantage/Simply Wheelz[2]		-		-		-		-		1,040
Airport Van Rental		-		-		-		-		-
East Coast Rental/Sixt RAC		-		1,664		441		813		-
ER Travel, DBA Easirent		-		-		-		-		-
HPower Inv NC, LLC		-		-		-		-		-
Mega MC, LLC		-		-		-		-		-
Payless		998		879		377		-		-
Prestige Rentals LLC		-		-		-		-		-
Silvercar		-		-		-		-		-
Thrifty[2]		2,608		2,553		3,042		3,489		1,046
Triangle		-		-		17		25		6
Total Off-Airport		**3,606**		**5,096**		**3,877**		**4,327**		**2,092**
GRAND TOTAL - GROSS REVENUE	$	**147,385**	$	**142,351**	$	**131,597**	$	**127,981**	$	**116,297**
MARKET SHARE										
On-Airport										
Hertz		20.8%		22.3%		24.0%		26.4%		27.0%
National		29.2%		27.7%		26.6%		22.1%		22.6%
Avis		16.5%		17.0%		17.7%		18.6%		18.9%
Enterprise		14.6%		13.4%		13.3%		12.7%		12.5%
Budget		9.2%		9.3%		9.1%		9.4%		9.0%
Dollar		5.1%		4.5%		4.4%		5.5%		5.0%
Sixt/Advantage/Simply Wheelz[2,3]		2.1%		2.3%		2.0%		2.0%		1.0%
Thrifty[2]		0.0%		0.0%		0.0%		0.0%		2.2%
Total On-Airport		**97.5%**		**96.5%**		**97.1%**		**96.7%**		**98.2%**
Off-Airport										
Ace Rent A Car		0.0%		0.0%		0.0%		0.0%		0.0%
Advantage/Simply Wheelz[2]		0.0%		0.0%		0.0%		0.0%		0.9%
Airport Van Rental		0.0%		0.0%		0.0%		0.0%		0.0%
East Coast Rental/Sixt RAC		0.0%		1.1%		0.3%		0.6%		0.0%
ER Travel, DBA Easirent		0.0%		0.0%		0.0%		0.0%		0.0%
HPower Inv NC, LLC		0.0%		0.0%		0.0%		0.0%		0.0%
Mega MC, LLC		0.0%		0.0%		0.0%		0.0%		0.0%
Payless		0.7%		0.6%		0.3%		0.0%		0.0%
Prestige Rentals LLC		0.0%		0.0%		0.0%		0.0%		0.0%
Silvercar		0.0%		0.0%		0.0%		0.0%		0.0%
Thrifty[2]		1.8%		1.8%		2.3%		2.7%		0.9%
Triangle		0.0%		0.0%		0.0%		0.0%		0.0%
Total Off-Airport		**2.5%**		**3.5%**		**2.9%**		**3.3%**		**1.8%**
GRAND TOTAL - MARKET SHARE		**100.0%**		**100.0%**		**100.0%**		**100.0%**		**100.0%**

NOTES:

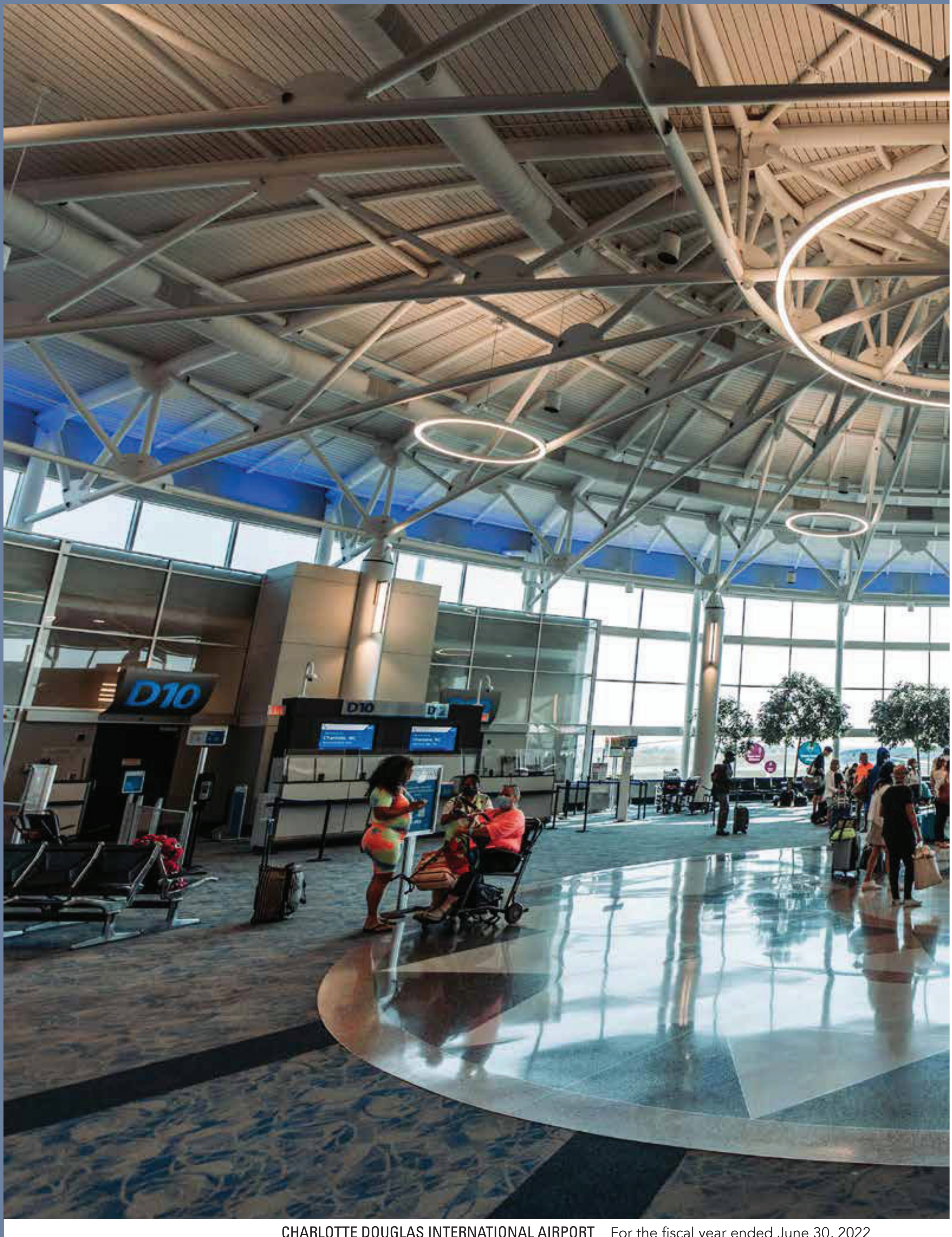
[1]Gross Revenue represents total revenues received by the rental car operators in connection with automobile rentals or other products and services provided to their customers at the Airport.

[2]Advantage and Thrifty relocated in FY 2013.

[3]Advantage became Sixt, in successor to Advantage in FY 2022.

SOURCE:

City of Charlotte Aviation Department


D10
D10


D11
American
American


American
CLT
CHARLOTTE DOUGLAS
INTERNATIONAL AIRPORT
CITY OF
CHARLOTTE
5501 JOSH BIRMINGHAM PARKWAY
CHARLOTTE, NC 28208

APPENDIX B

REPORT OF THE AIRPORT CONSULTANT

[THIS PAGE INTENTIONALLY LEFT BLANK]

REPORT OF THE AIRPORT CONSULTANT

Prepared for the

CITY OF CHARLOTTE

In Connection with the Proposed Issuance of its

Airport Revenue Bonds, Series 2023A (Non-AMT) and Series 2023B (AMT) and

Bond Anticipation Note, Series 2023

for the

CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT

August 30, 2023

Prepared By:

Newton & Associates, Inc.
AVIATION INDUSTRY CONSULTANTS

Newton&Associates, Inc.
AVIATION INDUSTRY CONSULTANTS

August 30, 2023

Ms. Teresa Smith, CPA
Chief Financial Officer
City of Charlotte
600 East Fourth Street
Charlotte, NC 28202

Re: Report of the Airport Consultant
City of Charlotte, Airport Revenue Bonds,
Series 2023A (Non-AMT) and Series 2023B (AMT), and
Bond Anticipation Note, Series 2023

Dear Ms. Smith:

Newton & Associates, Inc. ("NAI") is pleased to submit herewith this report ("Report")[1] which has been prepared for the City of Charlotte, North Carolina ("City") by Newton & Associates, Inc. ("NAI") in connection with the City's issuance of its Airport Revenue Bonds, Series 2023A (Non-AMT) and Series 2023B (AMT) (the "2023 Bonds"), as well as the short-term bond anticipation notes (the "2023 BAN"), as hereinafter described, and which are to be secured and paid from Net Revenue derived from the City's operation of the Charlotte Douglas International Airport (the "Airport"). Terms not otherwise defined herein have the meanings ascribed to them in the City's Bond Order (defined in Section I subsection D hereof) and the 2016 Airline Use and Lease Agreement (as discussed in Section I subsection E).

The purpose of this Report is to examine the factors influencing, and state our opinion of the financial feasibility of the City issuing the 2023 Bonds, the proceeds of which will be used to fund, in whole or in part, certain improvements at the Airport (the "2023 Bonds Project"), and issuing the 2023 BAN, the proceeds of which will be used to provide temporary funding for certain other improvements at the Airport (the "2023 BAN Project," and together with the 2023 Bonds Project, the "2023 Project" all as described in Section II hereof). Proceeds of the 2023 Bonds will be used to fund 2023 Bonds Project costs and takeout all or a portion of the City's outstanding Airport Revenue Bond Anticipation Note, Series 2022 (the, "2022 BAN").

The test of financial feasibility is the Airport's ability to generate Revenue sufficient to pay: (1) Current Expenses (the expenses of operating and maintaining the Airport); (2) debt service and related expenses on Bonds currently outstanding ("Outstanding Bonds"); (3) debt service and related expenses on the 2023 Bonds and the 2023 BAN; (4) costs of any other capital assets required during the Forecast Period (as defined below) necessary for the operation of the Airport,

[1] This letter and the attached body of the report titled *BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS* comprise the *REPORT OF THE AIRPORT CONSULTANT.*

but not included in the 2023 Project; and (5) to otherwise satisfy the requirements of Section 704(a) of the Bond Order.

In applying the test of feasibility, NAI has considered, and this Report describes, the Airport, the demographic and economic characteristics of the primary geographic area served by the Airport ("Air Service Area"), the demand for air service at the Airport and the financial performance of the Airport, for the fiscal years ending June 30 ("Fiscal Year" or "FY") 2018 through 2022, or the most recent five-year period for which complete data were available ("Study Period")[2].

This Report also examines and discusses the future demand for air service at the Airport and forecasts passenger enplanements at the Airport, revenues and expenses of the Airport, Passenger Facility Charges ("PFC") to be collected by the Airport and available for debt service, the Net Revenue of the Airport available for debt service, debt service requirements and debt service coverage for FY 2024 through FY 2030 ("Forecast Period"). FY 2023 (unaudited) serves as the base year for the Forecast Period.

This Report concludes with NAI's findings regarding the feasibility of the City proceeding with the issuance of the 2023 Bonds and the 2023 BAN.

Based upon NAI's analysis of these factors and certain assumptions contained in the Airport Financial Plan (defined below) regarding Future Projects identified in Section II of the Report, NAI projects Net Revenue, estimated debt service coverage and airline costs per enplaned passenger for each year of the Forecast Period as set forth below:[3]

Fiscal Year	Net Revenue (000's)	Net Debt Service	Debt Service Coverage	Airline Cost Per Enplaned Passenger
2024	$179,992	$40,456	4.45	$2.78
2025	$190,853	$45,700	4.18	$4.56
2026	$199,648	$45,723	4.37	$4.62
2027	$211,706	$45,758	4.63	$4.91
2028	$219,398	$45,072	4.87	$4.99
2029	$325,759	$130,531	2.50	$8.05
2030	$348,251	$124,489	2.80	$7.84

The 2023 Project

The 2023 Project comprises the 2023 Bonds Project and the 2023 BAN Project.

The 2023 Project is a sub-set of a multi-year capital improvement program (collectively the "2017 – 2025 CIP" or "CIP"), the elements of which are being completed in phases over

[2] In analyzing certain trends in this Report, other periods of performance have been included in the Study Period as necessary to provide meaningful trends.
[3] See Section V in the body of the Report and Tables V-9 and V-11 therein.

multiple years. The CIP, having a current total estimated cost of approximately $4 billion[4], is being funded in phases with proceeds of short-term bond anticipation notes ("BANs") and permanent funding with a combination of various state and federal grants, PFC cash on hand ("PAYGO"), airport cash and long-term airport revenue bonds ("Bonds"), the proceeds of which are used to take out the BANs and make final construction fund deposits. Permanent funding of the CIP currently includes proceeds of the previously issued 2017 Bonds, 2019 Bonds, 2021 Bonds and 2022 Bonds, and will be augmented with the proceeds of the 2023 Bonds.

The 2023 Bonds Project comprises: (i) Concourse A North Expansion - Phase II; and (ii) Fourth Parallel Runway Program. The 2023 BAN Project comprises: (i) Fourth Parallel Runway Program; (ii) North EAT (End Around Taxiway) and Relocations; (iii) TWY F Extension, Deice Pad & TWY SCF (South Cross Field); (iv) Concourse D Renovations, D-E Connector; (v) Concourse E Renovations, (vi) South Ramp Expansion; (vii) Decommission Runway 5/23; and (viii) Concourse E Mezzanine.

The 2023 Bonds Project is estimated to cost approximately $1.25 billion, including $1.01 billion for the Fourth Parallel Runway and $241 million for Concourse A North Expansion-Phase II. Of that total, $103.1 million has been temporarily funded with 2022 BAN. The 2023 Bonds Project is programmed to receive $95.6 million of additional temporary funding through the issuance of the 2023 BAN. The 2023 Bonds Project is to be permanently funded with $250 million in AIP Grants[5], $90.5 million in State of North Carolina Grants, $99.9 million in PFC PAYGO and $359.2 million of 2023 Bonds. The 2023 Bonds will be used to make construction fund deposits of approximately $256.1 million and take out $103.1 million of 2022 BAN. See **Table II-1** for the 2023 Bonds Project Funding Plan.

The 2023 BAN Project is also a sub-set of the 2017 – 2025 CIP. The estimated cost of the 2023 BAN Project is $1.03 billion (excluding the cost of the Fourth Parallel Runway Program). It has been allocated permanent funding in the amount of $ 428.6 million of AIP, Bipartisan Infrastructure Law ("BIL"), COVID-19 Pandemic Stimulus and State of North Carolina Grants; PFC PAYGO of $89.2 million; and $15.2 million of Airport cash. The balance of the 2023 BAN Project cost is being temporarily funded with $279.3 million of 2023 BAN proceeds. The 2023 BAN is expected to be repaid with proceeds of Future Bonds as hereinafter described. See **Table II-2** for the 2023 BAN Project Funding Plan.

The projects comprising the 2017 – 2025 CIP were identified in the Airport's Master Plan and by the Signatory Airlines and Airport management as needed to: (i) address inadequacies of Airport facilities to accommodate existing demand; (ii) provide additional facilities to meet projected demand; and (iii) replace, repair or refurbish existing facilities that have deteriorated over time

[4] Source: Charlotte Douglas International Airport. https://cltairport.mediaroom.com/destination-clt.

[5] The Airport submitted an LOI application for $450 million of AIP funding for the Fourth Parallel Runway Program and FAA approval of the LOI application is expected by the Airport by the end of calendar year 2023. As shown on Table II-1, however, the Airport is currently assuming only $250 million of AIP LOI grant funds in the Fourth Parallel Runway Program funding plan. Actual Future Bonds required to complete funding for the Fourth Parallel Runway will depend upon the actual amount of AIP LOI funds ultimately approved by the FAA. See section II of the Report for discussions on AIP grants and LOI commitments.

and with usage. Certain elements of the CIP have already been permanently funded with 2017 Bonds, 2019 Bonds, 2021 Bonds, 2022 Bonds and temporarily funded in whole or in part with BANs. Additional permanent financing is to be provided with proceeds of the 2023 Bonds and Future Bonds.

Feasibility Analysis

The test of feasibility is whether it is reasonable to expect the City to be able to satisfy the requirements of Section 704(a) of the Bond Order after the issuance of the 2023 Bonds and the 2023 BAN for a period beginning with the date of issuance and continuing for two years after the expected completion of the 2023 Bonds Project. In conducting its study, NAI has examined the operational and financial performance of the Airport and the economic characteristics of the Air Service Area for the Study Period and has prepared a forecast of passenger enplanement activity and Net Revenue for the Forecast Period.

In the evaluation of the operational and financial performance of the Airport during the Study Period, NAI has identified and considered the impacts of the COVID-19 Pandemic on Airport operational and financial performance. As a result of the pandemic, passenger activity levels experienced a significant decrease beginning in FY 2020. FY 2019 passenger activity was the highest in Airport history and in FY 2020 passenger enplanements dropped approximately 19% compared to FY 2019. This pandemic related decrease in passenger activity continue in FY 2021, down 14% compared to FY 2020.

Because passenger activity volumes correlate directly with Airport Revenue volumes, Revenues in FY 2020 and FY 2021 also decreased as a result of the reduced enplanement levels. The negative impacts of the pandemic on the Airport notwithstanding, Airport financial operations were mitigated by certain COVID-19 federal relief grants awarded to the Airport and applied to the payment of Current Expenses and Debt Service in those years.

In FY 2022 passenger activity showed a strong recovery, with the number of passenger enplanements reaching approximately 96% of the FY 2019 level. In FY 2023 passenger enplanements rebounded further and exceeded the FY 2019 levels, marking a full recovery from the enplanement activity decreases caused by the pandemic.

The City and the Airport

The City is a municipal corporation of the State of North Carolina. The City is governed by a mayor and an 11-member Council elected biennially on a partisan basis. The mayor presides over all Council meetings and can vote only in the event of a tie but does have limited veto power. The Council enacts all general and technical ordinances, including budgetary appropriations and construction and zoning ordinances, approves contracts and originates general management policies. The Council employs a City Manager who directs the daily operations of the City through department heads appointed by the City Manager.

The Airport is owned and operated as a department ("Aviation Department") of the City and, for accounting purposes, is treated as a self-supporting enterprise fund. The Airport's financial accounting system is on a full accrual basis in accordance with generally accepted accounting principles for government entities.

Management of the Airport is vested by the City in the Aviation Director who reports directly to the City Manager. The Aviation Director is supported by such staff as is deemed necessary by the Aviation Director and the City Manager to properly operate, develop and maintain the Airport.

The Airport is a large hub[6] commercial airport located in the western part of Charlotte, Mecklenburg County, North Carolina. It is served primarily by commercial passenger and cargo airlines. It is the second largest connecting hub for American Airlines in terms of passenger traffic. American Airlines is the largest airline in the world in terms of annual passengers carried.

The Airport was built by the City of Charlotte in 1932. In 1940, the United States took over use of the Airport and expanded it into the Morris Field Army Air Corps Bomber Training Base. After World War II, it was returned to the City and put into service as a commercial airport. It has experienced much growth since 1946 and today comprises more than 4,400 acres of contiguous land, on which is located an airfield that includes four runways, (including one of ten thousand feet in length), a passenger terminal building of more than 1.8 million square feet and including 113 passenger gates, an air cargo center, an aircraft maintenance base, and public automobile parking facilities for 23,319 automobiles in a combination of structured and surface, self-parking and valet facilities. See Section I in the body of the Report for a more detailed discussion of the Airport, its management, and its facilities.

Financial Structure of the Airport

The Airport operates as a self-sustaining enterprise of the City. No general fund revenue of the City is used for Airport purposes. The City operates the Airport so that Revenue in each Fiscal Year is, at a minimum, sufficient to pay the expenses of operating and maintaining the Airport and to pay the debt service on all parity Outstanding Bonds and any subordinate indebtedness of the Airport Enterprise Fund in such Fiscal Year.

The Bond Order

The Bond Order was adopted in 2017 (the "Bond Order"). It amended and restated the original bond order adopted in 1985. The 2023 Bonds are to be issued under the terms and conditions of the Bond Order and the Series Resolution describing the terms for the sale of the 2023 Bonds adopted by the City Council of the City on August 28, 2023.

---

[6] There are four categories of airports as defined by the FAA: commercial service, cargo service, reliever and general aviation. Commercial service airports are publicly owned airports that have at least 2,500 passenger boardings each calendar year and receive scheduled passenger service. The Airport is classified as a primary large hub airport meaning it enplanes at least 1% of all annual passenger boardings in the U.S.

In the Bond Order, the City has covenanted to fix, charge and collect rates, fees, rentals and charges for the use of the Airport and to revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce Revenue in each Fiscal Year at least equal to the sum of deposits required to be made in each Fiscal Year to: (i) the Operating Fund; (ii) the Revenue Bond Fund; and (iii) all the other deposits described in Section V subsection B in the body of the Report, plus an amount, if any, which provides an amount on deposit in the Revenue Fund as of the opening of business on the first day of the next Fiscal Year, equal to the Coverage Factor for such preceding Fiscal Year.

The Coverage Factor for each Fiscal Year is defined as an amount equal to 25% of the sum of the amounts required to be deposited from Net Revenue into the Revenue Bond Interest Account and the Revenue Bond Principal and Sinking Fund Accounts for such Fiscal Year. Revenue for a Fiscal Year is deemed to include amounts retained by the City in the Revenue Fund as of the end of the preceding Fiscal Year.

As described in the Report, the Airline Agreement requires the City to separately account for revenue and expenses of the Airport by Cost Centers. It establishes two broad categories of Cost Centers – Included Cost Centers and Excluded Cost Centers. The Included Cost Centers are the Terminal Complex Cost Center and the Airfield Cost Center.

The concept and the requirements for separately accounting for revenue and expenses of the Included and Excluded Cost Centers was embodied in the 1985 Bond Order and historically the City has established separate funds, accounts and sub-accounts to record revenue, expenses and debt service obligations and payments in the Included Cost Centers accounts. However, in connection with the issuance of the 2021 Bonds, as permitted by the Bond Order, the City elected to reclassify all revenue and expenses of the Excluded Cost Centers as Revenue and Current Expenses and to include Excluded Cost Center revenue as Revenue in determining annual Net Revenue which is pledged to payment of the debt service on the City's Outstanding Bonds effective as of July 1, 2021, as well as debt service on the 2023 Bonds and Future Bonds, hereinafter defined.

As a result of the reclassification, Revenues are defined in the Bond Order as income derived by the City from the Included Cost Centers and former Excluded Cost Centers of the Airport plus any amounts that the City may authorize to transfer, but is not obligated to transfer, to the Revenue Fund. Revenue does not include income from Passenger Facility Charges or Contract Facility Charges (see discussions of Passenger Facility Charges and Contract Facility Charges in Section II hereof). For any year beginning July 1 and ending June 30 ("Fiscal Year" or "FY"), Net Revenue is the sum of Revenue for such Fiscal Year and Revenue retained in the Revenue Fund from the prior Fiscal Year as required debt service coverage, less Current Expenses for such Fiscal Year. Current Expenses are the costs incurred by the City in operating and maintaining the facilities in the Included and Excluded Cost Centers, but do not include depreciation expense for assets, certain expenses accrued as depreciation expense for assets, and certain expenses accrued under accounting rules, but paid in future years.

This change in the constitution of Included Cost Center Revenue notwithstanding, the City is not required to share any surplus revenue from the formerly Excluded Cost Centers with the Signatory Airlines. To recognize this distinction, for the purpose of the financial analysis contained in Section V hereof, and the tables contained therein, we have categorized former Included Cost Centers (Airfield and Terminal Complex) as “Airline Cost Centers” and the formerly Excluded Cost Centers as “Non-Airline Cost Centers.”

The Outstanding Bonds are parity obligations under the Bond Order (collectively, the “Prior Bonds”) which are secured by a pledge by the City of the Net Revenue of the Airport. The initial par amounts and principal amounts outstanding as of August 28, 2023 are as follows:

(i) $74,290,000 Airport Revenue Refunding Bonds Series, 2014A (non-AMT) (the “2014A Bonds”), of which $69,915,000 are currently outstanding;
(ii) $167,385,000 Airport Revenue Bonds, Series 2017A (non-AMT) (the “2017A Bonds”), of which $153,360,000 are currently outstanding;
(iii) $16,345,000 Airport Revenue Bonds, Series 2017B (AMT) (the “2017B Bonds”), of which $15,155,000 are currently outstanding;
(iv) $119,050,000 Airport Revenue Refunding Bonds, Series 2017C (non-AMT) (the “2017C Bonds” and together with the 2017A Bonds and the 2017B Bonds, the “2017 Bonds”), of which $101,235,000 are currently outstanding;
(v) $142,220,000 Airport Revenue Bonds, Series 2019A (non-AMT) (the “2019A Bonds”), of which $134,040,000 are currently outstanding;
(vi) $36,145,000 Airport Revenue Bonds, Series 2019B (AMT) (the “2019B Bonds” and together with the 2019A Bonds, the “2019 Bonds”), of which $34,245,000 are currently outstanding;
(vii) $271,525,000 Airport Revenue Bonds, Series 2021A (non-AMT) (the 2021A Bonds”), of which $260,815,000 are currently outstanding;
(viii) $108,420,000 Airport Revenue Bonds, Series 2021B (AMT) (the “2021B Bonds” and together with the 2021A Bonds, the “2021 Bonds”), of which $100,040,000 are currently outstanding;
(ix) $298,705,000 Airport Revenue Bonds, Series 2022A (non-AMT) (the “2022A Bonds”), of which $295,120,000 are currently outstanding; and
(x) $74,225,000 Airport Revenue Bonds, Series 2022B (AMT) (the “2022B Bonds” and together with the 2022A Bonds, the “2022 Bonds”), of which $73,355,000 are currently outstanding.

The total principal of the Prior Bonds outstanding as of August 28, 2023, excluding bond anticipation notes (“BANs”), is $1,237,280,000. In addition, as of August 28, 2023, there is $135,755,644 of the 2022 BAN outstanding.

Historical Airport Financial Performance

NAI has reviewed the financial performance of the Airport during the Study Period and the estimated Revenue and Current Expenses and Bond debt service coverage results for Fiscal Year 2023. See Tables V-3 and V-9 of the Report, During each year of the Study Period, Airport Revenue has been more than sufficient to meet the requirements of the Bond Order. The ratio of Net Revenue to the required Bond Fund Deposits (net of PFCs) was 5.96 times in FY 2018 and, as a result of the pandemic, decreased to a low of 3.83 times in FY 2021, including the application of approximately $45.9 million of NCAIP and Federal COVID Relief Grant Funds.

With the continued application of approximately $10.3 million in COVID Relief Grant Funds to offset Current Expenses in FY 2022, debt service coverage increased to 5.29 (See Table V-3).

In FY 2023 debt service coverage is estimated to have been 4.83 times, reflecting Net Revenue and Current Expenses for both the Included Costs Centers and Excluded Cost Centers. This is the result, in part, of the application of, $11.8 million in COVID Relief Grant Funds to offset Current Expenses and the deposit of $37.6 million of COVID Relief Grant Funds into the Revenue Fund and thereby available to pay Current Expenses and debt service in FY 2023 (see Table V-9 of the Report).

Airport Financial Planning Model

The Airport has utilized a multi-year financial planning model ("Airport Financial Model") for the purpose of tracking the timing, funding and financing strategies for the CIP. The Airport Financial Model also estimates the financial impacts of implementing the CIP including impacts on operating revenue, operating expenses, airline and other rates, fees and charges, airline cost per enplaned passenger and debt service coverages; and forecasts those impacts through its multi-year planning period. The Airport adjusts the Airport Financial Model on an ongoing basis to capture necessary changes as needed. The Airport Financial Model is the source for the information describing the 2023 Project elements, the plans of finance for the 2023 Project and future projects identified in Section II of the Report. The Airport Financial Model is also the source for the forecast of airline landing fees and terminal rents and use fees during the Forecast Period.[7]

The Signatory Airline Agreements

The current agreement between the City and certain passenger airlines which serve the Airport became effective July 1, 2016 ("Airline Agreement"). Each of American Airlines, Delta Air Lines, Frontier Airlines,[8] JetBlue Airways, Southwest Airlines, Spirit Airlines[9] and United Airlines have executed the Airline Agreement and are, collectively, the "Signatory Airlines." The term of the Airline Agreement extends to June 30, 2026. For the purposes of this report, we

[7] Airport landing fees and terminal rents and use fees are calculated based upon forecasted Current Expenses and Debt Service using the methodology required in the Airline Agreement.
[8] Frontier executed its agreement November 1, 2019.
[9] On February 7, 2022, the parent companies of Frontier and Spirit jointly announced they had agreed to merge the two companies into one airline. Due, in part, to a competitive bid for Spirit by Jet Blue Airway, Spirit terminated the merger agreement with Frontier on July 27, 2022. On March 7, 2023, the Department of Justice filed an anti-trust lawsuit seeking to block the Jet Blue - Spirit merger alleging that the merger "will limit choices and drive up ticket prices for passengers across the country".

assume that the terms and conditions of the Airline Agreement will continue in effect through the entire Forecast Period.

The Airline Agreement sets forth the rights and obligations of the parties as well as the procedures for calculating airline rentals, fees and charges for the use and occupancy of the Terminal Complex and the Airfield. Two broad categories of Cost Centers: Included Cost Centers and Excluded Cost Centers are established in the Airline Agreement. The Airline Agreement also establishes the Airport Services Facilities ("ASF") cost center which is independent of the Included Cost Centers and Excluded Cost Centers, but the expenses allocated to the ASF Cost Centers are further allocated to the Included Cost Centers and Excluded Cost Centers, based on a formula set forth in the Airline Agreement.

The Airline Agreement also contains procedures for the establishment, review and adjustment, at least annually, of rentals, fees and charges payable by the Signatory Airlines and other airlines operating from the Terminal Building and use of the Airfield ("Airline Rates and Charges") and provides for mid-year adjustments and an annual settlement based upon actual costs and activity. The Airline Rates and Charges are calculated under what is referred to as a compensatory method and are set based upon the projected activity and budgeted annual cost to the City of providing and operating the Airfield and those facilities of the Terminal Building used by the airlines in processing their passengers through the Terminal Building. The City is required to pay for the non-airline areas of the Terminal Complex with non-airline Terminal Complex Revenue ("Non-Airline Terminal Revenue"). The Airline Agreement also provides that the City is to credit the Airlines Rates and Charges payable by the Signatory Airlines 40% of the Net Remaining Terminal Complex Revenue (if any) for such Fiscal Year ("Revenue Sharing"). Net Remaining Terminal Complex Revenue is the difference between Terminal Complex Revenue during a Fiscal Year and the sum of Current Expenses, ASF Costs, Capital Expense and the Revenue Bond Debt Service allocated to the Terminal Complex for such Fiscal. The blending of compensatory rate setting with Revenue Sharing is referred to as a "hybrid" rate-setting methodology.

Extraordinary Coverage Protection

In addition to the Airline Rates and Charges established by the Airline Agreement, each Signatory Airline is required to make payments ("Extraordinary Coverage Protection") in any Fiscal Year in which Net Revenue is forecasted to be less than one hundred twenty-five percent (125%) of the Revenue Bond Debt Service or is otherwise insufficient to make any deposit required by the Bond Order. Any amounts that must be collected for such Extraordinary Coverage Protection payments must be allocated by the City in a fair, and not unjustly discriminatory manner to the Airfield Revenue Requirement or the Airline Terminal Revenue Requirement, or both, at the reasonable discretion of the Aviation Director. Should Extraordinary Coverage Protection payments be made in any given Fiscal Year, the City shall subsequently refund to the Signatory Airlines such payments made by the Signatory Airlines as soon as uncommitted funds become available in the Airport Discretionary Fund (as defined in the Bond Order).

MII Approval of Capital Projects

Under certain circumstances and with specific exceptions, the Airline Agreement requires approval by a Majority-In-Interest ("MII") of Signatory Airlines for additions or improvements to the Airport's physical plant or equipment, and the acquisition by the City of land or rights in land for expansion or operation of the Airport ("Capital Improvement Project"). No MII Approval is required for Capital Projects already approved by the Signatory Airlines through their execution of the Airline Agreement ("Pre-Approved Projects"), or pursuant to prior MII Approvals ("Approved Projects"); or for certain other Capital Projects that are paid for with PFCs or that meet certain other criteria (collectively, "Exempt Projects").

According to Airport management, it has obtained MII approval for the 2023 Bonds Project elements and the 2023 BAN Project elements requiring MII approval.

Affiliate Airlines

The Airline Agreement allows Signatory Airlines, upon the satisfaction of certain conditions, to designate one or more non-signatory airlines operating at the Airport as an "Affiliate" of the Signatory Airline. For each designation to be effective the Affiliate must execute an Affiliate Operating Agreement with the City. A Signatory Airline is required to pay on behalf of its Affiliates the same Rates and Charges for the Affiliates' use of the Airfield and the Terminal Building as established by the City for the Signatory Airlines. Among the benefits to the Signatory Airline of designating Affiliates is that the Affiliate's activity at the Airport is attributed to the Signatory Airline for the purposes of MII voting and Revenue Sharing. As of the date hereof, American Airlines, Delta Air Lines and United Airlines have designated Affiliates each of which have executed Affiliate Operating Agreements.

In addition to Affiliates, certain Signatory Airlines from time-to-time contract with non-affiliate air carriers to operate flights for the Signatory Airline at the Airport. See Table IV-2 for a complete list of passenger air carriers serving the Airport as of the date hereof.

Terminal Building Airline Premises

Under the Airline Agreement, the City has issued, and each Signatory Airline has accepted, a Premises Notice which describes the Exclusive Premises, Preferred Use Premises and Joint Use Premises assigned to the Signatory Airline pursuant to the Airline Agreement and for which the Signatory Airline is obligated under the Airline Agreement to pay the terminal rents, fees and charges calculated according to Article 10 of the Airline Agreement.

The City has designated 103 gates in the Terminal Building as Preferential Use Gates, each of which is assigned to a Signatory Airline pursuant to its Premises Notice. Ten gates are under control of Airport management as "Common Use Gates." Common Use Gates are assigned by the Aviation Director for the use of non-Signatory Airlines operating at the Terminal Building as well as one or more Signatory Airlines that need a Common Use Gate to accommodate its flight schedule. The Premises Notices have assigned to each Signatory Airline a certain amount of exclusive use premises, preferential use premises and joint use premises ("Assigned Premises") in the Terminal Building. "Preferential Use Premises" means those areas within the Terminal Building, including Preferential Use Gates and associated Gate Ramps and Preferential Use Ticket Counters, to which an airline has a higher priority of use over all other passenger airlines, subject to certain conditions.

All of the gates assigned to the Signatory Airlines are Preferential Use Gates, which means they are subject to being used by other airlines ("Gate Requesting Airlines") if they are not scheduled for use by the assignee Signatory Airline and are needed by the Gate Requesting Airline to accommodate its flight schedule. Gate Requesting Airlines may be either other Signatory Airlines or non-signatory airlines. The City must charge any Gate Requesting Airline that is accommodated at any of a Signatory Airline's Preferential Use Gates the same charges for use of the gate that the Gate Requesting Airline would have been required to pay the City for use of a Common Use Gate plus a 15% administrative fee and must credit the full amount of such fees to the account of the Signatory Airline whose gate was used by the Gate Requesting Airline.

The Airline Agreement gives the City the ability to reallocate Assigned Premises under certain circumstances to accommodate changing needs of the Airport to accommodate the various flight schedules of all the passenger airlines operating from the Terminal Building.

Article 4.8 of the Airline Agreement granted to each Signatory Airline a "one time right to reduce its Premises to facilitate its operations at the Airport" effective July 1, 2021, by no more than fifty percent (50%). To exercise this right a Signatory Airline was required to give written notice to the City no later than December 31, 2020. As of December 31, 2020, no Signatory Airline had given such notice to the City.

The Airline Agreement sets forth the form of operating agreement the City requires each non-Affiliate, non-signatory passenger airline at the Airport must execute before such airline can exercise any rights as a Gate Requesting Airline at the Airport.

Non-Signatory Airlines

In addition to the Signatory Airlines, the Airport is also served by non-signatory airlines. These passenger and all-cargo carriers serve the Airport independently from the Signatory Airlines and pay landing fees directly to the City. Non-signatory passenger airlines operate from one or more City Gates (defined below) and pay terminal use fees directly to the City. Other non-signatory airlines which serve the Airport operate as either Affiliates of the Signatory Airlines or non-Affiliate contract carriers for the Signatory Airlines and do not lease any Terminal Building gate facilities controlled by the City ("City Gates"). These airlines operate solely from the Assigned Premises of their Signatory Airline and make no payments to the City for the use of Terminal Building facilities.

All passenger airlines regularly operating at the Airport, other than Signatory Airlines, operate under an Affiliate Operating Agreement, Non-Affiliate Operating Agreement or Commercial Use Permit issued by the City. All airlines operating at the Airport pay landing fees and other charges, either directly to the City or through the Signatory Airline under which they operate.

Under the terms of the Affiliate Operating Agreement, the Signatory Airline pays landing fees and terminal use charges for its Affiliates.

Under the Non-Affiliate Operating Agreement, the Non-Affiliate airline pays landing fees and terminal use charges, determined according to the schedule of rates, fees and charges set by the City under the Airline Agreement for Signatory Airlines.

Under the terms of the Commercial Use Permit, these carriers pay the City a landing fee and terminal use fee ("turn charge") for the use of each gate directly to the City.

Air Service Area and Demand for Air Service

Under the Airline Agreement the Signatory Airlines are obligated to pay landing fees and terminal rents and use fees as calculated each Fiscal Year by the Airport in accordance with the Airline Agreement. An assumption that the Airlines will honor these obligations in each year of the Forecast Period is a key element of our opinion regarding the feasibility of the 2023 Project. In addition, NAI has analyzed the historical demand for air service at the Airport; the impacts of the COVID-19 Pandemic, the recovery in traffic activity that that was experienced in FY 2022 and FY 2023; and data available from the BTS, A4A, FAA and the Airport regarding the rates at which air traffic at the Airport and in the U.S. have recovered from the pandemic. With reference to this data, we have developed our own forecast of traffic levels at the Airport for each year of the forecast Period which is set forth in **Table IV-13** of the Report. See Section IV of the Report for the detailed discussion of the demand for air service anticipated during the Forecast Period.

It is the revenue expected to be generated by the passengers forecasted to fly from the Airport during the Forecast Period, plus the anticipated landing fees and terminal rents and use fees to be paid by the airlines, plus the revenue generated by the formerly Excluded Cost Centers (now Non-Airline Cost Centers) which total the Airport Revenue included in the financial forecast tables in the Report and which drive the Bond coverage calculations set forth in **Table V-9**, "Forecast Application of Revenue Under the Bond Order."

Origin and destination ("O&D") passengers are largely responsible for the Airport's parking Revenues (estimated at $86.0 million in FY 2023) and the rental car Revenues (estimated at $21.0 million in FY 2023).[10] Together, these two activities are estimated to have generated approximately $107.0 million which was approximately 35.8% of total estimated Airline Cost Center (Included Cost Centers) Revenues in FY 2023. By comparison, Airlines are estimated to have paid the City approximately $105.5 million in Airport fees and charges during FY 2023, approximately 35.3% of the total Airline Cost Centers Revenue in FY 2023. Furthermore, the Signatory Airlines are expected to receive a credit payment from the City in the estimated amount of $48.2 million as their share of FY 2023 Revenue available for Revenue Sharing, reducing total revenue from airlines to $57.3 million.[11]

[10] See Table V-41.
[11] See Tables V-4, V-9 and V-11.

NAI believes that locally generated demand for air service at the Airport is created by air travelers from a large geographic area, known by the Office of Management and Budget as the Charlotte Gastonia Salisbury NC-SC Economic Area and which comprises 20 counties in North Carolina and South Carolina. NAI has defined this 20 county area as the Airport's primary air service area ("Air Service Area") for this Report. Mecklenburg County is the most populous county in the Air Service Area. See Section III, Economic Base of the Air Service Area in the Report for details on and analysis of the major economic indicators of the Air Service Area.

The City has long been known as a financial hub in the U.S. The City, and San Francisco compete for second place based on consolidated assets, to New York City. According to the Federal Reserve Bank, of the top-50 insured chartered commercial banks by consolidated assets of more than $300 million in the United States, eight have operations in Charlotte, two of which, Bank of America and Truist, are headquartered in Charlotte. In aggregate, these eight banks have consolidated assets of nearly $5.8 trillion as of December 31, 2022. Not included in this list but present in the Air Service Area (York County, South Carolina) is TD Bank, with consolidated assets of $413.1 billion as of the same date. A branch of the Federal Reserve Bank is also located in Charlotte.

The following summarizes the trends over the Study Period for the major economic indicators of the Air Service Area:

<u>Population</u>

Population in the Air Service Area has experienced stronger growth (1.22%) during the Study Period compared to the State of North Carolina and the United States (CAGR of 0.91%, and 0.43% respectively). Growth in Population is expected to continue during the Forecast Period at rates greater than that of North Carolina and the United States.

<u>Employment</u>

Employment in the Air Service Area increased during the Study Period at a CAGR of 1.85%. The Labor Force in the Air Service Area increased by a CAGR of 1.78% and the unemployment rate in the Air Service Area decreased to 3.5% during the Study Period. Each of these measures were commensurate with or stronger than the State of North Carolina and the United States. The Air Service Area benefits from diverse employment (as depicted on Table III-5) which helps to insulate the overall economic strength of the Air Service Area against an industry specific downturn. All industry sectors but two (Mining -0.85% and Manufacturing -0.59%) experienced positive growth through the Study Period.

<u>Income</u>

Growth in Personal Income in the Air Service Area was stronger than that for North Carolina and the United States over the Study Period (CAGR of 2.92%, 2.88% and 2.38%, respectively). Income Per Capita increased in the Air Service Area and grew at a rate greater to that of the State of North Carolina and United States. Each of these are expected to continue to grow at similar or higher rates over the Forecast Period.

Retail Sales

Growth in Retail Sales in the Area Service Area grew faster than that of the State of North Carolina and the United States during the Study Period (4.26%, 4.02% and 3.63% respectively). Mecklenburg County Retail Sales experienced the greatest increase, a CAGR of 4.50%. The growth in Retail Sales for Mecklenburg Country and the Air Service Area is projected to slow during the Forecast Period but remain higher than the State of North Carolina and the United States.

Visitors/Tourism

Visitor numbers and tourism are important measures of the economy. Visitors consume goods and services in the Air Service Area, which supports employment and the local tax base.

Conclusion

The data set forth in this Section and below in **Table III-11** indicates that the economic base of the Air Service Area is a vibrant component of the economy in North Carolina and the United States. The projections portray a recovering and growing environment in terms of population, employment, income, retail sales and visitors/tourism during the Forecast Period. The United States has been in a state of recovery from a global pandemic caused by COVID-19. The Russian-Ukraine conflict and U.S. inflation have also affected economic activities worldwide, causing an element of uncertainty in the near term. However, the rate of recovery and strengthening of the economic base of the Air Service Area is evident, and NAI believes it is reasonable to expect that the Air Service Area will continue to generate significant demand for air service at the Airport during the Forecast Period.

Section IV of the Report, Air Traffic Analysis, also examines the current and expected future demand for air service at the Airport, considering the following factors:

- National economic conditions;
- State of the airline industry;
- Capacity of the national air transportation system;
- Airport capacity;
- Air fares and airline competition;
- Aviation taxes and security costs;
- Role of Regional Airlines;
- American Airlines' continued use of the Airport as a connecting hub;
- Competition from other airports; and
- States of emergency or duress in the U.S., other countries or the world that suppress or restrict the propensity and ability of persons to travel by air. These include armed conflicts, security concerns and pandemics, including COVID-19.

In consideration of the foregoing, we estimate 25.9 million total passenger enplanements at the Airport during FY 2024 and that this will grow to 28.8 million enplanements by FY 2030.

Our forecasts and projections do not reflect potential affects of the Russian invasion of Ukraine.

Locally Generated Enplanements

Collectively, Section III and Section IV show that the local demand for air service at the Airport, measured in terms of the volume of origin and destination enplaned passengers, was strong and growing at a CAGR of 6.47% from FY 2015 to FY 2019 (pre-pandemic), accounting for approximately 7.3 million local enplanements, or approximately 30.3% of total Airport enplanements in FY 2019. NAI believes that the level of demand for local air service is a function of the historically strong economy in the Charlotte region. In FY 2020, 2021 and 2022, however, origin and destination enplanements decreased substantially, reflecting the impact of the pandemic. O&D enplanements decreased to 5.7 million in FY 2020 and 3.9 million in FY 2021. In FY 2022 origin and destination enplanements experienced a strong recovery reaching 6.9 million enplanements, a 79% increase over FY 2021. In FY 2023, origin and destination enplanements continued to recover and exceeded the FY 2019 level, reaching 7.3 million, a 4.9% increase over FY 2022.

Based on the historical growth from FY 2015 to FY 2023, we forecast locally generated enplanements to increase to 7.5 million in FY 2024, and to 9.1 million in FY 2030, a CAGR of 3.26% over the Forecast Period. See Table IV-13 of the Report.

American Airlines Hubbing Activity

In addition to the O&D passenger traffic generated by the Air Service Area, 16.7 million arriving passengers connected to other flights at the Airport in FY 2019, due largely to the hubbing activity of American Airlines, which operates its second largest hub at the Airport.[12] In FY 2020 and 2021, however, connecting enplanements decreased to 13.7 and 12.8 million passengers, respectively, also reflecting the impact of the pandemic. In FY 2022, connecting enplanements also showed a strong recovery reaching 16.1 million enplanements, a 26.0% increase over FY 2021. In FY 2023, connecting enplanements recovery continued, reaching 18.1 million, an increase of 12.9% over FY 2022. We forecast connecting traffic to be 18.4 million enplanements in FY 2024 and 19.7 million passengers in FY 2030.

The Airport is the second busiest airport in the American Airlines system (behind only DFW) based on the number of destination and daily flights. As of June 2023, American Airlines operated 619 daily flights from the Airport to 132 domestic and 34 international destinations, including Canada, the Caribbean, Central America, and Mexico.

The City believes that American Airlines hub at the Airport has a much greater impact on the economy of the region than the Revenues generated by the connecting passengers at the Airport, or the Airline Rates and Charges paid by American Airlines at the Airport. This greater impact

[12] Second to DFW. The term "hub" in this context has a different meaning than the FAA term hub under which the Airport is a large "hub" airport. The American hub at Charlotte means that it uses the Airport as a central location at which to aggregate passengers from flights from many different locations and to reroute these passengers on different aircraft to their eventual destinations.

includes the economic value to local residents and businesses of having access to a much greater number of non-stop destinations from the Airport than would be justified by only the O&D passenger demand. NAI believes that this level of air service has contributed greatly to the success the Charlotte region has enjoyed in attracting national businesses to the area and the resulting economic vitality of the region.

Although American Airlines has executed the Airline Agreement, American Airlines is not obligated to operate any flights to the Airport. In spite of its investment in facilities at the Airport, the low cost of operations at the Airport and the financial value of its share of the local market, it is possible that American Airlines could decide to reduce or eliminate its hubbing activities at the Airport. Such a reduction would not relieve American Airlines of its obligation to pay its Terminal Complex Charges, but its reduction in aircraft operations on the Airfield would eliminate American Airline's obligation to pay landing fees. This reduction would cause the Landing Fee Rate to increase due to the resulting lower total units of aircraft landed weight passing the landing fee revenue burden to the carriers that continue flights to the Airport. Total landing fee revenue to the City would remain unchanged.

Forecast Application of Revenue and Debt Service Coverage

NAI has prepared a forecast Application of Revenue under provisions of the Bond Order considering: (i) a forecast of Revenue and Current Expenses; and (ii) the estimated impacts of the implementation of the 2017-2025 CIP estimated in the Airport Financial Plan to occur over the Forecast Period. These impacts include: (i) estimates of additional Revenue to be generated from the use of the completed 2022 Project; (ii) estimated incremental Revenue to be generated by certain Future Bonds Project Elements; (iii) estimated, additional Current Expenses to be incurred as a result of the 2023 Project and certain Future Bonds project elements; (iv) the estimated debt service on the 2023 Bonds and the Future Bonds; and (v) the estimated debt service on the Future Bonds.[13]

As shown on **Table V-9**, over the Forecast Period, the ratio of Net Revenue to Bond Fund Deposits, net of PFCs, is projected to range from 4.45 times in FY 2024 to 2.80 times in FY 2030. The results of this Coverage Forecast are based on the Revenue the City is projected to generate from the operation of the Airline Cost Centers and Non-Airline Cost Centers and the projected costs of operating the Airline Cost Centers and Non-Airline Cost Centers, including the additional Bonds Debt service generated by the 2023 Bonds and the Future Bonds.

With respect to the Revenue projected to be generated from the Signatory Airlines, under the Extraordinary Coverage Provision of the Airline Agreement the City may impose additional rental requirements on the Signatory Airlines in any Fiscal Year that such additional rentals are

[13] The estimated debt service on the 2023 Bonds were provided by BofA Securities, Inc. The debt service assumptions on the Future Bonds were provided by the City in the Airport Financial Model. The Airport Financial Model assumes that debt service on the BANs will be capitalized in the Future Bonds; accordingly, there is no provision for debt service on the 2023 BAN or future BANs in our Forecast Application of Revenue Under the Bond Order in Table V- 9 of the Report.

required to enable the City to meet the obligations of the rate covenant of the Bond Order. No such additional rentals are expected to be necessary during the Forecast Period.

NAI has also estimated the cost to the airlines operating at the Airport during the Forecast Period as shown on **Table V-11** of the Report. The airline cost per enplaned passenger is forecast to be $2.78 in FY 2024 and to increase to $7.84 in FY 2030. See Table V-11 for the details.

Airport Liquidity

Although not strictly a component of the test of feasibility, the amount of unrestricted cash on hand can be an important cushion to allow an airport to endure unforeseen and temporary periods of business interruption. Along with debt service reserve funds, PFC funds and unrestricted cash can enable an airport to meet its debt service obligations and pay operating expenses for a temporary period when Airport Revenue is diminished or non-existent.

As shown on **Table V-10,** total cash and cash equivalents for the Airport were $1.008 billion as of June 30, 2022. This amount includes, among other items, the PFC Fund, the CFC Fund, the Cannon Estate Fund and the debt service Coverage Factor funds which the City considers to be restricted in use and not available to pay for the operation and maintenance of the Airport. Therefore, they are excluded from the estimation of unrestricted cash for FY 2022 available to pay Current Expenses. PFC funds, debt service funds and the debt service coverage funds would be available to pay debt service.

As depicted on Table V-10, the total unrestricted cash of June 30, 2022 was $564.3 million. According to the City, this amounted to enough cash to fund Airport operations for approximately 1,068 days cash on hand based on total FY 2022 Airport Current Expenses. This amount of available cash would be available to pay for continued Airport operations during a period of diminished or non-existent Airport Revenue.

The Report of the Airport Consultant

A detailed report on our examination of these issues is attached hereto, in the document entitled *BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS.* Said document along with this letter comprise the *REPORT OF THE AIRPORT CONSULTANT.*

In preparing the Report, NAI has studied and analyzed, among other things, the 2023 Project, the plan of finance, the issuance of the 2023 Bonds and 2023 BAN, the future traffic and earnings prospects of the Airport during the Forecast Period, taking into consideration of the impacts of the COVID-19 Pandemic on passenger traffic at the Airport and the US, and has considered whether, in its opinion, the City will be able to satisfy the requirements of the Rate Covenant with respect to the 2023 Project, the 2023 Bonds, 2023 BAN and the Prior Bonds during the Forecast Period. In addition, NAI has projected the impacts of Future Bonds which are planned to be issued during the Forecast Period. In conducting the study NAI has:

1) examined the historical financial performance of the Airport from FY 2018 through FY 2022 and the City's estimate for FY 2023;

2) determined the historical relationship between Airport passenger enplanements and related Airport Revenues;

3) performed an analysis of the Air Service Area of the Airport and projected the number of passengers to be enplaned at the Airport through FY 2030 with careful consideration of the negative impact the COVID-19 Pandemic has had on enplanement activity during the Study Period;

4) estimated future Current Expenses at the Airport, considering the scope of the 2023 Project, and projected general price-level increases;

5) estimated Revenue and Net Revenue to be generated at the Airport from both the Included Cost Centers and Excluded Cost Centers (as defined in the Bond Order) during the Forecast Period if the 2023 Project is completed and the assumptions underlying the projections are realized; and

6) prepared a Forecast Application of Revenues under Provisions of the Bond Order and projected debt service coverages for the Included Cost Centers and Excluded Cost Centers for the Forecast Period to test the sufficiency of Revenue during the Forecast Period to pay Current Expenses for the Included Cost Centers and Excluded Cost Centers and to make the debt service payments on the 2023 Bonds and 2023 BAN and to otherwise satisfy the requirements of Section 704(a) of the Bond Order with respect to the 2023 Bonds and 2023 BAN.

The scope of our study and a report of our findings are set forth in the body of this Report.

ASSUMPTIONS UNDERLYING CASH FLOW PROJECTIONS

In preparing the Report and our analysis of the feasibility of the 2023 Project, NAI has estimated Revenue, Current Expenses and Debt Service requirements of the Airport based upon the following assumptions:

1) Total 2023 Bonds Project cost of approximately $1.25 billion including payments to contractors, architects and engineers, owner's cost and consulting fees, escalation and phasing costs, general conditions and contingency;

2) Total 2023 Bonds Project construction funding requirement (construction fund deposits) of approximately $359.2 million of 2023 Bonds proceeds;

3) The sources (including 2023 bonds proceeds and premium) and uses of 2023 Bonds funds of approximately $395.2 million, including construction fund

deposits, debt service reserve fund deposits, capitalized interest fund deposits, and issuance expenses;

4) The issuance of the approximately $279.3 million in 2023 BAN to fund the 2023 BAN Project;

5) The continued recovery from the economic downturn brought on by the COVID-19 pandemic and the resulting continued recovery of airline passenger enplanements during the Forecast Period as set forth in Section IV of the Report; and

6) The assumption that Signatory Airlines will continue to fulfill their obligations under the Airline Agreement to pay Airline Rates and Charges as calculated pursuant to the Airline Agreement.

As stated above, our analysis, forecasts and projections do not reflect any potential affects of the Russian invasion of Ukraine.

In NAI’s opinion, the techniques employed for this analysis are consistent with industry practice for airport facilities and in support of issuances of airport revenue bonds and other Revenue supported debt.

In making these projections and formulating this Report, NAI has relied upon certain information and estimates provided by the City and its financial advisor, the Airport and its financial advisor, and BofA Securities, Inc., the senior manager and representative for the underwriters for the 2023 Bonds. Historical Airport financial data and estimates of 2023 Project costs and construction schedules were provided by the Airport. 2023 Bonds amortization, estimated interest rate assumptions and resulting sources and uses of funds were provided by BofA Securities, Inc. Estimated debt service on the Future Bonds was provided by the Airport as utilized in its Airport Financial Model.

While NAI believes the information and assumptions relied upon in formulating its opinion are accurate and reasonable, actual variations from these assumptions, estimated costs, estimated interest rates, Revenue and trends are inevitable, and such variations may be material.

Subject to the foregoing, however, NAI expects the Airport to generate Net Revenue, as defined in the Bond Order, in amounts which will be sufficient for the City to make all payments required under the Bond Order with respect to the Outstanding Bonds, the 2023 Bonds and the 2023 BAN and to satisfy the Rate Covenant with respect to such debt obligations in each Fiscal Year of the Forecast Period and to satisfy the requirements of Section 7.04(a) of the Bond Order concerning the proposed issuance of the 2023 Bonds, and the 2023 BAN.

Accordingly, NAI concludes it is feasible to proceed with issuance of the 2023 Bonds in the approximate principal amount of $395.2 million, and the 2023 BAN in the approximate principal amount of $279.3 million and to use the proceeds thereof, along with other funds, for the purposes described herein.

This Report and its conclusions are provided as of the date hereof, and NAI has no obligation to update this Report subsequent to such date.

Sincerely,

NEWTON & ASSOCIATES, INC.

Nancy Newton
President

Attachment

BACKGROUND ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS

Airport Revenue Bonds, Series 2023A (Non-AMT) and Series 2023B (AMT) and

Bond Anticipation Note, Series 2023

CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT

August 30, 2023

Prepared By:

Newton & Associates, Inc.

TABLE OF CONTENTS

I. INTRODUCTION

A. PURPOSE AND SCOPE OF THIS REPORT

This Report of the Airport Consultant ("Report") has been prepared for the City of Charlotte, North Carolina ("City") by Newton & Associates, Inc. ("NAI") in connection with the City's issuance of its Airport Revenue Bonds, Series 2023A (Non-AMT) and Series 2023B (AMT) (the "2023 Bonds"), as well as its short-term bond anticipation notes (the "2023 BAN"), as hereinafter described, and which are to be secured by and paid from Net Revenue derived from the City's operation of the Charlotte Douglas International Airport (the "Airport"). Terms not otherwise defined herein have the meanings ascribed to them in the City's Bond Order (defined in Section I subsection D hereof) and the 2016 Airline Use and Lease Agreement (as discussed in Section I subsection E).

The purpose of this Report is to examine the factors influencing and state our opinion of the financial feasibility of the City issuing the 2023 Bonds, the proceeds of which will be used to fund, in whole or in part, certain improvements at the Airport (the "2023 Bonds Project"), and issuing the 2023 BAN, the proceeds of which will be used to provide temporary funding for certain other improvements at the Airport (the "2023 BAN Project" and together with the 2023 Bonds Project, the "2023 Project" all as described in Section II hereof). Proceeds of the 2023 Bonds will be used to fund 2023 Bonds Project costs and take out all or a portion of the City's outstanding Series 2022 BAN.

The test of financial feasibility is the Airport's forecast ability to generate Revenue sufficient to pay: (1) Current Expenses (the expenses of operating and maintaining the Airport); (2) debt service and related expenses on Bonds currently outstanding ("Outstanding Bonds"); (3) debt service and related expenses on the 2023 Bonds and 2023 BAN; (4) costs of any other capital assets required during the Forecast Period (as defined below) necessary for the operation of the Airport, but not included in the 2023 Project; and (5) to otherwise satisfy the requirements of Section 704(a) of the Bond Order.

In applying the test of feasibility, NAI has considered, and this Report describes, the Airport, the demographic and economic characteristics of the primary geographic area served by the Airport ("Air Service Area"), the demand for air service at the Airport and the financial performance of the Airport, for the fiscal years ending June 30 ("Fiscal Year" or "FY") 2018 through 2022, or the most recent five-year period for which complete data were available ("Study Period")[14].

This Report also examines and discusses the future demand for air service at the Airport and forecasts passenger enplanements at the Airport, revenues and expenses of the Airport, Passenger Facility Charges ("PFC") to be collected by the Airport and available for debt service, the Net Revenue of the Airport available for debt service, debt service requirements and debt service

[14] In analyzing certain trends in this Report, other periods of performance have been included in the Study Period as necessary to provide meaningful trends.

coverage for FY 2024 through FY 2030 ("Forecast Period"). FY 2023 (unaudited) serves as the base year for the Forecast Period.

This Report concludes with NAI's findings regarding the feasibility of the City proceeding with the issuance of the 2023 Bonds and the 2023 BAN.

All of the foregoing has been considered, analyzed, forecasted and reported in light of the unprecedented disruption to the aviation industry and the national and world economies has been caused by the COVID-19 Pandemic and the invasion of and on-going war in Ukraine by the Russian Federation. See Section IV, Factors Affecting Future Air Traffic for discussion on the pandemic and Russian and Ukraine conflict.

B. THE AIRPORT

1. General Description/Location of the Airport

The Airport is a large hub[15] commercial service airport served primarily by commercial passenger and cargo airlines. It is the second largest connecting hub for American Airlines, in terms of passenger traffic, following Dallas/Fort Worth International Airport. American Airlines is the largest airline in the world in terms of passengers carried and, together with its subsidiaries and affiliates, accounted for approximately 92% of the passenger activity at the Airport in FY 2022.

The Airport is located within the city limits of Charlotte, in Mecklenburg County, North Carolina and is approximately seven miles west of the City's central business district. The Airport is bounded by I-85, U.S. 74 (Wilkinson Boulevard) and the Norfolk Southern Railroad to the north, Billy Graham Parkway to the east, West Boulevard to the south and I-485 to the west.

