NEW ISSUE – BOOK-ENTRY ONLY
NOT BANK QUALIFIED

S&P GLOBAL RATING: "A"
MOODY'S RATING: "A2"
See "RATINGS" herein.

In the opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel, under existing law and subject to certain qualifications described herein, (a) the interest on the 2024A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, (b) the interest on the 2024B Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2024B Bonds for any period during which such bond is held by a "substantial user" of the facilities financed or refinanced by the 2024B Bonds, or a "related person" to such "substantial user," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended, but interest on the 2024B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (c) interest on the 2024 Bonds may affect the federal alternative minimum tax applicable to certain corporations. See "TAX MATTERS."

SPOKANE COUNTY, WASHINGTON
AIRPORT REVENUE BONDS

$34,900,000
SERIES 2024A (NON-AMT)

$95,485,000
SERIES 2024B (AMT)

Dated: Date of Delivery

Due: January 1, as shown on the inside cover

Spokane County, Washington (the "County"), is issuing its Airport Revenue Bonds, Series 2024A (Non-AMT) (the "2024A Bonds") and its Airport Revenue Bonds, Series 2024B (AMT) (the "2024B Bonds," and together with the 2024A Bonds, the "2024 Bonds"), in fully registered form under a book-entry only system. When issued, the 2024 Bonds initially will be registered to Cede & Co., as bond owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as initial securities depository for the 2024 Bonds. Individual purchases of the 2024 Bonds will be made in the principal amount of $5,000 or integral multiples thereof within a series and maturity. Purchasers of the 2024 Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial ownership interest in the 2024 Bonds purchased. The fiscal agent of the state of Washington (the "State"), currently U.S. Bank Trust Company, National Association, will act as the registrar, paying agent, transfer agent and authenticating agent for the 2024 Bonds (the "Bond Registrar").

Interest on the 2024 Bonds will be payable semiannually on each July 1 and January 1, commencing July 1, 2025, to the maturity or earlier redemption of the 2024 Bonds. The 2024 Bonds will mature on the dates and in the amounts and bear interest at the rates set forth on the inside cover. For so long as the 2024 Bonds are held in book-entry only form, the Bond Registrar will pay the principal of and interest on the 2024 Bonds to DTC, which will in turn remit such payments to its broker-dealer participants for subsequent disbursement to the Beneficial Owners. See "DESCRIPTION OF THE 2024 BONDS—Registration and Payment" and Appendix F—"BOOK-ENTRY SYSTEM."

Maturity Dates, Principal Amounts, Interest Rates, Yields, Prices and CUSIP® Numbers on Inside Front Cover

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The proceeds of the 2024 Bonds will be applied by the Spokane Airport Board (the "Airport Board"), an agency created by interlocal agreement between the County and the City of Spokane (the "City") under chapter 14.08 of the Revised Code of Washington ("RCW"), pursuant to the Airport Revenue Bond Agreement, between the County and the Airport Board (the "Airport Revenue Bond Agreement") to finance and/or reimburse the Airport Board (including repaying a loan from the County for interim financing) for the following: (a) designing, acquiring, constructing, installing, and equipping the concourse C terminal renovation and expansion project, an administration building, parking facilities, and fuel storage facilities, (b) funding Capitalized Interest on the 2024 Bonds, (c) funding a Reserve Requirement for the 2024 Bonds, and (d) paying costs of issuance for the 2024 Bonds (each as defined herein). See "PURPOSE AND APPLICATION OF 2024 BOND PROCEEDS" herein.

The 2024 Bonds of each series are subject to redemption prior to their stated dates of maturity as described herein. See "DESCRIPTION OF THE 2024 BONDS—Redemption Provisions" herein. The 2024 Bonds are special, limited obligations of the County payable solely from, and secured by a pledge of, security interest in, and lien and charge on Revenues of the Airport System (as defined herein), subject only to Operation and Maintenance Expenses of the Airport System (as defined herein), obligated to be deposited to the Airport Revenue Bond Debt Service Fund and other amounts and certain funds and accounts pledged under Resolution No. 24-0547 of the County adopted on September 10, 2024 (the "Master Resolution") and Supplemental Resolution No. 24-0548 of the County adopted on September 10, 2024 (the "2024 Supplemental Resolution" and, together with the Master Resolution, the "Bond Resolution"), in each case as such terms are defined in the Bond Resolution. None of the properties of the Airport System, the County or the City are subject to any mortgage or other lien for the benefit of the owners of the 2024 Bonds, and neither the full faith and credit nor the taxing power of the County, the City, the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the 2024 Bonds. The Airport Board has no taxing power. The County has reserved the right to issue additional bonds and other obligations secured by a pledge of, security interest in, and lien and charge on Revenues of the Airport System, subject only to Operation and Maintenance Expenses of the Airport System, on a parity with the 2024 Bonds as provided in the Master Resolution.

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

The 2024 Bonds are offered when, as and if executed and delivered, and are subject to receipt of the approving legal opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel to the County, and certain other conditions. Certain legal matters will be passed upon for the Airport Board by its general counsel, Witherspoon Brajcich McPhee, PLLC, and special counsel, Kutak Rock LLP, and for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Seattle, Washington. It is expected that the 2024 Bonds will be available for delivery in New York, New York, through the facilities of DTC or to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer on or about November 7, 2024.

BARCLAYS

Official Statement dated October 22, 2024

SPOKANE COUNTY, WASHINGTON

AIRPORT REVENUE BONDS, SERIES 2024A (NON-AMT)
$34,900,000

Maturity Date (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.** (848661)
2026	$ 55,000	5.00%	3.07%	102.160	HC1
2027	360,000	5.00	2.86	104.428	HD9
2028	630,000	5.00	2.91	106.243	HE7
2029	660,000	5.00	2.95	107.948	HF4
2030	695,000	5.00	3.02	109.374	HG2
2031	730,000	5.00	3.11	110.501	HH0
2032	765,000	5.00	3.19	111.486	HJ6
2033	805,000	5.00	3.26	112.361	HK3
2034	845,000	5.00	3.31	113.243	HL1
2035	885,000	5.00	3.40*	112.486	HM9
2036	935,000	5.00	3.43*	112.236	HN7
2037	980,000	5.00	3.49*	111.736	HP2
2038	1,030,000	5.00	3.57*	111.074	HQ0
2039	1,075,000	5.00	3.63*	110.580	HR8
2040	1,130,000	5.00	3.72*	109.845	HS6
2041	1,185,000	5.00	3.81*	109.115	HT4
2042	1,245,000	5.00	3.90*	108.392	HU1
2043	1,310,000	5.00	3.95*	107.992	HV9
2044	1,375,000	5.00	4.00*	107.594	HW7

$7,980,000, 5.00% Term Bond due January 1, 2049, Yield 4.19%*, Price 106.098, CUSIP** No. 848661HX5

$10,225,000, 5.25% Term Bond due January 1, 2054, Yield 4.24%*, Price 107.588, CUSIP** No. 848661HY3

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* Calculated to the par call date of January 1, 2034.

** CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for convenience of reference only. None of the County, the Airport Board, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

SPOKANE COUNTY, WASHINGTON

AIRPORT REVENUE BONDS, SERIES 2024B (AMT)
$95,485,000

Maturity Date (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.** (848661)
2026	$ 720,000	5.00%	3.60%	101.558	HZ0
2027	1,600,000	5.00	3.39	103.306	JA3
2028	1,675,000	5.00	3.41	104.706	JB1
2029	1,760,000	5.00	3.47	105.861	JC9
2030	1,850,000	5.00	3.58	106.619	JD7
2031	1,945,000	5.00	3.71	107.030	JE5
2032	2,035,000	5.00	3.79	107.511	JF2
2033	2,140,000	5.00	3.86	107.901	JG0
2034	2,245,000	5.00	3.91	108.311	JH8
2035	2,355,000	5.00	4.00*	107.594	JJ4
2036	2,475,000	5.00	4.03*	107.356	JK1
2037	2,600,000	5.00	4.08*	106.961	JL9
2038	2,730,000	5.25	4.10*	108.695	JM7
2039	2,875,000	5.25	4.14*	108.377	JN5
2040	3,025,000	5.25	4.20*	107.903	JP0
2041	3,185,000	5.25	4.26*	107.431	JQ8
2042	3,350,000	5.25	4.31*	107.040	JR6
2043	3,520,000	5.25	4.33*	106.883	JS4
2044	3,710,000	5.25	4.37*	106.572	JT2

$21,680,000, 5.25% Term Bond due January 1, 2049, Yield 4.48%*, Price 105.722, CUSIP** No. 848661JU9

$28,010,000, 5.25% Term Bond due January 1, 2054, Yield 4.58%*, Price 104.956, CUSIP** No. 848661JV7

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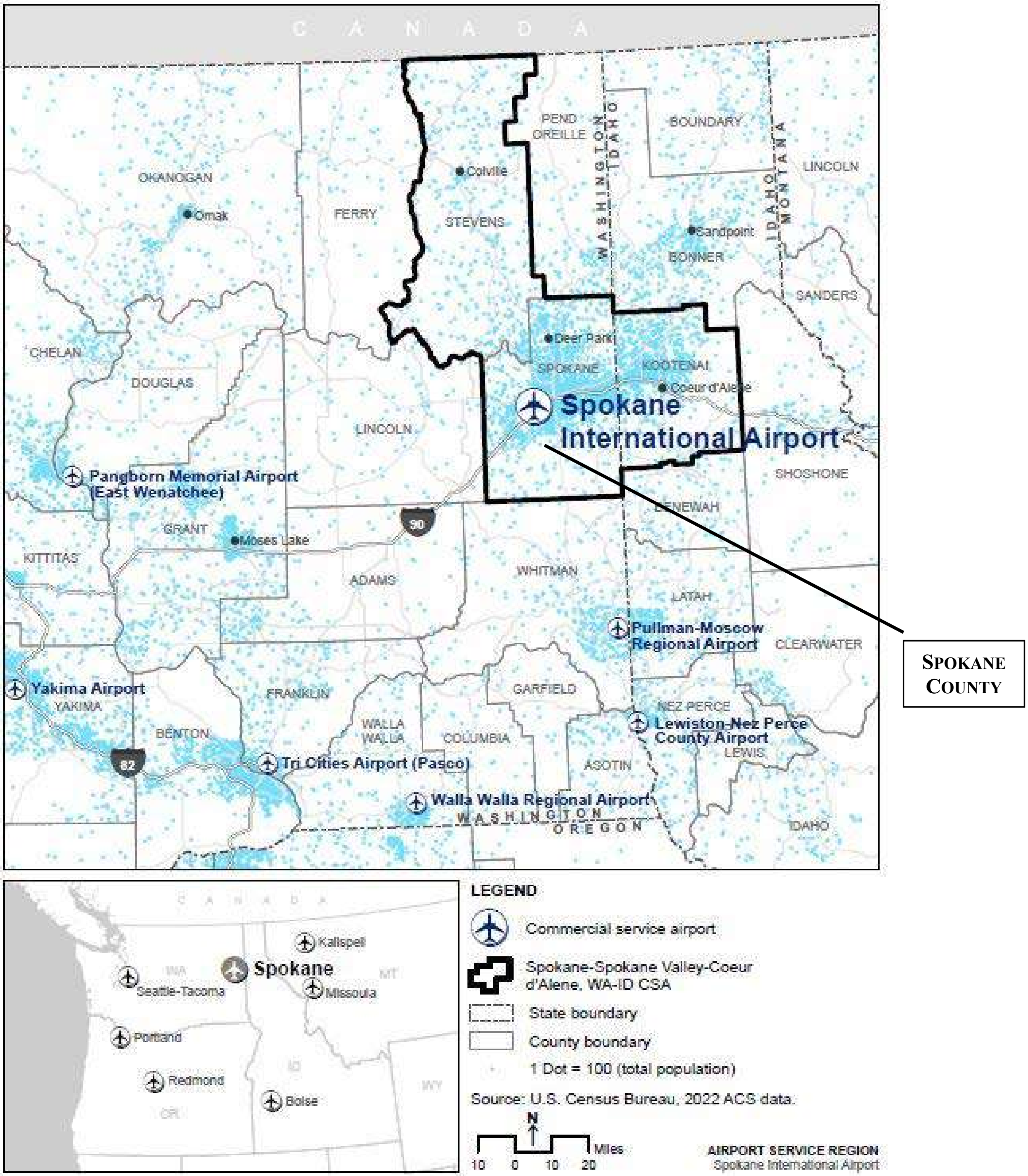
* Calculated to the par call date of January 1, 2034.

** CUSIP is a registered trademark of the American Bankers Association. CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for convenience of reference only. None of the County, the Airport Board, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

SPOKANE INTERNATIONAL AIRPORT
PRIMARY AIRPORT SERVICE REGION



Source: Report of the Airport Consultant. See Appendix B.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the cover page and Appendices, must be considered in its entirety. The offering of the 2024 Bonds is made only by means of this entire Official Statement.

The information within this Official Statement has been compiled from sources considered reliable and, while not guaranteed as to accuracy, is believed to be correct as of its date. The County and Airport Board make no representation regarding the accuracy or completeness of the information in Appendix F—"BOOK-ENTRY SYSTEM," which has been obtained from DTC's website, or the form of opinion of Bond Counsel. The information and expressions of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the County, the Airport Board, or in the other matters described herein since the dates as of which such information is provided.

Information on website addresses set forth in this Official Statement is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor should any such information be relied upon in making investment decisions regarding the 2024 Bonds.

No dealer, broker, sales representative, or other person has been authorized by the County or Airport Board to give any information or to make any representations with respect to the 2024 Bonds other than as contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the County or Airport Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2024 Bonds by any person, in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation or sale.

Certain statements contained in this Official Statement do not reflect historical facts, but rather are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts shown. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "forecast" and "believe" and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, technological change, seismic events, infectious disease including the coronavirus pandemic, and various other events, conditions and circumstances, many of which are beyond the control of the County and the Airport Board. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. These forward-looking statements speak only as of the date they were prepared. The County and Airport Board do not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based occur and specifically disclaims any such obligation.

The presentation of certain information, including tables of receipts from taxes and other revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County or the Airport Board. No representation is made that experience, as it might be shown by such financial and other information, will necessarily continue to be repeated in the future. Information relating to debt and tax limitations is based on existing statutes and constitutional provisions. Changes in State law could alter these provisions.

The 2024 Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, in reliance upon a specific exemption contained in such act. The 2024 Bonds may, however, be subject to registration or qualification under the securities laws of various states, and may not be transferred in violation of such state laws. The registration or qualification of the 2024 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2024 Bonds have been registered or qualified, if any, and exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof. No state nor any state or federal agency has passed upon the merits of these 2024 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

Barclays Capital Inc. (the "Underwriter") has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The CUSIP numbers herein were obtained by the Underwriter from CUSIP Global Services. The County and Airport Board make no representation as to the accuracy thereof. CUSIP is a registered trademark of the American Bankers Association. No assurance can be given that the CUSIP numbers for the 2024 Bonds will remain the same after the date of issuance and delivery of the 2024 Bonds.

Spokane County
1116 West Broadway Avenue
Spokane, Washington 99260
(509) 477-2265
www.spokanecounty.org*

COUNTY OFFICIALS

Board of County Commissioners .... Mary L. Kuney, Chair, District 4
Josh Kerns, Vice Chair, District 3
Al French, Commissioner, District 5
Amber Waldref, Commissioner, District 2
Chris Jordan, Commissioner, District 1

Assessor .... Thomas Konis
Auditor .... Vicky M. Dalton
Chief Executive Officer .... Scott Simmons
Senior Director of Finance and Administration .... Randy Bischoff
Clerk .... Timothy W. Fitzgerald
Prosecuting Attorney .... Larry H. Haskell
Sheriff .... John Nowels
Treasurer .... Michael Baumgartner

Spokane Airport Board
9000 W. Airport Dr., Suite 204
Spokane, WA 99224
(509) 455-6455
www.spokaneairports.net*

AIRPORT OFFICIALS

Airport Board .... Ezra Eckhardt, Chair
Al French, Spokane County Commissioner, Vice Chair
Jennifer West, Secretary
Betsy Wilkerson, Spokane City Council President, Member
Nancy Vorhees, Member
Max Kuney, Member
Brooke Baker Spink, Member

Airport Chief Executive Officer .... Lawrence Krauter
Chief Financial Officer .... Robert Schultz
Director of Marketing & Public Affairs .... Todd Woodard
Chief Development Officer .... Lisa Corcoran
Chief Operating Officer .... Ryan Sheehan
Manager of Properties & Contracts .... Amy Anderson
General Counsel to the Airport Board .... Witherspoon Brajcich McPhee, PLLC

ADVISORS AND CONSULTANTS

Bond Counsel and Disclosure Counsel to the County .... Pacifica Law Group LLP
Municipal Advisor to the County and the Airport Board .... PFM Financial Advisors LLC
Bond Registrar .... Fiscal Agent of the State of Washington, currently
U.S. Bank Trust Company, National Association
Airport Consultant .... LeighFisher, Inc.
Special Counsel to the Airport Board .... Kutak Rock LLP
Independent Auditors to the Airport Board .... Moss Adams LLP

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* The County's and the Airport Board's websites are not part of this Official Statement, and investors should not rely on information presented in such websites in determining whether to purchase the 2024 Bonds. These inactive textual references to the County's and the Airport Board's websites are not a hyperlink and do not incorporate such websites by reference.

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OFFICIAL STATEMENT

SPOKANE COUNTY, WASHINGTON

AIRPORT REVENUE BONDS

$34,900,000 **SERIES 2024A (Non-AMT)**	**$95,485,000** **SERIES 2024B (AMT)**

INTRODUCTION

This Official Statement, which includes the cover page, the appendices hereto, and the documents incorporated herein by reference, is being provided by Spokane County, Washington (the "County") to furnish information in connection with the issuance by the County of its Airport Revenue Bonds, Series 2024A (Non-AMT), in the aggregate principal amount of $34,900,000 (the "2024A Bonds"), and its Airport Revenue Bonds, Series 2024B (AMT), in the aggregate principal amount of $95,485,000 (the "2024B Bonds" and together with the 2024A Bonds, the "2024 Bonds").

The 2024 Bonds are issued pursuant to a joint resolution adopted by the Spokane Airport Board (the "Airport Board") on July 26, 2024, the City Council of the City of Spokane, Washington (the "City") on July 22, 2024, and the Board of County Commissioners (the "Board") of the County on July 23, 2024 (the "2024 Joint Resolution"), Resolution No. 10-24 adopted by the Airport Board on September 3, 2024 (the "2024 Airport Board Series Resolution"), Resolution No. 24-0547, adopted by the Board on September 10, 2024 (the "Master Resolution"), and Supplemental Resolution No. 24-0548, adopted by the Board on September 10, 2024 (the "2024 Supplemental Resolution"). The Master Resolution and the 2024 Supplemental Resolution are referred to herein as the "Bond Resolution." The 2024 Bonds are being issued in accordance with the provisions of chapter 14.08 and chapter 39.46 of the Revised Code of Washington, as amended ("RCW") (including without limitation RCW 39.46.150). Unless otherwise defined in this Official Statement, capitalized terms used herein have the meanings given them in the Bond Resolution, a copy of which is attached hereto in Appendix E.

The County

The County is a political subdivision of the state of Washington (the "State"). The County is located in eastern Washington along the Washington/Idaho border and has an estimated 2024 population of 559,400. The County is the fourth most populated county in the State and is governed by a five-member elected Board. For more information, see "THE COUNTY" herein.

The Airport Board

The Airport Board was formed in 1962 pursuant to an agreement between the County and the City under the provisions of chapter 14.08 RCW, which establishes the operation of airports by more than one municipality under joint agreement. The Airport Board currently operates under the Amended Spokane County/City Airport Agreement between the County and the City, dated October 7, 2019 (the "Interlocal Agreement"), which provides for the joint operation of the Spokane International Airport (the "Airport"), Felts Field Airport ("Felts Field"), Spokane International Airport Business Park facilities (the "Airport Business Park") and related facilities (as further defined herein, the "Airport Facilities"), and vests in the Airport Board the authority to manage and operate such facilities for aeronautical and industrial development purposes, subject to the specific limitations contained in the Interlocal Agreement. For more information on the Airport Facilities, see "Spokane International Airport and other Airport Facilities" below.

The Airport Board consists of seven members, three appointed by the City, three appointed by the County and one selected jointly. One of the three members appointed by the City must be a member of the City Council, and one member appointed by the County must be a County Commissioner.

The County and the Airport Board have entered into the Airport Revenue Bond Agreement, dated as of September 10, 2024 (the "Airport Revenue Bond Agreement") providing for the issuance of the revenue bonds of the County (including the 2024 Bonds) and the incurrence of other obligations by the County, at the request of the Airport Board, to finance improvements to the Airport Facilities managed and operated by the Airport Board. The 2024 Bonds and any additional bonds or obligations issued on a parity of lien on Revenues of the Airport System with the Bonds are referred to herein as the "Bonds."

All Bonds and other obligations issued or incurred by the County from time to time under the Master Resolution for the benefit of the Airport Board and its operations shall be issued or incurred, as applicable, pursuant to and subject to the satisfaction of the requirements set forth in the Airport Revenue Bond Agreement. Further, certain acts to be taken by the County under the Master Resolution, including but not limited to the establishment of reserves, the appointment of Consultants, the execution of Swaps in connection with a Series of Bonds, and the procurement of a Credit Facility, Liquidity Facility or Debt Service Reserve Fund Surety Policy in connection with a Series of Bonds, shall be subject to the terms of the Airport Revenue Bond Agreement. For more information, see "THE AIRPORT BOARD" herein. A copy of the Airport Revenue Bond Agreement is attached hereto in Appendix E.

Spokane International Airport and Other Airport Facilities

The Airport Facilities are jointly owned by the County and the City as tenants in common under the terms of the Interlocal Agreement, and are managed, operated and controlled by the Airport Board. The Master Resolution defines "Airport Facilities" to include a facility or group of facilities or categories of facilities that constitute or are part of the Airport System. The Master Resolution defines "Airport System" as (a) all airports, airport sites, and all equipment and facilities for aerial navigation, flight, instruction and air commerce, including the Airport and Auxiliary Airports (including Felts Field), (b) the Airport Business Park Facilities, (c) the Rail-Truck Transload Facility, and (d) all facilities and property related thereto, real or personal, now or hereafter (for so long as any Bonds are outstanding), owned, operated, used, leased, licensed, or managed by the County, by the City, or jointly by both through the Airport Board, or from which the Revenues are derived at such location; exclusive of any property or interest therein defined in the Master Resolution as "Excluded Property." The Airport System includes the real property owned by the County and the City in equal undivided shares as tenants in common that is managed and operated by the Airport Board as well as the personal property held in the name of the Airport Board, but excludes the public utility sewer and water systems owned by the City.

The Airport is an approximately 6,000-acre commercial service airport serving the Spokane metropolitan region and is served by seven major airlines, two regional airlines and seven air cargo carriers. The Airport processed over 4.1 million total passengers and 77,171 tons of air cargo in 2023. The Airport serves as the region's commercial service airport and provides domestic scheduled passenger and cargo air service connectivity for the market area that stretches from Lewiston, Idaho to the south and British Columbia and Alberta, Canada to the north. The market area also reaches the foothills of the Cascades to the west and into western Montana to the east. It is the second largest airport in the State in terms of passengers and cargo service and is recognized by the Federal Aviation Administration ("FAA") as a small hub. In 2023, the Airport accounted for 96% of total operating revenues for the Airport System.

Felts Field was Spokane's commercial airport before the opening of the Airport. It includes 400 acres and is located approximately four miles east of the City's business center. Felts Field is now used primarily for general aviation, flight instruction schools and charter services, and serves as a FAA-designated general aviation reliever airport for the Airport. Felts Field is the only Auxiliary Airport in the Airport System.

The Airport Business Park is an industrial and business park development located adjacent to the Airport that comprises 540 acres. As of the date hereof, the Airport Business Park has 28 buildings and 22 tenants. The Airport Business Park is home to several facilities including the City's Waste-to-Energy plant, the County's Geiger Corrections Facility, the Waste Management Recycling Center, a U.S. Postal Service Regional Processing and Distribution Center, and Amazon Air facilities, as well as a number of tenants that include regional banks, small businesses, and other government agencies. The Airport Business Park and the Airport as a whole have been granted foreign trade zone status by the Foreign-Trade Zones Board (FTZ No. 224), pursuant to the Foreign-Trade Zones Act of 1934, as amended (19 U.S.C. 81a-81u).

The Rail-Truck Transload Facility at the Airport provides multimodal freight movement services to meet the increased demand from the area's commercial and industrial sectors for a larger transportation and logistics network. The facility, which became partially operational in Spring 2023, includes three new rail tracks (two loading tracks and a running track), which cover nearly two miles and directly connect to the Geiger Spur rail line. It also offers five turnouts and an 182,650 square foot concrete circulation area for freight truck movement. The facility is anticipated to be fully operational in 2025.

See Appendix A—"THE AIRPORT SYSTEM" and Appendix B—"REPORT OF THE AIRPORT CONSULTANT – Airport Facilities and Capital Program" for more information regarding the Airport Board and the Airport System.

Interlocal Agreement

The Airport Board is responsible for managing, operating and controlling the Airport Facilities subject to joint action requirements by the City and the County pursuant to the Interlocal Agreement regarding certain matters, such as exercise of eminent domain, acquisition and disposal of real property, and employment and termination of the Chief Executive Officer. The Airport Board is required to submit a proposed operating budget for the Airport Facilities by the first Monday in December for the ensuing fiscal year, which is subject to joint approval by the City and the County prior to the end of the current calendar year in which the proposed budget is submitted. Expenditures by the Airport Board are limited to budgeted amounts, which may be amended by the City and the County from time to time. See "SECURITY AND SOURCES OF REPAYMENT FOR THE BONDS—Interlocal Agreement; Only Parties to Interlocal Agreement May Enforce." Under the Interlocal Agreement, the Airport Board is delegated the authority to establish fees and rentals for use of the Airport Facilities. For a discussion of historical operating results of the Airport Facilities, see Appendix A and Appendix B.

Airport Revenue Bond Agreement

The Airport Revenue Bond Agreement sets forth the understanding between the County and the Airport Board related to County revenue bonds (such as the 2024 Bonds) and other obligations issued or incurred from time to time for the benefit of the Airport Board under the terms of the Master Resolution. The Airport Revenue Bond Agreement specifies the respective duties of the County and the Airport Board with respect to the actions to be taken under the Bond Resolution including to comply with the covenants therein. See "SECURITY AND SOURCES OF REPAYMENT FOR THE BONDS—Airport Revenue Bond Agreement" and Appendix E.

Purpose of the 2024 Bonds

The proceeds of the 2024 Bonds will be applied by the Airport Board pursuant to the Airport Revenue Bond Agreement to finance and/or reimburse the Airport Board (including repaying a loan from the County for interim financing) for the following: (a) designing, acquiring, constructing, installing, and equipping the concourse C terminal renovation and expansion project, an administration building, parking facilities, and fuel storage facilities (the "2024 Project"), (b) funding Capitalized Interest on the 2024 Bonds, (c) funding a Reserve Requirement for the 2024 Bonds, and (d) paying costs of issuance for the 2024 Bonds. See "PURPOSE AND APPLICATION OF 2024 BOND PROCEEDS" herein.

Description of the 2024 Bonds

The 2024 Bonds mature on January 1 in the years and in the amounts set forth on the inside cover of this Official Statement. The 2024 Bonds are subject to redemption prior to their stated dates of maturity as described herein. For a description of the 2024 Bonds, see "DESCRIPTION OF THE 2024 BONDS" herein.