2. The City

The City is a municipal corporation of the State of North Carolina. The City is governed by a mayor and an 11-member council elected biennially on a partisan basis. The mayor presides over all Council meetings and can vote only in the event of a tie but does have limited veto power. The Council enacts all general and technical ordinances, including budgetary appropriations and construction and zoning ordinances, approves contracts and originates general management policies. The Council employs a City Manager who directs the daily operations of the City through department heads, including the Aviation Director, who are appointed by the City Manager.

[15] There are four categories of airports as defined by the FAA: commercial service, cargo service, reliever and general aviation. Commercial service airports are publicly owned airports that have at least 2,500 passenger boardings each calendar year and receive scheduled passenger service. The Airport is classified as a primary large hub airport, meaning that it enplanes at least 1% of all annual passenger boardings in the U.S.

3. Airport Ownership and Management

The Airport is owned and operated as a department ("Aviation Department") of the City and, for accounting purposes, is treated as a self-supporting enterprise fund. The Airport's financial accounting system is on a full accrual basis in accordance with generally accepted accounting principles for government entities.

Management of the Airport is vested by the City in the Aviation Director who reports to the City Manager. The Aviation Director is supported by such staff as is deemed necessary by the Aviation Director and the City Manager to properly operate, develop and maintain the Airport. The current Aviation Director is Ms. Haley Gentry. She is assisted by Mr. Jack Christine, Chief Infrastructure Officer; Mr. Ted Kaplan, Chief Business and Innovation Officer; Mr. Michael Hill, Chief Financial Officer; Mr. Jerome Woodward, Chief Operating Officer; Ms. Linda Macey, Director of Business and Revenue; Mr. Phillip Florey, Director of Facilities; Ms. Lexie Farmer, Director of Operations; Mr. Jeff McSwain, Director of Engineering; Ms. Amber Leathers, Planning Director; Ms. Martha Edge, Director of Innovation and Experience; Mr. Stuart Hair, Director of Economic and Community Affairs; Mr. Eric Hershberger; Airport Finance Director; and Ms. Elizabeth Smithers, Lead Counsel.

4. The Land Comprising the Airport

The Airport is located on approximately 4,400 contiguous acres of land ("Contiguous Land")[16]. Located on the Contiguous Land are the Airfield; Terminal Complex; Cargo area; General Aviation areas; North Carolina Air National Guard base; North Carolina National Guard facilities; Airport roadways; automobile parking areas; and an office park located immediately south of the airfield. In addition to the Contiguous Land, the City owns approximately 1,300 acres of land in the vicinity of the Airport but separated from the Contiguous Land by one or more roadways ("Non-Contiguous Land"). The Non-Contiguous Land was acquired by the City in part for noise abatement purposes that the City intends to use for development of airport-compatible operational, business and commercial uses. A portion of the Non-Contiguous Land has already been redeveloped by the City and is assigned to the Airport rental car concessionaires for use as remote rental automobile storage and service facilities.

5. Existing Facilities

The existing facilities of the Airport are described in general below and depicted on Exhibit "A."

a. Airfield

The largest portion of Airport land consists of the airfield ("Airfield"), which comprises approximately 1,731 acres. The Airfield has four runways, associated taxiways, runway safety areas and runway protection zones. Runways 18L/36R, 18C/36C and 18R/36L are parallel runways. Runways 18L/36R (10,000 feet long and 150 feet wide) and 18C/36C (8,646 feet long and 150 feet wide) have a separation of 5,000 feet. Runway 18R/36L is 4,300 feet west of Runway 18C/36C and is 150 feet wide and 9,000 feet long. Simultaneous independent parallel

[16] See Exhibit "A" included in this Section I.

departures and approaches are authorized on these parallel runways. Runway 5/23 is 7,500 feet long and 150 feet wide and intersects Runway 18L/36R. Runway 5/23 serves primarily as the noise abatement runway to accommodate late night aircraft arrivals and departures.

b. Terminal Complex

The Terminal Complex occupies approximately 265 acres and consists of the passenger terminal building ("Terminal Building"), terminal aircraft parking apron, public automobile parking facilities, rental car facilities, employee parking lots, airline fueling facilities, and public roadways.

i. Passenger Terminal Building

The existing passenger Terminal Building was originally constructed in 1982. Since its initial construction of approximately 325,000 square feet, the Terminal Building has been renovated and expanded to approximately 1,800,000 square feet.

The Terminal Building consists of a main terminal building and six passenger concourses with 113 passenger boarding gates, of which 94 are equipped with passenger loading bridges and two are equipped with ramp accessed passenger boarding units.

The main terminal building has five levels: (i) the basement level consists mainly of building maintenance equipment and vendor storage and receiving areas; (ii) the ground or ramp level consists of passenger baggage inspection, make-up and claim areas and baggage conveyor devices; (iii) the ticketing level consists of airline ticket counters, offices, passenger screening areas, gates and food, beverage and retail merchandise concessions; (iv) the administrative level consists of some Aviation Department offices and, airline and concessionaire offices and conference rooms; and (v) the ramp control level which contains two ramp control towers to facilitate airline control over aircraft movements on the Terminal Building aircraft parking apron and taxi lanes. The main terminal building is presently undergoing a major expansion which is being financed in part with the proceeds of the Prior Bonds issued by the City.

ii. Aircraft Parking Apron

The Terminal Building aircraft parking apron is approximately 220 acres of paved concrete contiguous to the Terminal Building and includes in-ground hydrant aircraft fueling stations. It accommodates up to 111 aircraft parked at the concourses and 21 remote parking positions which are primarily used for the parking of aircraft remaining overnight ("RON").

iii. Public Automobile Parking Facilities

The existing public automobile parking facilities include both surface and multi-level parking facilities. Together, the public parking facilities comprise 23,319 parking spaces contained in a combination of structured and surface, self-parking and valet parking facilities.

<u>Structured Public Parking</u>
The structured public parking comprises four parking decks with a total of 12,341 spaces. The largest of these decks has seven levels and is located directly across the terminal roadway from

the Terminal Building ("Hourly Deck"). Three levels of the Hourly Deck are dedicated to rental car parking and operations and four levels with a total of 4,352 spaces are used for short-term public parking. The Hourly Deck is intended for convenient short-term parking for persons dropping-off or picking-up passengers or doing business in the Terminal Building.

Two decks with a total of 5,732 parking spaces intended for daily parking (the "Daily Decks") are located just north of the Hourly Deck in the terminal area and within walking distance of the Terminal Building.

The other deck is located on Wilkinson Boulevard adjacent to the CLT Center (the "Express Deck") and includes 2,257 public parking spaces. Patrons of the Express Deck deliver their automobiles to an attendant for parking and are transported to and from the Terminal Building in courtesy buses operated by the Airport.

Surface Parking

There are two separate surface lots with a total of 10,248 spaces (including 2,257 "Overflow" spaces) intended for long term parking at budget rates (the "Long-Term Lots"). Passengers are transported to and from the Long-Term Lots in courtesy buses operated by the Airport.

Cell Phone Lot

There is also a free parking lot with 730 spaces intended for persons who wish to park for a short time while waiting to pick up arriving passengers who phone the driver upon the arrival of their flight (the "Cell Phone Lot").

Curbside Valet Parking

The Airport also offers premium valet parking at the terminal at a cost of $35.00 per day. Valet patrons deliver their vehicle to an attendant at the terminal roadway curbside and phone to have it delivered to the curb upon their return.

iv. Rental Car Ready/Return Parking and Service Facilities

The rental car facilities are located on the three lower levels of the Hourly Deck and comprise a quick turn-around service facility ("QTA") on the ground level and two levels of rental car parking with approximately 2,900 ready/return and quick-turn-around parking spaces. The rental car facilities also include remote storage and service facilities on Non-Contiguous Land located off Wilkinson Boulevard.

c. The CLT Center

The CLT Center is a multi-purpose building containing approximately 279,590 square feet located on Wilkinson Boulevard adjacent to the Business Valet Decks. It houses most of the Aviation Department's administrative, business, financial, planning, engineering and maintenance functions and contains the Airport's archives. The CLT Center also serves as the Airport's storage facility and maintenance warehouse for equipment and supplies. A recently completed Vehicle Maintenance Facility serves as the Airport's motor pool and vehicle maintenance facility.

d. General Aviation Facilities

The Airport's general aviation facilities are located east of Runway 18L/36R and include approximately 82 acres of land, approximately 44,000 square feet of general aviation terminal facilities and approximately 480,120 square feet of aircraft hangars and operations space. The general aviation facilities include a full-service fixed base operator ("FBO") which is operated for the City by Wilson Air Center – North Carolina, LLC under a management contract with the City which expires June 30, 2024**.** They also include 10 large aircraft storage hangars, 11 small aircraft storage hangars, 17 T-hangars, and approximately 25 acres of aircraft parking aprons sufficient to accommodate 50 to 70 aircraft. Seven of the large storage hangars are leased to long term tenants for their exclusive use. The other hangars are group storage hangars licensed to individual aircraft owners on a month-to-month basis. The general aviation facilities also include aircraft fuel storage and delivery facilities.

e. Other Leased Facilities

The Airport's other leased facilities consist of cargo facilities, airline maintenance and training facilities, an airline flight kitchen facility, Army National Guard and North Carolina Air National Guard facilities and various buildings located at diverse areas of the Airport that are leased to tenants with a need to conduct business proximate to the Airport.

f. Aircraft Rescue and Fire Fighting Facilities

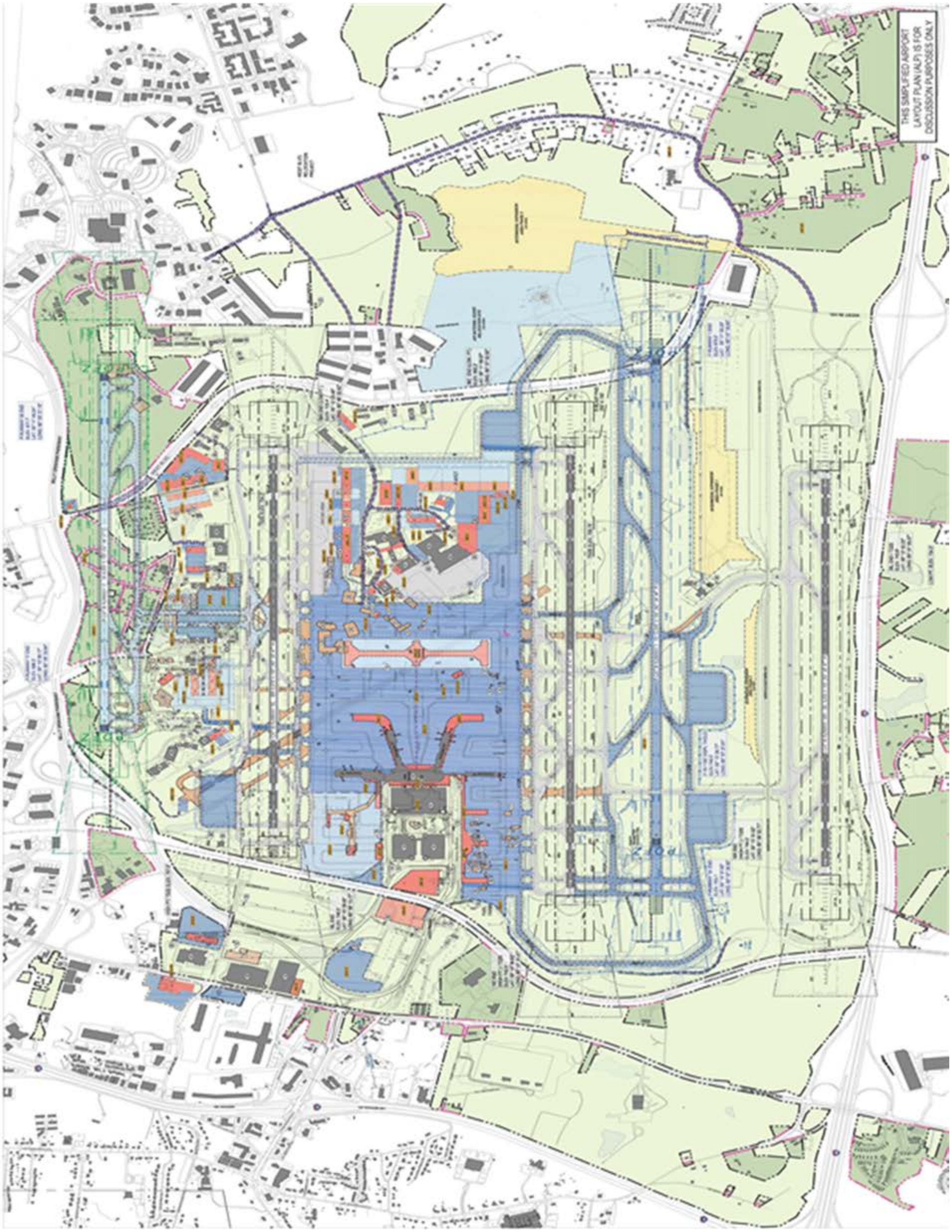
The Airport has two aircraft rescue and firefighting facilities: one is located east of the intersection of Taxiway "D" and Taxiway "R", proximate to the general aviation facilities and the other is located between Runway 18C/36C and Runway 18R/36L and southwest of the intersection of Runway 5/23 and Runway 18C/36C. A third aircraft rescue and firefighting facility will be constructed as part of the Fourth Parallel Runway Program (See description of the 2023 Bonds Project).

g. Airline Fueling Facilities

Commercial airlines serving the Airport obtain their fuel from a consolidated airline fuel storage and distribution facility located on Airport property. The fuel farm is owned and operated by the City. The facility has fuel storage capacity of 195,000 barrels and is connected to pavement hydrant fueling stations in the Terminal Building aircraft parking apron by underground transmission lines. Aviation fuel is delivered to the fuel farm by underground transmission pipelines to the Plantation and Colonial pipelines Paw Creek fuel terminal located approximately three miles north of the fuel farm. The facility includes pumping and filtration systems and allows airlines to obtain fuel directly from the hydrant fueling stations at the Terminal Building gates without the need for fuel tankers on the Terminal Building aircraft parking apron. Airlines receiving fuel from the fuel storage system at locations other than the Terminal Building are fueled by tankers that draw the fuel directly from the fuel storage system. The Terminal Fuel Farm Expansion and Concourse A Renovations Fueling projects being funded with proceeds of the City's Series 2019 Bonds will demolish two 10,000-barrel tanks and replace them with a 92,000-barrel tank. Additionally, the project will implement the first phase of the Airport's Fuel Farm Master Plan. The Fuel Farm Master Plan provides the baseline information on anticipated fuel consumption as the number of aircraft gates and flights increase. The Fuel Farm Master Plan entails the construction projects needed to increase storage capacity.

(Remainder of Page Intentionally Left Blank)

EXHIBIT "A" Airport Layout Plan



C. THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT

Under the provisions of the North Carolina State and Local Government Revenue Bond Act, the City is empowered to undertake the obligations and commitments related to the issuance of the proposed 2023 Bonds and the 2023 BAN. The 2023 Bonds and the 2023 BAN is being issued with the approval of the Local Government Commission of North Carolina.

D. THE BOND ORDER

The Bond Order was adopted in 2017 (the "Bond Order"). It amended and restated the original bond order adopted in 1985. The proposed 2023 Bonds are to be issued under the terms and conditions of the Bond Order and the Series Resolution describing the terms for the sale of the 2023 Bonds and the 2023 BAN, respectively, adopted by the City Council of the City on August 28, 2023.

As described in Section E below, the Airline Agreement requires the City to separately account for revenue and expenses of the City by Cost Centers. It establishes two broad categories of Cost Centers – Included Cost Centers and Excluded Cost Centers. The Included Cost Centers are the Terminal Complex Cost Center and the Airfield Cost Center, the expenses and revenue of which are counted in calculating the landing fees, terminal rents and terminal use charges paid by the airlines that operate at the Terminal. The Excluded Cost Centers are the Cargo Cost Center, the Consolidated Rental Car Facility Cost Center, the General Aviation and Fixed Base Operator Cost Center and Other Excluded Areas Cost Center. The expenses and revenue of the Excluded Cost Centers are specifically excluded from the airline's rate base for calculating airline fees, rentals and charges.

The concept and the requirements for separately accounting for revenue and expenses of the Included and Excluded Cost Centers had been embodied in the 1985 Bond Order and the City has established separate funds, accounts and sub-accounts to record revenue, expenses and debt service obligations and payments in the Included Cost Centers accounts. However, in connection with the issuance of the 2021 Bonds, as permitted by the 2017 Bond Order, the City elected to reclassify all revenue and expenses of the Excluded Cost Centers as Revenue and Current Expenses and to pledge such Net Revenue to payment of the debt service on the City's Outstanding Bonds and BANs effective as of July 1, 2021, as well as debt service on the 2023 Bonds, the 2023 BAN and Future Bonds, hereinafter defined.

As a result of the reclassification, Revenues are defined in the Bond Order as income derived by the City from the Included Cost Centers and former Excluded Cost Centers of the Airport plus any amounts that the City may authorize to transfer, but is not obligated to transfer, to the Revenue Fund. Revenue does not include income from Passenger Facility Charges or Contract Facility Charges (see discussions of Passenger Facility Charges and Contract Facility Charges in Section II hereof). For any Fiscal Year, Net Revenue is the sum of Revenue for such Fiscal Year and Revenue retained in the Revenue Fund from the prior Fiscal Year as required debt service coverage, less Current Expenses for such Fiscal Year. Current Expenses are the costs incurred by the City in operating and maintaining Airport facilities, but do not include depreciation expense for assets, certain expenses accrued as depreciation expense for assets, or certain expenses accrued under accounting rules, but paid in future years.

This change in the constitution of Included Cost Center Revenue notwithstanding, the City is not required to share any surplus revenue from the formerly Excluded Cost Centers with the Signatory Airlines. To recognize this distinction, for the purpose of the financial analysis contained in Section V hereof, and the tables contained therein, we have categorized former Included Cost Centers (Airfield and Terminal Complex) as "Airline Cost Centers" and the formerly Excluded Cost Centers as "Non-Airline Cost Centers."

The Outstanding Bonds are parity obligations under the Bond Order (collectively, the "Prior Bonds") which are secured by a pledge by the City of the Net Revenue of the Airport. The initial par amounts and principal amounts outstanding as of August 28, 2023 are as follows:

(i) $74,290,000 Airport Revenue Refunding Bonds Series, 2014A (non-AMT) (the "2014A Bonds"), of which $69,915,000 are currently outstanding;

(ii) $167,385,000 Airport Revenue Bonds, Series 2017A (non-AMT) (the "2017A Bonds"), of which $153,360,000 are currently outstanding;

(iii) $16,345,000 Airport Revenue Bonds, Series 2017B (AMT) (the "2017B Bonds"), of which $15,155,000 are currently outstanding;

(iv) $119,050,000 Airport Revenue Refunding Bonds, Series 2017C (non-AMT) (the "2017C Bonds" and together with the 2017A Bonds and the 2017B Bonds, the "2017 Bonds"), of which $101,235,000 are currently outstanding;

(v) $142,220,000 Airport Revenue Bonds, Series 2019A (non-AMT) (the "2019A Bonds"), of which $134,040,000 are currently outstanding;

(vi) $36,145,000 Airport Revenue Bonds, Series 2019B (AMT) (the "2019B Bonds" and together with the 2019A Bonds, the "2019 Bonds"), of which $34,245,000 are currently outstanding;

(vii) $271,525,000 Airport Revenue Bonds, Series 2021A (non-AMT) (the 2021A Bonds"), of which $260,815,000 are currently outstanding;

(viii) $108,420,000 Airport Revenue Bonds, Series 2021B (AMT) (the "2021B Bonds" and together with the 2021A Bonds, the "2021 Bonds"), of which $100,040,000 are currently outstanding;

(ix) $298,705,000 Airport Revenue Bonds, Series 2022A (non-AMT) (the "2022A Bonds"), of which $295,120,000 are currently outstanding; and

(x) $74,225,000 Airport Revenue Bonds, Series 2022B (AMT) (the "2022B Bonds" and together with the 2022A Bonds, the "2022 Bonds"), of which $73,355,000 are currently outstanding.

The total principal of the Prior Bonds outstanding as of August 28, 2023, excluding bond anticipation notes ("BANs"), is $1,237,280,000. In addition, as of August 28, 2023, there is $135,755,644 of the 2022 BAN outstanding.

The 2023 Bonds and 2023 BAN will be parity obligations with the Prior Bonds. In the Bond Order, the City has covenanted to fix, charge and collect rates, fees, rentals and charges for the use of the Airport and to revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce revenue in each Fiscal Year at least equal to the sum of deposits required to be made in each Fiscal Year to: (i) the Operating Fund; and (ii) the Revenue Bond Fund, plus an amount, if any, which provides an amount on deposit in the Revenue Fund as of the opening of business on the first day of the next Fiscal Year, equal to the Coverage Factor for such preceding Fiscal Year. The Coverage Factor for each Fiscal Year is defined as an amount equal to 25% of the sum of the amounts required to be deposited from Net Revenue into the Revenue Bond Fund for such Fiscal Year. Revenue for a Fiscal Year is deemed to include amounts retained by the City in the Revenue Fund as of the end of the preceding Fiscal Year.

The land and facilities allocated to the Airline Cost Centers generate most of the revenue received by the City from the Airport. In Fiscal Year 2023, estimated Revenue from the Airline Cost Centers accounted for approximately 85% of total Airport revenue[17].

Revenue and Expenses for areas of the Airport that are not allocated to the Airline Cost Centers are allocated to one of the Non-Airline Cost Centers. Income from the Non-Airline Cost Centers are regarded as Revenue under the Bond Order and included in the pledge of Net Revenue. Revenues of the Non-Airline Cost Centers are the general aviation areas, Cargo Areas, the aircraft maintenance center, catering areas, the fixed base operator area, military areas, the intermodal area and the undeveloped land of the Airport. In Fiscal Year 2023, the estimated Non-Airline Cost Centers accounted for approximately 15% of total Airport revenue.

E. THE SIGNATORY AIRLINE AGREEMENTS

The current agreement between the City and certain passenger airlines which serve the Airport became effective July 1, 2016 ("Airline Agreement"). Each of American Airlines, Delta Air Lines, Frontier Airlines,[18] JetBlue Airways, Southwest Airlines, Spirit Airlines[19] and United Airlines have executed the Airline Agreement and are, collectively, the "Signatory Airlines." The term of the Airline Agreement extends to June 30, 2026. For the purposes of this report, we assume that the terms and conditions of the Airline Agreement will continue in effect through the entire Forecast Period.

[17] See Table V-1 in Section V hereof.
[18] Frontier executed its agreement November 1, 2019.
[19] On February 7, 2022, the parent companies of Frontier and Spirit jointly announced they had agreed to merge the two companies into one airline. Due, in part, to a competitive bid for Spirit by Jet Blue Airway, Spirit terminated the merger agreement with Frontier on July 27, 2022. On March 7, 2023, the Department of Justice filed an anti-trust lawsuit seeking to block the Jet Blue - Spirit merger alleging that the merger "will limit choices and drive up ticket prices for passengers across the country".

The Airline Agreement sets forth the rights and obligations of the parties as well as the procedures for calculating airline rentals, fees and charges for the use and occupancy of the Terminal Complex and the Airfield. Two broad categories of Cost Centers: Included Cost Centers and Excluded Cost Centers are established in the Airline Agreement. The Airline Agreement also establishes the Airport Services Facilities ("ASF") cost center which is independent of the Included Cost Centers and Excluded Cost Centers, but the expenses allocated to the ASF Cost Centers are further allocated to the Included Cost Centers and Excluded Cost Centers, based on a formula set forth in the Airline Agreement.

The Airline Agreement also established procedures for the establishment, review and adjustment, at least annually, of rentals, fees and charges payable by the Signatory Airlines and other airlines operating from the Terminal Building and use of the Airfield ("Airline Rates and Charges") and provides for mid-year adjustments and an annual settlement based upon actual costs and activity. The Airline Rates and Charges are calculated under what is referred to as a compensatory method and are set based upon the projected activity and budgeted annual cost to the City of providing and operating the Airfield and those facilities of the Terminal Building used by the airlines in processing their passengers through the Terminal Building. The City is required to pay for the non-airline areas of the Terminal Complex with non-airline Terminal Complex Revenue ("Non-Airline Terminal Revenue"). The Airline Agreement also provides that the City is to credit the Airlines Rates and Charges payable by the Signatory Airlines, 40% of the Net Remaining Terminal Complex Revenue (if any) for such Fiscal Year over the sum of O&M Expenses, ASF Costs, Capital Expense and the Revenue Bond Debt Service allocated to the Terminal Complex for such Fiscal Year ("Revenue Sharing"). The blending of compensatory rate setting with Revenue Sharing is referred to as a "hybrid" rate-setting methodology.

Extraordinary Coverage Protection

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

MII Approval of Capital Projects

Under certain circumstances and with specific exceptions, the Airline Agreement requires approval by a Majority-In-Interest ("MII") of Signatory Airlines for additions or improvements to the Airport's physical plant or equipment, and the acquisition by the City of land or rights in land for expansion or operation of the Airport ("Capital Improvement Project"). No MII Approval is required for Capital Projects already approved by the Signatory Airlines through their execution of the Airline Agreement ("Pre-Approved Projects"), or pursuant to prior MII Approvals ("Approved Projects"); or for certain other Capital Projects that are paid for with PFCs or that meet certain other criteria (collectively, "Exempt Projects").

According to Airport management, it has obtained MII approval for the 2023 Bonds Project elements and the 2023 BAN Project elements requiring MII approval.

Affiliate Airlines

The Airline Agreement allows Signatory Airlines, upon the satisfaction of certain conditions, to designate one or more non-signatory airlines operating at the Airport as an "Affiliate" of the Signatory Airline. For each designation to be effective the Affiliate must execute an Affiliate Operating Agreement with the City. A Signatory Airline is required to pay on behalf of its Affiliates the same Rates and Charges for the Affiliates' use of the Airfield and the Terminal Building as established by the City for the Signatory Airlines. Among the benefits to the Signatory Airline of designating Affiliates is that the Affiliate's activity at the Airport is attributed to the Signatory Airline for the purposes of MII voting and Revenue Sharing. As of the date hereof, American Airlines, Delta Air Lines and United Airlines have designated Affiliates each of which have executed Affiliate Operating Agreements.

In addition to Affiliates, certain Signatory Airlines from time-to-time contract with non-affiliate air carriers to operate flights for the Signatory Airline at the Airport. See Table IV-2 for a complete list of passenger air carriers serving the Airport as of the date hereof.

Terminal Building Airline Premises

Under the Airline Agreement, the City issued, and each Signatory Airline has accepted, a Premises Notice which describes the Exclusive Premises, Preferred Use Premises and Joint Use Premises assigned to the Signatory Airline pursuant to the Airline Agreement and for which the Signatory Airline is obligated under the Airline Agreement to pay the terminal rents, fees and charges calculated according to Article 10 of the Airline Agreement.

The City has designated 103 gates in the Terminal Building as Preferential Use Gates, each of which is assigned to a Signatory Airline pursuant to its Premises Notice. Ten gates are under control of Airport management as "Common Use Gates." Common Use Gates are assigned by the Aviation Director for the use of non-Signatory Airlines operating at the Terminal Building as well as one or more Signatory Airlines that need a Common Use Gate to accommodate its flight schedule. The Premises Notices have assigned to each Signatory Airline a certain amount of exclusive use premises, preferential use premises and joint use premises ("Assigned Premises") in the Terminal Building. "Preferential Use Premises" means those areas within the Terminal Building, including Preferential Use Gates (including associated Gate Ramps) and Preferential Use Ticket Counters, to which an airline has a higher priority of use over all other passenger airlines, subject to certain conditions. All of the gates assigned to the Signatory Airlines are Preferential Use Gates, which means they are subject to being used by other airlines ("Gate Requesting Airlines") if they are not scheduled for use by the assignee Signatory Airline and are needed by the Gate Requesting Airline to accommodate its flight schedule. Gate Requesting Airlines may be either other Signatory Airlines or non-signatory airlines. The City shall charge any Gate Requesting Airline that is accommodated at any of a Signatory Airline's Preferential Use Gates the same charges for use of the gate that the Gate Requesting Airline would have been required to pay the City for use of a Common Use Gate plus a 15% administrative fee and must credit the full amount of such fees to the account of the Signatory Airline whose gate was used by the Gate Requesting Airline.

The Airline Agreement gives the City the ability to reallocate Assigned Premises under certain circumstances to accommodate changing needs of the Airport to accommodate the various flight schedules of all the passenger airlines operating from the Terminal Building.

Article 4.8 of the Airline Agreement granted to each Signatory Airline a "one time right to reduce its Premises to facilitate its operations at the Airport" effective July 1, 2021 by no more than fifty percent (50%). To exercise this right a Signatory Airline was required to give written notice to the City no later than December 31, 2020. As of December 31, 2020, no Signatory Airline had given such notice to the City.

The Airline Agreement sets forth the form of operating agreement the City requires each non-Affiliate, non-signatory passenger airline at the Airport must execute before such airline can exercise any rights as a Gate Requesting Airline at the Airport.

Non-Signatory Airlines

In addition to the Signatory Airlines, the Airport is also served by non-signatory airlines. These passenger and all-cargo carriers serve the Airport independent from the Signatory Airlines and pay landing fees directly to the City. Non-signatory passenger airlines operate from one or more City Gates (defined below) and pay terminal use fees directly to the City. Other non-signatory airlines which serve the Airport operate as either Affiliates of the Signatory Airlines or non-Affiliate contract carriers for the Signatory Airlines and do not lease any Terminal Building gate facilities controlled by the City ("City Gates"). These airlines operate solely from the Assigned Premises of their Signatory Airline and make no payments to the City for the use of Terminal Building facilities.

All passenger airlines regularly operating at the Airport, other than Signatory Airlines, operate under an Affiliate Operating Agreement, Non-Affiliate Operating Agreement or Commercial Use Permit issued by the City. All airlines operating at the Airport pay landing fees and other charges, either directly to the City or through the Signatory Airline under which they operate. Under the terms of the Affiliate Operating Agreement, the Signatory Airline pays landing fees and terminal use charges for its Affiliates.

Under the Non-Affiliate Operating Agreement, the Non-Affiliate airline pays landing fees and terminal use charges, determined according to the schedule of rates, fees and charges set by the City under the Airline Agreement for Signatory Airlines.

Under the terms of the Commercial Use Permit, these carriers pay the City a landing fee and terminal use fee ("turn charge") for the use of each gate directly to the City.

(Remainder of Page Intentionally Left Blank)

II. THE 2023 PROJECT

A. NEED FOR THE 2023 PROJECT

The 2023 Project is made up of the 2023 Bonds Project and the 2023 BAN Project.

The 2023 Project is a sub-set of a multi-year capital improvement program (collectively the "2017 – 2025 CIP" or "CIP"), the elements of which are being completed in phases over multiple years. The CIP, having a current total estimated cost of approximately $4 billion[20], is being funded in phases with proceeds of short-term bond anticipation notes ("BANs") and permanent funding with a combination of various state and federal grants, PFC cash on hand ("PAYGO"), airport cash and long-term airport revenue bonds ("Bonds"), the proceeds of which are used to take out the BANs and make final construction fund deposits. Permanent funding of the CIP currently includes proceeds of the previously issued 2017 Bonds, 2019 Bonds, 2021 Bonds and 2022 Bonds, and will be augmented with the proceeds of the 2023 Bonds.

The projects comprising the 2017 – 2025 CIP were identified in the Airport's Master Plan and by the Signatory Airlines and Airport management as needed to: (i) address inadequacies of Airport facilities to accommodate existing demand; (ii) provide additional facilities to meet projected demand; and (iii) replace, repair or refurbish existing facilities that have deteriorated over time and with usage. Certain elements of the 2017 - 2025 CIP have already been permanently funded with 2017 Bonds, 2019 Bonds, 2021 Bonds, 2022 Bonds and temporarily funded in whole or in part with BANs. Additional permanent financing is to be provided with proceeds of the 2023 Bonds and Future Bonds.

B. DESCRIPTION OF THE 2023 PROJECT

The 2023 Project comprises the 2023 Bonds Project and the 2023 BAN Project as described below:

a. Fourth Parallel Runway Program – 2023 Bonds Project & 2023 BAN Project

This project includes the design, site preparation and construction of a fourth parallel runway ("Fourth Parallel Runway"), along with associated taxiway system, an aircraft hold pad, and an Aircraft Rescue and Fire Fighting ("ARFF") Station. The Fourth Parallel Runway has been identified as Runway 1/19 in the Airport's Master Plan Update Phase I dated February 2016, the Fourth Parallel Runway Benefit Cost Analysis dated September 2022, and the FAA Letter of Intent request dated February 2023, the FAA commitment for which is pending.

The Fourth Parallel Runway, which will have a length of 10,000 feet with a width of 150 feet, will be constructed of concrete and capable of serving Aircraft Approach Category D and

[20] Source: Charlotte Douglas International Airport. https://cltairport.mediaroom.com/destination-clt.

Airplane Design Group V aircraft. The Fourth Parallel Runway will be located 1,100 feet to the west of Runway 18C/36C and 3,200 feet to the east of Runway 18R/36L. The runway has been identified as a primary departure runway, but its placement between the two existing runways provides for future flexibility for arrivals and departures. The Fourth Parallel Runway will include runway lighting, signage, and navigational aids.

The taxiway system serving the Fourth Parallel Runway Program will include end around taxiways, high-speed exit taxiways, a full parallel taxiway, an extension of Taxiway V and connector taxiways.

An aircraft hold pad of approximately 470,000-square feet of concrete will be constructed to provide space for aircraft queueing and staging. This hold pad will be centrally located adjacent to existing Taxiway F and Taxiway U and will provide air traffic control a place to hold aircraft that may be delayed departing or arriving early if its terminal gate assignment is unavailable.

A new ARFF Station will be constructed in the south airfield area to meet emergency response times due to the additional runway crossings with new Runway 1/19. This ARFF Station will be approximately 27,500 square feet and will have 9 ARFF vehicle bays, administrative office space and support rooms, sleeping quarters and chemical storage and other necessary space for safety equipment, personal protective equipment, gear and clean-up facilities.

The Fourth Parallel Runway will also require the relocation of approximately one mile of West Boulevard, where traffic will be rerouted on the existing roads of Piney Top Drive and Byrum Drive.

b. Concourse A North Expansion Phase II – 2023 Bonds Project

This project includes the planning, design, and construction of Concourse A North Expansion Phase II to add ten Airplane Design Group III gates and aircraft parking positions. This is Phase II and the continuation of Concourse A Expansion program (Concourse A North Expansion Phase I was a concourse expansion of nine gates and associated aircraft parking positions.)

Concourse A North Expansion Phase II will construct a 3-level pier of an estimated 167,367 square feet and will include 10 passenger boarding gates, holdrooms, public restrooms, circulation areas with moving sidewalks, concession areas, a baggage conveyor system and other support areas. All parking positions will include hydrant fueling, new passenger loading bridges, preconditioned air and 400 Hz power.

c. North EAT & Relocations – 2023 BAN Project

This project includes the planning, design, and construction of a North End-Around Taxiway of Runway 18C/36C and its enabling projects.

The North End-Around Taxiway will be designed as Taxiway Design Group VI to support Airplane Design Group V. This will provide access from Taxiway Victor to the north portion of West Terminal Ramp Expansion - Phase I. Due to tail height restrictions, aircraft larger than Airplane Design Group III will be required to obtain clearance from Air Traffic Control to use the North End-Around Taxiway but, Airplane Design Group III will have unrestricted use of the North End-Around Taxiway.

The partial relocation of Old Dowd Road includes the construction of two new roads to maintain access from Old Dowd Road to Wilkinson Boulevard. Marshall Drive is the existing connection between Wilkinson Boulevard and Old Dowd Road and resides in the Runway Protection Zone of Runway 18C/36C.

The FAA Navigational Aids to be relocated are the Runway 36C Localizer and the Remote Transmitter/Receiver. This equipment is critical to the safety and efficiency of the airfield for Air Traffic Control and pilots.

The Airport Overlook is a public area that allows the community to watch planes on Runway 18C/36C. This facility will be moved 1,800 feet southwest of its current site. The new site location will include an asphalt parking lot, a similar viewshed, and improved amenities such as public restrooms.

This project also includes the design and construction of two aircraft hold pads between Taxiways N and S.

d. TWY F Extension, Deice Pad & TXY SCF – 2023 BAN Project

This project includes the planning, design, and construction of an extension of Taxiway F, a dedicated aircraft de-ice pad, and a south cross-field taxiway. Taxiway F will be lengthened 3,000 feet south to provide access to the approach end of Runway 36C, to provide access to the de-ice pad and connect to the south cross-field taxiway. The existing Taxiway F is Taxiway Design Group VI to support Airplane Design Group V and is 75 feet in width with 25 feet shoulders. The extension of Taxiway F will be designed to the same standards.

The proposed de-ice pad will be 1,514 feet by 287 feet for a total area of 434,518 square feet of concrete. The de-ice pad is being designed to accommodate five Airplane Design Group V or eight Airplane Design Group III.

The new south cross-field taxiway will also be designed as Taxiway Design Group VI to accommodate Airplane Design Group V. It will be approximately 4,000 feet long, and 75 feet in width. The cross-field taxiway will provide a connection from the de-ice pad to the approach of Runway 36R. This will provide efficient aircraft flow across the airfield during time-sensitive deicing operations.

e. Concourse D Renovations – 2023 BAN Project

This project is the renovation of the Concourse D public area and includes updates and finishes on the ticket level, a new fire protection system, and a redundant power source in the case of an electrical system failure.

f. D-E Connector – 2023 BAN Project

The D-E Connector project will reconfigure and streamline the primary circulation flow between the east and west halves of the terminal building. The project will also relocate the American Airlines Admiral's Club to an upper level location and modify and expand the concession facilities available to passengers.

g. Concourse E Renovations – 2023 BAN Project

This project includes the renovation of the public areas of Concourse E including circulation, holdrooms, and restrooms.

h. South Ramp Expansion – 2023 BAN Project

This project will include the design and construction of new a terminal apron area southeast of Concourse C. The ramp expansion will provide for full ADG III/ADG V dual taxi lanes around the southern portion of the terminal ramp and remedy an existing aircraft movement congestion point on the ramp. The project will also relocate and re-commission the Airport Surveillance Radar and relocate the Center Lighting Vault.

i. Decommission Runway 5/23 – 2023 BAN Project

This project will rehabilitate the pavement previously associated with Runway 5/23, converting the pavement into a taxiway and obliterating existing runway markings. The project will also include required taxiway lighting and markings as defined in AC 150/5300-13B & AC 150/5340-1M.

j. Concourse E Mezzanine – 2023 BAN Project

This project converts the existing plenum area located above the ceiling and below the roofline into a small office space above Gates E38/E40. The installation of a new staircase and elevator located on the apron will provide access to the newly converted mezzanine space.

C. 2023 PROJECT COST AND FUNDING

The total cost of the 2023 Project is estimated to be $2.27 billion[21].

The total estimated project cost of the 2023 Bonds Project is approximately $1.25 billion. The total estimated funding for the 2023 Bonds Project includes approximately $250 million of AIP

[21] The total estimated cost of the 2023 Project is the sum of the 2023 Bonds Project cost and the 2023 BAN Project cost. The Fourth Parallel Runway Program is included in both the 2023 Bonds Project and the 2023 BAN Project, therefore its estimated cost is counted only once in the total estimated cost of the 2023 Project.

grant funds,[22] $90.5 million of State of North Carolina grants, $99.9 million of PFC PAYGO, $359.2 million of 2023 Bonds, and $447.4 million of Future Bonds. The 2023 Bond proceeds will be applied to take out $103.1 million of 2022 BAN and make construction fund deposits of $256.1 million.

The total estimated cost of the 2023 BAN Project is approximately $1.03 billion (excluding the cost of the Fourth Parallel Runway). The 2023 BAN is programmed to be issued in the amount of $279.3 million to provide interim funding for the 2023 BAN Project. Total estimated permanent funding for the 2023 BAN Project includes approximately $678.6 million in federal grants, $15.2 million in Airport cash, approximately $189.2 million of PFC PAYGO, and approximately $939.5 million of Future Bonds proceeds.

The estimated costs and funding of the 2023 Bonds Project and the 2023 BAN Project are depicted on **Table II-1** and **Table II-2**, respectively.

TABLE II-1
2023 Bonds Project Cost and Funding Plan

		Project Funding Plan							
					Series 2023 Bonds				
2023 BONDS PROJECT ELEMENTS:	**Project Cost**	**AIP Grants**	**State Grants**	**PFC PAYGO**	**2022 BAN Takeout**	**New Money**	**Total 2023 Bonds**	**Future Bonds**	**Total Funding**
Concourse A Expansion Ph. II	$241,000,000	$0	$90,482,302	$0	$40,525,000	$109,992,698	$150,517,698	$0	$241,000,000
Fourth Parallel Runway Program	1,006,000,000	250,000,000	0	99,935,000	62,550,000	146,096,000	208,646,000	447,419,000	1,006,000,000
TOTAL 2023 BONDS PROJECT	**$1,247,000,000**	**$250,000,000**	**$90,482,302**	**$99,935,000**	**$103,075,000**	**$256,088,698**	**$359,163,698**	**$447,419,000**	**$1,247,000,000**

Compiled by Newton & Associates, Inc. 08/28/23
Source: Charlotte Douglas International Airport. 2023 Section II Tables Final

(Remainder of Page Intentionally Left Blank)

[22] The Airport submitted an LOI application for $450 million of AIP funding for the Fourth Parallel Runway Program and FAA approval of the LOI application is expected by the Airport by the end of calendar year 2023. As shown on Table II-1, however, the Airport is currently assuming $250 million of AIP LOI grant funds in the Fourth Parallel Runway Program funding plan. Actual Future Bonds required to complete funding for the Fourth Parallel Runway will depend upon the actual amount of AIP LOI funds ultimately approved by the FAA.

TABLE II-2
2023 BAN Project Cost and Funding Plan

2023 BAN PROJECT ELEMENTS:	Project Cost	AIP Grants	BIL Grants	Stimulas Grants	Local Share Funding PFC PAYGO	Local Share Funding Airport Cash	Local Share Funding 2023 BAN	Local Share Funding 2023 Bonds	Local Share Funding Future Bonds [1]	Total Funding [2]
Fourth Parallel Runway Program	$1,006,000,000	$250,000,000	$0	$0	$99,935,000	$0	$95,604,000	$208,646,000	$447,419,000	$1,006,000,000
North EAT & Relos	253,139,000	63,732,277	71,791,000	41,861,254	60,547,272	15,207,197	19,626,000	0	0	253,139,000
TWY F Ext., Deice Pad, & TWY SCF	200,219,300	10,000,000	74,746,684	86,777,226	28,695,390	0	30,454,000	0	0	200,219,300
Concourse D Renovations	40,000,000	0	0	0	0	0	40,000,000	0	40,000,000	40,000,000
D-E Connector	164,000,000	0	0	0	0	0	27,289,000	0	164,000,000	164,000,000
Concourse E Renovations	63,000,000	0	32,000,000	0	0	0	15,390,000	0	31,000,000	63,000,000
South Ramp Expansion	284,000,000	22,300,000	25,417,503	0	0	0	30,110,000	0	236,282,497	284,000,000
Decommission Runway 5/23	16,243,000	0	0	0	0	0	16,243,000	0	16,243,000	16,243,000
Concourse E Mezzanine	4,600,000	0	0	0	0	0	4,600,000	0	4,600,000	4,600,000
TOTAL 2023 BAN PROJECT	**$2,031,201,300**	**$346,032,277**	**$203,955,187**	**$128,638,480**	**$189,177,662**	**$15,207,197**	**$279,316,000**	**$208,646,000**	**$939,544,497**	**$2,031,201,300**

[1] Excludes amounts of 2023 Bonds. Includes amounts to repay 2023 BAN.
[2] Excludes amounts of 2023 BAN.

Compiled by Newton & Associates, Inc.
Source: Charlotte Douglas International Airport.

08/28/23
2023 Section II Tables Final

D. THE 2023 BONDS

The 2023 Bonds are to be issued as Airport Revenue Bonds on parity with the City's Prior Bonds, Prior BANs and 2023 BAN.

Proceeds of the 2023 Bonds will be used to finance, in part, the 2023 Bonds Project, including, together with other available funds, repaying the existing BANs used for the 2023 Bonds Project. The estimated sources and uses for the 2023 Bonds are set forth on **Table II-3**. As shown on Table II-3, the proceeds of the 2023 Bonds are estimated to be approximately $395.2 million.

(Remainder of Page Intentionally Left Blank)

TABLE II-3
Estimated 2023 Bonds Sources and Uses of Funds[23]

SOURCES:	Series 2023A Non-AMT	Series 2023B AMT	Total
BOND PROCEEDS:			
Par Amount	$266,150,000	$114,395,000	$380,545,000
Net Premium/OID	12,636,194	1,992,486	14,628,680
TOTAL SOURCES	**$278,786,194**	**$116,387,486**	**$395,173,680**

USES:	Series 2023A Non-AMT	Series 2023B AMT	Total
PROJECT FUND DEPOSITS:			
Fourth Parallel Runway Program	$208,646,000	$0	$208,646,000
Concourse A Expansion Ph. II	47,251,870	103,265,828	150,517,698
Total Project Fund Deposits	**$255,897,870**	**$103,265,828**	**$359,163,698**
OTHER FUND DEPOSITS :			
Debt Service Reserve Fund	$18,296,042	$7,638,220	$25,934,262
Capitalized Interest Fund	1,925,029	4,337,477	6,262,506
Total Other Fund Deposits	**$20,221,071**	**$11,975,697**	**$32,196,768**
DELIVERY DATE EXPENSES	**$2,661,500**	**$1,143,950**	**$3,805,450**
Other Uses of Funds			
Additional Proceeds	$5,753	$2,011	$7,764
Total Other Uses of Funds	**$5,753**	**$2,011**	**$7,764**
TOTAL USES	**$278,786,194**	**$116,387,486**	**$395,173,680**

Source: BofA Securities - Rates as of August 15, 2023 + 50 bps. 08/28/23
Compiled by Newton & Associates, Inc. 2023 Section II Tables Final

(Remainder of Page Intentionally Left Blank)

[23] Preliminary and Subject to Change.

E. 2023 BONDS DEBT SERVICE

Table II-4 sets forth the estimated debt service schedule (net of capitalized interest) for the 2023 Bonds.

TABLE II-4
Estimated 2023 Bonds Debt Service[24]

Series 2023A Non-AMT				Series 2023B AMT				Series 2023A & 2023B			
Period Ending	Principal	Interest	Total Debt Service	Period Ending	Principal	Interest	Total Debt Service	Period Ending	Principal	Interest	Total Debt Service
7/1/2024	0	10,091,521	10,091,521	7/1/2024	0	4,337,477	4,337,477	7/1/2024	0	14,428,998	14,428,998
7/1/2025	815,000	13,307,500	14,122,500	7/1/2025	1,835,000	5,719,750	7,554,750	7/1/2025	2,650,000	19,027,250	21,677,250
7/1/2026	855,000	13,266,750	14,121,750	7/1/2026	1,925,000	5,628,000	7,553,000	7/1/2026	2,780,000	18,894,750	21,674,750
7/1/2027	900,000	13,224,000	14,124,000	7/1/2027	2,025,000	5,531,750	7,556,750	7/1/2027	2,925,000	18,755,750	21,680,750
7/1/2028	945,000	13,179,000	14,124,000	7/1/2028	2,125,000	5,430,500	7,555,500	7/1/2028	3,070,000	18,609,500	21,679,500
7/1/2029	5,505,000	13,131,750	18,636,750	7/1/2029	2,230,000	5,324,250	7,554,250	7/1/2029	7,735,000	18,456,000	26,191,000
7/1/2030	5,780,000	12,856,500	18,636,500	7/1/2030	2,345,000	5,212,750	7,557,750	7/1/2030	8,125,000	18,069,250	26,194,250
7/1/2031	6,065,000	12,567,500	18,632,500	7/1/2031	2,460,000	5,095,500	7,555,500	7/1/2031	8,525,000	17,663,000	26,188,000
7/1/2032	6,370,000	12,264,250	18,634,250	7/1/2032	2,585,000	4,972,500	7,557,500	7/1/2032	8,955,000	17,236,750	26,191,750
7/1/2033	6,690,000	11,945,750	18,635,750	7/1/2033	2,710,000	4,843,250	7,553,250	7/1/2033	9,400,000	16,789,000	26,189,000
7/1/2034	7,025,000	11,611,250	18,636,250	7/1/2034	2,850,000	4,707,750	7,557,750	7/1/2034	9,875,000	16,319,000	26,194,000
7/1/2035	7,370,000	11,260,000	18,630,000	7/1/2035	2,990,000	4,565,250	7,555,250	7/1/2035	10,360,000	15,825,250	26,185,250
7/1/2036	7,745,000	10,891,500	18,636,500	7/1/2036	3,140,000	4,415,750	7,555,750	7/1/2036	10,885,000	15,307,250	26,192,250
7/1/2037	8,130,000	10,504,250	18,634,250	7/1/2037	3,295,000	4,258,750	7,553,750	7/1/2037	11,425,000	14,763,000	26,188,000
7/1/2038	8,535,000	10,097,750	18,632,750	7/1/2038	3,460,000	4,094,000	7,554,000	7/1/2038	11,995,000	14,191,750	26,186,750
7/1/2039	8,965,000	9,671,000	18,636,000	7/1/2039	3,635,000	3,921,000	7,556,000	7/1/2039	12,600,000	13,592,000	26,192,000
7/1/2040	9,415,000	9,222,750	18,637,750	7/1/2040	3,815,000	3,739,250	7,554,250	7/1/2040	13,230,000	12,962,000	26,192,000
7/1/2041	9,885,000	8,752,000	18,637,000	7/1/2041	4,005,000	3,548,500	7,553,500	7/1/2041	13,890,000	12,300,500	26,190,500
7/1/2042	10,375,000	8,257,750	18,632,750	7/1/2042	4,205,000	3,348,250	7,553,250	7/1/2042	14,580,000	11,606,000	26,186,000
7/1/2043	10,895,000	7,739,000	18,634,000	7/1/2043	4,415,000	3,138,000	7,553,000	7/1/2043	15,310,000	10,877,000	26,187,000
7/1/2044	11,440,000	7,194,250	18,634,250	7/1/2044	4,640,000	2,917,250	7,557,250	7/1/2044	16,080,000	10,111,500	26,191,500
7/1/2045	12,010,000	6,622,250	18,632,250	7/1/2045	4,870,000	2,685,250	7,555,250	7/1/2045	16,880,000	9,307,500	26,187,500
7/1/2046	12,615,000	6,021,750	18,636,750	7/1/2046	5,115,000	2,441,750	7,556,750	7/1/2046	17,730,000	8,463,500	26,193,500
7/1/2047	13,240,000	5,391,000	18,631,000	7/1/2047	5,370,000	2,186,000	7,556,000	7/1/2047	18,610,000	7,577,000	26,187,000
7/1/2048	13,905,000	4,729,000	18,634,000	7/1/2048	5,640,000	1,917,500	7,557,500	7/1/2048	19,545,000	6,646,500	26,191,500
7/1/2049	14,600,000	4,033,750	18,633,750	7/1/2049	5,920,000	1,635,500	7,555,500	7/1/2049	20,520,000	5,669,250	26,189,250
7/1/2050	15,330,000	3,303,750	18,633,750	7/1/2050	6,215,000	1,339,500	7,554,500	7/1/2050	21,545,000	4,643,250	26,188,250
7/1/2051	16,095,000	2,537,250	18,632,250	7/1/2051	6,525,000	1,028,750	7,553,750	7/1/2051	22,620,000	3,566,000	26,186,000
7/1/2052	16,900,000	1,732,500	18,632,500	7/1/2052	6,855,000	702,500	7,557,500	7/1/2052	23,755,000	2,435,000	26,190,000
7/1/2053	17,750,000	887,500	18,637,500	7/1/2053	7,195,000	359,750	7,554,750	7/1/2053	24,945,000	1,247,250	26,192,250
	$266,150,000	**$266,294,771**	**$532,444,771**		**$114,395,000**	**$109,045,977**	**$223,440,977**		**$380,545,000**	**$375,340,748**	**$755,885,748**

Source: BofA Securities - Rates as of August 15, 2023 + 50 bps. 08/28/23

Compiled by Newton & Associates, Inc. 2023 Section II Tables Final

F. SOURCE OF PAYMENT FOR THE 2023 BONDS AND 2023 BAN

Pursuant to the Bond Order, the City irrevocably pledges: (i) Net Revenue, and (ii) the City's right to receive Net Revenue, for the payment of, interest on, credit support payment amounts for, sinking fund requirements for the payment of, and any premium required to be paid on the redemption of all Bonds and BANs outstanding under the Bond Order, including the 2023 Bonds and the 2023 BAN. Under the Bond Order, "Net Revenue for any period, means the excess, if any, of Revenue over Current Expenses for such period." See Section V hereof, Table V-9, for the Forecast Application of Revenue Under Provisions of the Bond Order.

[24] Preliminary and Subject to Change.

G. AIRPORT IMPROVEMENT PROGRAM GRANTS

The Airport Improvement Program ("AIP") was established by the Airport and Airway Improvement Act of 1982-Public Law 97-248 (the "1982 Act"). Congress amends the 1982 Act from time to time as required to authorize funding levels on an annual or multi-federal fiscal year basis. Since its enactment, the AIP has been amended several times, most recently with the passage of the FAA Reauthorization Act of 2018 (the "2018 Act")[25]. Funds obligated for the AIP are drawn from the Airport and Airway Trust Fund, which is supported by user fees, fuel taxes, and other similar revenue sources.

Under the 1982 Act and the 2018 Act, the FAA uses two primary methods to distribute the AIP grants to airports: entitlement grants and discretionary grants. Entitlement grants are apportioned to airports according to a formula largely tied to the amount of passenger traffic at the airport. Discretionary grants are awarded by the FAA in its discretion and are usually awarded for projects that increase airport capacity or safety as further described below.

Because the demand for AIP funds exceeds the availability, FAA apportions these funds based upon national priorities and objectives. AIP funds typically are first apportioned into major entitlement categories such as primary, cargo, and general aviation. The remaining funds are then apportioned to a discretionary fund. Set-aside projects (airport noise and the Military Airport Program) receive first attention from this discretionary fund distribution. The remaining funds are true discretionary funds that are distributed according to national prioritization formula.[26]

AIP-eligible projects include those for (i) airport planning, (ii) airport development, (iii) noise compatibility program, (iv) land acquisition and (v) terminal development. Under the AIP program, terminal development projects at large hub airports, such as the Airport, are not eligible for AIP funding.

1. Airport Improvement Program – Entitlement Grants

The FAA uses AIP Entitlement Grants to distribute AIP grants to commercial service airports based on levels of aviation activity. One of the most common types of funding available for commercial service airports is Passenger Entitlement Grants, which are an allocation of certain AIP funds based upon an airport's total enplanements compared to total U.S. enplanements.

Passenger Entitlement Grants may be carried over from one year to the next and used to pay the principal portion of debt service on bonds issued to finance eligible projects.

[25] P.L. 115-254, signed into law October 5, 2018. According to the FAA "This bi-partisan, five-year authorization of the FAA represents the first significant multi-year reauthorization since the FAA Modernization and Reform Act of 2012 (P.L. 112-95), and the first five-year reauthorization since 1982. The signing of the long-term bill frees up the Agency from the uncertainty of more short-term extensions and instead authorizes the reliable, predictable funding the FAA needs to invest in these critical priorities".
[26] Source: Federal Aviation Administration – https://www.faa.gov/airports/aip/overview/#history.

In addition to AIP Passenger Entitlement Grants, the Airport is eligible to receive Cargo Service Entitlements which are allocated to airports defined by the FAA as Cargo Service Airports based on the total landed weight of cargo aircraft at such airport as a percentage of total landed weight of cargo aircraft at all Cargo Service Airports.

Future AIP Entitlements may also be included in an FAA Letter of Intent ("LOI"), which is a multi-year funding commitment from the FAA. Because the funding authority is established by Congress under its annual budgeting process, an LOI does not guarantee that the FAA will have the funding authority from Congress in the future years of the LOI.

The Airport submitted an LOI application for $450 million of AIP Entitlement Grants and Discretionary Grants (see description below) funding for the Fourth Parallel Runway Program and FAA approval of the LOI application is expected by the end of calendar year 2023. As shown on Table II-1, the current Airport plan of finance is assuming $250 million of AIP LOI grant funds in the Fourth Parallel Runway Program funding plan. The amount of Future Bonds proceeds required to complete funding for the Fourth Parallel Runway will depend on, among other things, the actual amount of AIP LOI funds ultimately approved by the FAA.

2. Airport Improvement Program – Discretionary Grants

Discretionary Grants are awarded to airports on a discretionary basis to fund eligible projects as determined by the FAA based on a priority system. The priority system is designed to allocate the available funding using a point-value system that gives the highest priority to safety, security, reconstruction, standards and capacity in that order. As with future Passenger Entitlement Grants, future Discretionary Grants may also be included in an LOI.

3. Status of the Airport Improvement Program

Although the 2018 Act only extends AIP funding through FY 2023, the Transportation and Infrastructure Committee of the United States House of Representatives announced on March 9, 2023 that it is working to reauthorize programs of the FAA before the end of FY 2023 and the expiration of the 2018 Act on September 30, 2023. NAI assumes that Congress and the President will continue to authorize the FAA and the AIP entitlement funds programmed for the CIP and the 2023 Project through the end of the Forecast Period.

4. COVID-19 Federal Relief Grants

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act (H.R. 748, Public Law 116-136), signed into law on March 27, 2020, included $10 billion in funds to be awarded as economic relief to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic.

In April 2020, primary commercial service airports, with more than 10,000 annual passenger boardings, were allocated CARES Act relief funds based upon various formulas. Under the

CARES Act, an airport owner/sponsor may use these funds for any purpose for which airport revenues may be lawfully used as provided by the FAA's Policy and Procedures Concerning the Use of Airport Revenues ("Revenue Use Policy"), 64 Federal Register 7696 (64 FR 7696), as amended by 79 Federal Register 66282 (79 FR 66282). Lawful use of CARES Act funds include payment of operating and maintenance expense, debt service expense and, in certain cases, capital improvement expense. As a condition of accepting CARES Act relief funds, an airport sponsor was required to continue to employ, through December 31, 2020, at least 90% of the number of individuals employed (after making adjustments for retirements or early employee separations) as of March 27, 2020. This workforce retention requirement did not apply to non-hub or non-primary airports. No CARES Act funds are allocated to the 2023 Project.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("CRRSA Act") was enacted into law as a part of the 2021 Consolidated Appropriations Act. The CRRSA Act provided $2 billion in additional grant assistance to be awarded as economic relief to eligible U.S. airports and eligible concessionaires at those airports to prevent, prepare for, and respond to the COVID-19 public health emergency. The CRRSA Act specified that grants from certain of these appropriated amounts will be allocated based on entitlement formulas and the percentage of an airport's enplanements compared to the total number of United States enplanements in 2019. To be eligible for funds under the CRRSA Act, the Airport was required continue to employ, through February 15, 2021, at least 90 percent of individuals employed as of March 27, 2020, subject to certain exceptions. No CRRSA funds are allocated to the 2023 Project.

On March 6, 2021, the Senate passed H.R. 1319 – American Rescue Plan Act of 2021 ("ARPA") which provided additional financial assistance to address the continuing impact of COVID19. The President signed the bill into law on March 11, 2021. This bill includes $8 billion in airport assistance, which is being administered by the FAA. The funds will be disbursed under the Airport Rescue Grants, established by FAA.

Under the ARPA, $6.5 billion is being shared by primary commercial service airports (airports with more than 10,000 annual enplanements) on a pro-rata share similar to the current airport improvement program for entitlement funds. An additional $800 million will be provided to airports to provide rent and minimum annual guarantees ("MAG's") to airport concessions. The airports are to provide this relief directly to each of the concessions based on its pro-rata share of total annual concession rents and MAGs paid to the airport. **Table II-5** shows the COVID-19 Federal Relief Grants awarded to the Airport and their uses.

TABLE II-5
COVID-19 Federal Relief Grant Awards & Uses

	CARES Act Funds	CRRSA Funds	ARPA Funds	Total Funds
Total Award	**$135,568,960**	**$40,899,131**	**$168,218,533**	**$344,686,624**
Uses:				
Fiscal Year 2021				
O&M Expenses	$45,900,000	$0	$0	$45,900,000
COVID Related Capital	687,084	0	0	687,084
Debt Service [1]	48,325,594	0	0	48,325,594
Concessions	0	0	0	0
Total	**$94,912,678**	**$0**	**$0**	**$94,912,678**
Fiscal Year 2022				
O&M Expenses	$3,698,056	$6,616,188	$0	$10,314,244
COVID Related Capital	762,136	0	0	762,136
Debt Service [1]	32,845,815	27,866,768	5,894,313	66,606,896
Concessions	0	5,182,943	0	5,182,943
Total	**$37,306,007**	**$39,665,899**	**$5,894,313**	**$82,866,219**
Fiscal Year 2023				
O&M Expenses	$0	$0	$11,800,000	$11,800,000
COVID Related Capital	0	0	20,731,771	20,731,771
Debt Service [1]	0	1,233,232	34,953,087	36,186,319
Concessions	0	0	0	0
Total	**$0**	**$1,233,232**	**$67,484,858**	**$68,718,090**
Fiscal Year 2024				
O&M Expenses	$1,430,275	$0	$5,546,913	$6,977,188
COVID Related Capital	1,920,000	0	0	1,920,000
Debt Service [1]	0	0	89,292,449	89,292,449
Concessions	0	0	0	0
Total	**$3,350,275**	**$0**	**$94,839,362**	**$98,189,637**
Total Uses	**$135,568,960**	**$40,899,131**	**$168,218,533**	**$344,686,624**

[1] Includes amounts for certain Bond & BAN redemption.

Source: Charlotte Douglas International Airport. 8/28/2023
Compiled by Newton & Associates, Inc. 2023 Section II Tables Final

On November 15, 2021, President Biden signed the $1.2 trillion Bipartisan Infrastructure Act ("BIL") into law. Formally known as the Infrastructure Investment and Jobs Act, the law included $25 billion for investment in the nation's air transportation system. Of this amount, $5 billion is to address the physical condition of the FAA's air traffic control facilities, $15 billion is for airport infrastructure improvements, and $5 billion is allocated to improve passenger terminal facilities.

Based on the same apportionment system used by the FAA to allocate AIP Entitlement Grants, the Airport will be allocated an estimated $216 million of airport BIL funds. It expects to receive this in five tranches over a five-year period, commencing in FY 2023. For FY 2023, the Airport received approximately $43.1 million and expects to receive approximately the same amount for each of the remaining four years of the BIL program. The Airport anticipates programming these grant funds to future, eligible improvements currently included in the 2017-2025 CIP. Currently, approximately $204 million of BIL grants are programmed as permanent funding for the 2023 BAN Project. The Airport may also elect to apply for competitive grants under the $5 billion passenger terminal facilities component of the BIL program. No such funds are currently programmed for the 2023 Project or other elements of the 2017 – 2025 CIP.

5. State Airport Aid Program[27]

State Airport Aid Program is an airport (financial) aid program funded by the State of North Carolina. Under the terms of North Carolina General Statutes Chapter 63, "*the Department of Transportation is hereby authorized… to provide State aid in the form of loans and grants to cities, counties, and public airport authorities… for the purpose of planning, acquiring, constructing, or improving municipal, county, and other publicly owned or controlled airport facilities, and to authorize related programs of aviation safety, education, promotions, and long-range planning.*" The State Airport Aid Program funds projects from two different State Transportation fund sources – the Highway Fund and the Highway Trust Fund. Currently, $90.5 million of State Aid is programmed as permanent funding for the 2023 Bonds Project and there is no State Aid Programmed for the 2023 BAN Project.

H. PASSENGER FACILITY CHARGES

Pursuant to 14 CFR Part 158, airport sponsors (airport owners or operators) may apply to the FAA for authorization to impose a fee on every enplaning revenue passenger ("Passenger Facility Charge" or "PFC") at the airport and to use the revenue derived from any such PFC to pay the allowable costs of PFC eligible airport improvements. The level of PFC which may be charged can vary from $1.00, $2.00, $3.00, $4.00 or $4.50 depending upon the authorization requested by the sponsor and approved by the FAA. PFCs are collected by each airport sponsor, less a handling charge, which the collecting airline is entitled to retain as compensation for its collecting, handling, and remitting the PFC revenue. The airline handling charge authorized by Part 158 is $0.11 per PFC, regardless of the PFC level.

Under Part 158, PFCs may be used to fund and finance the allowable costs (project costs and bond-associated debt service and financing costs) of airport-related projects which would be eligible to receive federal grant funding under the Airport Improvement Program and which preserve or enhance safety, capacity, or security of the national air transportation system, or

[27] https://connect.ncdot.gov/municipalities/State-Airport-Aid/Pages/default.aspx.

which reduce aircraft noise, furnish opportunities for enhanced competition between and among airlines, and which have been approved for any such use by the FAA.

On August 23, 2004, the FAA approved the City's first PFC application ("PFC Application No. 1") to impose and use the revenue derived from a $3.00 PFC to pay the PFC-eligible costs of certain improvements to the Airport. To date, the City has submitted and received FAA approval for nine (9) PFC applications. Each of these applications were approved at the $3.00 level.

With respect to the 2023 Project costs, excluding the Fourth Parallel Runway Program, which are to be funded in whole or in part with PFCs, the City received FAA approval of its eighth PFC application ("PFC Application No. 8") on November 18, 2019. On July 6, 2021, the FAA issued its approval of the Airport's ninth PFC application ("PFC Application No. 9") which authorized the expenditure of PFCs on PFC eligible project costs which were approved for collection only in PFC Application No. 8. With respect to PFCs identified for funding of the Fourth Parallel Runway Program, on July 5, 2023, the City filed a new application ("PFC Application No. 10") at the $3.00 PFC level with the FAA for its evaluation. On August 4, 2023, the City received FAA approval of PFC Application No. 10.

According to Airport management, the City intends to prepare an application for FAA approval of an increase in the current PFC level of $3.00 to maximum level of $4.50. If approved by the FAA, the $4.50 PFC level would provide the City with additional PFC funding capacity for existing PFC eligible debt service and/or for future, PFC eligible improvement costs. This Report and its financial forecasts do not reflect any such increase in the current $3.00 PFC level. See Section V hereof for more detailed information regarding the City's PFC application program, historical and projected PFC revenue and the application of PFC revenue to the debt service on certain of the Prior Bonds, the 2023 Bonds and Future Bonds.

I. ADDITIONAL FUTURE CAPITAL IMPROVEMENT PROJECTS

In addition to the 2023 Project, the Airport has identified certain other capital improvements ("Future Projects") as part of the 2017- 2025 CIP which the City plans to complete during the Forecast Period. The City plans to fund the Future Projects, in whole or in part, with proceeds of airport revenue bonds to be issued in the future as needed to fund the projects ("Future Bonds"). **Table II-6** sets forth the estimated Future Bonds financing requirement for the 2017 – 2025 CIP.

The specific form, amount, and timing of debt to finance these Future Projects are preliminary and subject to change. The par amount of the bonds to be issued to fund the Future Projects would include certain amounts of interest expense incurred by the City on BANs used to temporarily fund the Future Projects as well as issuance costs and delivery date expenses incurred in the issuance of Airport Revenue Bonds.

According to the City, the actual implementation of the Future Projects will be conditioned upon the determination that it is financially feasible to do so and the issuance of any Future Bonds to fund said projects would be conditioned upon meeting the requirements for Additional Bonds set forth in the Bond Order.

Table II-6
2017-2025 CIP Estimated Future Financing Requirement

PROJECTS - BY AIRPORT COST CENTER	Estimated Project Cost	Non-Debt Funding Sources	Prior Bonds Funding	2023 Bonds Funding	Estimated Future Financing Reqmnt.
Terminal Complex Cost Center	$512,600,000	$122,482,302	$0	$150,517,698	$239,600,000
Airfield Cost Center	1,759,601,300	851,010,803	0	208,646,000	699,944,497
TOTAL EST. FUTURE FINANCING REQUIRMENT	**$2,272,201,300**	**$973,493,105**	**$0**	**$359,163,698**	**$939,544,497**

Source: Charlotte Douglas International Airport - Airport Financial Plan. August 28, 2023
Compiled by Newton & Associates, Inc. 2023 Section II Tables Final

(Remainder of Page Intentionally Left Blank)

III. ECONOMIC BASE OF THE AIR SERVICE AREA

In this section of the Report, a description of the Airport's Air Service Area is provided along with the historical trends of key elements of the economic base of the Air Service Area. The data reviewed in this section encompasses calendar years 2018 to 2022 as well as partial data for 2023, unless otherwise noted. Due to the disruption caused by the COVID-19 pandemic[28], the decreases in performance trends observed in 2020, and to a lesser extent 2021, were to be expected. As of this Report, these anomalies have mostly returned to pre-pandemic levels in the Air Service Area.

The geographical area served by an airport is known as the air service area. The locally generated demand for air service at an airport is dependent upon the strengths of the economic base of that airport's air service area. These strengths can be measured in terms of its demographic and economic characteristics. An analysis of the historical trends of this economic base is useful in assessing the probability of continued demand for air service, growth in demand for air service or a potential decrease in demand for air service.

The demographic and economic trends of the Air Service Area examined in this Report include population, employment, income, retail sales, and visitors and tourism. This section concludes with a summary of NAI's findings with respect to the historical and projected future strength of the economic base of the Air Service Area. These findings are considered along with other factors in the development of the origin and destination passenger enplanement forecasts set forth in Section IV hereof.

A. AIR SERVICE AREA DESCRIPTION

The combination of population growth and geographic location reinforces the City's role as an important regional center in the Southeast United States. The City is the core of the Charlotte-Concord, NC-SC Combined Statistical Area (the "CSA"), a region of over 2.9 million people in 2022 that includes the Charlotte-Concord-Gastonia, NC-SC metropolitan statistical area, the Albemarle, NC micropolitan statistical area and the Shelby, NC micropolitan statistical area. NAI believes that locally generated demand for air service at the Airport is created by air travelers from an even larger geographic area, defined by the Bureau of Economic Analysis as the Charlotte-Gastonia-Salisbury, NC-SC Economic Area. This area comprises 20 counties in North Carolina and South Carolina: Alexander, Anson, Burke, Cabarrus, Caldwell, Catawba, Cleveland, Gaston, Iredell, Lincoln, McDowell, Mecklenburg, Rowan, Rutherford, Stanly, and Union Counties in North Carolina and Chester, Chesterfield, Lancaster, and York Counties in South Carolina. NAI has defined this 20-county area as the Airport's primary Air Service Area. Mecklenburg County is the most populous county in the Air Service Area, accounting for 33.28% of the ASA's population.

Figure III-1 depicts the counties which compose the Air Service Area and the location of each relative to the Airport.

[28] See Section I for current policy position of the United States.

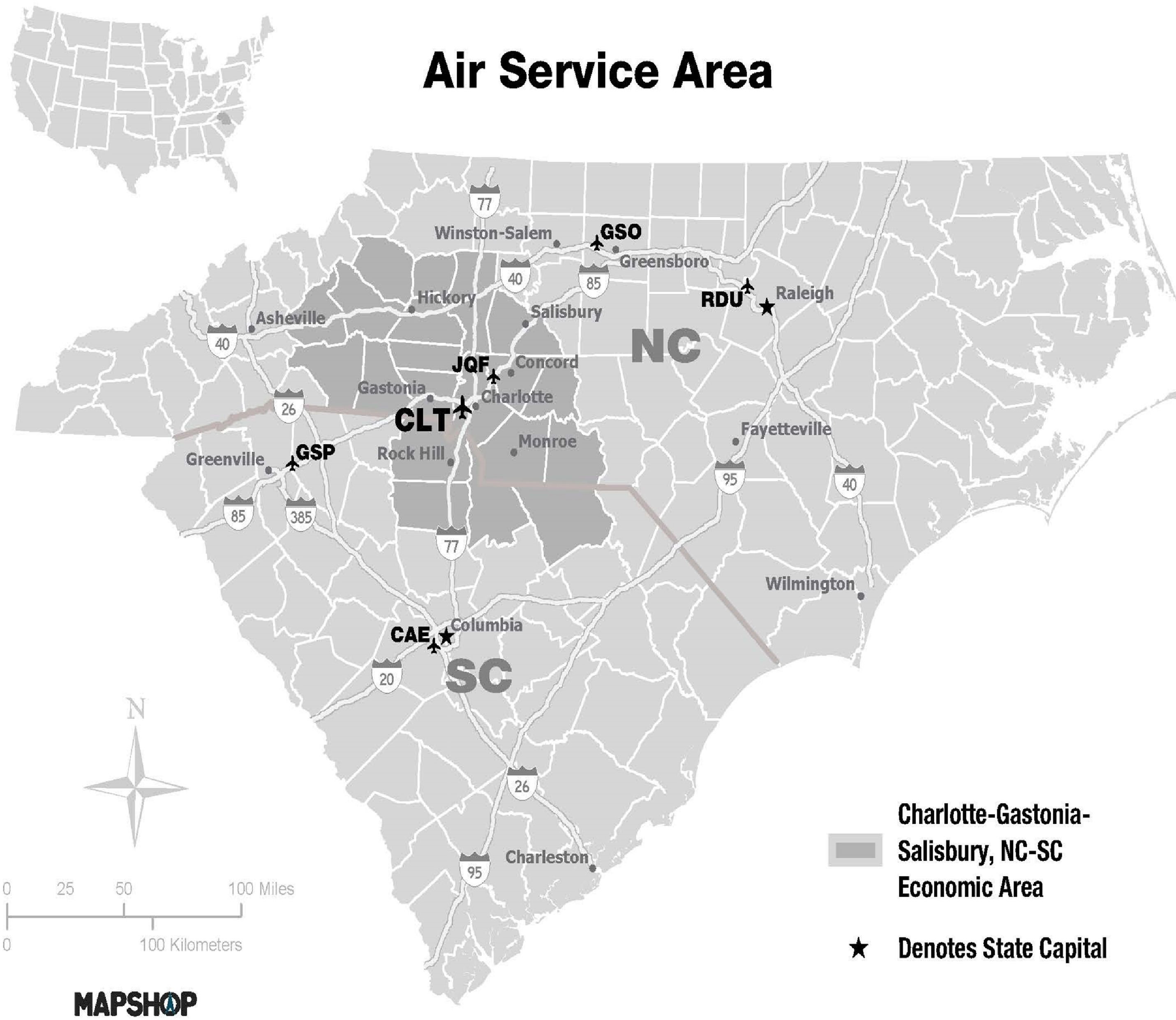


FIGURE III-1
Charlotte Douglas International Airport Air Service Area

Many of the metrics included in this Section III rely upon data from Woods & Poole Economics, Inc.'s 2022 State Profiles for North Carolina and South Carolina released in May 2022.[29] Some historical data is estimated, and all historical data is subject to revision. All data in this *State Profile* for the years 2021 to 2060 is projected. Forecasts and projections are uncertain and future data may differ substantially from the forecasts and projections in its *State Profile*. Woods & Poole Economics, Inc. makes no guarantee as to the accuracy of the data, analysis, forecasts, and projections in this *State Profile*.

B. POPULATION

For the purposes of this Report, U.S. population is defined as residential population on July 1 of each year, and includes civilian population, military population except personnel stationed overseas, college residents, institutional populations (such as prison inmates and residents of behavioral health facilities, nursing homes and hospitals) and estimates of undocumented aliens. Excluded are persons residing in Puerto Rico, other U.S. territories and possessions, and U.S. citizens living abroad.

1. Historical Population

As depicted in **Table III-1**, Woods & Poole Economics has estimated population in the Air Service Area to have increased from 3,261,436 in 2018 to 3,423,543 in 2022, a compound annual growth rate ("CAGR") of 1.22%. This rate of growth in population is greater than that for the State of North Carolina as a whole (0.91%) and the United States (0.43%) over the same period of time.

TABLE III-1
ASA Population

	Study Period							Projected	
	2018	2019	2020	2021	2022	2023	CAGR 2018-2022	2028	CAGR 2023-2028
Mecklenburg	1,087,427	1,103,739	1,118,340	1,122,276	1,139,412	1,156,490	1.17%	1,243,269	1.46%
Air Service Area	3,261,436	3,305,406	3,349,449	3,383,842	3,423,543	3,463,043	1.22%	3,663,285	1.13%
North Carolina	10,276,442	10,372,108	10,457,177	10,551,162	10,656,059	10,759,969	0.91%	11,282,592	0.95%
United States	328,451,784	330,145,373	331,501,080	331,893,745	334,193,837	336,451,657	0.43%	347,672,031	0.66%

Source: Woods & Poole Economics
Compiled by Newton & Associates, Inc.

2023 Section III Tables Final
8/29/23

[29] The last year of historical data in this *State Profile* is 2020.

2. Population Projection

The population of the Air Service Area is projected by Woods and Poole Economics to grow at rates slower than that seen during the Study Period, but at a faster rate than that projected for the State and United States. For the period 2023 through 2028, the population in the ASA is projected to increase from the estimated level of 3,463,043 residents in 2023 to 3,663,285 residents in 2028, a CAGR of 1.13%. Population growth for the State of North Carolina is projected to grow over the Forecast Period to 11,282,592, a CAGR of 0.95%. The United States population is forecast to grow by a CAGR of 0.66% over the Forecast Period. Mecklenburg County is expected to grow at a faster rate than the Air Service Area, North Carolina, and the United States during the Forecast Period, at a CAGR of 1.46%.

C. EMPLOYMENT

The Bureau of Labor Statistics ("BLS") defines employed persons as those persons 16 years and older in the civilian non-institutional population who, during the reference week, (a) did any work at all (at least one hour) as paid employees; worked in their own business, profession or on their own farm or worked 15 hours or more as an unpaid worker in an enterprise operated by a member of the family, and (b) all those who were not working but who had jobs or businesses from which they were temporarily absent due to vacation, illness, bad weather or other unforeseen temporary absences. Each employed person is counted only once, even though each such person may hold more than one job. Excluded from employed persons are those whose only activity consisted of work around their own home or volunteer work for religious, charitable and other organizations. The reference week is the calendar week (Sunday through Saturday) containing the 12th day of the month.

As reported by the Bureau of Labor Statistics, total employment in the Air Service Area increased at a CAGR of 2.34% from the 2018 level of 1,546,489 to 1,696,710 employed persons in 2022. During the same period, employment in the State of North Carolina increased by 1.33% and employment in the United States increased by 0.40%. Mecklenburg County employment increased the most at 3.48%. **Table III-2** summarizes the historical employment trends for Mecklenburg County, the Air Service Area, North Carolina and the United States.

(Remainder of Page Intentionally Left Blank)

TABLE III-2
Historical Employment

	2018	2019	2020	2021	2022	2023	CAGR 2018-2022	Percent Change 2022-2023
Mecklenburg	578,929	592,866	559,368	591,711	629,309	630,107	2.11%	0.13%
Air Service Area	1,576,489	1,614,306	1,527,605	1,608,499	1,696,710	1,700,657	1.85%	0.23%
North Carolina	4,715,616	4,801,094	4,491,749	4,712,866	4,970,998	4,973,059	1.33%	0.04%
United States	155,761,000	157,538,083	147,794,750	152,580,667	158,291,083	159,202,500	0.40%	0.58%

CY 2023 two month average.

Source: Bureau of Labor Statistics as of 04/30/2023

Compiled by Newton & Associates, Inc.

2023 Section III Tables Final
08/29/23

1. Labor Force

The Labor Force is made up of all employed persons and all unemployed persons (defined in Section 2 below) willing and able to work.

According to the Bureau of Labor Statistics and as depicted in **Table III-3**, the total labor force of the Air Service Area increased at a CAGR of 1.78% from 1,637,795 in 2018 to 1,757,658 in 2022. This growth in the Air Service Area labor force is higher than that of North Carolina 1.24% and the United States 0.34% for the same period. Mecklenburg County had the greatest growth in the labor force, a CAGR of 2.02%.**Figure III-2 depicts** the rate of growth between population and labor force in the ASA.

Table III-3
Labor Force

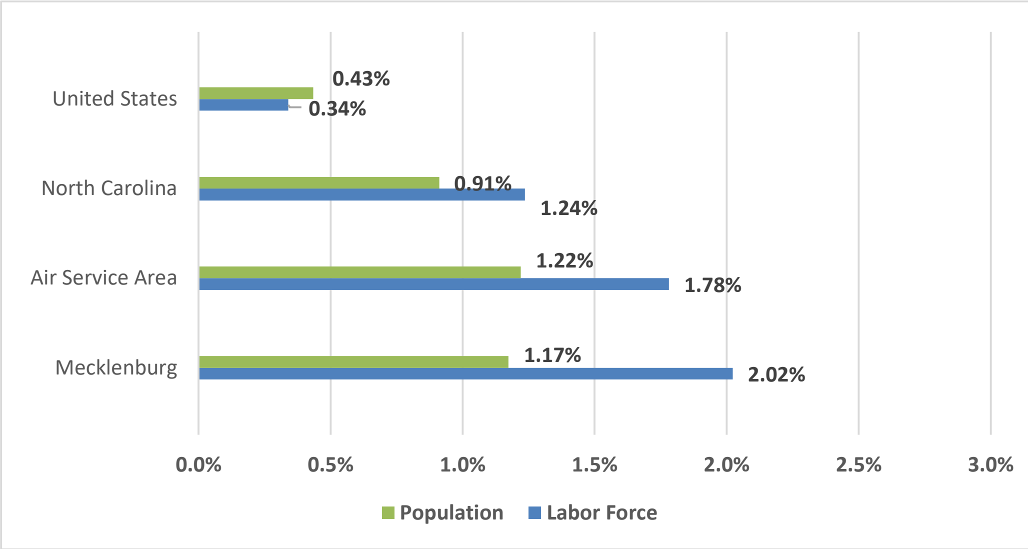
	2018	2019	2020	2021	2022	2023	CAGR 2018-2022	Percent Change 2022-2023
Mecklenburg	601,938	615,263	605,131	622,240	652,142	653,487	2.02%	0.21%
Air Service Area	1,637,795	1,674,338	1,645,807	1,687,604	1,757,658	1,762,532	1.78%	0.28%
North Carolina	4,911,884	4,993,476	4,839,372	4,954,783	5,159,329	5,161,347	1.24%	0.04%
United States	162,075,000	163,539,000	160,742,000	161,204,000	164,287,167	165,624,000	0.34%	0.81%

CY 2023 two month average.

Source: Bureau of Labor Statistics as of 04/30/2023
Compiled by Newton & Associates, Inc.

2023 Section III Tables Final
8/29/23

FIGURE III-1
2018 – 2022 CAGR's of Population and Labor Force



2. Unemployment Rates

The Unemployment Rate represents the number of unemployed persons as a percent of the labor force. Unemployed persons are defined by the Bureau of Labor Statistics "people who had no employment during the reference week, were available for work at that time, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week.
Note: People who were waiting to be recalled to a job from which they had been laid off need not be looking for work to be classified as unemployed."

Table III-4 depicts the historical trend in the rate of unemployment in the Air Service Area, Mecklenburg County, the State of North Carolina and the United States for the period 2018 to 2022. During this time, the unemployment rate decreased every year except for 2020 when COVID-19 caused business closures world-wide. Since that time, the unemployment rate has returned to or exceeded 2019 unemployment levels. In 2018 unemployment in the Air Service Area was 3.7 %. In 2022, annual average unemployment was 3.5%. Unemployment for Mecklenburg County, North Carolina and the United States in 2022 were 3.5%, 3.6% and 3.9% respectively.

Table III-4
Historical Unemployment Rates

	2018	2019	2020	2021	2022	2023
Mecklenburg	3.8%	3.6%	7.6%	4.9%	3.5%	3.6%
Air Service Area	3.7%	3.6%	7.2%	4.7%	3.5%	3.5%
North Carolina	4.0%	3.9%	7.2%	4.9%	3.7%	3.6%
United States	3.9%	3.7%	8.1%	5.3%	3.6%	3.9%

CY 2023 two month average.

Source: Bureau of Labor Statistics as of 04/30/2023
Compiled by Newton & Associates, Inc.

2023 Section III Tables Final
8/29/23

3. Industry Group Employment

An examination of employment by industry group illustrates the diversity of employment in the Air Service Area. **Table III-5** and **Figure III-3** summarize the number of full and part-time civilian, non-agricultural employees (expressed in number jobs) by major industry sector (as defined by the U.S. Department of Labor) for the Air Service Area, the State of North Carolina and the United States.

Table III-5
Non-Agricultural Employees by Industry Sector

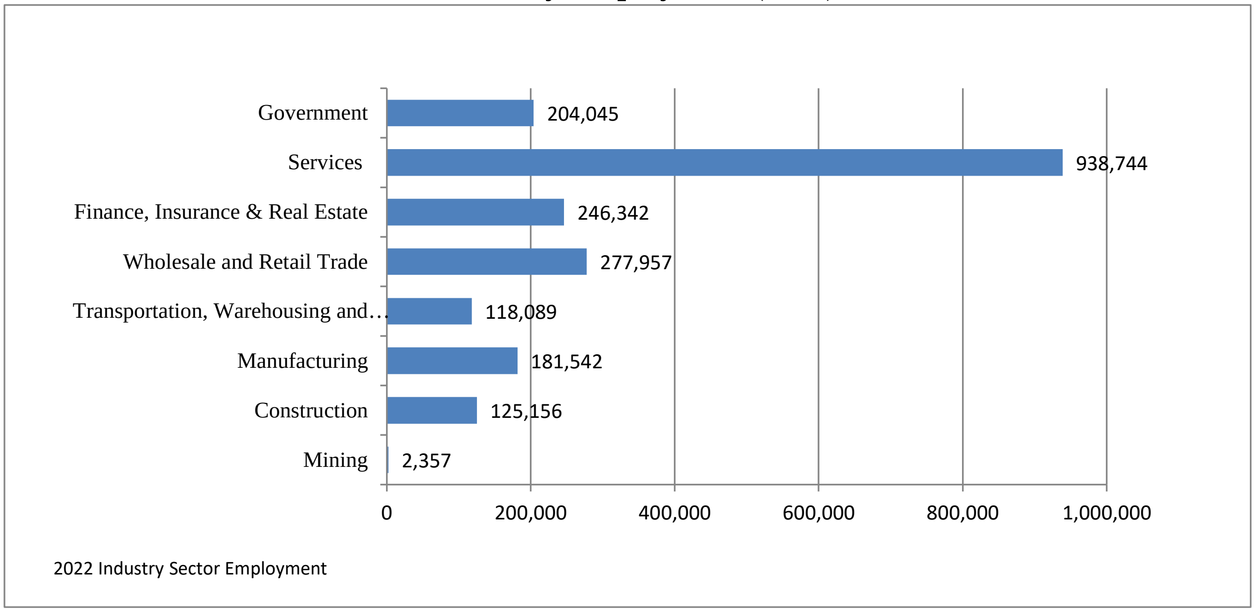
	Air Service Area						North Carolina		United States	
Industry Sector	2018	Percent of Total 2018	2022	Percent of Total 2022	Compound Annual Growth Rate	New Jobs	2022	Percent of Total 2022	2022	Percent of Total 2022
Mining	2,439	0.12%	2,357	0.11%	-0.85%	-82	6,144	0.10%	1,093,561	0.54%
Construction	117,785	6.02%	125,156	5.98%	1.53%	7,371	376,846	6.11%	11,259,130	5.59%
Manufacturing	185,910	9.51%	181,542	8.67%	-0.59%	-4,368	488,681	7.92%	13,336,755	6.62%
Transportation, Warehousing and Public Utilities	102,347	5.23%	118,089	5.64%	3.64%	15,742	256,503	4.16%	10,357,433	5.14%
Wholesale and Retail Trade	273,924	14.01%	277,957	13.27%	0.37%	4,033	808,040	13.10%	25,069,707	12.44%
Finance, Insurance & Real Estate	213,325	10.91%	246,342	11.76%	3.66%	33,017	614,616	9.97%	21,320,465	10.58%
Services	864,229	44.19%	938,744	44.83%	2.09%	74,515	2,864,278	46.45%	96,224,067	47.73%
[1] Government	195,565	10.00%	204,045	9.74%	1.07%	8,480	751,497	12.19%	22,927,969	11.37%
Total	1,955,524	100%	2,094,232	100%	1.73%	138,708	6,166,605	100%	201,589,087	100%

[1] Does not include military.

Source: Woods & Poole Economics
Compiled by Newton & Associates, Inc.

2023 Section III Tables Final
8/29/23

FIGURE III-2
ASA Industry Employment (Jobs)



According to Woods & Poole Economics and as shown on Table III-5, in 2018 the Services industry sector was the largest non-agricultural employment sector in the Air Service Area. Employment in the Services industry sector grew at a CAGR of 2.09% from 2018 to 2022. The Services industry sector continued to be the largest sector of industry employment in 2022 in the ASA, accounting for 44.83% of employed persons. By comparison, the Services industry sector accounted for 46.45% of employment in the State of North Carolina and 47.73% for the United States. The Services industry sector in the Air Service Area is followed by Wholesale and Retail Trade, Finance, Insurance & Real Estate, and Government sectors (13.27%, 11.76%, and 9.74% respectively) in the number of employed persons.

From 2018 to 2022, two industry sectors experienced growth at a CAGR greater than 3.00%. The Finance, Insurance & Real Estate sector experienced the largest growth with a CAGR of 3.66%. Following closely the Transportation, Warehousing and Public Utilities industry experienced a CAGR of 3.64%. Collectively, over the five-year period 2018 through 2022, an additional 138,708 jobs were generated in the Air Service Area.

Following are discussions of the largest employment industry sectors as they relate to the Air Service Area and the City of Charlotte. The Charlotte Regional Business Alliance is the source of information unless otherwise noted.

a. Finance, Insurance and Real Estate

According to Woods & Poole Economics, Inc., the Finance and Insurance sector includes establishments primarily engaged in or facilitating financial transactions. These establishments include depository institutions; credit institutions; credit card processing; investment companies; brokers and dealers in securities and commodities; security and commodity exchanges; carriers of all types of insurance; insurance agents and insurance brokers. Also included are central banks and monetary authorities charged with monetary control. NAI includes real estate in this category due to the sub-sector's dependency on these establishments.

The City has long been known as a financial hub in the U.S. The City, and San Francisco, compete for second place based on consolidated assets, to New York City. According to the Federal Reserve Bank, of the top-50 insured chartered commercial banks by consolidated assets of more than $300 million in the United States, eight have operations in Charlotte, two of which, Bank of America and Truist, are headquartered in Charlotte. In aggregate, these eight banks have consolidated assets of nearly $5.8 trillion as of December 31, 2022. Not included in this list but present in the Air Service Area (York County, South Carolina) is TD Bank, with consolidated assets of $413.1 billion as of the same date.

Consolidated Assets as of December 31, 2022

	Billion	Rank
Bank of America	$2,418.5	2
Wells Fargo	1,717.5	4
PNC Bank	552.3	6
Truist	546.2	7
Fifth Third	206.3	17
Regions Financial Corp.	154.2	27
First Citizens	109.2	30
First Horizon National	78.7	38
	$5,782.9	

As of April 30, 2023

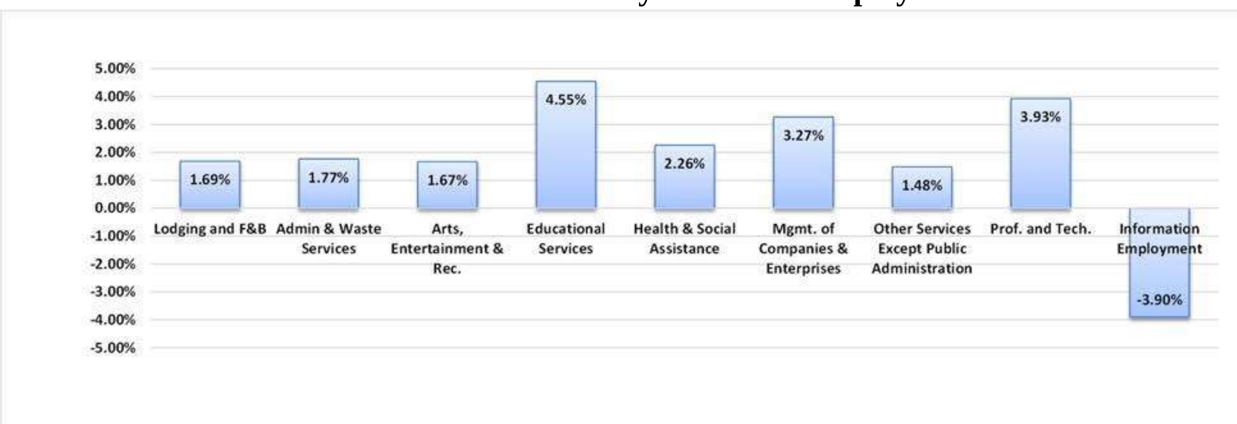
In May 2023, TIAA, announced plans to move its trust business to Charlotte pending regulatory approvals. TIAA is one of Charlotte's largest employers with over 4,500 employees.

Based on data from Woods & Poole Economics, the finance and insurance sub-sectors, which make up approximately 60% of the total Finance, Insurance and Real Estate industry sector, gained an estimated 33,000 jobs from 2018 to 2022.

b. Services

The Services sector, the broadest sector of employment, which includes health care institutions, research and development firms, personal services, business services, information services and employment agencies among others, is the largest non-agricultural employment sector in the Air Service Area, the State of North Carolina and the United States (44.83%, 46.45% and 47.73% respectively) for 2022. Within the Services industry sector, three sub-sectors experienced average annual growth at rates in excess of 3.00%. These include Educational Services (4.55%), Management of Companies & Enterprises (3.27%), and Professional & Technical Services (3.93%)as depicted on **Figure III-4** Service Industry Employment. The Services industry sector grew at a CAGR of 2.69 % over the same period.

FIGURE III-3
CAGR's of Service Industry Subsector Employment



c. Wholesale and Retail Trade

Wholesale trade comprises establishments engaged in wholesaling merchandise, generally without transformation and rendering services incidental to the sale of the merchandise. This merchandise could include agriculture, mining, and manufacturing, among others. Wholesalers sell merchandise to other businesses and typically operate from a warehouse. Retail trade comprises establishments engaged in merchandise retailing to end users. The retailing process is the final step in the distribution of merchandise to the general public. These retailers operate in both brick and mortar locations and "virtual" locations.

Wholesale and Retail trade firms employed approximately 277,957 people in the Air Service Area in 2022. This industry sector gained 4,033 jobs from 2018 to 2022. The Wholesale and Retail trade service sector is the second largest employment sector in the Air Service Area, North Carolina and the United States in 2022.

d. Manufacturing

According to the Charlotte Regional Business Alliance[30], the Charlotte region is home to over 3,500 manufacturers. These companies employ 145,000 workers. Since 2020 more than 7,500 jobs were announced. Estimated employment for 2022 reflects a slight decrease of 0.59%.

On October 18, 2022 the North Carolina Department of Commerce ("NCDOC") announced that Fab-Con Machinery Development Corporation, a manufacturer of textile finishing equipment, would create 27 new jobs in Rowan County and invest $5.4 million to relocate its headquarters and manufacturing operation to Salisbury (Rowan County).

The NCDOC announced on December 13, 2022 that the Albemarle Corporation, a global specialty chemicals company will expand and create 200 plus jobs in Mecklenburg County. The company plans to establish an advanced materials research and development facility, as well as an investment of $180 million. Albemarle Corporation is headquartered in Charlotte, N.C.

On April 11, 2023 the NCDOC announced that EPOC Enviro, an Australian environmental company, would establish its first North American office in Iredell County. The company plans to invest $4.1 million and create 226 new jobs. The new positions include electricians, engineers, fitters, technicians and others. The average salary is expected to be more than $64,000. EPOC Environ is a subsidiary of OPEC Systems, with three decades of global environmental engineering experience.

As shown on **Table III-5** in 2022 the manufacturing industry sector employed 8.67% of all employed people within the Air Service Area but has decreased at a CAGR of -0.59% from 2018 to 2022.

e. Transportation, Warehousing and Public Utilities

Charlotte's strategic location and strength as a major transportation center has contributed to the Air Service Area's growth as one of the major distribution and logistics centers in the United States. Charlotte is served by two north-south interstate highways, Interstate 85 and Interstate 77. Both connect to major east-west interstate highways, Interstates 20 and 26 to the south and Interstate 40 to north. Charlotte has an inland port terminal operated by the North Carolina Ports Authority and Norfolk Southern's intermodal facility is located at the Airport. Charlotte is located equidistant to New York, Miami, Chicago, St. Louis and New Orleans. Collectively these networks create an ideal situation for distribution and logistics. Major highway access is also provided by U.S. Highways 74, 29, 49, and 21.

Because of Charlotte's interstate and highway system, strong manufacturing base, wholesale trade, and intermodal networks, the Charlotte region is part of one of the largest consolidated rail systems in the United States. CSX Transportation and Norfolk Southern link approximately

[30] https://charlotteregion.com/pages/target-industries/ accessed 07/26/2023

43,200 route miles of rail transportation. The rail system also accommodates passenger service in Charlotte via Amtrak.

According to Airports Council International, Charlotte Douglas International Airport was the 7th busiest airport in the world in aircraft movements in 2022. A complete analysis and discussion regarding the Airport's passenger traffic activity is provided in Section IV, herein.

These various transportation networks (trucking, rail and air transportation) situated within the Air Service Area provide the region with important intermodal transportation opportunities and contribute to the well-being and growth of the economic base of the Air Service Area.

The price of crude oil continues to remain well below the high of July 2008 ($133.37 per barrel) in the United Sates. In 2018, crude oil (West Texas Intermediate) was approximately $65.07 per barrel. The average cost of crude in 2022 was $94.91 per barrel, an increase of approximately 45.9%. As of May, 2023 (Energy Information Administration ("EIA") published data May 9, 2023) West Texas Intermediate Crude Oil Spot Price was $73.62 per barrel. The short-term energy outlook ("STEO") published by the EIA (June 2023) predicts the cost of crude oil (West Texas Intermediate) to be approximately $74.60 per barrel in 2023 and increase to $78.51 per barrel in 2024. As of July 11, 2023, crude is predicted to be $83.51 per barrel in 2024.

The cost of utilities in the Charlotte area is affordable when compared to most U.S. locations. Duke Energy Corporation generated the majority of electric power for the area from a combination of natural gas/fuel, nuclear, coal-fired, hydro-electrical and solar facilities. According to EIA North Carolina had an average residential electricity rate of $0.1308 per kilowatt in February 2023, less than the contiguous U.S. average rate of $0.1604 per kilowatt.

The number of persons employed in the Transportation, Warehousing and Public Utilities industry sector grew at a CAGR of 3.64% during the Study Period and accounted for 5.64% of total employment in the ASA.

f. Construction-Residential/Commercial

In 2022, employment in the construction industry sector represented 5.98% (125,156) of the total non-agricultural employment within the Air Service Area, 6.11% (376,846) in the State of North Carolina and 5.59% (11,259,130) in the United States. Construction industry employment has increased at a CAGR of 1.53% from 2018 through 2022 for the Air Service Area.

Table III-6 details the annual construction activity estimates for the Charlotte-Concord-Gastonia Metropolitan Statistical Area ("MSA") in terms of residential units authorized for construction from 2019 through March 2023. There were 24,637 residential permits authorized for construction in 2019 with an estimated value of $5.1 billion. Residential unit values increased to $6.3 billion in 2022, a CAGR of 7.3%.

On August 2, 2022, the NCDOC announced that NVR, a leading homebuilder will create 261 jobs in an expansion involving Cleveland and Cumberland Counties. The company will invest more than $33.9 million to expand its capacity in Kings Mountain (Cleveland County) and build a new facility in Fayetteville. NVR, headquartered in Virginia, builds homes under the brands of Ryan Homes, NVHomes, and Heartland Homes in 15 states.

TABLE III-6
Charlotte-Concord-Gastonia, NC-SC Metropolitan Statistical Area
Building Permits & Values

		Value (Thousands)		
Year	**Total Permits**	**Single Family**	**Two+ Units**	**Total**
2019	24,637	$4,240,328	$850,463	$5,090,791
2020	26,548	$4,955,062	$678,833	$5,633,895
2021	30,126	$5,369,091	$960,984	$6,330,075
2022	27,212	$5,206,344	$1,086,129	$6,292,473
[1] 2023	7,186	$1,186,676	$321,584	$1,508,260
CAGR 2019-2022	**3.37%**	**7.08%**	**8.49%**	**7.32%**

	New Residential Units				
	Single Family	**Duplex**	**3 to 4**	**5 Plus**	**Total**
2019	16,253	58.00	88	8,238	24,637
2020	19,690	108.00	26	6,724	26,548
2021	20,830	40.00	70	9,186	30,126
2022	19,029	142.00	47	7,994	27,212
[1] 2023	4,500	12.00	4	2,670	7,186

[1] **2023 January - March**

Source: https://www.census.gov/construction/bps/current.html 2023 Section III Tables Final
Compiled by Newton & Associates, Inc. 8/29/23

(Remainder of Page Intentionally Left Blank)

g. Major Non-Governmental Employers

According to the 2022 Fortune 1000, 16 companies were headquartered in the Air Service Area. These companies had revenue in 2022 of over $368 billion and are ranked as follows.

Fortune 1000 Companies Headquartered in the ASA

Rank	Company
35	Lowe's
36	Bank Of America
98	Nucor
105	Honeywell International
145	Duke Energy
155	Truist Financial
300	Sonic Automotive
405	CommScope Holding
468	Brighthouse Financial
550	Ingersoll Rand
560	Coca-Cola Consolidated
565	Sealed Air
626	Jeld-Wen
668	Dentsply Sirona
780	Albemarle Corporation
921	Curtiss-Wright

Table III- 7 sets forth the major non-governmental employers (employing at least 2,000) in the Air Service Area as reported by the Charlotte Business Journal July 1, 2022.

(Remainder of Page Intentionally Left Blank)

TABLE III-7
Air Service Area Largest Non-Governmental Employers

Local Employees	Employer	Type of Business
39,000	Atruim Health	Services/Healthcare
27,200	Wells Fargo Company	Finance
16,100	Walmart Stores Inc.	Retail
15,000	Bank of America Corporation	Finance
13,088	Novant Health	Services/Healthcare
13,000	American Airlines Group	Transportation
11,000	Lowe's Companies Inc.	Retail
8,239	Harris Teeter Inc.	Retail
7,700	Duke Energy Corp.	Utilities
6,800	Daimler Trucks	Manufacturing
5,076	Compass Group	Services
4,900	TIAA	Finance
4,317	CaroMont Health Inc.	Services/Healthcare
3,483	Home Depot	Retail
3,290	AT&T North Carolina	Utility
3,049	Charter Communications/Spectrum	Utility
3,049	Target Corporation	Retail
3,014	Amazon	Retail
2,850	LPL Financial	Finance
2,500	FedEx Corporation	Distribution/Logistics
2,500	Mariott International	Services/Accommodations
2,450	Century Furniture	Manufactoring
2,414	Ally Financial Inc.	Finance
2,300	Belk	Retail
2,300	Catawba Valley Health System	Services/Healthcare
2,213	Yum! Brands	Manufacturing
2,200	Piedmont Medical Center	Services/Healthcare

Source: Charlotte Business Journal
Compiled by Newton & Associates, Inc.

2023 Section III Tables Final
8/29/23

(Remainder of Page Intentionally Left Blank)

D. INCOME/SALES

1. Total Personal Income

For the purposes of this discussion, total personal income is income received by persons from all sources. Personal income includes wages and salaries, other labor income, proprietor's income, rental income of persons, dividends, interest and rent, and transfer payments according to Woods & Poole Economics.

As depicted on **Table III-8**, total personal income expressed in millions of 2012 dollars, for the Air Service Area grew from $148,794 million in 2018 to an estimated $166,919 million for 2022, a CAGR of 2.92%. This increase was greater than that for the State of North Carolina (2.88%), and the United States (2.38%). Mecklenburg County grew a CAGR of 2.77% for the same period according to Wood & Poole Economics.

2. Total Personal Income Projection

According to the same source, total personal income in the Air Service Area is projected to grow from the 2023 estimate of $171,812 million to $199,236 million in 2028, a CAGR of 3.01%. This estimated increase is greater than that of the State of North Carolina (2.71%) and the United States (2.33%) but less than Mecklenburg County (3.34%) from 2023 through 2028.

TABLE III-8
Total Personal Income
(Millions)

	Historical							Projected	
	2018	2019	2020	2021	2022	2023	CAGR 2018-2022	2028	CAGR 2023-2028
Mecklenburg	$61,518	$63,650	$66,224	$66,354	$68,622	$70,931	2.77%	$83,549	3.33%
Air Service Area	$148,794	$154,180	$162,588	$162,101	$166,919	$171,812	2.92%	$199,236	3.01%
North Carolina	$438,970	$455,320	$479,451	$479,147	$491,777	$504,547	2.88%	$576,860	2.71%
United States	$16,323,380	$16,740,965	$17,628,633	$17,513,458	$17,932,090	$18,353,421	2.38%	$20,589,752	2.33%

Source: Woods & Poole Economics
Compiled by Newton & Associates, Inc.
2023 Section III Tables Final
8/29/23

3. Income Per Capita

Income per capita is personal income for a given area divided by the population of that area. As depicted on **Table III-9**, income per capita for the Air Service Area grew from $45,622 in 2018 to $48,756 in 2022, a CAGR of 1.67%. During the same period, income per capita for North Carolina and the United States increased from $42,716 to $46,150 (1.95%) and $49,698 to $53,658 (1.94%), respectively. The CAGR for Mecklenburg County was 1.58%.

4. Income Per Capita Projection

The income per capita in the Air Service Area is projected to grow from $49,613 in 2023 to $54,387 in 2028, a CAGR of 1.85%. Mecklenburg County is estimated to grow by a CAGR of 1.84%, North Carolina by 1.75% and the United States by a CAGR of 1.66%.

TABLE III-9
Income Per Capita

								Projected	
	2018	2019	2020	2021	2022	2023	CAGR 2018-2022	2028	CAGR 2023-2028
Mecklenburg	$56,573	$57,668	$59,216	$59,124	$60,226	$61,333	1.58%	$67,201	1.84%
Air Service Area	$45,622	$46,645	$48,542	$47,904	$48,756	$49,613	1.67%	$54,387	1.85%
North Carolina	$42,716	$43,899	$45,849	$45,412	$46,150	$46,891	1.95%	$51,128	1.75%
United States	$49,698	$50,708	$53,178	$52,768	$53,658	$54,550	1.94%	$59,222	1.66%

Source: Woods & Poole Economics
Compiled by Newton & Associates, Inc.
2023 Section III Tables Final
8/29/23

5. Retail Sales

As depicted on **Table III-10** Retail Sales in the Air Service Area increased from $49,142 million in 2018 to $58,063 million in 2022, a CAGR of 4.26%. This increase in retail sales was greater than that for the State of North Carolina (4.02%) and the United States (3.63%) during the same period. Mecklenburg County Retail Sales grew the largest over the Study Period, a CAGR of 4.50%.

6 Retail Sales Projection

According to the Woods and Poole Economics, the rate of growth in total retail sales in the Air Service Area is projected to slow over the Forecast Period to a CAGR of 1.72%. This projected rate of growth is greater than that projected for the State of North Carolina (1.53%) and the United States (1.24%). Mecklenburg County has the highest forecast CAGR of 1.98%. The projection from Woods and Poole Economics suggests a correction to the increase in Retail Sales during 2021 and 2022.

TABLE III-10
Total Retail Sales
(Millions)

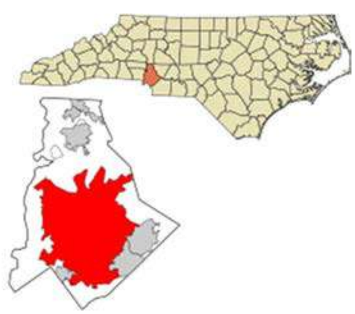
	Historical							Projected	
	2018	2019	2020	2021	2022	2023	CAGR 2018-2022	2028	CAGR 2023-2028
Mecklenburg	$20,852	$21,408	$21,503	$24,886	$24,863	$24,836	4.50%	$27,399	1.98%
Air Service Area	$49,142	$50,401	$50,638	$58,277	$58,063	$57,844	4.26%	$63,006	1.72%
North Carolina	$156,058	$159,488	$159,546	$183,708	$182,682	$181,646	4.02%	$196,004	1.53%
United States	$5,425,365	$5,511,794	$5,481,467	$6,311,524	$6,257,974	$6,204,424	3.63%	$6,599,722	1.24%

Source: Woods & Poole Economics
Compiled by Newton & Associates, Inc.

2023 Section III Tables Final
8/29/23

E. THE CITY

The City of Charlotte is the largest city on the east coast between Washington D.C. and Jacksonville, FL in terms of population. The City was incorporated in 1768 and has grown from an initial 360 acres (0.56 square miles) to 308.29 square miles in 2020 according to the Census Bureau.



According to the US News and World Report "Best Places to Live"[31], Charlotte ranked as the eighth best place to live in 2023 – 2024 in the United States. The City has experienced steady growth in population over the last several decades from an estimated 359,934 in 1990, to an estimated 874,579 in 2020 (as estimated by the U.S. Census Bureau), a CAGR of 3.15%. As of July 1, 2022, the Census Bureau estimates population had increased to 897,720, which equates to a CAGR of 2.99% since 1990. Based upon the change in employment between 2021 and 2022, an average of 103 people a day moved to Charlotte and the surrounding areas during those years. The Charlotte Regional Business Alliance states *"People think about Charlotte as this huge financial and banking sector, and it is. But Charlotte is really becoming an innovation incubator and fueling unprecedented growth and opportunity in the innovation space, and that includes FinTech,"* continuing with *"Charlotte is one of the most rapidly growing tech talent markets in*

[31] https://Realestate.usnews.com/places/north-carolina/charlotte#why-live-here

the U.S. and has the fourth-highest millennial population growth among top tech markets. The city's finance sector has the third-highest concentration of financial services talent among the top 50 metros, and its talent base in the financial services industry continues to grow with the sixth-most in-migration in 2020[32]." The Charlotte Business Alliance further cites the cost-of-living index (lower than the national average), the number of higher education institutions (25 in a 200 mile radius), a 2.5% corporate income tax (business friendly) and diversity as reasons for the continued growth.

There are many tourist and entertainment options available in Charlotte such as professional sports, performing arts, shopping venues, museums and others. The City owns and provides certain of these entertainment and exhibition facilities through the Charlotte Regional Visitors Authority[33], as set out in Section F below.

F. AIR SERVICE AREA VISITORS AND TOURISM

Visitor demand in the Charlotte region is dependent on the size and strength of the economic base of the Air Service Area, tourism, and convention activity, among other factors. The Charlotte Regional Visitors Authority ("CRVA") supports these activities through their involvement with the Charlotte Convention Center, Spectrum Center, Bojangles' Coliseum, Ovens Auditorium, NASCAR Hall of Fame, Charlotte Regional Film Commission, and Visit Charlotte, all in conjunction with the region's "Charlotte's Got a Lot" marketing brand.

In 2019, the Charlotte region experienced its tenth consecutive year of visitor growth with approximately 30 million visitors arriving by all modes, including air. The CRVA, stated that *"nearly 30 million visitors travel to Charlotte annually with 86 percent coming to town for leisure purposes."* The CRVA Fiscal Year 2022 Annual Report to the City, reported that *"In the face of lingering impacts from the pandemic, Visit Charlotte ended on a strong note with 313 total bookings equaling 349,643 definite room nights for future years, an increase of 55% over 2021 figures and in line with pre-pandemic averages."* The CRVA stated that of the future bookings approximately 40% were related to convention activities. Other future events include youth and amateur sporting events as well as corporate retreats/teambuilding and other celebratory events.

CRVA 2022 Highlights

- *CRVA activities directly generated $681 million in economic impact for the community through leisure advertising, meetings and events, and venue operations.*
- *CRVA-managed venues generated revenues of $41.9 million.*
- *CRVA paid marketing efforts generated $38.2 million in hotel revenue and 4.3 million hotel and flight searches and bookings for Charlotte.*

[32] https://charlotteregion.com/blog/2022/07/11/clt-alliance-blog/charlotte-emerging-as-innovation-incubator

[33] The Charlotte Regional Visitors Authority is a "special district" as defined by North Carolina statutes. The City Council appoints the governing board, and the City pays outstanding general obligation bonded debt. Net operating proceeds are to be used to pay principal and interest on the bonded debt or as otherwise directed by City Council.

• *Since restarting paid media in fall FY21, recovery campaign efforts in total through FY22 have collectively generated $68.3 million in hotel revenue and 423,112 room nights.*
• *The Charlotte Convention Center hosted 141 events with 266,220 in total attendance, producing $13 million in revenue and surpassing budget by 4.2 percent.*
• *The NASCAR Hall of Fame generated $55 million in economic impact, drawing overnight visitors from across the country and internationally.*
• *Visit Charlotte secured 313 total bookings equaling 349,643 definite room nights for future years, an increase of 55 percent over FY21 figures.*
• *City of Charlotte and Hornets Sports & Entertainment agree to extend the operating agreement on the Spectrum Center through 2045, with the City Council agreeing to make a capital investment of $215 million.*
• *The Charlotte Regional Film Commission reported $40.2 million in total film-related spending, with 7,322 hotel rooms booked and approximately 1,200 local crew hired.*
• *Approximately $6.9 million was invested in capital improvements for CRVA-managed venues.*

Below are brief descriptions of some of the CRVA managed attractions.

<u>Bojangles Entertainment Complex</u>
The Bojangles Entertainment Complex encompasses the Bojangles Coliseum and Ovens Auditorium and is referred to as BOplex. In FY 2021 the BOplex was used creatively for such events as a voting place for Mecklenburg County elections, and COVID-19 testing and vaccinations. In FY 2022 activity returned to ticketed events, including a sold-out performance by Rauw Alejandro.

The main tenant of BOplex is the Charlotte Checkers minor league professional ice hockey team. According to the CRVA, the Charlotte Checkers have new alliances with the Florida Panthers and the Seattle Kraken, both NHL franchises which will bring additional use of BOplex.

Bojangles' Coliseum, the City's original coliseum, opened in 1955 and for more than three decades served as the region's major sports and entertainment venue. It closed in 1988 and reopened to the public in 1993 after extensive restoration and continues to operate as an entertainment and sports facility.

Ovens Auditorium opened in 1955 providing the City with its first major civic auditorium and sports venue and is located adjacent to the Bojangles' Coliseum. Ovens Auditorium has historically been a venue for concerts, Broadway shows, sporting events, graduations, and ice skating and continues to be used in the same manner.

<u>Spectrum Center</u>
The Spectrum Center is home to the Charlotte Hornets, a professional NBA basketball team. The Spectrum Center hosts approximately 41 home games per season (excluding potential playoff

games). In 2022, the Hornets Sports & Entertainment extended its operating agreement through 2045.

Charlotte Convention Center

The Charlotte Convention Center navigated FY 2021 restrictions on mass gatherings due to COVID-19. The Convention Center hosted 272 events in FY 2019, including 32 conventions and trade shows, 20 assemblies, 20 consumer shows and 200 local events. Collectively, these events generated approximately $17 million in revenue. In October 2021, the City completed a $126.9 million expansion program to the Charlotte Convention Center. In FY 2022, the Charlotte Convention Center hosted 141 events with 266,220 attendees and generated $13 million in revenue. The CRVA secured 313 total bookings equaling 349,643 definite room nights for future years, an increase of 55 percent over FY 2021 figures.

NASCAR Hall of Fame

The NASCAR Hall of Fame opened in May 2010 and is a 150,000 square foot interactive, entertainment attraction honoring the history and heritage of NASCAR. This is a high-tech venue, designed to educate and entertain race fans and others by honoring NASCAR icons, their crew members, team owners and others who have impacted the sport. The NASCAR Hall of Fame Complex includes the NASCAR Hall of Fame, a 278-person theater, a restaurant, Hall of Fame Gear Shop along with the 40,000 square foot Crown Ballroom, the NASCAR Plaza Office Tower and the NASCAR Hall of Fame Parking Garage with more than 1,000 spaces.

Other Regional Attractions (Non-CRVA-managed):

Bank of America Stadium

Bank of America Stadium is the home of the NFL's Carolina Panthers professional football team. The stadium has seating for 74,867 spectators. Bank of America Stadium hosts approximately 10 home games each season for the Carolina Panthers, including pre-season games, with the potential for additional playoff games. In addition to Carolina Panther's scheduled football games, the stadium is home to the Charlotte Football Club ("Charlotte FC") which in 2019 was named as the 30th franchise of the Major League Soccer. Charlotte FC played its inaugural game at Bank of America Stadium March 5, 2022. Bank of America Stadium also hosts a variety of other events including concerts and college football games.

Truist Field

Truist Field is home to the Charlotte Knights, a Triple-A minor league affiliate of the Chicago White Sox baseball team that plays in the International League. The ballpark contains 10,200 seats and hosts approximately 70 home games each season.

U.S. National Whitewater Center

The U.S. National Whitewater Center is situated on approximately 1,100 acres adjacent to the Catawba River in Mecklenburg County. The U.S. National Whitewater Center is a non-profit outdoor recreation and athletic training facility for whitewater rafting, kayaking, canoeing, rock climbing, mountain biking and hiking, and opened in 2006. The facility offers instruction, leadership school, festivals, races and other outdoor events including the River Jam concert series, which occurs during the summer months.

G. SUMMARY

Population

Population in the Air Service Area has experienced stronger growth (1.22%) during the Study Period compared to the State of North Carolina and the United States (CAGR of 0.91%, and 0.43% respectively). Growth in Population is expected to continue during the Forecast Period at rates greater than that of North Carolina and the United States.

Employment

Employment in the Air Service Area increased during the Study Period at a CAGR of 1.85%. The Labor Force in the Air Service Area increased by a CAGR of 1.78% and the unemployment rate in the Air Service Area decreased to 3.5% during the Study Period. Each of these measures were commensurate with or stronger than the State of North Carolina and the United States. The Air Service Area benefits from diverse employment (as depicted on Table III-5) which helps to insulate the overall economic strength of the Air Service Area against an industry specific downturn. All industry sectors but two (Mining -0.85% and Manufacturing -0.59%) experienced positive growth through the Study Period.

Income

Growth in Personal Income in the Air Service Area was stronger than that for North Carolina and the United States over the Study Period (CAGR of 2.92%, 2.88% and 2.38%, respectively). Income Per Capita increased in the Air Service Area and grew at a rate greater to that of the State of North Carolina and United States. Each of these are expected to continue to grow at similar or higher rates over the Forecast Period.

Retail Sales

Growth in Retail Sales in the Area Service Area grew faster than that of the State of North Carolina and the United States during the Study Period (4.26%, 4.02% and 3.63% respectively). Mecklenburg County Retail Sales experienced the greatest increase, a CAGR of 4.50%. The growth in Retail Sales for Mecklenburg Country and the Air Service Area is projected to slow during the Forecast Period but remain higher than the State of North Carolina and the United States.

Visitors/Tourism

Visitor numbers and tourism are important measures of the economy. Visitors consume goods and services in the Air Service Area, which supports employment and the local tax base.

Conclusion

The data set forth in this Section and below in **Table III-11** indicates that the economic base of the Air Service Area is a vibrant component of the economy in North Carolina and the United States. The projections portray a recovering and growing environment in terms of population, employment, income, retail sales and visitors/tourism during the Forecast Period. The United States has been in a state of recovery from a global pandemic caused by COVID-19. The Russian-Ukraine conflict and U.S. inflation have also affected economic activities worldwide, causing an element of uncertainty in the near term. However, the rate of recovery and strengthening of the economic base of the Air Service Area is evident, and NAI believes it is reasonable to expect that the Air Service Area will continue to generate significant demand for air service at the Airport during the Forecast Period.