Delivery of the 2024 Bonds

The County expects to deliver the 2024 Bonds on or about November 7, 2024.

Security and Sources of Payment for the Bonds

The 2024 Bonds and any additional bonds or obligations issued on a parity of lien on the Revenues of the Airport System (together, the "Bonds") are special, limited obligations of the County payable solely from, and secured by a pledge of, security interest in, and lien and charge on, Revenues of the Airport System, subject only to Operation and Maintenance Expenses of the Airport System, obligated to be deposited to the Airport Revenue Bond Debt Service Fund and other amounts and certain funds and accounts pledged under the Bond Resolution, as such terms are defined in the Bond Resolution. None of the properties of the Airport System, the County or the City are subject to any mortgage or other lien for the benefit of the owners of the Bonds, and neither the full faith and credit nor the taxing power of the County, the City, the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Airport Board has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The County has reserved the right to issue additional Bonds and other obligations secured by a pledge of, security interest in and lien and charge on, Revenues of the Airport System, subject only to Operation and Maintenance Expenses of the Airport System, on a parity with the 2024 Bonds as provided in the Master Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds."

Report of the Airport Consultant

LeighFisher, Inc., as independent consultant to the Airport Board (the "Airport Consultant"), prepared its Report of the Airport Consultant (the "Report") in connection with the 2024 Bonds and is reproduced in Appendix B to this Official Statement. References made herein to the Report are made to the entire Report, which should be read in its entirety and which contains material information, forecasts, findings, assumptions, and conclusions concerning the Airport System.

The Report presents certain airline traffic and financial forecasts for Fiscal Years 2024 through 2029 and sets forth the assumptions upon which the forecasts are based. The financial forecasts are based on certain assumptions that were provided by, or reviewed and agreed to by, Airport Board management. In the opinion of the Airport Consultant, the assumptions set forth in the Report provide a reasonable basis for all forecasts. See Appendix B.

The Report and the forecast of Net Revenues and debt service coverage included therein incorporated assumptions of the debt service on the 2024 Bonds and additional Bonds expected to be issued during the forecast period based upon information provided by PFM Financial Advisors LLC, as municipal advisor to the County and the Airport Board (the "Municipal Advisor"), as of October 9, 2024. The Municipal Advisor has used what it believes are reasonable assumptions to estimate the forecast annual debt service on the 2024 Bonds and the additional Bonds to be issued to fund the Airport Board's capital improvement plan; however, there can be no assurance that the assumed rates will be achieved or that interest rates will not exceed those used in the assumptions. Several other forecasts included in the Report, such as forecasted airline payments per enplaned passenger, rely on the estimated debt service amounts and investors should take into consideration these assumptions when considering the Report.

The Report should be read in its entirety for an understanding of the Report and its underlying assumptions. As noted in the Report, any forecasts are subject to uncertainties. Inevitably, some of the assumptions used to develop the Report will not be realized and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those in the Report and the variations may be material.

The Report of the Airport Consultant is not expected to be updated with final pricing information for the 2024 Bonds.

See Appendix B—"REPORT OF THE AIRPORT CONSULTANT."

Audited Financial Statements

The Airport Board's Annual Report for the years ended December 31, 2023 and 2022 (including the Airport Board's financial statements) (the "Annual Financial Report") is included in Appendix C of this Official Statement. See "INDEPENDENT AUDITORS" and Appendix C. Neither the Airport Board's independent auditor, nor any other independent accountants has compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, the prospective financial information.

Continuing Disclosure

The County and the Airport Board have covenanted for the benefit of the holders and beneficial owners of the 2024 Bonds to provide certain financial information and operating data and to give notices of certain events to assist the Underwriter in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5). See "COMMITMENT TO PROVIDE CONTINUING DISCLOSURE" and Appendix G—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Other Information

All summaries herein of documents, provisions and agreements are qualified in their entirety by reference to the actual instruments, copies of each of which are available for inspection at the offices of the County.

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

In the preparation of the projections in this Official Statement, the County and the Airport Board have made certain assumptions with respect to conditions that may occur in the future. Although the County and Airport Board believe these assumptions are reasonable for the purpose of the projections, they are dependent upon future events, and actual conditions may differ from those assumed. To the extent actual future events or conditions differ from those assumed by the County or Airport Board or provided to the County or Airport Board by others, the actual results will vary from those projected. The County and Airport Board have not committed to provide investors with updated forecasts or projections.

The 2024 Bonds may not be suitable for all investors. Prospective purchasers of the 2024 Bonds should give careful consideration to the information set forth in this Official Statement and confer with their own tax and financial advisors before deciding whether to purchase the 2024 Bonds.

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2024 Bonds to potential investors is made only by means of the entire Official Statement.

End of Introduction

DESCRIPTION OF THE 2024 BONDS

General

The 2024 Bonds will be dated their date of delivery and will mature on January 1 in the years and in the amounts set forth on the inside cover of this Official Statement. The 2024 Bonds shall bear interest from their date at the respective rates set forth on the inside cover of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable commencing July 1, 2025, and semiannually thereafter on each January 1 and July 1, to the respective dates of maturity or prior redemption of the 2024 Bonds.

Registration and Payment

Book-Entry System. The 2024 Bonds will be issued as fully registered bonds under a book-entry system initially registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2024 Bonds. Individual purchases of 2024 Bonds will be made in the principal amount of $5,000 each, or integral multiples thereof within a single series and maturity, and will be in book-entry form only. Purchasers ("Beneficial Owners") will not receive certificates representing their interests in the 2024 Bonds. So long as Cede & Co. is the Registered Owner of the 2024 Bonds, as nominee of DTC, references herein to the Registered Owners will mean Cede & Co. or its successor and will not mean the Beneficial Owners of the 2024 Bonds. For information about DTC and its book-entry system, see Appendix F. The County makes no representation as to the accuracy or completeness of the information in Appendix F provided by DTC. Purchasers of the 2024 Bonds should confirm this information with DTC or its broker-dealer participants.

Bond Registrar. The County has adopted the system of registration for the 2024 Bonds approved, from time to time, by the State Finance Committee (the "Committee"). Pursuant to chapter 43.80 RCW, the Committee designates one or more fiscal agencies for bonds issued within the State. The State fiscal agency contract is bid out on a competitive basis for a four-year term. U.S. Bank Trust Company, National Association, Seattle, Washington (the "Bond Registrar") currently serves in this capacity. The Bond Registrar will authenticate the 2024 Bonds and act as the paying agent and registrar for the purpose of paying the principal of and interest on the 2024 Bonds, recording the purchase and registration, exchange or transfer, and payment of 2024 Bonds and performing the other obligations of the paying agent and registrar. No resignation or removal of the Bond Registrar shall become effective under the Bond Resolution until a successor has been appointed and has accepted the duties of Bond Registrar.

Payments. To pay the principal of and interest on the Bonds (including the 2024 Bonds) when due, the County will remit money from the principal account and/or the interest account in the Airport Revenue Bond Debt Service Fund (the "Debt Service Fund") for the purpose of paying debt service on the Bonds to the Bond Registrar. The Bond Registrar is obligated to remit such payments to DTC participants for subsequent disbursement to the Beneficial Owners of the Bonds as described in Appendix F.

For so long as the 2024 Bonds are held by DTC, payments of principal thereof and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the 2024 Bonds of a series are no longer held by DTC, interest on the 2024 Bonds of such series shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date (as defined below), or upon the written request of a Registered Owner of more than $1,000,000 of 2024 Bonds of such series (received by the Bond Registrar at least by the Record Date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the 2024 Bonds shall be payable upon presentation and surrender of such 2024 Bonds by the Registered Owners at the designated office of the Bond Registrar. If any 2024 Bond shall be duly presented for payment and funds have not been duly provided by the County on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such 2024 Bonds until it is paid. "Record Date" is defined in the Bond Resolution as the Bond Registrar's close of business on the 15th day of the month preceding an interest or principal payment date. With respect to redemption of a 2024 Bond prior to its maturity, the Record Date means the Bond Registrar's close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with the Bond Resolution.

Redemption Provisions

Optional Redemption of the 2024A Bonds. The 2024A Bonds maturing on or before January 1, 2034 are not subject to optional redemption prior to maturity. The 2024A Bonds maturing on or after January 1, 2035 are subject to redemption at the option of the County, in whole or in part (and if in part, as selected by the County) on any date on or after January 1, 2034, at a price equal to 100 percent of the principal amount to be redeemed, without premium, plus accrued interest, if any, to the date fixed for redemption.

Optional Redemption of the 2024B Bonds. The 2024B Bonds maturing on or before January 1, 2034 are not subject to optional redemption prior to maturity. The 2024B Bonds maturing on or after January 1, 2035 are subject to redemption at the option of the County, in whole or in part (and if in part, as selected by the County) on any date on or after January 1, 2034, at a price equal to 100 percent of the principal amount to be redeemed, without premium, plus accrued interest, if any, to the date fixed for redemption.

Mandatory Redemption. The 2024A Bonds stated to mature on January 1, 2049 and 2054, and the 2024B Bonds stated to mature on January 1, 2049 and 2054, are term bonds and, if not previously redeemed under the optional redemption provisions or purchased by the County and surrendered for cancellation, are to be called for mandatory redemption at a price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, on the dates and in the principal amounts set forth below.

2024A TERM BONDS
(2049 Maturity)

Years (January 1)	Amounts
2045	$ 1,445,000
2046	1,515,000
2047	1,595,000
2048	1,670,000
2049[(1)]	1,755,000

(1) Final Maturity.

2024A TERM BONDS
(2054 Maturity)

Years (January 1)	Amounts
2050	$ 1,840,000
2051	1,935,000
2052	2,040,000
2053	2,150,000
2054[(1)]	2,260,000

(1) Final Maturity.

2024B TERM BONDS
(2049 Maturity)

Years (January 1)	Amounts
2045	$ 3,905,000
2046	4,110,000
2047	4,325,000
2048	4,550,000
2049[(1)]	4,790,000

(1) Final Maturity.

2024B TERM BONDS
(2054 Maturity)

Years (January 1)	Amounts
2050	$ 5,045,000
2051	5,305,000
2052	5,590,000
2053	5,875,000
2054[(1)]	6,195,000

(1) Final Maturity.

To the extent that the County redeems (other than in satisfaction of the mandatory sinking fund requirements) or purchases for cancellation any term bonds that are subject to mandatory redemption, the County may reduce the mandatory sinking fund requirement of such term bonds of the same maturity, in like aggregate principal amount for the year specified by the County.

Selection of 2024 Bonds for Redemption. For as long as the 2024 Bonds are held in book-entry form, the selection of particular 2024 Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the 2024 Bonds are no longer held by a depository, the selection of such 2024 Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the Bond Resolution. If the County redeems at any one time fewer than all of the 2024 Bonds of a series having the same maturity date, the particular 2024 Bonds or portions of 2024 Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of $5,000. In the case of a 2024 Bond of a denomination greater than $5,000, the County and the Bond Registrar shall treat each 2024 Bond as representing such number of separate 2024 Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such 2024 Bond by $5,000. In the event that only a portion of the principal sum of a 2024 Bond is redeemed, upon surrender of such 2024 Bond the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the rest of the principal sum thereof, at the option of the Registered Owner, a 2024 Bond or 2024 Bonds of like series, maturity and interest rate in any of the denominations authorized in the Bond Resolution.

Notice of Redemption; Conditional Redemption; Rescission. For so long as the 2024 Bonds are held by a depository, notice of redemption shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the County nor the Bond Registrar shall provide any notice of redemption to any Beneficial Owners. The notice of redemption may be conditional. Thereafter (if the 2024 Bonds of the series are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided: Unless waived by any owner of 2024 Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the County by mailing a copy of an official redemption notice by first-class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the 2024 Bond or 2024 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the County shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the 2024 Bonds or portions of 2024 Bonds which are to be redeemed on that date. The County retains the right to rescind any redemption notice and the related optional redemption of 2024 Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the 2024 Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

Effect of Call for Redemption. If notice of redemption has been given and not rescinded or revoked, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the 2024 Bonds or portions of 2024 Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Bond Registrar then holds sufficient funds to pay such 2024 Bonds at the redemption price, from and after such date such 2024 Bonds or portions of 2024 Bonds shall cease to bear interest. Upon surrender of such 2024 Bonds for redemption in accordance with said notice, such 2024 Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as provided in the Bond Resolution for payment of interest. All 2024 Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

Purchase of 2024 Bonds

The County reserves the right to purchase, including by tender or exchange, any of the 2024 Bonds at any time at a price deemed reasonable by an authorized representative of the County. Such purchased 2024 Bonds shall be cancelled upon their purchase by the County.

Transfer and Exchange of 2024 Bonds

The transfer of any 2024 Bond may be registered and 2024 Bonds may be exchanged, but no transfer of any such 2024 Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such 2024 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered 2024 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new 2024 Bond(s) (or 2024 Bonds at the option of the new Registered Owner) of the same series, date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered 2024 Bond, in exchange for such surrendered and cancelled 2024 Bond. Any 2024 Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of 2024 Bonds of the same series, date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer of or to exchange any 2024 Bond after the Record Date preceding the applicable principal payment or redemption date.

Defeasance of the 2024 Bonds

In the event that money and/or noncallable Government Obligations, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the 2024 Bonds in accordance with their terms, are set aside in a special account of the County to effect such redemption and retirement, and such money and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Account for the payment of the principal of and interest on the 2024 Bonds so provided for, and such 2024 Bonds shall cease to be entitled to any lien, benefit or security of the Bond Resolution except the right to receive the money so set aside and pledged, and such 2024 Bonds shall be deemed not to be outstanding thereunder.

"Government Obligations," as defined in the Bond Resolution, means those obligations now or hereafter defined as such in chapter 39.53 RCW, as such chapter may be hereafter amended or restated, constituting direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

Terms of the Bond Resolution

The Bond Resolution defines certain Events of Default with respect to the 2024 Bonds, including but not limited to, failure to make bond payments punctually and failure to observe or perform any of the covenants included in the Bond Resolution. The Bond Resolution provides for the opportunity to cure certain defaults and the appointment of a trustee (a "Registered Owners' Trustee") to take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the owners of 2024 Bonds. The Bond Resolution also sets forth other terms of the 2024 Bonds. See Appendix E—"COPIES OF THE BOND RESOLUTION AND AIRPORT REVENUE BOND AGREEMENT."

PURPOSE AND APPLICATION OF 2024 BOND PROCEEDS

Purpose

The proceeds of the 2024 Bonds will be applied by the Airport Board pursuant to the Airport Revenue Bond Agreement to finance and/or reimburse (including repaying a loan from the County for interim financing) for the following: (a) designing, acquiring, constructing, installing, and equipping the 2024 Project, (b) funding Capitalized Interest on the 2024 Bonds, (c) funding a Reserve Requirement for the 2024 Bonds, and (d) paying costs of issuance for the 2024 Bonds. See "Capital Improvement Program" in Appendix A for a discussion of the 2024 Project.

Sources and Uses of Funds

The following table shows the estimated sources and uses of proceeds of the 2024 Bonds (amounts in table have been rounded to the nearest dollar).

TABLE 1
SOURCES AND USES OF FUNDS[(1)]

SOURCES OF FUNDS:	**2024A Bonds**	**2024B Bonds**	**Total**
Principal of the 2024 Bonds:	$34,900,000	$95,485,000	$130,385,000
Plus Original Issue Premium:	2,913,066	5,860,279	8,773,345
TOTAL:	$37,813,066	$101,345,279	$139,158,345
USES OF FUNDS:			
2024 Project Costs	$32,285,299	$93,137,999	$125,423,297
Common Debt Service Reserve Fund	2,418,308	6,481,467	8,899,775
Capitalized Interest	2,704,208	638,175	3,342,382
Issuance Costs[(2)]	405,251	1,087,639	1,492,890
TOTAL:	$37,813,066	$101,345,279	$139,158,345

(1) Totals do not foot due to rounding.
(2) Includes the Underwriter's discount, rating agency fees, municipal and other advisors and legal fees, cost of contingencies and other costs connected with the issuance of the 2024 Bonds and additional proceeds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Pledge of Airport Revenues

The Bonds (including the 2024 Bonds) are special, limited obligations of the County payable solely from, and secured by a pledge of, security interest in, and lien and charge on, Revenues of the Airport System, subject only to Operation and Maintenance Expenses of the Airport System, obligated to be deposited to the Airport Revenue Bond Debt Service Fund and other amounts and certain funds and accounts pledged under the Bond Resolution, as such terms are defined in the Bond Resolution. See Appendix E.

"Revenues" are defined in the Master Resolution, subject to exclusions as set forth in such definition, to include all income, receipts, earnings and revenues received by or accrued to the Airport Board and/or the County from the operation and ownership of the Airport System for a given period, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the Airport Board or any successor thereto for the use or availability of the Airport System, (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Airport Board, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by or on behalf of the Airport Board or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Airport Board receives or is entitled to payments that are attributable to the Airport System or activities or undertakings related thereto, and (c) Other Pledged Revenues. Additionally, "Revenues" also includes all income, receipts and earnings from the investment of amounts held in the Revenue Fund, any Account in the Debt Service Fund (except Capitalized Interest on deposit therein), the Common Debt Service Reserve Fund, and any Series Debt Service Reserve Fund; and such additional revenues, if any, as are designated as "Revenues" under the terms of any Supplemental Resolution. Revenues may be further adjusted as may be necessary to more fairly reflect the Airport System's annual operating performance (e.g. to omit non-cash items). See Appendix E.

"Operation and Maintenance Expenses" or "O&M Expenses" means, for any given period, the total operation and maintenance expenses of the Airport System, including any costs of Credit Facilities and Liquidity Facilities and related fees and expenses, but excluding depreciation expense, any operation and maintenance expenses of the Airport System payable from money other than Revenues including, but not limited to, any non-cash items that are required to be treated as operation and maintenance expenses of the Airport System, any non-cash pension and other postemployment benefits obligations or liabilities (except to the extent required to be cash funded), any principal or interest payments in respect of finance leases or indebtedness, including the Bonds, any costs of issuance relating to any finance leases or indebtedness including the Bonds, any Swap Termination Payments due in connection with a Series of Bonds or the failure to issue such Series of Bonds, or any operation and maintenance expenses related to any Special Facilities. Operation and Maintenances Expenses may be further adjusted as may be necessary to more fairly reflect the Airport System's annual operating performance (e.g. to omit other non-cash items).

"Other Pledged Revenues" means money, not previously constituting Revenues that are designated as and included in, for any period, "Other Pledged Revenues" pursuant to an Airport Board Series Resolution or other duly adopted resolution of the Airport Board, or certificate of an Airport Board Representative, which Airport Board Series Resolution, resolution or certificate also shall (a) include a representation by the Airport Board that such money may be validly designated as and included in "Other Pledged Revenues" under the Master Resolution and may be pledged to secure the payment of the principal of, premium, if any, and interest on all or a portion of the Bonds or any Series of Bonds, and (b) specify the source and amount of such money and the time period during which such money will be designated as and included in "Other Pledged Revenues." Other Pledged Revenues may include, but are not limited to, CFCs. Other Money Available for Debt Service, PFCs Available for Debt Service and Pledged PFCs shall not be treated as or constitute "Other Pledged Revenues."

The Airport Board expects to annually designate PFCs Available for Debt Service but has not pledged PFCs to the payment of principal of or interest on the 2024 Bonds. See "Capital Improvement Program—Funding Sources" in Appendix A for information relating to PFCs Available for Debt Service on the 2024 Bonds.

Special Limited Obligations; Limitation on Sources of Payment for the Bonds

None of the properties of the Airport System, the County or the City are subject to any mortgage or other lien for the benefit of the owners of the Bonds, and neither the full faith and credit nor the taxing power of the County, the City, the

State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Airport Board has no taxing power.

See "RISKS TO BONDHOLDERS—Enforceability of Remedies."

Right to Exclude Property

The County has reserved the right in the Bond Resolution to exclude real or personal property previously included in the Airport System, and the associated Revenue, from the definition of Airport System ("Excluded Property"). "Excluded Property" is defined in the Master Resolution to mean any real or personal property previously included in the Airport System in respect of which the following have been delivered to, or are otherwise on file with, the County: (a) a certificate of an Airport Board Representative identifying such real or personal property to be removed from the definition of the Airport System and designated as "Excluded Property," certifying that the identified real or personal property is not required for Airport System operations, and certifying that the rate covenant set forth in the Master Resolution is being complied with; (b) a certificate of an Independent certified public accountant to the effect that Net Revenues, excluding the income or revenues generated by or attributable to the real or personal property proposed to become Excluded Property, for each of the two audited Fiscal Years prior to the date of such certificate were equal to at least 150% of average Annual Debt Service on then Outstanding Bonds; (c) a certificate of a Consultant to the effect that based upon current knowledge of the operations of the Airport System, Net Revenues, excluding the income or revenues generated by or attributable to the real or personal property proposed to become Excluded Property, for the current fiscal year will be equal to at least 150% of average Annual Debt Service on then Outstanding Bonds; and (d) an opinion of Bond Counsel to the effect that the exclusion of real or personal property from the Airport System and the income or revenues generated from or attributable to such property from the pledge, charge and lien of this Resolution will not in and of itself cause the interest on any Outstanding Bond issued as tax-exempt securities to be included in gross income for purposes of the Internal Revenue Code of 1986, as amended (the "Code"), or otherwise impact the tax-advantaged status of any Outstanding Bond under the Code.

Priority of Payment; Funds

Revenue Fund. The Revenue Fund is held in the office of the County Treasurer, pursuant to the Interlocal Agreement and the Airport Revenue Bond Agreement. All Revenues of the Airport System will be deposited by the County into the Revenue Fund so long as any Bonds are Outstanding. The Revenue Fund shall be held separate and apart from all other funds of the County, and Revenues deposited therein shall be used only for the following purposes in the following order of priority:

(a) *First - Operation and Maintenance Expenses*. To pay Operation and Maintenance Expenses of the Airport System, to the extent not paid from another source, as the same become due, as specified in each of the annual budgets of the Airport Board jointly approved by the County and the City pursuant to the Interlocal Agreement.

(b) *Second - Debt Service on Outstanding Bonds*. To make all payments, including any sinking fund installment payment with respect to each Series of Outstanding Term Bonds, required to be made into each Debt Service Account in the Debt Service Fund to pay principal of and interest on Outstanding Bonds coming due on each Payment Date, taking into account any Other Money Available for Debt Service, Pledged PFCs and/or PFCs Available for Debt Service applied to pay the principal of, including any sinking fund installment payment with respect each Series of Outstanding Term Bonds, and interest on Outstanding Bonds coming due on such Payment Date with respect to Bonds paid from such Debt Service Account under the applicable Supplemental Resolution and/or the applicable certificate required when designating any PFCs as "PFCs Available for Debt Service."

(c) *Third - Common Debt Service Reserve Fund and Series Debt Service Reserve Funds*. To make all deposits required to be made to the Common Debt Service Reserve Fund, if any, at the times and in the amounts provided in the Master Resolution, and to any Series Debt Service Reserve Fund at the times and in the amounts set forth in the Supplemental Resolution pursuant to which such Series Debt Service Reserve Fund is created.

(d) *Fourth - Subordinate Obligation Debt Service*. To pay principal of and interest on any outstanding Subordinate Obligations when due.

(e) *Fifth - Subordinate Obligation Debt Service Reserve Funds*. To fund any deficiency in any debt service reserve fund established by or for the benefit of the County in connection with any Subordinate Obligations.

(f) *Sixth - Operation and Maintenance Reserve*. To fund the Operation and Maintenance Reserve in an amount, if any, necessary to meet the O&M Reserve Requirement.

(g) *Seventh – Renewal and Replacement Reserves*. To fund the Renewal and Replacement Reserve in an amount, if any, necessary to meet the R&R Reserve Requirement.

(h) *Eighth – General Airport Purposes*. After all deposits and payments have been made as described in clauses (a) through (g) above, for any lawful Airport System purpose including paying any other outstanding revenue or interest-bearing warrants payable from Revenues, for deposit to any Funds or Accounts, including, without limitation, for redemption of any Bonds or other Airport indebtedness and other proper purposes consistent with budget approvals.

The County may modify the application of the funds as provided in clauses (d) through (h) above and to create additional funds and accounts to be inserted below subsection (c) above, pursuant to the Airport Revenue Bond Agreement.

Debt Service Fund; Debt Service Accounts. The County has created and will maintain the Debt Service Fund as a special fund of the County. The Debt Service Fund, and the Debt Service Accounts held therein, shall be used for the purpose of paying and securing the payment of the principal of, including sinking fund installment payments on Term Bonds, and interest on, Outstanding Bonds. The Debt Service Fund shall be held separate and apart from all other funds and accounts of the County and the Treasurer and shall be a trust fund for the owners of Outstanding Bonds. For as long as any Bonds remain Outstanding, the County has agreed to set aside and pay, or cause to be set aside and paid into the Debt Service Fund from Revenues, subject only to Operation and Maintenance Expenses of the Airport System, or money in the Revenue Fund available after priority (a) under the priority of payment under "Revenue Fund" above, the amount required pay the principal of, including sinking fund installment payments on Term Bonds, and interest on, Outstanding Bonds on each Payment Date.

At the time of issuance of each Series of Bonds (including the 2024 Bonds), the County shall create a Debt Service Account for such Series within the Debt Service Fund. The money in the Debt Service Account shall be applied as provided in the Supplemental Resolution with regard to each such Account, and pending such application on the applicable Payment Date, such amounts shall be subject to a lien and charge in favor of the holders of the Bonds issued and Outstanding under such Supplemental Resolution. In connection with the issuance of the 2024 Bonds, the County will create a 2024 Debt Service Account for the purpose of paying principal of and interest on the 2024 Bonds as provided therein.

If, on any Payment Date, the County does not have sufficient amounts in the Debt Service Fund (without regard to any amounts which may be available from the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, as applicable) to pay in full all amounts of principal and/or interest due on such date, the County shall allocate the total amount that is available to make payment on such day (without regard to any amounts in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, as applicable), and transfer funds to the Bond Registrar for payment of principal and interest coming due on Outstanding Bonds on such Payment Date as follows: first to the payment of interest then due on the Bonds and, if the amount available shall not be sufficient to pay in full all interest on the Bonds then due, then pro rata among the Series according to the amount of interest then due, and second to the payment of principal then due on the Bonds and, if the amount available shall not be sufficient to pay in full all principal on the Bonds then due, then pro rata among the Series according to the Principal Amount then due on the Bonds.

Common Debt Service Reserve Fund

The Common Debt Service Reserve Fund has been created and will be held by the County Treasurer. Upon the issuance of a Series of Bonds, the County may designate, pursuant to a Supplemental Resolution, whether such Bonds shall participate in and be secured by the Common Debt Service Reserve Fund. Alternatively, such Series of Bonds may be secured by a separate Series Debt Service Reserve Fund or any already established Series Debt Service Reserve Fund or not be secured by the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund. The 2024 Bonds will be secured by the Common Debt Service Reserve Fund.

The Common Debt Service Reserve Fund shall be maintained at the Reserve Requirement. "Reserve Requirement" is defined in the Master Resolution to mean, with respect to the Common Debt Service Reserve Fund, an amount equal to the least of (a) as of the date of calculation, Maximum Aggregate Annual Debt Service For Reserve Requirement for all Outstanding Bonds participating in the Common Debt Service Reserve Fund, (b) 10% of the original principal amount of all Outstanding Bonds participating in the Common Debt Service Reserve Fund, less the amount of original issue discount with respect to such Bonds if such original issue discount exceeded 2% of such Bonds at the time of their original issuance, and (c) as of the date of calculation, 125% of the average Aggregate Annual Debt Service For Reserve Requirement for all Outstanding Bonds participating in the Common Debt Service Reserve Fund.