TABLE III-11
Summary of Economic Base Indicators

	Study Period Growth (CAGR)	Forecast Period Growth (CAGR)
Population		
Mecklenburg	1.17%	1.46%
Air Service Area	1.22%	1.13%
North Carolina	0.91%	0.95%
United States	0.43%	0.66%
Employment		
Mecklenburg	2.11%	N/A
Air Service Area	1.85%	N/A
North Carolina	1.33%	N/A
United States	0.40%	N/A
Income		
Mecklenburg	2.77%	3.33%
Air Service Area	2.92%	3.01%
North Carolina	2.88%	2.71%
United States	2.38%	2.33%
Retail Sales		
Mecklenburg	4.50%	1.98%
Air Service Area	4.26%	1.72%
North Carolina	4.02%	1.53%
United States	3.63%	1.24%

Compiled by Newton & Associates, Inc. 2023 Section III Tables Final
8/29/23

IV. AIR TRAFFIC ANALYSIS

The Airport is categorized as a large-hub airport by the FAA.[34] As shown in **Table IV-1,** according to BTS data the Airport was the 11th busiest airport in the United States in terms of enplaned passengers in FY 2019 with 23,066,712 enplaned passengers, or 2.23% of total U.S. enplaned passengers for the year.[35] Although enplanements at the Airport had dropped to 16,106,670, reflecting the greatest impact of the pandemic on passenger activity at the Airport and the U.S., the Airport was the 5th busiest airport in the U.S. in FY 2021 according to BTS. The Airport ranked eighth in FY 2022 with a total of 22,295,304 passengers.[36] [37]

(Remainder of Page Intentionally Left Blank)

[34] The FAA categorizes airports that have at least 1% of total US enplanements as Large Hubs.
[35] According to BTS data. Airport records report a total of 23,959,410 enplaned passengers for FY 2019.
[36] Airport records report a total of 23,033,542 enplaned passengers for FY 2022.
[37] It should be noted that there are differences in the enplaned passenger data reported by the Airport in comparison with that which is available from the BTS. For example, for FY 2019 the Airport reported 23.95 million enplaned passengers while the BTS reported 23.07 million, a difference of 880,000 enplaned passengers or 3.81%. NAI believes that this variance is explained by the Airport's reporting of total enplanements and the BTS's reporting of only revenue enplanements[37] and this variance does not materially affect our analysis, or our conclusions.

TABLE IV-1
Large Hub Enplanement Rankings

		FY 2022		FY 2021		FY 2020		FY 2019		FY 2022 % of	FY 2022 % of	FY 2022 % of	FY 2019 % of
		Enplanements	Rank	Enplanement	Rank	Enplanement	Rank	Enplanement	Ran	FY 2019	Large Hubs	Total US	Total US
ATL	Hartsfield - Jackson Atlanta International	43,574,116	1	23,955,878	1	38,454,620	1	52,734,285	1	82.6%	8.02%	5.06%	5.10%
DFW	Dallas-Fort Worth International	33,956,736	2	22,591,122	2	27,361,068	4	33,785,751	4	100.5%	6.25%	3.94%	3.27%
DEN	Denver International	32,329,319	3	20,568,244	3	25,299,838	5	32,275,877	5	100.2%	5.95%	3.75%	3.12%
ORD	Chicago O'Hare International	31,909,274	4	16,311,831	4	29,449,125	3	40,443,453	3	78.9%	5.87%	3.71%	3.91%
LAX	Los Angeles International	29,821,082	5	14,283,791	6	30,481,617	2	42,900,488	2	69.5%	5.49%	3.46%	4.15%
LAS	McCarran International	23,041,165	6	12,489,929	9	17,984,392	11	23,950,178	10	96.2%	4.24%	2.68%	2.32%
MCO	Orlando International	22,965,733	7	12,967,351	7	18,186,536	10	23,973,408	9	95.8%	4.23%	2.67%	2.32%
CLT	**Charlotte Douglas International**	**22,295,304**	**8**	**16,106,670**	**5**	**18,640,020**	**8**	**23,066,712**	**11**	**96.7%**	**4.10%**	**2.59%**	**2.23%**
JFK	John F Kennedy International	22,162,446	9	7,772,011	16	21,749,279	6	31,178,835	6	71.1%	4.08%	2.57%	3.02%
MIA	Miami International	22,023,522	10	10,602,905	11	15,674,566	15	21,064,449	15	104.6%	4.05%	2.56%	2.04%
PHX	Phoenix Sky Harbor International	21,537,618	11	12,961,446	8	16,678,040	13	21,970,026	13	98.0%	3.97%	2.50%	2.13%
SEA	Seattle-Tacoma International	20,604,808	12	11,001,730	10	18,531,919	9	24,371,707	8	84.5%	3.79%	2.39%	2.36%
EWR	Newark Liberty International	19,366,398	13	8,487,437	14	16,701,926	12	22,925,749	12	84.5%	3.57%	2.25%	2.22%
IAH	George Bush Intercontinental/Houston	19,101,270	14	10,344,916	12	15,847,635	14	21,689,588	14	88.1%	3.52%	2.22%	2.10%
SFO	San Francisco International	16,863,324	15	6,543,425	19	19,452,730	7	27,754,539	7	60.8%	3.10%	1.96%	2.69%
BOS	General Edward Lawrence Logan International	14,977,188	16	5,878,683	23	14,714,741	16	20,393,444	16	73.4%	2.76%	1.74%	1.97%
FLL	Fort Lauderdale/Hollywood International	14,912,356	17	9,860,620	13	13,104,915	19	17,958,529	18	83.0%	2.75%	1.73%	1.74%
MSP	Minneapolis-St Paul International/Wold-Chamberlain	14,629,734	18	7,948,390	15	13,974,088	17	18,618,895	17	78.6%	2.69%	1.70%	1.80%
DTW	Detroit Metropolitan Wayne County	13,471,145	19	7,660,832	17	13,223,163	18	17,689,138	19	76.2%	2.48%	1.56%	1.71%
SLC	Salt Lake City International	12,354,509	20	7,363,726	18	9,637,041	23	12,546,427	23	98.5%	2.27%	1.43%	1.21%
LGA	New York LaGuardia	11,905,704	21	3,763,352	28	10,868,413	21	15,219,488	21	78.2%	2.19%	1.38%	1.47%
PHL	Philadelphia International	11,752,148	22	6,508,694	20	11,484,974	20	15,538,795	20	75.6%	2.16%	1.36%	1.50%
BWI	Baltimore/Washington International Thurgood	10,421,162	23	6,410,085	21	9,784,464	22	13,074,152	22	79.7%	1.92%	1.21%	1.27%
TPA	Tampa International	10,326,792	24	6,066,746	22	8,061,454	27	10,656,157	27	96.9%	1.90%	1.20%	1.03%
SAN	San Diego International	9,954,084	25	4,851,836	26	9,217,189	24	12,406,608	24	80.2%	1.83%	1.16%	1.20%
DCA	Ronald Reagan Washington National	9,892,701	26	3,460,316	29	8,267,065	26	11,425,919	26	86.6%	1.82%	1.15%	1.11%
IAD	Washington Dulles International	9,366,477	27	4,139,753	27	8,446,874	25	11,818,786	25	79.3%	1.72%	1.09%	1.14%
BNA	Nashville International	9,032,168	28	5,002,300	25	6,680,012	29	8,381,102	29	107.8%	1.66%	1.05%	0.81%
MDW	Chicago Midway International	8,625,469	29	5,297,247	24	7,372,851	28	10,344,759	28	83.4%	1.59%	1.00%	1.00%
	Total Large Hubs	**543,173,752**		**291,201,266**		**475,330,555**		**640,157,244**					
	Total US	**861,021,429**		**448,916,492**		**767,043,821**		**1,033,425,459**					

Source: USDOT Form 41; Schedule T-100 Tables from BTS Transtats - accessed March 2023
Compiled by: Newton & Associates, Inc.

2023 Section IV Tables Final
08/28/23

The following section of the Report describes the importance of air traffic at the Airport, the level of existing scheduled passenger airline service, existing and projected air traffic at the Airport and other factors that may affect the future demand for air service at the Airport.

A. IMPORTANCE OF AIR TRAFFIC

The principal determinant of a commercial service airport's ability to be financially self-sufficient is the demand for passenger air service at that airport. Demand for passenger air service at an airport translates directly into airline activity and airport revenue. Passenger airlines pay landing fees, terminal rentals and other user fees for the right to land at and take off from, enplane and deplane passengers and process baggage at an airport. Passengers spend money to park and rent automobiles, and to purchase food, beverages and merchandise from the Airport terminal building concessionaires. It is a combination of the airline revenue and non-airline revenue the concessionaires remit to the Airport that comprise the majority of Airport Revenue that is pledged to the payment of operating expenses and debt service under the Bond Order and Airport Revenue and PFC revenue are the only revenue sources considered in the test of feasibility in this Report.[38] Because of this relationship between passengers and Airport Revenue and PFC revenue, the future financial strength of the Airport will depend in large measure upon the future level of airline passenger activity at the Airport. The demand for air service will depend, among other things, upon the future economic activity in the Air Service Area and the ability of the Airport to provide adequate facilities to satisfy the demand for air service.

In Section III of this Report, Economic Base of the Air Service Area, the Air Service Area was described geographically and in terms of certain historical and projected socioeconomic indicators such as population, employment, major employment industry sectors, income per capita and retail sales. NAI's analysis of this information suggest that the Air Service Area of the Airport continues to be a healthy part of the State of North Carolina and the United States, growing faster than both, and is expected to continue to support strong demand for air service at the Airport throughout the Forecast Period. The analysis contained in this Section IV of the Report is important in assessing the future demand for air service at the Airport. This section will conclude with NAI's findings in this regard and set forth a forecast of passenger air traffic at the Airport over the Forecast Period.

B. LEVEL OF EXISTING SCHEDULED PASSENGER AIRLINE SERVICE

As of the spring of 2023, U.S. mainline passenger air carriers and their affiliate regional airlines, regional domestic carriers and foreign flag carriers, were operating non-stop service to 177 destinations, including 35 international destinations from the Airport.

[38] An exception for FY 2020 and 2021 is the application of CARES Act Funds and NCAIP grant receipts to the payment of debt service and O&M expenses.

The airlines that provide scheduled passenger air service at the Airport along with the number of non-stop destinations served by each are presented in **Table IV-2.**

TABLE IV-2
Airlines Serving the Airport

Airline[1]	Number of Non-stop Destinations Served		
	Domestic	International	Total
AC: Air Canada	0	1	1
AA: American Airlines	132	34	166
LF: Contour Airlines	6	0	6
DL: Delta Air Lines	7	0	7
F9: Frontier Airlines	6	0	6
B6: JetBlue Airways	1	0	1
LH: Lufthansa	0	1	1
WN: Southwest Airlines	7	0	7
NK: Spirit Airlines	9	0	9
UA: United Airlines	5	0	5
SY:MN Airlines	1	0	1
VB:Viva Aerobus	0	1	1
VL: Volaris	0	1	1
Scheduled Flights To Non-Stop Destinations	**174**	**38**	**212**
Destinations Served By More Than One Airline	**32**	**3**	**35**
Total Non-Stop Destinations	**142**	**35**	**177**

[1] Includes mainline and regional carriers.

Source: Charlotte Douglas International Airport - July 2023.
Compiled by: Newton & Associates, Inc.

2023 Section IV Tables Final
08/28/23

1. Domestic Air Service

According to the Airport, during FY 2022 the airlines serving the Airport collectively operated an average of 740 daily departures to 178 non-stop destinations of which American Airlines alone averaged 662 daily departures.

On February 19, 2020, American Airlines joined leaders from the Airport and the Charlotte Region at a ribbon cutting ceremony to celebrate the carrier's growth in the region — the milestone of 700 daily scheduled departures from CLT. In June 2023, the Airport reported 713 daily departures, 619 of which were by American Airlines.

The increased schedule was made possible after American Airlines leased its first new gates at the Airport since 2016: four new gates at CLT's Concourse A, which were made available by the opening of Concourse A-North in July 2018. Further expansion will be made available by the ten additional gates to be provided with the completion of Concourse A North Phase II anticipated in late 2024.

Generally, the mainline[39] air carriers serve their origin and destination passenger markets to and from their hub airports. The mainline air service is supplemented by service from regional airlines to provide air service from the Airport to markets that do not justify mainline jet service and to provide service to the mainline hub airports during off-peak times at the Airport.

The following summarizes domestic and international service provided by major U.S. air carriers and their affiliates for April 2023. Each of the following carriers is a Signatory Airline at the Airport.

- **American Airlines** and its regional partners, operating as American Eagle operate non-stop flights to 130 U.S. airports and 34 international airports[40].

- **Delta Air Lines** and its regional partners, operating as Delta Connection, provide nonstop departures to seven domestic airports, including its airport hubs at Hartsfield-Jackson Atlanta International (ATL), Detroit Metropolitan Wayne County (DTW), New York Kennedy and LaGuardia (JFK and LGA), Minneapolis-St. Paul International (MSP) and Salt Lake City International (SLC) airports. Delta also operates flights from CLT to Logan International (BOS).

- **Frontier Airlines** provides nonstop service to six domestic airports including Cleveland Hopkins International Airport (CLE), Denver International, (DEN), Las Vegas Harry Reid International (LAS), Orlando International (MCO), Philadelphia International (PHL), and Trenton-Mercer (TTN) airports.

---

[39] The FAA categorizes airlines that operate aircraft with 90 seats or more as mainline carriers. The FAA categorizes airlines that operate fleets with less than 90 seats as regional carriers.
[40] Including US territories and possessions.

- **JetBlue Airways** provides non-stop service to Boston Logan International (BOS) airport.

- **Southwest Airlines** operates non-stop flights to seven domestic airports, including Denver International (DEN), Dallas Love Field (DAL), Chicago Midway International (MDW), Baltimore/Washington International Thurgood Marshall (BWI), Nashville International (BNA), Phoenix International (PHX) and St. Louis Lambert International (STL) airports.

- **United Airlines** and its regional partners, operating as United Express, provide non-stop service to five domestic airports, including its airport hubs at Chicago O'Hare International (ORD), Denver International (DEN), Newark Liberty International (EWR), Dulles International (IAD) and George Bush International (IAH) airports.

- **Spirit Airlines** provides non-stop service to eight domestic airports, including Dallas/Ft. Worth International (DFW), Fort Lauderdale-Hollywood International (FLL), Las Vegas Harry Reid International (LAS), Los Angeles International (LAX), Miami International (MIA), Nashville International (BNA), LaGuardia International Airport (LGA) and Orlando International (MCO) airports.

2. International Air Service

International air service worldwide and at the Airport has been and continues to be the largest air traffic casualty resulting from the pandemic. During FY 2019 there were 1,677,577 international passengers enplaned at the Airport, 7.3% of total enplanements. During FY 2020 that number decreased to 1,180,278 and it decreased further to 654,883 in FY 2021. During FY 2022 international enplanements rebounded to 1,303,817 or 5.8% of total enplanements. For FY 2023 the Airport is projecting a total of 1,337,875 international enplanements comprising 5.3% of total enplanements.

In June of 2023, scheduled international flights from the Airport were provided by Air Canada, American Airlines, Lufthansa and Volaris. American Airlines was providing non-stop jet service to 28 international destinations including 26 destinations in Mexico, Central America, South America and the Caribbean, plus Toronto, Canada and London, England. Air Canada was providing service to Toronto, Canada, Lufthansa German Airlines was providing service to Munich, Germany and Volaris Airlines was serving Guadalajara, Mexico.

Figures IV-1a and IV-1b depict the domestic and international flights from the Airport scheduled for April 2023.

(Remainder of Page Intentionally Left Blank)

FIGURE IV-1a[41]
NON-STOP DOMESTIC FLIGHTS

(Remainder of Page Intentionally Left Blank)

[41] Source: Charlotte Douglas International Airport.

FIGURE IV-1b[42]
NON-STOP INTERNATIONAL FLIGHTS
]

C. HISTORICAL PASSENGER TRAFFIC

Historically, an analysis of the Airport's historical passenger activity has been a useful guide in projecting future levels of passenger activity. For the purposes of this analysis as well as forming our forecast of traffic during the Forecast Period, NAI has studied historical enplaned[43] passenger traffic at the Airport from FY 2004[44] through FY 2022. From the beginning of the pandemic in early 2020, passenger air travel throughout the world, in the U.S. and at the Airport was depressed from historical trends[45]. Accordingly, we have considered the impacts from the pandemic in FY 2020 and FY 2021, as important in evaluating current and near-term traffic activities but with limited value in projecting future activity. We have considered the rate of recovery in FY 2022 and FY 2023, as well as trends from FY 2004 through FY 2022 as useful, along with other data in forecasting passenger air traffic at the Airport for the Forecast Period.

[42] Source: Charlotte Douglas International Airport.
[43] Airport enplanements are passengers, both connecting and O&D, who embark on aircraft at the Airport.
[44] FY 2004 is the earliest fiscal year enplanements data is available from BTS Transtats.
[45] See discussion of impact of COVID-19 novel coronavirus in Section I of this Report.

Historical Domestic and International Enplanements: Airport and U.S.

Table IV-3 depicts domestic and international passenger activity (enplanements) at the Airport and for the United States from FY 2004 through FY 2022.

TABLE IV-3
Domestic and International Passenger Enplanements
U.S. and Foreign Flag Carriers

	DOMESTIC			INTERNATIONAL			TOTAL[1]		
Fiscal Year	CLT	United States	CLT % of US	CLT	United States	CLT % of US	CLT[2]	United States	CLT % of US
2004	11,217,808	607,219,269	1.85%	812,408	127,034,306	0.64%	12,030,216	734,253,575	1.64%
2005	12,526,752	649,105,365	1.93%	925,525	140,105,905	0.66%	13,452,277	789,211,270	1.70%
2006	13,151,909	658,204,242	2.00%	990,715	146,469,981	0.68%	14,142,624	804,674,223	1.76%
2007	14,612,955	666,782,148	2.19%	1,002,367	152,071,592	0.66%	15,615,322	818,853,740	1.91%
2008	15,886,437	676,769,021	2.35%	1,116,503	160,228,447	0.70%	17,002,940	836,997,468	2.03%
2009	16,058,364	622,053,347	2.58%	1,152,172	150,990,581	0.76%	17,210,536	773,043,928	2.23%
2010	16,260,043	620,326,586	2.62%	1,185,852	153,669,672	0.77%	17,445,895	773,996,258	2.25%
2011	17,818,687	636,372,591	2.80%	1,378,801	160,761,433	0.86%	19,197,488	797,134,024	2.41%
2012	18,033,671	643,046,837	2.80%	1,932,118	167,709,511	1.15%	19,965,789	810,756,348	2.46%
2013	19,106,538	643,162,502	2.97%	1,474,744	174,690,683	0.84%	20,581,282	817,853,185	2.52%
2014	20,022,265	651,404,645	3.07%	1,530,009	184,542,314	0.83%	21,552,274	835,946,959	2.58%
2015	20,116,684	675,408,757	2.98%	1,505,905	193,550,338	0.78%	21,622,589	868,959,095	2.49%
2016	20,393,766	711,388,568	2.87%	1,459,526	206,304,801	0.71%	21,853,292	917,693,369	2.38%
2017	20,153,095	729,852,166	2.76%	1,481,465	218,161,388	0.68%	21,634,560	948,013,554	2.28%
2018	20,648,100	759,531,915	2.72%	1,521,224	229,313,366	0.66%	22,169,324	988,845,281	2.24%
2019	21,389,135	793,769,438	2.69%	1,677,577	239,549,644	0.70%	23,066,712	1,033,319,082	2.23%
2020	17,459,742	599,736,456	2.91%	1,180,278	167,662,400	0.70%	18,640,020	767,398,856	2.43%
2021	15,451,787	397,589,386	3.89%	654,883	51,327,106	1.28%	16,106,670	448,916,492	3.59%
2022	20,991,487	718,478,721	2.92%	1,303,817	142,542,708	0.91%	22,295,304	861,021,429	2.59%
Compound Annual Growth Rates									
2004-2019	4.40%	1.80%	2.55%	4.95%	4.32%	0.61%	4.44%	2.30%	2.08%
2004-2022	3.54%	0.94%	2.58%	2.66%	0.64%	2.01%	3.49%	0.89%	2.58%
2019-2022	-0.62%	-3.27%	2.73%	-8.06%	-15.89%	9.31%	-1.13%	-5.90%	5.07%
2020-2022	9.65%	9.45%	0.18%	5.10%	-7.79%	13.99%	9.37%	5.92%	3.25%

[1] Total passengers.

[2] US and Foreign Flag Carriers.

Source: USDOT Form 41; Schedule T-100 Tables from BTS Transtats. 2023 Section IV Tables Final
Compiled by Newton & Associates, Inc. 08/28/23

As shown in Table IV-3, total enplaned passengers at the Airport grew from 12.03 million in FY 2004 to over 23.07 million in FY 2019, a CAGR of 4.44% compared with the CAGR in total U.S. domestic enplaned passengers of 2.3% in those years. During the same period total CLT enplaned passengers as a percent of total U.S. enplaned passengers grew from 1.64% to 2.23%, a CAGR of 2.08%. In FY 2020, however, domestic enplanements at the Airport decreased to 17.5 million, from 21.4 million in FY 2019, a decrease of 18.37%. In FY 2021, domestic enplanements continued to decrease from the FY 2019 and FY 2020 levels to 15.45 million. Comparatively, domestic enplanements for the U.S. decreased from 793.8 million in FY 2019 to 397.6 million in FY 2021. These sharp decreases in domestic enplanements at the Airport and for the U.S. demonstrate the severe impact on passenger activity brought on by the pandemic.

Although total enplaned passengers at the Airport decreased from 23,066,712 in FY 2019 to 22,295,304 passengers in FY 2022, the CAGR from FY 2004 only decreased to 3.49%, compared to a CAGR of 0.89% for the U.S. over the same eighteen-year period.

The drastic, negative effects of the COVID-19 pandemic on airline passenger travel notwithstanding, domestic traffic rebounded to 20.99 million in FY 2022 and over the eighteen years from FY 2004 through FY 2022, passenger traffic at the Airport grew at a CAGR of 3.54% outpacing the CAGR of 0.94% in domestic enplanements in the United States.

The impact on international traffic has been even more severe at the Airport and for the U.S. Total international enplaned passengers at the Airport grew from 812.4 thousand in FY 2004 to nearly 1.68 million in FY 2019, a CAGR of 4.95% compared with a CAGR 4.32% for the United States over the same period. For FY 2021, however, international enplanements at the Airport decreased to 654 thousand, a decrease of 61%. Comparatively, international enplanements for the U.S. decreased from 239.5 million in FY 2019 to 51.3 million in FY 2021, a decreased of 79%.

It should be noted that there are differences in the enplaned passenger data reported by the Airport in comparison with that which is available from the BTS. For example, for FY 2019 the Airport reported 23.95 million enplaned passengers while the BTS reported 23.07 million, a difference of 880,000 enplaned passengers or 3.81%. NAI believes that this variance is explained by the Airport's reporting of total enplanements and the BTS's reporting of only revenue enplanements[46] and this variance does not materially affect our analysis, or our conclusions.

<u>Origin & Destination ("O&D") Passengers and Connecting Passengers</u>

There are two general types of Airport passengers: O&D passengers and connecting passengers. O&D passengers are those whose air travel begins or ends at the Airport. It is O&D passengers who reflect the local demand for air service at the Airport. Local demand for air service translates into airline activity and Airport Revenue. These passengers spend money to park and rent automobiles, ride TNCs and purchase food, beverages and merchandise from Airport concessionaires whose concession fees to the Airport add to Airport Revenue. These passengers also pay Passenger Facility Charges at the Airport. **Table IV-4** depicts the number of O&D and

[46] A revenue passenger is a person for whose transportation an air carrier receives commercial remuneration. A nonrevenue passenger is a person traveling free or under token charges, except those named expressly in the definition of revenue passenger. See: https://www.ecfr.gov/current/title-14/chapter-II/subchapter-A/part-241 .

Connecting passengers at the Airport and total U.S. enplanements for the period FY 2004 through FY 2022.[47]

As stated earlier, the demand for air service by O&D passengers is based on the economic strength of the Air Service Area as well as other factors. As depicted on Table IV-4, the number of total O&D revenue passengers enplaned at the Airport grew from 3.3 million in FY 2004 to 7.3 million in FY 2019, a CAGR of 5.39%. O&D passenger enplanements represented 31.56% of total enplanements at the Airport in FY 2019, the highest share of total enplanements at the Airport during the 2004-2022 period. O&D enplanements decreased to 5.7 million in FY 2020, a decrease of 21.28% compared to the FY 2019 level. During FY 2021, O&D enplanements decreased further to 3.88 million, a decrease of 47% from the FY 2019 level. In FY 2022 O&D traffic rebounded to more than 6.9 million passengers or 31.2% of total enplanements.

(Remainder of Page Intentionally Left Blank)

[47] Fiscal year passenger traffic data from 2004 through 2021 was obtained from Airline Data Inc. Traffic for FY 2022 is as reported in the 2022 ACFR.

TABLE IV-4
Historical CLT Originating and Connecting Enplanements

Fiscal Year	Total Airport Enplanements: Originating [1]	Percent of Total	Connecting [2]	Percent of Total	Total [3]	Total United States Enplanements [3]	Total CLT Enplanements as Percentage of United States
2004	3,312,285	27.53%	8,717,931	72.47%	12,030,216	734,253,575	1.64%
2005	3,649,282	27.13%	9,802,995	72.87%	13,452,277	789,211,270	1.70%
2006	4,139,719	29.27%	10,002,905	70.73%	14,142,624	804,674,223	1.76%
2007	4,807,973	30.79%	10,807,349	69.21%	15,615,322	818,853,740	1.91%
2008	4,944,057	29.08%	12,058,883	70.92%	17,002,940	836,997,468	2.03%
2009	4,522,941	26.28%	12,687,595	73.72%	17,210,536	773,043,928	2.23%
2010	4,704,591	26.97%	12,741,304	73.03%	17,445,895	773,996,258	2.25%
2011	5,018,758	26.14%	14,178,730	73.86%	19,197,488	797,134,024	2.41%
2012	5,016,212	25.12%	14,949,577	74.88%	19,965,789	810,756,348	2.46%
2013	5,277,183	25.64%	15,304,099	74.36%	20,581,282	817,853,185	2.52%
2014	5,439,820	25.24%	16,112,454	74.76%	21,552,274	835,946,959	2.58%
2015	5,643,056	26.10%	15,979,533	73.90%	21,622,589	868,959,095	2.49%
2016	6,142,560	28.11%	15,710,732	71.89%	21,853,292	917,693,369	2.38%
2017	6,554,972	30.30%	15,079,588	69.70%	21,634,560	948,013,554	2.28%
2018	6,850,834	30.90%	15,318,490	69.10%	22,169,324	988,845,281	2.24%
2019	7,280,789	31.56%	15,785,923	68.44%	23,066,712	1,033,319,082	2.23%
2020	5,731,681	30.75%	12,908,339	69.25%	18,640,020	767,398,856	2.43%
2021	3,878,946	23.25%	12,803,587	76.75%	16,682,533	455,915,590	3.66%
2022	6,951,000	31.18%	15,344,304	68.8%	22,295,304	861,021,429	2.59%
Compound Annual Growth Rates:							
2004-2019	5.39%		4.04%		4.44%	2.30%	2.08%
2016-2019	5.83%		0.16%		1.82%	4.03%	-2.13%
2019-2022	-1.53%		-0.94%		-1.13%	-5.90%	5.07%
2021-2022	79.20%		19.84%		33.64%	88.86%	-29.23%

[1]Source: Airport ACFR and Airline Data Inc., formerly Data Base Products.
[2]Airport Total less Airport Originating.
[3] Source: USDOT Form 41; Schedule T-100 Tables from BTS Transtats.

Compiled by Newton & Associates, Inc.

2023 Section IV Tables Final
08/28/23

Connecting passengers are those passengers whose trips do not begin or end at the Airport but who use the Airport as a point to transfer from one aircraft to another. Connecting passenger enplanements at the Airport are indicative of American Airlines hubbing activity. Connecting passenger activity results in additional Airport Revenue, such as food, beverage and merchandise concession purchases. Most of the connecting passengers also pay Passenger Facility Charges at the Airport[48]. They do not, however, contribute to parking, rental car or TNC activity at the Airport. American Airlines' connecting passenger hub activity also results in additional aircraft

[48] Under FAA regulations, no public agency may impose a PFC on any passenger for more than two boardings on a one-way ticket or in each direction of a round trip ticket. As a result, some connecting passengers do not pay PFCs at the Airport.

operations, increasing total landed weight at the Airport, and thereby reducing the annual landing fee rate for all carriers operating at the Airport.

As shown in Table IV-4, from FY 2004 through FY 2019, total annual connecting passenger enplanements at the Airport increased from 8.72 million to 15.79 million, a CAGR of 4.04%. This compares to the growth rate of 5.39% in O&D passenger enplanements during this same period. From FY 2016 through FY 2019, the rate of growth in connecting passengers was relatively flat due to facility constraints[49], but in FY 2019 there were approximately 467,000 more connecting passengers than in FY 2018, an increase of 3.05%. This compares with an increase of 6.28% in O&D passengers during the same period. In FY 2020, however, as a result of the pandemic, connecting passengers decreased from the FY 2019 level (15.79 million) to 12.91 million, a decrease of 18.23%. During FY 2021, connecting passengers decreased from the FY 2020 level (12.9 million) to 12.8 million, a decrease of only 0.8%. For FY 2022, as the pandemic ended, connecting traffic rebounded to 15.3 million enplanements.

Also depicted on Table IV-4 is the total number of Airport enplaned passengers as a percentage of the United States total enplanements. As shown, the Airport's percentage of the United States enplanements has fluctuated from a low of 1.64% in FY 2004 to a high of 3.66% in FY 2021. For FY 2022, total CLT passenger enplanements were 2.59% of total U.S. enplanements.

1. Airline Market Share Enplanements

Table IV-5 depicts total passenger enplanements and market share obtained from airport records for the years from FY 2018 through FY 2022 for all carriers serving the Airport during the Study Period.

Growth in total enplanements reported by the Airport was essentially flat from 23.07 million in FY 2018 to 23.03 million in FY 2022, a CAGR of 0.0%. This is attributed to the dramatic decrease in enplanements during FY 2020 and FY 2021 due to the COVID-19 pandemic and the recovery in demand and supply that occurred during FY 2022.

(Remainder of Page Intentionally Left Blank)

[49] These constraints were materially eased by the opening of Concourse A North in July 2018 which provided four additional Gates for American on Concourse A by the relocation of airlines from Concourse A to Concourse A North. Facility constraints will be further relieved by the expansion of Concourse E funded with the 2021 Bonds.

TABLE IV-5
Historical Enplaned Passengers and Market Share

	Study Period										FY 2022	
AIRLINE	Actual FY 2018	Market Share	Actual FY 2019	Market Share	Actual FY 2020	Market Share	Actual FY 2021	Market Share	Actual FY 2022	Market Share	as % of FY 2019	CAGR FY 18-22
SIGNATORY AIRLINES												
American Airlines	21,016,953	91.1%	21,828,003	91.1%	17,682,466	91.1%	15,703,982	94.3%	21,175,318	91.9%	97.0%	0.2%
Delta Air Lines	816,452	3.5%	812,468	3.4%	596,152	3.1%	327,873	2.0%	733,033	3.2%	90.2%	-2.7%
United Airlines	510,356	2.2%	510,821	2.1%	371,272	1.9%	221,597	1.3%	349,302	1.5%	68.4%	-9.0%
Southwest Airlines	317,872	1.4%	351,053	1.5%	249,584	1.3%	177,028	1.1%	299,731	1.3%	85.4%	-1.5%
Frontier Airlines	179,496	0.8%	198,465	0.8%	186,914	1.0%	102,390	0.6%	194,040	0.8%	97.8%	2.0%
JetBlue Airways	116,767	0.5%	133,312	0.6%	90,691	0.5%	12,304	0.1%	48,116	0.2%	36.1%	-19.9%
Spirit Airlines	-	0.0%	6,279	0.0%	146,152	0.8%	82,531	0.5%	162,555	0.7%	N/A	N/A
Total Signatory	**22,957,896**	**99.5%**	**23,840,401**	**98.7%**	**19,323,231**	**99.6%**	**16,627,705**	**99.9%**	**22,962,095**	**99.7%**	**69.7%**	0.0%
NON-SIGNATORY												
Lufthansa German Airlines	69,644	0.3%	73,829	0.3%	50,286	0.3%	-	0.0%	39,061	0.2%	52.9%	-13.5%
Air Canada	26,807	0.1%	26,165	0.1%	17,434	0.1%	-	0.0%	3,207	0.0%	12.3%	-41.2%
Other Domestic	19,114	0.1%	12,955	0.1%	13,550	0.1%	15,884	0.1%	26,127	0.1%	201.7%	8.1%
ASIG/Charter	1,583	0.0%	6,060	0.0%	4,133	0.0%	1,336	0.0%	3,052	0.0%	50.4%	17.8%
Total non- Signatory	**117,148**	0.5%	**119,009**	0.5%	**85,403**	0.4%	**17,220**	0.1%	**71,447**	0.3%	60.0%	-11.6%
AIRPORT TOTAL	**23,075,044**	**100.0%**	**23,959,410**	**100.0%**	**19,408,634**	**100.0%**	**16,644,925**	**100.0%**	**23,033,542**	**100.0%**	**96.1%**	0.0%

Source: Charlotte Douglas International Airport's Annual Comprehensive Financial Report for FY 2022 — 2023 Section IV Tables Final
Compiled by Newton & Associates, Inc. — 08/28/23

During the Study Period, American Airlines market share at the Airport actually grew slightly from 91.1% in FY 2018 to 91.9% in FY 2022 when enplanements reached 97% of FY 2019 numbers. The market share of the rest of the Signatory Airlines during FY 2022 was 7.8%, compared to 8.4% during FY 2018.

For FY 2022, the Signatory Airlines together accounted for 99.7% of passenger enplanements at the Airport totaling 16.6 million enplanements. The market share of non-signatory carriers decreased from 0.5% in FY 2018 to 0.3% in FY 2022.

Table IV-5 also illustrates the drastic impact of the COVID-19 pandemic on international travel, as both Air Canada and Lufthansa temporarily suspended service in March 2020 and enplaned no passengers for a 0% market share during FY 2021. Lufthansa restarted service in July 2021 and recovered to 52.9 % of its FY 2019 activity at the Airport during FY 2022. Air Canada restarted service in May 2022 and enplaned only 12.3% of its FY 2019 passengers during FY 2022.

2. Airline Market Shares-Available Seats

Table IV-6 depicts domestic and international airline seats provided by all passenger airlines at the Airport, during the Study Period.

Total available seats increased only slightly from 27.14 million in FY 2018 to 27.17 million in FY 2022, a CAGR of 0.00%. American Airlines and its affiliates provided the greatest number of seats at the Airport, increasing from 24.5 million in FY 2018 to 24.7 million in FY 2022, a CAGR of 0.2%.

TABLE IV-6
Historical Airline Market Share-Available Seats

	Actual FY 2018	Market Share	Actual FY 2019	Market Share	Actual FY 2020	Market Share	Actual FY 2021	Market Share	Actual FY 2022	Market Share	FY 2022 as % of FY 2019	CAGR FY 18-22
SIGNATORY AIRLINES												
American Airlines	24,481,084	90.2%	25,583,342	90.5%	22,569,497	90.5%	20,527,783	93.1%	24,723,701	91.0%	**96.6%**	**0.2%**
Delta Air Lines	1,106,496	4.1%	1,066,726	3.8%	827,500	3.3%	616,942	2.8%	987,904	3.6%	**92.6%**	**-2.8%**
United Airlines	601,349	2.2%	592,102	2.1%	475,705	1.9%	290,766	1.3%	417,100	1.5%	**70.4%**	**-8.7%**
Southwest Airlines	410,259	1.5%	476,905	1.7%	404,691	1.6%	316,981	1.4%	402,396	1.5%	**84.4%**	**-0.5%**
Frontier Airlines	199,314	0.7%	231,277	0.8%	245,446	1.0%	137,659	0.6%	250,877	0.9%	**108.5%**	**5.9%**
JetBlue Airways	134,850	0.5%	154,550	0.5%	122,600	0.5%	23,900	0.1%	64,080	0.2%	**41.5%**	**-17.0%**
Spirit Airlines	0		8,184	0.0%	165,325	0.7%	106,834	0.5%	206,519	0.8%	**2523.4%**	**N/A**
Total Signatory Airlines Seats	**26,933,352**	**99.2%**	**28,113,086**	**99.4%**	**24,810,764**	**99.4%**	**22,020,865**	**99.9%**	**27,052,577**	**99.6%**	96.2%	0.1%
NON-SIGNATORY AIRLINES												
Lufthansa German Airlines	91,311	0.3%	95,031	0.3%	71,524	0.3%	-	0.0%	61,237	0.2%	**64.4%**	**-9.5%**
Air Canada	33,250	0.1%	32,800	0.1%	29,558	0.1%	-	0.0%	3,652	0.0%	**11.1%**	**-42.4%**
Others	83,942	0.3%	40,928	0.1%	39,934	0.2%	23,308	0.1%	50,855	0.2%	**124.3%**	**-11.8%**
Total Non-Signatory Airlines Seats	**208,503**	**0.8%**	**168,759**	**0.6%**	**141,016**	**0.6%**	**23,308**	**0.1%**	**115,744**	**0.4%**	68.6%	-13.7%
TOTAL AIRPORT SEATS AVAILABLE	**27,141,855**	**100.0%**	**28,281,845**	**100.0%**	**24,951,780**	**100.0%**	**22,044,173**	**100.0%**	**27,168,321**	**100.0%**	96.1%	0.0%

SOURCE: Charlotte Douglas International Airport.
Compiled by Newton & Associates, Inc.

2023 Section IV Tables Final
08/28/23

3. Origin & Destination Markets

Table IV-7 depicts the Airport's top domestic markets for FY 2022, identifying destinations to which the airlines serving the Airport enplaned at least 50,000 passengers. Of these 31 markets, ten are long-haul markets (1,000 or more miles); 13 are medium-haul markets (500-999 miles); and ten are short-haul markets (less than 500 miles). The top 30 markets represent approximately 61.8% of the total domestic O&D traffic at the Airport.

The top five markets were the New York Area, South Florida, the Washington DC Area, Chicago, Boston, and Dallas/Ft. Worth.

Also shown on Table IV-7 are the marketing airlines that sold tickets to each market from the Airport. Not all of these airlines actually operate flights from the Airport to the destination market.

(Remainder of Page Intentionally Left Blank)

TABLE IV-7
Top Origin and Destination Markets

Rank	FY 2022 Market[1,2]	Airlines Serving Market[2]	FY 2019 O&D Enplanements	Percent of Total	FY 2020 O&D Enplanements	Percent of Total	FY 2021 O&D Enplanements	Percent of Total	FY 2022 O&D Enplanements	Percent of Total	Distance from CLT (Miles)
1	New York Area[3]	AA, B6, DL, F9, NK, QR, UA,WN	871,272	12.0%	662,273	11.6%	282,249	7.3%	538,100	7.7%	544
2	South Florida[8]	AA, B6, DL, F9, NK, QR, RJ, WN,	177,532	2.4%	214,727	3.7%	239,854	6.2%	285,629	4.1%	650
3	Washington, DC Area[4.]	AA, B6,DL, F9, NK, WN, UA	331,429	4.6%	306,442	5.3%	116,383	3.0%	258,085	3.7%	350
4	Chicago[5]	AA, AC,DL, F9, RJ,UA,WN	266,891	3.7%	192,942	3.4%	118,940	3.1%	240,626	3.5%	599
5	Boston	AA, B6,DL,WN,UA,NK, QR	272,990	3.7%	186,073	3.2%	79,882	2.1%	227,708	3.3%	727
6	Dallas/Ft. Worth Area[6]	AA, DL, F9,NK, WN, UA	229,329	3.1%	173,501	3.0%	129,402	3.3%	218,655	3.1%	937
7	Denver	AA, DL, F9, NK,WN, UA, B6	183,791	2.5%	152,353	2.7%	179,615	4.6%	217,561	3.1%	1,338
8	Las Vegas	AA, B6, DL, F9, NK, WN, UA, G4	120,807	1.7%	142,254	2.5%	97,957	2.5%	216,727	3.1%	1,917
9	Orlando/Sanford	AA, DL, F9,NK,WN, UA, VS	187,082	2.6%	216,014	3.8%	144,334	3.7%	214,455	3.1%	468
10	Philadelphia	AA, DL, F9, QR,WN, UA	174,243	2.4%	161,086	2.8%	109,559	2.8%	172,142	2.5%	447
11	Los Angeles[7]	AA, DL, F9,NK, WN, UA	202,733	2.8%	140,769	2.5%	130,024	3.4%	169,061	2.4%	2,125
12	Phoenix	AA, B6, DL, F9, WN, UA	117,982	1.6%	89,693	1.6%	87,055	2.2%	135,126	1.9%	1,774
13	Houston[10]	AA, DL, F9, UA	118,643	1.6%	111,755	1.9%	82,188	2.1%	131,899	1.9%	912
14	Detroit	AA, DL, WN, UA	113,437	1.6%	97,764	1.7%	60,193	1.6%	110,687	1.6%	500
15	Nashville	AA, DL, WN	117,757	1.6%	86,290	1.5%	50,412	1.3%	108,183	1.6%	329
16	Bay Area[9]	AA, AS,B6, DL, F9, NK,WN, UA	152,261	2.1%	101,463	1.8%	58,628	1.5%	103,714	1.5%	2,296
17	Tampa	AA, DL, F9, WN, UA	106,572	1.5%	75,978	1.3%	62,524	1.6%	97,474	1.4%	508
18	Minneapolis/St. Paul	AA, B6, DL, F9, WN, UA	118,251	1.6%	85,754	1.5%	49,610	1.3%	97,332	1.4%	930
19	Austin	AA, B6, DL, F9, G4, NK, UA, WN							77,286	1.1%	1,185
20	San Diego	AA, AS,DL, B6, F9, WN, UA	67,281	0.9%	51,413	0.9%	39,037	1.0%	72,750	1.0%	2,193
21	St. Louis	AA, DL, WN, UA	62,493	0.9%	46,821	0.8%	37,452	1.0%	72,168	1.0%	575
22	Salt Lake City	AA, DL, B6, F9, WN, UA	53,272	0.7%	43,110	0.8%	39,097	1.0%	69,584	1.0%	1,727
23	Seattle	AA, AS,DL, B6, F9, WN, UA	72,818	1.0%	53,356	0.9%	35,000	0.9%	67,333	1.0%	2,279
24	Atlanta	AA, DL, WN	97,306	1.3%	75,349	1.3%	32,715	0.8%	64,170	0.9%	227
25	Hartford, CT	AA, DL, WN, UA	75,186	1.0%	51,165	0.9%	31,423	0.8%	62,788	0.9%	643
26	New Orleans	AA, DL, F9,NK,WN, UA	66,859	0.9%	47,094	0.8%	37,970	1.0%	56,846	0.8%	652
27	Fort Myers	AA ,B6, BA, DL, F9, NK, UA, WN							53,397	0.8%	719
28	Pittsburgh	AA, DL, WN, UA	65,599	0.9%	45,590	0.8%	28,132	0.7%	52,532	0.8%	366
29	Indianapolis	AA, DL, WN, UA	61,766	0.8%	43,378	0.8%	30,679	0.8%	52,420	0.8%	428
30	Cleveland	AA, DL, NK,WN, UA	56,037	0.8%	43,560	0.8%	32,639	0.8%	51,090	0.7%	431
	Total Top O&D Markets		4,541,619	62.4%	3,697,967	64.5%	2,422,953	62.5%	4,295,528	61.8%	
	Airport Total O&D		**7,280,789**		**5,731,681**		**3,878,946**		**6,951,000**		

AIRLINE LEGEND
AA- American Airlines
B6 - Jet Blue
DL - Delta Air Lines
F9 - Frontier Airlines
NK - Spirit Airlines
WN - Southwest Airlines
UA - United Airlines

1 At least 50,000 enplanements in FY 2022
2 Marketing Carriers
3 LaGuardia (LGA), John F Kennedy (JFK), Newark (EWR) Airports
4 Ronald Reagan (DCA), Dulles (IAD) and Baltimore (BWI) Airports
5 O'Hare (ORD) and Midway (MDW) Airports
6 Dallas/Ft. Worth (DFW) and Dallas Love Field (DAL) Airports
7 Los Angeles (LAX), John Wayne (SNA), Ontario (ONT), Long Beach (LGB), and Hollywood-Burbank (BUR) Airports
8 Fort Lauderdale (FLL) and Miami (MIA) Airports
9 San Francisco (SFO), San Jose (SJC), and Oakland (OAK) Airports
10 George Bush Intercontinental (IAH) and Hobby (HOU) Airports

Source: Charlotte Douglas International Airport - July 2023.
Compiled by Newton & Associates, Inc.

2023 Section IV Tables Final
08/28/23

D. AIRCRAFT OPERATIONS AND MARKET SHARE

An aircraft operation is defined as an aircraft take-off or landing. **Table IV-8** depicts scheduled passenger airline operations and market share at the Airport by airline, from FY 2018 through FY 2022. During this period, total air carrier operations at the Airport decreased slightly from 501,510 to 464,674, a CAGR of -1.9%. According to Airport management, this decrease is due to the airline decreasing the number of operations with regional jets and replacing them with larger equipment with more available seats per operation. In part this is attributed to the industry-wide pilot shortage which is contributing to the shift away from the use of regional jets.

The higher number of available seats per operation enabled the carriers at the Airport to avoid losing enplanements proportionate to the reduction in operations.

During the Study Period American Airlines continued to dominate the market at the Airport with 420,321 operations during FY 2022, a market share of 90.5%.

TABLE IV-8
Historical Scheduled Passenger Airline Operations and Market Share

Airline	Actual FY 2018	Market Share	Actual FY 2019	Market Share	Actual FY 2020	Market Share	Actual FY 2021	Market Share	Actual FY 2022	Market Share	FY 2022 as % of FY 2019	CAGR FY 18-22
DOMESTIC AIR CARRIERS:												
American Airlines	449,646	89.7%	466,550	90.0%	408,900	90.4%	186,900	92.7%	420,321	90.5%	**90.1%**	**-1.7%**
Delta Air Lines	21,438	4.3%	21,828	4.2%	16,724	3.7%	6,391	3.2%	19,943	4.3%	**91.4%**	**-1.8%**
United Airlines	14,046	2.8%	14,378	2.8%	11,604	2.6%	3,933	2.0%	10,587	2.3%	**73.6%**	**-6.8%**
Southwest Airlines	5,598	1.1%	6,478	1.2%	5,434	1.2%	2,107	1.0%	5,001	1.1%	**77.2%**	**-2.8%**
Jet Blue Airlines	2,678	0.5%	3,091	0.6%	2,452	0.5%	222	0.1%	1,244	0.3%	**40.2%**	**-17.4%**
Frontier Airlines	2,362	0.5%	2,422	0.5%	2,494	0.6%	723	0.4%	2,644	0.6%	**109.2%**	**2.9%**
Spirit	0	0.0%	0	0.0%	0	0.0%	587	0.3%	2,294	0.5%	**N/A**	**N/A**
Other	3,670	0.7%	1,767	0.3%	1,798	0.4%	616	0.3%	1,862	0.4%	**105.4%**	**-15.6%**
Subtotal Domestic	**499,438**	**99.6%**	**516,514**	**99.6%**	**449,406**	**99.4%**	**201,479**	**99.9%**	**463,896**	**99.8%**	**89.8%**	**-1.8%**
INTERNATIONAL AIR CARRIERS:												
Air Canada	1,330	0.3%	1,313	0.3%	862	0.2%	-	0.0%	145	0.0%	**11.0%**	**-42.5%**
Lufthansa	714	0.1%	717	0.1%	488	0.1%	-	0.0%	418	0.1%	**58.3%**	**-12.5%**
Other	28	0.0%	24	0.0%	1,520	0.3%	192	0.1%	215	0.0%	**895.8%**	**66.5%**
Sub-total International	**2,072**	**0.4%**	**2,054**	**0.4%**	**2,870**	**0.6%**	**192**	**0.1%**	**778**	**0.2%**	**37.9%**	**-21.7%**
AIRPORT TOTAL	**501,510**	**100.0%**	**518,568**	**100.0%**	**452,276**	**100.0%**	**201,671**	**100.0%**	**464,674**	**100.0%**	**89.6%**	**-1.9%**

Source: Charlotte Douglas International Airport
Compiled by Newton & Associates, Inc.

2023 Section IV Tables Final
August 28, 2023

E. HISTORICAL SCHEDULED PASSENGER AIRLINE LANDED WEIGHT

Airline aircraft landed weight (expressed in the industry in 1,000-pound units) is another measure of airline activity and the unit of measure used to determine the airline landing fee rate at the Airport. **Table IV-9** depicts historical airline landed weights at the Airport by passenger air carrier from FY 2018 through FY 2022.

Landed weights decreased from 26.8 million units in FY 2018 to 25.6 million units in FY 2022, consistent with the reduction in the number of scheduled operations.

Although trends in landed weight is a useful indicator of relative airline and passenger activity and is directly used to calculate the landing fee rate, under the Airline Agreement, all airlines, collectively, pay each year landing fees that in aggregate equal the total Airfield Requirement for that year. For this reason, neither the total volume of landed weights in any one year, nor their trends across years, has a direct impact on Airport Revenue. Under the Airline Agreement, however, should the number of operations at the Airport decrease at the Airport to a level that significantly reduces the total landed weights, the landing fee rate would increase and each airline operating at the Airport would pay more in total landing fees for a static level of landed weight.

TABLE IV-9
Historical Passenger Airline Landed Weight (1,000 pounds) and Market Shares

Airline	Actual FY 2018	Market Share	Actual FY 2019	Market Share	Actual FY 2020	Market Share	Actual FY 2021	Market Share	Actual FY 2022	Market Share	FY 2022 as % of FY 2019	CAGR FY 18-22
DOMESTIC AIR CARRIERS:												
American Airlines	24,273,514	90.4%	25,080,409	90.5%	22,096,601	90.5%	19,484,490	93.0%	23,301,186	91.0%	**92.9%**	**-1.0%**
Delta Air Lines	1,067,274	4.0%	1,052,058	3.8%	823,292	3.4%	618,302	3.0%	940,390	3.7%	**89.4%**	**-3.1%**
United Airlines	588,332	2.2%	588,920	2.1%	472,753	1.9%	306,078	1.5%	427,651	1.7%	**72.6%**	**-7.7%**
Southwest Airlines	363,208	1.4%	421,758	1.5%	355,856	1.5%	277,781	1.3%	344,063	1.3%	**81.6%**	**-1.3%**
Frontier Airlines	166,292	0.6%	185,323	0.7%	188,743	0.8%	105,595	0.5%	191,856	0.7%	**103.5%**	**3.6%**
JetBlue Airways	135,738	0.5%	147,477	0.5%	117,906	0.5%	22,359	0.1%	59,694	0.2%	**40.5%**	**-18.6%**
Spirit Airlines	0	0.0%	6,538	0.0%	185,369	0.8%	87,170	0.4%	165,710	0.6%	**2534.6%**	**N/A**
Other	71,393	0.3%	9,686	0.0%	28,307	0.1%	39,626	0.2%	34,309	0.1%	**354.2%**	**-16.7%**
TOTAL DOMESTIC	**26,665,751**	**99.3%**	**27,492,169**	**99.2%**	**24,268,827**	**99.4%**	**20,941,401**	**99.9%**	**25,464,859**	**99.5%**	**92.6%**	**-1.1%**
INTERNATIONAL AIR CARRIERS:												
Lufthansa	148,674	0.6%	152,251	0.5%	109,666	0.4%	-	0.0%	119,339	0.5%	**78.4%**	**-5.3%**
Air Canada	31,255	0.1%	30,879	0.1%	28,936	0.1%	-	0.0%	3,487	0.0%	**11.3%**	**-42.2%**
Other	1,988	0.0%	35,185	0.1%	16,031	0.1%	14,860	0.1%	15,070	0.1%	**42.8%**	**65.9%**
TOTAL INTERNATIONAL	**181,917**	**0.7%**	**218,315**	**0.8%**	**154,633**	**0.6%**	**14,860**	**0.1%**	**137,896**	**0.5%**	**63.2%**	**-6.7%**
AIRPORT TOTAL	**26,847,668**	**100.0%**	**27,710,484**	**100.0%**	**24,423,460**	**100.0%**	**20,956,261**	**100.0%**	**25,602,755**	**100.0%**	**92.4%**	**-1.2%**

Source: Charlotte Douglas International Airport 2023 Section IV Tables Final
Compiled by Newton & Associates, Inc. 8/28/2023

F. FACTORS AFFECTING FUTURE AIR TRAFFIC

The continued economic viability of the Airport depends principally upon the future demand for air service at the Airport. In addition to the demographic and socioeconomic conditions of the Air Service Area discussed in Section III of this Report, there are several factors that could influence future levels of passenger traffic at the Airport. These factors include:

- National economic conditions;
- State of the airline industry;
- Capacity of the national air transportation system;
- Airport capacity;

- Air fares and airline competition;
- Aviation taxes and security costs;
- Role of regional airlines;
- American Airline's continued use of the Airport as a connecting hub;
- Competition from other airports; and
- States of emergency or duress in the U.S., other countries or the world that suppress or restrict the propensity and ability of persons to travel by air. These include armed conflicts, security concerns and pandemics such as COVID-19 and its variants.

1. National Economic Conditions[50]

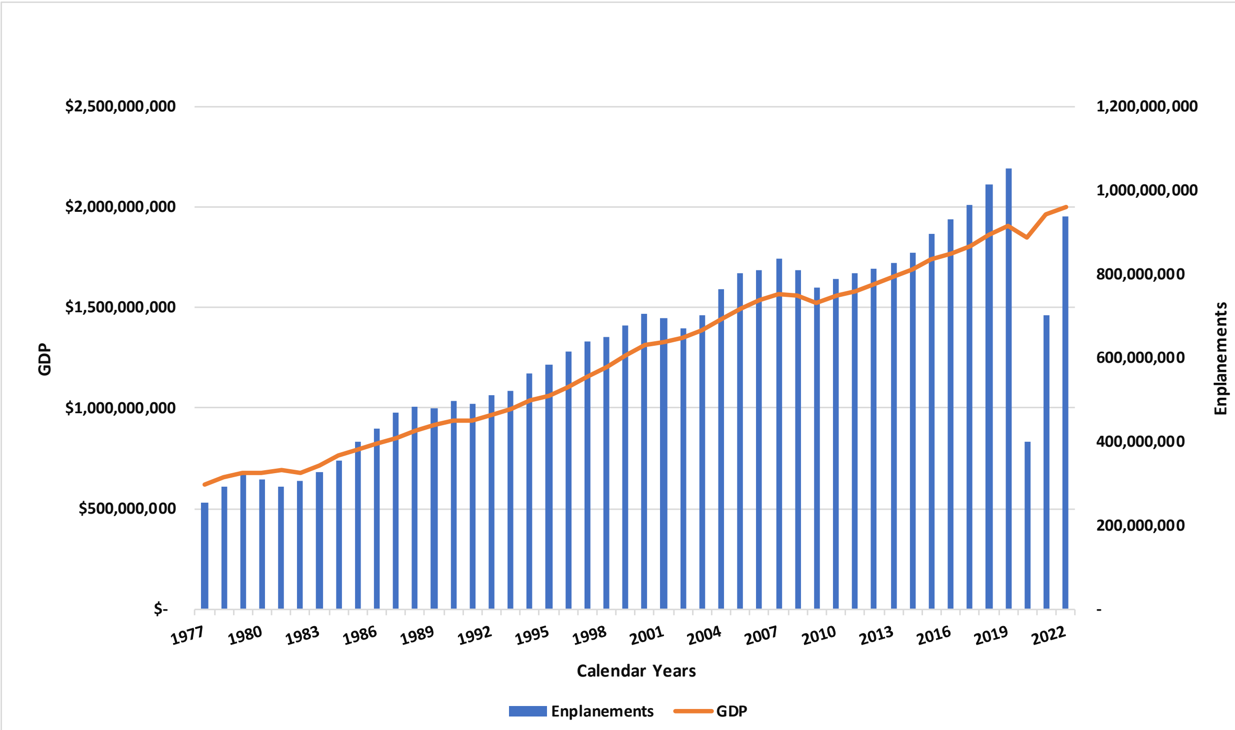
The growth in demand for passenger air service at the Airport and the U.S. is dependent in part upon the stability and growth of the United States economy. The most widely used measure of the strength of the economic production for the U.S. economy is Gross Domestic Product ("GDP")[51] which is generally defined as the value of final goods and services produced in one year by a country or other geographical area. Trends in GDP are indicators of the strength of economic activity. An examination of historical and forecast U.S. GDP is germane because of its relationship with national airline passenger traffic. As shown in **Figure IV-2,** prior to the onset of the COVID-19 pandemic, the number of annual domestic enplanements in the U.S. had correlated closely with the annual growth or decrease of the GDP in the United States. As COVID-19 disrupted the air travel industry, it also had negative effects on economic conditions worldwide. As a result, we believe that no meaningful correlation between GDP and air travel in the U.S. and at the Airport can be drawn from the resulting economic performance of the U.S. economy during 2020 and 2021. During 2023, COVID-19 has become endemic to the U.S. and world population, and the WHO, CDC and the President of the U.S. announced that the pandemic was over. As a result, air travel and GDP growth have begun to return to their historical relationship.

Although the U.S. economy has begun to recover from the effects of the pandemic, the country and the world are still experiencing economic uncertainty as inflation resulting from COVID stimulus grants, Federal Reserve System interest rate hikes and the worldwide effects of the conflict in Ukraine.

(Remainder of Page Intentionally Left Blank)

[50] Because offices and agencies of the U.S. Government are the source for economic data discussed in this Section of the Report, annual economic data is presented on a federal fiscal year basis (October-September) unless noted otherwise.
[51] All GDP data are chain-weighted estimates with a base year of 2012 dollars unless described otherwise.

FIGURE IV-2
National Enplanements and Real GDP



Real Domestic GDP increased 5.9% in 2021 and 2.1% in 2022 but slowed to a 1.1% increase in Q1 2023 according to the BEA's Advance Estimate announced April 27, 2023 and down from an annual rate of 2.6% in the fourth quarter of 2022. Whether this decrease, along with increasing Federal Funds Rates and inflation will have long lasting effects on US economic recovery or the demand for air travel remains to be seen.

On February 9, 2022, the U.S. Labor Department ("DOL") announced that inflation measured by the consumer price index (CPI) in January 2022 reached the highest level in forty years, reaching 7.5% of the January 2021 level. In April the Labor Department reported that inflation from March 2021 to March 2022 was 8.5%. On May 10, 2023, the DOL announced that the CPI-All Items for April 2023 increased 0.4% from March 2023 and for the twelve months ended April 30, 2023 the CPI increased 4.9%, year over year. The annual inflation rate for the U.S. was 3.0% for the 12 months ended June 30, 2023 according to the U.S. Labor Department data published on July 12, 2023[52]

[52] HTTPS://www.usinflationcalculator/inflation/current-inflation-rates/

2. State of the Airline Industry

Theoretically, a stable and growing commercial transportation system sufficient to accommodate the demand for air service in the United States and at the Airport is dependent, in part, on a financially healthy airline industry. An examination of the historical facts, however, reveals that the financial health of the airline industry has very little correlation with the financial health of commercial service airports.

Between the passage of the Airline Deregulation Act in 1978 to 1994 the U.S. airlines lost a total of $12.5 billion. From 1995 through 2000, they earned $20.5 billion. From 2002 through 2009, they lost $65 billion. And from 2010 through 2019 they earned $117.2 billion. From 2002 through 2019, system-wide passengers increased by almost 50% from 613 million to 927 million and available seat miles grew from 884 billion to 1.25 trillion, even as the U.S. airline industry contracted in terms of the number of commercial airlines.

During this same period, although there was great instability in the airline industry, U.S. airports continued to grow and prosper. We are aware of no instance in which an airport has failed financially or defaulted on its debt during this same period. It is demonstrative, therefore, that no direct correlation can be drawn between airline industry success and individual or collective commercial airport success or failure. The reason for this is that it is the demand for air service by the U.S. population that drives airlines to serve the nation's airports. To serve the airports and transport the passengers the airlines must pay aircraft landing and terminal use fees. Absent a failure of the airline industry, therefore, it is reasonable to expect that so long as sufficient numbers of passengers wish to fly from a particular airport, there will be airlines to serve that airport and pay the airport operator for its use of facilities.

As to the Airport, however, although the size and economic health of its Air Service Area is healthy and growing, the Airport is also heavily dependent on connecting passengers for a substantial share of its air service,[53] and American Airlines transports the great majority of these connecting passengers. So, while the Airport may not be particularly exposed to financial risk from a general state of poor fiscal health in the airline industry as a whole, it is at risk from changes that might affect American Airlines' future ability or willingness to use the Airport as a major connecting hub. Furthermore, to the extent they are driven by or connected with overall U.S. financial health, the travel habits of overall U.S. passengers can influence the actions of U.S. air carriers, including American Airlines. For these reasons, an analysis of the current forecast of the future state of the U.S. airline industry is important to a forecast of the future financial health of the Airport.