Proceeds of the 2024 Bonds will be deposited into the Common Debt Service Reserve Fund at the time of issuance and delivery thereof to satisfy the Reserve Requirement with respect to the 2024 Bonds ($8,899,775). See "PURPOSE AND APPLICATION OF 2024 BOND PROCEEDS—Sources and Uses of Funds."

The Reserve Requirement with respect to any Series Debt Service Reserve Fund for another Series of Bonds shall be set forth in the Supplemental Resolution establishing such Series Debt Service Reserve Fund (which Reserve Requirement may be $0 or any other amount determined as set forth therein, and may be subject to reduction as set forth in the Supplemental Resolution).

Money held in the Common Debt Service Reserve Fund shall be used for the purpose of paying principal of and interest on the Bonds participating in the Common Debt Service Reserve Fund (such as the 2024 Bonds) on a basis *pari passu* with all Bonds then participating in the Common Debt Service Reserve Fund. If, on any Payment Date for Bonds participating in the Common Debt Service Reserve Fund, the amounts in the Debt Service Accounts for such Bonds are insufficient to pay in full the amount then due on such Bonds, the County shall apply money held in the Common Debt Service Reserve Fund for the payment of the principal of and/or interest thereon. If amounts in the Common Debt Service Reserve Fund consist of both cash and one or more Debt Service Reserve Fund Surety Policies, the County shall make any required payments of amounts in the Common Debt Service Reserve Fund first from any cash on deposit in the Common Debt Service Reserve Fund, prior to making a draw upon any of such Debt Service Reserve Fund Surety Policy. Money held in the Common Debt Service Reserve Fund also may be used to make any deposit required to be made to the Rebate Fund created for the Bonds participating in the Common Debt Service Reserve Fund if other Revenues are not available from which such deposit can be made.

For additional provisions of the Common Debt Service Reserve Fund, see Appendix E.

Rate Covenant

While any Bonds remain Outstanding, the County has covenanted and agreed in the Master Resolution that it shall, or shall cause the Airport Board pursuant to the Airport Revenue Bond Agreement to do, the following:

(a) establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) Operation and Maintenance Expenses of the Airport System due and payable during such Fiscal Year;

(ii) the Annual Debt Service on any Outstanding Bonds required to be funded by the County in such Fiscal Year as required by the Master Resolution or any Supplemental Resolution with respect to the Outstanding Bonds;

(iii) the required deposits to the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund that may be established by a Supplemental Resolution;

(iv) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Resolution;

(v) the interest on and principal of any indebtedness of the County with respect to the Airport System required to be funded during such Fiscal Year, other than for Outstanding Bonds, but including Subordinate Obligations; and

(vi) funding of any debt service reserve funds created in connection with any indebtedness of the County with respect to the Airport System, other than Outstanding Bonds, but including Subordinate Obligations.

(b) establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Net Revenues, together with any Coverage Amount, will be equal to at least 125% of Annual Debt Service on the Outstanding Bonds for such Fiscal Year. For purposes of this subsection (b), the amount of any Coverage Amount taken into account shall not exceed 25% of Annual Debt Service on the Outstanding Bonds in such Fiscal Year.

"Coverage Amount" is defined in the Master Resolution to means for any Fiscal Year the amount of unencumbered funds on deposit or anticipated to be on deposit, as the case may be, on the first day of such Fiscal Year in the Revenue Fund (after all deposits and payments required by the Master Agreement and the Airport Revenue Bond Agreement have been satisfied) as of the last day of the immediately preceding Fiscal Year).

When calculating Annual Debt Service on the Outstanding Bonds for purposes of the rate covenants set forth in subsections (a) and (b) above, Annual Debt Service on the Outstanding Bonds shall be reduced by the amount of principal and/or interest paid with Capitalized Interest, Other Money Available for Debt Service, PFCs Available for Debt Service and/or Pledged PFCs.

If Revenues and Net Revenues, together with any Coverage Amount (only as applied in subsection (b) above) in any Fiscal Year are less than the amounts specified in subsections (a) and (b) above, the County has agreed that it will retain and direct a Consultant to make recommendations as to Airport System business operations and rates, tolls, fees, rentals and charges for the use of the Airport System and for services rendered in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the County shall take or cause the Airport Board to take all lawful measures to revise the schedule of rates, tolls, fees, rentals and charges as may be necessary to produce Revenues and Net Revenues, together with any Coverage Amount (only as applied in subsection (b) above) in the amounts specified in subsections (a) and (b) above in the next succeeding Fiscal Year.

In the event that Revenues or Net Revenues, together with any Coverage Amount, for any Fiscal Year are less than the amounts specified in subsections (a) or (b) above, but the County or Airport Board has, prior to or during the next succeeding Fiscal Year, promptly taken all lawful measures to revise the schedule of rates, tolls, fees, rentals and charges as required by the preceding paragraph, such deficiency in Revenues or Net Revenues, together with any Coverage Amount, shall not constitute an Event of Default under the Master Resolution. Nevertheless, if after taking the measures required by the Master Resolution to revise the schedule of rates, tolls, fees, rentals and charges, Revenues or Net Revenues, together with any Coverage Amount (only as applied in subsection (b) above), in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Airport System for such Fiscal Year) are less than the amounts specified in subsections (a) or (b) above, such deficiency in Revenues or Net Revenues shall constitute an Event of Default under the Master Resolution.

Other Covenants

The County has made a number of other covenants in the Bond Resolution for the benefit of the holders and owners from time to time of the Bonds, including: due payment of debt service; to maintain and operate, or cause the Airport Board to maintain and operate, the Airport System in good working order at all times; to maintain, or cause the Airport Board to maintain, insurance with respect to the facilities constituting the Airport System; and to maintain the tax-exempt status on any Bonds issued on a tax-exempt basis. The County has also covenanted that except as provided in the Master Resolution, it shall not transfer, sell or otherwise dispose of its interest (or permit the City or the Airport Board to transfer, sell or otherwise dispose of their respective interest) in an Airport Facility or Facilities. See Appendix E for additional terms related to covenants for the benefit of holders and owners of the Bonds.

Additional Bonds

The County may, from time to time, at the request of the Airport Board pursuant to an Airport Board Series Resolution and upon receipt of a Joint Resolution of the City and the County as required by the Interlocal Agreement, issue additional Bonds on a parity of lien on Revenues of the Airport System with the 2024 Bonds. At or prior to the issuance of such additional Bonds, there shall have been delivered to, or otherwise on file with, the County either:

(a) a certificate of an Airport Board Representative, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), showing that the Net Revenues for the last audited Fiscal Year or any audited and/or unaudited 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Coverage Amount for the most recently ended Fiscal Year, were at least equal to 125% of Maximum Aggregate Annual Debt Service with respect to all Outstanding Bonds and the proposed Series of Bonds, calculated as if the proposed Series of Bonds were then Outstanding; <u>or</u>

(b) a certificate of a Consultant, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), showing that:

(i) the Net Revenues for the last audited Fiscal Year or for any audited and/or unaudited 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Coverage Amount for the most recently ended Fiscal Year, were at least equal to 125% of the sum of the Annual Debt Service due and payable with respect to all Outstanding Bonds for such applicable period; and

(ii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof through and including the later of: (1) the fifth full Fiscal Year following the issuance of such Series of Bonds, or (2) the second full Fiscal Year during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues, together with any estimated Coverage Amount, for each such Fiscal Year, will be at least equal to 125% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Bonds and calculated as if (aa) the proposed Series of Bonds were then Outstanding, and (bb) any future Series of Bonds were then Outstanding that the Airport Board estimates will be required to complete payment of the estimated costs of construction of such portion of the Specified Project and any other uncompleted portion of the Specified Project from which the Consultant projects additional Revenues will be generated.

For purposes of subparagraphs (a) and (b) above, the amount of any Coverage Amount taken into account shall not exceed 25% of the Aggregate Annual Debt Service on the Outstanding Bonds, the proposed Series of Bonds and any future Series of Bonds included pursuant to the Bond Resolution.

For purposes of subsections (b)(ii) above, in estimating Net Revenues, the Consultant may take into account (1) Revenues from Specified Projects or other Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues that have been approved and will be in effect during the period for which the estimates are provided, and (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses of the Airport System, the Consultant shall use such assumptions as the Consultant believes to be reasonable, taking into account: (x) historical Operation and Maintenance Expenses of the Airport System, (y) Operation and Maintenance Expenses of the Airport System associated with the Specified Projects and any other new Airport Facilities, and (z) such other factors, including inflation and changing operations, as the Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report the calculations and assumptions made in determining the estimated Net Revenues and shall also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

Neither of the certificates described above under subsection (a) shall be required if:

(i) The Bonds being issued are for the purpose of refunding then Outstanding Bonds and there is delivered to, or otherwise on file with, the County, instead, a certificate of the Airport Board Representative showing that Maximum Aggregate Annual Debt Service after the issuance of such Refunding Bonds will not exceed Maximum Aggregate Annual Debt Service prior to the issuance of such Refunding Bonds by more than $5,000; or

(ii) The Bonds being issued constitute Notes and there is delivered to, or otherwise on file with, the County, instead, a certificate of the Airport Board Representative showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Net Revenues for any audited and/or unaudited 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Notes; or

(iii) The Bonds being issued are Completion Bonds and the following written certificates are delivered to, or otherwise on file with, the County: (A) a certificate of a Consultant stating that the nature and purpose of such Project has not materially changed, and (B) a certificate of an Airport Board Representative to the effect that (1) all of the proceeds (including investment earnings on amounts in the Project Fund established for the Project) of the original Bonds issued to finance such Project have been or will be used to pay Costs of the Project, (2) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus money available in the Project Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose), and (3) the proceeds to be received from the issuance of such Completion Bonds, plus money available in the Project Fund established for the Project (including unspent proceeds of the Bonds previously issued for such purpose) will be sufficient to pay the remaining estimated Costs of the Project.

For purposes of calculating Aggregate Annual Debt Service, Annual Debt Service shall be calculated as provided in the Bond Resolution. See Appendix E.

Subordinate Obligations

The County may, from time to time, at the request of the Airport Board pursuant to an Airport Board Series Resolution and upon receipt of a Joint Resolution of the City and the County as required by the Interlocal Agreement, incur indebtedness that is subordinate to the Bonds and which indebtedness is, in the Master Resolution. Such Subordinate Indebtedness shall be incurred at such times and upon such terms as the County shall determine, provided that: (a) any Supplemental Resolution providing for the issuance of any Subordinate Obligations shall specifically state that such lien and charge on Revenues is junior and subordinate to the lien and charge on such Revenues and other assets granted to secure the Bonds; and (b) payment of principal of and interest on such Subordinate Obligations shall be permitted, provided that all deposits required to be made with respect to the Bonds have been provided for.

As of the date of issuance of the 2024 Bonds, the Airport Board will have no Subordinate Obligations outstanding. See "DEBT SERVICE REQUIREMENTS—Subordinate Obligations."

Special Facilities

Upon the request of the Airport Board, the County may, from time to time, and subject to the terms and conditions of the Bond Resolution, (a) designate a separately identifiable existing facility or planned facility as a "Special Facility," (b) pursuant to a resolution other than the Master Resolution and without a pledge of any Revenues (except on a subordinate basis), incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to third parties to acquire, construct, renovate or improve, such facility, (c) provide that certain of the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the County from such Special Facility to the extent necessary to make the payments required below, be "Special Facility Revenue" and not included as Revenues unless on terms provided in any Supplemental Resolution, and (d) provide that the debt so incurred shall be a "Special Facility Obligation" and the principal of and interest thereon shall be payable solely from the Special Facility Revenue and the proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligation (except the County may determine to make Revenues or such other money not included in Revenues available to pay such debt service, through a specific pledge or otherwise and subject to any covenants or other provisions of the Master Resolution or such other resolution or agreements of the County. The County may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations. Additionally, Special Facility Obligations may be secured by a pledge of, security interest in, and lien and charge on Revenues remaining after the payments and deposits to the Funds, Accounts and Subaccounts as described under "Priority of Payment; Funds" above.

See the Master Resolution in Appendix E for additional terms related to designating Special Facilities.

Derivative Products

Upon the request of the Airport Board, the County may, from time to time, and subject to the terms and conditions of the Bond Resolution and the Airport Revenue Bond Agreement, enter into a financial arrangement with a Swap Provider which provides that each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specific rate (fixed or variable) on certain Designated Debt, and payable from time to time or at a designated time or times, subject to various conditions contained in the Master Resolution. In the event that the Airport Board determines that a Swap should be executed in connection with a Series of Bonds, the County and the Airport Board have agreed in the Airport Revenue Bond Agreement to enter into an agreement that secures the County's and the Airport Board's, as applicable, performance under the Swap. Subject to the terms of the Master Resolution, the County may provide in any Supplemental Resolution that Regularly Scheduled Swap Payments under a Qualified Swap will be secured by a pledge of, security interest in, and lien and charge on Revenues on a parity with the 2024 Bonds and any other Bonds. If so provided in the Supplemental Resolution, such Regularly Scheduled Swap Payments under a Qualified Swap will be afforded the status of a Bond issued under the Master Resolution and will be granted the pledge of, security interest in, and lien and charge on Revenues as Bonds as provided therein. The County does not have or expect to issue any Swaps or Qualified Swaps in connection with the 2024 Bonds.

See Appendix E for additional terms related to Swaps and derivatives.

Repayment Obligations

Upon the request of the Airport Board, the County may, from time to time, and subject to the terms and conditions of the Bond Resolution and the Airport Revenue Bond Agreement, enter into a Credit Facility or Liquidity Facility in connection with a Series of Bonds in order to secure the payment of principal of and interest on such Series of Bonds. In the event that the Airport Board determines that a Credit Facility or Liquidity Facility should be procured, the County and the Airport Board have agreed in the Airport Revenue Bond Agreement to enter into an agreement providing security for the County's Repayment Obligations and any repayment obligations of the Airport Board. Subject to the terms of the Master Resolution, in the event that a Credit Provider or Liquidity Provider makes payment of principal of and interest on a Bond or otherwise advances funds and is entitled to reimbursement but is not reimbursed, the Repayment Obligation, or portion thereof, may be afforded the status of a Bond issued under the Master Resolution and will be granted the pledge of, security interest in, and lien and charge on Revenues as Bonds as provided therein.

See Appendix E for additional terms related to Repayment Obligations.

Interlocal Agreement; Only Parties to the Interlocal Agreement May Enforce

The County and the City executed the Interlocal Agreement in 2019 to provide for the continued joint operation of the Airport Facilities by the County and the City. The Interlocal Agreement vests the Airport Board with authority for the management and operation of the Airport Facilities for aeronautical and industrial development purposes subject to the specific limitations contained therein. Under the terms of the Interlocal Agreement, personal property (except City utility properties) shall be acquired, held, and disposed of in the name of the Airport Board. Notwithstanding anything to the contrary in the Interlocal Agreement, the City shall own and have the control, operation, and maintenance of all public utility sewer and water systems within the Airport Facilities. See "THE AIRPORT BOARD—The Interlocal Agreement" for a summary of the Interlocal Agreement.

The Interlocal Agreement requires both the County and the City to approve any bond issue or other debts of the Airport Board (including revenue obligations and general obligation debt) that extend beyond one year. The Interlocal Agreement states that in the event there is a deficit in a principal or interest payment necessary to pay a bonded indebtedness, the County and the City shall each fund one-half of such deficit. See "THE AIRPORT BOARD—The Interlocal Agreement."

The Bonds are special fund obligations of the County payable from and secured solely by Revenue of the Airport System and the funds and accounts held by the County Treasurer under the Bond Resolution. The Interlocal Agreement is a contractual agreement between the County and the City and does not provide for the payment of, or secure, or create a guarantee, either moral or otherwise, of the Bonds or any other debt. Owners and holders of the Bonds (including the 2024 Bonds) are not third-party beneficiaries to the Interlocal Agreement and do not have rights to enforce either the County or the City's obligation thereunder. The City and County are not required to enforce their obligations under the Interlocal Agreement and owners and holders of the Bonds have no recourse in the event such obligations are not enforced.

None of the real or personal property or other assets of the County, the Airport Board, or the City secure the payment of principal of or interest on the Bonds. The Bonds are not secured by a deed of trust, mortgage, or other interest in real or personal property.

Airport Revenue Bond Agreement

The County and the Airport Board executed the Airport Revenue Bond Agreement to set forth the understanding between the parties related to the issuance of Bonds and other obligations under the Master Resolution for the benefit of the Airport Board and its operations. The Airport Revenue Bond Agreement provides for certain actions to be taken by the Airport Board as well as the actions to be taken by the County at the request or direction of the Airport Board in connection with the issuance and payment of County revenue bonds (such as the 2024 Bonds) and other obligations under the terms of the Master Resolution. The following is a summary of the Airport Revenue Bond Agreement. A copy of the Airport Revenue Bond Agreement is attached hereto in Appendix E.

Agreement to Issue Bonds. Upon satisfaction of the conditions set forth in the Airport Revenue Bond Agreement, the County has agreed to issue Bonds from time to time upon request of the Airport Board through receipt of an Airport Board resolution and applicable certificates.

Pledge of Revenues; Funds and Accounts. As long as there are any Bonds Outstanding, the Airport Board has agreed to deposit, or cause to be deposited, all Revenues to the Revenue Fund, and has pledged all Revenues, subject only to Operation and Maintenance Expenses of the Airport System, and the amounts to be deposited to the Debt Service Fund to pay and secure Bonds to the fullest extent of the pledge of the County under the Master Resolution.

In connection with the issuance of any Series of Bonds, the Airport Board may, by resolution, designate: (a) all or any portion of available PFCs as "PFCs Available for Debt Service" and upon such designation shall obligate itself to impose, collect, and provide for the deposit thereof; (b) all or any portion of available PFCs as "Pledged PFCs," and upon such designation shall obligate itself to impose, collect, and provide for the deposit thereof; (c) any revenues not included in the definition of "Revenues" including all or any portion of CFCs to be included as "Other Pledged Revenues" that are to be pledged to the repayment of such Series of Bonds, and upon such designation shall obligate itself to impose, collect, and provide for the deposit thereof; and/or (d) any revenues not included in the definition of "Revenues" including all or any portion of CFCs as "Other Money Available for Debt Service" and upon such designation shall obligate itself to impose, collect, and provide such revenues.

The Airport Board expects to annually designate PFCs Available for Debt Service, but has not pledged PFCs to the payment of principal of or interest on the 2024 Bonds. See "Capital Improvement Program" in Appendix A.

Priority of Payment. The Airport Board has agreed in the Airport Revenue Bond Agreement to provide in each of its annual budgets that Revenues deposited in the Revenue Fund shall be used only in the order of priority as set forth above under "Priority of Payment; Funds."

Covenants and Agreements. The Airport Board has made certain covenants and agreements in the Airport Revenue Bond Agreement for the benefit of the County in order to assist the County in meeting its obligations with respect to the Bonds. Such covenants and agreements include, but are not limited to, the following: (a) to include in each of its annual proposed budgets and to duly and punctually pay or direct the County to pay from Revenues obligated to be deposited to the Debt Service Fund the principal of, premium, if any, and interest on every Bond, provided, that such obligation to make payment of the principal of, premium, if any, and interest on the Bonds is limited to payment from the Revenues, subject only to Operation and Maintenance Expenses of the Airport System, and the funds and accounts pledged pursuant to the Master Resolution; (b) to establish, fix, prescribe, and collect rates, tolls, fees, rentals, and charges in connection with the Airport System so that Revenues in each Fiscal Year will be at least equal to the rate covenants set forth in the Master Resolution (see "Rate Covenant" above); (c) to operate and maintain the Airport System at all times in good working order and condition in compliance with all lawful orders of any governmental agency or authority having jurisdiction in the premises; (d) to procure and maintain or cause to be procured and maintained commercial insurance with respect to the facilities constituting the Airport System and public liability insurance in such amounts and against such risks as are prudent and reasonable taking into account, but not being controlled by and subject to the discretion of the Airport Board, the amounts and types of insurance or self-insured programs provided by similar airports; (e) to keep or cause to be kept and provide or cause to be provided accurate books and records of account showing all Revenues received and all expenditures of the Airport Board relating to the Airport System; (f) to not construct, operate, or enter into any agreement permitting or facilitating the construction or operation of, any facilities or structures that will compete with the operations of the Airport System in a manner that would materially and adversely affect the Airport Board's ability to comply with the covenants set forth in the Airport Revenue Bond Agreement or the County's ability to comply with the covenants set forth in the Master Resolution unless the amounts derived from operating such facilities are included as Revenues under the Master Resolution; and (g) to comply with provisions of the Code as necessary to prevent the interest on any Bonds issued as tax-exempt or tax-advantaged obligations to be included in gross income for federal income tax purposes or to cause any tax-advantaged Bonds to lose their tax-advantaged status, among others.

Transfer of Airport Facilities. The Airport Board has agreed that it will not, except as permitted in, and subject to the terms of, the Master Resolution, transfer, sell or otherwise dispose of its interest in any Airport Facilities.

Defaults and Remedies. Upon the occurrence of a default by the Airport Board or the County in its respective obligations under the Airport Revenue Bond Agreement, the other party may proceed to protect and enforce its rights in equity or at law, either in mandamus or for the specific performance of any covenant or agreement contained therein, or for the enforcement of any other appropriate legal or equitable remedy, as the such party may deem most effectual to protect and enforce any of its rights or interests thereunder.

Amendments. The Airport Revenue Bond Agreement may be amended pursuant to a resolution of the County Board and the Airport Board, respectively, upon written agreement of the parties. Any such amendment shall not require the consent of or notice to holders or owners of any Bonds or Subordinate Obligations then Outstanding.

Third Party Rights. The Airport Revenue Bond Agreement provides that terms of the Airport Revenue Bond Agreement are not intended to establish nor to create any rights in any persons or entities other than the County, the Airport Board and the respective successors of each, except for the rights of owners of Bonds and Subordinate Obligations as provided in the Airport Revenue Bond Agreement. Only the County, the Airport Board and the respective successors of each, and owners of Bonds and Subordinate Obligations (to the extent necessary to enforce their rights as owners of Bonds or Subordinate Obligations, as applicable) have any rights or any authority to enforce the Airport Revenue Bond Agreement's provisions.

See Appendix E for a copy of the Airport Revenue Bond Agreement.

Defaults and Remedies; No Acceleration

The Master Resolution provides for certain actions Registered Owners of the 2024 Bonds may take following the occurrence of a payment default on the 2024 Bonds or a default by the County or Airport Board in the observance or performance of any other covenants, conditions or agreements contained in the Master Resolution and the continuance of such covenant default for a period of 90 days. See the Master Resolution in Appendix E.

Payment of the principal of and accrued interest on the 2024 Bonds is not subject to acceleration upon the occurrence and continuance of a default under the Master Resolution. Payments of debt service on the 2024 Bonds are required to be made only as they become due. In the event of multiple defaults in payment of principal of or interest on the 2024 Bonds, Bond owners could be required to bring a separate action for each such payment not made. Any such action to compel payment or for money damages would be subject to the limitations on legal claims and remedies. See the Master Resolution in Appendix E.

DEBT SERVICE REQUIREMENTS

Debt Service Requirements

The following table provides the debt service schedule for the 2024 Bonds. The County has no other Bonds or other obligations outstanding under the Master Resolution with a parity of lien on the Revenues of the Airport System.

TABLE 2
DEBT SERVICE REQUIREMENTS

	2024A Bonds		2024B Bonds		
Fiscal Year[(1)]	**Principal**	**Interest[(2)]**	**Principal**	**Interest[(2)]**	**Total[(3)]**
2025	$ 55,000	$ 348,234	$ 720,000	$ 5,045,568	$ 6,168,802
2026	360,000	667,000	1,600,000	4,918,463	7,545,463
2027	630,000	1,749,813	1,675,000	4,838,463	8,893,275
2028	660,000	1,718,313	1,760,000	4,754,713	8,893,025
2029	695,000	1,685,313	1,850,000	4,666,713	8,897,025
2030	730,000	1,650,563	1,945,000	4,574,213	8,899,775
2031	765,000	1,614,063	2,035,000	4,476,963	8,891,025
2032	805,000	1,575,813	2,140,000	4,375,213	8,896,025
2033	845,000	1,535,563	2,245,000	4,268,213	8,893,775
2034	885,000	1,493,313	2,355,000	4,155,963	8,889,275
2035	935,000	1,449,063	2,475,000	4,038,213	8,897,275
2036	980,000	1,402,313	2,600,000	3,914,463	8,896,775
2037	1,030,000	1,353,313	2,730,000	3,784,463	8,897,775
2038	1,075,000	1,301,813	2,875,000	3,641,138	8,892,950
2039	1,130,000	1,248,063	3,025,000	3,490,200	8,893,263
2040	1,185,000	1,191,563	3,185,000	3,331,388	8,892,950
2041	1,245,000	1,132,313	3,350,000	3,164,175	8,891,488
2042	1,310,000	1,070,063	3,520,000	2,988,300	8,888,363
2043	1,375,000	1,004,563	3,710,000	2,803,500	8,893,063
2044	1,445,000	935,813	3,905,000	2,608,725	8,894,538
2045	1,515,000	863,563	4,110,000	2,403,713	8,892,275
2046	1,595,000	787,813	4,325,000	2,187,938	8,895,750
2047	1,670,000	708,063	4,550,000	1,960,875	8,888,938
2048	1,755,000	624,563	4,790,000	1,722,000	8,891,563
2049	1,840,000	536,813	5,045,000	1,470,525	8,892,338
2050	1,935,000	440,213	5,305,000	1,205,663	8,885,875
2051	2,040,000	338,625	5,590,000	927,150	8,895,775
2052	2,150,000	231,525	5,875,000	633,675	8,890,200
2053	2,260,000	118,650	6,195,000	325,238	8,898,888
Total[(3)]	**$ 34,900,000**	**$ 30,776,684**	**$ 95,485,000**	**$ 92,675,818**	**$ 253,837,502**

(1) The period of time beginning on January 1 of each given year and ending on December 31 of such given year provided, however, that a payment made on January 1 shall be considered part of the prior Fiscal Year.
(2) Net of capitalized interest.
(3) Totals do not foot due to rounding.

Future Airport Debt

The Airport Board expects to request the County to issue additional Bonds in or around 2026 to finance additional capital improvements at the Airport. The issuance of such bonds is preliminary, subject to change, and subject to required County, City and Airport Board approvals. For a description of such proposed financing and improvements, see "Capital Improvement Program" in Appendix A and Appendix B—"REPORT OF THE AIRPORT CONSULTANT."

Subordinate Obligations

The Airport Board has outstanding one loan with the County to provide interim financing for the 2024 Project. The County loan will be repaid with a portion of the proceeds of the 2024 Bonds. As of the date of the issuance of the 2024 Bonds, the Airport Board will not have any Subordinate Obligations outstanding.

Debt Payment Record

Neither the County nor the Airport Board has ever defaulted on a payment of principal or interest on any of its obligations. Furthermore, the County has never issued refunding bonds for the purpose of avoiding an impending default on any of its obligations.