Prior to 1978, the U.S. airlines were tightly regulated by the federal government, which controlled which markets airlines could serve and what they could charge. As a result, there were a few large carriers sanctioned and supported by the governments and airline travel was considered a luxury to be enjoyed by a relative few. That changed with the enactment of the

[53] From FY 2004 through FY 2019 the percentage of connecting passengers decreased from 72.4% to 68.44% of total passengers. See Table IV-4.

Airline Deregulation Act of 1978 which abolished the Civil Aeronautics Board and freed markets and fares from government regulation. But deregulation and the resulting expansion and competition did not bring profits to the industry.

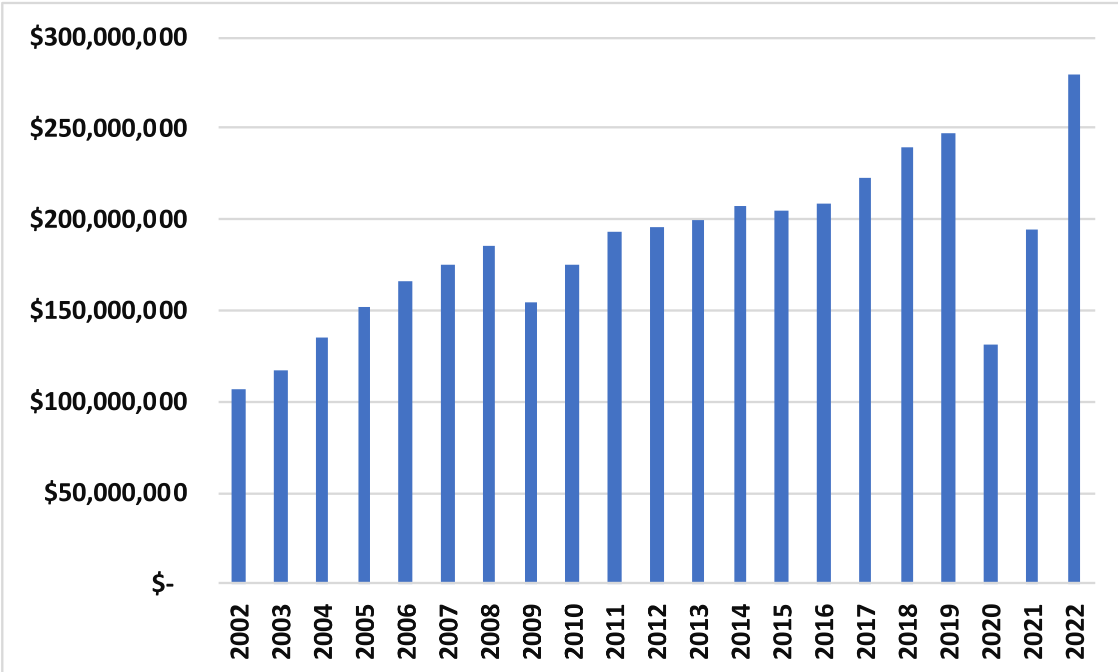
Since the deregulation of the industry, the U.S. airline industry has been characterized according to the FAA, by “boom and bust” cycles. In the years following deregulation several of the “legacy” carriers went out of business, either through bankruptcy or acquisition. These included Braniff Airways, Eastern Airlines, National Airlines, Pan American World Airways and Trans World Airlines. During these same years many new airlines were certificated during a period of industry expansion. Many of these start-up airlines had brief existence and are no longer in business, including People Express Airlines and Air Florida. Between 1979 and 2009, the industry as a whole lost an estimated $57 billion. **Figure IV-4** depicts the total net income/(loss) of the industry for certain periods since 2002 along with enplaned passengers for the same period.

The turbulence of the post-deregulation airline industry notwithstanding, according to the Bureau of Transportation Statistics and as depicted on **Figure IV-3**, U.S. airlines operating revenue increased from $107 billion in 2002 to $248 billion in 2019. As a result of the pandemic, during 2020 operating revenue decreased to $131.5 billion. During 2022, U.S. airlines operating revenue rebounded, reaching $280 billion.

From 2002 through 2019, U.S. airlines system capacity, as measured by system wide available seat miles (“ASMs”), increased from 884 billion in 2002 to 1.25 trillion in 2019. As a result of the pandemic, during FY 2020 system capacity declined to 643.1 billion ASMs. Recovering from the pandemic, U.S. airlines increased capacity to 1.4 trillion ASMs during 2022.

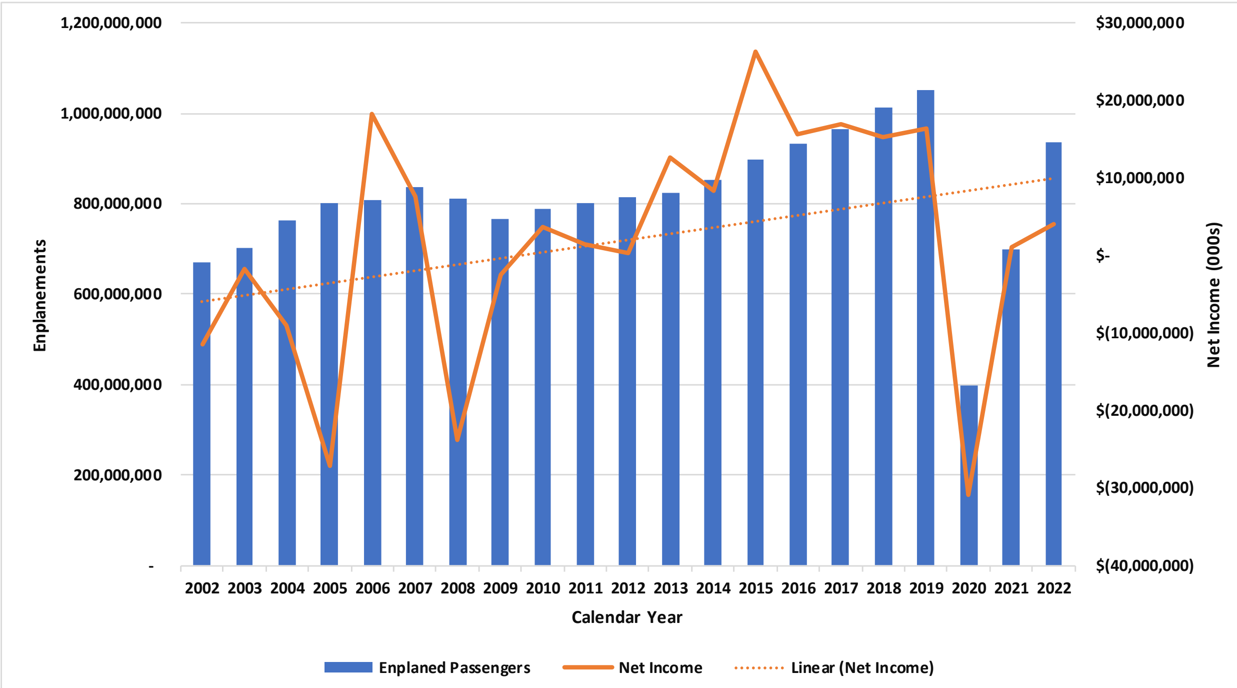
(Remainder of Page Intentionally Left Blank)

FIGURE IV-3
Airline Industry Operating Revenue



(Remainder of Page Intentionally Left Blank)

FIGURE IV-4
U.S. Airline Net Income & Enplanements



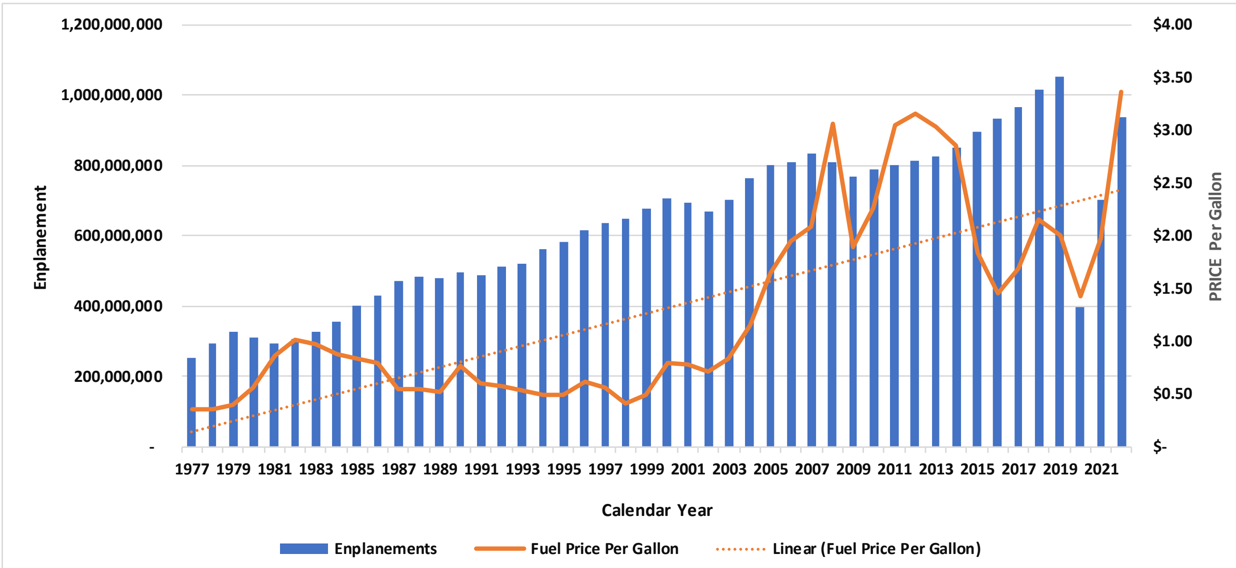
Beginning in 2010, the U.S. airline industry enjoyed ten years of sustained profitability through 2019. According to the BTS, U.S. Airlines earned net profits of $15.3 billion in 2018, and $16.4 billion in 2019.

As a result of the pandemic, the Bureau of Transportation Statistics reports the U.S. passenger airlines lost $35 billion (after tax) during 2020[54]. This loss decreased to -$2.8 billion in 2021 before recovering to a profit of $1.6 billion in 2022[55]. See Figure IV-4.

Oil prices influence national and worldwide economic conditions and airline financial results. There are, however, no data that correlates oil prices or annual airline profits or losses with the demand for air travel. **Figure IV-5** compares the U.S price of jet fuel to total U.S. enplaned passengers for the period CY 1977 through CY 2022. During this period, total enplanements grew from 254 million in 1977 to 937 million in 2022. Over the same period the price of jet fuel ranged from $0.35 per gallon in 1977 to $3.37 in 2022.

[54] https://www.bts.gov/newsroom/us-airlines-2020-net-profit-down-35-billion-2019#:~:text=U.S.%20scheduled%20passenger%20airlines%20reported,consecutive%20annual%20pre%2Dtax%20profits.
[55] https://www.bts.gov/newsroom/2022-annual-and-4th-quarter-us-airline-financial-data

FIGURE IV-5
Comparison of Jet Fuel Price and U.S Enplaned Passengers



Not all of the profit which airlines earn is derived from fares. Ancillary airline revenue consisting of checked baggage fees and reservation cancellation/change fees are presented in **Table IV-10**.[56]

(Remainder of Page Intentionally Left Blank)

[56] Includes checked baggage and reservation cancellation fees but excludes other miscellaneous revenue imposed by the airlines such as in-flight food and beverage charges, premium seat assignments, etc.

TABLE IV-10
Historical Airline Ancillary Revenue (000's)

Airline	Study Period 2018	2019	2020	2021	2022	FY 2022 as % of FY 2019	CAGR 2016-2019
American	$2,086,881	$2,157,872	$895,393	$1,252,285	$1,428,626	**58.0%**	**2.32%**
Delta	1,482,252	1,865,230	716,596	953,183	1,080,287	**51.1%**	**2.73%**
United	1,515,775	1,631,351	599,608	926,943	1,202,199	**56.8%**	**4.43%**
Spirit	701,051	821,695	436,291	696,354	1,046,590	**84.7%**	**19.87%**
Frontier	391,928	507,791	318,212	586,992	999,877	**115.6%**	**13.97%**
JetBlue	480,880	556,896	248,912	552,462	688,882	**99.2%**	**14.43%**
Alaska	474,654	519,154	232,596	465,774	519,058	**89.7%**	**28.58%**
Allegiant	240,986	303,236	178,962	318,697	442,545	**105.1%**	**16.82%**
Hawaiian	109,465	108,387	31,057	67,890	89,328	**62.6%**	**1.37%**
Southwest Airlines	49,949	50,824	34,059	57,681	66,997	**113.5%**	**5.12%**
All Other Airlines	55,831	77,899	44,411	90,293	165,198	**115.9%**	**21.87%**
Total	**$7,589,653**	**$8,600,335**	**$3,736,097**	**$5,968,554**	**$7,729,587**	**69.4%**	**7.18%**

Source: Bureau of Transportation Statistics, Schedule P-1.2 — 2023 Section IV Tables Final
Compiled by Newton & Associates, Inc. — 08/28/23

The commercial airline industry struggled to find sustained profitability over most of its long history, but prior to the pandemic it was enjoying favorable conditions with modest expectations for growth. The period from 2020 through 2022 demonstrated that the U.S. population's propensity to fly remained very strong even during severe economic conditions. As a result, U.S. airlines quickly returned to profitability in 2021 and 2022 as depicted on Figure IV-4.

FAA Aerospace Forecast[57]

According to the FAA Aerospace Forecast Fiscal Years 2023-2043, *"Since its deregulation in 1978 and the great recession of 2007-09, the U.S. commercial air carrier industry experienced a series of boom-to-bust cycles. The volatility that was associated with these cycles was thought by many to be a structural feature of an industry that was capital intensive but cash poor. However, the great recession of 2007-09 marked a fundamental change in the operations and finances of U.S Airlines. Since the end of the recession in 2009 through 2019, U.S. airlines revamped their business models to minimize losses by lowering operating costs, eliminating unprofitable routes, and grounding older, less fuel-efficient aircraft. To increase operating revenues, carriers initiated new services that customers were willing to purchase and started charging separately for services that were historically bundled in the price of a ticket. The industry experienced an unprecedented period of consolidation with three major mergers in five years. The results of*

[57] FAA Aerospace Forecast Fiscal Years 2023-2043. https://www.faa.gov/dataresearch/aviation/aerospaceforecasts/faa-aerospace-forecast-fy-2023-2043

these efforts were impressive: 2019 marked the eleventh consecutive year of profitability for the U.S. airline industry.

The outbreak of the COVID-19 pandemic in 2020, however, brought a rapid and cataclysmic end to those boom years. Airline activity and profitability tumbled almost overnight and without the financial and competitive strength built up during the boom, airlines would have faced even greater challenges. As it was, they were able to slash capacity and costs, and then, relying on their balance sheets, credit ratings and value inherent in their brands, to raise capital through borrowing and restructuring fleets allowing them to withstand the period of losses. Although several small regional carriers ceased operations in 2020, no mainline carriers did. Cargo activity was one of few bright spots as it surged, boosted by consumers purchasing goods to enhance time spent at home as necessitated by the pandemic, and by surface transportation disruptions caused by worker shortages due to COVID-19 illnesses.

Since 2020, conditions and the outlook have brightened considerably. As vaccines were introduced and local and international travel restrictions were lifted, leisure travel rebounded. Initially concentrated in outdoor recreation spots, whether beach or mountain, the recovery in leisure demand spread first to domestic destinations in 2021 and then expanded to many traditional international vacation destinations and by the summer of 2022, most carriers were reporting leisure demand was exceeding pre-pandemic levels. A rebound in business travel, which had been severely curtailed with the onset of the pandemic, lagged that of leisure demand. However by the end of 2022, U.S. airlines were reporting that business demand had recovered to 70-80% of pre-pandemic levels. Higher fares accompanied the strong rebound in leisure demand leading to positive financial results. For all of CY 2022, the top nine U.S. passenger carriers posted operating profits of $7.8 billion and net profits of $1.8 billion.

The business modifications necessitated by the downturn will shape the industry for years to come, long after the recovery is complete. Primarily, airlines will be smaller having retired aircraft and encouraged voluntary employee separations. Fleets, however, become younger and more fuel-efficient as retirements targeted the oldest and the least efficient aircraft. Although U.S. airlines carry high levels of debt, it is unclear to what extent capital spending and investment will be restrained, as evidenced by United's massive wide-body order for 787's in December 2022. And even the unbundling of services took a small step backwards as carriers eliminated change fees for all but Basic Economy tickets.

In the medium-term, airlines will be focused on trying to foretell the recovery in demand and position themselves to meet it. To date, that demand recovery has been extremely uneven across markets and population segments, driven by COVID-19 case counts, vaccinations, governmental restrictions and the degree of pent-up demand experienced by consumers and businesses. While leisure traffic has led the recovery, business travel is expected to build on the gains logged in 2022. International activity in some regions has lagged domestic due in part to individual country policies on lifting travel restrictions and will continue to lag over the next few years.

Long-term, the strengths and capabilities developed over during decade between the end of the great recession and the onset of COVID-19 will become evident again. There is confidence that

U.S. airlines have finally transformed from a capital intensive, highly cyclical industry to an industry that can generate solid returns on capital and sustained profits.

Fundamentally, over the long-term, aviation demand is driven by economic activity, and a growing U.S. and world economy provides the basis for aviation to grow. The 2023 FAA forecast calls for U.S. carrier domestic passenger growth over the next 20 years to average 2.7 percent per year. This average, however, includes robust growth in 2023, as activity returns to pre-pandemic levels. Following the recovery period, trend rates resume with average growth through the end of the forecast of 2.8 percent. Domestic passengers are forecast to be within 1 percent, on an annual basis, of 2019 levels in 2023.

After averaging $55 per barrel over the five years ending in 2021, oil prices surged to $93 per barrel with the Russian invasion of Ukraine in 2022. Prices are forecast to ease somewhat over the next two years before climbing slowly to reach $113 per barrel at the end of the forecast period.

Just as U.S. economic activity drives domestic demand for air transport, foreign economic activity affects international travel demand. As global economies were recovering from the pandemic in 2022, the demand imbalances and Russia's invasion of Ukraine sent consumer prices soaring. Central banks moved to restrain inflation by raising interest rates and slowing demand which consequently curtailed GDP growth as well as price increases. In 2023, GDP is expected to slow further to the extent that the U.S. enters a mild recession while Europe sees a sharper downturn. Latin American growth remains solidly positive and China's economy, which suffered from stringent COVID-19 policies in 2022, rebounds in 2023 supporting the region. Global growth returns close to trend rates in 2024 although some individual countries take longer.

System traffic in revenue passenger miles (RPMs) is projected to increase by 3.2 percent a year between 2023 and 2043. Domestic RPMs are forecast to grow 3.0 percent a year while International RPMs are forecast to grow faster at 3.7 percent a year, largely due to the steep declines in 2020 and 2021 that brought RPM to just 31 percent of 2019's level – about half that of domestic RPM. Thus, these figures are boosted by several years of high growth rates during the recovery after which the annual rates return to more moderate long-term trends. The strong growth rates propel system RPM, on an annual basis, to exceed 2019 levels in 2024, with domestic RPM returning a year earlier while international RPM also recovering in 2024. System capacity as measured by available seat miles (ASMs) is forecast to grow somewhat slower than RPM during the recovery period as airlines seek to restore load factors but, subsequently, ASM grow in line with the increases in demand.

After U.S. carriers posted an unexpected profit in CY 2022, the FAA expects U.S. carriers to remain profitable over the next few years as rising demand -- despite higher fares -- more than offsets higher costs for labor and fuel. As carriers return to levels of capacity consistent with their fixed costs, shed excess debt, and yields stabilize, consistent profitability should continue. Over the long term, we see a competitive and profitable aviation industry characterized by increasing demand for air travel and airfares growing more slowly than overall inflation, reflecting growing U.S. and global economies."

Airline Consolidation

The stress on the airline industry brought about by the Airline Deregulation Act, the emergence of low-fare competition, unstable fuel prices and the disruptions caused by the terrorist attacks of September 11, 2001, all of which resulted in the massive financial losses the industry experienced from 1979 through 2009, led to a culling of several airlines and consolidation by the survivors.

US Airways and American Airlines merged to form American Airlines Group in 2017. Previously, Delta acquired Northwest, United merged with Continental and Southwest acquired Air Tran. As a result, today there are only three major airlines with extensive hub and spoke networks- American, Delta and United. In addition, Alaska, JetBlue, Southwest, Frontier, and Spirit operate substantial, but less extensive networks and Allegiant operates scheduled and charter service in selected point-to-point markets.

NAI believes this historical record is persuasive that the national air transportation system is so important to the United States economy is that, with possible exceptions during periods of extreme geo-political or economic turbulence, capital will continue to flow into the airline industry, the public and private sectors will continue to make substantial use of commercial passenger transportation, and airlines and passengers will continue to use the nation’s airports, including the Airport, in substantial numbers.

3. Capacity of the National Air Transportation System

The national air transportation system consists of airlines, airports and the air traffic control system operated by the FAA. As the demand for air transportation grows and airlines increase capacity and operations to transport the passengers, the FAA will also have to grow the air traffic control system. The air traffic control system consists of air traffic control towers, terminal radar approach control (“TRACON”) and en-route centers. In its 2018 to 2038 Aerospace Forecast, the FAA forecasts that traffic handled by these facilities will increase at rates that are less than the growth in passenger traffic. The FAA expects this to be possible due primarily to the use of larger aircraft with more seats and increased load factors. Construction by the FAA of a new air traffic control tower and TRACON at the Airport was completed and commissioned on February 22, 2022. These facilities are expected to allow the FAA to handle the anticipated growth of passenger airline operations at the Airport. Should the FAA not be able to handle the growth in airline activity with its existing system-wide facilities it will put pressure on both the FAA and airlines’ ability to meet the demand for air travel.

4. Airport Capacity

The Airport’s airfield capacity was enhanced with the opening of a third parallel runway (18R/36L) in February 2010. Runway 18R/36L allows the Airport to accommodate triple simultaneous aircraft approaches.

The Airport’s 2017-2025 CIP, of which the 2023 Bonds will finance a portion, will provide additional airfield and terminal capacity to accommodate existing and anticipated growth in aircraft operations and demand for passenger terminal facilities at the Airport during the Forecast Period. The 2017-2025 CIP is described in Section II of this Report.

5. Airfares and Airline Competition

The demand for air service is considered to be price elastic or sensitive to changes in the level of airfares. The demand for commercial air transportation is particularly price elastic for domestic leisure travelers who may decide to use auto, rail or other land-based transportation for shorter trip distances resulting in reduced passenger levels.

Airfare levels are set by airlines based on a combination of factors, including revenue (yield) management, seat capacity, airline operating costs and airline competition between specific markets. The effect of competition between U.S. airlines is indicated by the steadily declining average airfares at the Airport and in the United States from 1995 through 2022. Average U.S. round trip airfares (excluding ancillary charges and adjusted to 2022 dollars) were $570 during 1995 and were $381 during 2022. **Figure IV-6** depicts the relationship between average airfares and U.S. enplanements from 1995 to 2022.

Average airfares at the Airport have ranged higher than the U.S. average but have closely followed the trend of U.S. airfares over the same eleven-year period as shown in **Figure IV-7**. Average fares at the Airport (adjusted to 2022 dollars) were $847 during 1995 and decreased to $447 during 2022. The average 2022 fare at CLT was $65 (17%) higher than the U.S. average.

This suggests that though demand for air travel may be price elastic, the steady decrease in the level of airfares is no test of this elasticity. Given that O&D enplanements increased by 1.6 million passengers from 2015 to 2022[58], it also suggests that the economic strength of the Air Service Area has generated demand for air service at the Airport that outweighs the modestly higher average fares at the Airport compared to the U.S.

If market conditions change during the Forecast Period resulting in markedly higher fares and ancillary fees, such increases could result in a reduction of demand. We cannot predict the level at which any such reduction in demand would begin to occur, nor the extent of any such reduction in demand.

(Remainder of Page Intentionally Left Blank)

[58] From 5,643,056 to 7,280,789 as shown on Table IV-4.

FIGURE IV-6
Average US Airfares vs. U.S. Enplanements

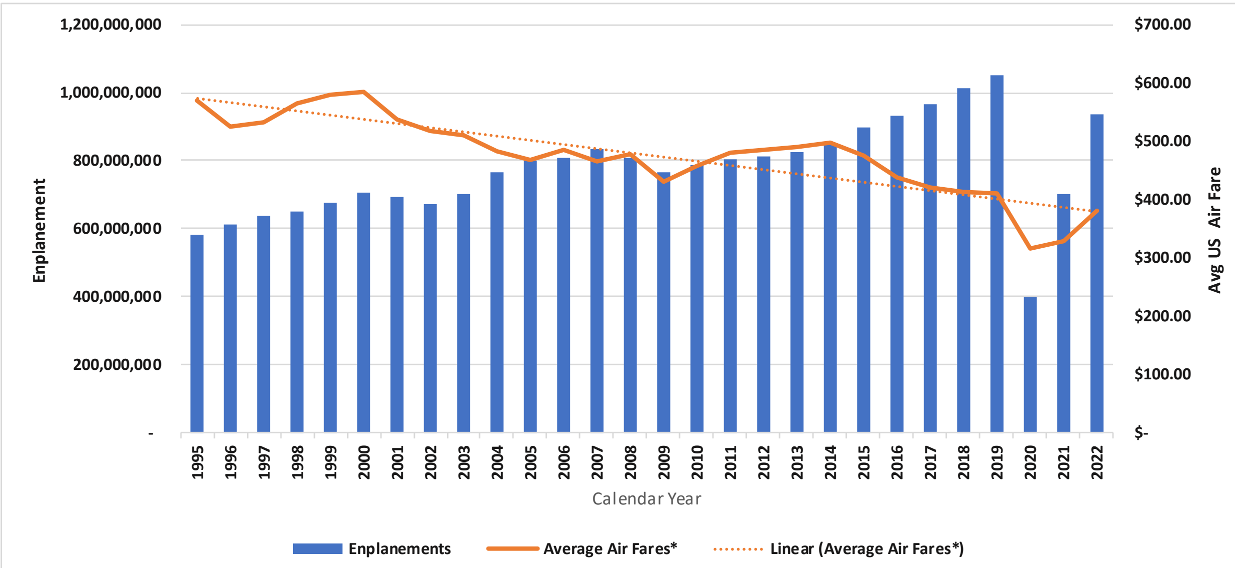
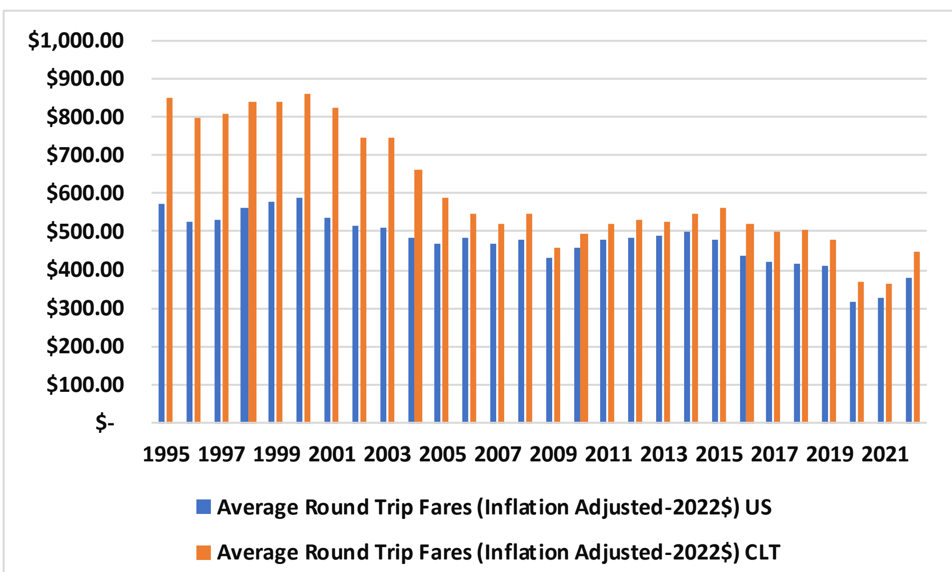


FIGURE IV-7
Average Round Trip Airfares: CLT vs U.S.



6. Role of Regional Airlines[59]

Regional airlines typically operate smaller aircraft on routes that require less capacity than provided by the major airlines.

Regional airlines generally do not have independent route systems and commonly do not compete with the major airlines. Rather, regional airlines typically supplement major airline passengers into their respective connecting passenger hub airports and are paid a percentage of applicable ticket revenue or a fixed fee by the major airline in exchange for providing this service.

Four factors that have contributed to the expansion of the regional airline industry since deregulation of the airline industry in 1978 include:

1. Development of feeder agreements with major airlines;
2. The lower cost structure of the regional airlines;
3. The transfer of low to medium density, short haul jet routes from major airlines to regional code-sharing partner (aircraft rationalization); and
4. The introduction and expansion of smaller passenger aircraft with jet engines and longer ranges (commonly referred to as regional jets).

According to the FAA, the regional carriers have lost some of their leverage to negotiate contacts with the major carriers and are facing large shortages of pilots and increased regulation. Other changes include an economic need to transition away from the smaller 50 seat aircraft to more fuel efficient 70 seat jets. These pressures could result in major carriers reducing their use of contract carriers. This trend alone should not result in reduction of the demand for air service but could affect supply through the reduction or elimination of service from hubs like the Airport to smaller markets.

7. Aviation Taxes and Security Costs

The FAA and the Airport Improvement Program are supported by the imposition and collection of certain federal ticket taxes, the proceeds of which are deposited into the Airport & Airway Trust Fund. Airlines also pay a federal tax on aviation fuel, and cargo shippers are required to pay federal cargo waybill taxes, both as periodically authorized by Congress. Increases in these taxes generally result in higher overall ticket prices. Because the demand for air service is considered to be price elastic or sensitive to changes in the price level, higher tax and thus higher ticket prices may result in reduced passenger levels and reduce airline yield and profitability. Airlines also pay taxes and fees to help fund the Customs, Border Protection, Transportation Security Agency, Department of Agriculture, and Environmental Protection Agency function at airports.

[59] Mainline carriers are defined by the FAA as those providing service primarily via aircraft with 90 or more seats. Regionals are defined as those providing service primarily via aircraft with 89 or less seats and whose routes serve mainly as feeders to the mainline carriers.

With the approval of the FAA most airports also impose a Passenger Facility Charge at levels from $3.00 to $4.50 per passenger, which the airlines are required to collect and remit to the airports. Most airports which impose a PFC do so at the maximum $4.50 level. Currently, the Airport is one of few airports that impose a PFC at the $3.00 level.

Table IV-11 summarizes the taxes and fees paid by U.S. airlines and their passengers in 1972, 1992, 2022 and 2023 according to the A4A.[60] These taxes add $65.95 to the cost of a hypothetical domestic itinerary with a basic fare of $300.

(Remainder of Page Intentionally Left Blank)

[60] https://www.airlines.org/dataset/government-imposed-taxes-on-air-transportation/# Accessed 03/27/2023.

TABLE IV-11
Historical Trends in Aviation Taxes

Special (Commercial/General) Aviation Taxes	1972	1992	2022	2023	Unit of Tax
FOR THE AIRPORT & AIRWAY TRUST FUND					
Passenger Ticket Tax [1] (domestic)	8.00%	10.00%	7.50%	7.50%	Domestic Airfare
Flight Segment Tax[1a] (domestic)	-	-	$4.50	$4.80	Per Domestic Enplanement
Frequent Flyer Tax[2]	-	-	7.50%	7.50%	Per Dom/Int'l Enplanement
International Departure Tax[3]	$3.00	$6.00	$19.70	$21.10	Per Int'l Passenger Departure
International Arrival Tax[3]	$0.00	$0.00	$19.70	$21.10	Per Int'l Passenger Arrival
Cargo Waybill Tax[1b]	5.00%	6.25%	6.25%	6.25%	Waybill for Domestic Freight
Commercial Jet Fuel Tax (domestic flights)	$0.000	$0.000	$0.043	$0.043	Per Gallon
Non-Commercial AvGas Tax (n/a to airline ops)	$0.070	$0.150	$0.193	$0.193	Per Gallon
Liquid Fuel in Fractional Ownership Flight (n/a to airline ops)	$0.00	$0.00	$0.141	$0.141	Per Gallon
FOR THE ENVIRONMENTAL PROTECTION AGENCY					
LUST[4] Fuel Tax (domestic)	$0.000	$0.001	$0.001	$0.001	Per Gallon
FOR LOCAL AIRPORT PROJECTS					
Passenger Facility Charge	$0.00	Up to $3.00	Up to $4.50	Up to $4.50	Per Passenger
FOR DEPARTMENT OF HOMELAND SECURITY					
September 11 Fee[5]	$0.00	$5.00	$5.60	$5.60	Per Int'l Passenger Arrival
APHIS Pax Fee[6]	$0.00	$2.00	$3.96	$3.96	Per Int'l Passenger Arrival
APHIS Aircraft Fee[6]	$0.00	$76.75	$225.00	$225.00	Int'l Aircraft Arrival
Customs User Fee[7]	$0.00	$5.00	$5.99	$0.07	Per Int'l Passenger Arrival
Immigration User Fee[8]	$0.00	$5.00	$7.00	$7.00	Per Passenger

1. (a) Applies only to domestic transport or to journeys to Canada or Mexico within 225 miles of the U.S. border; (b) Applies only to flights within the 50 states. Both a and b are prorated on journeys between the mainland United States and Alaska/Hawaii
2. Applies to the sale (to third parties) of the right to award frequent flyer miles
3. Does not apply to those transiting the United States between two foreign points; $10.60 on flights between the mainland United States and Alaska/Hawaii
4. Congress created the Leaking Underground Storage Tank (LUST) Trust Fund in 1986 to 1) provide money for overseeing and enforcing corrective action taken by a responsible party, who is the owner or operator of the leaking UST and 2) provide money for cleanups at UST sites where the owner or operator is unknown, unwilling, or unable to respond, or which require emergency action
5. Funds TSA at $5.60 per one-way up to $11.20 per round trip (was $2.50 per enplanement up to $5.00 per one-way trip from 2/1/02 through 7/20/14); suspended 6/1/03-9/30/03
6. Since 5/13/91 (passenger fee) and 2/9/92 (aircraft fee), funds agricultural quarantine and inspection services conducted by CBP per 7 CFR 354; APHIS continues to perform certain Agricultural Quarantine Inspection-related functions that are funded by user fee collections
7. Since 7/7/86, funds inspections by U.S. Customs and Border Protection; passengers arriving from U.S. territories and possessions are exempt
8. Since 12/1/86, funds inspections by U.S. Immigration and Customs Enforcement

Source: Airlines For America (A4A)
https://www.airlines.org/dataset/government-imposed-taxes-on-air-transportation/
Compiled by Newton & Associates, Inc. January 2022

2023 Section IV Tables Final
08/28/23

8. American Airlines and the Role of the Airport as a Connecting Hub

Since the Airline Deregulation Act of 1978, major airlines in the U.S. have operated “hub and spoke” systems to more efficiently use their aircraft. In a “hub and spoke” system, passengers from numerous cities throughout the major airlines’ networks are flown to a “hub” airport, where they connect on flights to “spoke” airports in other cities, thereby creating economies of scale and allowing airlines to increase frequency and profitably and to serve cities that would otherwise go unserved in a “point-to-point” system.

Since 1979, the Airport has been a connecting passenger hub of increasing size and national importance: first for Eastern Airlines, then for Piedmont Airlines, then US Airways and now American Airlines. Because of the operation as a hub, local passengers have enjoyed a level of direct, non-stop service unusual in markets with populations comparable to that of the Air Service Area. The Airport is served by eight major carriers operating mainline flights. Several of these “mainline” carriers subcontract with regional airlines to supplement the mainline service to smaller markets. These include American, Delta, and United. But only American Airlines operates at Charlotte as a “hub” in its air transportation system.

Currently, American Airlines has primary hubs in Charlotte (CLT), Chicago (ORD), Dallas/Fort Worth (DFW), Los Angeles (LAX), Miami (MIA), New York City (JFK & LGA), Philadelphia (PHL), Phoenix (PHX) and Washington, DC (DCA). From these hubs, during 2022 it operated scheduled passenger service on approximately 3,700 daily flights to communities in the U.S., Canada, the Middle East, the Caribbean, Latin America and Europe.

The Airport is the second busiest airport in the American Airlines system (behind only DFW) based on the number of destination and daily flights. As of January 2023, American Airlines offered 600 daily flights from the Airport to 170 destinations.

American Airlines, including its regional affiliates, carried more than 42 million passengers through the Airport in 2022 which was 88% of all the Airport’s passenger traffic for the year. By comparison, in 2022, American Airlines carried 59 million passengers through DFW, which was 85% of all DFW passengers for the year. Miami is American Airlines third largest hub with 31 million passengers in 2022 and a 65% market share.

Table IV-12 depicts a snapshot comparison of all American Airline’s hubs as presented on its website. As shown, the CLT hub was second only to DFW in daily departures (600), non-stop destinations (170), countries served (20), based employees (14,100), and passengers (42,000,000 total enplaned and deplaned). American Airlines’ market share at the Airport was more than 88%, which is greater than for any of its other hubs.

(Remainder of Page Intentionally Left Blank)

TABLE IV-12
Comparison of American Airlines Hubs

	American Airlines Hubs								
	CLT	**DFW**	**MIA**	**ORD**	**PHL**	**PHX**	**NYC[1]**	**DCA**	**LAX**
Daily Flights	**600**	800	330	325	235	220	220	250	120
Destinations	**170**	240	140	155	105	100	85	85	50
Countries	**20**	25	40	15	20	3	25	3	7
Cargo Lbs.	**119,000,000**	411,000,000	340,000,000	172,200,000	130,500,000	31,000,000	281,000,000	1,000,000	146,000,000
Employees	**14,000**	35,000	14,000	9,000	8,500	6,500	8,000	4,000	7,000
Passengers	**42,000,000**	59,000,000	31,000,000	21,000,000	16,000,000	17,000,000	15,000,000	12,000,000	11,000,000
Market Share	**88%**	85%	65%	34%	44%	44%	20%	60%	17%

[1] NYC includes statistics for LGA and JFK.

Source: American Airlines Hub Fact Sheets. https://news.aa.com/multimedia/fact-sheets/default.aspx
Compiled by Newton & Associates, Inc.

2023 Section IV Tables Final
08/28/23

9. Competition from Other Air Carrier Airports

The Airport is the only large hub airport in both North Carolina and South Carolina. In June 2023, it averaged 713 scheduled air carrier passenger departures daily to 177 non-stop destinations including 35 foreign countries and territories. It is the fifth largest airport in the U.S. in terms of operations and the eighth largest in terms of passengers. In FY 2023, the airlines enplaned over 25 million (estimated) passengers at the Airport.

Concord – Padgett Regional Airport ("JQF") is the only other passenger service airport located within the Air Service Area. JQF is located approximately 30 miles from the Airport and its passenger airline service is provided by Allegiant Air which currently offers scheduled service to the following destinations:

- Orlando Sanford International Airport four days weekly;
- St Pete-Clearwater International Airport (Tampa/St. Petersburg, Florida area) four days weekly;
- Fort Lauderdale-Hollywood International Airport (South Florida area) four days weekly;
- Punta Gorda Airport (SW Florida, Ft. Myers & Naples areas) twice weekly;

- Louis Armstrong New Orleans International Airport twice weekly (no September flights);
- Destin-Fort Walton Beach Airport twice weekly (seasonal summer service); and
- Melbourne Orlando International Airport (currently once per week).

In CY 2022, JQF reported 123 thousand enplanements or 0.1%[61] of the Airport's enplanements. NAI does not believe that JQF presents competition for the Airport presently nor is it likely to in the foreseeable future. Owned and operated by the City of Concord, North Carolina, JQF currently has limited aeronautical facilities, having a single runway of 7,400 feet in length and 150 feet wide, and a modest passenger terminal building of approximately 25,000 square feet of area.

There are three other air carrier airports located within 100 miles of the Airport:

- Greenville-Spartanburg International Airport in Greer, SC (GSP), located approximately 90 miles from the Airport and enplaned 1.1 million passengers in FY 2022;

- Piedmont Triad International Airport in Greensboro, NC (GSO) located approximately 80 miles from the Airport and enplaned 783 thousand passengers in FY 2022; and

- Columbia Metropolitan Airport in Columbia, SC (CAE), located approximately 90 miles from the Airport and enplaned 499 thousand passengers in FY 2022.

Raleigh-Durham International Airport, located in Morrisville, NC (RDU) is a medium hub airport located approximately 135 miles northeast of Charlotte. Drive time between these two airports is more than two hours. RDU is served by 14 airlines, including Air Canada, Alaska, Allegiant, American, Delta, Frontier, JetBlue, United, Southwest and Spirit, which collectively fly to 65 non-stop destinations. RDU enplaned 5.8 million passengers in FY 2022, or 25% of CLT enplanements.

Each of these airports are located close to the outer reaches of the Air Service Area. While NAI expects that some passengers in the Air Service Area fly from one of these airports from time to time (the extent to which is uncertain), NAI also believes that a greater number of passengers from the air service areas of those airports choose to fly in and out of the Airport due to more numerous opportunities for non-stop service and the frequencies of service from the Airport. The average fare at the Airport reported by BTS in Q4 2022 ($469) was lower than GSO ($495) but higher than GSP ($411), RDU ($400) and the U.S. average ($394).[62] NAI notes that the lower RDU average fare is, to some extent, a function of the increased competition among airlines at RDU including that by low fare carrier Allegiant which also serves JQF.

[61] FAA-5100-127 (Operating and Financial Summary Report 127)
[62] Q4 2022 airfares for CAE and JQF were unavailable from BTS.

10. Extraneous Conditions Affecting Air Commerce

The demand for air service at airports and the Airport can be artificially and temporarily depressed during periods of national and worldwide emergency such as armed conflicts, pandemics, economic depressions and recessions and other influences. These can be observed to have occurred as a result of terrorist attacks on September 11, 2001, the financial collapse of 2008-2009, the COVID-19 pandemic of 2020 and 2021 and the Russian invasion of Ukraine.

COVID-19 PANDEMIC

In 2020, COVID-19, a highly contagious, upper respiratory tract illness caused by a novel strain of coronavirus, generally referred to as the COVID-19 pandemic, inflicted significant adverse health and economic impacts throughout the world, As of the date hereof, the United States and the rest of the world has largely emerged from the worst throes of the pandemic caused by the virus, yet significant social and economic disruptions related to the pandemic continue to be evident.

For much of 2020 and 2021, the impact of the pandemic on airports, airlines, rental car companies and airport concessionaires was severe at airports worldwide, including the Airport.

The Airport began to experience a modest recovery in May and for FY 2023 airlines enplaned over 25 million (estimated) passengers at the Airport, 106% of the FY 2019 enplanement levels.

Business Air Travel Outlook:

One segment of the pre-pandemic travel industry that has been slow to recover is business travel. During the broad shut-down of the U.S. economy that occurred in the spring of 2020 workers began working from home and conducted business either by telephone, email or electronic on-line meeting venues. According to the Airport, business travel comprised 33% of all travel at the Airport in 2019. This number decreased to 23% for 2020 and rose slightly to 24% in 2021.

By early 2023, the prospects for a return of business travel had improved. On January 21, 2023, the GBTA reported that: "*Global business travel is forecast to see an uptick in 2023 versus 2022. Companies are expected to send more employees on trips and travel suppliers anticipate an increase in corporate travel spending. Sectors such as finance, insurance, professional services, and consulting are showing stronger signs of growth in business travel spending. Despite potential economic challenges and uncertainty surrounding the post-COVID return of China−the world's largest business travel market–the industry remains optimistic about continued recovery and employees' willingness to travel for work.*"

On a more cautionary note, however the GBTA added that "*Industry sentiments are mixed on business travel and China.*" More recently, on April 17, 2023, Bain & Company reported that[63]:

[63] https://www.bain.com/insights/air-travel-forecast-interactive/

"*In May 2020, we began making regular forecasts of how soon aviation demand would recover from the effects of the Covid-19 pandemic. Now, even as the pandemic's impact on air travel diminishes, inflation and lower disposable incomes have emerged as constraints on future growth. Meanwhile, the effect of the airline industry's CO2 mitigation costs has already begun to reshape medium- to long-term demand.*"

The recovering weakness in business travel notwithstanding, the recovery in total air traffic at the Airport has been substantial and is indicative that air travel in the US and at the Airport have largely recovered to near 2019 levels.

International Air Travel Outlook:

International air travel is another segment of the air travel industry that was severely curtailed by governmental air travel restrictions in early 2020 which is beginning to recover.

By 2023, according to IATA, international air travel has made a strong recovery but not yet to pre-COVID levels. "*International passenger traffic growth steadied in February. Total international RPKs grew 89.7% YoY in February and recovered to 77.5% of pre-pandemic levels, a modest improvement from the month prior. The annual growth of international seat capacity was more moderate at 53.5%, raising passenger load factors (PLF) to 77.7%*".

RUSSIAN INVASION OF UKRAINE

On February 24, 2022, President Putin of the Russian Federation authorized "special military operations" in Ukraine. Russian forces began missile and artillery attacks, striking major Ukrainian cities including Kiev. On February 26, 2022, western allies announced new sanctions, including restrictions on Russia's central bank and expelling key banks from the main global payments system. As of March 25, 2022, most western governments had condemned Russia's aggression and supplied large quantities of arms and humanitarian aid to Ukraine, but the assault continues. As of May 2023, the conflict continues, and the U.S. and many other western countries continue to supply the government of Ukraine with military equipment and financial aid to enable it to continue its defense of Ukrainian territory from Russian attacks. In June of 2023 the Ukrainian military launched a counter-offensive against Russian and mercenary troops occupying eastern provinces of Ukraine. This has led to considerable concern in some quarters that the conflict could spread into other parts of Europe or elsewhere. How long this conflict will continue and whether it will escalate into a broader conflict is unknowable at this time. Certain western governments, including all the NATO members have banned flights of Russian aircraft over their airspace and Russia has banned flights over its airspace. This will likely lead to a continued limitation of international travel in Europe and Asia during the duration of the conflict. Whether that will spread to materially suppress international travel to and from the U.S. is unknown. NAI has not factored any impact of this conflict into our forecasts.

G. FORECAST OF PASSENGER ENPLANMENT ACTIVITY

Typically, an analysis of historical traffic activity at an airport, in combination with observable historical and forecast economic conditions, provides a basis for forecasting air traffic at the Airport for the purposes of forecasting ability of the Airport to service additional debt. The disruption in air traffic caused by the COVID-19 pandemic has rendered any such historical activity during FY 2020 less meaningful as a basis for any forecast of future activity.

As a result of this unprecedented interruption in historical air traffic patterns - locally, nationwide and worldwide – the historical information presented and analyzed in the preceding sections of this Section IV through FY 2019 may provide useful insight into how the Airport may recover once the effects of the pandemic are abated. We find them significantly less reliable to forecast enplanements at the Airport for the period FY 2024 through FY 2030. In lieu thereof, we have employed different methods of forecasting traffic as discussed below.

Air traffic has been increasing steadily at the Airport since its nadir in April 2020. In May 2020 there were 500,000 enplanements, an increase of 194% over April. Enplanements grew every month since May[64] and totaled 21 million for all of 2021, and 23.1 million for 2022, 95.5% of the corresponding 2019 number.

During FY 2022 the Airport reported 25.4 million total enplanements achieving 106% of the FY 2019 level.

As previously mentioned, the demand for connecting enplanements at the Airport is dependent upon American Airlines continuing to operate its hub at the Airport. Currently, the Airport serves as one of only two domestic connecting hubs (along with Hartsfield-Jackson Atlanta International Airport) in the Southeast U.S. Because of the importance of the Airport's passenger airline facilities to the national air transportation system, we believe that it is reasonable to expect that American Airlines will continue to operate its hub at the Airport during the Forecast Period.

Given the current uncertainties in the U.S. and world economies, and the conflict in Ukraine, no forecast of passenger traffic can be made with any certainty.

Table IV-13 sets forth historical enplanements during the Study Period and the Forecast of enplanements during the Forecast Period. It may be noted that from FY 2015 through FY 2019, total enplanements at the Airport grew at a CAGR of 1.94%, and from FY 2015 through FY 2023 total enplanements grew at a CAGR of 1.72%. In reliance on these trends, it would not be unrealistic to forecast growth through the Forecast Period at either of these CAGRs. While we recognize that with a return to less volatile economic and geo-political conditions, future passenger traffic could be expected to return to historical annual growth rates, we have elected to

[64] Except for normal seasonal fluctuations.

adopt a more conservative forecast in the near term to test the financial feasibility of issuing the 2023 Bonds and 2023 BAN.

Based on the foregoing, we have forecast total enplanements to increase at an average rate of 1.79% per year over the Forecast Period, an forecast rate based on the CAGRs experienced historically from FY 2015 to FY 2023 for the originating enplanement segment (3.26%) and the connecting enplanement segment (1.16%). This forecast rate of growth results in total enplanements at the Airport growing from 25.4 million in FY 2023 to 28.8 million in FY 2030, a CAGR of 1.79% over the Forecast Period, as shown on Table IV-13.

READERS OF THIS REPORT SHOULD RELY ON THEIR OWN JUDGEMENT TO ASSESS WHETHER THE TRAFFIC SCENARIOS EMPLOYED IN THIS REPORT ARE REASONABLE, AND THE RESULTING FINANCIAL FORECASTS ARE REALISTIC.

(Remainder of Page Intentionally Left Blank)

TABLE IV-13
Forecast of Enplaned Passengers

Fiscal Year	Originating[1]	Annual Rate	Connecting[2]	Annual Rate	Total[3]	Annual Rate
	Enplaned Passengers					
Actual						
2015	5,643,056		16,546,946		22,190,002	
2016	6,143,000	8.86%	16,237,000	-1.87%	22,380,000	0.86%
2017	6,530,000	6.30%	15,986,000	-1.55%	22,516,000	0.61%
2018	6,851,000	4.92%	16,224,000	1.49%	23,075,000	2.48%
2019	7,252,000	5.85%	16,707,000	2.98%	23,959,000	3.83%
2020	5,732,000	-20.96%	13,677,000	-18.14%	19,409,000	-18.99%
2021	3,879,000	-32.33%	12,766,000	-6.66%	16,645,000	-14.24%
2022	6,951,000	79.20%	16,083,000	25.98%	23,034,000	38.38%
2023 [4]	7,294,359	4.94%	18,148,641	12.84%	25,443,000	10.46%
Compound Annual Growth Rate						
2015- 2019	6.47%		0.24%		1.94%	
2015- 2023	3.26%		1.16%		1.72%	
2019- 2023	0.15%		2.09%		1.51%	
2020- 2023	8.37%		9.89%		9.44%	
Forecast: [5]	**Originating**	**Annual Rate**	**Connecting**	**Annual Rate**	**Total**	**Annual Rate**
2024	7,532,189	3.26%	18,359,460	1.16%	25,891,649	1.76%
2025	7,777,774	3.26%	18,572,727	1.16%	26,350,501	1.77%
2026	8,031,366	3.26%	18,788,472	1.16%	26,819,838	1.78%
2027	8,293,226	3.26%	19,006,723	1.16%	27,299,949	1.79%
2028	8,563,624	3.26%	19,227,509	1.16%	27,791,133	1.80%
2029	8,842,839	3.26%	19,450,860	1.16%	28,293,699	1.81%
2030	9,131,157	3.26%	19,676,805	1.16%	28,807,962	1.82%
Compound Annual Growth Rate						
2024 - 2030	3.26%		1.16%		1.79%	

[1] Source: 2015 - 2021 BTS T100 obtained fron Airline Data Inc. 2022 and 2023 obtained from Airport.
[2] Connecting enplanements are the difference between Total and Originating enplanements.
[3] Source: Charlotte Douglas Internation Airport's Annual Comprehensive Financial Report FY's 2015 - 2022.
[4] Source: FY 2023 Total provided by Airport. Originating and Connecting estimated by Newton & Associates, inc.
[5] Source: FY 2024 - FY 2030 Forecast prepared by Newton & Associates, Inc.

Prepared by Newton & Associates, Inc.

2023 Section IV Tables Final
August 28, 2023

V. FINANCIAL ANALYSIS

A. GENERAL

The Airport is operated by the Aviation Department as a self-supporting enterprise fund of the City. The activities of the Airport are accounted for by the City and the Aviation Department Financial Management unit on a full accrual basis in accordance with generally accepted accounting principle for governmental entities.

As stated in Section I hereof and pursuant to the provisions of the Bond Order, beginning with the issuance of the 2021 Bonds the City elected to reclassify all revenue and expense of the Excluded Cost Centers as Included Cost Center Revenue and Current Expense under the Bond Order and pledged the resulting Net Revenue to payment of debt service on the City's Prior Bonds, debt service on the 2023 Bonds, 2023 BAN and Future Bonds. Also stated in Section I, this change in the constitution of Included Cost Center Revenue notwithstanding, the City is not required to share any surplus from the formerly Excluded Cost Centers with the Signatory Airlines. To recognize this distinction, for the purpose of this analysis and the tables contained herein, we have categorized former Included Cost Centers (Airfield and Terminal Complex) as "Airline Cost Centers" and the formerly Excluded Cost Centers as "Non-Airline Cost Centers". With respect to Revenue and Current Expenses as defined in the Bond Order, this concept of Airline Cost Centers and Non-Airline Cost Centers has been used to compile historical Revenue and Current Expenses and to forecast future Revenue and Current Expenses.

B. APPLICATION OF REVENUE UNDER PROVISIONS OF THE BOND ORDER

Section 401 of the Bond Order establishes a special fund designated "Charlotte/Douglas International Airport Construction Fund" to be held by the Trustee in trust pending application to the cost of the Additional Facilities. Any money received by the Trustee or the City from any source for the construction of Additional Facilities is to be deposited into the Additional Facilities sub account to be created for each Series of Bonds.

In addition to the Construction Fund, Article V of the Bond Order establishes the following Funds:

(a) Airport Revenue Fund;
(b) Airport Operating Fund;
(c) Airport Bond Fund;
(d) Airport Discretionary Fund;
(e) Airport Insurance and Condemnation Award Fund; and
(f) Airport PFC Revenue Account.

All Revenue is to be deposited upon receipt into the Revenue Fund. The Bond Order requires that on or before the 25th day of each month the City is to withdraw funds on deposit in the Revenue Fund and apply the same in the following manner and order.

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

(2) as required by the respective series resolutions, to the Trustee for deposit in respective sub-account of the Interest Account for all Bonds Outstanding under the Bond Order, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City;

(3) as required by the respective series resolutions, to the Trustee for deposit in the respective sub-account of the Principal Account and Sinking Fund Account for all Bonds Outstanding under the Bond Order, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City;

(4) in the event that there is not on deposit in any sub-account of the Reserve Account an amount equal to the Reserve Requirement for such sub-account an amount sufficient to replenish 1/12th of any deficiency therein if caused by a withdrawal of funds or 1/24th of any deficiency if caused by a change in valuation;

(5) to the payment of any Subordinate Indebtedness; and

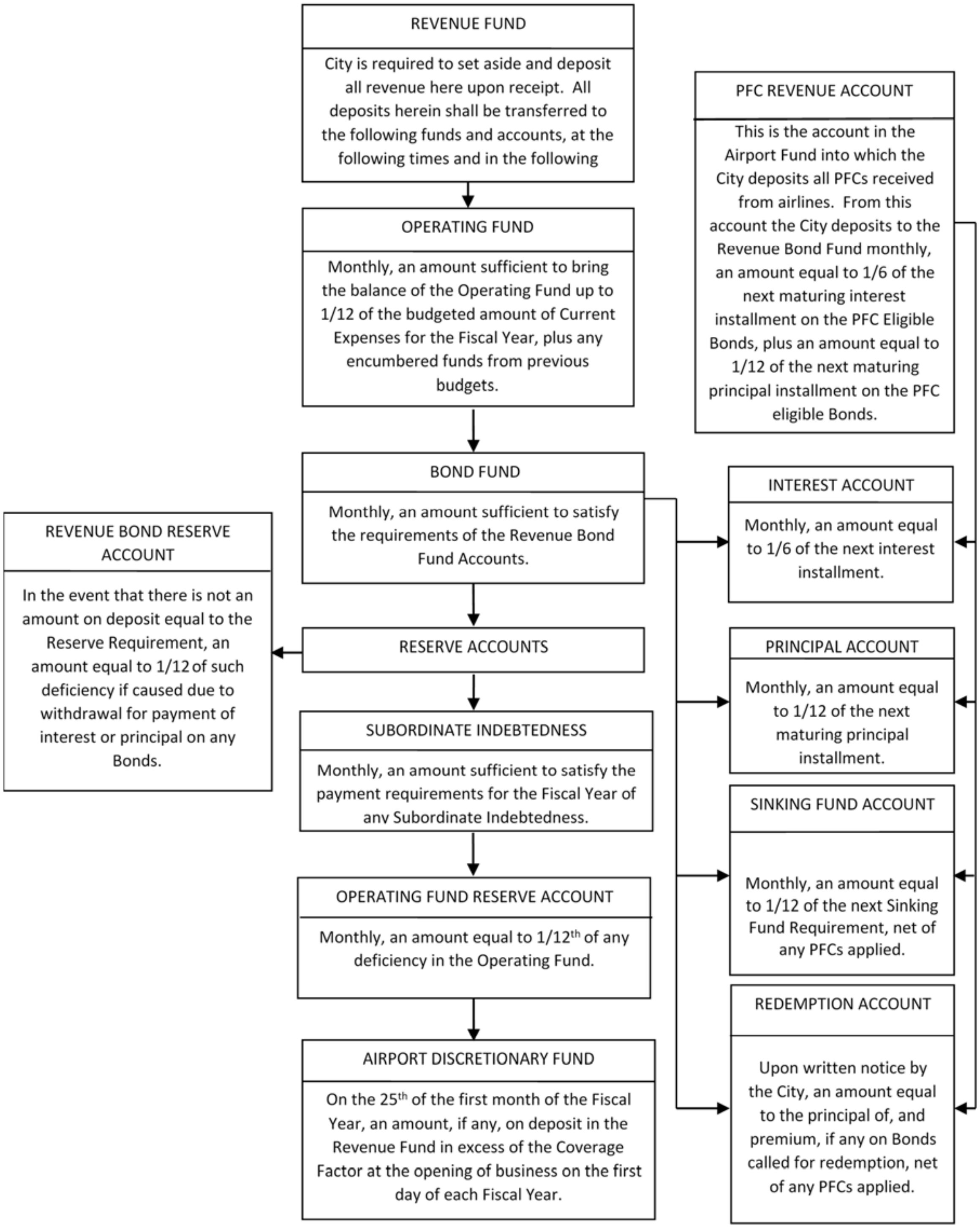
(6) if the Operating Fund Reserve Account is less than 25% of Current Expense as set forth in the Annual Budget for the fiscal year, to a separate account of the Operating Fund in an amount equal to 1/12th of any deficiency therein.

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

On or prior to the date that the City provides the Trustee with written notice of redemption, money in the Revenue Fund may be deposited to the sub-account of the Redemption Account for such Bonds to be redeemed, an amount equal to the principal of, and premium, if any, on such Bonds so called for redemption.

See **Figure V-1** for a depiction of Application of Revenue.

FIGURE V-1
Application of Revenue



C. RATE COVENANT

In the Bond Order, the City has covenanted to fix, charge and collect rates, fees, rentals and charges for the use of the Airport and to revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce Revenue in each Fiscal Year at least equal to the sum of deposits required to be made in each Fiscal Year to: (i) the Operating Fund; (ii) the Revenue Bond Fund; and (iii) all the other deposits described in Section V, subsection B, above, plus an amount, if any, which results in an amount on deposit in the Revenue Fund as of the opening of business on the first day of the next Fiscal Year, equal to the Coverage Factor for such preceding Fiscal Year.

The Coverage Factor for each Fiscal Year is defined as an amount equal to 25% of the sum of the amounts required to be deposited from Net Revenue into the Revenue Bond Interest Account and the Revenue Bond Principal and Sinking Fund Accounts for such Fiscal Year. Revenue for a Fiscal Year is deemed to include amounts retained by the City in the Revenue Fund as of the end of the preceding Fiscal Year.

PFCs received by the City are not “Revenue” under the Bond Order and are defined as “PFC Revenue,” except to the extent they are designated as “Pledged PFC Revenue.” PFC Revenue is required to be deposited in the PFC Revenue Account, and Pledged PFC Revenue is required to be deposited into the Pledged PFC Revenue sub-account in the PFC Revenue Account. Pledged PFC Revenue is required to be applied to the payment of the debt service on the specific series of Bonds to which it is pledged. There are currently no Pledged PFC Revenues. Other PFC Revenue shall be transferred to the Bond Fund to pay the debt service on PFC Eligible Bonds and used to pay the capital cost of PFC eligible projects as otherwise permitted by law. For the purpose of calculating the debt service coverage, PFC Revenue applied to the payment of debt service is subtracted from the gross debt service requirement, and the Net Revenue is divided by the resulting net debt service requirement thereby yielding the debt service coverage ratio for the year in question. A detailed discussion of the impact of PFCs is contained in Section V, subsection H herein.

D. HISTORICAL AIRPORT REVENUE

As stated in Section I, the Study Period (FY 2018 – FY 2022) is the five-year historical period for which data has been compiled and trends analyzed to determine the extent to which past performance indicators may contribute to performance looking forward. Because of the impact of the COVID-19 pandemic beginning in the third quarter of FY 2020, we have also documented financial performance trends during the pandemic and made observations regarding them when relevant.

1. Historical Airport Revenue

Airport Revenue includes revenues generated from the Airline Cost Centers ("Airline Cost Center Revenue") and Non-Airline Cost Centers ("Non-Airline Cost Center Revenue").

Historical Airline Cost Center Revenue includes Airline Terminal Revenue, Non-Airline Terminal Revenue, Other Terminal Complex Revenue, Airfield Revenue and Other Airline Cost Center Revenue. Historical Non-Airline Cost Center Revenue includes Cargo and FBO Area revenue, Special Facility Revenue and other Non-Airline Cost Center Revenue.

Total Airport Revenue from FY 2018 through FY 2022 is presented on **Table V-1.** As shown, Total Airport Operating Revenue increased from $239.4 million in FY 2018 to $319 million in FY 2022, a CAGR of 7.44%.

TABLE V-1
Historical Airport Revenue
(Amounts in $000s)

	STUDY PERIOD						
HISTORICAL AIRPORT REVENUE	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	CAGR 2018-2022	CAGR 2020-2022
I. AIRLINE COST CENTERS REVENUE							
TERMINAL COMPLEX REVENUE							
TERMINAL REVENUE							
Airline Terminal Revenue	$43,008	$48,787	$48,711	$35,140	$55,552	6.61%	6.79%
Non-Airline Terminal Revenue							
Terminal Concessions:							
Food & Beverage	$31,372	$35,070	$25,349	$23,188	$36,862	4.11%	20.59%
Retail Merchandise	13,921	15,477	11,541	9,616	16,509	4.35%	19.60%
ATM's	1,909	1,898	1,857	1,769	1,691	-2.98%	-4.57%
Advertising	4,304	2,937	1,730	2,656	1,874	-18.76%	4.08%
Other Terminal Concessions	0	197	110	222	408	N/A	92.76%
Total Terminal Concessions	$51,505	$55,578	$40,587	$37,450	$57,345	2.72%	18.87%
Other Non-Airline Terminal Revenue:	$1,364	$3,277	$3,002	$3,329	$4,459	34.46%	21.88%
Total Non-Airline Terminal Revenue	$52,870	$58,855	$43,588	$40,780	$61,804	3.98%	19.08%
Total Terminal Revenue	$95,878	$107,642	$92,300	$75,920	$117,356	5.18%	12.76%
OTHER TERMINAL COMPLEX REVENUE							
Non-Terminal Concessions							
Automobile Parking	$59,642	$62,163	$47,560	$27,203	$81,144	8.00%	30.62%
Rental Cars	15,666	16,817	13,220	9,319	19,025	4.98%	19.96%
Ground Transportation	594	493	326	104	277	-17.38%	-7.83%
Transportation Network Companies	1,930	2,543	4,610	1,942	4,299	22.16%	-3.43%
Total Non-Terminal Concessions	$77,832	$82,016	$65,716	$38,569	$104,744	7.71%	26.25%
Other-Non-Terminal Complex Revenue	$9,316	$9,244	$9,454	$7,752	$11,678	5.81%	11.14%
Total Other Terminal Complex Revenue	$87,148	$91,260	$75,170	$46,321	$116,422	7.51%	24.45%
TOTAL TERMINAL COMPLEX REVENUE	$183,026	$198,902	$167,470	$122,241	$233,778	6.31%	18.15%
AIRFIELD REVENUE							
Landing Fees	$27,056	$29,295	$30,264	$22,923	$39,456	9.89%	14.18%
Other Airfield Revenue	$1,381	$1,674	$1,059	$155	$374	-27.85%	-40.56%
TOTAL AIRFIELD REVENUE	$28,437	$30,969	$31,323	$23,078	$39,830	8.79%	12.76%
TOTAL AIRLINE COST CENTERS REVENUE	$211,463	$229,871	$198,793	$145,319	$273,608	6.65%	17.32%
II. NON-AIRLINE COST CENTERS REVENUE[1]							
Cargo and FBO Areas:							
Building & Ground Rentals	$7,595	$7,835	$7,782	$7,573	$10,033	7.21%	13.54%
FBO Revenue	$18,476	$22,733	$18,816	$18,592	$32,210	14.91%	30.84%
Other Non-Airline Cost Centers Revenue	1,853	6,880	2,617	99,811	3,133	14.03%	9.42%
TOTAL NON-AIRLINE COST CENTERS REVENUE	$27,924	$37,448	$29,215	$26,065	$45,377	12.90%	24.63%
TOTAL OPERATING REVENUES - Airline & Non-Airline Cost Centers	$239,388	$267,319	$228,008	$171,384	$318,984	7.44%	18.28%

[1] Non-Airline Cost Centers are identified as Excluded Cost Centers under the Signatory Airline Agreement and are not included in the calculation of Airline Rates and Charges.

Source: Charlotte Douglas International Airport.
Compiled by Newton & Associates, Inc.

2023 Section V Tables Final
08/28/23

E. HISTORICAL AIRPORT EXPENSE

1. Current Expenses

The Airport's annual Current Expenses includes expense incurred in the Airline Cost Centers ("Airline Cost Center Expense"). Total Airport Current Expenses also include expenses incurred in the Non-Airline Cost Center ("Non-Airline Cost Center Expense") effective July 1, 2021 (FY 2022). The Airport's Current Expenses includes personnel services, City furnished services, contractual services and commodities used or expended by the City in providing and operating the Airport. The Airport's annual Current Expense is paid from annual Airport Revenue. Historical Airline Cost Center Current Expense is compiled herein under the following categories: (i) Terminal Complex (Terminal Building, Ground Transportation, and Fueling Facilities); (ii) Airfield; and (iii) ASF. Historical Non-Airline Cost Center Expense is compiled herein under the following categories: (i) Cargo; (ii) FBO; (iii) ASF; (iv) Deicing; (v) Recycling; (vi) and Other.

The Airport historical Current Expenses from FY 2018 through FY 2022 is presented in **Table V-2**. As shown, Total Current Expenses increased from $141.3 million in FY 2018 to $192.9 million in FY 2022, a CAGR of 8.1%.[65]

(Remainder of Page Intentionally Left Blank)

[65] These growth rates reflect incremental Current Expenses that were incurred by the operations of additional Airport facilities that were added during the Study Period as part of the Airport's multi-year CIP.

TABLE V-2
Historical Airport Expenses
(Amounts in $000s)

HISTORICAL AIRPORT CURRENT EXPENSES[1]	STUDY PERIOD Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	CAGR 2018-2022	CAGR 2020-2022
CURRENT EXPENSES							
Airline Cost Centers Expense							
Terminal Complex							
Terminal Building	$48,744	$54,536	$62,018	$59,800	$67,633	**8.5%**	**4.4%**
Ground Transportation	31,166	32,141	30,829	26,336	29,284	**-1.5%**	**-2.5%**
Fueling Facilities	124	136	168	98	175	**9.1%**	**2.1%**
Total Terminal Complex	**$80,034**	**$86,813**	**$93,015**	**$86,233**	**$97,093**	**4.9%**	**2.2%**
Airfield	**$10,804**	**$11,441**	**$10,955**	**$11,173**	**$13,882**	**6.5%**	**12.6%**
ASF	**$26,295**	**$31,374**	**$32,680**	**$36,368**	**$38,291**	**9.9%**	**8.2%**
Total Airline Cost Centers Expense	**$117,132**	**$129,628**	**$136,650**	**$133,773**	**$149,266**	**6.2%**	**4.5%**
Non-Airline Cost Centers Expense							
Cargo	$1,853	$1,709	$2,552	$2,147	$1,965	**1.5%**	**-12.3%**
FBO	13,742	18,732	22,244	11,126	25,839	**17.1%**	**7.8%**
ASF	5,447	5,574	5,835	5,962	6,234	**3.4%**	**3.4%**
Deicing	2,122	2,738	2,170	2,177	2,826	**7.4%**	**14.1%**
Other	978	5,245	4,706	4,649	6,352	**59.7%**	**16.2%**
Deferred Pension/ OPEB Expenses	0	0	0	-5,654	0	**N/A**	**N/A**
Capital Outlay	0	0	0	684	440	**N/A**	**N/A**
Total Non-Airline Cost Centers Expense	**$24,142**	**$33,998**	**$37,507**	**$21,090**	**$43,656**	**16.0%**	**7.9%**
Total Current Expense[2]	**$141,274**	**$163,626**	**$174,157**	**$154,864**	**$192,922**	**8.10%**	**5.2%**

[1] City elected to recognize all former Excluded Cost Centers (Non-Airline Cost Centers) operating expenses as Current Expenses as of July 1, 2021.
[2] Current Expense excludes amortization and depreciation.

Source: Charlotte Douglas International Airport.
Compiled by Newton & Associates, Inc.

2023 Section V Tables Final
08/28/23

2. Existing Debt Service

After payment of Current Expenses each Fiscal Year, Airport Revenue is applied to the payment of Debt Service on the Outstanding Bonds. The Debt Service paid during the Study Period for the Prior Bonds is set forth on **Table V-3**.

The Prior Bonds are secured by a pledge by the City of the Net Revenue of the Airport. As of August 28, 2023, the total principal amount on the Prior Bonds outstanding was $1,237,280,000, excluding principal outstanding on BANs $135,755,644.

F. HISTORICAL APPLICATION OF REVENUE

Table V-3 depicts the application of revenue under the provisions of the Bond Order for the years compromising the Study Period. Table V-3 also depicts the debt service coverage on the Prior Bonds for the same period. Debt service coverage is calculated by dividing Net Revenue by the gross revenue bond debt service, less PFCs and grants applied. Coverage during the Study Period ranged from 5.96 times in FY 2018 down to 3.83 times in FY 2021. The decrease in coverage in FY 2020 and FY 2021 reflects the impacts of COVID-19. In FY 2022, debt service coverage increased to 5.29 times, reflecting strong recovery from the impacts of COVID-19. The increase also reflects the inclusion of Non-Airline Cost Center Revenue and Expenses as well as the application of NCAIP funds and COVID Relief Grant funds applied to the payment of Current Expenses and Debt Service.

As previously described, PFCs received by the City are not considered to be Airport Revenue under the Bond Order and are referred to instead as “PFC Revenue.” PFC Revenue deposited into the Bond Fund reduces the deposits required to be made into the Bond Fund each month from the Revenue Fund. PFC Revenue deposited into the Bond Fund during the Study Period is set forth on Table V-3. Amounts ranged from approximately $22 million in FY 2018 to approximately $35 million in FY 2022.

(Remainder of Page Intentionally Left Blank)

TABLE V-3
Historical Application of Revenue Under Provisions of the Bond Order
(Amounts in $000s)

Application of Revenues		Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022
Revenues						
Operating revenues		$211,463	$229,870	$198,793	$145,319	$318,984
Nonoperating revenues		2,436	3,577	27,984	24,892	18,259
Coverage Factor [1,2]		12,101	12,408	13,595	13,595	16,429
Total revenues		**$226,000**	**$245,855**	**$240,372**	**$183,806**	**$353,672**
Expenses						
Current operating expense [2]		$117,132	$129,628	$136,650	$133,773	$192,922
Grants applied to operating expense [3]		0	0	0	-45,900	-10,314
Change in operating fund reserve [4]		2,671	308	1,187	0	6,004
Debt service fees [5]		181	181	32	138	213
Total expenses		**$119,984**	**$130,117**	**$137,869**	**$88,011**	**$188,825**
Net revenues available for revenue bond debt service	**[A]**	**$106,016**	**$115,738**	**$102,503**	**$95,795**	**$164,847**
Gross revenue bond debt service		$39,807	$49,634	$54,382	$48,669	$65,714
Less: PFC's applied		(22,032)	(26,763)	(28,264)	(23,678)	(34,570)
Requirement for revenue bond Fund [6]	**[B]**	**$17,775**	**$22,871**	**$26,118**	**$24,991**	**$31,144**
Debt Service Coverage[7]	**[A/B]**	**5.96**	**5.06**	**3.92**	**3.83**	**5.29**

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

[2] City elected to recognize all former Excluded Cost Centers (Non-Airline Cost Centers) revenue and operating expenses as Revenue and Current Expenses as of July 1, 2021.

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

[4] Increase required per bond order to the operating fund reserve to maintain reserve equal to 33 1/3% of included operating expense.

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

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

[7] FY 2018 - FY 2021's debt service coverage calculations did not include Non-Airline Cost Center Revenue or Expense.

Source: Charlotte Douglas International Airport's
Annual Comprehensive Financial Report FY June 30, 2022

2023 Section V Tables Final
08/28/23

G. FORECAST OF AIRPORT REVENUE AND EXPENSE

1. Airport Revenue

As discussed previously in this Section, Airport Revenue is the source for payment of Current Expenses and Debt Service on the Outstanding Bonds. Beginning July 1, 2021, Airport Revenue includes Revenue from both the Airline and Non-Airline Cost Centers. Total Airport Revenue[66] grew from approximately $239.4 million in FY 2018 to $319.0 million FY 2022, a CAGR of 7.44%. The Airport estimates total Airport Revenue to be $351. million in FY 2023. Airport Revenue is projected to grow during the Forecast Period from $375.3 million in FY 2024 to $667.3 million in FY 2030, a CAGR of 10.1%. The forecast of annual Airport Revenue for the Forecast Period is set forth on **Table V-4**.

The following discusses the forecast of the Revenue to be generated by each of the Airport Cost Centers over the Forecast Period and the basis for each forecast.

a. Terminal Complex Revenue

Terminal Complex Revenue comprises Terminal Building Revenue, Ground Transportation Revenue and Fuel System Revenue.

Terminal Building Revenue includes Airline Terminal Revenue and Non-Airline Terminal Revenue.

<u>Airline Terminal Revenue</u>

Airlines pay rentals and fees for their use of the Terminal Airline premises and facilities. The amount of such payments is a function of the Current Expenses, debt service and other Airport costs allocated to the Terminal Building and the ratio of airline rented space to total rentable space in the Terminal Building for the year in question. Total Airline Terminal Revenue (airline terminal payments) during the Study Period grew from $43.0 million in FY 2018 to $55.6 million in FY 2022. Over the Forecast Period, additional debt service and incremental Current Expense are expected to be added to the Terminal Rate Base as the facilities constructed as part of the 2017-2025 CIP are completed and put in to service. The Airport estimates that Airline Terminal Revenue will be $65.7 million in FY 2023. Based upon projected Current Expenses and an analysis of the 2017 – 2025 CIP construction completion schedules and scheduled debt service, total Airline Terminal Revenue is forecast to grow from an estimated $72.9 million in FY 2024 to $152.9 million in FY 2030, a CAGR of 13.1%[67].

---

[66] Including both Airline Cost Centers and Non-Airline Cost Centers.
[67] See Table V-4

Non-Airline Terminal Revenue

An important component of Airport Revenue is generated by commercial activity in the Terminal Building such as food and beverage, retail and advertising activity (collectively "Terminal Concessions") and other Non-Airline Terminal Revenue. Total Terminal Concession Revenue grew from $51.5 million in FY 2018 to $57.3 million in FY 2022, a CAGR of 2.72%. Terminal Concession Revenue is estimated to be $62.4 million in FY 2023. Over the Forecast Period, Terminal Concession Revenue is forecast to grow from an estimate of $63.0 million in FY 2024 to $79.7 million in FY 2030, a CAGR of 4.0%.

Food, Beverage, and Retail Merchandise Revenue

Host International, Inc. ("Host") operates the Airport's food and beverage concession outlets in the Terminal Building under a concession agreement and lease with the City, the term of which expires on June 30, 2030. The Paradies Shops, LLC ("Paradies") operates the Airport's retail merchandise concessions in the Terminal Building under a non-exclusive concession agreement with the City, the term of which will expire on September 13, 2028. Host and Paradies pay the City a combination of (i) a fixed space rental to compensate the City for the use of the concession premises; and (ii) 50% of the profit earned by each concessionaire from its food and beverage and retail concession.

Food and beverage concession revenue grew from $31.4 million in FY 2018 to $36.9 million in FY 2022, a CAGR of 4.1%. During the pandemic, total food and beverage concession revenue decreased 34% from $35.1 million in FY 2019 to $23.2 million in FY 2021. In FY 2022, total food and beverage concession revenue increased to $36.9 million, higher than the pre-pandemic amount of $35.1 million in FY 2019.

Food and beverage concession revenue is estimated to total $38.9 million in FY 2023 and is projected to grow from $40.5 million in FY 2024 to $51.3 million in FY 2030, a CAGR of 4.0%.

Retail merchandise concession revenue grew from $13.9 million in FY 2018 to $15.5 million in FY 2019 and decreased to a low of $9.6 million in FY 2021 as a result of the pandemic. In FY 2022 retail merchandise concession revenue increased sharply to $16.5 million, a CAGR of 4.4% over the Study Period. Retail merchandise concession revenue is estimated to total $17.3 million in FY 2023 and is forecast to grow from $18.4 million in FY 2024 to $23.3 million in FY 2030, a CAGR of 4.0% over the Forecast Period.

The level of gross receipts generated by Host and Paradies strongly correlates to the volume of total passenger activity at the Airport, the breadth of their offerings, and the merchandising strategies that each employ. In consideration of the historical rate of increase in the food and beverage and merchandise revenue per total enplanement, these revenues are being forecast using the forecast rate of growth of all enplaned passengers, plus a factor for inflation of 4% for FY 2024, decreasing to 2% in FY 2026.

Advertising Revenue

The City permits advertising in the Terminal Building by Intersection Media, LLC for a commission of 65% of the Advertising Revenue. Advertising concessions decreased from $4.3 million in FY 2018 to $1.9 million in FY 2022, a CAGR of -18.8%. Advertising Revenue is forecast to grow from an estimated $2.4 million in FY 2023 to $3.0 million in FY 2030.

Other Terminal Complex Revenue

In addition to the Terminal Building Revenue, the Terminal Complex Cost Center includes non-terminal concessions such as automobile parking, rental cars, transportation network companies (ride sharing companies such as Uber and Lyft), and other ground transportation activity. Each of these commercial activities is discussed below.

As a result of the pandemic, Non-Terminal Concession Revenue decreased from $77.8 million in FY 2018 to a low $38.6 million in FY 2021, a decrease of approximately 50%, before recovering to an all-time high $104.7 million in FY 2022. Over the Study Period Non-Terminal Concession Revenue grew at a CAGR of 7.7%, primarily attributable to the sharp increase in Automobile Parking Revenue. Non-Terminal Concession Revenue is estimated to total $113.8 million in FY 2023 and projected to grow at a CAGR of 7.2% over the Forecast Period to a total of $183.8 million in FY 2030.

Automobile Parking

Automobile parking revenue has historically been a very important component of Non-Airline Revenue and the City has invested heavily in parking facilities, parking revenue control equipment and an online parking reservation system to maximize revenues and satisfy current and future capacity needs. Parking rates were most recently increased July 1, 2021, as part of the introduction of a dynamic pricing model, in which customers who make online reservations pay a lower rate. Specific rate increases included: the Hourly Deck from $20 to $24 for a 24-hour period; the Daily Deck from $10 to $12 for a 24-hour period; and the Long Term Lots from $7 to $10 for a 24-hour period.

Automobile parking revenue is generated by people parking automobiles in on-Airport parking facilities provided and operated by the Airport when originating travel from the Airport, thus, parking revenue is very dependent upon the volume of O&D enplanement activity.

From FY 2018 through FY 2019, O&D enplanements grew from 6.9 million to 7.3 million and parking revenue grew from $59.6.7 million to $62.2 million respectively. Due to the effects of the pandemic on air travel, O&D enplanements decreased to 5.7 million in FY 2020 and further to 3.9 million enplanements in FY 2021. As a result, parking revenue decreased to $47.6 million and $27.2 million, respectively. In FY 2022 parking revenue recovered strongly to $81.1 million due to the increase in O&D traffic and the increased parking rate structure.

Airport management has reported 25 million total enplaned passengers in FY 2023, of which 7.3 million are estimated to be originating enplaned passengers. Accordingly, Airport management estimates parking revenue to total $86 million in FY 2023

The expected volume of O&D enplaned passengers and estimated parking revenue results in an estimated $11.80 in parking revenue per O&D enplaned passenger in FY 2023. Using this FY 2023 revenue per O&D passenger as a baseline, and increasing the baseline based upon a historical revenue per enplaned passenger growth rate of 4.3% per year, and the growth in O&D enplanements (as set forth in Section IV, Table IV-13 of this Report), automobile parking revenue is forecast to grow to from $92.6 million in FY 2024 to $144.2 million in FY 2030. This assumes no additional increase in current parking rates and no material decrease in the demand for on-Airport parking due to competition from off-Airport parking operators and Transportation Network Companies over the Forecast Period. The Airport's current automobile parking rates are as follows:

Current Airport Parking Rates

Time	STRUCTURED PARKING			SURFACE PARKING LOTS					
	HOURLY	DAILY	DAILY North	DAILY	LONG TERM		OVERFLOW		
					1	2	1	2	3
0-15 minutes	$0	$0	$0	$0	$0	$0	$0	$0	$0
15 mins - 1 hour	$6	$12*	$12*	$10*	$10*	$10*	$10*	$10*	$10*
1 -2 hours	$12	$12	$12	$10	$10	$10	$10	$10	$10
2 - 3 hours	$18	$12	$12	$10	$10	$10	$10	$10	$10
3 -4 hours	24*	$12	$12	$10	$10	$10	$10	$10	$10
4-24 hours	$24	$12	$12	$10	$10	$10	$10	$10	$10
24-48 hours	$48	$24	$24	$20	$20	$20	$20	$20	$20
over 48 hours	+$24 for every additional 24 hours	+$12 for every additional 24 hours	+$12 for every additional 24 hours	+$10 for every additional 24 hours	+$10 for every additional 24 hours	+$10 for every additional 24 hours	+$10 for every additional 24 hours	+$10 for every additional 24 hours	+$10 for every additional 24 hours

* = maximum 24 hour rate
Source: Charlotte Douglas International Airport.

<u>Rental Car Revenue</u>

Rental car revenue is derived from the rental car companies (National/Alamo, Avis, Budget, Enterprise, Hertz, Dollar, and SIXT Rent A Car) operating at the Airport as on-Airport rental car concessionaires pursuant to a concession agreement that expires June 30, 2025. The on-Airport rental car companies pay the City 10% of their gross receipts for operating at the Airport.

Rental car companies were severely impacted by a collapse in rental bookings at the onset of the COVID-19 pandemic. Rental Car Revenue grew from $15.7 million in FY 2018 to $16.8 million in FY 2019 but fell off sharply to $13.2 million in FY 2020 and falling off further to a low of $9.3 million in FY 2021. Rental car revenues recovered vigorously in FY 2022, however, as the pandemic ended and Rental Car Revenue totaled $19.0 million, resulting in a CAGR of 5.0% over the Study Period.

Much of this rebound is attributable to historically unprecedented daily rental rates resulting from the constrained supply. Following the major decrease in bookings at the start of the pandemic, the rental car companies significantly reduced their fleet sizes to raise cash. Airport management is estimating Rental Car Revenue to be $21 million in FY 2023 which amounts to $2.8 per O&D enplaned passenger. Utilizing this baseline revenue per O&D enplanement, a factor for inflation and projected O&D enplaned passengers, Rental Car Revenue is projected to grow to $29.9 million in FY 2030. This forecast assumes that the rental car concessionaires at the Airport will continue to pay the City 10% of their gross receipts and otherwise operate at the Airport under similar terms as their existing concession agreement upon the expiration of said existing concession agreement on June 30, 2025.

The City also collects a Contract Facility Charge ("CFC") from each rental car company operating at the Airport pursuant to a CFC Ordinance adopted by the City. However, CFC Revenue is not Revenue under the Bond Order. Proceeds of the CFC are used in connection with the consolidated rental car facility at the Airport.

Transportation Network Company Revenue

Transportation network companies ("TNCs"), such as Uber, Lyft, Wingz and other, offer door-to-door, nonstop transportation and other transportation services at the request of customers through smart phone applications, or apps, that the companies offer and operate. The apps allow customers to connect with and pay drivers. Outside of the airport industry, TNCs are sometimes referred to by a variety of terminologies, whereas this Report uses "transportation network company" or "TNC" exclusively.

Uber and Lyft began operating at the Airport pursuant to a license awarded by the City on April 1, 2017, which was amended January 10, 2018. Under the license both companies are required to pay the Airport a fee of $1.50 for each trip onto Airport property to pick up and discharge passengers. In FY 2018, TNC Revenue totaled $1.9 million, increasing to $4.3 million in FY 2022, resulting in a CAGR of 22.2% during the Study Period. Airport management is currently estimating TNC revenue of $6.0 million in FY 2023. Based on the forecast of O&D enplanements over the Forecast Period and a factor for inflation, NAI has projected the growth of TNC Revenue to reach $8.7 million in FY 2030, a CAGR of 5.5%.

Peer-to-Peer Car Sharing Revenue

Another growing method of obtaining ground transportation at Airports is the rental of private automobiles via web-based platforms, or mobile technology. These platforms are offered by a number of companies which manage private care sharing, or "Peer-to-Peer" private car rental transactions. These companies have been described as the Airbnb of private car sharing. Through a Peer-to-Peer company, car owners can rent their cars to those seeking alternatives to other ground transportation options.

Turo is a peer-to-peer car sharing company that allows private car owners to rent out their vehicles via an online and mobile interface, and currently operates at the Airport. Unlike TNCs, car sharing services are not currently regulated in North Carolina. The Airport has negotiated a set fee per parking space based on the number of parking spaces.

<u>Total Terminal Complex Revenue</u>

Total Terminal Complex Revenue grew from $183.0 million in FY 2018 to $233.8 million in FY 2022, a CAGR of 6.3%. See Table V-1.

Airport management has estimated total Terminal Complex Revenue of $257.0 million in FY 2023. It is forecast to grow over the Forecast Period to $434.7 million in FY 2030, a CAGR of 8.1%. See **Table V-4**.

(Remainder of Page Intentionally Left Blank)

TABLE V-4
Forecast-Airport Revenue
(Amounts in $000s)

AIRPORT REVENUE FORECAST[1]	Estimated FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	CAGR FY 2024-2030
		Forecast Period							
I. AIRLINE COST CENTERS REVENUE									
TERMINAL COMPLEX REVENUE									
Airline Terminal Revenue:	**$65,704**	**$72,918**	**$106,538**	**$111,553**	**$118,745**	**$123,060**	**$146,385**	**$152,877**	**13.1%**
Non-Airline Terminal Revenue									
Terminal Concessions:									
Food & Beverage	38,900	$40,548	$42,505	$44,127	$45,816	$47,573	$49,402	$51,306	**4.0%**
Retail Merchandise	17,335	18,400	19,288	20,024	20,790	21,587	22,417	23,281	**4.0%**
ATM's	1,600	1,537	1,611	1,673	1,737	1,803	1,873	1,945	**4.0%**
Advertising	2,400	2,400	2,516	2,612	2,712	2,816	2,924	3,037	**4.0%**
Other Terminal Concessions	2,136	86	90	95	99	104	109	115	**4.8%**
Total Terminal Concessions	**$62,371**	**$62,972**	**$66,010**	**$68,531**	**$71,154**	**$73,884**	**$76,725**	**$79,683**	**4.0%**
Other Non-Airline Terminal Revenue:	**$5,406**	**$6,388**	**$6,536**	**$6,689**	**$6,847**	**$7,009**	**$7,176**	**$7,349**	**2.4%**
Total Non-Airline Terminal Revenue	**$67,777**	**$69,360**	**$72,547**	**$75,220**	**$78,001**	**$80,893**	**$83,902**	**$87,032**	**3.9%**
Total Terminal Revenue	**$133,481**	**$142,278**	**$179,085**	**$186,773**	**$196,746**	**$203,953**	**$230,286**	**$239,909**	**9.1%**
Other Terminal Complex Revenue									
Non-Terminal Concessions									
Automobile Parking	$86,000	$92,594	$99,693	$107,337	$115,567	$124,428	$133,969	$144,240	**7.7%**
Rental Cars	21,000	21,700	23,080	24,309	25,604	26,967	28,403	29,916	**5.5%**
Ground Transportation	800	817	844	872	900	929	960	991	**3.3%**
Transportation Network Companies	6,000	6,300	6,701	7,057	7,433	7,829	8,246	8,685	**5.5%**
Sub-Total - Non-Terminal Concessions	**$113,800**	**$121,411**	**$130,318**	**$139,575**	**$149,504**	**$160,154**	**$171,578**	**$183,833**	**7.2%**
Other Non-Terminal Revenue	**$9,710**	**$9,081**	**$9,366**	**$9,661**	**$9,966**	**$10,280**	**$10,604**	**$10,940**	**3.2%**
Total Other Terminal Complex Revenue	**$123,510**	**$130,492**	**$139,684**	**$149,236**	**$159,470**	**$170,434**	**$182,182**	**$194,772**	**6.9%**
Total Terminal Complex Revenue	**$256,990**	**$272,770**	**$318,769**	**$336,009**	**$356,215**	**$374,386**	**$412,468**	**$434,681**	**8.1%**
AIRFIELD REVENUE:									
Passenger Airline Landing Fees	$38,442	$45,228	$55,544	$57,109	$62,721	$66,904	$153,069	$146,564	**21.6%**
All Cargo Airline Landing Fees	1,401	1,620	2,025	2,082	2,286	2,439	5,580	5,343	**22.0%**
Non-Airline Airfield Revenue	285	285	298	313	328	344	361	378	**4.8%**
Total Airfield Revenue	**$40,128**	**$47,132**	**$57,867**	**$59,504**	**$65,335**	**$69,687**	**$159,009**	**$152,285**	**21.6%**
Other Airline Cost Centers Revenue									
Interest Income	$1,500	$1,500	$1,545	$1,591	$1,639	$1,688	$1,739	$1,791	**3.0%**
Other	0	0	0	0	0	0	0	0	**N/A**
Total Other Airline Cost Center Revenue	$1,500	$1,500	$1,545	$1,591	$1,639	$1,688	$1,739	$1,791	**3.0%**
TOTAL AIRLINE COST CENTERS REVENUE	**$298,619**	**$321,402**	**$378,181**	**$397,105**	**$423,190**	**$445,761**	**$573,216**	**$588,757**	**10.6%**
II. NON-AIRLINE COST CENTERS[2]									
Cargo and FBO Areas:									
Building & Ground Rentals	$3,763	$3,763	$3,875	$3,992	$4,111	$4,235	$4,362	$4,493	**3.0%**
FBO Revenue	40,145	40,145	46,418	49,203	52,155	55,285	58,602	62,118	**7.5%**
Other Non-Airline Cost Center Revenue	8,689	9,975	10,275	10,583	10,900	11,227	11,564	11,911	**3.0%**
TOTAL NON-AIRLINE COST CENTER REVENUE	**$52,596**	**$53,883**	**$60,568**	**$63,778**	**$67,167**	**$70,747**	**$74,528**	**$78,522**	**6.5%**
TOTAL AIRPORT REVENUE	**$351,215**	**$375,285**	**$438,749**	**$460,883**	**$490,357**	**$516,508**	**$647,744**	**$667,279**	**10.1%**

[1] Includes all formerly Excluded Cost Center Revenue. Excludes non-operating revenue.
[2] Not included in the calculation of airline rates and charges or Signatory Airline revenue sharing.

AIRLINE COST CENTERS REVENUE SUMMARY									
AIRLINE REVENUE									
Airline Landing Fees	$39,844	$46,847	$57,568	$59,191	$65,007	$69,343	$158,649	$151,906	**21.7%**
Airline Terminal Revenue	65,704	72,918	106,538	111,553	118,745	123,060	146,385	152,877	**13.1%**
Total Airline Revenue	**$105,547**	**$119,766**	**$164,106**	**$170,744**	**$183,752**	**$192,403**	**$305,033**	**$304,784**	**16.8%**
Total Airline Cost Centers Revenue	**$298,619**	**$321,402**	**$378,181**	**$397,105**	**$423,190**	**$445,761**	**$573,216**	**$588,757**	**10.6%**
Less:Total Airline Revenue	105,547	119,766	164,106	170,744	183,752	192,403	305,033	304,784	**16.8%**
NON-AIRLINE REVENUE	**$193,071**	**$201,636**	**$214,074**	**$226,361**	**$239,437**	**$253,359**	**$268,183**	**$283,973**	**5.9%**
TOTAL AIRLINE COST CENTERS REVENUE	**$298,619**	**$321,402**	**$378,181**	**$397,105**	**$423,190**	**$445,761**	**$573,216**	**$588,757**	**10.6%**

Forecast: Airport Financial Model as adapted by Newton & Associates, Inc.

2023 Section V Tables Final
08/28/23

b. Airfield Revenue

Landing Fees

Landing Fee Revenue comprises amounts paid by commercial air carriers (passenger and cargo) to the City for use of the Airfield at the Airport and is generated by a weight-based charge for each aircraft landed at the Airport (the "Landing Fee"). The amount of the Landing Fee for each aircraft is calculated by multiplying the certified maximum gross landing weight of the aircraft measured in 1,000-pound units by the Landing Fee Rate established by the Airport for the Fiscal Year in question. The Landing Fee Rate is calculated by dividing the amount of Net Airfield Expense by the total number of 1,000-pound of units of certified maximum aircraft gross weight landed at the Airport by all commercial carriers during the Fiscal Year. "Net Airfield Expense" for a Fiscal Year is the sum of all Current Expense, debt service expense and ASF expense allocable to the Airfield Cost Center during such year ("Airfield Expense"), less certain credits to the Airfield Cost Center. Accordingly, total Landing Fees paid by all commercial carriers, by definition and agreement, generally equates to total Net Airfield Expense in each Fiscal Year.

During the Study Period, total Landing Fee Revenue grew from $27.1 million in FY 2018 to $30.3 million in FY 2020 but decreased to $22.9 million in FY 2021. Landing Fee Revenue then increased to $39.5 million in FY 2022. The Airport estimates Landing Fee Revenue to be $39.8 million in FY 2023. Over the Forecast Period, Landing Fee Revenue is projected to grow from $46.8 million in FY 2024 to $151.9 million FY 2030, a CAGR of 21.7%. This significant increase in Airline Landing Fees is primarily attributable to an incremental increase of Current Expense and Debt Service estimated by Airport management to reflect the completion the Airfield improvements identified in Section II, Table II-1, and Table II-3, and becoming operational in during the Forecast Period.

c. Non-Airline Cost Center Revenue

The Net Revenue from the Non-Airline Cost Centers is pledged by the City effective FY 2022 as Revenue under the Bond Order. These formerly Excluded Cost Centers include Cargo Facilities, General Aviation and FBO Cost Centers, Deicing Operations, Catering Facilities and Ground Rent and ASF Rent on the American Airlines Aircraft Maintenance and Training Facility. Historically, prior to FY 2022, the revenue and expense from these cost centers were not applicable to Bond covenants or Airline rates and charges and have not been analyzed for the purposes of satisfying the Rate Covenant as stated periodically in the Airport's Annual Comprehensive Financial Report ("ACFR"). The absence of this detailed information in the Airport's ACFR notwithstanding, the Airport's records contain a certain amount of detail that permits a high-level analysis of the performance of the Non-Airline Cost Centers which is presented in **Tables V-1**, **V-2**, **V-4**, and **V-5**.

The FBO Cost Center comprises the General Aviation terminal and apron, certain dedicated and group aircraft storage hangars, an office building and general aviation fuel storage and delivery facilities. The City operates the Airport's single FBO through a management contract with Wilson Air Center ("WAC"). WAC sells fuel and aircraft lubricants, operates the General Aviation terminal and manages the City owned aircraft storage hangars. It remits all revenue from the FBO operations to the City and receives a fixed management fee and percentage of profits as compensation for its services. The WAC contract expires June 30, 2024. NAI assumes that the City will continue to operate the FBO through the balance of the Forecast Period under a similar management contract with WAC, or some other private operator.

As shown on Table V-1, Non-Airline Cost Center Revenue totaled $27.9 million in FY 2018 and it grew to $45.4 million in FY 2022, a CAGR of 12.9%.

The most significant single source of Non-Airline Cost Center Revenue was from the FBO which ranged from $18.5 million in FY 2018 to $32.2 million in FY 2022, a CAGR of 14.9%. The largest component of FBO revenue is fuel sales. Because fuel sales are a function of the number of gallons sold times the purchase price per gallon, increases and decreases in fuel sales revenue are not necessarily indicative of the volume of General Aviation activity, or the number of gallons of aircraft fuel sold.

Partially driven by the increase in fuel prices and observable increases in General Aviation activity, Airport Management is estimating FBO revenue and total Non-Airline Cost Center revenue at $40.2 million and $52.6 million, respectively, for FY 2023. FBO revenue is forecast to increase to $62.1 million and total Non-Airline Cost Center revenue is forecast to increase to $78.5 million in FY 2030, representing CAGRs of 7.5% and 6.5%, respectively over the Forecast Period.

2. Current Expenses

The cash expenses incurred by the City in operating the Airport are referred to in the Bond Order as "Current Expenses." Beginning July 1, 2021, Current Expenses include both Airline Cost Center and Non-Airline Cost Center Expenses. Current Expenses are paid first from Revenues and deducted from the amount of Revenue available to pay debt service and make other Bond Fund Deposits. Current Expenses include personnel services, City furnished services, contractual services, commodities (materials and supplies), and miscellaneous operating expenses. Current Expenses do not include depreciation, interest expense or other non-cash expenses. Over the Study Period, Current Expenses[68], grew from $141.3 million in FY 2018 to $192.9 million in FY 2022, a CAGR of 8.1%. See Table V-2. Much of this increase is attributed by Airport Management to increased staffing levels to compensate for growth in Airport facilities and increase service levels and traffic and incremental O&M costs resulting from opening of the East Terminal Expansion and Concourse A North Phase I in 2018. The decrease from FY 2020 to FY 2021 is attributable to cost-saving measures implemented by the Airport due to the pandemic.

In consideration of historical rates of increase in baseline Current Expense, the Airport's internal financial projections and anticipated cost increases resulting from the addition of the facilities to be constructed as a part of the 2017-2025 CIP, Airport management estimates Current Expenses (including Non-Airline Cost Centers Expenses) in FY 2023 to total $226.1 million, an increase

[68] Including both Airline and Non-Airline Cost Centers

of 17.2% over FY 2022. Current Expenses are forecast to grow from $256.0 million in FY 2024 to $365 million in FY 2030 – a CAGR of 6.4% over the Forecast Period. See **Table V-5.**

TABLE V-5
Forecast Airport Expenses
(Amounts in $000s)

		Forecast Period							
	Estimated FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	CAGR 2024-2030
CURRENT EXPENSES[1]									
Airline Cost Centers Expenses									
Terminal Complex									
Terminal Building	$74,691	$85,153	$96,155	$101,924	$108,040	$114,522	$121,393	$128,677	**7.12%**
Ground Transportation	40,323	42,651	46,679	49,480	52,448	55,595	58,931	62,467	**6.57%**
Fueling Facilities	159	317	344	365	387	410	435	461	**6.42%**
Total Terminal Complex	**$115,173**	**$128,122**	**$143,178**	**$151,768**	**$160,875**	**$170,527**	**$180,759**	**$191,604**	6.94%
Airfield	$12,613	$15,773	$17,368	$18,410	$19,515	$20,686	$25,857	$27,408	**9.65%**
Airport Services and Facilities	38,390	48,325	52,063	55,186	58,498	62,008	65,728	69,672	**6.29%**
Total Airline Cost Centers Expenses	**$166,177**	**$192,220**	**$212,609**	**$225,365**	**$238,887**	**$253,220**	**$272,344**	**$288,684**	7.01%
Non Airline Cost Centers Expenses[2]									
Cargo	$2,339	$2,777	$3,048	$3,231	$3,425	$3,630	$3,848	$4,079	**6.62%**
FBO	36,505	37,236	40,238	42,652	45,211	47,924	50,799	53,847	**6.34%**
Deicing	3,017	3,285	3,551	3,764	3,990	4,230	4,483	4,752	**6.35%**
Other	10,753	13,025	2,601	2,757	2,922	3,097	3,283	3,480	**-19.75%**
Airport Services and Facilities	6,561	7,478	8,056	8,539	9,052	9,595	10,170	10,781	**6.29%**
Total Non-Airline Cost Centers Expenses	**$59,174**	**$63,801**	**$57,493**	**$60,943**	**$64,600**	**$68,475**	**$72,584**	**$76,939**	**3.17%**
Capital Outlay	752	12	13	14	15	15	16	17	**6.33%**
Total Current Expenses	**$226,103**	**$256,033**	**$270,115**	**$286,322**	**$303,501**	**$321,711**	**$344,944**	**$365,641**	**6.12%**

[1] Forecast: Airport Financial Model as adapted by Newton & Associates, Inc.
[2] Not included in the calculation of airline rates and charges or Signatory Airline revenue sharing.

Compiled by Newton & Associates, Inc.

2023 Section V Tables Final
08/28/23

H. IMPACT OF PASSENGER FACILITY CHARGES

In Section II hereof, an explanation of PFCs under 14 CFR Part 158 is provided along with a summary of the Airport's PFC program since its inception in 2004. **Table V-6** sets forth a summary of the Airport's PFC Program including its applications and approved amounts.

(Remainder of Page Intentionally Left Blank)

TABLE V-6
PFC Authorization Summary

	FAA Approval Date	PFC Level	Legal Charge Effective Date	Legal Charge Expiration Date	Projected Expiration Date	PFC Auth. Type	PAYGO	Debt Leveraged	PFC Auth. Amount
PFC Application # 1	8/23/2004	$3.00	11/1/2004	4/1/2016	4/1/2016	Impose & Use	$7,871,518	$471,816,180	$479,687,698
PFC Application # 2	10/25/2007	$3.00	4/1/2016	12/1/2018	12/1/2018	Impose & Use	3,676,750	$97,888,142	101,564,892
PFC Application # 3	2/26/2009	$3.00	12/1/2018	12/1/2018	12/1/2018	Impose & Use	181,725	$54,558,546	54,740,271
PFC Application # 4	9/15/2011	$3.00	12/1/2018	12/1/2018	12/1/2018	Impose & Use	3,120,605	$103,362,927	106,483,532
PFC Application # 5	3/18/2015	$3.00	12/1/2018	3/1/2020	4/1/2020	Impose & Use	91,494,387	$0	91,494,387
PFC Application # 6 & 7 *	5/16/2017	$3.00	3/1/2020	11/1/2027	7/1/2027	Impose & Use	157,591,998	$374,183,346	531,775,344
PFC Application # 8 & 9 **	11/18/2019	$3.00	11/1/2027	4/1/2047	12/1/2052	Impose & Use	164,294,394	1,728,896,429	1,893,190,823
PFC Application # 10	8/4/2023	$3.00	5/1/2047	10/1/2061	N/A	Impose Only & Use	171,205,277	1,316,778,739	1,487,984,016
Total - PFC Program Applications 1 - 10							$599,436,654	$4,147,484,309	$4,746,920,963
Actual PFC Collections Through June 30, 2023 ***									$991,846,146
Remaining Amount to Collect									**$3,755,074,817**

* PFC Application Number 7 was approved for the use PFCs collected for an "Impose Only" project approved in PFC Application Number 6.
** PFC Application Number 9 was approved for the use PFCs collected for "Impose Only" projects approved in PFC Application Number 8.
*** Public FAA SOAR Public Agency Quarterly Report 06/30/2023.

Source: FAA PFC SOAR Database - Application Summary Report and Public Agency Quarterly Report.

2023 Section V Tables Final
08/28/23

PFCs and the Bond Order

PFCs received by the City are not Revenue under the Bond Order and are referred to as “PFC Revenue.” PFC Revenue, when received by the City, is deposited in the PFC Revenue Account. The Bond Order provides that the City shall apply moneys in the PFC Revenue Account by transfer to the Bond Fund to pay debt service on PFC Eligible Bonds, to pay the capital costs of PFC Eligible Projects, and as otherwise permitted by federal statue or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs.

In its PFC applications to the FAA and in its MII requests of the Signatory Airlines, the City has stated that it intends to use PFC Revenue each Fiscal Year, to the extent that PFC Revenue is received in each Fiscal Year, to make deposits in the Revenue Bond Fund in amounts equal to the deposits required to be made therein by the City to pay the PFC eligible debt service. In FY 2022, total PFC Revenue deposited to the Revenue Bond Fund to offset PFC eligible debt service payable by the City on the Prior Bonds was $34.6 million, see Table V-3. In FY 2030, the amount of PFC Revenue to be deposited to the Revenue Bond Fund to pay PFC eligible debt service on the Prior Bonds, the 2023 Bonds and the Future Bonds is estimated to be $78.0 million (Table V-9), which is equal to the total PFC Revenue forecast for FY 2030 (Table V-8), but approximately $3.4 million less than the Airport estimated PFC eligible debt service in FY 2023 ($10.6 million). In order to fully fund the estimated PFC eligible debt service in FY 2030, the City would have to supplement estimated PFC Revenue collections in FY 2030 with amounts available from PFC fund balance. As stated in Section II and Section IV, with approval from the FAA, the City could also increase its existing PFC level of $3.00 to $4.50 to increase the amount of PFC Revenues generated each year. Such an increase would increase the amount of PFC Revenue generated by the Airport, but any such increase is not assumed or reflected in this Report.

PFC Revenue deposited into the Revenue Bond Fund diminishes the deposits required to be made to the Revenue Bond Fund each month from the Revenue Fund.

Another effect of using PFC Revenue to pay Revenue Bond debt service is it reduces the payments required from airlines for use of facilities comprising PFC Eligible Projects.

Table V-7 shows historical and projected PFC Fund activity.

(Remainder of Page Intentionally Left Blank)

TABLE V-7
PFC Fund Activity ($000's)

	HISTORICAL[1]					Estimated
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023[2]
PFC Revenue Available						
Beginning Balance	$196,580	$208,836	$210,436	$214,268	$235,926	$267,549
PFC Revenues	60,302	62,619	55,777	43,321	60,895	68,465
PFC Interest Earnings	1,879	3,458	5,446	2,446	678	769
Sale Of Land	0	2,275	0	0	0	
Transfers In	3,681	226	23,465	13,144	104,620	0
Total PFC Revenue Available	**$262,442**	**$277,414**	**$295,124**	**$273,179**	**$402,119**	**$336,783**
PFC Expenditures						
PFCs Applied to Debt Service	$22,251	$26,978	$28,965	$27,974	$34,570	$53,436
PFC PAYGO Projects	31,355	40,000	51,891	9,279	100,000	32,968
Total PFC Expenditures	**$53,606**	**$66,978**	**$80,856**	**$37,253**	**$134,570**	**$86,405**
PFC Remaining Balance	**$208,836**	**$210,436**	**$214,268**	**$235,926**	**$267,549**	**$250,378**

	FORECAST						
	FY 2024	FY 2025	FY 2026	FY2027	FY2028	FY2029	FY2030
PFC Revenue Available							
Beginning Balance	$250,378	$151,792	$152,279	$75,177	$78,535	$84,110	$84,471
PFC Revenues	69,672	70,907	72,170	73,462	74,783	76,136	77,520
PFC Interest Earnings[3]	720	436	1,523	752	785	841	845
Total PFC Revenue Available	**$320,770**	**$223,135**	**$225,971**	**$149,390**	**$154,104**	**$161,087**	**$162,836**
PFC Expenditures[2]							
PFCs Applied to Debt Service	$62,501	$70,856	$70,859	$70,855	$69,994	$76,616	$78,008
PFC PAYGO Projects	106,477	0	79,935	0	0	0	0
Total PFC Expenditures	**$168,978**	**$70,856**	**$150,794**	**$70,855**	**$69,994**	**$76,616**	**$78,008**
PFC Remaining Balance	**$151,792**	**$152,279**	**$75,177**	**$78,535**	**$84,110**	**$84,471**	**$84,827**

[1] Source: Charlotte Douglas International Airport Annual Comprehensive Financial Report FY 2022.
[2] Source: Airport Financial Model.
[3] Estimated by Newton & Associates, Inc.

Compiled by Newton & Associates, Inc. — 2023 Section V Tables Final 08/28/23

Table V-8 shows historical PFC collections and projected PFC collections over the Forecast Period. As shown, PFC collections together with estimated interest earnings, are projected to increase from $70.4 million in FY 2024 to $78.4 million in FY 2030.

TABLE V-8
Forecast of Passenger Facility Charge Collections
(Amounts in 000s)

Fiscal Year		Total Enplanements	Annual Growth	Total PFC Revenue Enplanements	PFC Revenue Collections	PFC Revenue Interest	PFC Revenue Total
HISTORICAL							
2005		13,546	---	6,264	$18,104	$77	$18,181
2006		14,249	5.19%	13,211	38,179	816	38,994
2007		15,712	10.27%	15,029	43,435	2,645	46,080
2008		17,023	8.34%	16,071	46,444	4,156	50,600
2009		17,305	1.66%	15,949	46,093	3,632	49,726
2010		17,725	2.43%	19,409	56,092	2,350	58,442
2011		19,711	11.20%	18,932	54,714	1,539	56,254
2012		20,010	1.52%	18,316	52,934	1,141	54,075
2013		21,108	5.49%	17,876	51,662	1,050	52,712
2014		21,977	4.12%	21,983	63,530	1,190	64,719
2015		22,190	0.97%	19,399	56,062	1,446	57,508
2016		22,380	0.86%	22,033	63,676	1,321	64,997
2017		22,516	0.60%	20,420	59,015	1,815	60,830
2018		23,075	2.48%	20,866	60,302	1,879	62,181
2019		23,959	3.83%	21,667	62,619	3,458	66,077
2020		19,409	-18.99%	19,300	55,777	5,446	61,223
2021		16,645	-14.24%	14,990	43,321	2,446	45,767
2022		23,034	38.38%	21,071	60,895	2,468	63,363
2023	Estimated	25,443	10.46%	23,690	68,465	769	69,234
Subtotal					**$1,001,318**	**$39,644**	**$1,040,963**
CAGR	**2005-2023**	**3.56%**		**7.67%**	**7.67%**		**7.71%**
PROJECTED							
2024		25,892	1.76%	24,108	$69,672	$720	$70,392
2025		26,351	1.77%	24,535	70,907	436	71,343
2026		26,820	1.78%	24,972	72,170	1,523	73,693
2027		27,300	1.79%	25,419	73,462	752	74,214
2028		27,791	1.80%	25,877	74,783	785	75,569
2029		28,294	1.81%	26,345	76,136	841	76,977
2030		28,808	1.82%	26,823	77,520	845	78,364
Subtotal					**$514,649**	**$5,901**	**$520,551**
ESTIMATED TOTAL					**$1,515,968**	**$45,546**	**$1,561,514**
CAGR	**2024-2030**	**1.79%**		**1.79%**	**1.79%**	**2.71%**	**1.80%**

Notes:
- FY 2023 is an unaudited estimate by the Airport.
- Forecast PFC Revenue Enplanements estimated to be 93.1%.
- PFC Level = $3.00. PFC Level net of airline handling fee = $2.89.
- PFC collections began in FY 2005 on November 1, 2004.
- Estimated Charge Expiration Date for PFC No.10 is October 1, 2061.

Sources: FY 2012 - 2022 PFC Revenue - Airport Annual Comprehensive Financial Reports.
FY 2005 - 2011 PFC Revenue - FAA SOAR Database.
Projected PFC Revenue - Newton & Associates, Inc.

2023 Section V Tables Final
08/28/23

I. FORECAST APPLICATION OF REVENUE UNDER PROVISIONS OF THE BOND ORDER

The financial feasibility of the City's issuance of the 2023 Bonds and 2023 BAN depends upon the Airport's ability to generate Revenue over the Forecast Period sufficient to pay: (1) Current Expenses (the expenses of operating and maintaining the Airport); (2) debt service and related expenses on Bonds currently outstanding ("Outstanding Bonds"); (3) debt service (net of capitalized interest) and related expenses on the 2023 Bonds and 2023 BAN; (4) costs of any other capital assets required during the Forecast Period necessary for the operation of the Airport, but not included in the 2023 Project; and (5) to otherwise satisfy the requirements of Section 704(a) of the Bond Order.

The plan of finance for the 2017-2025 CIP Projects is to provide permanent financing with 2023 Bonds for the 2023 Bonds Project, temporary financing with 2023 BAN for the 2023 BAN Project, and to provide permanent financing of the balance of the projects in the 2017-2025 CIP with proceeds of Future Bonds. Planned Future Bonds include an amount necessary to provide an estimated $939.5 million of construction fund deposits. See Table II-6.

The details and timing of future issuances to fund the elements of the 2017-2025 CIP Projects after the Series 2023 Bonds are preliminary and subject to change.

Table V-9 presents the Airport's estimates for FY 2023 and NAI's forecast of (i) Revenue and (ii) deposits to the following funds and accounts for the Bonds anticipated to be issued during the Forecast Period:

Operating Fund;
Bond Fund; and
Discretionary Fund.

Table V-9 also presents the Forecast Application of Revenue Under Provisions of the Bond Order assuming full implementation of the plan of finance for the 2017 -2025 CIP, including the 2017 Bonds, the 2019 Bonds, 2021 Bonds, the 2022 Bonds, the 2023 Bonds and the Future Bonds. The estimated debt service on the 2023 Bonds, which is preliminary and subject to change, is based on current market rates and was supplied by BofA Securities, Inc., the Underwriter on the 2023 Bonds. Debt service (interest only) on the 2023 BAN does not appear on Table V-9 because interest payments coming due on the 2023 BAN is being capitalized. The average annual debt service estimated using an annual interest rate assumption of 6% on the Future Bonds was supplied by the Airport and is that which the Airport is currently utilizing in its internal financial planning model ("Airport Financial Model").

As Shown in Table V-9, in each year of the Forecast Period, an amount equal to 25% of each such year's Gross Debt Service Requirement is retained in the Revenue Fund, meeting the Coverage Factor condition for the issuance of the Series 2023 Bonds as well as the Future Bonds.

Over the Forecast Period, the ratio of Net Revenue to Net Debt Service Requirement is estimated to be 4.83 times in FY 2023 and forecast to be 2.80 times in FY 2030, exceeding the Coverage requirement of 1.25 times each year of the Forecast Period.

(Remainder of Page Intentionally Left Blank)

TABLE V-9
Forecast Application of Revenue Under Provisions of the Bond Order
(Amounts in 000s)

In developing this forecst, NAI has relied upon certain information from the sources stated in the body of the Report and adopted certain assumptions believed to be reasonable for this purpose. Variations to the some of the assumptions are inevitable, and untanticipated factors which may affect these forecasts may occur. Consequently, actual results will vary from those forecast and the variations could be material.

			Forecast						
		FY 2023	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
All Airport Revenue:									
Beginning Balance - Amount Retained in Revenue Fund from Prior Year		$16,429	$22,767	$25,739	$29,139	$29,145	$29,153	$28,766	$51,787
Plus COVID Grant Revenue Applied to Debt Service		37,631	40,455	0	0	0	0	0	0
Current Year Revenue									
Airline Cost Centers Revenue		298,619	321,402	378,181	397,105	423,190	445,761	573,216	588,757
Non-Airline Cost Centers Revenue		52,596	53,883	60,568	63,778	67,167	70,747	74,528	78,522
Total Current Year Revenue		**$351,215**	**$375,285**	**$438,749**	**$460,883**	**$490,357**	**$516,508**	**$647,744**	**$667,279**
Total Airport Revenue		**$405,275**	**$438,507**	**$464,488**	**$490,022**	**$519,502**	**$545,662**	**$676,511**	**$719,065**
Application of Revenue:									
Current Expenses		$226,103	$256,033	$270,115	$286,322	$303,501	$321,711	$344,944	$365,641
Less: COVID Grant Revenue Applied to Operating Expenses		-11,800	-5,000	0	0	0	0	0	0
Operating Fund Reserve [1]		9,229	7,482	3,521	4,052	4,295	$4,553	5,808	5,174
Total Current Expenses - Adjusted		**$223,531**	**$258,515**	**$273,635**	**$290,373**	**$307,796**	**$326,264**	**$350,752**	**$370,815**
NET REVENUE	**[A]**	**$181,743**	**$179,992**	**$190,853**	**$199,648**	**$211,706**	**$219,398**	**$325,759**	**$348,251**
BOND DEBT SERVICE REQUIREMENTS:									
Existing Bond Debt Service Requirements [2]		**$91,067**	**$94,791**	**$94,879**	**$94,907**	**$94,933**	**$93,386**	**$90,566**	**$85,913**
Less: PFCs Applied		-53,436	-54,335	-54,378	-54,382	-54,378	-53,518	-51,451	-49,825
Net Debt Service Existing Bonds		**$37,631**	**$40,455**	**$40,501**	**$40,525**	**$40,555**	**$39,869**	**$39,114**	**$36,088**
2023 Bonds Debt Service [3]		**$0**	**$8,166**	**$21,677**	**$21,675**	**$21,681**	**$21,680**	**$26,191**	**$26,194**
Less: PFCs Applied [2]		0	-8,166	-16,479	-16,477	-16,477	-16,476	-21,009	-21,007
Net 2023 Bonds Debt Service		**$0**	**$0**	**$5,199**	**$5,198**	**$5,204**	**$5,203**	**$5,182**	**$5,187**
FUTURE BONDS									
Future Bonds Debt Service [2]		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$90,390**	**$90,390**
Less: PFCs Applied [4]		0	0	0	0	0	0	-4,155	-7,177
Net Future Bonds Debt Service		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$86,235**	**$83,214**
Gross Debt Service Requirement	**[B]**	**$91,067**	**$102,957**	**$116,556**	**$116,582**	**$116,613**	**$115,066**	**$207,147**	**$202,498**
Less PFCs Applied to Debt Service [4]	**[C]**	-53,436	-62,501	-70,856	-70,859	-70,855	-69,994	-76,616	-78,008
Net Debt Service Requirement	**[D]**	**$37,631**	**$40,456**	**$45,700**	**$45,723**	**$45,758**	**$45,072**	**$130,531**	**$124,489**
Gross Balance in Revenue Fund	**[E]**	**$144,112**	**$139,536**	**$145,153**	**$153,926**	**$165,948**	**$174,326**	**$195,227**	**$223,761**
Less: Amount retained in Revenue Fund [5]		-22,767	-25,739	-29,139	-29,145	-29,153	-28,766	-51,787	-50,624
Net Balance in Revenue Fund	**[F]**	**$121,345**	**$113,797**	**$116,014**	**$124,780**	**$136,795**	**$145,560**	**$143,441**	**$173,137**
Credit to Signatory Airlines [2]	**[G]**	**-$47,520**	**-$46,126**	**-$37,332**	**-$40,147**	**-$42,751**	**-$46,403**	**-$47,194**	**-$51,042**
Net Deposit to Discretionary Fund-[F-G]		**$73,826**	**$67,671**	**$78,682**	**$84,634**	**$94,043**	**$99,157**	**$96,246**	**$122,095**
Debt Service Coverage - [A]\[D]		**4.83**	**4.45**	**4.18**	**4.37**	**4.63**	**4.87**	**2.50**	**2.80**

[1] Calculated pursuant to the Bond Order at 25% of Current Expenses (excluding FBO Cost of Goods Sold).

[2] Source: Debt Service on the anticipated 2025 Bonds - City of Charlotte Airport Financial Model. Interest on the 2025 Bonds is expected to be capitalized through FY 2028.

[3] Estimates provided by BofA Securities, Inc. See Table II-4. Net of Capitalized Interest.

[4] Assumes the current PFC Rate of $3.00 over Forecast Period.

[5] 25% of Gross Debt Service.

Prepared by Newton & Associates, Inc.

2023 Section V Tables Final
08/28/23

J. AIRPORT LIQUIDITY

Although not strictly a component of the test of feasibility, the amount of unrestricted cash on hand can be an important cushion to allow an airport to endure unforeseen and temporary periods of business interruption. Along with debt service reserve funds, PFC funds and unrestricted cash can enable an airport to meet its debt service obligations and pay operating expenses for a temporary period when Airport Revenue is diminished or non-existent.