THE AIRPORT BOARD

Generally

The Airport Board was formed in 1962 pursuant to an agreement between the County and the City under the provisions of chapter 14.08 RCW, which establishes the operation of airports by more than one municipality under joint agreement. The Airport Board currently operates under the Interlocal Agreement, which provides for the joint operation of the Airport Facilities and vests in the Airport Board, the authority to manage and operate such facilities for aeronautical and industrial development purposes, subject to the specific limitations contained in the Interlocal Agreement. See "Interlocal Agreement" below. See also Appendix A for more information regarding operations and finances of the Airport Board.

Airport Board Members and Officials

The Airport Board consists of seven members - three appointed by the City, three appointed by the County and one selected jointly. One of the three members appointed by the City must be a member of the City Council, and one member appointed by the County must be a County Commissioner. The Airport Board is responsible for employing, subject to County and City approval, a Chief Executive Officer who directs the administration of all matters pertaining to the Airport Facilities.

The current members of the Airport Board are listed in the following table.

TABLE 3
MEMBERS OF THE AIRPORT BOARD

Members	Title	Term Expiration
Ezra Eckhardt	Chair	01/26/2027
Al French, Spokane County Commissioner	Vice Chair	12/31/2024
Jennifer West	Secretary	12/31/2024
Betsy Wilkerson, Spokane City Council President	Member	12/31/2025
Nancy Vorhees	Member	04/30/2026
Max Kuney	Member	12/16/2025
Brooke Baker Spink	Member	05/31/2025

Source: Airport Board

See "Airport Board" in Appendix A for additional information regarding the Airport Board, its leadership team and its operations.

Interlocal Agreement

The County and the City executed the Interlocal Agreement in 2019 to provide for the continued joint operation of the Airport Facilities by the County and the City. Furthermore, the Interlocal Agreement vests the Airport Board with authority for the management and operation of the Airport Facilities for aeronautical and industrial development purposes subject to the specific limitations contained therein. The following is a brief summary of the Interlocal Agreement. A complete copy of the Interlocal Agreement is available from the County.

Airport Board. The Airport Board has all of the powers granted to municipalities pursuant to the provisions of chapter 14.08 RCW in the management, operation and control of the Airport Facilities for aviation and business park purposes, subject to approval by the County and the City of the annual comprehensive budget, except that: (a) eminent domain power must be exercised jointly by the County and the City; (b) the acquisition, sale, transfer or disposal of real property, except the grant of a lease, must be by joint action of the County and the City; (c) policy regulations governing conduct and use of the Airport to be enforced through a judicial proceeding, if not adopted by the joint action of the parties, must be adopted pursuant to the requirements of City or County ordinances and resolutions, and the Airport Board may adopt reasonable rules and regulations for the control and management of the Airport Facilities not requiring judicial enforcement, including, but not limited to, minimum standards for aeronautical and non-aeronautical activities; (d) contracts for public works and procurements of goods and services must satisfy the legal and procedural requirements of the City; (e) the employment and termination of the Airport Chief Executive Officer must be jointly approved by the City and County; (f) capital improvements of Airport property, for aeronautical, commercial, and industrial purposes, shall be in general accordance with an Airport Layout Plan jointly adopted by the Airport Board, City, and County, and approved by the FAA; and (g) all aviation capital improvements and land uses conforming with such Airport Layout Plan shall not be subject to City of County zoning regulations.

Airport Property. The parties to the Interlocal Agreement recognize that the property of the Airport Facilities has been acquired at various times in various ways, including surplus property grant deeds from the United States of America, purchased through FAA or its predecessor, funds, and donations, and agree to hold all Airport Facilities by the County and City in equal undivided shares as tenants in common, subject to any valid future interest reserved or excepted by deed.

Personal property (except City utility properties) shall be acquired, held, and disposed of in the name of the Airport Board. Upon termination of the Interlocal Agreement and dissolution of the Airport Board, personal property shall be deemed owned by the City and County as tenants in common. Notwithstanding anything to the contrary in the Interlocal Agreement, the City shall own and have the control, operation, and maintenance of all public utility sewer and water systems within the Airport Facilities, including, but not limited to, all present and future utility systems, tangible property, pipes and pumps, storage tanks, and fire hydrants, whether located underground or above ground, and intangible property such as franchises and easements.

The City is responsible for the maintenance and operation of water and sewer services and utilities at the Airport Facilities. The City and the County own jointly the lines, wells, and other facilities comprising the water and sewer systems within the boundaries of the Airport Facilities.

Airport Finances; Issuance of Debt; Agreement Regarding Deficient Debt Service. The Airport Board is required under the Interlocal Agreement to submit a proposed comprehensive balanced operating budget for the Airport Facilities by the first Monday in the month of December for the ensuing fiscal year. Separate operating budgets and accounting records will be presented for each of the Airport Board's three business areas and the comprehensive budget must be jointly approved by the parties prior to the end of the current calendar year in which the proposed budget is submitted.

The Interlocal Agreement requires both the County and the City to approve any bond issue or other debts of the Airport Board (including revenue obligations and general obligation debt) that extend beyond one year. In the event there is a deficit in a principal or interest payment necessary to pay a bonded indebtedness, the County and the City shall each fund one-half of such deficit. See "Limited Obligations; No Rights to Third Parties" below.

All Airport Board funds, including Revenues of the Airport System, proceeds of debt (including the 2024 Bonds), grants, federal funds, and funds from other sources will be deposited and maintained in accounts held by the County Treasurer. All disbursements from such funds shall be made by order of the Airport Board in accordance with the annual Airport Board Budget and the Interlocal Agreement. The Interlocal Agreement provides that revenues of the Airport Board must be applied to the follow purposes, in the following order, as specified in the annual budget of the Airport Board: (a) maintenance and operation expenses, including salaries and other personnel costs; (b) principal and interest and any required reserve deposits on outstanding bonds and any other bonds having a parity of lien; (c) principal and interest on the revenue bonds having a junior lien to any outstanding bonds; (d) any outstanding revenue or interest bearing warrants; (e) accumulation of reserve funds; (f) early redemption of revenue bonds or other Airport indebtedness; and (g) other proper purposes consistent with operating budget approvals.

Limited Obligations; No Rights to Third Parties. The Bonds are special fund obligations of the County payable from and secured solely by Revenue of the Airport System and the funds and accounts held by the County Treasurer under the Bond Resolution. The Interlocal Agreement is a contractual agreement between the County and the City and does not provide for the payment of, secure or create a guarantee, either moral or otherwise, of the Bonds or any other debt. Owners and holders of the 2024 Bonds are not third-party beneficiaries to the Interlocal Agreement and do not have rights to enforce either the County or the City's obligation thereunder. The City and County are not required to enforce their obligations under the Interlocal Agreement and owners and holders of the Bonds have no recourse in the event such obligations are not enforced.

Amendment and Termination. The Interlocal Agreement may be amended at any time by mutual agreement of the County and the City.

Either party may terminate the Interlocal Agreement effective at the end of any calendar year, by serving written notice on the other before the 1st day of October of the previous year. Notice must also be provided to the Airport Board, the FAA and to other agencies with jurisdiction over or a financial interest in the Airport Facilities. After notice of termination has been given, if the parties do not, by the 31st day of December of what will be the last year of joint operation under the Interlocal Agreement, reach an agreement regarding the takeover by either party, or other operation of the Airport Facilities, or the abandonment and liquidation of the Airport Facilities, then the terminating party will acquire the assets and assume the liabilities of the Airport Facilities, except that City utilities remain the property of the City.

In the Master Resolution and in the 2024 Joint Resolution, the County and the City, respectively, covenanted and agreed that so long as the Bonds are outstanding, it would not terminate the Interlocal Agreement without the other party's consent.

Financial Results

See Appendix A for historical financial information and other operating information of the Airport Board.

THE COUNTY

General Information

The County, formed in 1879, is the fourth most-populated county in the State and is located in the eastern portion of the State along the Washington/Idaho border. The County encompasses 1,758 square miles of land and 2,957 miles of County roads. According to the State Office of Financial Management, the County has an estimated 2024 population of 559,400, an increase of over three percent since the 2020 U.S. Census population of 539,339.

Form of Local Government and Governing Officials

The County is a political subdivision of the State. The County's executive, legislative and policy-making body is the Board, currently composed of five commissioners from three separate districts who are elected from their respective county commissioner districts, each having as nearly as possible one-fifth of the County population.

Shown below are the names of the individuals who comprise the present Board and other elected officials as well as the dates on which their respective terms of office expire.

TABLE 4
ELECTED COUNTY OFFICIALS

Name	Office	Expiration of Term (December 31)
Mary L. Kuney	Chair	2026
Josh Kerns	Vice-Chair	2024
Al French	Commissioner	2024
Amber Waldref	Commissioner	2026
Chris Jordan	Commissions	2024
Thomas Konis	Assessor	2026
Vicky M. Dalton	Auditor	2026
Timothy W. Fitzgerald	Clerk	2026
Larry H. Haskell	Prosecutor	2026
John Nowels	Sheriff	2026
Michael Baumgartner	Treasurer	2026

A Chief Executive Officer has been appointed by the Board to provide administrative direction to the County. The County officials who are primarily responsible for administering the Bonds are as follows:

Scott Simmons, Chief Executive Officer, is responsible for overall administration of the County. Mr. Simmons was hired by the County in 2021. Previously he served as the Public Works Division Director for the City of Spokane and Acting City Administrator.

Randy Bischoff, Sr. Director of Finance & Administration, joined the Spokane County Auditor's office in 2017 as the Chief Deputy Auditor. He was appointed to Sr. Director of Finance & Administration in November 2022.

Thomas Konis, Assessor, joined the Spokane County Assessor's office in 1993 as an appraiser and was elected Assessor in 2018. The Assessor's office protects property owners by treating all properties fairly and uniformly. In addition to his experience and knowledge, Mr. Konis has introduced new technologies making the Assessor's office more efficient.

Vicky M. Dalton, Auditor, is responsible for the accounting for expenditure of bond proceeds. Ms. Dalton was elected Auditor in November 1998 and has been reelected since such time.

Michael Baumgartner, Treasurer, is responsible for making debt service payments on the Bonds and investing the proceeds of the Bonds. Mr. Baumgartner was elected Treasurer in 2018. Prior to that he served eight years as a State Senator where he was Chair of the Commerce and Labor Committee and Vice-Chair of the Ways and Means Committee. Prior to the State Senate, Mr. Baumgartner worked as a State Department Officer of the U.S. Embassy in Baghdad helping to coordinate economic and political counterinsurgency operations during the Iraq Surge.

Facilities of the County

Major facilities of the County include the County Courthouse, which contains the County offices and the court rooms; the Public Safety Building which contains the County Sheriff and City of Spokane Valley Police Departments; the Fair & Expo Center; the Public Works Building which contains the Utility and Road Departments; and a Regional Animal Control Facility.

Principal Governmental Services

The County provides a number of basic governmental services to its residents, including law enforcement, a sanitary sewerage collection and treatment system, road maintenance, land use planning and zoning enforcement, municipal golf courses, and park and recreation facilities.

Liability Insurance

The County maintains insurance for its operations through the Washington Counties Risk Pool (the "Risk Pool"). The Risk Pool allows members to establish a plan of self-insurance, jointly purchase excess or reinsurance insurance coverage and provides related services. The Risk Pool was formed on August 18, 1988, when the counties in the State joined together by signing an Interlocal Government Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2023, 24 of the State's 39 counties participate in the Risk Pool. All Risk Pool joint self-insurance liability coverages, including public officials' errors and omissions, are on an "occurrence" basis. Members make an annual contribution to fund the Risk Pool. A member may elect a deductible of $500,000 or higher. There are no annual aggregate limits to the payments the Risk Pool can make for any one county or all counties combined. The Risk Pool also provides optional group purchased insurance coverage for its members. The Risk Pool acquires reinsurance from unrelated purchasers that are subject to a per-occurrence self-insured retention of $100,000. Reinsurance carriers cover losses over $100,000 to the maximum limits of each policy. Since the Risk Pool is a cooperative program, there is joint liability among the members. Members contract to remain in the Risk Pool for a minimum of five years, and must give notice one year before terminating participation.

Authorized Investments; County Investment Policy

Chapter 39.59 RCW authorizes the investment of funds of local governments in the following instruments: (i) bonds of the State or any local government in the State, (ii) general obligation bonds of any other state or local government thereof which have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency, (iii) registered warrants of a local government in the same county as the local government making the investment, (iv) obligations of the U.S. government, its agencies and wholly owned corporations, or obligations issued or guaranteed by supranational institutions, provided, that at the time of investment, the United States government is the largest shareholder of such institution, (v) obligations of the Federal Home Loan Bank, Federal Land Bank and Fannie Mae, and obligations of other government-sponsored corporations whose obligations are or may become eligible as collateral for advances to member banks of the Federal Reserve System, (vi) bankers' acceptances purchased on the secondary market, (vii) commercial paper purchased on the secondary market, subject to State Investment Board policies, and (viii) corporate notes purchased on the secondary market, subject to State Investment Board policies.

Any municipal corporation may authorize the investment by its county treasurer of funds not required for immediate expenditure. The funds of the County, including debt service funds, have historically been (and will continue to be) invested by the Treasurer. A county treasurer may, upon the request of one or more units of local government that invest their money with a county, combine that money for the purposes of investment, pursuant to RCW 36.29.022. The office of the county treasurer receives up to 5 percent of the earnings on such investments, subject to a maximum of $50 on each transaction, as its investment service fee. A county treasurer may reimburse its office for any expenses incurred in the establishment and maintenance of such a county investment pool, pursuant to RCW 36.29.024.

The County Investment Policy. The County's investment policy has been adopted by the Spokane County Finance Committee (consisting of the Treasurer, the County Auditor and the Chair of the Board) and approved by the Board. Pursuant to the County's investment policy, the Treasurer's office invests all temporary available cash surpluses in the County's residual government investment pool (the "Investment Pool"), which is invested in securities issued by the United States government and its agencies, municipal securities and certificates of deposit.

The Investment Pool includes funds from special purpose districts within the County (such as school districts, fire protection districts and water districts) that wish to participate. The investment policy requires that at least 10 percent of the investment portfolio be kept in overnight instruments or in marketable securities that can be sold to raise cash on one day's notice to provide adequate liquidity of each special purpose district's investment. The investment policy also limits investments to those with maturities of no more than five years with an average maturity of less than 730 days, except bond reserve funds may be invested in instruments with a maturity of more than five years with the approval of the Spokane County Finance Committee.

Auditing of County Finances

Accounting systems and budgetary controls are prescribed by the Office of the State Auditor in accordance with RCW 43.09.200 and RCW 43.09.230. The County complies with the systems and controls prescribed by the Office of the State Auditor and establishes procedures and records which reasonably assure safeguarding of assets and the reliability of financial reporting.

The State Auditor is required to examine the affairs of counties and other municipalities in the State regularly and on a schedule determined by risk factors and financial activity. The County has been subject to financial statement and accountability audits. Financial statement audits are performed for the purpose of forming an opinion on the financial statements taken as a whole. Also considered are the County's internal controls over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. Accountability audits include, among other things, review of the financial condition and resources of the County, whether the laws and constitution of the State are being complied with, the methods and accuracy of the accounts and reports as well as other matters (potential areas of risk related to citizen concerns, payroll, inter-fund transactions, and others). Reports of the auditor's examinations are filed in the office of the State Auditor and with the County.

The State Auditor performs accountability audits of the County every year. The most recently published accountability audit covers the period January 1, 2023 through December 31, 2023. Audited financial statements of the County are available from the State Auditor. The most recent financial audit report for the County covers the period January 1, 2023 through December 31, 2023, and is available on the Municipal Securities Rulemaking Board Electronic Municipal Market Access system located at https://emma.msrb.org/P21849870-P21416987-P21860155.pdf (which is not incorporated herein by this reference).

The Budgetary Process

Chapter 36.40 RCW describes the procedure for presentation and adoption of the County's annual budget. Operations of the County are guided by an annual budget prepared under the direction of the Sr. Director of Finance & Administration. All estimates for receipts and expenditures for the ensuing year must be fully detailed in the annual budget and must be classified according to standards prescribed by the State Auditor. In August of each year, the heads of each County department must file detailed estimates of the probable revenues and expenditures of the County for the ensuing fiscal year, and the Board must prepare an estimate of the construction to be financed by bonds in the ensuing year. Upon receiving the estimates, the Sr. Director of Finance & Administration must prepare the preliminary budget for the ensuing fiscal year, which must be submitted to the Board in September. After a series of public hearings, the Board must adopt the budget in its final form. By statute, the final budget must be balanced. Once adopted, the annual budget may be revised or amended only after a public hearing has occurred.

RISKS TO BONDHOLDERS

The purchase of the 2024 Bonds involves a number of risks. Accordingly, each prospective purchaser of the 2024 Bonds should make an independent evaluation of all of the information presented in this Official Statement to make an informed investment decision. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors. The discussion of risk factors is not meant to be definitive or exhaustive. The order of presentation of these factors below is not intended to create any implication as to the relative importance of any one risk factor over another.

Bonds are Special Limited Obligations of the County

See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. The Bonds are secured solely by a pledge of, security interest in, and lien and charge on Revenues. The Airport Board's ability to derive Revenues from the operation of the Airport System sufficient to pay debt service on the Bonds depends on many factors, some of which are not subject to the control of the Airport Board.

Factors subject to the Airport Board's control, to some degree, include the contractual terms the Airport Board establishes with its tenants, including airlines. In addition, the Airport Board determines, subject to the requirements of the Airport Revenue Bond Agreement, whether and when to request that the County issue additional indebtedness secured by a lien on Revenues either on parity with or subordinate to the lien of the Bonds.

There are many factors outside of the Airport Board's control that can affect activity levels in the Airport System. Some known factors include the level of economic activity both within and outside of the area served by the Airport System, general demand for air travel, the financial condition of the airline industry, regulation of the Airport Board operations, global health, economic conditions, security and other geopolitical concerns, climate change, and natural disasters.

The following section discusses some of the factors affecting Revenues. The following discussion cannot, however, describe all of the factors that could affect Revenues. Other factors are discussed elsewhere in this Official Statement. In addition to these known factors, other factors could affect the Airport Board's ability to derive Revenues sufficient to pay debt service on the Bonds.

Uncertainties of the Aviation Industry

The ability of the Airport Board to generate revenues from its Airport System operations depends, in part, upon the financial health of the aviation industry. The economic condition of the industry is volatile, and the aviation industry has undergone significant changes, including mergers, acquisitions, consolidations, bankruptcies and closures. The industry is cyclical and subject to intense competition and variable demand. Further, the aviation industry is sensitive to a variety of other factors, including (i) the cost and availability of labor, fuel, aircraft and insurance, (ii) general economic conditions, (iii) international trade, (iv) currency values, (v) competitive considerations, including the effects of airline ticket pricing and increased taxes and fees, (vi) traffic and airport capacity constraints and the national aviation system capacity constraints, (vii) political risk including the uncertainties of federal funding, governmental regulation, including security regulations, fees, and taxes imposed on airlines and passengers, and maintenance and environmental requirements, (viii) passenger demand for air travel, and (ix) disruption caused by airline accidents, system outages, severe weather, local, regional, national or global health events, natural disasters, criminal incidents and acts of war or terrorism. The aviation industry is also vulnerable to strikes and other union activities. Airlines operating at the Airport System have filed for bankruptcy in the past and may do so in the future.

Federal Law Affecting Rates and Charges

Rates and charges for aeronautical use of an airport imposed pursuant to a written agreement between the air carriers operating at an airport and the operator of the airport are generally not subject to federal regulation except for regulations designed to ensure that such rates are not discriminatory. Airports may enter into use and lease agreements with airlines, or they may set rates and charges by legislative action.

The Airport Board currently receives aeronautical revenues pursuant to its agreements (the "Airline Operating Agreements") with certain airlines (the "Signatory Airlines"). These Airline Operating Agreements set forth a formula for establishing rates and charges for use of the aeronautical facilities at the Airport. Accordingly, the Airport Board believes that the provisions of the Airline Operating Agreements are consistent with the FAA regulations and the Authority's Grant Assurances, to the extent the same are applicable.

The Airline Operating Agreements expire on December 31, 2024, unless sooner terminated pursuant to their terms. The Airport Board is currently negotiating an extension and amendment with the Signatory Airlines through December 31, 2025. Both the Airport Board and the airlines would like to negotiate a longer-term agreement upon the expiration of the current Airport Operating Agreements. At this time, it is uncertain what those terms will be. See Appendix A for information regarding the Airline Operating Agreements. Neither the County nor the Airport Board can guarantee that new agreements will be executed or that such agreements will be substantially similar to existing agreements.

The Airport Board also may adopt rates and charges by resolution, but has not done so to date. Upon the expiration or termination of the Airline Operating Agreements, the Airport Board may enter into new agreements with the same or different terms, which may be more or less favorable, may choose to amend its agreements to respond to adverse economic or other conditions at the Airport System or may choose to adopt rates and charges by resolution. It is also possible that any rates and charges resolution could be challenged by one or more of the airlines. The airlines are not required to pay for all of the Airport Board's costs.

Airlines operating at the Airport that do not execute the Airline Operating Agreement are referred to as "Nonsignatory Airlines." Such airlines, as well as other aircraft utilizing the Airport on an itinerant basis, are charged various surcharges relative to the Signatory Airline rates and charges imposed under the Airline Operating Agreement. Such Nonsignatory Airline operations constitute only a small percentage of total operations at the Airport.

For rates and charges not determined pursuant to an agreement, federal aviation law requires, in general, that airport fees be reasonable and nondiscriminatory. In order to receive federal grant funding, all airport generated revenues must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. Pursuant to the requirements of the Federal Aviation Administration Authorization Act of 1994, the U.S. Department of Transportation ("USDOT") and the FAA have promulgated regulations setting forth an expedited hearing process to be followed in determining the reasonableness of airport rates and charges, and have also promulgated a policy statement, which sets forth the standards that USDOT uses in determining the reasonableness of the fees charged to airlines and other aeronautical users.

Future FAA rules, regulations or guidelines may limit the Airport Board's flexibility in negotiating new airline agreements or in setting rates and charges for use of the Airport's airfield and non-airfield facilities. While there are no currently pending proposals to effectuate such changes in Congress or by the FAA or USDOT, there can be no assurance that new proposals will not be forthcoming that could impact Airport financial models. Any new FAA guidelines or any standards promulgated by a court in connection with a dispute could limit the amounts and allocation of costs payable by airlines serving the Airport. Until USDOT promulgates a new policy regarding rates and charges, the guiding principle for determining whether rates and charges established for use of airport assets is the requirement of federal law that such charges be reasonable.

Uncertainties of Non-Aeronautical Revenues

In addition to revenue from the airlines, the Airport Board has the use of non-aeronautical revenue, such as parking and concession revenue, but also takes the risk that such revenue may not be sufficient to enable the Airport Board to satisfy from non-aeronautical revenue all of its obligations not covered by aeronautical revenues. The Airport Board's ability to generate revenues at the Airport System from its non-airline businesses (including parking, car rentals and terminal concessions such as food and beverage sales) depends, in part, upon the volume of passengers passing through the Airport System, economic conditions, and ground transportation and terminal concession preferences, pricing and alternatives. The nature of the businesses that provide concessions and services at the Airport System changes as new business models develop. For example, transportation network companies represent a relatively new business model providing service at the Airport System and may adversely affect not only other ground transportation businesses but also other Airport System businesses, including parking and rental car businesses.

Competition from other Airports

There are no similar size or larger competing airports within 250 miles of the Airport Facilities that offer similar size or larger capacity or passenger boardings, and as a result, the Airport does not lose passengers in any significant way to other airports within that mileage range. Larger airports in the Pacific Northwest include Seattle-Tacoma International Airport ("SEA)", Portland International Airport ("PDX") and Boise International Airport ("BOI") and all are between 279 miles and 421 miles from Spokane. While those airports offer more seats and nonstop flights than the Airport, the airports are not viewed as substitutable alternatives for Spokane air traffic due to their drive times from Spokane, which is between four and six hours, assuming non-winter driving conditions. Because of its geographical location and without competitive airports of its size nearby, the Airport retains most of its area's passenger traffic and allows the Airport to support more capacity than it otherwise would with competition.

Economic Conditions of Air Trade Area

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

Effects of Airline Bankruptcy

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

In the event of an airline bankruptcy, the automatic stay provisions of the United States Bankruptcy Code (the "Bankruptcy Code") could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by the airline to the Airport Board, any action to remove the airline from possession of any premises or other space, any action to terminate any agreement with the airline, or any action to enforce any obligation of the airline to the Airport Board. With the authorization of the bankruptcy court, the airline may be able to reject some or all of its agreements with the Airport Board, including the Airport Operating Agreements, or other lease, operating, or other agreements, and stop performing its obligations (including payment obligations) under such agreements. Such a rejection could also excuse the other parties to such agreements from performing any of their obligations. The airline may be able, without the consent and over the objection of the Airport Board, to alter the terms, including the payment terms, of its agreements with the Airport Board, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, the airline may be able to assign any of its agreements with the Airport Board to another entity, despite any contractual provisions prohibiting such an assignment. The holders of the 2024 Bonds may be required to return to the airline as preferential transfers any money that was used to make payments on the 2024 Bonds and that was received by the Airport Board from the airline during the 90 days (or in some cases one year) immediately preceding the filing of the bankruptcy petition. Claims by the Airport Board under any lease, or any agreement that is determined to be a lease, with the airline may be subject to limitations.

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

Geopolitical Considerations

Geopolitical risks posed by elections, polarization, terrorist threats, conflicts, and acts of war may cause disruptions to the global economy, including disruptions that affect air, maritime, and other transportation modes. Conflicts may impact the aviation industry by preventing access to airports in or around areas of unrest, by causing airline schedule and routing changes, and by increasing passenger anxieties about air travel. Conflicts may also lead to increased volatility in fuel and other commodity prices, challenges in sourcing needed materials, changes in supply, demand or pricing due to export restrictions and sanctions, and additional supply chain risks. Geopolitical risks can also have direct and indirect threats on the economy, including but not limited to, impacts to capital flows, asset prices, and interest rates, economic sanctions disrupting trade and investment, increases in inflation, and other impacts on the financial markets.

Future Capital Projects

The Airport Board has identified its Capital Improvement Plan for the 2023 through 2029 period. See Appendix A—"THE AIRPORT SYSTEM" and Appendix B—"REPORT OF THE AIRPORT CONSULTANT." The program is based on identified improvements, current cost, and timing estimates. The actual costs and schedules of projects are subject to change due to, among other factors, inflation, increased borrowing costs, the availability of labor and supplies, the inability to obtain or delays in obtaining federal or local approvals, unanticipated environmental, geological or environmental problems, litigation, natural or manmade disasters, health emergencies, terrorist attacks, new or ongoing military hostilities or supply chain constraints, which may result in significantly higher costs than currently estimated. If costs are higher than projected or funds are not available to finance the projects or portions thereof, the Airport Board may have to delay or cancel projects and/or incur additional debt. There may be additional improvement needs including additional improvements that are necessary to address competitive challenges, improvements to repurpose facilities, and improvements that are deemed to provide an economic or environmental benefit. There is no guarantee that capital investments will generate new revenues or revenues sufficient to offset costs.

Financial Markets

The Airport Board relies on access to financial markets to fund a portion of its capital program. Disruptions to financial markets may impact the Airport Board's access to capital or increase borrowing costs. Significant increases in interest rates will also affect the Airport Board's borrowing costs.

Cyber-Security

Computer networks and data transmission and collection are vital to the safe and efficient operations of the Airport Board. The Airport Board collects and stores sensitive data, including intellectual property, security information, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers, partners and employees. The secure processing, maintenance and transmission of this information is critical to industry operations.

In March 2023, the Transportation Security Administration ("TSA") issued a new TSA Joint Emergency Amendment ("EA") 23-01, amending the cybersecurity requirements for airport and aircraft operators by extending performance-based requirements and guidelines to require that impacted TSA-regulated entities develop an approved implementation plan that describes measures they are taking to improve their cybersecurity resilience and prevent disruption and degradation to their infrastructure. They must also proactively assess the effectiveness of these measures, which include the following actions: (1) develop network segmentation policies and controls to ensure that operational technology systems can continue to safely operate in the event that an information technology system has been compromised, and vice versa; (2) create access control measures to secure and prevent unauthorized access to critical cyber systems; (3) implement continuous monitoring and detection policies and procedures to defend against, detect, and respond to cybersecurity threats and anomalies that affect critical cyber system operations; and (4) reduce the risk of exploitation of unpatched systems through the application of security patches and updates for operating systems, applications, drivers and firmware on critical cyber systems in a timely manner using a risk-based methodology.

Like other large public and private entities, the Airport Board faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware, ransomware and other attacks to its computing and other digital networks and systems. Information technology and infrastructure may also be vulnerable to breach due to employee error, malfeasance or other disruptions. Any such attack or breach could compromise networks and the information stored there could be disrupted, encrypted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of commerce, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, or disruptions in operations and the services provided, and could cause a loss of confidence in the commercial operations of industries including Airport operations, which could ultimately adversely affect Revenues. Furthermore, cybersecurity breaches could expose the Airport Board to litigation and other legal risks, which may cause the Airport Board to incur material costs above the limits of their cybersecurity coverage.

To mitigate the risk of impacts to business operations caused by cybersecurity incidents or cyberattacks, the Airport Board invests in multiple forms of cybersecurity and operational safeguards. Notwithstanding these safeguards, the Airport Board can give no assurance that such measures will prevent all such incidents or attacks.

The County is also subject to the threat of cyberattacks, which have become increasingly more sophisticated and capable of impacting control systems and components. To mitigate this threat, the County maintains layered cyber defenses consisting of policies, procedures, training, and technical controls to protect the reliability of systems, mitigate intrusions, and plan for business continuity and data recovery. These defenses align with recognized best practices, and the County is in the process of becoming complaint with the NIST Cybersecurity framework. The County maintains a strong cybersecurity program to enhance cyberdefense and resilience, protecting critical infrastructure, information networks, and the data the County possesses and transmits. Notwithstanding these and other cybersecurity measures, a cybersecurity breach could damage County systems and cause material disruption to operations and services. The cost to remedy such damage or protect against future attacks could be substantial. Security breaches could expose the County to litigation and other legal risks, which could cause the County to incur costs related to the claims.

The County has obtained cybersecurity insurance under the Washington Counties Risk Pool. The policy covers business interruption and extra expense, loss of business income, data recover, cyber-extortion and ransomware; data breach response and crisis management coverage.

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

Limitation of Remedies

Under the terms of the Bond Resolution, payments of debt service on 2024 Bonds are required to be made only as they become due and the occurrence of a default does not grant a right to accelerate payment of the 2024 Bonds. In the event of multiple defaults in payment of principal of or interest on the 2024 Bonds, the 2024 Bond owners could be required to bring a separate action for each such payment not made. Remedies for defaults are limited to such actions that may be taken at law or in equity. See Appendix D. No mortgage or security interest has been granted or lien created in any real property of the Airport Board to secure the payment of any of the Airport Board's bonds, including the 2024 Bonds. Leases with tenants, including airlines and container terminal operators, are subject to bankruptcy proceedings, leading to possible rejection of the leases or to long delays in enforcement.

Various State laws, constitutional provisions, and federal laws and regulations apply to the obligations created by the issuance of the 2024 Bonds. There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions will not be changed, interpreted, or supplemented in a manner that would have a material adverse effect, directly or indirectly, on the affairs of the Airport Board.

In the event of a default in the payment of principal of and/or interest on the 2024 Bonds, the remedies available to the owners of the 2024 Bonds upon a default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional law, statutory law, and judicial decisions, including the U.S. Bankruptcy Code (the "Bankruptcy Code"). Bond Counsel's opinion as to enforceability to be delivered simultaneously with delivery of the 2024 Bonds will be qualified by certain limitations, including limitations imposed by bankruptcy, reorganization, insolvency, and equity principles. See the proposed form of Bond Counsel opinion included in Appendix D.

Bankruptcy; Dissolution

General. The enforceability of the rights and remedies of the Bondholders, the obligations of tenants or customers of the Airport Board and of the County and the Airport Board and the liens and pledges created by the Bond Resolution are subject to the Bankruptcy Code and/or to other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, to equitable principles that may limit the enforcement under State law of certain remedies and to exercise by the United States of America of powers delegated to it by the U.S. Constitution. It is not entirely clear what procedures the holders of the 2024 Bonds would have to follow to pursue bankruptcy and state law claims to attempt to obtain possession of Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

Some of the risks associated with a bankruptcy, insolvency or dissolution are described below and include the risks of delay in payment and of nonpayment. Potential purchasers of the 2024 Bonds should consult their own attorneys and advisors in assessing the risk and the likelihood of recovery in the event the County or the Airport Board's tenants or customers, or any other party becomes a debtor in a bankruptcy, insolvency or dissolution case prior to the time the 2024 Bonds are paid in full.

In addition, payments made by a bankrupt entity within 90 days (up to 366 days if the entity is found to be an insider) of a filing of a bankruptcy case could be deemed to be "avoidable preferences" under the Bankruptcy Code and thus could be subject to recapture in bankruptcy, including from the Bondholders. If an entity is in bankruptcy, parties (including the Bondholders) may be prohibited from taking action to collect from or to enforce obligations of such entity without permission of the bankruptcy court, and the County may be prevented from making payments to the Bondholders from funds in its possession. These restrictions may result in delays or reductions in payments on the 2024 Bonds.

There may be other possible effects of a bankruptcy of the County or tenants or customers of the Airport Board that could result in delays or reductions in payments on the 2024 Bonds, or result in losses to the Bondholders. Regardless of any specific adverse determinations in any such bankruptcy proceeding, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and value of the 2024 Bonds.

Tenants or Customers. The bankruptcy of one or more signatory airlines, rental car companies or of another tenant or customer of the Airport Board could result in delays, additional expenses and/or reductions in payments or nonpayment to the Airport Board and, as a result, could reduce Revenue. See "Effects of Airline Bankruptcy" above. A number of airline companies and other tenants/customers of the Airport Board have filed for bankruptcy in the past.

Bankruptcy law in the United States is governed by the Bankruptcy Code, and federal bankruptcy courts retain jurisdiction over parties that are subject to bankruptcy petitions, voluntarily or involuntarily. Bankruptcy courts have the jurisdiction, within the limits of the Bankruptcy Code, to review debtors' agreements and the debtors' decisions to assume or reject their agreements and to approve, reject or delay payments of debtors' financial and other obligations. Risks associated with bankruptcy include the risk of substantial delay in payment or of non-payment, the risk that the County might not be able to enforce its other contractual remedies, the risk that the County may have to return certain payments received during the "preference" period and the risk of additional litigation costs if the County decides to or is required to participate in bankruptcy proceedings. Bankruptcy of a major tenant or customer could result in long delays and significant costs and possibly in large losses to the County. Additional requirements, delays, costs or losses could apply in the event that tenants or customers are subject to bankruptcy law of another nation in addition to or in lieu of U.S. bankruptcy laws.

The County. Under current State law, political subdivisions or public agencies, such as the County, may be able to file for bankruptcy under chapter 9 of the Bankruptcy Code. In 1935, the Legislature authorized taxing districts in the State to file a petition under Section 80 of chapter IX of the then-applicable Bankruptcy Act of 1898. The 1935 authorizing statute has not been amended notwithstanding the fact that the Bankruptcy Act of 1898 has been superseded. The 1935 authorizing statute likely allows municipalities in the State to seek relief under chapter 9 of the now-applicable Bankruptcy Code. In the event of a chapter 9 bankruptcy filing by the County, owners of the 2024 Bonds may not be able to exercise any of their remedies under the Bond Resolution during the course of the proceeding. Legal proceedings to resolve issues could be time consuming, and substantial delays or reductions in payments to Bondholders may result.

Laws and Regulations; Taxes

The County and the Airport Board are subject to federal, State, and local laws and regulations. Failure by the County or Airport Board (or by its contractors or tenants) to comply with, or violations of, statutory and regulatory requirements could result in the loss of grant and PFC funds, recoupment of funds and in other consequences. These statutory and regulatory requirements are subject to change and could become more stringent and costly for the County, the Airport Board and its customers and tenants. For example, statutory or regulatory requirements limiting emissions or otherwise addressing climate change could be implemented or increased. Climate change concerns have led to new or proposed laws and regulations at the federal, State and local level, which could have a material adverse effect on the Airport Board's operation or the Airport Board's tenants. The County and Airport Board cannot predict whether future restrictions or limitations on the County or Airport Board will be imposed, whether future legislation or regulations will affect funding for capital projects or whether such restrictions or legislation or regulations will adversely affect Revenues.

Federal Funding and Other Actions

The Airport Board receives federal funds, including through FAA and TSA budgets. A portion of the Airport Board's assets also are invested in securities of the U.S. government. These federal funds and investments may be adversely impacted by federal legislative and executive actions, including but not limited to cuts in federal spending. Federal funding is subject to federal legislative action, including through the federal budget process. Budgetary acts, including sequestration, could continue to affect FAA and TSA budgets, operations, and the availability of certain federal grant funds. In addition, budgetary acts and other factors have caused and could cause the FAA and/or the TSA to implement employee furloughs, hiring freezes or other staffing changes (including of air traffic controllers), which could result in flight delays or cancellations. Other federal legislative or executive actions may affect the Airport Board's federal funds and investments, and may have other financial or operating impacts on the Airport Board. Executive orders regarding immigration or travel could reduce international passenger traffic, for example. The County and Airport Board can make no representations concerning what impact federal legislative and executive actions would have on Airport Board finances or operations, or the timing or materiality of such impact.

Accounting Rules

The County and the Airport Board are subject to accounting rules and standards promulgated by GASB. These rules may change, requiring the County and the Airport Board at such time to value and state its accounts, and may affect calculation of various rate covenants, in ways beyond the County's and the Airport Board's ability to control or predict.

Aviation Security

Acts of terrorism or other major breaches of security at the Airport can result in a decline in passenger traffic at the Airport which can materially adversely impact Revenues. The September 11, 2001 terrorist attacks and subsequent attempted attacks resulted in increased safety and security measures at the Airport mandated by Congress in and by directives of the FAA. In addition, certain safety and security operations at the Airport have been assumed by the TSA. In spite of the increased security measures, additional acts of terrorism resulting in disruption to the North American air traffic system, increased passenger and flight delays, damage to the Airport, reductions in Airport passenger traffic and/or reductions in Revenues, remain possible. The Airport Board maintains an insurance program that includes airport owner's and operator's liability insurance, including war/terrorism liability. The program also includes terrorism coverage under Terrorism Risk Insurance Program Reauthorization Act of 2019. It is possible that liability could exceed coverage or otherwise not be covered.

Effect of COVID Pandemic and Other Worldwide Health Concerns

The COVID-19 pandemic and resulting restrictions on human activities and other health emergencies have severely disrupted the international and domestic travel industry and global economy more broadly. The effects of COVID-19 and the restrictions imposed to contain the disease caused airports worldwide, including the Airport, to experience substantial decreases in passenger air travel. The Airport Board has provided information in this Official Statement to describe some of the impacts of the COVID-19 pandemic on Airport Board's finances and operations, and the Airport Board's recovery from such impacts. Additional variants or other developments with respect to COVID-19, and responses to variants and other developments, may affect passenger travel, Airport Board operations and other economic factors. Given trends in globalization, additional pandemics and other public health emergencies may occur with greater frequency and intensity in the future. There can be no assurances that any local, regional, national or global health emergencies will not have a material adverse effect on the demand for passenger air travel at the Airport.

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

Future outbreaks, pandemics or events outside the Airport Board's control may reduce demand for air travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Revenues.

Seismic, Wildfire, Drought and Other Risks

The State is in an area of seismic activity, with frequent small earthquakes and occasional moderate to larger earthquakes. In addition, the State has experienced mudslides, floods, droughts, windstorms, and volcanic eruptions (including Mt. St. Helens in 1980). Climate change may intensify and increase the frequency of extreme weather events, such as drought, floods, and heat waves. *See* "—Climate Change; Sustainability," below.

The Western United States, including the State, has recently experienced an increase in major wildfires causing extensive damage in certain areas and diminishing air quality. While the County has not experienced any significant recent wildfires, it proactively seeks to mitigate wildfire risk by educating the public on fire safety, and ensuring public safety utilities are placed according to industry standards to fight fires adequately. The County also routinely invests in new capital infrastructure to ensure that water storage, mains, and hydrant facilities meet and exceed water demands.

The loss of life and property damage that could result from a major earthquake, volcanic eruption, flood, wildfire or other natural disaster could have a material and adverse impact on the County and the Airport Board. Neither the County nor the Airport Board can give any assurance that insurance reserves or proceeds of insurance carried by the County or the Airport Board, if any, would be sufficient, if available, to rebuild and reopen County facilities or Airport Facilities, or that such facilities or surrounding facilities and infrastructure could or would be rebuilt and reopened in a timely manner following a major disaster. Under Washington law, any person, firm or corporation may be liable if it creates or allows extreme fire hazards to exist, and such hazards contribute to the spread of the fires.

Climate Change; Sustainability

Climate change has caused rising sea levels, ocean warming and acidification, increases in the frequency and intensity of wildfires and extreme weather events (such as heat waves, droughts, and floods), and changes in rainfall patterns and in the timing and amount of streamflow, among other impacts. These climate change impacts may increase in the coming decades, and could have material adverse effects on the Airport System, including, but not limited to: flight delays and cancellations; decreased travel demand; damage to critical facilities and infrastructure, such as terminals and runways; global changes in resource availability; decreased cargo movement; reduced access to hydropower; and stormwater surges exceeding the capacity of the Airport System's current stormwater and industrial wastewater management system.

Given the complexities of predicting the timing and magnitude of climate change, the Airport Board can give no assurances regarding how climate change and its effects will impact Airport Board operations. In addition to climate change's direct impacts, new federal and State laws and regulations imposed to mitigate climate change could have material adverse effects on the Airport System. In 2021, the EPA began regulating greenhouse gas ("GHG") emissions associated with air travel, issuing a rule adopting GHG emission standards for certain civil subsonic jet airplanes and larger subsonic propeller-driven airplanes with turboprop engines. While the Airport Board does not expect this rule to have a significant impact on Airport Board operations, the Airport Board cannot predict whether or how future legislation or regulations similarly intended to counteract the effects of climate change could restrict, limit, or otherwise materially impact the Airport Board and Airport Board tenants.

Environmental Regulation and Risk

The Airport Board also is regulated by the federal Environmental Protection Agency ("EPA") and the Washington State Department of Ecology (the "Department of Ecology") in connection with various environmental matters, including the handling of deicing materials and airline fuels and lubricants, protection of wetlands and other natural habitats, disposal of storm water and construction wastewater runoff and noise abatement programs. The Airport Board's handling of noise, including restrictions and abatement programs, is also subject to the requirements of federal and State statutes and regulations.

The Airport Board manages and operates numerous properties that have potential environmental liabilities beyond those recognized in its financial statements. The Airport Board may be responsible for all or a portion of investigation and cleanup of contamination on its properties. The actual cost of these responsibilities can be difficult to know and estimate and depends on the scope of any remediation required by federal, state, and/or local environmental agencies as well as the resolution of cost-sharing agreements, disputes (including litigation) regarding the allocation of costs and other matters, or litigated or negotiated settlements with other responsible parties. The process can be lengthy and outcomes uncertain.

Changes in laws, regulations and the application of regulations are beyond the control of the Airport Board. The costs of compliance are also subject to cost escalation pressures.

In early 2017, per- and polyfluoroalkyl substances ("PFAS") contamination was identified in wells in and around Fairchild Air Force Base, which is adjacent to the Airport. PFAS, a known human health concern, were required in firefighting foams used to control petroleum fires at airports and military installations, as well as used in numerous consumer products.

In October 2017, the Airport Board hired an environmental consultant to drill several new groundwater monitoring wells in the northeast part of the airport property based on environmental contamination found in groundwater at Fairchild Air Force Base. Some sample results indicated that PFAS was present in some groundwaters at that time.

In March 2019, the Airport Board conducted further groundwater monitoring testing for PFAS. Some sample results indicated that PFAS was present in some groundwaters at that time.

The Department of Ecology received the 2017 and 2019 sampling results in early 2023. After completion of an initial investigation, the Airport Facilities were added to the State list of contaminated sites. In March 2024, the Department of Ecology issued an order (the "Order") requiring the Airport Board to complete a remedial investigation, feasibility study and conduct groundwater testing to determine possible PFAS contamination on Airport Facility property. Pursuant to the Order, the Department of Ecology's Toxics Cleanup Database indicates multiple historic releases of hazardous substances have occurred on Airport Facility property including metals, petroleum, and halogenated solvents. The Airport Board was required by federal law to use products containing PFAS substances to meet requirements under the Airport's FAA operating certificate pursuant to Federal Aviation Regulations 14 CFR Part 139. The Airport Board is examining possible ways to recover the costs of investigation and any remediation, which may include recovery against historic owners and users of Airport Facility property and property adjacent to the Airport and multi-district litigation against the manufacturers of the PFAS chemicals, who have already recognized their liability in lawsuits brought by other industries.

Continuing Compliance with Tax Covenants; Changes of Law

The Bond Resolution and tax certificates for the 2024 Bonds will contain various covenants and agreements on the part of the County and Airport Board that are intended to establish and maintain the tax-exempt status of interest on the 2024 Bonds. A failure by the County or Airport Board to comply with such covenants and agreements, including any remediation obligations, could, directly or indirectly, adversely affect the tax-exempt status of interest on the 2024 Bonds. Any loss of tax-exemption could cause all of the interest received by the Owners of the 2024 Bonds to be taxable. All or a portion of interest on the 2024 Bonds also could become subject to federal and/or state income tax as a result of changes of law. Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2024 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax-exempt status of such interest.

TAX MATTERS

General. In the opinion of Bond Counsel, under existing law and subject to certain qualifications described below, (a) the interest on the 2024A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, (b) the interest on the 2024B Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2024B Bonds for any period during which such bond is held by a "substantial user" of the facilities financed or refinanced by the 2024B Bonds, or a "related person" to such "substantial user," within the meaning of Section 147(a) of the Code, but interest on the 2024B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (c) interest on the 2024 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations.

The proposed form of opinion of Bond Counsel with respect to the 2024 Bonds to be delivered on the date of issuance of the 2024 Bonds is set forth in Appendix D.

The Code contains a number of requirements that apply to the 2024 Bonds, and the County and the Airport Board have made certain representations and have covenanted to comply with each such requirement. Bond Counsel's opinion assumes the accuracy of the representations made by the County and the Airport Board and is subject to the condition that the County and the Airport Board comply with the above-referenced covenants. If the County or the Airport Board fails to comply with such covenants or if the County's or the Airport Board's representations are inaccurate or incomplete, interest on the 2024 Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2024 Bonds.

Except as expressly stated herein, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the 2024 Bonds, or the amount, accrual or receipt of interest on, the 2024 Bonds. Owners of the 2024 Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2024 Bonds.

Original Issue Premium and Discount. If the initial offering price to the public at which a 2024 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes. If the initial offering price to the public at which a 2024 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes.

Under the Code, original issue discount is treated as interest excluded from federal gross income to the extent properly allocable to each owner thereof. The original issue discount accrues over the term to maturity of the 2024 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2024 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2024 Bonds. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2024 Bonds who purchase the 2024 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2024 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2024 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2024 Bonds under the federal alternative minimum tax.

Under the Code, original issue premium is amortized on an annual basis over the term of the 2024 Bond (said term being the shorter of the 2024 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2024 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2024 Bond is amortized each year over the term to maturity of the 2024 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2024 Bond premium is not deductible for federal income tax purposes. Owners of premium 2024 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax consequences of owning such 2024 Bonds.

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2024 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2024 Bonds. Prospective purchasers of the 2024 Bonds should consult their own tax advisors regarding any pending or proposed legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Not Bank Qualified. The County has not designated the 2024 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

INITIATIVE AND REFERENDUM

Under the State Constitution, the voters of the State have the ability to initiate legislation through the power of initiative and referendum. Initiatives and referenda are submitted to the voters upon receipt of petitions signed by at least eight percent (initiatives) and four percent (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Qualifying initiatives to the voters are submitted at the next state general election and must be approved by a majority of voters to be enacted into law. Initiatives to the Legislature are submitted to the Legislature at its regular session each January. Once submitted, the Legislature must either adopt the initiative as proposed, reject the proposed initiative (in which case the initiative must be placed on the ballot at the next state general election) or approve an amended version of the proposed initiative (in which case both the amended version and the original proposal must be placed on the next state general election ballot). Any initiative approved by a majority of voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two–thirds of all the members elected to each house of the Legislature; after two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws.

In recent years there has been an increase in the number of initiatives and referenda filed in the State, including State initiatives targeting property taxes imposed by local jurisdictions. The County cannot predict whether this trend will continue, whether any filed initiatives will receive the requisite signatures to be certified to the ballot, and whether such initiatives will be approved by the voters and, if challenged, upheld by the courts.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the 2024 Bonds by the County are subject to the approving bond counsel opinion of Pacifica Law Group LLP, Seattle Washington, Bond Counsel. A copy of the opinion of Bond Counsel in the form set forth as Appendix D hereto will be delivered upon the issuance of the 2024 Bonds.

Bond Counsel is also serving as Disclosure Counsel to the County in connection with the issuance of the 2024 Bonds. Any opinion or letter of Disclosure Counsel will be limited in scope and cannot be relied upon by investors.

Certain legal matters will be passed upon for the Airport Board by its general counsel, Witherspoon Brajcich McPhee, PLLC, and special counsel, Kutak Rock LLP. Certain legal matters will be passed on for the Underwriter by Orrick, Herrington & Sutcliffe LLP, Seattle, Washington, counsel to the Underwriter. Any opinion of such firm will be addressed solely to the Underwriter, will be limited in scope, and cannot be relied upon by investors.

COMMITMENT TO PROVIDE CONTINUING DISCLOSURE

Pursuant to a certificate to be executed by the County and the Airport Board on or prior to the date of issuance and delivery of the 2024 Bonds (the "Continuing Disclosure Certificate"), the County and the Airport Board will covenant for the benefit of the owners and the "Beneficial Owners" (as defined in the Continuing Disclosure Certificate) of the 2024 Bonds pursuant to SEC Rule 15c2–12 (the "Rule") to provide certain financial information and operating data not later than the end of nine months after the end of each of the Airport Board's fiscal years (presently, December 31), commencing with the report for the fiscal year ended December 31, 2024, and to provide notices of the occurrence of certain enumerated events with respect to the 2024 Bonds. The information will be filed by or on behalf of the County and the Airport Board with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system. See Appendix G for a form of the Continuing Disclosure Certificate.

Compliance with Continuing Disclosure Obligations. The County believes it has complied, in all material respects, for the past five years with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule. In the last five years the Airport Board has not had an undertaking to provide ongoing disclosure pursuant to the Rule.

LITIGATION

There is no litigation pending or threatened in any court (either state or federal) to restrain or enjoin the issuance or delivery of the 2024 Bonds, or questioning the creation, organization, existence, or title to office of the County or the Airport Board, the validity or enforceability of the Bond Resolution, or the proceedings for the authorization, execution, sale and delivery of the 2024 Bonds.

Because of the nature of its activities, the County is subject to various pending and threatened legal actions which arise in the ordinary course of business. The County believes, based on the information presently known, the ultimate liability for any legal actions, individually or in the aggregate, taking into account established accruals for estimated liabilities, will not be material to the financial position of the County, but could be material to results of operations or cash flows for a particular annual period. No assurance can be given, however, as to the ultimate outcome with respect to any particular claim.

The Airport Board is also a party to various assertions and legal actions arising in connection with the operation of the Airport Facilities, including personal injury claims, employment related claims, and construction claims. See "LITIGATION" in Appendix A for more information.

RATINGS

As noted on the cover page of this Official Statement, S&P Global Ratings and Moody's Ratings have assigned their municipal bond ratings of "A" and "A2" respectively, to the 2024 Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the 2024 Bonds. Each rating reflects only the view of the applicable rating organization and an interpretation of such rating may be obtained only from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if, in the judgment of such agencies, circumstances so warrant. Any such revision or withdrawal of either such rating may have an adverse effect on the market price of the 2024 Bonds.

UNDERWRITING

2024A Bonds. The 2024A Bonds are to be purchased from the County by the Underwriter at an aggregate purchase price of $37,662,330.75 (representing the aggregate principal amount of the 2024A Bonds, plus an original issue premium of $2,913,065.85, less an Underwriter's discount of $150,735.10), subject to the terms of a Bond Purchase Contract (the "Bond Purchase Contract") between the County and the Underwriter.

2024B Bonds. The 2024B Bonds are to be purchased from the County by the Underwriter at an aggregate purchase price of $100,933,981.79 (representing the aggregate principal amount of the 2024B Bonds, plus an original issue premium of $5,860,278.95, less an Underwriter's discount of $411,297.16), subject to the terms of the Bond Purchase Contract.

The Underwriter's obligations are subject to certain conditions precedent, and it will be obligated to purchase all 2024 Bonds if any such 2024 Bonds are purchased. The 2024 Bonds may be offered and sold to certain dealers at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

ADVISORS AND CONSULTANTS; CONFLICTS OF INTEREST

Pacifica Law Group LLP has been retained to represent the County as Bond Counsel and Disclosure Counsel with respect to the authorization, issuance and sale of the 2024 Bonds. Kutak Rock LLP has been retained to represent the Airport Board in connection with the Airport Revenue Bond Agreement and the issuance of the 2024 Bonds.

PFM Financial Advisors LLC has been retained as municipal advisor to the County and the Airport Board (the "Municipal Advisor") with respect to the issuance of the 2024 Bonds. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement or other information provided relative to the 2024 Bonds. The Municipal Advisor makes no guaranty, warranty or other representation on any matter related to the information contained in the Official Statement. The Municipal Advisor is an independent municipal advisory firm and is not engaged in the business of underwriting, marketing, trading or distributing municipal securities.

Public Finance Consultants LLC has been retained by the County as special project consultant (the "Project Consultant") with respect to the authorization, issuance and sale of the 2024 Bonds.

Some or all of the fees of the Underwriter, Municipal Advisor, Underwriter's Counsel, Airport Consultant, Bond Registrar, Project Consultant, Disclosure Counsel, and Bond Counsel are contingent on the issuance and sale of the 2024 Bonds. None of the members of the Board, other officers of the County, members of the Airport Board, or officers of the Airport Board have interests in the issuance of the 2024 Bonds that are prohibited by applicable law. Bond Counsel from time to time serves as counsel to the Underwriter in matters unrelated to the 2024 Bonds.

The County is not aware of the existence of any other actual or potential conflict of interests, breach of duty or less than arm's-length transaction regarding the selection of the Underwriter of the 2024 Bonds and other participants in the offering of the 2024 Bonds. Furthermore, the County is not aware of any payments to obtain underwriting assignments and undisclosed agreements or arrangements, including fee splitting, between the Underwriter and the County's Municipal Advisor in the offering.