As shown on **Table V-10,** total cash and cash equivalents for the Airport were over $1.0 billion as of June 30, 2022. This amount includes, among other items, the PFC Fund, the CFC Fund, the Cannon Estate Fund and the debt service Coverage Factor funds which the City considers to be restricted in use and not available to pay for the operation and maintenance of the Airport. Therefore, they are excluded from the estimation of unrestricted cash for FY 2022 available to pay Current Expenses. PFC funds, debt service fund and the debt service coverage fund would be available to pay debt service.

As depicted on Table V-10, the total unrestricted cash of June 30, 2022, was $564.6 million. According to the City, this amounted to enough cash to fund Airport operations for approximately 1,068 days based on total FY 2022 Airport Current Expenses. This amount of available cash would be available to pay for continued Airport operations during a period of diminished or non-existent Airport Revenue. Airport Management has a target of no less than 800 days cash on hand ("DCOH").

(Reminder of Page Intentionally Left Blank)

TABLE V-10
Historical Airport Unrestricted Cash
(Amounts in $000s)

Reconciliation Of Cash Balances, Non-GAAP (Fiscal Years Ending June 30; $000)[1]	2018	2019	2020	2021	2022
Cash & Cash Equivalents, June 30	**$957,047**	**$950,906**	**$941,942**	**$936,113**	**$1,008,808**
Restricted Funds:					
Cash and cash equivalents held by trustee	83,314	65,403	70,610	45,295	46,136
Passenger facility charges (restricted by FAA)	208,833	210,434	214,260	235,914	267,567
Contract facility charges (restricted by City/RACS)	26,196	30,514	35,535	1,788	10,505
Operating fund reserve [2]	41,105	41,105	41,105	41,105	47,109
Coverage factor	12,101	12,408	13,595	13,595	16,429
Cannon Estate [3]	6,092	6,221	6,339	6,384	6,414
CFC stabilization reserve	2,000	2,000	2,000	2,000	2,000
Renewal & improvement fund	1,500	1,500	1,500	1,500	1,500
CFC repair and replacement reserve	500	500	500	500	500
Total Restricted Funds	**381,641**	**$370,085**	**$385,444**	**$348,081**	**$398,160**
Non-airline terminal revenue distribution [4]	28,357	28,971	24,554	19,122	46,098
Total Reductions	**409,998**	**399,056**	**409,998**	**367,203**	**444,258**
UNRESTRICTED CASH, JUNE 30	**$547,049**	**$551,850**	**$531,944**	**$568,910**	**$564,550**
Days Cash On Hand Calculation					
Total airport cash on hand, June 30	$547,049	$551,850	$531,944	$568,910	$564,550
Total Current Expense [5]	141,274	163,626	174,158	154,864	192,922
Days Cash on Hand	**1,413**	**1,231**	**1,115**	**1,341**	**1,068**

NOTES:

[1] Source: Schedule 3, page 94, ACFR FYE June 30, 2022.

[2] Increase in FY 2022 reflects City's election to include formerly Excluded Cost Centers operating expense in Current Expense under the Bond Order effective July 1, 2021.

[3] Cannon Estate funds are held in an Airport Reserve Fund.

[4] The Signatory Airline's share is 40% of the Airport's Excess Non-Airline Terminal Revenue as depicted on Schedule 2, page 92, ACFR June 30, 2022.

[5] GAAP Basis excluding depreciation.

Source: Charlotte Douglas International Airport Annual Comprehensive Financial Report FY 2022.

2023 Section V Tables Final
08/28/23

K. AIRLINE COST PER ENPLANED PASSENGER

Airline cost per enplanement is Total Airline Revenue divided by total enplanements. As shown in **Table V-11**, total Airline Revenue in FY 2023, net of the Signatory Airline Credit, is estimated to be $47.5 million which, when divided by the estimated total enplanements for FY 2023 (25.4 million), resulted in an airline cost per enplanement in FY 2023 of $2.23. Given the estimated forecast increase in Current Expenses, the incremental Current Expenses resulting from operating the 2023 Project and other projects to be financed with Future Bonds, and the incremental Net Debt service resulting from 2023 Bonds and Future Bonds, Net Airline Revenue is projected to be approximately $72.0 million in FY 2024 and $225.7 million in FY 2030, resulting in a CAGR of 21.0% for the Forecast Period During this same period, total airline enplanements are forecast to grow from an estimated 25.9 million in FY 2024 to 28.8 million in FY 2030, a CAGR of 1.8%. As a result, the airline cost per enplaned passenger is forecast to increase from $2.78 in FY 2024 to $7.84 in FY 2030, a CAGR of 18.8%. NAI believes that this range of airline cost per enplaned passenger would compare favorably with comparable airports undertaking comparable capital investments.

TABLE V-11
Airline Cost per Enplaned Passenger
(Amounts in $000's)

PASSENGER AIRLINE REVENUE[1]	Estimated FY 2023	Forecast FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	CAGR 2024-2030
Airline Terminal Revenue	$65,703,746	$72,918,277	$106,537,911	$111,552,997	$118,745,130	$123,059,699	$146,384,626	$152,877,075	13.1%
Passenger Airline Landing Fees	38,442,304	45,227,576	55,543,729	57,109,437	62,720,727	66,904,142	153,068,813	146,563,786	21.6%
Total Airline Revenue	**$104,146,050**	**$118,145,852**	**$162,081,640**	**$168,662,434**	**$181,465,857**	**$189,963,841**	**$299,453,439**	**$299,440,861**	**16.8%**
Less: Signatory Airline Credit	-47,519,759	-46,125,563	-37,332,320	-40,146,599	-42,751,348	-46,403,275	-47,194,462	-51,041,967	1.7%
Less: Coverage Rebate	0	0	-4,638,532	-4,643,966	-4,650,059	-4,750,026	-24,593,125	-22,674,815	N/A
Net Airline Revenue	**$56,626,292**	**$72,020,289**	**$120,110,789**	**$123,871,870**	**$134,064,449**	**$138,810,540**	**$227,665,852**	**$225,724,079**	**21.0%**
Total Airline Enplanements	**25,443,000**	**25,891,649**	**26,350,501**	**26,819,838**	**27,299,949**	**27,791,133**	**28,293,699**	**28,807,962**	**1.8%**
Airline Cost Per Enplaned Passenger	**$2.23**	**$2.78**	**$4.56**	**$4.62**	**$4.91**	**$4.99**	**$8.05**	**$7.84**	**18.8%**

[1] Includes baggage handling system and CBP fees, which the City does not include in its official calculation of cost per enplaned passenger. See Table V-4.

Prepared by Newton & Associates, Inc.

2023 Section V Tables Final
08/28/23

L. SENSITIVITY ANALYSIS

The enplanement forecast in Section IV of the Report is based, in part, upon the recognition that estimated total enplanements at the Airport during FY 2023 (25.4 million) exceeded the pre-COVID-19 pandemic enplanements of 24 million for FY 2019, and the expectation that passenger traffic at the Airport will grow at the average rate of approximately 1.79% per year over the Forecast Period. See Table IV-13.

This average growth rate of 1.79% annually is based on the CAGRs experienced historically from FY 2015 to FY 2023 for the originating enplanement segment (3.26%) and the connecting enplanement segment (1.16%). This forecast is based upon an expectation that that the U.S. population has attained broad immunity from the COVID-19 virus and its variants; that there will be no resurgence in infection, hospital and death rates from the virus; that the recent increases in the price of crude oil will not result in an increase in airline fares sufficient to suppress the demand for air travel; and that the current conflict between Russia and Ukraine does not escalate into a broader conflict that would depress air travel. It also assumes that American Airlines will continue to maintain a connecting passenger hub at the Airport and that American and all the Signatory Airlines will continue to pay compensatory landing fees and terminal use fees calculated as provided in the Airline Agreement.

In this section of the Report NAI has analyzed the sensitivity of these assumptions and the potential impact on debt service coverage and the airline cost per enplaned passenger should the variances in our forecasts assumed in this analysis occur ("Sensitivity Analysis").

This Sensitivity Analysis tests the sensitivity of Net Revenue and Debt Service Coverage should the Airport experience a 20% reduction from the FY 2023 enplanement level in FY 2024 but continue to grow during the balance of the Forecast Period at the average rate of 1.79% per year. Under this scenario, the Airport does not reach the FY 2019 pre-pandemic level of enplanements during the Forecast Period. The results of this modified enplanement forecast are set forth below.

(The Remainder of the Page Intentionally Left Blank)

TABLE V-12
Sensitivity - Enplaned Passengers

Fiscal Year	Originating[1]	Annual Rate	Connecting[2]	Annual Rate	Total[3]	Annual Rate
Actual						
2015	5,643,056		16,546,946		22,190,002	
2016	6,143,000	8.86%	16,237,000	-1.87%	22,380,000	0.86%
2017	6,530,000	6.30%	15,986,000	-1.55%	22,516,000	0.61%
2018	6,851,000	4.92%	16,224,000	1.49%	23,075,000	2.48%
2019	7,252,000	5.85%	16,707,000	2.98%	23,959,000	3.83%
2020	5,732,000	-20.96%	13,677,000	-18.14%	19,409,000	-18.99%
2021	3,879,000	-32.33%	12,766,000	-6.66%	16,645,000	-14.24%
2022	6,951,000	79.20%	16,083,000	25.98%	23,034,000	38.38%
2023	7,294,359	4.94%	18,148,641	12.84%	25,443,000	10.46%
Compound Annual Growth Rate						
2015- 2019	6.47%		0.24%		1.94%	
2015- 2023	3.26%		1.16%		1.72%	
2019- 2023	0.15%		2.09%		1.51%	
2020- 2023	8.37%		9.89%		9.44%	

Sensitivity Forecast: [5]	Originating	Annual Rate	Connecting	Annual Rate	Total	Annual Rate
2024	5,835,487	-20.00%	14,518,913	-20.00%	20,354,400	-20.00%
2025	6,025,751	3.26%	14,687,568	1.16%	20,713,319	1.76%
2026	6,222,219	3.26%	14,858,182	1.16%	21,080,401	1.77%
2027	6,425,093	3.26%	15,030,777	1.16%	21,455,870	1.78%
2028	6,634,581	3.26%	15,205,378	1.16%	21,839,959	1.79%
2029	6,850,900	3.26%	15,382,007	1.16%	22,232,907	1.80%
2030	7,074,271	3.26%	15,560,688	1.16%	22,634,959	1.81%
Compound Annual Growth Rate						
2024 - 2030	3.26%		1.16%		1.79%	

[1] Source: 2015 - 2021 BTS T100 obtained fron Airline Data Inc. 2022 and 2023 obtained from Airport.
[2] Connecting enplanements are the difference between Total and Originating enplanements.
[3] Source: Charlotte Douglas Internation Airport's Annual Comprehensive Financial Report FY's 2015 - 2022.
[4] Source: FY 2023 Total provided by Airport. Originating and Connecting estimated by Newton & Associates, inc.
[5] Source: FY 2024 - FY 2030 Forecast prepared by Newton & Associates, Inc.

Prepared by Newton & Associates, Inc.

2023 Section V Tables Sensitivity Final
August 28, 2023

The results of the Sensitivity Analysis are presented on **Table V-13**. Even at the assumed lower traffic levels, total Airport Revenue is estimated to be approximately $400 million in FY 2024 and grow to approximately $683 million in FY 2030, with Net Revenue of approximately $142 million in FY 2024 growing to approximately $312 million in FY 2030. Based upon these numbers, the Airport would still meet the coverage requirements of the Bond Order with debt service coverage ranging from 3.50 times in FY 2024, 1.99 times in FY 2029 and 2.21 times in FY 2030.

(Remainder of Page Intentionally Left Blank)

TABLE V-13
Sensitivity Analysis Forecast Application of Revenue Under Provisions of the Bond Order
(Amounts in $000s)

In developing this forecst, NAI has relied upon certain information from the sources stated in the body of the Report and adopted certain assumptions believed to be reasonable for this purpose. Variations to the some of the assumptions are inevitable, and untanticipated factors which may affect these forecasts may occur. Consequently, actual results will vary from those forecast and the variations could be material.

			Sensitivity Forecast						
		FY 2023	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
All Airport Revenue:									
Beginning Balance - Amount Retained in									
Revenue Fund from Prior Year		$16,429	$22,767	$25,739	$29,139	$29,145	$29,153	$28,766	$51,787
Plus COVID Grant Revenue Applied to Debt Service		37,631	40,455	0	0	0	0	0	0
Current Year Revenue									
Airline Cost Centers Revenue		298,619	283,046	353,633	368,848	391,023	408,410	539,774	552,504
Non-Airline Cost Centers Revenue		52,596	53,883	60,568	63,778	67,167	70,747	74,528	78,522
Total Current Year Revenue		**$351,215**	**$336,930**	**$414,202**	**$432,626**	**$458,191**	**$479,157**	**$614,302**	**$631,026**
Total Airport Revenue		**$405,275**	**$400,152**	**$439,941**	**$461,765**	**$487,336**	**$508,311**	**$643,068**	**$682,813**
Application of Revenue:									
Current Expenses		$226,103	$256,033	$270,115	$286,322	$303,501	$321,711	$344,944	$365,641
Less: COVID Grant Revenue Applied to Operating Expenses		-11,800	-5,000	0	0	0	0	0	0
Operating Fund Reserve [1]		9,229	7,482	3,521	4,052	4,295	$4,553	$5,808	$5,174
Total Current Expenses - Adjusted		**$223,531**	**$258,515**	**$273,635**	**$290,373**	**$307,796**	$326,264	$350,752	$370,815
NET REVENUE	**[A]**	**$181,743**	**$141,637**	**$166,305**	**$171,392**	**$179,540**	**$182,047**	**$292,316**	**$311,998**
BOND DEBT SERVICE REQUIREMENTS:									
Existing Bond Debt Service Requirements[2]		**$91,067**	**$94,791**	**$94,879**	**$94,907**	**$94,933**	**$93,386**	**$90,566**	**$85,913**
Less: PFCs Applied		-53,436	-54,335	-54,378	-54,382	-54,378	-53,518	-51,451	-49,825
Net Debt Service Existing Bonds		**$37,631**	**$40,455**	**$40,501**	**$40,525**	**$40,555**	**$39,869**	**$39,114**	**$36,088**
2023 Bonds Debt Service[3]		**$0**	**$8,166**	**$21,677**	**$21,675**	**$21,681**	**$21,680**	**$26,191**	**$26,194**
Less: PFCs Applied[2]		0	-8,166	-1,712	-2,702	-3,722	-5,623	-8,753	-11,468
Net 2023 Bonds Debt Service		**$0**	**$0**	**$19,965**	**$18,973**	**$17,958**	**$16,057**	**$17,438**	**$14,726**
FUTURE BONDS									
Future Bonds Debt Service[2]		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$90,390**	**$90,390**
Less: PFCs Applied[4]		0	0	0	0	0	0	0	0
Net Future Bonds Debt Service		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$90,390**	**$90,390**
Gross Debt Service Requirement	**[B]**	**$91,067**	**$102,957**	**$116,556**	**$116,582**	**$116,613**	**$115,066**	**$207,147**	**$202,498**
Less PFCs Applied to Debt Service[4]	**[C]**	-$53,436	-$62,501	-$56,090	-$57,083	-$58,100	-$59,140	-$60,204	-$61,293
Net Debt Service Requirement	**[D]**	**$37,631**	**$40,456**	**$60,467**	**$59,498**	**$58,513**	**$55,926**	**$146,943**	**$141,205**
Gross Balance in Revenue Fund	**[E]**	**$144,112**	**$101,181**	**$105,839**	**$111,894**	**$121,027**	**$126,122**	**$145,373**	**$170,793**
Less: Amount retained in Revenue Fund [5]		-22,767	-25,739	-29,139	-29,145	-29,153	-28,766	-51,787	-50,624
Net Balance in Revenue Fund	**[F]**	**$121,345**	**$75,441**	**$76,700**	**$82,748**	**$91,873**	**$97,355**	**$93,586**	**$120,168**
Credit to Signatory Airlines[2]	**[G]**	**-$47,520**	**-$30,783**	**-$20,301**	**-$22,127**	**-$23,694**	**-$26,207**	**-$25,798**	**-$28,358**
Net Deposit to Discretionary Fund-[F-G]		**$73,826**	**$44,658**	**$56,399**	**$60,621**	**$68,179**	**$71,148**	**$67,789**	**$91,810**
Debt Service Coverage - [A]\[D]		**4.83**	**3.50**	**2.75**	**2.88**	**3.07**	**3.26**	**1.99**	**2.21**

[1] Calculated pursuant to the Bond Order at 25% of Current Expenses (excluding FBO Cost of Goods Sold).
2 Source: Debt Service on the anticipated 2025 Bonds - City of Charlotte Airport Financial Model. Interest on the 2025 Bonds is expected to be capitalized through FY 2028.
[3] Estimates provided by BofA Securities, Inc. See Table II-4. Net of Capitalized Interest.
[4] Assumes the current PFC Rate of $3.00 over Forecast Period.
[5] 25% of Gross Debt Service.

Prepared by Newton & Associates, Inc.

2023 Section V Tables Sensitivity Final
08/28/23

This result assumes that Signatory Airlines will continue to honor their obligations under the Airline Agreement with Net Airline Revenue growing from $85.5 million in FY 2024 to $263.1 million in FY 2030.

Although the Airport intends to seek FAA authority to increase its PFC level from $3.00 to $4.50 with the increase to take effect in FY 2024, this Sensitivity Analysis is not dependent on such an increase and assumes the PFC level remains at $3.00. Rather, the reduced availability of PFC Revenue available for Debt Service in this Sensitivity Analysis has been transferred higher Debt Service being recovered through Airline Rates and Charges. This approach mitigates the impacts on Debt Service Coverage, but does increase Airline Cost Per Enplaned Passenger. Alternatively, if the City receives FAA authority to increase its PFC level to $4.50, the Airport would experience an increase in its PFC Revenue available for PFC Eligible Debt Service.

As depicted in **Table V-14** below, the airline cost per enplaned passenger is forecast to grow from $4.20 in FY 2024 to $11.62 in FY 2030 under this Sensitivity Analysis. NAI does not believe that this resulting higher cost per enplaned passenger would materially discourage commercial passenger airline service at the Airport.

TABLE V-14
Sensitivity Analysis – Cost Per Enplaned Passenger

PASSENGER AIRLINE REVENUE[1]	Estimated FY 2023	Sensitivity Forecast FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	CAGR 2024-2030
Airline Terminal Revenue	$65,703,746	$72,918,277	$111,646,822	$116,660,334	$123,852,521	$128,166,210	$151,451,277	$157,947,406	**13.7%**
Passenger Airline Landing Fees	38,442,304	45,227,576	66,515,779	66,887,962	71,268,184	73,159,730	166,023,990	159,886,642	**23.4%**
Total Airline Revenue	**$104,146,050**	**$118,145,852**	**$178,162,601**	**$183,548,297**	**$195,120,706**	**$201,325,941**	**$317,475,266**	**$317,834,048**	**17.9%**
Less: Signatory Airline Credit	-47,519,759	-30,783,324	-20,300,945	-22,127,148	-23,694,014	-26,207,050	-25,797,814	-28,358,306	**-1.4%**
Less: Coverage Rebate	0	-1,853,682	-7,903,442	-7,661,176	-7,412,103	-7,036,828	-28,260,775	-26,414,903	**N/A**
Net Airline Revenue	**$56,626,292**	**$85,508,847**	**$149,958,214**	**$153,759,973**	**$164,014,589**	**$168,082,062**	**$263,416,677**	**$263,060,839**	**20.6%**
Total Airline Enplanements	**25,443,000**	**20,354,400**	**20,713,319**	**21,080,401**	**21,455,870**	**21,839,959**	**22,232,907**	**22,634,959**	**1.8%**
Airline Cost Per Enplaned Passenger	**$2.23**	**$4.20**	**$7.24**	**$7.29**	**$7.64**	**$7.70**	**$11.85**	**$11.62**	**18.5%**

1 Includes baggage handling system and CBP fees, which the City does not include in its official calculation of cost per enplaned passenger. See Table V-4.

Prepared by Newton & Associates, Inc.

2023 Section V Tables Sensitivity Final
08/28/23

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the Bond Order, the Series Resolution and Appendix A attached thereto. This summary is not intended to be definitive and is qualified in its entirety by express reference to the Bond Order, the Series Resolution and Appendix A attached thereto, for the complete terms thereof.

DEFINITIONS OF CERTAIN TERMS

"*Accountant*" means an independent certified public accountant or firm of certified public accountants of favorable repute for skill and experience in performing the duties for which it is employed by the City under the Bond Order.

"*Accreted Amount*" means with respect to Capital Appreciation Bonds of any Series, the amount set forth in a Series Resolution as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds.

"*Act*" means The State and Local Government Revenue Bond Act (Article 5 of Chapter 159 of the General Statutes of North Carolina), as the same may be amended from time to time.

"*Additional Facilities*" means

(a) any airport facilities, including all land, buildings, structures, equipment and appurtenances constituting a part thereof,

(b) all enlargements of and improvements and additions to any existing or future buildings and structures, and

(c) all renewals and replacements of any of the foregoing,

which airport facilities, enlargements, improvements, additions, renewals and replacements are part of the Included Cost Centers and financed as a whole or in part through the issuance of Bonds.

"*Additional Facilities Account*" means the account in the Construction Fund created and so designated by a Series Resolution as provided in the Bond Order.

"*Airport*" means the public airport known as the Charlotte/Douglas International Airport, together with such additions thereto as may be made from time to time.

"*Airport Consultant*" means any firm or corporation of favorable repute for skill and experience in performing the duties for which it is employed by the City under the Bond Order.

"*Airport Discretionary Fund*" means the fund created and designated Charlotte/Douglas International Airport Discretionary Fund by the Bond Order.

"*Airport Manager*" means the Aviation Director of the Airport, or the officer succeeding to his principal functions, or such other individual who from time to time is designated in writing by the City to perform the duties of the Airport Manager.

"*Annual Budget*" means the budget adopted or in effect for each Fiscal Year as provided in the Bond Order.

"*Appendix A*" means the Appendix A which is attached to, and incorporated in, the Series Resolution.

"*Authorized Denomination*" means $5,000 and any integral multiple thereof.

"*Balloon Long-Term Bonds*" means Long-Term Bonds that are designated by the Finance Director as Balloon Long-Term Bonds and (a) 50% or more of the principal payments of which are due in a single year or (b) 50% or more of the principal of which may, at the option of the holder thereof, be redeemed at one time, and in either event which portion of the principal is not required by the documents pursuant to which such Bonds are issued to be amortized by redemption prior to such date.

"*Bond*" or "*Bonds*" means bonds, including bond anticipation notes, authorized under and secured by the Bond Order.

"*Bond Fund*" means the fund created and designated the Charlotte/Douglas International Airport Bond Fund by the Bond Order.

"*Bond Counsel*" means an attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds, selected by the City.

"*Bond Order*" or "*Order*" means the bond order adopted by the City Council on April 24, 2017 authorizing and securing airport revenue bonds of the City, which restated, supplemented and amended the bond order originally adopted by the City Council on November 18, 1985, as amended and supplemented by Supplemental Bond Order, Number 1, adopted by the City Council on March 22, 2021, and which the City Council may further restate, supplement and amend from time to time.

"*Bond Registrar*" means, with respect to any Series of Bonds, the Bond Registrar at the time serving as such under the Series Resolution relating to such Series, whether the original or a successor Bond Registrar; provided, however, if no Bond Registrar is otherwise appointed, the Trustee will serve as the Bond Registrar. The Bond Registrar for the 2023 Bonds is U.S. Bank Trust Company, National Association.

"*Business Day*" means a day on which the Trustee, the Bond Registrar and the Depositary are open for the purpose of conducting their commercial banking business.

"*Capital Appreciation Bonds*" means Bonds the interest on which is compounded and accumulated at the rates and on the dates set forth in a Series Resolution and is payable upon redemption or on the maturity date of such Bonds. Nothing in the Bond Order prohibits the City from designating, in the appropriate Series Resolution, any such Bonds by a name other than Capital Appreciation Bonds.

"*CFC Revenues*" means the contract facility charge to be collected by each operator of a rental car business at the Airport pursuant to a concession agreement and remitted or at the direction of the City, including any contingent or additional rentals paid by such operators pursuant to a concession agreement.

"*City*" means the City of Charlotte, North Carolina, a municipal corporation and a body politic and corporate in the State.

"*City Attorney*" means the City Attorney for the City.

"*City Council*" means the City Council of the City or any successor body succeeding to the City Council's principal functions.

"*Code*" means the Internal Revenue Code of 1986, as from time to time amended.

"*Common Reserve Bonds*" means, collectively, the 2014 Bonds, the 2017 Bonds, the 2019 Bonds, the 2021 Bonds, the 2022 Bonds, the 2023 Bonds and any subsequent series of Bonds issued under a series resolution that (1) designates such Series of Bonds as being secured by the Common Reserve Subaccount of the Revenue Bond Reserve Account created under the Series Resolution related to the 2014 Bonds, (2) requires annual payments of principal on July 1 of each year set forth in such series resolution and (3) requires semiannual payments of interest on January 1 and July 1 of each year, beginning on the date set forth in such series resolution.

"*Common Reserve Series Resolution*" means a series resolution executed and delivered in accordance with the Bond Order under which one or more Series of Common Reserve Bonds are issued. The Series Resolution has been designated a Common Reserve Series Resolution.

"*Common Reserve Subaccount of the Revenue Bond Reserve Account*" means the subaccount created and so designated by the Series Resolution related to the 2014 Bonds.

"*Completion Bonds*" means any Long-Term Bonds incurred for the purpose of financing the completion of facilities for the acquisition, construction or equipping of which Long-Term Bonds have theretofore been incurred in accordance with the terms of the Bond Order, to the extent necessary to provide a completed facility of the type and scope contemplated at the time that such Long-Term Bonds theretofore incurred were originally incurred, and, to the extent the same shall be applicable, in accordance with the general plans and specifications for such facility as originally prepared, with only such changes as have been made in conformance with the documents pursuant to which such Long-Term Bonds theretofore incurred were originally incurred.

"*Construction Fund*" means the fund created and designated the Charlotte/Douglas International Airport Construction Fund by the Bond Order.

"*Cost*" means, without intending thereby to limit or restrict any proper definition of such word under the Act, all items of cost set forth in the Bond Order.

"*Coverage Factor*" means, for any Fiscal Year, an amount equal to 25% of the sum of the amounts required to be deposited from Net Revenues for such Fiscal Year to the Revenue Bond Accounts and subaccounts.

"*Credit Support Payment Amounts*" means letter of credit fees, liquidity fees, fees related to a Qualified Reserve Fund Substitute, municipal bond insurance premiums and other similar credit support amounts due other than principal, premium or interest required to be paid by the City in connection with any Series of Bonds.

"*Current Expenses*" means the City's current expenses for the operation, maintenance and repair of the Included Cost Centers as determined in accordance with generally accepted accounting principles, but Current Expenses shall not include (1) any allowance for depreciation, (2) any deposits to any Fund or Account created under the Bond Order and payments of principal, premium, if any, and interest from such Funds and Accounts and (3) any expenses paid from a source other than Revenues. When generally accepted accounting principles provide that amounts be treated as current expenses but (1) the timing of the required payment of the expense or a portion thereof, while known, is more than one year in the future or (2) the actual timing of the required payment of the expense is not readily determinable (such as post-employment benefits calculated actuarially), the City may include as a Current Expense the amount required to be paid for in the current period rather than the entirety of amounts required to be expensed.

"*Current Interest Bonds*" means Bonds the interest on which is payable on the Interest Payment Dates provided therefor in a Series Resolution.

"*Default*" means any Event of Default and any event that, after notice or lapse of time or both, would become an Event of Default.

"*Defaulted Interest*" means Defaulted Interest as defined in the Bond Order.

"*Depositary*" means any bank or trust company duty authorized by law to engage in the banking business and selected by the City as a depositary of money under the Bond Order.

"*Direct Participant*" means a participant in the book-entry system maintained by DTC.

"*DTC*" means The Depository Trust Company, New York, New York.

"*Eminent Domain*" means the eminent domain or condemnation power by which all or any part of the Included Cost Centers may be taken for another public use or any agreement that is reached in lieu of proceedings to exercise such power.

"*Event of Default*" means each of those events of default set forth in the Bond Order.

"*Excluded Cost Centers*" means all areas or parts of the Airport that are not in the Included Cost Centers.

"*FAA*" means the Federal Aviation Administration or any successor organization or entity succeeding to the Federal Aviation Administration's principal functions.

"*Finance Director*" means the finance officer of the City appointed in accordance with Section 159-24 of the General Statutes of North Carolina, or any successor statute, or the official succeeding to the Finance Director's principal functions.

"*Fiscal Year*" means the period commencing on the first day of July in any year and ending on the last day of June of the following year, unless the Trustee is notified in writing by the City of a change in such period, in which case the Fiscal Year shall be the 12-month period set forth in such notice.

"*Fitch Ratings*" means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Moody's) as may be designated in writing by the City, with the consent of the LGC.

"*Government Obligations*" means (a) direct obligations of, or obligations the payment of the principal of and the interest on which is guaranteed by, the United States of America, and (b) obligations of state or local government municipal bond issuers, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of Government Obligations described in (a) above, the maturing principal of and interest on which, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations of state or local government` municipal bond issuers.

"*Hedge Agreement*" means an interest rate swap, cap, collar, floor, forward, option, put, call or other similar hedging agreement, however denominated, related to a Series of Bonds.

"*Hedge Termination Payment*" shall mean an amount payable by the City or a Qualified Hedge Provider, in accordance with a Qualified Hedge, to compensate the other party to the Qualified Hedge for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Qualified Hedge.

"*Included Cost Centers*" means the Airfield, the Terminal Complex, and all other areas and parts of the Airport including, but not limited to, cargo, general aviation and fixed base operations and the consolidated car rental facility.

"*Insurance and Condemnation Award Fund*" means the fund created and designated the Charlotte/Douglas International Airport Insurance and Condemnation Award Fund by the Bond Order.

"*Insurance Consultant*" means a person or a firm of persons having a favorable reputation in the State for skill and experience in dealing with the insurance requirements of enterprises similar to the Airport and in performing the duties to be imposed upon it by the Bond Order, including the City's risk manager.

"*Interest Payment Date*" means, with respect to the 2023 Bonds, each January 1 and July 1 thereafter, beginning on January 1, 2024.

"*Investment Obligations*" means investments permitted to be made by the City on behalf of the Airport by laws of the State.

"*Local Government Commission*" means the Local Government Commission of North Carolina, a division of the Department of State Treasurer, and any successor or successors thereto.

"*Long-Term Bonds*" means all Bonds, including (a) Short-Term Bonds if a commitment by a financial lender exists to provide financing to retire such Short-Term Bonds and such commitment provides for the repayment of principal on terms which would, if such commitment were implemented, constitute a repayment period longer than one year, and (b) the current portion of Long-Term Bonds, for money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year.

"*Long-Term Debt Service Requirement*" means, for any period of twelve consecutive calendar months for which such determination is made, the aggregate of the payments to be made in respect of principal and interest on Outstanding Long-Term Bonds during such period, also taking into account (a) with respect to Balloon Long-Term Bonds the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of thirty (30) years (or such other time period as certified by the Finance Director over which the City intends to refinance such Balloon Indebtedness) on a level debt service basis at an interest rate equal to the rate borne by such Bonds on the date calculated, except that if the date of calculation is within twelve months of the actual maturity of such Bonds, the full amount of principal payable at maturity shall be included in such calculation, (b) with respect to Variable Rate Bonds that are Long-Term Bonds and Balloon Indebtedness, the interest rate shall be assumed to be *The Bond Buyer* 25 Revenue Bond Index, or its successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if *The Bond Buyer* 25 Revenue Bond Index is no longer published, another similar index selected by the City; provided, however, if the City has entered into a Qualified Hedge Agreement related to the Variable Rate Bonds under which it will receive payments calculated on a notional amount equal to all or a portion of the aggregate principal amount of the Variable Rate Bonds and will make payments calculated on the same notional amount, the interest used to make the calculation will be the amount to be paid by the City, and the amount to be received will be deducted, and (c) with respect to Capital Appreciation Bonds, included as a principal amount, the Accreted Amount maturing or scheduled for redemption in such Fiscal Year.

"*Mayor*" means the Mayor of the City, the person performing the duties of the Mayor or the official succeeding to the Mayor's principal functions.

"*Moody's*" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency (other than Fitch Ratings) as may be designated in writing by the City, with the consent of the LGC.

"*Net Proceeds*" means the gross proceeds derived from insurance or as an award arising from Eminent Domain with respect to the Included Cost Centers, less payment of attorneys' fees and expenses properly incurred in the collection of gross proceeds.

"*Net Revenues*" for any period means the excess, if any, of Revenues over Current Expenses for such period.

"*Operating Fund*" means the fund created and designated the Charlotte/Douglas International Airport Operating Fund by the Bond Order.

"*Outstanding*" when used with reference to Bonds means, as of a particular date, all Bonds theretofore issued under the Bond Order except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds for the payment of which money, Government Obligations, or a combination of both, in an amount sufficient to pay on the date when such Bonds are to be paid or redeemed the Redemption Price of and the interest accruing to such date on the Bonds to be paid or redeemed, have been deposited with the Trustee in trust for the Owners of such Bonds; Government Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Government Obligations, when due, shall be sufficient to pay on such date the Redemption Price of, and the interest accruing on, such Bonds to such date; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Bond Order.

"*Owner*" means a person in whose name a Bond is registered in the registration books kept by the Bond Registrar.

"*Paying Agent*" means the Trustee or any successor or successors thereto appointed pursuant to the Bond Order or the Series Resolution.

"*Permitted Encumbrances*" means, with respect to the Included Cost Centers:

(a) liens for taxes or other governmental charges or levies not delinquent or that are being contested in good faith by the City;

(b) covenants, defects, irregularities, encumbrances, easements, including easements for roads and public utilities and similar easements, rights of way, mineral conveyances, mineral reservations, and clouds on title, which are consistent with operations of airports similar to the Airport and which do not materially impair the use of the property affected thereby for its intended purposes;

(c) mechanics', workers', repairmen's, architects', engineers', surveyors', or carriers' liens or other similar liens with respect to the Included Cost Centers provided that the same shall be discharged in the ordinary course of business and without undue delay or the validity of the same shall be contested in good faith with any pending execution thereof appropriately stayed; and

(d) leases, easements, development agreements and other similar interests in property surrounding the Airport owned by the Airport and not used for airport operations.

"*PFC*" or "*PFCs*" means passenger facility fees authorized under 49 U.S.C. §40117, or any predecessor or successor law, and approved by the FAA from time to time, or such other similar charge or fee imposed by the City on passengers enplaned at the Airport.

"*PFC Eligible Bonds*" means those Bonds, issued under the Bond Order, (1) the proceeds of which are used for PFC Eligible Projects and (2) the payment of principal of, premium, if any, and interest on which may be made from PFC Revenues.

"*PFC Eligible Projects*" means those improvements or projects at the Airport designated by the City which have been or are anticipated to be approved by the FAA to be paid from PFCs.

"*PFC Revenues*" means revenues collected by the Airlines and remitted to the City from the imposition of PFCs.

"*PFC Revenue Account*" means the account created and designated as the Charlotte/Douglas International Airport PFC Revenue Account under the Bond Order.

"*Pledged PFC Revenues*" means PFC Revenues that are pledged to specific Series of Bonds in a Series Resolution or a Supplemental Order as permitted under the Bond Order.

"*Principal*" or "*principal*" means (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest) except as used in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an event of default, in which case "principal" means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) but when used in connection with determining whether the Owners of the requisite principal amount of Bonds then Outstanding have given any request, demand, authorization, direction, notice, consent or waiver, "principal amount" means the Accreted Amount and (ii) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity or sinking fund redemption.

"*Proceeds Account*" means the account in the Construction Fund to be created and so designated by the Bond Order.

"*Qualified Hedge Provider*" means any entity who senior unsecured long term obligations, financial programs rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either (i) by at least one national rating agency in the "A" rating category or higher, or the equivalent, but, in no event lower than any unenhanced long-term rating on the related Series of Bonds at the time of execution of the Hedge Agreement or (ii) in any such lower rating categories in which each rating agency then rating the Bonds indicates in writing to the City will not, by itself result in a reduction or withdrawal of its long-term rating on the related Series of Bonds that is or would be in effect prior to entering into the Hedge Agreement. An entity's status as a "Qualified Hedge Provider" is determined only at the time the City enters into a Hedge Agreement with such entity and cannot be re-determined with respect to that Hedge Agreement.

"*Qualified Reserve Fund Substitute*" means (1) an irrevocable letter of credit, naming the Trustee as beneficiary, issued by any domestic or foreign bank, or any branch or agency thereof, whose long-term debt obligations are rated by at least one national rating agency in the "A" rating category or higher, or the equivalent, (2) a surety bond issued by a financial institution whose long-term rating is in the "A" rating category or higher, or equivalent, by at least one national rating agency or (3) a policy of reserve fund insurance issued by an insurance company whose claims-paying ability is rated by at least one national rating agency in the "A" rating category or higher, or the equivalent. In each case, ratings set forth above shall be determined at the time of issuance of such Qualified Reserve Fund Substitute and without regard to ratings subcategories.

"*Qualified Reserve Fund Substitute Provider*" means the provider of a Qualified Reserve Fund Substitute.

"*Rebate Account*" means the account in the Revenue Fund created and so designated by the Bond Order.

"*Redemption Price*" means the principal amount of a Bond called for redemption plus the applicable premium, if any, payable upon redemption thereof in the manner provided by the Bond Order.

"*Regularly Scheduled Hedge Payments*" shall mean the regularly scheduled payments under the terms of a Hedge which are due absent any termination, default or dispute in connection with such Hedge.

"*Regular Record Date*" means, with respect to each Interest Payment Date the 15th day of the calendar month immediately preceding the Interest Payment Date whether or not a Business Day.

"*Released Revenues*" means Revenues released from the grant of security for the Bonds under the Bond Order.

"*Reserve Requirement*" means, with respect to the Common Reserve Bonds, (1) the lesser of (a) 10% of the issuance price of the Common Reserve Bonds, (b) the maximum amount required to pay principal and interest on the Common Reserve Bonds for any current or succeeding Fiscal Year and (c) 125% of the average annual principal and interest requirements on the Common Reserve Bonds or (2) such lesser amount as set forth in a certificate of Bond Counsel delivered to the City and the Trustee.

"*Revenue Bond Capitalized Interest Account*" means the account in the Bond Fund created and so designated by the Bond Order.

"*Revenue Bond Interest Account*" means the account in the Bond Fund created and so designated by the Bond Order.

"*Revenue Bond Principal Account*" means the account in the Bond Fund created and so designated by the Bond Order.

"*Revenue Bond Redemption Account*" means the account in the Bond Fund created and so designated by the Bond Order.

"*Revenue Bond Reserve Account*" means the account in the Bond Fund created and so designated by the Bond Order.

"*Revenue Bond Sinking Fund Account*" means the account in the Bond Fund created and so designated by the Bond Order.

"*Revenue Fund*" means the fund created and designated Charlotte/Douglas International Airport Revenue Fund by the Bond Order.

"*Revenues*" means, with respect to the Included Cost Centers,

(a) except to the extent hereinafter excluded, the operating revenues derived by the City from the operation or ownership of the Included Cost Centers as determined in accordance with generally accepted accounting principles,

(b) amounts which the City is authorized, but not obligated, to pay or transfer to the Revenue Fund to the extent of any such payments or transfers, including transfers from the Airport Discretionary Fund which amounts shall become Revenues only at the time of payment or transfer to the Revenue Fund,

(c) amounts transferred from any fund or account established under the Bond Order or a Series Resolution to the Revenue Fund, and

(d) any proceeds of business interruption insurance.

Revenues specifically exclude:

(1) CFC Revenues, unless pledged in a Supplemental Order,

(2) PFC Revenues, except to the extent designated as Pledged PFC Revenues;

(3) income and revenues of Special Purpose Facilities pledged to the financing of Special Purpose Facilities;

(4) Released Revenues; and

(5) any revenues derived from the Excluded Cost Centers.

"*Serial Bonds*" means the Bonds of any Series that are designated as such in the Series Resolution for such Series.

"*Series*" means all of the Bonds designated as being of the same series.

"*Series Resolution*" means the resolution of the City, as may be supplemented or amended, providing for the issuance of any particular Series of Bonds that is required to be adopted prior to the issuance of any Series, with respect to the 2023 Bonds, means the Series Resolution adopted by the City Council on August 28, 2023 relating to the 2023 Bonds, the appendices attached thereto, and any amendments or supplements thereto.

"*Series 2023 Additional Facilities Account*" means the account created and so designated by the Series Resolution.

"*Series 2023A Subaccount of the Revenue Bond Capitalized Interest Account*" means the subaccount created and so designated by the Series Resolution.

"*Series 2023A Subaccount of the Revenue Bond Interest Account*" means the subaccount created and so designated by the Series Resolution.

"*Series 2023A Subaccount of the Revenue Bond Principal Account*" means the subaccount created and so designated by the Series Resolution.

"*Series 2023A Subaccount of the Revenue Bond Redemption Account*" means the subaccount created and so designated by the Series Resolution.

"*Series 2023A Subaccount of the Revenue Bond Sinking Fund Account*" means the subaccount created and so designated by the Series Resolution.

"*Series 2023A Subaccount of the Series 2023 Additional Facilities Account*" means the subaccount created and so designated by the Series Resolution.

"*Series 2023B Subaccount of the Revenue Bond Capitalized Interest Account*" means the subaccount created and so designated by the Series Resolution.

"*Series 2023B Subaccount of the Revenue Bond Interest Account*" means the subaccount created and so designated by the Series Resolution.

"*Series 2023B Subaccount of the Revenue Bond Principal Account*" means the subaccount created and so designated by the Series Resolution.

"*Series 2023B Subaccount of the Revenue Bond Redemption Account*" means the subaccount created and so designated by the Series Resolution.

"*Series 2023B Subaccount of the Revenue Bond Sinking Fund Account*" means the subaccount created and so designated by the Series Resolution.

"*Series 2023B Subaccount of the Series 2023 Additional Facilities Account*" means the subaccount created and so designated by the Series Resolution.

"*Sinking Fund Requirement*" means the principal amount of the 2023 Bonds to be retired by mandatory redemption pursuant to the Series Resolution as specified in the certificate delivered under the Series Resolution. If during any 12-month period ended June 30 the total principal amount of the 2023 Bonds retired by purchase or redemption under the provisions of the Series Resolution is greater than the amount of the corresponding Sinking Fund Requirement for such 2023 Bonds, the next succeeding

Sinking Fund Requirements for such 2023 Bonds will be reduced in such amount aggregating the amount of such excess.

"*Short-Term Bonds*" means all Bonds, other than the current portion of Long-Term Bonds incurred or assumed by the City, for payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less.

"*Special Purpose Facilities*" means any land, building, structure or other facilities, including equipment, acquired or constructed, which are financed by the issuance of obligations which are issued in compliance with the provisions of the Bond Order and not issued under or secured by the provisions of the Bond Order.

"*Special Record Date*" for the payment of any Defaulted Interest on Bonds means a date fixed by the Trustee pursuant to the Bond Order.

"*State*" means the State of North Carolina.

"*Subordinate Indebtedness*" means debt, the payment of the principal and interest on which is secured by a lien on Net Revenues that is subordinate to the lien on Net Revenues securing the payment of the principal of and interest on the Bonds.

"*Supplemental Order*" means an order adopted by the City Council that is supplemental to the Bond Order.

"*Supplemental Bond Order*, *Number 1*" means the supplemental bond order adopted by the City Council on March 22, 2021 supplementing and amending the Bond Order effective July 1, 2021.

"*Term Bonds*" means the Bonds of any Series, other than Serial Bonds, stated to be payable by their terms on one or more dates.

"*Total Operating Revenues*" means, as to any period of time, total operating revenues with respect to the Included Cost Centers, as determined in accordance with generally accepted accounting principles for airports consistently applied.

"*Trustee*" means the Trustee at the time serving as such under the Bond Order, whether original or successor.

"*2014 Bonds*" means, collectively, the 2014A Bonds and the 2014B Bonds.

"*2014A Bonds*" means the City of Charlotte, North Carolina Airport Refunding Revenue Bonds, Series 2014A (Non-AMT).

"*2014B Bonds*" means the City of Charlotte, North Carolina Airport Refunding Revenue Bonds, Series 2014B (AMT).

"*2017 Bonds*" means, collectively, the 2017A Bonds, the 2017B Bonds and the 2017C Bonds.

"*2017A Bonds*" means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2017A (Non-AMT).

"*2017B Bonds*" means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2017B (AMT).

"*2017C Bonds*" means the City of Charlotte, North Carolina Airport Refunding Revenue Bonds, Series 2017C (Non-AMT).

"*2019 Bonds*" means, collectively, the 2019A Bonds and the 2019B Bonds.

"*2019A Bonds*" means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2019A (Non-AMT).

"*2019B Bonds*" means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2019B (AMT).

"*2021 Bonds*" means, collectively, the 2021A Bonds and the 2021B Bonds.

"*2021A Bonds*" means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2021A (Non-AMT).

"*2021B Bonds*" means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2021B (AMT).

"*2022 BAN*" means the City's Airport Revenue Bond Anticipation Note, Series 2022.

"*2022 Bonds*" means, collectively, the 2022A Bonds and the 2022B Bonds.

"*2022A Bonds*" means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2022A (Non-AMT).

"*2022B Bonds*" means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2022B (AMT).

"*2023 Bonds*" means, collectively, the 2023A Bonds and the 2023B Bonds.

"*2023A Bonds*" means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2023A (Non-AMT).

"*2023B Bonds*" means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2023B (AMT).

"*Variable Rate Bonds*" means any portion of Bonds the interest rate on which is not established at the time of incurrence at a fixed or constant rate.

THE BOND ORDER

Establishment of Funds. The following funds are established under the Bond Order:

(a) Charlotte/Douglas International Airport Construction Fund;

(b) Charlotte/Douglas International Airport Revenue Fund;

(c) Charlotte/Douglas International Airport Operating Fund;

(d) Charlotte/Douglas International Airport Bond Fund, in which there are established six special Accounts to be known as the Revenue Bond Capitalized Interest Account, the Revenue Bond Interest Account, the Revenue Bond Principal Account, the Revenue Bond Redemption Account, the Revenue Bond Reserve Account and the Revenue Bond Sinking Fund Account;

(e) Charlotte/Douglas International Airport Discretionary Fund;

(f) Charlotte/Douglas International Airport Insurance and Condemnation Award Fund; and

(h) Charlotte/Douglas International Airport PFC Revenue Account.

The Bond Fund and the Accounts and subaccounts therein are held by the Trustee. The Revenue Fund, the Operating Fund, the Insurance and Condemnation Award Fund and the Airport Discretionary Fund and the Accounts therein are held by a Depositary selected by the City. The PFC Revenue Account is held by the Trustee; provided, however, the City may elect to have the PFC Revenue Account held by a Depositary selected by the City by giving written notice to the Trustee and the Trustee shall take all actions necessary to facilitate the transfer of the PFC Revenue Account to such Depositary.

Except for money in the Airport Discretionary Fund and the Rebate Account, if any, the money in all the Funds and Accounts established in the Bond Order shall be held in trust and applied as set forth in the Bond Order and, pending such application, the money in the Bond Fund shall be subject to a lien and charge in favor of the Owners of the respective Series of Bonds, except as otherwise provided in the Bond Order or any Series Resolution.

Except as provided in the Bond Order, all Revenues shall be deposited when received in the Revenue Fund. Payments made by the counterparty in connection with any interest rate exchange or swap agreement shall be deposited as provided in the applicable Series Resolution. The City shall deposit all PFC Revenues when received in the PFC Revenue Account.

Application of Money in the Revenue Fund. On or before the 25th day of each month the City shall withdraw funds on deposit from the Revenue Fund (other than amounts in the Rebate Account) and apply the same in the following manner and order:

(a) the City shall deposit in the Operating Fund an amount equal to the difference between one-twelfth of the amount shown by the Annual Budget as Current Expenses for the then current Fiscal Year plus the amount of encumbered funds from previous budgets and the amount on deposit in the Operating Fund (excluding the amount set aside in the Operating Reserve Account under subparagraph (f) below);

(b) beginning in the month provided in the Series Resolutions, the City shall deliver to the Trustee for deposit in the appropriate subaccounts of the Revenue Bond Interest Account, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, the amounts specified in the Series Resolutions; provided that if there are not sufficient Revenues to satisfy all such deposits, such deposits shall be made pro rata to each subaccount in accordance with the Outstanding aggregate principal amount of each Series;

(c) beginning in the month provided in the Series Resolutions, the City shall deliver to the Trustee for deposit in the appropriate subaccounts of the Revenue Bond Principal Account and the Revenue Bond Sinking Fund Account, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, the amounts specified in the Series Resolutions; provided that if there are not sufficient Revenues to satisfy all such deposits, such deposits shall be made pro rata to each subaccount in accordance with the Outstanding aggregate principal amount of each Series;

(d) (1) in any month in which the amount on deposit in any subaccount in the Revenue Bond Reserve Account is less than the Reserve Requirement due to the application of money therein in accordance with the Bond Order or the reduction in value on Investment Obligations therein, the City shall deliver to the Trustee for deposit in the appropriate subaccount in the Revenue Bond Reserve Account one-twelfth (1/12th) of the amount of such deficiency if due to an application pursuant to the Bond Order or one-twenty-fourth (1/24th) if due to a reduction in value, and shall make a deposit in an approximately equal amount in the next eleven or twenty-three months, as the case may be, taking into account in the twelfth or twenty-fourth month, as the case may be, the amount of investment income realized to the 25th day of such month and (2) on the date set for payment thereof, to the provider of any Qualified Reserve Fund Substitute, an amount sufficient to satisfy the then current obligations of the City incurred in connection therewith;

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

(f) in any month in which the amount on deposit in the Operating Fund is less than 25% of the Current Expenses set forth in the Annual Budget for the Fiscal Year the City shall deposit in a separate account of the Operating Fund, designated as the Operating Reserve Account, one-twelfth (1/12) of the amount of such deficiency, and shall make the same deposit in an approximately equally amount in the next eleven months such that the deficiency is cured in one year.

In each month following a month in which the City has failed to make any deposit or payment required by paragraphs (a) through (f) above, the City shall deposit or pay, in addition to the amounts then due, but only from Net Revenues, an amount sufficient to cure the deficiency in deposit or payment in the prior month unless such deficiency is cured by a transfer, pursuant to the terms of the Bond Order, of money or Investment Obligations to such Fund or Account from other Funds and Accounts.

Application of Money in the Operating Fund. The Current Expenses shall be paid from the Operating Fund as the same become due and payable.

Application of Money in the Revenue Bond Capitalized Interest Account and Revenue Bond Interest Account. Not later than 10:00 A.M. on each Interest Payment Date, date for the payment of Defaulted Interest or date upon which Bonds are to be redeemed, or on such other date as may be specified in the applicable Series Resolution, the Trustee shall withdraw from the applicable subaccount in the Revenue Bond Interest Account and (1) wire transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the amounts required for paying interest on the respective Bonds and (2) pay or otherwise transfer to the parties named in the applicable Series Resolution the amounts required for paying any Credit Support Payment Amounts for such Series of Bonds. The Bond Registrar shall remit the amount due and payable to the Owners as provided in the Series Resolution.

On the date of issuance of any Series of Bonds, the City shall specify in the Series Resolution or the Finance Director shall deliver to the Trustee a schedule of monthly transfers to be made from the applicable subaccount of the Revenue Bond Capitalized Interest Account to the applicable subaccount of the Revenue Bond Interest Account. The Trustee shall make such transfers as required by the Series Resolution or the schedule of the Finance Director. If the Trustee fails to make any deposit to the Revenue Bond Interest Account that is required or if the balance in the Revenue Bond Interest Account on the 25th day of the month next preceding an Interest Payment Date is insufficient to pay interest becoming due on the Bonds on such Interest Payment Date, the Trustee shall notify the City of the amount of the deficiency. Upon notification, the Trustee shall transfer an amount sufficient to cure the same, drawing upon funds in the applicable subaccount in the Revenue Bond Reserve Account.

Application of Money in the Revenue Bond Principal Account. Not later than 10:00 A.M. on each principal payment date, the Trustee shall withdraw from the applicable subaccount in the Revenue Bond Principal Account and wire transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the amount necessary to pay the principal of such Bonds at their respective maturities.

If at any date there is money in the Revenue Bond Principal Account and no Serial Bonds are then Outstanding or if on any principal payment date money remains therein after the payment of the principal of Serial Bonds then due, the Trustee shall withdraw such money and apply the same as follows: (a) deposit in the Revenue Bond Sinking Fund Account, the Revenue Bond Reserve Account, or apply such money to the payment of any principal, premium, if any, or interest on any Subordinate Indebtedness, in that order, the amounts then required to be paid thereto by the City and (b) deliver all remaining amounts to the City to be deposited in the Airport Discretionary Fund.

Application of Money in the Revenue Bond Sinking Fund Account. Money held for the credit of the subaccounts in the Revenue Bond Sinking Fund Account shall be applied during each Fiscal Year to the retirement, purchase or payment of Term Bonds.

Application of Money in the Revenue Bond Reserve Account. The Trustee shall use amounts in the appropriate subaccounts in the Revenue Bond Reserve Account to make transfers, in the following order, to the appropriate subaccounts in the Revenue Bond Interest Account, the Revenue Bond Principal Account and the Revenue Bond Sinking Fund Account to remedy any deficiency therein as of the 25th day of the month preceding any interest payment date to pay the interest on or the principal of the related Bonds when due, whenever and to the extent that the money on deposit in any or all of said subaccounts is insufficient for such purposes.

At the written direction of the City amounts remaining in a subaccount in the Revenue Bond Reserve Account may be applied to the final payment or payments of principal and interest on the related Series of Bonds.

Application of Money in the Airport Discretionary Fund. The City shall apply money on deposit in the Airport Discretionary Fund for any lawful purpose. Moneys in the Airport Discretionary Fund shall be held free and clear of any lien or encumbrance created by the Bond Order.

Application of Money in the Revenue Bond Redemption Account. Money held for the credit of the subaccounts in the Revenue Bond Redemption Account shall be applied to the purchase or redemption of Bonds in the manner provided in the applicable Series Resolution.

Released Revenues. Revenues will become Released Revenues on the filing of the following with the Trustee:

(a) a resolution of the City Council describing a specific identifiable portion of Revenues and approving that such Revenues be excluded from the term Revenues;

(b) either (1) a certificate prepared by the Finance Director showing that Net Revenues for each of the two most recent completed Fiscal Years, after the specific identifiable portion of Revenues covered by the City Council's resolution described in (a) above are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits and payments described above under the caption "***Application of Money in the Revenue Fund***" or (B) an amount not less than 150% of average Long-Term Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues; or (2) a certificate prepared by an Airport Consultant showing that the estimated Net Revenues (excluding the specific identifiable portion of Revenues covered in the resolution adopted by the City Council described in (a) above) for each of the first three complete Fiscal Years immediately following the Fiscal Year in which the resolution described in (a) above is adopted by the Board, will not be less than the larger of (A) the amounts needed for making the required deposits and payments described above under the caption "***Application of Money in the Revenue Fund***", or (B) an amount not less than 150% of the average Long-Term Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues;

(c) an opinion of the City's bond counsel to the effect that the exclusion of such specific identifiable portion of revenues from the definition of Revenues and from the pledge and lien of the Bond Order will not, by itself, cause the interest on any Outstanding Bonds to be included in gross income for purposes of federal income tax; provided, however this provision is only applicable to those Bonds that are intended to be excludable from gross income for purposes of federal income tax; and

(d) written confirmation from each of the rating agencies that has been requested by the City to maintain a rating on the Bonds and are then maintaining a rating on any of the Bonds to the effect that the exclusion of such specific identifiable portion of Revenues from the pledge and lien of the Bond Order will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds.

Upon filing of such documents, the specific identifiable portion of Revenues described in the resolution of the City Council and collected after such filing shall no longer be included in Revenues and shall be excluded from the pledge and lien of the Bond Order, unless subsequently included in Revenues and in the pledge and lien of the Bond Order under a Supplemental Order or a Series Resolution.

Pledged PFC Revenues. The City, from time to time and at any time, without the consent of the Trustee, the Owners or any other party, may adopt a Supplemental Order or a Series Resolution that specifies the amount of PFCs that shall constitute Pledged PFC Revenues during each Fiscal Year and the Bonds that shall be secured by such Pledged PFC Revenues. More than one Series of Bonds may be secured by Pledged PFC Revenues. Notwithstanding any other provision of the Bond Order, the City may amend, including reduce, the amount of Pledged PFC Revenues with respect to any Fiscal Year without the consent of the Trustee, the Owners or any other party; provided, however, that the City shall be in compliance with the provisions of the Supplemental Order or Series Resolution that specifies the Pledged PFC Revenues that secure Bonds issued under the Bond Order. The City will provide in the Supplemental Order or the Series Resolution for the establishment of a subaccount within the PFC Revenue Account (a "*Pledged PFC Subaccount*") in which the Pledged PFC Revenues that secure particular Bonds are to be deposited. The Pledged PFC Subaccount, and the Pledged PFC Revenues deposited in such Pledged PFC Subaccount, shall secure on a parity basis all Bonds, whenever issued, that are specified in the applicable Supplemental Order or Series Resolution to be secured thereby. Any investment earnings from money deposited in a Pledged PFC Subaccount shall be retained in such Pledged PFC Subaccount.

The Pledged PFC Revenues, including any investment earnings thereon, held in a Pledged PFC Subaccount shall be applied by the City as follows: (1) first, to the payment of such Bonds secured thereby and such amount shall be accounted for as a credit against the amount required to be deposited for those Bonds first in the Revenue Bond Interest Account and second in the Revenue Bond Principal Account and Revenue Bond Sinking Fund Account, (2) second, to pay the capital costs of PFC Eligible Projects, and (3) third, as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs.

Application of Money in PFC Revenue Account. Money in a Pledged PFC Subaccount shall be applied as set forth in Bond Order; otherwise, the City shall apply money in the PFC Revenue Account, by transfer to the Bond Fund, to pay debt service on PFC Eligible Bonds, to pay the capital costs of PFC Eligible Projects, as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs.

Insurance and Condemnation Award Fund. The Trustee shall deposit Net Proceeds into the Insurance and Condemnation Award Fund, when and as received by the Trustee. Upon direction of the City the Trustee shall use money in the Insurance and Condemnation Award Fund for the following purposes: (a) to transfer to the Proceeds Account in the Construction Fund, the creation of which is authorized by the Bond Order, and thereafter to disburse the same to pay the costs of repairing or replacing the Included Cost Centers; and (b) to transfer to the Revenue Bond Redemption Account and the Revenue Bond Interest Account to redeem Bonds.

Obligations Under Qualified Hedges. (a) The obligation of the City to make Regularly Scheduled Hedge Payments under a Qualified Hedge with respect to a Series of Bonds may be on a parity with the obligation of the City to make payments with respect to such Series of Bonds and other Bonds under the Bond Order, except as otherwise provided herein or in a Supplemental Order. The City may provide in any Supplemental Order or a Series Resolution that Regularly Scheduled Hedge Payments under a Qualified Hedge shall be secured by a pledge of or lien on Net Revenues on a parity with the Bonds of such Series and all other Bonds, regardless of the principal amount, if any, of the Bonds of such Series remaining Outstanding and, to the extent so designated, the Regularly Scheduled Hedge Payments will treated as the payment of interest of the associated Series of Bonds for all purposes under the Bond Order. The Trustee shall take all action consistent with the other provisions hereof as shall be requested in writing by the Qualified Hedge Provider necessary to preserve and protect such pledge, lien and assignment and to enforce the obligations of the City with respect thereto. In the event the action requested to be taken pursuant to the preceding sentence shall require the Trustee either to exercise the remedies granted in the Bond Order or to institute any action, suit or proceeding in its own name, the Qualified Hedge Provider shall provide to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred in connection therewith.

(b) In the event that a Hedge Termination Payment or any other amounts other than as described in clause (a) above are due and payable by the City under a Qualified Hedge, such Hedge Termination Payment and any such other amounts shall constitute Subordinate Indebtedness under the Bond Order.