AIRPORT CONSULTANT

The Report of the Airport Consultant dated October 9, 2024 has been prepared by LeighFisher, Inc., as Airport Consultant in connection with the 2024 Bonds and is reproduced in Appendix B to this Official Statement. The Report of the Airport Consultant presents, among other things, a description of the Airport System, the 2023 through 2029 Capital Improvement Program, and certain financial matters, including certain airline traffic and financial forecasts for Fiscal Years 2024 through 2029 (the "Forecast Period") and sets forth the assumptions upon which the forecasts are based. References made herein to the Report are made to the entire Report, which should be read in its entirety to obtain a more complete description of the Airport System, its operations, the 2023 through 2029 Capital Improvement Program, and other proposed improvements as well as the airline traffic and financial forecasts for the Forecast Period.

INDEPENDENT AUDITOR

The Airport Board's financial statements for the years ended December 31, 2023 and 2022, included in the Airport Board's Annual Financial Report as Appendix C, have been audited by Moss Adams LLP, as stated in its report appearing therein. The audited financial statements of the Airport Board are public documents. The Airport Board has not requested that the auditor provide consent for inclusion of its audited financial statements in this Official Statement, and the auditor has not performed, since the date of its report, any procedures on the financial statements addressed in that report. Further, Moss Adams LLP has not participated in any way in the preparation or review of this Official Statement.

ADDITIONAL INFORMATION

The descriptions herein and in the Appendices hereto of the Bond Resolution and other documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to such documents and contracts, copies of which are available, upon request from the County's Chief Executive Officer, at 1116 West Broadway Avenue, Spokane, WA 99260.

MISCELLANEOUS

All estimates included in this Official Statement, whether or not so stated, are not to be construed as representations that the same will be realized. Section headings, table headings and captions are included for convenience only and should not be construed as modifying the text of this Official Statement.

All projections and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the County and the Registered Owners of any of the 2024 Bonds.

The delivery of this Official Statement has been duly authorized by the County and the Airport Board.

APPENDIX A

THE AIRPORT SYSTEM

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INTRODUCTION

This Appendix A is provided by the Airport Board and contains information with respect to the Airport Board and the Airport System (including Spokane International Airport) and its operations and financial condition in connection with the issuance of the 2024 Bonds. Also see the forepart of this Official Statement and APPENDIX B – "REPORT OF THE AIRPORT CONSULTANT" for additional information about the Airport Board and the Airport System. The Airport Board's fiscal year ("Fiscal Year") currently begins on January 1 and ends on December 31. *Capitalized terms used in this Appendix A and not otherwise defined herein have the meanings set forth in the forepart of this Official Statement.*

The 2024 Bonds are special, limited obligations of the County payable solely from, and secured by a pledge of, security interest in, and lien and charge on, Revenues of the Airport System, subject only to Operation and Maintenance Expenses of the Airport System, obligated to be deposited to the Airport Revenue Bond Debt Service Fund and other amounts and certain funds and accounts pledged under the Bond Resolution, as such terms are defined in the Bond Resolution. None of the properties of the Airport System, the County or the City are subject to any mortgage or other lien for the benefit of the owners of the Bonds, and neither the full faith and credit nor the taxing power of the County, the City, the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Airport Board has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the forepart of this Official Statement.

AIRPORT BOARD

General

The Airport Board was formed in 1962 pursuant to the Interlocal Agreement under the provisions of Chapter 14.08 RCW. The Airport Board currently operates the Airport Facilities (consisting of Spokane International Airport (or the Airport), Felts Field, the Airport Business Park and the Rail-Truck Transload Facility) under the Interlocal Agreement, which facilities are jointly owned by the County and the City as tenants in common under the terms of the Interlocal Agreement. Personal property (except City utility properties) is acquired, held and disposed of by the Airport Board. Pursuant to the Interlocal Agreement, the County and the City have vested in the Airport Board, to the fullest extent permissible by State and federal law, complete authority to manage and operate the Airport Facilities for aeronautical and industrial development purposes, subject to the specific limitations contained in the Interlocal Agreement. See "THE AIRPORT BOARD—Interlocal Agreement" in the forepart of this Official Statement.

The Airport Board consists of seven members, three appointed by the City, three appointed by the County and one selected jointly. One of the three members appointed by the City must be a member of the City Council, and one member appointed by the County must be a County Commissioner. See "THE AIRPORT BOARD—Airport Board Members and Officials" in the forepart of this Official Statement for additional information on the members of the Airport Board.

Airport Board Executives

The Airport Board is responsible for employing, subject to County and City approval, a Chief Executive Officer who directs the day-to-day administration of all matters pertaining to the Airport Facilities. The Chief Executive Officer employs or contracts for personnel to operate the Airport Facilities. Any employees of the Airport Board are considered employees of the Airport Board and not of the County or the City. In addition to the Chief Executive Officer, the executive team of the Airport Board includes a Chief Financial Officer, a Chief Operating Officer, a Chief Development Officer, a Director of Marketing and Public Affairs, a Manager of Properties and Contracts, and a Board Counsel. Brief biographies of the members of the executive team of the Airport Board are set forth below.

Lawrence Krauter, Chief Executive Officer. Mr. Krauter, Chief Executive Officer, joined the Airport Board in February 2011. In his role as Chief Executive Officer, Mr. Krauter directs the day-to-day administration of all matters pertaining to the Airport Facilities. He has over 36 years of experience in management of commercial service and general aviation airport systems. He is a graduate of The Ohio State University and is an Accredited Airport Executive and Member of the American Institute of Certified Planners. Mr. Krauter holds multiple certifications from the Construction Specifications Institute. He is a Fellow of the Royal Aeronautical Society and is a single-engine land and seaplane rated pilot. Mr. Krauter served as Chair of the American Association of Airport Executives ("AAAE") in 2021-2022 and is currently a member of the AAAE Policy Review Council serving with other active Past Chairs of AAAE. He is Past President of the Aviation Council of Pennsylvania and Past President of the American Association of Airport Executives Northwest Chapter. Mr. Krauter received the 2024 Distinguished Service Award from AAAE, which award is conferred upon airport executives with over 25 years of public service and that have made significant contributions to the airport management profession and to the communities they serve.

Robert Schultz, Chief Financial Officer. Mr. Schultz, Chief Financial Officer, joined the Airport Board in October 2021. In his role as Chief Financial Officer, Mr. Schultz oversees all accounting, audit, finance and budget functions for the Airport Board. Prior to joining the Airport Board, Mr. Schultz held various financial positions with the Port of Portland between 2008 and 2021. He is a Certified Member of AAAE.

Ryan Sheehan, Chief Operating Officer. Mr. Sheehan, Chief Operating Officer, joined the Airport Board in 2008. In his role as Chief Operating Officer, Mr. Sheehan's responsibilities include the operations, security and maintenance of the Airport Facilities including overseeing the Airport Board's public safety departments as well as regulatory compliance with requirements of the Federal Aviation Administration (the "FAA") and the Transportation Security Administration (the "TSA"). He is an Accredited Airport Executive of AAAE; serves as a vice-chair of the AAAE Operations, Safety, Planning and Emergency Management Committee; and sits on the U.S. Contract Tower Association's Policy Board. Mr. Sheehan is a former member of the AAAE Board of Directors, and a past-president of the AAAE's Northwest Chapter and the Washington Airport Management Association.

Lisa Corcoran, Chief Development Officer. Ms. Corcoran, Chief Development Officer, joined the Airport Board in July 2014. In her role as Chief Development Officer, she oversees planning, environmental, design, construction and land development functions for the Airport Facilities. Prior to joining the Airport Board, Ms. Corcoran worked in a private consulting firm between 1997-2014 and was the Pacific Northwest Aviation Manager. She is a Certified Member of AAAE and was recently appointed by the Washington State Department of Enterprise Services' Capital Projects Advisory Review Board as the Owner-General Public position on the Project Review Committee.

Todd Woodard, Director, Marketing and Public Affairs. Mr. Woodard, Director, Marketing and Public Affairs, joined the Airport Board in January 1995. In his role as Director, Marketing and Public Affairs, he oversees marketing for the Airport Board including, the development of passenger and cargo service, assisting with grant writing for targeted infrastructure enhancements, commercial development of the properties of the Airport Board, providing support for the region's business organizations, recruitment, and tourism efforts, website management and social media program, and generating externally focused materials. Mr. Woodward's public affairs duties involve acting as spokesperson and primary media contact for the Airport Board, writing and distributing news releases, and communicating with corporate contacts, elected officials, and the public. Prior to joining the Airport Board, he served as Press and Legislative Assistant to the Honorable Thomas S. Foley, Speaker, U.S. House of Representatives. Mr. Woodward is a Certified Member of AAAE and is a member of the Board of Trustees for the Community Colleges of Spokane.

Amy Anderson, Manager, Properties and Contracts. Ms. Anderson, Manager, Properties and Contracts, joined the Airport Board in May 2022. She and her team are responsible for all real property contracts for the Airport, Felts Field and Airport Business Park. Prior to joining the Airport Board, Ms. Anderson had an extensive career as a Commercial Property Manager in Seattle, as well as many years in federal service as a warranted Lease Contracting Officer. Currently, she sits on the Commercial Management Committee Steering Group for Airport Council International – North America ("ACI-NA"), and is an active member of Commercial Real Estate Women of Washington and Building Owners and Managers Association of Spokane.

Brian Werst, Board Counsel. Mr. Werst began serving as the Airport Board's Counsel in 2016. He is a member of the law firm of Witherspoon Brajcich McPhee, PLLC. Mr. Werst's legal practice largely focuses on municipal law and airport law, representing various public entities in Washington and Idaho, including other public airports. Since 2017, Brian has been a member of the Legal Affairs Committee for ACI-NA.

Employees and Labor Relations

As of December 31, 2023, the Airport Board employed approximately 109 full and part-time employees. Currently, there are three labor unions representing 39 Airport Board employees, including firefighters and police officers. One of the labor agreements was approved by the Airport Board and the union in September 2024 and expires on June 30, 2026. The other two labor agreements expire on December 31, 2024 and are currently being renegotiated. The Airport Board has never experienced any disruption in its operations due to labor related matters.

The firefighters and police officers employed by the Airport Board are covered by the State's Law Enforcement Officers and Fire Fighters pension system and all other employees are covered by the State's Public Employees Retirement System. See "FINANCIAL INFORMATION – Pension and Other Post-Employment Benefits" below and "Note 8 – Pension and Benefit Plans" and "Required Supplementary Information" in the Airport Board's financial statements for the year ended December 31, 2023 attached hereto as APPENDIX C – "AIRPORT BOARD ANNUAL FINANCIAL REPORT FOR FISCAL YEARS ENDED DECEMBER 31, 2023 AND 2022."

AIRPORT FACILITIES

The Airport Facilities currently consist of Spokane International Airport, Felts Field, the Airport Business Park and the Rail-Truck Transload Facility.

Spokane International Airport

See "SPOKANE INTERNATIONAL AIRPORT" below and APPENDIX B – "REPORT OF THE AIRPORT CONSULTANT" for information about the Airport.

Felts Field

Felts Field was Spokane's commercial airport before the opening of the Airport. It is located approximately four miles east of the City's business center. Felts Field is used primarily for general aviation, flight instruction, and charter services, and serves as an FAA designated general aviation reliever airport for the Airport.

Felts Field occupies approximately 400 acres, and has two parallel runways – Runway 4L/22R (which is 4,499 feet long and 140 feet wide) and Runway 4R/22L (which is 2,650 long and 75 feet wide). Additionally, it has a water landing area on the Spokane River for float planes and amphibious aircraft that can be assessed from the airfield. A control tower also is operational at Felts Field.

Other Airport Facilities

The Airport Business Park is an industrial and business park development located adjacent to the Airport and Interstate 90. The Airport Business Park consists of approximately 540 acres, and, in 2023, had 28 buildings and 22 tenants. The Airport Business Park is home to several facilities including the City's Waste-to-Energy plant, the County's Geiger Corrections Facility, the Waste Management Recycling Center, a U.S. Postal Service Regional Processing and Distribution Center and Amazon Air facilities, as well as a number of tenants that include regional banks, small businesses, and other government agencies. The Airport Business Park and the Airport as a whole have been granted foreign trade zone status (FTZ No. 224) by the federal Foreign-Trade Zones Board.

The Rail-Truck Transload Facility at the Airport provides multimodal freight movement services. The facility, which became partially operational in Spring 2023, includes three new rail tracks (two loading tracks and a running track), which cover nearly two miles and directly connect to the Geiger Spur rail line. It also offers five turnouts and a 182,650 square foot concrete circulation area for freight truck movement. The facility is anticipated to be fully operational in 2025.

SPOKANE INTERNATIONAL AIRPORT

General

The Airport is an approximate 6,000-acre commercial service airport currently served by seven major airlines, two regional airlines and six air cargo carriers. The Airport serves as the region's commercial service airport and provides scheduled passenger and cargo air service connectivity for the market area that stretches as far as Lewiston, Idaho to the south and British Columbia and Alberta, Canada to the north. The market area also reaches the foothills of the Cascades to the west and into western Montana to the east. It is the second largest airport in the State in terms of passengers and cargo service and is recognized by the FAA as a small hub. The Airport is located in the County approximately 7 miles west-southwest of downtown Spokane. Access to the Airport is provided via Interstate 90 and State Highway 2.

Facilities

Runways. The Airport has two runways - Runway 3/21 (which is 11,002 feet long and 150 feet wide) and Runway 8/26 (which is 8,199 feet long and 150 feet wide). Runway 3/21 is the primary runway and is equipped with an Instrument Landing System ("ILS") capable of Category III approaches, allowing aircraft to operate in nearly all weather conditions. Both ends of the runway are equipped with an approach lighting system, high-intensity runway lighting, in-pavement centerline and touchdown zone lights, and a four-box precision approach path indicator ("PAPI").

Runway 8/26 is the secondary runway. It provides aircraft operators and air traffic controllers increased flexibility as well as provides crosswind protection for smaller aircraft. Runway 8/26 is equipped with medium intensity runway edge lights and runway end identifier lights. Each end of the runway is equipped with a four-box PAPI.

The taxiway system at the Airport consists of eight main taxiways and additional connector taxiways. Primary taxiways include Taxiways A and G, which run parallel to Runway 3/21. Taxiway A serves the west side of the runway including the passenger terminal and cargo area. Taxiway G provides access to the east side general aviation areas. Taxiway C runs parallel to Runway 8/26 on the north side of the runway and also services the general aviation area.

Passenger Terminal. The Airport has two terminals serving passengers, which are connected pre-security. The east terminal, known as the "Main Terminal," currently serves five commercial airlines and has two concourses: Concourse A ("Concourse A") and Concourse B ("Concourse B," and together with Concourse A, "Concourses A/B"). The west terminal, known as "Concourse C," currently serves two commercial airlines and is undergoing an extensive expansion and renovation project (see "CAPITAL IMPROVEMENT PROGRAM" below). As of October 1, 2024, the Airport had a total of 17 gates with passenger boarding bridges.

The Main Terminal and Concourse C function as stand-alone terminals. The Main Terminal and Concourse C each have separate ticketing lobbies, baggage claim areas, baggage screening, security checkpoints, and concessions. Concourse C is connected to the Main Terminal via a corridor pre-security. Although the three structures are immediately adjacent and connected, there is no sterile post-security connection between Concourses A/B and Concourse C. See "CAPITAL IMPROVEMENT PROGRAM" below and APPENDIX B – "REPORT OF THE AIRPORT CONSULTANT" for a description of a potential future capital project referred to as the "Central Hall TREX" project that would create a sterile post-security connection between Concourse A/B and Concourse C, as well as centralized ticket lobby, baggage claim, and passenger security checkpoint areas. The Central Hall TREX project is currently under design.

The Main Terminal complex opened in 1965 with a second level added to Concourses A/B in 1974 for passenger boarding bridge access. The security checkpoint was redesigned in 2006 to meet changes in security requirements and the ticketing hall was widened to improve circulation. Concourse A and Concourse B are linked by a central rotunda area with dining and shopping outlets, including a food court. Concourse A has five boarding bridges and Concourse B has six boarding bridges. There is a second floor above the ticketing area that houses the current administration offices of the Airport Board (see "CAPITAL IMPROVEMENT PROGRAM" below for a discussion of the design and construction of the new administrative building for the Airport Board to be financed with a portion of the proceeds of the 2024 Bonds) and the second floor in the concourse areas is used for passenger holding and circulation. Basement areas are used primarily for mechanical and support spaces.

Concourse C opened in 2000 with three gates with boarding bridges and five ground loading positions. As part of the Concourse C TREX (as defined herein) project: (1) three new gates with boarding bridges were added to Concourse C which opened in June 2024; (ii) the ground loading positions were demolished in August 2024 and will be replaced with three new gates with boarding bridges, which are expected to open in the first quarter of 2026; and (iii) the existing three gates will be renovated over the next year and such renovations are expected to be completed by the fall of 2025 (each of the gates will be separately closed and renovated, while the other two remain operational). See "CAPITAL IMPROVEMENT PROGRAM" below and APPENDIX B – "REPORT OF THE AIRPORT CONSULTANT" for a discussion of the expansion and renovation of Concourse C as part of the Concourse C TREX program.

Parking Facilities. There are currently (i) two, connected five-story parking garages (the East Garage and the West Garage), (ii) an hourly lot located immediately adjacent to the terminal frontage road to alleviate hourly usage in the parking garages, (iii) two close-in surface lots (one serving Concourses A/B (the "Outside Lot") and the other serving Concourse C (the "Concourse C Lot")) both within walking distance of the Airport's terminals, and (iv) two remote economy lots that are served by shuttle buses. There also is a cell phone waiting lot with restrooms.

The East Garage, originally constructed in 1979, has 1,307 parking stalls and is connected to both terminals via two skybridges. The West Garage was constructed in 2000 and has 1,169 parking stalls. The hourly parking lot has 83 hourly stalls. The Outside Lot, which is adjacent to the parking garages, has 2,154 spots. The Concourse C Lot has 983 parking stalls and is currently being expanded to add additional parking stalls. The two economy lots contain 3,630 parking stalls and are served 24 hours a day via shuttle buses to deliver passengers to the terminals. To reduce vehicle traffic congestion in the terminal area, the Airport has an 83-space cell phone waiting lot approximately 2-3 minutes from the terminals. An additional 466 parking spaces are available in the two designated employee parking lots. ChargePoint EV charging stations are available on the first and second levels of the East Garage, as well as the Outside Lot, one of the economy lots and the cell phone lot. The Airport provides a courtesy car wash for customers who park in one of the two garages or the Outside Lot.

See "CAPITAL IMPROVEMENT PROGRAM" below and APPENDIX B – "REPORT OF THE AIRPORT CONSULTANT" for a discussion of the expansion of the Concourse C Lot to be financed with a portion of the proceeds of the 2024 Bonds and the Airport Board's plans to build an additional parking garage (the "North Parking Garage") that would contain approximately 800 spaces.

Rental Car Facilities. A consolidated rental car facility is located adjacent to the ground transportation center, which is located in the north end of the Main Terminal. The facility opened in November 2008, and consists of a "Quick Turn-Around" facility for automobile maintenance, and a covered, surface level rental car ready/return parking area. Check-in counters are located in the ground transportation center. Currently, three companies, representing eight rental car brands, operate on-Airport: (i) Avis Budget Group (Avis and Budget brands), (ii) Enterprise Holdings (Enterprise, Alamo and National brands) and (iii) The Hertz Corporation (Hertz, Dollar and Thrifty brands).

Hotels. There are three hotels within walking distance of both terminals – the Ramada Inn, the Wingate and the Springhill Suites. The Ramada Inn operates a 165-room hotel and has had a lease with the Airport Board since 1971. The Wingate operates an 83-room hotel with rentable conference rooms. The Wingate lease commenced in 2007. The Springhill Suites, opened in 2020, is a 109-room facility with multiple conference rooms.

Other Aviation and Support Facilities. Ground facilities at the Airport include cargo handling, maintenance hangars, two fixed base operators for general aviation, fuel facilities, Airport support facilities, an Aircraft Rescue and Firefighting facility and aircraft parking facilities.

The air cargo and fuel facilities are located northeast of the terminals and north of Taxiway A. The west cargo apron is 400,500 square feet. The fuel facility consists of loading bays for refueling vehicles, unloading bays for truck deliveries and three 250,000-gallon fuel tanks for Jet-A fuel and two 14,000 gallon tanks for Avgas. Fuel is delivered to the Airport by trucks for dispensing, and to the aircraft by refueling vehicles. There is no active fuel pipeline into the Airport or fuel hydrant system to the apron areas. See "CAPITAL IMPROVEMENT PROGRAM" below and APPENDIX B – "REPORT OF THE AIRPORT CONSULTANT" for a discussion of the expansion of the fuel facilities at the Airport, a portion of which will be financed with a portion of the proceeds of the 2024 Bonds.

General aviation operations, located on the east side of the Airport, include corporate and private aircraft activity. There are two full-service fixed-based operators ("FBOs") on Airport property - Signature Flight Aviation and Aero Center. Both FBOs offer aircraft fueling, office/hangar rentals, line services, and maintenance support for aviation customers.

A U.S. Customs office also is located on the east side of the airfield. The Airport is designated as a Port of Entry into the United States by the U.S. Customs and Border Protection. The facility operates as an on-call service for international charter and general aviation flights.

See APPENDIX B – "REPORT OF THE AIRPORT CONSULTANT" for additional information on the facilities located at the Airport.

Aviation Activity

Historical Enplanements. The Airport serves mainly originating and destination ("O&D") passengers (passengers beginning or ending their trips at the Airport, as opposed to passengers connecting through the Airport to other cities). O&D passengers accounted for 98.5% of enplaned passengers at the Airport in 2023, while connecting passengers accounted for the remainder. The Airport is classified as a "small hub" airport by the FAA. According to U.S. Department of Transportation statistics the Airport was ranked as the 73rd busiest airport in the country during 2023 in terms of total enplaned and deplaned passengers.

In Fiscal Year 2019, enplanements at the Airport set a then all-time record of 2,023,307. However, beginning in March 2020, enplaned passengers at the Airport decreased dramatically (as did all passenger traffic throughout the world) because of the impacts associated with the COVID-19 pandemic. These impacts included international travel restrictions and stay-at-home orders throughout the U.S. For Fiscal Year 2020, enplaned passengers at the Airport decreased by 52.4% compared to Fiscal Year 2019. Since Fiscal Year 2020, enplanements at the Airport increased every Fiscal Year, and in Fiscal Year 2023, enplaned passengers at the Airport set a new record and were 2.2% higher than in Fiscal Year 2019 (the previous record year).

The following table sets forth historical enplanement information for the Airport for Fiscal Years 2014 through 2023 and for the first six months of Fiscal Years 2019 through 2024. The table categorizes enplanement information into O&D enplanements and connecting enplanements.

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TABLE A-1
Spokane International Airport
O&D and Connecting Enplaned Passengers

Fiscal Year	O&D Enplaned Passengers	O&D % of Total	Connecting Enplaned Passengers	Connecting % of Total	Total Enplanements	% Change from Previous Year
2014	1,470,691	98.5%	22,535	1.5%	1,493,226	–%
2015	1,532,439	97.8	33,893	2.2	1,566,332	4.9
2016	1,574,195	97.7	37,848	2.3	1,612,043	2.9
2017	1,745,740	97.9	36,713	2.1	1,782,453	10.6
2018	1,961,964	98.1	36,985	1.9	1,998,949	12.1
2019	1,985,989	98.2	37,318	1.8	2,023,307	1.2
2020	946,817	98.4	15,275	1.6	962,092	(52.4)
2021	1,616,869	98.4	26,619	1.6	1,643,488	70.8
2022	1,932,814	98.3	32,521	1.7	1,965,335	19.6
2023	2,037,691	98.5	30,440	1.5	2,068,131	5.2
First 6 Months[1]						
2019	914,507	98.3%	15,940	1.7%	930,447	–%
2020	464,434	98.5	7,191	1.5	464,434	(50.1)
2021	665,797	98.6	9,413	1.4	675,210	45.4
2022	878,073	98.1	16,561	1.9	894,634	32.5
2023	952,808	98.5	14,798	1.5	967,606	8.2
2024	988,701	98.6	13,616	1.4	1,002,317	3.6

[1] January 1 through June 30. Results for the first six months of Fiscal Year 2024 may not be indicative of results for the full Fiscal Year 2024. The Airport Board's Fiscal Year 2024 Budget projects approximately 2.1 million enplanements for Fiscal Year 2024.

Source: Airport Board

[Remainder of page intentionally left blank]

Aircraft Operations, Landed Weight and Air Cargo. The following tables set forth information regarding aircraft operations, landed weight and air cargo at the Airport for Fiscal Years 2014 through 2023 and for the first six months of Fiscal Years 2019 through 2024.

TABLE A-2
Spokane International Airport
Aircraft Operations

Fiscal Year	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total Operations	% Change from Previous Year
2014	35,752	7,480	19,375	1,802	64,409	–%
2015	38,332	6,975	18,080	1,645	65,032	1.0
2016	39,754	6,952	13,812	1,921	62,439	(4.0)
2017	40,951	7,970	12,967	1,913	63,801	2.2
2018	46,134	7,423	12,395	2,304	68,256	7.0
2019	46,457	8,603	12,013	2,024	69,097	1.2
2020	35,534	9,141	11,619	2,431	58,725	(15.0)
2021	42,620	9,413	11,828	2,075	65,936	12.3
2022	43,877	8,943	12,133	1,767	66,720	1.2
2023	45,658	9,015	10,740	1,810	67,223	0.8
First 6 Months[1]						
2019	22,035	3,789	5,545	858	32,227	–%
2020	16,019	4,738	5,831	1,247	27,835	(13.6)
2021	19,868	4,476	5,275	914	30,533	9.7
2022	20,774	4,649	5,770	845	32,038	4.9
2023	21,886	4,340	5,353	1,020	32,599	1.8
2024	21,931	4,008	5,803	1,373	33,115	1.6

[1] January 1 through June 30. Results for the first six months of Fiscal Year 2024 may not be indicative of results for the full Fiscal Year 2024.

Source: Airport Board

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TABLE A-3
Spokane International Airport
Landed Weight
(1,000 pound units)

Fiscal Year	Passenger Airlines	All-Cargo Airlines	Total Landed Weight	% Change from Previous Year
2014	1,635,033	490,582	2,125,614	–%
2015	1,684,354	487,511	2,171,865	2.2
2016	1,741,910	496,844	2,238,754	3.1
2017	1,812,368	471,590	2,283,958	2.0
2018	2,227,932	479,669	2,707,601	18.5
2019	2,238,699	494,715	2,733,414	1.0
2020	1,623,348	544,225	2,167,573	(20.7)
2021	2,103,186	530,849	2,634,035	21.5
2022	2,160,768	569,730	2,730,498	3.7
2023	2,331,530	598,568	2,930,098	7.3
First 6 Months[1]				
2019	1,053,122	232,831	1,285,953	–%
2020	755,477	216,094	971,571	(24.4)
2021	995,258	231,364	1,226,622	26.3
2022	994,917	268,147	1,263,064	3.0
2023	1,087,429	299,085	1,386,514	9.8
2024	1,125,043	238,196	1,363,239	(1.7)

[1] January 1 through June 30. Results for the first six months of Fiscal Year 2024 may not be indicative of results for the full Fiscal Year 2024.

Source: Airport Board

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TABLE A-4
Spokane International Airport
Air Cargo
(in tons)

Fiscal Year	Air Cargo	% Change from Previous Year
2014	65,619	–%
2015	66,375	1.2
2016	67,525	1.7
2017	72,376	7.2
2018	70,561	(2.5)
2019	68,751	(2.6)
2020	73,623	7.1
2021	79,756	8.3
2022	78,658	(1.4)
2023	77,171	(1.9)
First 6 Months[1]		
2019	33,744	–%
2020	33,398	(1.0)
2021	36,150	8.2
2022	37,924	4.9
2023	38,204	0.7
2024	33,110	(13.3)

[1] January 1 through June 30. Results for the first six months of Fiscal Year 2024 may not be indicative of results for the full Fiscal Year 2024.

Source: Airport Board

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Airlines Serving the Airport. As of July 2024, a total of (i) nine passenger airlines served the Airport, including seven U.S. mainline passenger airlines and two regional airlines, and (ii) six all-cargo carries served the Airport. The following table sets forth the passenger airlines and all-cargo carriers serving the Airport as of July 2024.

TABLE A-5
Spokane International Airport
Passenger Airlines and Cargo Carriers Serving the Airport[1]
As of July 2024

Mainline Passenger Airlines	All-Cargo Carriers
Alaska Airlines	Airpac Airlines
Allegiant Air	Ameriflight
American Airlines	Empire Airlines
Delta Air Lines	FedEx
Southwest Airlines	Sun Country Airlines[3]
Sun Country Airlines[2]	UPS
United Airlines	

Regional Airline Affiliates
Horizon Air (Alaska)
SkyWest (Alaska, Delta Connection and United Express)

[1] Excludes charter airlines.
[2] Sun Country only provides seasonal passenger service to the Airport (June through September).
[3] Sun Country operates cargo flights for Amazon Air.
Source: Airport Board

Enplanements by Passenger Airlines. The following table presents total enplanements for each passenger airline serving the Airport for the last five Fiscal Years. For Fiscal Year 2023, Alaska accounted for approximately 32% of the enplanements at the Airport. Over the past five Fiscal Years, Alaska has enplaned about one-third of the passengers at the Airport. Since approximately 98% of the passengers using the Airport are O&D passengers, and the Airport Board relies very little on connecting enplanements, the Airport Board believes that any reduction in service by Alaska would probably be absorbed by one or more other airlines operating at the Airport.

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TABLE A-6
Spokane International Airport
Enplanements By Passenger Airlines
(Ranked on 2023 Results)

Airline	Fiscal Year 2019	2019 Percent Share	Fiscal Year 2020	2020 Percent Share	Fiscal Year 2021	2021 Percent Share	Fiscal Year 2022	2022 Percent Share	Fiscal Year 2023	2023 Percent Share
Alaska[1]	705,684	34.9%	334,025	34.7%	544,422	33.1%	642,956	32.7%	655,368	31.7%
Delta[2]	501,018	24.8	202,193	21.0	385,203	23.4	520,027	26.5	561,431	27.1
Southwest	464,280	22.9	235,190	24.4	383,706	23.3	469,375	23.9	482,245	23.3
United[3]	191,452	9.5	85,115	8.9	142,358	8.7	161,117	8.2	181,835	8.8
American	122,737	6.1	89,490	9.3	148,861	9.1	108,685	5.5	140,979	6.8
Allegiant	215	0.0	–	–	18,131	1.1	40,966	2.1	42,015	2.0
Sun Country[4]	–	–	–	–	–	–	5,736	0.3	4,064	0.2
Other[5]	37,921	1.9	16,079	1.7	20,807	1.3	16,473	0.8	194	0.0
Total Enplanements[6]	2,023,307	100.0%	962,092	100.0%	1,643,488	100.0%	1,965,335	100.0%	2,068,131	100.0%

1 Enplanements are for Alaska and Alaska's regional carrier service provided by Horizon and SkyWest.
2 Enplanements are for Delta and Delta's regional carrier service provided by SkyWest.
3 Enplanements are for United and United's regional carrier service provided by SkyWest.
4 Sun Country only provides seasonal passenger service to the Airport (June through September).
5 Includes enplanements for airlines that no longer serve the Airport and enplanements for charters.
6 Totals may not add due to rounding.
Source: Airport Board

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AGREEMENTS FOR THE USE OF FACILITIES AT THE AIRPORT

The Airport Board has entered into, and receives payments under, different agreements with various airlines and other parties, including lease and operating agreements relating to landing fees and the leasing of space in terminal buildings, and concession agreements relating to the sale of goods and services at the Airport.

Airline Operating Agreements

The Airport Board has entered into separate, but substantially similar, Signatory Lease and Operating Agreements, as amended (each an "Airline Operating Agreement," and collectively, the "Airline Operating Agreements") with five passenger airlines operating at the Airport (the "Signatory Passenger Airlines") and three all-cargo carriers (the "Signatory Cargo Carriers," and together with the Signatory Passenger Airlines, the "Signatory Airlines"). The Signatory Passenger Airlines are currently Alaska, American, Delta, Southwest and United. During Fiscal Year 2023, the Signatory Airlines enplaned approximately 97.7% of the passengers at the Airport. The Signatory Cargo Carriers are currently FedEx and UPS. The Airline Operating Agreements cover the use of and rates charged for the use of the airfield and the lease of the terminal facilities at the Airport. The Airline Operating Agreements have traditionally had a term of one year, which are then renewed yearly. See " Potential Long-Term Airline Operating Agreement" below. The current Airline Operating Agreements expire on December 31, 2024.

General Rates and Charges Approach. Under the Airline Operating Agreements, there is no specified methodology for establishing terminal rental rates. Instead, rates have been adjusted each year via an updated Exhibit A to the Airline Operating Agreements. As mutually agreed by the Airport Board and the Signatory Passenger Airlines, the methodology for calculating annual terminal rental rates is based on a "cost center residual method" that credits (i) non-airline terminal revenues and (ii) a portion of parking/landside revenues (net of Operation and Maintenance Expenses, deposits to the Operation and Maintenance Reserve, debt service payments and depreciation) to the Terminal Cost Center (described below) (the "Net Terminal Requirement"). The annual Net Terminal Requirement is then divided by Signatory Airline rented space, which is weighted by terminal classification (i.e., exclusive use space, preferential use space and common use space) to yield the Base Terminal Rate. Terminal weights are then applied to the Base Terminal Rate to derive the rate by class of space.

Airport Recovery Rate Base. Under the Airline Operating Agreement, the Airport Board recovers through the residual landing fee rate the costs to operate the Airport, including Operation and Maintenance Expenses. The net cost of Felts Field and the Airport Business Park are not included in the residual calculations under the Airline Operating Agreements.

The costs of capital improvements that are financed with Airport Board funds (excluding bond-funded project costs, grants, and passenger facility charges ("PFCs")) are depreciated for rate-setting purposes. The annual depreciation is the annualized cost of capital assets and projects funded with Airport Board funds, depreciated over the reasonably expected useful life of the respective asset, project, or expenditure. Historically the Airport Board has not charged imputed interest, but has reserved the right to charge it in future rate consultations with the Signatory Airlines. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Land is not considered a depreciable asset; therefore, interest on land is calculated to allow the Airport Board to recover interest on land acquired with its funds at 5% of the cost to acquire the land.

Use and Allocation of Terminal Space. Under the Airline Operating Agreements, airlines lease designated areas in the terminal buildings on an exclusive, preferential and common use basis as follows:

<u>Exclusive use</u>:

- Ticket wing - ticket counters, ticket kiosks, airline ticket office
- Lower level concourse - office, maintenance, operations, storage and maintenance, and communications room
- Bag wing - baggage service, bag cabinets

Preferential use: ticket queuing, bag makeup, holdrooms, loading bridges, ramp walkways, aircraft parking, ramp equipment storage and glycol pads

Common use: bag makeup, baggage screening, bag delivery, bag claim, triturator

There are two weightings for space in the terminal - public spaces is weighted at 1.00 x the Base Terminal Rate and non-public areas at 0.75 x the Base Terminal Rate.

Airlines are charged for common use gates on a per use basis.

Rentals for common use space (baggage screening, makeup, and claim) are prorated among the Signatory Airlines as follows:

– 20% of the total monthly rental is divided equally among all Signatory Airlines (inclusive of affiliates) leasing preferential use gates and using such space.

– The remaining 80% of the total monthly rental is apportioned among all Signatory Airlines by the ratio of the number of each such airline's enplaning passengers to total Signatory Airline enplaned passengers.

Non-signatory airlines pay for their share of common use space via a per turn fee.

Cost Centers. The following Airport System Cost Centers represent the areas and facilities in the Airport System that are used in accounting for Airport System revenues and expenses and for calculating and adjusting airline rentals, fees, and charges:

1. *Airfield* – those portions of the Airport, including the aircraft aprons, providing for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, runway protection zones, safety areas, infield areas, landing and navigational aids, service roads, fencing, buffer areas, fuel farm and delivery systems, clear zones, avigation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, and other appurtenances related to the aeronautical use of the Airport, including any property purchased for noise mitigation purposes.

2. *Terminal* – the passenger terminal building, including Concourses A, B, and C and associated curbside entrance areas.

3. *Parking/Landside* – those areas on the Airport designated for public and employee parking; commercial vehicle pickup/drop off; access and circulation roadways; rights-of way, landscaped areas; and other non-aeronautical transportation related accommodations and services for the public arriving at or leaving the Terminals.

4. *Rental Car Quick Turn-Around Facility ("QTA")* – those areas on the Airport designated for rental car ready/return and servicing of vehicles.

5. *Other Buildings and Grounds* – those areas of the Airport not in the Airfield, Terminal, Parking/Landside or QTA cost centers, including but not limited to general aviation, cargo facilities (other than non-exclusive or preferential ramp areas, which are part of the Airfield Cost Center), non-aeronautical of developed property (to the extent not included in the Airport Business Park).

6. *Airport Business Park* – those areas of the Airport designated for non-aeronautical purposes as set forth in the Interlocal Agreement.

7. *Felts Field* – the designated reliever airport to the Airport.

In addition, there are five indirect cost centers - Planning and Engineering, Airport Rescue and Fire Fighting, Information Technology, Police/Dispatch and Airport Administration.

Potential Long-Term Airline Operating Agreement. Airport Board management has been meeting with the airlines to discuss a one-year extension of the Airline Operating Agreements (with an expiration date of December 31, 2025), which the Signatory Airlines appear willing to sign. Additionally, both the Airport Board and the airlines have begun preliminary discussions of negotiating a longer-term agreement (one that would extend more than one year). As of the date of this Official Statement, the Airport Board cannot predict what the terms of such a long-term agreement would be or how it would differ from the current Airline Operating Agreements.

Rental Car Agreements

As of the date of this Official Statement, there are three companies, representing eight rental car brands, that operate on-Airport: (i) Avis Budget Group (Avis and Budget brands), (ii) Enterprise Holdings (Enterprise, Alamo, and National brands), and (iii) The Hertz Corporation (Hertz, Dollar, and Thrifty brands).

The rental car companies operate under the terms of an On-Airport Rental Car Concession Agreement (the "Rental Car Agreements"), that were entered into in 2022 and expire on September 30, 2027. The Rental Car Agreements provide that the companies pay the greater of a minimum annual guarantee ("MAG") or a percentage fee of 10% of gross revenues plus space rentals (counter, office and QTA spaces) and ground rentals for their service facilities. The MAG payments are waived or reduced if the number of passengers in a given month is less than 75% of the number in the same month of the prior year. Such MAG waivers or reductions applied beginning at the start of the COVID-19 pandemic (March 2020) and expired as of April 1, 2021. The rental car companies also collect and remit CFCs to the Airport Board.

Terminal Concessions

In February 2024, the Airport Board awarded SSP America, a division of SSP Group, a 10-year contract to lease, develop and manage the Airport's concessions program, including food, beverage and retail. Effective April 1, 2024, SSP America took over the operation of six retail locations and is responsible for developing and operating 11 restaurant locations in the Airport's terminals and the newly expanded Concourse C gate area. SSP America also will introduce new food and beverage options focused on local restaurants which will reflect the region's culinary landscape. It is expected the transition will take between 18-24 months for full program implementation. SSP America is required under its agreement to provide longer operating hours and will offer more outlets and offerings than the prior concessionaires. Under the lease, SSP America pays 10% of gross sales to the Airport Board for its interim concepts. For the permanent concepts, SSP America will pay the Airport Board 12% of gross revenues from all food and retail sales and 15% of gross revenues from all alcohol sales.

Transportation Network Companies and Other Ground Transportation

In 2008, the Airport Board adopted a resolution that established rules and regulations for ground transportation operators accessing the Airport. This resolution allowed for the implementation of a $0.50 per trip fee for all ground transportation companies for picking up only, which was self-reported. In 2015, the Airport Board adopted a new resolution that allowed for a one-time application fee, a fee for the revenue control system transponder, and provided for a trip fee increase of up to $1.00 per trip fee for all ground transportation companies picking up and dropping off at the Airport. In 2016, the Airport Board adopted an additional resolution, which amended these requirements so that Transportation Network Companies ("TNCs"), such as Uber and Lyft, are excluded from using the Airport's revenue control system because they will be tracked by an application-based commercial ground transportation system and the Airport Board increased the trip fee to $2.00 per trip over a four year period. In 2023, TNCs and other ground transportation trip fees accounted for $589,175, which was up slightly from the $583,170 collected in 2022. In 2024, the Airport adopted a resolution moving from a single fee system to a tiered system based on the gross vehicle weight that increases the trip fee for heavier vehicles. The new tiered rate system became effective as of June 1, 2024.

Hotels

The Airport Board has entered into lease agreements with the three hotels located at the Airport (the Ramada Inn, the Wingate and the Springhill Suites). See "SPOKANE INTERNATIONAL AIRPORT – Facilities – Hotels" above. Under the lease agreements with the hotels, the hotels pay ground rent and a percentage of their gross revenues (subject to a MAG) to the Airport Board.

FINANCIAL INFORMATION

Summary of Financial Information

The Airport Board maintains its financial records on a calendar year basis, using the accrual method of accounting. Financial statements are audited annually by a firm of independent auditors. The Airport Board's Annual Report for the years ended December 31, 2023 and 2022 (including the Airport Board's financial statements) (the "Annual Financial Report") is included in Appendix C of this Official Statement.

The Airport Board's Annual Financial Report includes three financial statements: the Statement of Net Position, the Statement of Revenues and Expenses and Changes in Net Position and the Statement of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following table summarizes the financial results from operations for the Airport Board for Fiscal Years 2019 through 2023.

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TABLE A-7
Spokane Airport Board
Summary of Statements of Revenues, Expenses and Changes in Net Position
($000s)

	2019	2020	2021[1]	2022	2023
Operating Revenues					
Airfield	$7,674,440	$5,616,836	$6,708,251	$7,310,868	$8,292,007
Passenger terminal	16,083,845	12,805,825	16,345,699	17,993,398	18,909,732
Leased buildings	2,772,354	2,698,715	2,612,522	2,674,246	2,817,467
Leased areas	2,529,341	2,594,465	2,272,373	2,596,445	3,140,571
Parking and ground transportation	15,353,376	7,265,642	11,973,477	18,002,014	19,426,601
Other	127,274	112,652	221,414	636,605	203,146
Total Operating Revenues	$44,540,630	$31,094,135	$40,133,736	$49,213,576	$52,789,524
Operating Expenses					
Airfield:					
General	$6,387,435	$6,366,115	$4,711,141	$6,547,728	$7,623,333
Fire department	2,171,749	2,068,650	1,773,313	2,264,659	2,196,667
Police department	2,410,088	2,449,599	2,141,858	2,695,129	2,389,089
Passenger terminal	6,447,706	4,846,611	5,002,913	6,110,750	6,712,930
Leased buildings	1,578,930	1,078,315	987,437	1,971,285	1,477,935
Parking and ground transportation	5,443,265	4,414,791	3,485,947	4,745,827	4,755,541
Administration and operations	6,341,425	6,006,738	5,223,546	7,088,766	7,074,745
Total Operating Expenses (not including depreciation)	$30,780,598	$27,230,819	$23,326,155	$31,424,144	$32,230,240
Operating Income Before Depreciation	$13,760,032	$3,863,316	$16,807,581	$17,789,432	$20,559,284
Depreciation	$26,108,329	$29,276,987	$29,517,093	$30,959,065	$28,602,529
Operating Income (Loss)	$(12,348,297)	$(25,413,671)	$(12,709,512)	$(13,169,633)	$(8,043,245)
Nonoperating Revenues (Expenses)					
Interest income	$1,133,427	$1,225,481	$1,758,723	$1,858,128	$3,444,106
Interest expense, including amortization of bond premiums	(13,338)	(37,079)	(2,753)	–	(406,156)
Gain (loss) of disposition of assets	(10,144)	1,207,875	6,306,133	1,780,121	1,105,619
Gain (loss) on investments	525,840	224,097	(897,115)	(2,848,374)	1,559,667
CARES grant revenues	–	9,671,110	5,895,634	4,176,765	3,810,398
Grant revenue	148,744	151,535	483,416	398,486	8,226
Grant expense	(148,744)	(151,536)	(483,416)	(398,486)	(8,226)
Customer Facility Charges	3,647,130	2,117,572	2,942,792	3,581,911	3,942,126
Passenger Facility Charges	8,064,737	3,618,624	6,542,294	7,601,519	7,871,653
Total Nonoperating Revenues (Expenses)	$13,347,652	$18,027,679	$22,545,708	$16,150,000	$21,327,413
Increase(Decrease) in net assets before capital grants and related items	$999,355	$(7,385,992)	$9,836,196	$2,980,437	$13,284,168
Capital Contributions					
Federal AIP and other grants	$3,411,568	$5,000,305	$14,721,846	$22,583,994	$65,808,247
Total grants	$3,411,568	$5,000,305	$14,721,846	$22,583,994	$65,808,247
Increase (Decrease) in Net Position	$4,410,923	$(22,385,687)	$24,558,042	$25,564,431	$79,092,415
Net Position – Beginning of Year	$317,092,985	$321,503,908	$319,118,221	$343,676,263	$369,240,694
Net Position – End of Year	$321,503,908	$319,118,212	343,676,263	$369,240,694	$448,333,109

[1] Restated to reflect the adoption of Governmental Accounting Standards Board Statement No. 87, Leases.
Source: Financial statements of the Airport Board

Management's Discussion of Fiscal Years 2023 and 2022 Financial Results

Total operating revenues in 2023 were $52.8 million, an increase of $3.6 million over 2022. This followed a $9.1 million increase in 2022 over 2021. Revenues in 2023 increased due to record passenger activity at the Airport, which drove an increase in several revenue streams. The main reason for the revenue increase in 2022 was the recovery of passenger activity at the Airport following the COVID-19 pandemic that led to an increase in multiple revenue streams. Airfield revenue increased in 2023 by $981,139 and in 2022 by $602,617 over prior years. The increase in 2023 and 2022 related to an increase in landed weight at the Airport, the result of a strong demand for travel and larger aircraft landing at the Airport. Passenger terminal revenue increased in 2023 by $916,334 and in 2022 by $1,647,699 over prior years because of increased passenger activity that resulted in an increase in terminal revenue, concession revenue at the Airport and rental car revenue. Leased building revenue increased in 2023 by $143,221 and in 2022 by $61,724 over prior years. The increase in 2023 was the result of rate increases implemented throughout 2022. Leased area revenue increased in 2023 by $544,126 and in 2022 by $324,072 over prior years. The increase in both years was due mainly to an increase in on premise hotel activity and rental car lease areas. Parking revenue, which includes Ground Transportation fees, increased in 2023 by 1,424,587 and in 2022 by $6,028,537 over prior years, which was the result of the increased passenger activity experienced at the Airport.

Total operating expenses in 2023, prior to depreciation, were $32.2 million, an increase of $806,096 over 2022. In 2022, operating expenses were $31.4 million, an increase of $8.1 million over 2021. The increase in 2023 was due to minor increases across most cost centers, while the increase in 2022 was due to the discontinuation of cost savings measures implemented by Airport Board management during the pandemic. Airfield expenses increased in 2023 by $701,573 and in 2022 by $2,881,204 over prior years. The increase in 2023 was driven by an increase in maintenance and ground expenditures. The increase in 2022 was due to the return of airline activity and the elimination of pandemic-related cost saving measures. Passenger terminal expenses increased in 2023 by $602,180 and in 2022 by $1,107,837 over prior years. The increases in both years are attributed to an increase in utilities, general maintenance, and contract services in the terminal. Leased Buildings expenses decreased in 2023 by $493,350 and increased in 2022 by $983,848 over prior years. The 2022 increase was related to an increase in general maintenance expenses along with demolition of some old structures. Parking and Ground Transportation expenses increased in 2023 by $9,714 and in 2022 by $1,259,880 over prior years. The increase in 2023 was mainly due to an increase in credit card discount fees and contract labor. The increase in 2022 was due to an increase in deicing and maintenance expenditures. Administration and operations expenses decreased in 2023 by $14,021 following an increase in 2022 of $1,865,220 over the prior year. The decrease in 2023 related primarily to a decrease in pension expenses, while the increase in 2022 was the result of an increase in staffing and marketing expenditures.

Nonoperating revenue increased in 2023 by $2,344,835 over 2022, after a decrease in 2022 of $4,532,062 over the prior year. The increase in 2023 was due to an increase in interest income and gains on investments, while the main reason for the decrease in 2022 was fewer assets that were disposed of throughout the year. Nonoperating expenses in 2023 decreased compared to 2022 as the Airport Board did not realize any loss on investments. In 2022, the loss on investments was due to rising interest rates and declining fair market value of short-term securities held in the Spokane Investment Pool.

Federal Aid Related to COVID-19

The United States government took several legislative and regulatory actions and implemented measures to mitigate the broad disruptive effects of the COVID-19 pandemic.

The first legislative action taken by the United States government was the passage of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which became law on March 27, 2020. The Airport Board was awarded $29.7 million in CARES Act grants (the "CARES Act Funds"), and drew all of these funds between Fiscal Years 2020 through 2024 to fund Operation and Maintenance Expenses and fund a portion of the Concourse C TREX project.

The Coronavirus Response and Relief Supplemental Appropriations Act (the "CRRSAA"), which became law on December 27, 2020, also provided additional direct aid to the Airport Board. The Airport Board was allocated approximately $5.8 million in Airport Coronavirus Response Grant Program funds pursuant to CRRSAA (the

"CRRSAA Funds") and has drawn all such funds and used approximately $5.4 million to pay Operation and Maintenance Expenses and approximately $0.4 million for concessions relief.

A third round of federal relief was provided to airports with passage of the American Rescue Plan Act ("ARPA"), which became law on March 11, 2021. The Airport Board was awarded $16.9 million in American Rescue Grants pursuant to ARPA (the "ARPA Funds"). Of the total $16.9 million in ARPA Funds for which the Airport Board is eligible to receive, $15.2 million must be used for operational relief and $1.7 million for concessions relief. The Airport Board has drawn $15.2 million of funds to repay debt service on a short-term loan the Airport Board received from the County. The Airport has not yet drawn on the concession relief funds.

Liquidity

As of June 30, 2024, the Airport Board had the following unrestricted funds and investments on hand.

Unrestricted Cash and Investments	
Cash	$ 114,895
Investments	64,633,600
Total Unrestricted Cash and Investments	$64,748,495

As of June 30, 2024, the Airport Board's "days-cash-on-hand" was 583.5 days, which was calculated using Total Unrestricted Cash and Investments set forth in the table above and the budgeted Operation and Maintenance Expenses (not including depreciation) for Fiscal Year 2024 ($40.5 million).

As of June 30, 2023, the Airport Board's "days-cash-on-hand" was 621 days, which was calculated using total unrestricted cash and investments as of June 30, 2023 ($65.3 million) and the budgeted Operation and Maintenance Expenses (not including depreciation) for Fiscal Year 2023 ($38.4 million).

In addition to the unrestricted funds and investments, the Airport Board had the following restricted funds and investments on hand as of June 30, 2024:

Restricted Cash and Investments	
Customer Deposits and Retainage	$ 615,685
Passenger Facility Charges	3,942,224
Customer Facility Charges	24,255,408
Total Restricted Cash and Investments	$28,713,317

Costs Per Enplaned Passenger

The following table sets forth the airline cost per enplaned passenger at the Airport for Fiscal Years 2019 through 2023.

TABLE A-8
Spokane International Airport
Airline Cost Per Enplaned Passenger

	2019	2020	2021	2022	2023
Total Cost[1]	$12,555,798	$10,452,828	$11,338,253	$11,766,341	$12,425,382
Enplaned Passengers	2,023,307	962,092	1,643,488	1,965,335	2,068,131
Airline Cost per Enplaned Passenger	$6.21	$10.86	$6.90	$5.99	$6.01

[1] Total Cost includes airline payments made to the Airport Board for expenses incurred in the airfield and the terminals.
Source: Airport Board

Budgeting Process

The Airport Board's budget process begins each year around July as the staff reviews the expenditures of the first six months of the current Fiscal Year. Budget information is distributed to each department head with the last three years of actuals plus an estimate for the current year. The Airport Board utilizes a budget process in which each expenditure line item is evaluated on its own merit each year. Specific department budgets are then developed to identify resources necessary to meet the daily functions of operating the facilities of the Airport Board and implementing the necessary airport improvement projects as well as new regulatory requirements.

Departments submit their budgets for review and consideration on the impact to the Airport's rates and charges as well as operating cash flow. Each department's initiatives are reviewed before the proposed draft is completed and submitted for review and comment by the Airport Board.

The capital improvement program is also refined to examine its effect on rates and charges. Future years' capital projects are added to the modeling as most of these projects and expenditures affect budget periods beyond the current period under examination.

The final budget is typically approved by the Airport Board in late October, and subsequently presented to the County and the City for their approval. Airport Board management expects to present the budget for Fiscal Year 2025 to the Airport Board in late October 2024.

Pension and Other Post-Employment Benefits

Pension Plan. Substantially all full-time and qualifying part-time employees of the Airport Board participate in either the Washington State Public Employes' Retirement System ("PERS") or the Washington State Law Enforcement Officers' and Fire Fighters' Retirement System ("LEOFF"), both of which are administered by the Washington State Department of Retirement Systems. PERS and LEOFF are cost-sharing multi-employer public employee defined benefit retirement plans. The Airport Board contributed $641,735 and $607,918 to PERS in Fiscal Years 2023 and 2022, respectively, and has budgeted a contribution to PERS of $961,581 for Fiscal Year 2024. The Airport Board contributed $127,614, and $141,631 to LEOFF in Fiscal Years 2023 and 2022, respectively, and has budgeted a contribution to LEOFF of $144,310 for Fiscal Year 2024.

Contribution rates for the various State pension plans (including PERS and LEOFF) for the upcoming biennium are adopted by the State during even-numbered years according to a statutory rate-setting process. The process begins with the Office of the State Actuary (the "OSA") performing an actuarial evaluation of each plan and determining recommended contribution rates. The OSA provides preliminary results and recommended contribution rates to the Select Committee on Pension Policy, a committee of the State Legislature (the "SCPP"), and the Pension Funding Council (the "Pension Council"). The rates adopted by the Pension Council are subject to revision by the State Legislature, and the State Legislature may adopt, and has adopted, contribution rates lower than those suggested by the OSA and adopted by the Pension Council.