Disposition of Fund Balance. After provision is made for the payment of all Outstanding Bonds issued under the Bond Order, including the interest thereon and for the payment of all other obligations, expenses and charges required to be paid under or in connection with the Bond Order, and receipt by the Trustee of a certificate of the Finance Director to the effect that there are no other indentures, resolutions, bond orders, Series Resolution or other agreements that impose a continuing lien on the balances hereinafter mentioned, the Trustee shall pay all amounts in any Fund or Account then held by it under the Bond Order to the City. If a continuing lien has been imposed on any such balance by another resolution, bond order, any other agreement, by court order or decree, or by law, the Trustee shall pay such balance to such person as is entitled to receive the same by law or under the terms of such resolution, bond order, agreement, court order, or decree.

Security for the Bonds. As security for the payment of the Bonds and the interest thereon, the City grants to the Trustee a pledge of

(a) Net Revenues, and

(b) its rights to receive Net Revenues.

In addition, as security for the payment of each Series of Bonds and the interest thereon, the City has granted to the Trustee a pledge of the money and Investment Obligations in any and all of the related subaccounts of the Bond Fund and Accounts established under the Series Resolution relating to their issuance.

Security for Deposits. Any and all money received by the City under the provisions of the Bond Order, other than the Airport Discretionary Fund and the Rebate Account, shall be deposited as received with the Trustee or one or more other Depositaries as provided in the Bond Order, and shall be trust funds under the terms thereof, and, to the extent permitted by law in the case of the Construction Fund, shall not be subject to any lien or attachment by any creditor of the City other than the Owners. All money deposited with the Trustee or any Depositary shall be credited to the particular Fund, Account or subaccount to which such money belongs.

Investment of Money. Money held for the credit of all Funds, Accounts and subaccounts, other than the Airport Discretionary Fund, shall be continuously invested and reinvested by the City, the Trustee or the Depositaries, whichever is applicable, in Investment Obligations to the extent practicable. Money held for the credit of the Airport Discretionary Fund may be invested and reinvested by the City as provided by law. Investment Obligations shall mature or be redeemable at the option of the holder thereof not later than the respective dates when the money held for the credit of such Funds, Accounts and subaccounts shall be required for the purposes intended.

Unless otherwise provided in any Series Resolution, Investment Obligations in the Revenue Bond Reserve Account shall mature or be redeemable at the option of the holder thereof as follows: 25% not later than five years after the date of such investment, an additional 50% not later than ten years after the date of such investment, and the balance without limitation.

No Investment Obligations pertaining to any Series may mature on a date beyond the latest maturity date of the respective Bonds Outstanding at the time such Investment Obligations are deposited. Investment Obligations acquired with money in or credited to any Fund, Account or subaccount established under the Bond Order shall be deemed at all times to be part of such Fund, Account or subaccount.

The Trustee shall sell at the best price obtainable or reduce to cash a sufficient amount of such Investment Obligations whenever it is necessary so to do to provide money to make any payment from any such Fund, Account or subaccount. The Trustee shall not be liable or responsible for any loss resulting from any such investment.

Valuation. For the purpose of determining the amount on deposit in any Fund, Account or subaccount, other than the Airport Discretionary Fund, Investment Obligations in which money in such Fund, Account or subaccount is invested shall be valued (a) at face value if such Investment Obligations mature within 12 months from the date of valuation thereof, and (b) if such Investment Obligations mature more than 12 months after the date of valuation thereof, at the price at which such Investment Obligations are redeemable by the holder at his option, if so redeemable, or, if not so redeemable, at the lesser of (1) the cost of such Investment Obligations plus the amortization of any premium or minus the amortization of any discount thereon, and (2) the market value of such Investment Obligations.

All Investment Obligations in all of the Funds, Accounts and subaccounts, except the Revenue Account and the Airport Discretionary Fund, shall be valued no earlier than the 25th day of the second month next preceding a principal payment date and no later than the 21st day of the month next preceding such principal payment date. In addition, Investment Obligations in the Revenue Bond Interest Account, the Revenue Bond Principal Account, the Revenue Bond Sinking Fund Account, and the Revenue Bond Reserve Account shall be valued at any time requested by the City on reasonable notice to the Trustee (which period of notice may be waived or reduced by the Trustee); provided, however, that the Trustee shall not be required to value Investment Obligations more than once in any calendar month.

Payment of Principal, Interest and Premium. The City shall cause to be paid, when due, the principal of (whether at maturity, by acceleration, by call for redemption or otherwise) and the premium, if any, and interest on the Bonds at the places, on the dates and in the manner provided in the Bond Order and in the Bonds, according to the true intent and meaning thereof. The Bonds are special obligations payable solely from Net Revenues, the City's rights to receive the same, and money and Investment Obligations held in the Funds, Accounts and subaccounts created in the Bond Order, other than the Airport Discretionary Fund, and the income from such Investment Obligations and the investment of such money.

Rate Covenant.

(a) The City shall fix, charge and collect rates, fees, rentals and charges for the use of the Airport and shall revise such rates, fees, rentals and charges as often as may be necessary or appropriate to produce Revenues in each Fiscal Year at least equal to the sum of the deposits described in the section entitled ***"Application of Money in the Revenue Fund"*** above, plus an amount, if any, which provides an amount on deposit in the Revenue Fund, as of the opening of business on the first day of the next Fiscal year, equal to the Coverage Factor for such preceding Fiscal Year. For purposes of this covenant, amounts retained in the Revenue Fund as of the end of the year are deemed to be Revenues.

(b) If, during any such period, Revenues estimated are less than the amount required under paragraph (a) above, the City shall revise its rates, fees, rentals and charges, or alter its methods of operation or take other action in such manner as is calculated to produce the amount so required in such period.

(c) If the audit report for any Fiscal Year indicates that the City has not satisfied its obligations under paragraph (a) above, then within 15 days after the receipt of the audit report for such Fiscal Year, the City shall employ an Airport Consultant to review and analyze the financial status and the administration and operations of the Included Cost Centers, to inspect the properties constituting the Included Cost Centers, and to submit to the City Council and the Finance Director, within 60 days thereafter, a written report on the same, including the action which the Airport Consultant recommends should be taken by the City with respect to the revision of its rates, fees, rentals and charges and the alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the following 12 month period. Promptly upon its receipt of the recommendations the City shall, after giving due consideration to the recommendations, revise its rates, fees, rentals and charges and alter its methods of operation, which revisions or alterations are projected to result in compliance with paragraph (a) above. The City shall transmit copies of the Airport Consultant's recommendations to the Trustee and each Owner who has requested the same.

(d) In the event the City fails to take action as required by paragraphs (b) and (c) above, the Trustee may, and upon request of the Owners of not less than 25% in principal amount of all Bonds Outstanding shall, institute and prosecute an action or proceeding in any court or before any board or commission having jurisdiction to compel the City to comply with the requirements of said paragraphs.

Insurance. The City shall maintain, or cause to be maintained, insurance with respect to the Included Cost Centers against such casualties and contingencies and in such amounts not less than is reasonably prudent; provided, however, that the City may self insure against such risks as it may determine to be prudent. To the extent permitted by any policies of insurance, such policies shall name the Trustee as an additional insured as its interests may appear. The City will pay, or cause to be paid, any premiums for such policies of insurance.

Payment of Charges and Covenant Against Encumbrances. Except as provided the Bond Order, the City shall not create or suffer to be created any lien or charge upon the Included Cost Centers or any part thereof, or on the Net Revenues, except for Permitted Encumbrances. The City shall pay or cause to be discharged, or shall make adequate provision to satisfy and discharge, within 60 days after the same become due and payable, all lawful costs, expenses, liabilities and charges relating to the maintenance, repair, replacement or improvement of the properties constituting the Included Cost Centers and the operation of the Included Cost Centers and lawful claims and demands for labor, materials, supplies or other objects that might by law become a lien upon the Included Cost Centers or Net Revenues if unpaid. Nothing contained in the Bond Order requires the City to pay or cause to be discharged, or make provision of the payment, satisfaction and discharge of, any lien, charge, cost, liability, claim or demand so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Disposition of Included Cost Centers. The City shall not, except as hereinafter provided, sell or otherwise dispose of all or any part of the properties constituting the Included Cost Centers.

(a) The City has the right to sell or dispose of machinery, fixtures, apparatus, tools, instruments or other personal property which may be determined to be part of the Included Cost Centers, or any materials used in connection therewith if the City determines that such articles are no longer needed or useful in connection with the maintenance of the properties constituting the Included Cost Centers or the operation of the Included Cost Centers or that such sale or disposition shall not impair the operating efficiency of the Included Cost Centers or reduce the ability of the City to satisfy the requirements of the section entitled "***Rate Covenant***" set forth above.

(b) The City, without notice to the Trustee and free of any obligation to make any replacement thereof or substitution therefor, has the right to demolish or remove any real property and structures now or hereafter existing as part of the Included

Cost Centers provided that the City determines that such removal or demolition does not impair the operating efficiency of the Included Cost Centers or reduce the ability of the City to satisfy the requirements of the section entitled "***Rate Covenant***" set forth above.

(c) Notwithstanding the provisions of paragraph (b), if the City determines that any real property or structure constituting a part of the Included Cost Centers has become inadequate, unsuitable, unnecessary or unprofitable, the City shall then have the right to demolish or remove such property and, to the extent permitted by law, may sell or otherwise dispose of all or a part of the same, if:

(1) prior to such removal or demolition the City gives written notice thereof to the Trustee, which notice describes the real property or structures to be demolished or removed and the reason for such demolition or removal; and

(2) (a) the City shall construct, acquire, replace or substitute real property or structures having a utility value at the Included Cost Centers at least equal to that of the property demolished or removed, or

(b) any such real property and structure now or hereafter existing as part of the Included Cost Centers may be demolished or removed by the City from time to time and the City shall not be required to construct or acquire any real property or structures in substitution or in replacement thereof if there is filed with the Trustee prior to such demolition or removal, a certificate, signed by the Airport Manager and approved by the Airport Consultant, stating (i) that no Default has occurred and is continuing under the Bond Order, or, if any Default then exists, that the same shall be projected to be cured by action taken, and (ii) that the Net Revenues for the Fiscal Year next succeeding that in which such demolition or removal occurs are projected to be sufficient to enable the City to satisfy the requirements of the section entitled "***Rate Covenant***" set forth above.

Unless some other disposition is required by law or by contract, the City shall, in its sole discretion, deposit the proceeds resulting from any abandonment, sale or disposition of properties constituting the Included Cost Centers to any Account in the Construction Fund, if the amount then on deposit therein is insufficient to pay the Costs of Additional Facilities, or to the Airport Discretionary Fund.

Additional Facilities; Additions to the Included Cost Centers. All buildings, structures and items of personal property that are constructed, placed or installed in or upon the properties constituting the Included Cost Centers as an addition or improvement to, as a substitute for, or in renewal, replacement or alteration of, any buildings, structures, and personal property constituting part of the Included Cost Centers, and all real property acquired as an addition to, in replacement of, or as a substitute for real property constituting a part of the Included Cost Centers shall thereupon become a part of the Included Cost Centers.

Contracts, Leases and Other Agreements. The City may lease, as lessor, all or any part of the Included Cost Centers, or contract or agree for the performance by others, of operations or services on or in connection with the Included Cost Centers or any part thereof, for any lawful purpose, provided, that

(a) the City remains fully obligated and responsible under the Bond Order to the same extent as if such lease, contract or agreement, or any amendment or rescission thereof, had not been executed, and

(b) the obligation of the City under such lease, contract or agreement does not impair the performance of the City's obligations under the Bond Order.

Issuance of Bonds.

(a) Subject to the conditions hereinafter described, the City shall have the right to issue the following Bonds for Additional Facilities or to refund Outstanding Bonds or other indebtedness:

(1) Long-Term Bonds if prior to issuance one of the following conditions is met:

(i) there is delivered to the Trustee a Certificate of the Finance Director certifying that, taking all outstanding Long-Term Bonds (excluding any Long-Term Bonds to be refunded by the Long-Term Bonds to be issued) and Subordinate Indebtedness and the Long-Term Bonds then to be issued into account as if they had been issued at the beginning of the most recent Fiscal Year for which audited financial statements are available preceding the date of delivery of such Certificate, the Net Revenues, excluding any transfers from the Airport Discretionary Fund, for such Fiscal Year were sufficient to meet the Rate Covenant as described under "***Rate Covenant***" above not less than 1.50 times the Long-Term Debt Service Requirement with respect to all outstanding Long-Term Bonds and the Long-Term Bonds to be issued plus all other amounts sufficient to meet the deposits described under "***Application of Money in the Revenue Fund***" above; or

(ii) (A) there is delivered to the Trustee a Certificate of the Finance Director (accompanied by a report of an independent certified public accountant or firm of certified public accountants) certifying that, taking into account all outstanding Long-Term Bonds, but not the Long-Term Bonds then to be issued, and Subordinate Indebtedness for the most recent Fiscal Year for which audited financial statements are available preceding the date of delivery of such Certificate, the requirements as described under "***Rate Covenant***" above have been satisfied; and (B) there shall be filed with the Trustee a report of an Airport Consultant to the effect that the requirements as described under "***Rate Covenant***" above (excluding any transfers from the Airport Discretionary Fund) taking the Long-Term Debt Service Requirement of the proposed Long-Term Bonds into account, for (I) in the case of Long-Term Bonds to finance Additional Facilities, each of the first two full Fiscal Years succeeding the date on which such Additional Facilities are expected to be completed and in operation, or (II) in the case of Long-Term Bonds not financing Additional Facilities, each of the first two Fiscal Years succeeding the date on which such Long-Term Bonds are issued, will be projected to be satisfied.

(2) Notwithstanding the provisions of paragraph (1) above, Completion Bonds may be incurred without an earnings test if the principal amount thereof does not exceed 15% of the principal amount of the Bonds initially issued therefor, and in excess of 15% of such principal amount, but only if any of the tests set forth in (1) above are met.

(3) Bonds may be issued for the purpose of refunding all or any part of any Outstanding Bonds so as to render it no longer Outstanding without meeting any other test above if either of the following are satisfied:

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

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

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

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

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

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

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

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

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

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

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

Subordinate Indebtedness. (a) The City may issue Subordinate Indebtedness if:

(i) there is delivered to the Trustee a Certificate of the Finance Director certifying that, taking all outstanding Long-Term Bonds and Subordinate Indebtedness (excluding any Long-Term Bonds and Subordinate Indebtedness to be refunded by the Subordinate Indebtedness to be issued) and the Subordinate Indebtedness then to be issued into account as if they had been issued at the beginning of the most recent Fiscal Year for which audited financial statements are available preceding the date of delivery of such Certificate, the requirements set forth under "***Rate Covenant***" above would have been satisfied for such Fiscal Year; or

(ii) (A) there is delivered to the Trustee a Certificate of the Finance Director certifying that, taking into account all outstanding Long-Term Bonds and Subordinate Indebtedness, but not the Subordinate Indebtedness then to be issued, for the most recent Fiscal Year for which audited financial statements are available preceding the date of delivery of such Certificate, the requirements set forth under "***Rate Covenant***" above have been satisfied; and (B) there shall be filed with the Trustee a report of an Airport Consultant to the effect that the requirements set forth under "***Rate Covenant***" above taking the proposed Subordinate Indebtedness into account, for (I) in the case of Subordinate Indebtedness to finance Additional Facilities, each of the first two full Fiscal Years succeeding the date on which such Additional Facilities are expected to be completed and in operation, or (II) in the case of Subordinate Indebtedness not financing Additional Facilities, each of the first two Fiscal Years succeeding the date on which such Subordinate Indebtedness is issued, will be projected to be satisfied.

(b) Subordinate Indebtedness may be issued for the purpose of refunding all or any part of any Subordinate Indebtedness so as to render it no longer outstanding without meeting any other test above if either of the following are satisfied:

(i) the aggregate principal and interest due in each Fiscal Year on the Subordinate Indebtedness remaining outstanding after the issuance of the refunding Subordinate Indebtedness will decrease in the corresponding Fiscal Years that the aggregate principal and interest on the Subordinate Indebtedness being refunded would have been due as a result of such refunding; or

(ii) the maximum annual principal and interest requirements on the Subordinate Indebtedness (by Fiscal Year) after the issuance of the refunding Subordinate Indebtedness does not exceed the maximum annual principal and interest requirements on the Subordinate Indebtedness (by Fiscal Year) before the issuance of the refunding Subordinate Indebtedness for any Fiscal Year.

Extension of Interest Payment. If the time for the payment of the interest on any Bond is extended, whether or not such extension is by or with the consent of the City, such interest so extended shall not be entitled in case of default to the benefit or security of the Bond Order and in such case the Owner of the Bond for which the time for payment of interest was extended shall be entitled only to the payment in full of the principal of all Bonds then Outstanding and of interest for which the time for payment has not been extended.

Events of Default. Each of the following events is hereby declared an "*Event of Default*":

(a) payment of the principal of and the redemption premium, if any, on any of the Bonds is not made when the same are due and payable, either at maturity or by redemption or otherwise;

(b) payment of the interest on any of the Bonds is not made when the same is due and payable;

(c) the City: (i) becomes insolvent or the subject of insolvency proceedings; or (ii) is unable, or admits in writing its inability, to pay its debts as they mature; or (iii) makes a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or (iv) files a petition or other pleading seeking reorganization, composition, readjustment, or liquidation of assets, or requesting similar relief; or (v) applies to a court for the appointment of a receiver for it or for the whole or any part of the Included Cost Centers other than Special Facilities; or (vi) has a receiver or liquidator appointed for it or for the whole or any part of the Included Cost Centers other than Special Facilities (with or without the consent of the City) and such receiver is not discharged within 90 consecutive days after his appointment; or (vii) becomes the subject of an "order for relief' within the meaning of the United States Bankruptcy Code; or (viii) files an answer to a creditor's petition admitting the material allegations thereof for liquidation, reorganization, readjustment or composition or to effect a plan or other arrangement with creditors or fail to have such petition dismissed within 60 consecutive days after the same is filed against the City;

(d) any court of competent jurisdiction assumes custody or control of the City or of the whole or any substantial part of its property under the provisions of any other law for the relief or aid of debtors, and such custody or control is not terminated within 90 days from the date of assumption of such custody or control;

(e) the occurrence and continuation of an Event of Default under any Series Resolution; and

(f) the City defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Bond Order, and such default continues for 30 days after receipt by the City of a written notice from the Trustee specifying such default and requesting that it be corrected, provided that if prior to the expiration of such 30-day period the City institutes action reasonably designed to cure such default, no "*Event of Default*" shall be deemed to have occurred upon the expiration of such 30-day period for so long as the City pursues such curative action with reasonable diligence.

Non-acceleration of Maturities and Remedies. Neither the Trustee nor any Owner is permitted to accelerate the maturity of any Bond. In addition to any remedies then available to the Trustee under the Bond Order and under State and federal law, upon the occurrence of an Event of Default the Trustee may:

(a) Require the City to endorse all checks and other negotiable instruments representing Revenues to the order of the Trustee immediately upon the receipt thereof and to deliver such endorsed instruments daily to the Trustee.

(b) Notify any or all account debtors of the City to pay any amounts representing Revenues, when due and owing, directly to the Trustee, as Trustee.

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under the Bond Order, the Trustee will be entitled, as a matter of right, to the extent permitted by law, to the appointment of a receiver or receivers of the Airport and of the Revenues pending such proceedings, with such powers as the court making such appointments confers, whether or not the Revenues are deemed sufficient ultimately to satisfy the Bonds then Outstanding under the Bond Order.

(d) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce observance or performance of any covenant, condition or agreement of the City under the Bond Order.

Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall, proceed to protect and enforce the rights of the Owners.

The Owners of a majority in aggregate principal amount of Bonds at any time Outstanding have the right, by written instruments delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee. The Trustee may, and upon written request of the Owners of not less than a majority in principal amount of the Bonds then Outstanding shall, waive any Event of Default which in its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Bond Order or before the completion of the enforcement of any other remedies under the Bond Order, but no such waiver will extend to or affect any other existing or subsequent Event of Default or impair any rights or remedies consequent thereon.

Pro Rata Application of Funds. Anything in the Bond Order to the contrary notwithstanding, if at any time the money in the applicable subaccounts in the Revenue Bond Interest Account, the Revenue Bond Principal Account and the Revenue Bond Sinking Fund Account is not sufficient to pay the interest on, the principal of, or other amounts due in connection with, the related Series of Bonds as the same become due and payable, such money, together with any money then available or thereafter becoming available for such purposes, whether through the exercise of the remedies provided for in the Bond Order or otherwise, will be applied as follows:

first: if the principal of the Series of Bonds has not become due and payable, to the payment of all installments of interest and Credit Support Payment Amounts then due in the order of maturity of the installments of such interest or Credit Support Payment Amounts;

second: if the principal of less than all of the Series of Bonds has become due and payable, first to the payment of all installments of interest and Credit Support Payment Amounts then due on such Bonds of which the principal is not overdue in the order of the maturity of the installments thereof, and next to the payment of interest at the respective rates specified in the Series of Bonds on overdue principal along with all other amounts due in connection with such Series, and next to the payment of the principal of such Bonds then due in order of their due dates, third: if the principal of all Series of Bonds has become due and payable by redemption or otherwise, first to the payment of all interest and Credit Support Payment Amounts due on such Bonds of which the principal is not overdue and next to the payment of interest at the respective rates specified in the Series of Bonds on overdue principal along with all other amounts due in connection with such Series, and next to the payment of the principal of the Series of Bonds in order of their due dates; and

fourth: if the principal of all Series of Bonds has become due and payable, and all of the Series of Bonds have been fully paid, together with all interest and premium and Credit Support Payment Amounts, if any, thereon, any surplus then remaining shall be applied first to the payment of Subordinate Indebtedness, including Hedge Termination Payments, and then as set forth in the paragraph entitled ***"--Disposition of Fund Balances"***, above.

All payments to be made to the Owners pursuant to the Bond Order will be made ratably to the persons entitled thereto, without discrimination or preference; if there are insufficient funds to make any payment of interest, principal or other amount then due among Bonds of a designated priority, the amount to be paid in respect of principal, interest or other amount then due, as the case may be on each Bond will be determined by multiplying the aggregate amount of the funds available for such payment by a fraction, the numerator of which is the amount then due as principal, interest or other amount, as the case may be, on each Bond and the denominator of which is the aggregate amount due in respect of all principal, interest or other amount, as the case may be, on all Bonds.

Supplemental Order Without Owners' Consent. The City from time to time and at any time, may adopt such orders supplemental to the Bond Order (which supplemental orders shall thereafter form a part of the Bond Order):

(a) to cure any ambiguity or formal defect or omission or to correct or supplement any provision that may be inconsistent with any other provision, or

(b) to grant to or confer upon the Trustee, for the benefit of the Owners, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, or

(c) to add to the conditions, limitations and restrictions on the issuance of Bonds or other conditions, limitations and restrictions thereafter to be observed, provided that such conditions, limitations, and restrictions do not impair the security for the Outstanding Bonds,

(d) to add to the covenants and agreements of the City in the Bond Order other covenants and agreements thereafter to be observed by the City or to surrender any right or power reserved to or conferred upon the City, provided that such covenants and agreements and the surrendering of any such right or power do not impair the security for the Outstanding Bonds,

(e) to add areas or parts of the Airport currently part of the Excluded Cost Centers to the Included Cost Centers,

(f) to specify the amount of PFCs that shall constitute Pledged PFC Revenues during each Fiscal Year and the Bonds that shall be secured by such Pledged PFC Revenues, or

(g) that, in the opinion of the City's Bond Counsel, do not adversely affect the interest of the Owners.

Supplemental Order with Owners' Consent. Subject to the terms and provisions contained in the Bond Order, and not otherwise, the Owners of not less than 51% in aggregate principal amount of the Bonds then Outstanding that will be affected by a proposed supplemental order will have the right, from time to time, anything contained in the Bond Order to the contrary notwithstanding, to consent to and approve the adoption of such order or orders supplemental thereto as are deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Order or in any supplemental order, provided that nothing will permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of Net Revenues other than the lien and pledge created or authorized by the Bond Order, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental order.

Consent of Initial Purchaser, Underwriter or Remarketing Agent. Notwithstanding anything in the Bond Order or a Series Resolution to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any Series of the Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental order as required or permitted by the Bond Order, including any amendment or supplemental order that adversely affects the interests of other Owners, and (2) any such holder providing its consent under the Bond Order is not entitled to receive, nor is the City required to provide, any prior notice or other documentation regarding such amendment or supplemental order.

Defeasance. If the City pays or causes to be paid or is deemed to have paid to the Owner of any Bond the principal of and interest due and payable, and thereafter to become due and payable on such Bond, or any portion of such Bond in any integral multiple of the authorized denomination thereof, such Bond or portion thereof will cease to be entitled to any lien, benefit or security under the Bond Order. If the City pays or causes to be paid the principal of, premium, if any, and interest due and payable on all Outstanding Bonds, pays or causes to be paid all other sums payable by the City then and in that case the right, title and interest of the Trustee and Owners in the Funds, Accounts and subaccounts created by the Bond Order shall thereupon cease, determine and become void, the City Council shall repeal and cancel the Bond Order, and the Trustee shall apply any surplus in the Funds or Accounts, other than money held for the redemption or payment of Bonds.

Any Bond will be deemed to be paid within the meaning of this provision and for all purposes of the Bond Order when (a) payment of the principal and premium, if any, of such Bond plus interest thereon to the due date thereof (whether such due date is by reason of maturity or on redemption) either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment and, in either case, the Trustee has received verification from an independent verification firm that the money or Government Obligations deposited with the Trustee, together with investment earnings thereon, will be sufficient to pay when due the principal and premium, if any, of and interest due and to become due on the Bond on and before the redemption date or maturity date thereof, (1) money, sufficient to make such payment or (2) non-callable Government Obligations maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient money to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agent pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond is deemed to be paid under the

Bond Order, as aforesaid, such Bond will no longer be secured by or entitled to the benefits of the Bond Order, except for the purposes of any such payment from such money or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until (a) proper notice of redemption of such Bonds has been previously given in accordance with the applicable Series Resolution, or if said Bonds are not to be redeemed within the next 35 days, until the City has given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of such Bonds in accordance with the applicable Series Resolution, that the deposit required by (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Bond Order and stating the maturity or redemption date on which money is to be available for the payment of the principal and premium, if any, of said Bonds plus interest thereon to the due date thereof, or (b) the maturity of such Bonds.

THE SERIES RESOLUTION

Establishment of Subaccounts. The Series Resolution establishes the following subaccounts:

(a) Series 2023 Additional Facilities Account of the Construction Fund, and within the Series 2023 Additional Facilities Account, (1) the Series 2023A Subaccount of the Series 2023 Additional Facilities Account and (2) the Series 2023B Subaccount of the Series 2023 Additional Facilities Account;

(b) Series 2023A Subaccount of the Revenue Bond Interest Account;

(c) Series 2023A Subaccount of the Revenue Bond Principal Account;

(d) Series 2023A Subaccount of the Revenue Bond Redemption Account;

(e) Series 2023A Subaccount of the Revenue Bond Sinking Fund Account;

(f) Series 2023A Subaccount of the Revenue Bond Capitalized Interest Account;

(g) Series 2023B Subaccount of the Revenue Bond Interest Account;

(h) Series 2023B Subaccount of the Revenue Bond Principal Account;

(i) Series 2023B Subaccount of the Revenue Bond Redemption Account;

(j) Series 2023B Subaccount of the Revenue Bond Sinking Fund Account; and

(k) Series 2023B Subaccount of the Revenue Bond Capitalized Interest Account;

All accounts are established with and held by the Trustee under the Bond Order. The Trustee is not required to create any of the subaccounts in the Revenue Bond Sinking Fund related to any series of Bonds for which there are no Term Bonds. The Trustee is not required to create any of the subaccounts in the Revenue Bond Redemption Account until such time as the subaccount may be needed to deposit money to be applied to the purchase or redemption of an applicable Series of the Bonds.

Revenues Received by the City. On or before the 25th day of each month after the 2023 Bonds are issued, the City shall, subject to the provisions of the Order, deposit or cause to be deposited from Net

Revenues with the Trustee the following amounts and the Trustee shall apply such amounts to the various accounts and subaccounts specified in the Series Resolution:

(a) into the applicable subaccount of the Revenue Bond Interest Account created with respect to each Series of Common Reserve Bonds an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25 and December 25, commencing (i) with respect to the 2023 Bonds on December 25, 2023, and (ii) with respect to any other Series of Common Reserve Bonds, on the date set forth in the applicable Common Reserve Series Resolution, to pay the next maturing installment of interest, on each such Series of Common Reserve Bonds then Outstanding; and

(b) into the applicable Subaccount of the Revenue Bond Principal Account created with respect to each Series of Common Reserve Bonds an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25, commencing (i) with respect to the 2023 Bonds, on June 25, 2025, and (ii) with respect to any other Series of Common Reserve Bonds, on the date set forth in the applicable Common Reserve Series Resolution, to pay the next maturing installment of principal, on each such Series of Common Reserve Bonds then Outstanding; or

(c) into the applicable Subaccount of the Revenue Bond Sinking Fund Account created with respect to each Series of Common Reserve Bonds, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, 1/12th of the amount required to retire each such Series of Common Reserve Bonds to be called by mandatory redemption pursuant to the applicable Common Reserve Series Resolution on the next ensuing July 1, in accordance with the Sinking Fund Requirement therefor.

In each month following a month in which the Trustee has failed to make any deposit set forth above, the City shall pay, but only from Net Revenues, and the Trustee shall deposit, in addition to the amounts then due, an amount sufficient to cure the deficiency in the deposits in the prior months unless such deficiency has been cured by a transfer of money to such fund or account from other funds and accounts created hereby, pursuant to the terms of the Series Resolution.

Application of Money in the Series 2023A Subaccount of the Revenue Bond Sinking Fund Account. Money held in the Series 2023A Subaccount of the Revenue Bond Sinking Fund Account will be applied during each Fiscal Year to the purchase or retirement of 2023A Bonds then Outstanding as set forth in the Series Resolution.

Application of Money in the Series 2023A Revenue Bond Redemption Account. The Trustee shall apply money in the Series 2023A Revenue Bond Redemption Subaccount to the purchase or redemption of 2023A Bonds Outstanding as set forth in the Series Resolution.

Application of Money in the Series 2023B Subaccount of the Revenue Bond Sinking Fund Account. Money held in the Series 2023B Subaccount of the Revenue Bond Sinking Fund Account will be applied during each Fiscal Year to the purchase or retirement of 2023B Bonds then Outstanding as set forth in the Series Resolution.

Application of Money in the Series 2023B Revenue Bond Redemption Account. The Trustee shall apply money in the Series 2023B Revenue Bond Redemption Subaccount to the purchase or redemption of 2023B Bonds as set forth in the Series Resolution.

Application of Money in the Revenue Bond Capitalized Interest Account. On or after the date of issuance of the 2023A Bonds, the Finance Director will deliver or cause to be delivered a schedule of transfers to be made from Series 2023A Subaccount of the Revenue Bond Capitalized Interest Account to the 2023A Subaccount of the Revenue Bond Interest Account. In accordance with such schedule, the Trustee shall withdraw such amounts from the Series 2023A Subaccount of the Revenue Bond Capitalized Interest Account and transfer such amounts to the 2023A Subaccount of the Revenue Bond Interest Account to be used on the applicable Interest Payment Date to pay interest on the 2023A Bonds.

On or after the date of issuance of the 2023B Bonds, the Finance Director will deliver or cause to be delivered a schedule of transfers to be made from Series 2023B Subaccount of the Revenue Bond Capitalized Interest Account to the 2023B Subaccount of the Revenue Bond Interest Account. In accordance with such schedule, the Trustee shall withdraw such amounts from the Series 2023B Subaccount of the Revenue Bond Capitalized Interest Account and transfer such amounts to the 2023B Subaccount of the Revenue Bond Interest Account to be used on the applicable Interest Payment Date to pay interest on the 2023B Bonds..

Application of Money in the Accounts of the Construction Fund. On the filing from time to time with the Trustee of a requisition signed by an authorized representative of the City in the applicable form attached to the Series Resolution, accompanied by a voucher or other appropriate documentation as may be required by the Trustee, the Trustee will make or cause to be made disbursements from the Series 2023A Subaccount of the Series 2023 Additional Facilities Account and the Series 2023B Subaccount of the Series 2023 Additional Facilities Account, as indicated on the requisition, for the payment of the applicable Costs of the Projects to be financed with the proceeds of the respective Series of 2023 Bonds, including costs of issuance.

On the completion of the Projects to be financed with the proceeds of the 2023A Bonds, the City will deliver a certificate to the Trustee stating the fact and date of such completion and stating that all of the Costs of the Projects anticipated to be paid by the City from the proceeds of the 2023A Bonds have been paid. On the receipt by the Trustee of such certificate, unless the Trustee receives written direction from the City otherwise, the Trustee will deposit the remaining balance in the Series 2023A Subaccount of the Series 2023 Additional Facilities Account to the Series 2023A Subaccount of the Revenue Bond Interest Account to be applied to the next payment due with respect to the 2023A Bonds.

On the completion of the Projects to be financed with the proceeds of the 2023B Bonds, the City will deliver a certificate to the Trustee stating the fact and date of such completion and stating that all of the Costs of the Projects anticipated to be paid by the City from the proceeds of the 2023B Bonds have been paid. On the receipt by the Trustee of such certificate, unless the Trustee receives written direction from the City otherwise, the Trustee will deposit the remaining balance in the Series 2023B Subaccount of the Series 2023 Additional Facilities Account to the Series 2023B Subaccount of the Revenue Bond Interest Account to be applied to the next payment due with respect to the 2023B Bonds.

Application of Money in Common Reserve Subaccount of the Revenue Bond Reserve Account.

(a) The Series Resolution has been designated a Common Reserve Series Resolution and the 2023 Bonds are designated as being secured by the Common Reserve Subaccount of the Revenue Bond Reserve Account. There will be deposited in the Common Reserve Subaccount of the Revenue Bond Reserve Account an amount as certified by the Finance Director. The Trustee shall use money deposited in the Common Reserve Subaccount of the Revenue Bond Reserve Account solely for the purpose of paying the principal of and the interest on each Series of Common Reserve Bonds whenever and to the extent that (1) money in the applicable Subaccount of the Revenue Bond Interest Account created with respect to such Series of Common Reserve Bonds is insufficient to pay the interest on such Series of

Common Reserve Bonds or (2) money in the applicable Subaccount of the Revenue Bond Principal Account or the applicable Subaccount of the Revenue Bond Sinking Fund Account created with respect to such Series of Common Reserve Bonds is insufficient to pay the principal of such Series of Common Reserve Bonds. With respect to the 2023 Bonds, the Trustee shall withdraw such money in accordance with the order of priorities set forth in the Series Resolution, and with respect to any other Series of Common Reserve Bonds, the Trustee shall withdraw such money in accordance with the order of priorities set forth in the corresponding section of the applicable Common Reserve Series Resolution; *provided, however,* if there is insufficient money in the Common Reserve Subaccount of the Revenue Bond Reserve Account to satisfy all deposits required within the Series Resolution, then any amounts remaining in the Common Reserve Subaccount of the Revenue Bond Reserve Account will be used to satisfy the deposits between each subaccount on a *pro rata* basis in accordance with the Outstanding aggregate principal amount of each corresponding Series of Common Reserve Bonds. If on any Interest Payment Date the amount on deposit in an account of the Common Reserve Subaccount of the Revenue Bond Reserve Account exceeds the Reserve Requirement therefor, the Trustee shall transfer such excess to (1) the applicable Subaccount of the Revenue Bond Interest Account created with respect to each Series of Common Reserve Bonds on a *pro rata* basis based on the Outstanding aggregate principal amount of each corresponding Series of Common Reserve Bonds or (2) as the City otherwise directs as required by the City's arbitrage and tax regulatory agreement executed and delivered in connection with any Series of Common Reserve Bonds.

(b) If the City delivers a Qualified Reserve Fund Substitute to the Trustee in satisfaction of the Reserve Requirement, in whole or in part:

(i) If and to the extent that money on deposit in the Common Reserve Subaccount of the Revenue Bond Reserve Account, plus all amounts on deposit in and credited to the Subaccounts of the Revenue Bond Fund applicable to each Series of Common Reserve Bonds, in excess of the amount of the Qualified Reserve Fund Substitute, is insufficient to pay the amount of principal and interest coming due with respect to any Series of Common Reserve Bonds, then on the later of: (i) one day after receipt by the Qualified Reserve Fund Substitute Provider of a demand for payment (a "*Demand for Payment*"), duly executed by the Trustee certifying that payment due under the Order and any Common Reserve Series Resolution has not been made to the Trustee; or (ii) the payment date of any Series of Common Reserve Bonds as specified in the Demand for Payment presented by the Trustee to the Qualified Reserve Fund Substitute Provider, the Qualified Reserve Fund Substitute Provider will make a deposit of funds in an account with the Trustee sufficient for the payment to the Trustee of amounts which are then due to the Trustee under any such Common Reserve Series Resolution (as specified in the Demand for Payment) up to but not in excess of the coverage, as defined in the Qualified Reserve Fund Substitute.

(ii) The Trustee shall, after submitting to the Qualified Reserve Fund Substitute Provider the Demand for Payment as provided in (i) above, make available to the Qualified Reserve Fund Substitute Provider all records relating to the funds and accounts maintained under the Series Resolution and any other Common Reserve Series Resolution.

(iii) The Trustee shall, on receipt of money received from the draw on the Qualified Reserve Fund Substitute, as specified in the Demand for Payment, credit the Common Reserve Subaccount of the Revenue Bond Reserve Account to the extent of money received pursuant to such Demand for Payment.

(iv) The Common Reserve Subaccount of the Revenue Bond Reserve Account is to be replenished in the following priority: (A) principal and interest on the Qualified Reserve Fund Substitute is to be paid from first available Revenues; (B) after all such amounts are paid in full, amounts necessary to fund the Common Reserve Subaccount of the Revenue Bond Reserve Account to the required level, after taking into account the amounts available under the Qualified Reserve Fund Substitute are to be deposited from next available Revenues.

Investment of Money. Money held for the credit of all subaccounts or accounts established under the Series Resolution on deposit with the Trustee are to be continuously invested and reinvested by the Trustee in such Investment Obligations as the City may direct to the extent practicable. Except as otherwise permitted under the Bond Order, any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such subaccounts or accounts will be required for the purposes intended. No Investment Obligations in any such subaccount or account may mature beyond the maturity date of the applicable series of 2023 Bonds.

The interest accruing on Investment Obligations in the subaccounts and any profit or loss realized on the disposition or maturity of such Investment Obligations are to be credited to or charged against the following Funds, accounts and subaccounts, unless otherwise directed by the City: interest and profit or loss resulting from each of the subaccounts established under the Series Resolution other than the Series 2023A Subaccount of the Series 2023 Additional Facilities Account and the Series 2023B Subaccount of the Series 2023 Additional Facilities Account shall be credited to or charged against the Revenue Fund, and interest and profit or loss resulting from the Series 2023A Subaccount of the Series 2023 Additional Facilities Account and the Series 2023B Subaccount of the Series 2023 Additional Facilities Account shall be credited to or charged against that respective account or subaccount.

Payment of Principal, Interest and Premium and Pledge of Net Revenues. The City has covenanted that it will promptly pay the principal of and the interest on every 2023 Bond issued under the Series Resolution at the places, on the dates and in the manner provided in the Series Resolution and in the 2023 Bonds, and any premium required for the retirement of the 2023 Bonds by purchase or redemption, according to the true intent and meaning thereof. The City represents and covenants that it is duly authorized under the constitution and laws of the State, particularly the Act, to issue the 2023 Bonds and to pledge the Net Revenues in the manner and to the extent in the Series Resolution and in the Bond Order set forth; that all action on its part for the issuance of the 2023 Bonds initially issued has been duly and effectively taken; and that such 2023 Bonds in the hands of the Owners thereof are and will be valid and binding special obligations of the City according to their terms.

Except to the extent of a lien on Net Revenues from the Airport, the 2023 Bonds are not payable from the general funds of the City and do not constitute a legal or equitable pledge, lien or encumbrance on any of the properties of the City or on any of its income, receipts or revenues, except as provided in the Series Resolution and the Bond Order, and neither the credit nor the taxing power of the City are pledged for the payment of the 2023 Bonds, or the City's obligations to comply with any covenant or agreement under the Series Resolution or any other agreement entered into by the City pursuant to its authority.

Supplemental Series Resolutions. The Series Resolution and the rights and obligations of the City and the Owners may be modified or amended at the same times, in the same manner and for the same purposes as the Bond Order, but if the modification or amendment affects only one or more of the respective Series of 2023 Bonds, the percentage to be applied under the Bond Order will be applied only to the affected Series of Outstanding 2023 Bonds.

Notwithstanding anything in the Bond Order or the Series Resolution to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any 2023 Bonds or another Series of the Bonds issued after the issuance of the 2023 Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental series resolution as required or permitted by the Series Resolution, including any amendment or supplemental series resolution that adversely affects the interests of other Owners, and (2) any Owner is not entitled to receive, nor is the City required to provide, any prior notice or other documentation regarding such amendment or supplemental series resolution.

On the adoption of any supplemental series resolution, the Series Resolution will deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Series Resolution, the Trustee and all Owners will thereafter be determined, exercised and enforced in all respects pursuant to the provisions of the Series Resolution as so modified and amended.

Arbitrage and Tax Covenants. The City covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from federal income taxation of the interest on the 2023A Bonds and the 2023B Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, the City will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly on having knowledge thereof. The City acknowledges that the continued exclusion of interest on the 2023A Bonds and the 2023B Bonds or from an Owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. The City covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2023A Bonds and the 2023B Bonds or other funds under its control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2023A Bonds and the 2023B Bonds to be "*arbitrage bonds*" for purposes of Section 148 of the Code.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Letterhead of Parker Poe Adams & Bernstein LLP]

September ___, 2023

City of Charlotte, North Carolina
Charlotte, North Carolina

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

$256,875,000
City of Charlotte, North Carolina
Airport Revenue Bonds, Series 2023A (Non-AMT)

and

$110,285,000
City of Charlotte, North Carolina
Airport Revenue Bonds, Series 2023B (AMT)

Ladies and Gentlemen:

We have acted as bond counsel ("*Bond Counsel*") to the City of Charlotte, North Carolina (the "*City*"), in connection with the issuance and delivery by the City of its $256,875,000 Airport Revenue Bonds, Series 2023A (Non-AMT) (the "*2023A Bonds*") and its $110,285,000 Airport Revenue Bonds, Series 2023B (AMT) (the "*2023B Bonds*" and collectively with the 2023A Bonds, the "*2023 Bonds*"), pursuant to the Bond Order adopted on April 24, 2017 by the City Council of the City (the "*City Council*"), as amended and supplemented by Supplemental Bond Order, Number 1 adopted by the City Council on March 22, 2021 (collectively, the "*Bond Order*"), and the Series Resolution adopted by the City Council on August 28, 2023 (the "*Series Resolution*"). The City is a municipal corporation of the State of North Carolina (the "*State*") and is empowered to issue the 2023 Bonds pursuant to The State and Local Government Revenue Bond Act, Section 159-80 *et seq*. of the General Statutes of North Carolina, as amended (the "*Act*"), subject to the approval of the Local Government Commission of North Carolina. All capitalized terms not otherwise defined herein have the meaning assigned to such terms in the Bond Order.

The proceeds of the 2023 Bonds are being issued to provide funds to be used, with other available funds, to (1) refinance a portion of a bond anticipation note, the proceeds of which were used to acquire and construct certain improvements to the Charlotte Douglas International Airport, (2) finance a portion of the costs of facilities and improvements located at the Charlotte Douglas International Airport, (3) fund any debt service reserves for the 2023 Bonds, (4) pay capitalized interest on the 2023 Bonds and (5) pay the costs of issuance of the 2023 Bonds.

In rendering the opinions hereinafter expressed, we have examined the Act, certified copies of the Bond Order and the Series Resolution and such laws, documents, instruments, proceedings and opinions as we have deemed relevant in rendering the opinions hereinafter expressed. We have assumed the accuracy and truthfulness of all public records and of all certifications, documents, opinions and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing on such public records, certifications, documents, opinions and proceedings.

On the basis of the foregoing, we are of the opinion, under existing law, that:

1. The City is validly existing as a municipal corporation of the State, with the authorization and power under the provisions of the Constitution and laws of the State, including the Act, to execute and deliver the 2023 Bonds for the purposes set forth in the Bond Order and the Series Resolution and to execute and deliver, and to perform its obligations under, the Bond Order and the Series Resolution.

2. The Bond Order and the Series Resolution have been duly adopted by the City and are each valid, binding and enforceable obligations of the City. The security for the payment of the 2023 Bonds, including the Net Revenues, has been validly pledged and assigned to U.S. Bank Trust Company, National Association, as trustee under the Bond Order and the Series Resolution for the benefit of the owners of the 2023 Bonds.

3. The 2023 Bonds have been duly authorized, executed and delivered in accordance with the applicable provisions of the Constitution and laws of the State, including the Act, and are valid and binding special obligations of the City. The 2023 Bonds are entitled to the benefits and security of the Bond Order and the Series Resolution for the payment of the 2023 Bonds, including the pledge of Net Revenues, in accordance with the terms of the Bond Order and the Series Resolution.

4. The principal of and interest on the 2023 Bonds are special obligations payable by the City solely from the sources described in the Bond Order and the Series Resolution, including the Net Revenues. The principal of, premium, if any, and interest on the 2023 Bonds are not payable from the general funds of the City, nor do they constitute a legal or equitable pledge, charge, lien or encumbrance on any of the City's property or on any of the City's income, receipts or revenues, except for the Net Revenues and any and all unencumbered funds which are pledged for such payment under the Bond Order and the Series Resolution. Neither the credit nor the taxing power of the State or the City are pledged for the payment of the principal of, premium, if any, or interest on the 2023 Bonds, and no owner of the 2023 Bonds has the right to compel the exercise of the taxing power by the State or the City or the forfeiture of any of its property in connection with any default on the 2023 Bonds.

5. Interest on the 2023A Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax, although we observe that, for tax years beginning after December 31, 2022, interest on the 2023A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax.

6. Interest on the 2023B Bonds (a) is excludable from gross income for federal income tax purposes, except no opinion is expressed regarding interest on any 2023B Bond for any period during which such 2023B Bond is held by a "substantial user" of the facilities financed or refinanced by the

2023B Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "*Code*"), and (b) is an item of tax preference for purposes of the federal alternative minimum tax.

7. The opinions set forth in paragraphs 5 and 6 are each subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2023 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the 2023 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2023 Bonds. We express no opinion regarding other federal tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2023 Bonds.

8. Interest on the 2023 Bonds is exempt from all State of North Carolina income taxation.

The rights of the owners of the 2023 Bonds and the enforceability of the 2023 Bonds, the Bond Order and the Series Resolution are limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, liquidation, readjustment of debt and other similar laws affecting creditors' rights and remedies generally, and by general principles of equity, whether such equitable principles are considered in a proceeding at law or in equity.

Our services as Bond Counsel to the City in connection with the issuance of the 2023 Bonds have been limited to rendering the opinions expressed above on the basis of our review of such proceedings, documents and opinions as we have deemed necessary to approve the validity of the 2023 Bonds and the tax status of interest on the 2023 Bonds. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement or the Official Statement (collectively, the "*Official Statement*"), or any other offering material relating to the 2023 Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion herein relating thereto (excepting only the matters set forth as our opinion in the Official Statement and the section entitled "**TAX TREATMENT**") or as to the financial resources of the City, or the ability of the City to make the payments required under the Bond Order and the Series Resolution, that may have been relied on by anyone in making the decision to purchase Bonds.

The opinions expressed above are given as of the date hereof, and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

PARKER POE ADAMS & BERNSTEIN LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

THE CITY OF CHARLOTTE

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE CITY OF CHARLOTTE

The City, a municipal corporation of the State located in Mecklenburg County (the "County"), is the 16th most populated city in the United States. The City was incorporated in 1768, became the County seat in 1774, and has grown from an initial 360 acres to a present area covering 308 square miles of the 527 square-mile County.

The City's Planning Department has estimated the City's population to be 979,096 for Fiscal Year 2022. In 2019, the United States Census Bureau ranked the City as having the 5th largest numeric population increase between July 1, 2018 and July 1, 2019 among U.S. cities with at least 50,000 residents.

The United States Census Bureau has recorded the population of the City as follows:

1990	2000	2010	2020
395,934	540,828	731,424	874,579

The City is the core of the Charlotte-Concord Combined Statistical Area (the "CSA"), a region of over 2.8 million people as of 2020, which includes the Charlotte-Concord-Gastonia, NC-SC metropolitan statistical area, the Albemarle, NC micropolitan statistical area, and the Shelby, NC micropolitan statistical area. The combination of population growth and location reinforces the City's role as a regional center in the Southeast.

The City and County are important locations for regional headquarters of major national and international companies. A number of national corporations have selected the City and County for establishment of sales offices, division headquarters, research and development facilities and other administrative units. The Charlotte region is home to 425 corporate headquarters, including nine of the nation's "Fortune 500" companies according Fortune Magazine's 2023 Fortune 500 list. According to the North Carolina Department of Commerce Labor & Economic Analysis Division, the City's unemployment rate (not seasonally adjusted) was 3.3% in May 2023, compared to 3.4% for the State and 3.4% for the United States for the same period.

The City is governed by a mayor and an 11-member Council elected biennially on a partisan basis. The mayor presides over all Council meetings and can vote only in case of a tie, but does have limited veto power. The Council enacts all general and technical ordinances, including budgetary appropriations and construction and zoning ordinances, approves contracts and originates general management policies. The Council employs a City Manager who directs the daily operations of the City through department heads appointed by the City Manager, including one Aviation Director.

Daedalus, LLC filed an action in state court, 18 CVS 21073, on November 5, 2018, alleging that Charlotte Water, a City department, improperly assessed system development fees under North Carolina law ("State Case – Daedalus I"). The plaintiffs alleged class-action status on behalf of similarly situated individuals who paid system development fees (formerly known as capacity fees) between November 5, 2015, and June 30, 2018. After two amended complaints, Plaintiffs alleged damages in the amount of all system development fees (formerly known as capacity fees) paid between November 5, 2015, to June 30, 2020. The plaintiffs sued again in May 2021 in state court, 21 CVS 6852, regarding the system development fees assessed from July 1, 2020, to present and sought to have this litigation classified as a class-action lawsuit ("State Case – Daedalus II"). The state judge consolidated State Case – Daedalus II into State Case – Daedalus I.

A state judge entered a two-part decision on October 2, 2020, in State Case – Daedalus I. In the first part, the state judge found Charlotte Water's assessment of system development fees between

November 5, 2015, and June 30, 2018, to be illegal and ordered those fees be repaid, with interest, to the plaintiffs. In the second part of the decision, the state judge ordered a jury trial to determine the legality of Charlotte Water's assessment of system development fees on and after July 1, 2018, through June 30, 2020. Thereafter, the City filed an appeal to the North Carolina Court of Appeals, but the Court upheld the state judge's ruling on April 5, 2022. The City subsequently filed a petition for discretionary review with the North Carolina Supreme Court, but it was denied by the Court on August 19, 2022.

Separately, several national homebuilders filed a similar action on January 11, 2019, in federal court, 19 CV 15, alleging that Charlotte Water improperly assessed system development fees (formerly known as capacity fees) under North Carolina law ("Federal Case"). The plaintiffs alleged class-action status on behalf of similarly situated individuals who have paid system development fees (formerly known as capacity fees) between January 11, 2016, through June 30, 2018. The plaintiffs subsequently took a voluntary dismissal in the Federal Case and pursued their claims under the State Case – Daedalus I. The parties settled the entire litigation (State Case – Daedalus I & State Case – Daedalus II) for $106 million. The settlement was approved by the state judge in April 2023. The City paid $90 million on or around July 1, 2023, and will pay $16 million on or around July 1, 2024. These amounts will be paid by Charlotte Water as part of the City's water and sewer enterprise and will not have a material adverse impact on the City's long-term financial position or impair its ability to pay principal and interest on any of its outstanding bonds.

The City is also a party defendant to a number of other civil injustice lawsuits and legal actions. In one of these, seven plaintiffs filed a class action in state court, Curlee, et al v. City of Charlotte (21-CVS-12505), alleging that they suffered severe injuries due to the use of riot control agents such as tear gas and smoke bombs by the Charlotte-Mecklenburg Police Department (CMPD) in response to protests in uptown Charlotte after the death of George Floyd. On March 31, 2023, plaintiffs filed an amended complaint increasing the number of plaintiffs to 67. This litigation is in its early stages and the parties are currently negotiating a proposed order that would govern discovery deadlines. In the opinion of the City's attorney and management, the ultimate outcome of these legal matters is not expected to have a material adverse impact on the City's financial position.

The City has three historic environmental sites. Currently, the City is under an Administrative Order of Consent (AO) with the North Carolina Department of Environmental Quality (DEQ) for the City's Fire Training Academy. Under the AO, the City must annually provide financial assurance that the City is capable of covering up to 30 years post-closure sampling at this site. The former York Road landfill (Renaissance Park) is monitored under the DEQ's Solid Waste Section. Another prior landfill, Statesville Road, is monitored by the DEQ's "Pre-Regulatory Landfill Unit." For the Fiscal Year ending June 30, 2023, the annual combined cleanup costs totaled approximately $125,000 for the two landfill sites and $120,000 for the Fire Training Academy.

Additionally, the City may receive a Notice of Violation (NOV) or Notice of Regulatory Requirement (NORR), from time to time, from the DEQ for current/historical operations at a property. These are typically due to current or historical operations of petroleum underground tanks. The City addresses and seeks to close out these issues in a timely manner. In the opinion of City management, costs incurred for addressing environmental issues are not expected to have a material adverse impact on the City's financial position after giving effect to the provision for clean-up costs.

The City manages a Brownfield Assessment Grant Program (the "BAG Program") which assists property and business owners and infill developers in overcoming barriers that contamination presents for the redevelopment of underutilized brownfield sites in distressed business districts and neighborhoods. The BAG Program provides fifty percent matching funds, up to $20k per site, to property owners for site assessment, design of remediation activities, and legal expenses for redevelopment sites suspected of contamination. When the City enters into the agreements, it legally obligates itself to participate in the cleanup activities of the remediation effort. The amount of the liability is derived from the grant agreements and assumes no unexpected change orders.

The City has received a number of federal and state grants for specific purposes that are subject to review by the grantor agencies. Such reviews could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under terms of the grants. The City management believes that such disallowances, if any, would not have a material adverse impact on the City's financial position.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

The Local Government Commission (the "Commission") is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue and five others by appointment (three by the Governor, one by the General Assembly upon recommendation of the President Pro Tempore of the Senate and one by the General Assembly upon recommendation of the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who heads the administrative staff serving the Commission.

A major function of the Commission is the approval, sale and delivery of substantially all North Carolina local government bonds and notes. A second key function is monitoring certain fiscal and accounting standards prescribed for units of local government by The Local Government Budget and Fiscal Control Act. In addition, the Commission furnishes, upon request, on-site assistance to units of local government concerning existing financial and accounting systems as well as aid in establishing new systems. Further, educational programs and materials are provided for local officials concerning finance and cash management.

Before any unit of local government can incur bonded indebtedness, the proposed bond issue must be approved by the Commission. In determining whether to give such approval the Commission may consider, among other things, the unit's debt management procedures and policies, its compliance with The Local Government Budget and Fiscal Control Act and its ability to service the proposed debt. With some limited exceptions, all general obligation issues are customarily sold on the basis of formal sealed bids submitted at the Commission's offices in Raleigh and are subsequently delivered to the successful bidder by the Commission. The Commission maintains records for all units of local government of principal and interest payments coming due on bonded indebtedness in the current and future years and monitors the payment by the units of local government of debt service through a system of monthly reports.

As a part of its role in assisting and monitoring the fiscal programs of units of local government, the Commission attempts to ensure that the units of local government follow generally accepted accounting principles, systems and practices. The Commission's staff also counsels the units of local government in treasury and cash management, budget preparation and investment policies and procedures. Educational programs, in the form of seminars or classes, are also provided by the Commission in order to accomplish these tasks. The monitoring of the financial systems of units of local government is accomplished through the examination and analysis of the annual audited financial statements and other required reports. The Local Government Budget and Fiscal Control Act requires each unit of local government to have its accounts audited annually by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts. A written contract must be submitted to the Secretary of the Commission for his approval prior to the commencement of the audit.

The Commission has the statutory authority to impound the books and records of any unit of local government and assume full control of all its financial affairs (a) when the unit defaults on any debt service payment or, in the opinion of the Commission, will default on a future debt service payment if the financial policies and practices of the unit are not improved or (b) when the unit persists, after notice and warning from the Commission, in willfully or negligently failing or refusing to comply with the provisions of The Local Government Finance Act. When the Commission takes action under this authority, the Commission is vested with all of the powers of the governing board of the unit of local government as to the levy of taxes, expenditure of money, adoption of budgets and all other financial powers conferred upon such governing board by law.

In addition, if a unit of local government fails to pay any installment of principal or interest on its outstanding debt on or before its due date and remains in default for 90 days, the Commission may take such action as it deems advisable to investigate the unit's fiscal affairs, consult with its governing board and negotiate with its creditors in order to assist the unit in working out a plan for refinancing, adjusting or compromising such debt. When a plan is developed that the Commission finds to be fair and equitable and reasonably within the ability of the unit of local government to meet, the Commission will enter an order finding that the plan is fair, equitable and within the ability of the unit to meet and will advise the unit to take the necessary steps to implement such plan. If the governing board of the unit declines or refuses to do so within 90 days after receiving the Commission's advice, the Commission may enter an order directing the unit to implement such plan and may apply for a court order to enforce such order. When a refinancing plan has been put into effect, the Commission has the authority (a) to require any periodic financial reports on the unit's financial affairs that the Secretary deems necessary and (b) to approve or reject the unit's annual budget ordinance. The governing board of the unit of local government must also obtain the approval of the Secretary of the Commission before adopting any annual budget ordinance. The power and authority granted to the Commission as described in this paragraph will continue with respect to a defaulting unit of local government until the Commission is satisfied that the unit has performed or will perform the duties required of it in the refinancing plan and until agreements made with the unit's creditors have been performed in accordance with such plan.

APPENDIX G

BOOK-ENTRY SYSTEM

[THIS PAGE INTENTIONALLY LEFT BLANK]

BOOK-ENTRY SYSTEM

THE FOLLOWING DESCRIPTION OF DTC, OF PROCEDURES AND RECORD KEEPING ON BENEFICIAL OWNERSHIP INTERESTS IN THE 2023 BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS WITH RESPECT TO THE 2023 BONDS TO DTC PARTICIPANTS OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2023 BONDS, AND OR OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC PARTICIPANTS AND BENEFICIAL OWNERS IS BASED ON INFORMATION FURNISHED BY DTC.

The Depository Trust Company
a subsidiary of The Depository Trust & Clearing Corporation

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2023 Bonds. The 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the 2023 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2023 BONDS, AS DTC'S PARTNERSHIP NOMINEE, REFERENCE HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE 2023 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE 2023 BONDS.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of the 2023 Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2023 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests with respect to the 2023 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 2023 Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued.

4. To facilitate subsequent transfers, all 2023 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 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023 Bonds arc credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2023 Bonds may wish to ascertain that the nominee holding the 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the 2023 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

BECAUSE DTC IS TREATED AS THE OWNER OF THE 2023 BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE 2020 BOND RESOLUTION, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE COMMISSION, TO THE CITY OR TO DTC, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE 2023 BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

8. Redemption proceeds, distributions, and dividend payments on the 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City or

the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Commission, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. THE CITY AND THE COMMISSION CANNOT AND DO NOT GIVE ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

9. DTC may discontinue providing its services as depository with respect to the 2023 Bonds at any time by giving reasonable notice to the Commission and the City. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Commission and the City believe to be reliable, but the Commission and the City take no responsibility for the accuracy thereof.

The Commission and the City have no responsibility or obligation to DTC, the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, or the maintenance of any records; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the 2023 Bonds, or the sending of any transaction statements; (3) the delivery or timeliness of delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the 2023 Bond Resolution to be given to Owners; (4) the selection of the Beneficial Owners to receive payments upon any partial redemption of the 2023 Bonds; or (5) any consent given or other action taken by DTC or its nominee as the registered owner of the 2023 Bonds, including any action taken pursuant to an omnibus proxy.

CITY OF CHARLOTTE, NORTH CAROLINA • CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT, AIRPORT REVENUE BONDS, SERIES 2023A (NON-AMT) AND SERIES 2023B (AMT)

CHARLOTTE℠

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com