Using the Entry Age Normal methodology, and as of June 30, 2023, OSA calculated the funded status of the State-administered plans in which the Airport Board participates is as follows: PERS Plan 1 is 80% funded, and PERS Plans 2 and 3 are 97% funded. This funded status calculation relies on the following key assumptions: a valuation interest rate of 7.00%, a general salary growth rate of 3.25%, an inflation rate of 2.75%, and growth in plan membership of 1.00%. For each of LEOFF Plans 1 and 2, the value of plan assets exceeds that of plan liabilities on an actuarial basis. From time to time, OSA has revised its key assumptions and may continue to do so. All employers in PERS and certain other pension plans are required to contribute at a rate (percentage of payroll) determined by the OSA every two years for the sole purpose of amortizing the PERS Plan 1 unfunded actuarial accrued liability within a rolling 10-year period (the "UAAL Rate"). The UAAL Rate became effective in 2015, cannot be less than 3.5%, and will remain in effect until the actuarial value of assets in PERS Plan 1 equals 100% of the actuarial accrued liability of PERS Plan 1. The current UAAL Rate of 2.47% for PERS Plans is included in the employer contribution rates, which are subject to change by future legislation.

The information above in this section has been obtained from information on the OSA's and DRS' s websites. The OSA website includes information regarding the values, funding levels and investments of these retirement plans. These websites are not incorporated by reference into the Official Statement.

The DRS website also includes audited Schedules of Collective Pension Amounts and Schedules of Employer Allocations for all of the plans DRS administers, for use by those employers required to implement GASB 68, including the Airport Board.

See "Note 8 – Pension and Benefit Plans" and "Required Supplementary Information" in the Airport Board's financial statements for the year ended December 31, 2023 attached hereto as APPENDIX C – "AIRPORT BOARD ANNUAL FINANCIAL REPORT FOR FISCAL YEARS ENDED DECEMBER 31, 2023 AND 2022" for more information about PERS and LEOFF, including funding levels.

Postemployment Health Benefits. Other than the Spokane Airport Firefighters OPEB Plan described below, the Airport Board does not provide post-employment health benefits to its employees. The Airport Board sponsors and administers a single employer defined benefit post-retirement health care plan (the "Spokane Airport Firefighters OPEB Plan") for firefighters retiring under LEOFF. Ten retired Airport Board firefighters are currently covered by the plan; the plan is closed to new entrants. See "Note 8 – Pension and Benefit Plans" and "Required Supplementary Information" in the Airport Board's financial statements for the year ended December 31, 2023 attached hereto as APPENDIX C – "AIRPORT BOARD ANNUAL FINANCIAL REPORT FOR FISCAL YEARS ENDED DECEMBER 31, 2023 AND 2022" for more information about the Spokane Airport Firefighters OPEB Plan.

Risk Management and Insurance

Pursuant to the Airport Revenue Bond Agreement, the Airport Board is required to procure and maintain commercial insurance with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance if such insurance is obtainable at reasonable rates and upon reasonable terms and conditions. The amounts and risks required to be insured under the Airport Revenue Bond Agreement are subject to the Airport Board's prudent judgment taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports. The Airport Board may satisfy some of these insurance requirements through qualified self-insurance or self-insured retentions.

The Airport Board has implemented a thorough, professionally-managed risk management program. The Airport Board carries a variety of policies to address risks such as cyber security, kidnap and ransom, property, and public entity liability among others. The program is competitively bid on an annual basis by Alliant Insurance Services.

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As of October 1, 2024, the Airport Board maintained the following insurance coverages:

Insurer	Expiration Date	Coverage	Policy Limits
AIG	10/31/2024	Property, flood, equipment, terrorism, etc.	$750,000,000
Starr	10/31/2024	Aviation general liability coverage	200,000,000
Alaska National	10/31/2024	Inland marine and equipment	14,122,586
Alaska National	10/31/2024	Auto liability	1,000,000
Chubb	10/31/2024	Crime to include employee theft, forgery, computer fraud and funds transfer fraud	2,000,000
Chubb	10/31/2024	Fiduciary coverage	2,000,000
Chubb	10/31/2024	Public entity / professional liability against errors and omissions, damages and claims, etc.	10,000,000
Chubb	10/31/2024	Pollution liability	10,000,000
HISCOX	10/31/2024	Kidnap and Ransom	Not Available
Cowbell	10/31/2024	Cyber liability	Not Available

Contractors, including Construction Manager at Risk, are required to carry builders' risk insurance covering all facilities under construction during the full period of construction. The Airport Board continually evaluates its required coverage limits and will increase limits accordingly to account for the increase value of new construction.

The Airport Board maintains an active loss prevention program managed by the Manager of Properties and Contracts, the Chief Executive Officer and the Board Counsel. Claims are monitored and administered by Starr Adjustment Services, with Airport Board staff oversight and control.

CAPITAL IMPROVEMENT PROGRAM

TREX

The Airport Board is currently undertaking a comprehensive renovation and expansion of Concourses A/B and Concourse C, which is known as the "Terminal Renovation and Expansion" ("TREX") program. The TREX program is specifically designed to be demand driven, dynamic and modular in nature to reflect current changes to the market, project cost estimates, available funding and the priorities of the Airport Board. The first component of the TREX program that is being undertaken by the Airport Board is the expansion and renovation of Concourse C ("Concourse C TREX"). Concourse C TREX, a 152,720 square foot expansion of Concourse C, includes, among other improvements (i) the addition of three new gates with loading bridges to the west side of Concourse C (which gates became operational in June 2024), (ii) the demolition of the existing ground boarding gates (occurred in August 2024), which will be replaced with three new gates with loading bridges (expected to open in the first quarter of 2026), (iii) the renovation of the existing three Concourse C gates, and (iv) the extension of the Concourse C ticket counter area, which will provide six additional counter locations. Concourse C TREX has a total estimated cost of approximately $175.8 million, a portion of which will be financed with proceeds of the 2024 Bonds. See APPENDIX B – "REPORT OF THE AIRPORT CONSULTANT – AIRPORT FACILITIES AND CAPITAL PROGRAM – TERMINAL RENOVATION AND EXPANSION PROGRAM" for information about Concourse C TREX.

Future phases of the TREX program include the construction of a Central Hall ("Central Hall TREX") facility that would create a sterile post-security connection between Concourse A/B and Concourse C, as well as centralized ticket lobby, baggage claim, and passenger security checkpoint areas. As of the date of this Official Statement, the Airport Board has not committed to proceeding with Central Hall TREX. Moving forward with Central Hall TREX is subject to available funding, consultation with the airlines and other market conditions. Central Hall TREX is currently under design and has an estimated cost of approximately $296 million. APPENDIX B – "REPORT OF THE AIRPORT CONSULTANT – AIRPORT FACILITIES AND CAPITAL PROGRAM – TERMINAL RENOVATION AND EXPANSION PROGRAM" for information about Central Hall TREX.

2023-2029 Capital Improvement Program

The Airport Board maintains an ongoing major maintenance and capital improvement program ("CIP") for the Airport System (the Airport, Felts Field, the Airport Business Park and the Rail-Truck Transload Facility). The purpose of the CIP process is to evaluate, prioritize, and coordinate proposed projects for a period of several years.

Each year the Airport Board adopts a detailed capital plan for the ensuing Fiscal Year as part of its annual budget process. In addition to the annual capital plan, management develops a preliminary plan for capital projects for the next five to seven years. The Airport Board's current CIP (which includes components of TREX) covers Fiscal Years 2023 through Fiscal Year 2029 (the "2023-2029 CIP"). The primary goal of the 2023-2029 CIP is the development of a detailed capital budget for the current fiscal year and a flexible and rolling plan for capital development for the next several years. By updating and approving the CIP, a strategy and schedule is set for budgeting and constructing facilities for the Airport System.

The 2023-2029 CIP has a total cost of approximately $860.1 million. The 2023-2029 CIP includes the following projects, among others:

TABLE A-9
Spokane Airport Board
2023-2029 Capital Improvement Program

Projects	Cost
2024 Projects	
Concourse C TREX	$175,830,000
Airport Board Administration Office Building	32,400,000
Fuel storage tank	10,300,000
Expansion at Concourse C Lot	6,000,000
Total 2024 Projects	$224,530,000
Other Projects	
Central Hall TREX	$296,000,000
North Parking Garage	55,000,000
Reconstruction of Taxiway A	38,500,000
Improvements to West Terminal Ramp and Taxilane and Glycol Recovery[1]	35,000,000
Realignment of Spotted Road and Interchange	33,800,000
Rehabilitation of Runway 4L/22R	25,000,000
Runway 2/21 Mill and Overlay	21,000,000
Runway 8/26 Mill and Overlay	18,000,000
Improvements to Runway Intersection	14,500,000
Expansion of McFarlane Road and Economy Parking Lots	11,500,000
Improvements to Ground Transportation Center	10,520,000
Miscellaneous Terminal Improvements	10,200,000
Improvements to Rail-Truck Transload Facility	9,400,000
Near-term fuel facility upgrades	4,000,000
Other	53,156,000
Total Other Projects	$635,576,000
Total 2023-2029 Capital Improvement Program	$860,106,000

[1] Project was substantially completed in July 2024.
Source: Airport Board

See APPENDIX B – "REPORT OF THE AIRPORT CONSULTANT" for more detailed information on the projects to be financed with a portion of the proceeds of the 2024 Bonds (the "2024 Projects") and the other projects included in the 2023-2029 CIP.

The Airport Board reassesses its capital needs annually and will modify the CIP as necessary to accommodate demand-driven traffic activity, security and health needs, strategic initiatives, receipt of required environmental and other regulatory approvals, and other factors which could result in increases or decreases to the CIP or extend or accelerate the timing to complete certain projects.

Funding Sources

The Airport Board expects to fund the 2023-2029 CIP from a variety of sources, including: (i) proceeds of the 2024 Bonds and additional Bonds to be issued in the future (approximately $443.9 million); (ii) FAA Airport Improvement Program entitlement and discretionary grants-in-aid (approximately $129.9 million); (iii) Federal Bipartisan Infrastructure Law grants under the competitive Airport Terminals Program and the entitlement Airport Infrastructure Grants program (approximately $66.9 million); (iv) other federal and State grants (approximately $67.2 million – includes grants received under CRRSAA and ARPA, and a federal Better Utilizing Investments to Leverage Development (BUILD) grant to be received for the Rail-Truck Transload Facility); (v) PFCs on a pay-as-you-go basis (approximately $35.0 million); (vi) revenues derived from a customer facility charge paid by Airport rental car customers (approximately $10.5 million); (vii) available cash of the Airport Board (approximately $104.7 million); and (viii) other funding sources (approximately $2.0 million). See also APPENDIX B – "REPORT OF THE AIRPORT CONSULTANT – AIRPORT FACILITIES AND CAPITAL PROGRAM – 2023-2029 CAPITAL IMPROVEMENT PROGRAM."

Bond Proceeds. The Airport Board expects to use approximately $127.4 million of the proceeds of the 2024 Bonds, and approximately $316.5 million of the proceeds of additional Bonds expected to be issued during 2026 to finance a portion of the costs of the 2024 Projects and other projects included in the 2023-2029 CIP. The issuance of additional Bonds in 2026 is still preliminary and subject to change and any such issuance will be subject to various approvals of the Airport Board, the County and the City. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds" in the forepart of this Official Statement.

Federal Grants. The Airport Board expects to finance approximately $258.9 million of the costs of the 2024 Projects and certain of the other projects in the 2023-2029 CIP with various federal grants, including Airport Improvement Program grants, Airport Infrastructure Grants and Airport Terminal Grants.

Airport Improvement Program Grants. The Airport Board receives federal grant money from the FAA each year. The Airport and Airway Improvement Act of 1982, as amended, created the Airport Improvement Program ("AIP"), which is administered by the FAA. Grants are available to airport operators in the form of entitlement funds and discretionary funds and are payable on a reimbursement basis. Entitlement funds are apportioned annually based upon the number of enplaned passengers and the aggregate landed weight of all-cargo aircraft; discretionary funds are available at the discretion of the FAA based upon a national priority system.

The Airport Board expects to receive approximately $129.9 million of AIP entitlement/discretionary grants to finance the projects in the 2023-2029 CIP.

As described above, the FAA has granted the Airport Board approval to collect PFCs at the Airport. In accordance with the PFC Act (as defined below under "– Passenger Facility Charges") and the PFC Regulations (as defined below under "– Passenger Facility Charges"), since the Airport Board collects a $4.50 PFC, the amount of AIP entitlement grants which the Airport Board is permitted to receive annually may be reduced up to 75%. However, as a result of the increased funding of AIP entitlement grants pursuant to the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century, the Airport Board has not experienced a material reduction from its previous level of AIP entitlement grants since it began collecting a $4.50 PFC.

The Airport Board's financial plan for funding the projects in the 2023-2029 CIP assumes that AIP entitlement and discretionary grant funds will be available to fund the grant eligible portion of certain of these projects.

In the event that AIP grants to the Airport Board are lower than those made in recent years, the Airport Board would either elect to delay or not undertake certain projects or seek alternative sources of funding, including the possible issuance of additional debt. See "RISKS TO BONDHOLDERS – Federal Funding and Other Actions" in the forepart of this Official Statement.

Airport Infrastructure Grants and Airport Terminal Grants. In addition to AIP grants, the Airport Board has received and expects to receive grants under other federal programs.

The federal Infrastructure Investment and Jobs Act of 2021, referred to as the Bipartisan Infrastructure Law ("BIL") was approved by the United States Congress and signed by the President on November 15, 2021. BIL provides approximately $20 billion in grants for airport infrastructure development over five years between 2022 and 2026.

Up to approximately $2.9 billion per year of BIL funds will be awarded to primary airports as Airport Infrastructure Grants ("AIG"), allocated on the same basis as AIP entitlement grants. The Airport Board was allocated a total of approximately $19.4 million for the Airport in federal fiscal years 2022, 2023 and 2024, with amounts in future years dependent upon levels of passenger traffic. The Airport Board intends to use the proceeds of AIG to finance certain of the projects in the 2023-2029 CIP. The Airport Board expects to receive additional AIG in the future of approximately $12.9 million to fund projects in the 2023-2029 CIP, however, there can be no assurance as to the amount the Airport Board may receive.

An additional approximately $1.0 billion per year will be provided in grants under the Airport Terminal Program ("ATP") provisions of BIL, with up to 20% going to small hub airports, like the Airport. ATP grants are to be awarded at the FAA's discretion following a competitive application process. In federal fiscal Years 2022, 2023 and 2024, the Airport Board was awarded $29.0 million of ATP grants to finance certain of the 2024 Projects (Concourse C TREX). The Airport Board expects to apply for additional ATP grants in the future to fund projects in the 2023-2029 CIP, however, there can be no assurance as to the amount the Airport Board may be awarded.

Passenger Facility Charges. The Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the FAA pursuant to published regulations (the "PFC Regulations"), permits public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a $1.00, $2.00 or $3.00 PFC with certain qualifying airports permitted to charge a maximum PFC of $4.50. The purpose of the PFC is to develop an additional capital funding source to provide for the expansion of the national airport system. Under the PFC Act, the proceeds from PFCs are required to be used to finance eligible airport-related projects (including paying the debt service on bonds issued to finance such projects) that serve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among Air Carriers. The Airport Board currently charges all enplaning passengers at the Airport a PFC of $4.50.

The Airport Board has received approval from the FAA, pursuant to thirteen separate applications, to collect a PFC on each enplaning passenger at the Airport totaling approximately $265 million. As of December 31, 2023, the Airport Board had expended $178 million of the PFCs collected. The Airport Board expects to use approximately $35.0 million of PFCs (on a pay-as-you-go basis) to finance a portion of the costs of the 2024 Projects and certain other projects in the 2023-2029 CIP, and $20.0 million of PFCs to pay a portion of the debt service on the 2024 Bonds and additional Bonds through Fiscal Year 2029. PFCs are not included in Revenues and are not pledged to the payment of debt service on the 2024 Bonds. However, pursuant to the Airport Revenue Bond Agreement and the Master Resolution, the Airport Board may designate certain PFCs as "PFCs Available for Debt Service," which PFCs are required to be used to pay debt service on one or more Series of Bonds. The Airport Board expects to annually designate $2.3 million of PFCs as PFCs Available for Debt Service which will be used to pay a portion of the debt service on the 2024 Bonds.

The following table sets forth the amount of PFCs collected in Fiscal Years 2019 through 2023.

TABLE A-10
Spokane Airport Board
Annual Collections of PFCs[1]

Fiscal Year	PFCs Collected
2019	$8,096,437
2020	3,553,966
2021	6,116,591
2022	7,478,137
2023	7,620,362

[1] The information in this table is presented on a cash basis, and, therefore, will not match the accrual accounting presentation set forth in the Airport Board's audited financial statements for Fiscal Years 2023 and 2022 that are included in Appendix C to this Official Statement.
Source: Airport Board

Customer Facility Charges. Pursuant to RCW 14.08.120(1)(g) (the "CFC Act"), the Airport Board is authorized, at rates determined by the Airport Board, to impose a customer facility charge ("CFC") upon customers of rental car companies accessing the Airport. The CFC Act limits the uses for which the Airport Board may collect the CFC. Specifically, the Airport Board may impose the CFC only "for the purposes of financing, designing, constructing, operating, and maintaining consolidated rental car facilities and common use transportation equipment and facilities that are used to transport the customer between the consolidated car rental facilities and other airport facilities." The Airport Board expects to use approximately $10.5 million of CFCs (on a pay-as-you-go basis) to finance a portion of the costs of the projects in the 2023-2029 CIP.

Internally Generated Airport Board Funds. The Airport Board also intends to use certain amounts it generates from operations after the payment of all of its operating expenses to pay for costs of certain projects included in the 2023-2029 CIP. The Airport Board expects that approximately $104.7 million of such funds will be available to fund projects included in the 2023-2029 CIP.

REGULATIONS APPLICABLE TO THE AIRPORT BOARD

Rates and Charges Regulation; Federal Statutes

Federal statutes and FAA regulations require that an airport maintain a rate structure that is as self-sustaining as possible and generally (with certain exceptions) limit the use of all revenue (including local taxes on aviation fuel and other airport-related receipts) generated by an airport receiving federal financial assistance to purposes related to the airport. Federal statutes also provide that, without air carrier approval, an airport may not include in its rate base debt service allocable to projects not yet completed and in service.

Federal statutes include provisions addressing the requirements that airline rates and charges set by airports receiving federal assistance be "reasonable" and authorize the U.S. Secretary of Transportation to review rates and charges complaints brought by air carriers.

The Airport Board operates the Airport pursuant to an airport operating certificate issued annually by the FAA after an on-site review. In addition to this operating certificate, the Airport Board is required to obtain other permits and/or authorizations from the FAA and other regulatory agencies and is bound by contractual agreements included as a condition to the grants the Airport Board receives under the FAA's grant programs. Federal law also governs certain aspects of rate-setting and restricts grants of exclusive rights to conduct an aeronautical activity at an airport that receives or has received federal grants and other property. All long-term facility planning is subject to the FAA's approval; the Airport Board is subject to periodic audits by the FAA; the Airport Board's use of airport revenues is subject to review by the FAA; and the Airport Board's use of PFC revenue and grant proceeds is also subject to FAA approval, audit and review. The Airport Board is also required to comply with the provisions of the federal Aviation and Transportation Security Act, with other federal security statutes and with the regulations of the TSA). Security is regulated by the FAA and the TSA.

The Airport Board has received BIL and other federal grants. These programs, and other federal grant funding, are subject to regulations and guidance regarding allowable uses of funds, expenditure reporting, audits, and other compliance requirements. Failure to satisfy the regulations and guidance governing these funding programs may result in recoupment of funds. Future federal legislative and executive actions, including updated guidance, may modify or otherwise impact existing requirements and may apply retroactively.

Other Regulation

The Airport Board also is regulated by the federal Environmental Protection Agency ("EPA") and the Washington State Department of Ecology (the "Department of Ecology") in connection with various environmental matters, including the handling of deicing materials and airline fuels and lubricants, protection of wetlands and other natural habitats, disposal of storm water and construction wastewater runoff and noise abatement programs. The Airport Board's handling of noise, including restrictions and abatement programs, is also subject to the requirements of federal and State statutes and regulations.

Also see "RISKS TO BONDHOLDERS – Environmental Regulations and Risks" in the forepart of this Official Statement for a discussion of the State Department of Ecology's issuance of an order requiring the Airport Board to complete a remedial investigation, feasibility study and conduct groundwater testing to determine possible per- and polyfluoroalkyl substances (PFAS) contamination on Airport Facility property.

LITIGATION

The Airport Board is a party to various assertions and legal actions arising in connection with the operation of the Airport Facilities, including personal injury claims, employment related claims, and construction claims. In this regard, there are incidents that might result in the assertion of additional claims. Management believes that such matters either are adequately covered by insurance or valid defenses exist, and the settlement of such matters will not have a material adverse effect on the financial position of the Airport Board.

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APPENDIX B

REPORT OF THE AIRPORT CONSULTANT

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Appendix B

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

Spokane County, Washington

AIRPORT REVENUE BONDS (SPOKANE AIRPORT SYSTEM)
Series 2024A (Non-AMT) and Series 2024B (AMT)

Prepared for

Spokane Airport Board

Prepared by

LeighFisher
San Francisco, California

October 9, 2024

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Leigh|Fisher

October 9, 2024

Lawrence J. Krauter, A.A.E., AICP, FRAeS
Chief Executive Officer
Spokane International Airport, Felts Field, and Airport Business Park
9000 W. Airport Drive, Suite 204
Spokane, WA 99224

Re: Report of the Airport Consultant, Spokane County, Airport Revenue Bonds (Spokane Airport System), Series 2024A (Non-AMT) and Series 2024B (AMT)

Dear Mr. Krauter:

We are pleased to submit this Report of the Airport Consultant in connection with the proposed issuance of Airport Revenue Bonds, Series 2024A (Non-AMT) and Series 2024B (AMT) (collectively, the 2024 Bonds), by Spokane County (the County) on behalf of the Spokane Airport Board (the Airport Board) to fund a portion of the costs of certain capital improvements at Spokane International Airport (the Airport or SIA). This letter and the accompanying attachment and exhibits constitute our report.

The 2024 Bonds are being issued at the request of the Airport Board pursuant to (1) a Master Bond Resolution dated as of September 10, 2024 (the Resolution) and the 2024 Supplemental Resolution providing for the issuance of the 2024 Bonds, (2) a joint resolution of the Airport Board, the Board of the County Commissioners, and the City Council of the City of Spokane, Washington (the City) adopted by the Airport Board on July 26, 2024, the County on July 23, 2024, 2024, and the City on July 22, 2024, and (3) the Airport Revenue Bond Agreement dated September 10, 2024 between the County and the Airport Board providing for the issuance of revenue bonds from time to time by the County under the terms of the Interlocal Agreement. The 2024 Bonds are being issued in accordance with the provisions of chapter 14.08 and chapter 39.46 of the Revised Code of Washington (RCW), as amended.

Bonds to be issued by the County under the Resolution are secured by a pledge of Net Revenues of the Airport System, Other Pledged Revenues, and moneys held in certain funds and accounts pursuant to the Resolution. In addition, while not considered Other Pledged Revenues, PFCs Available for Debt Service¸ Other Money Available for Debt Service, and Pledged PFCs may be used to reduce the Debt Service calculation for both the Rate Covenant and Additional Bonds Test.

Capitalized terms used in this report and not otherwise defined have the meanings given to such terms in the Resolution, the Preliminary Official Statement related to the 2024 Bonds, or the Signatory Airline Lease and Operating Agreement (AOA).

The net proceeds of the 2024 Bonds, together with certain investment earnings thereon, will be used to (1) finance a portion of or all of the costs certain capital improvements (as described below), (2) make a deposit to the Common Debt Service Reserve Account in the Debt Service Reserve Fund to equal the Reserve Requirement, (3) fund capitalized interest on the 2024 Bonds, (4) repay all or a portion of the amount outstanding under a loan with the County for interim financing which was used to pay certain project costs, and (5) pay the costs of issuance of the 2024 Bonds.

The report presents our projection of passengers enplaning at the Airport and evaluates the ability of the Airport Board to generate Net Revenues sufficient to satisfy the requirements of the Rate Covenant (defined below) for the projection period 2024 through 2029 taking into account the 2024 Bonds and the 2026 Bonds (as described below) estimated to be required to allow completion of the Airport Board's 2023 – 2029 Capital Improvement Program (the CIP or 2023 – 2029 CIP).*

Airport Ownership and Management / Interlocal Agreement

Pursuant to chapter 14.08 RCW, in 1962 the City of Spokane and Spokane County entered into an Airport Joint Operation Agreement for the purpose of financing, constructing, improving and operating the Airport through the Airport Board. The Airport Joint Operation Agreement was amended and restated in 2019 pursuant to the Amended Spokane County/City Airport Agreement (Interlocal Agreement). Under the Interlocal Agreement, the City and County jointly own all real property and fixtures (except as otherwise provided in the Interlocal Agreement) of the Airport System as tenants in common.

Under the Interlocal Agreement, the Airport Board is vested with complete authority to manage and operate such facilities for aeronautical and industrial development purposes to the fullest extent permissible by State and federal law, subject to the specific limitations in the Interlocal Agreement. The Airport Board was delegated the authority to establish fees and rentals for use of the facilities, exercise of eminent domain, acquisition and disposal of real property, employment and termination of the Chief Executive Officer, (subject to concurrence of the City Council and Board of Commissioners), and the adoption of the Airport Master Plan, among other things.

The Airport Board has no independent authority to issue bonds or to incur other debts with a maturity of more than one year from the date of the obligation. Therefore, the County has historically issued bonds on behalf of the Airport Board in accordance with the Interlocal Agreement. The Interlocal Agreement requires both the County and the City to approve any bond issue or other debts of the Airport Board (including revenue obligations and general obligation debt) that extend beyond one year. The Interlocal Agreement states that in the event there is a deficit in a principal or interest payment necessary to pay a bonded indebtedness, the County and the City shall each fund one-half of such deficit. See "THE AIRPORT BOARD—The Interlocal Agreement" in the Preliminary Official Statement.

Airport System

The Airport Board operates (1) Spokane International Airport, the air carrier airport serving the Spokane metropolitan region, (2) Felts Field, which serves as the general aviation reliever airport to SIA, and (3) the Airport Business Park adjacent to SIA (collectively, the Airport System as defined under the Resolution). In 2023, SIA accounted for 96% of total operating revenues for the Airport System.

SIA is classified by the FAA as a small hub airport. The Airport ranked 73rd among U.S. airports in terms of total enplaned passengers in 2023 and approximately 98.5% of its passengers were domestic origin-destination (O&D) passengers based on U.S. Department of Transportation (USDOT) data.

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*The Airport Board's Fiscal Year ends December 31. The forecast period for the Additional Bonds Test in the Resolution is the later of (1) the fifth full Fiscal Year following the issuance of the proposed Bonds or (2) the second full Fiscal Year during which no interest on the proposed Bonds is expected to be paid from the proceeds. Interest on portions of the 2024 Bonds is expected to be capitalized through July 2026. Therefore, the forecast period for this report extends through 2029.

2023 – 2029 Capital Improvement Program

The Airport Board maintains an ongoing major maintenance and capital improvement program for the Airport System. The 2023 – 2029 Capital Improvement Program (the CIP) totals $860.1 million, including all soft costs and pricing allowances. Of this amount, the following projects are expected to be wholly or partially funded with the 2024 Bonds:

1. $175.8 million budgeted for Concourse C TREX - $84 million financed with the 2024 Bonds
2. $27.0 million Administration Office Building (construction costs)
3. $10.3 million for new fuel storage tank
4. $6.0 million surface parking lot expansion at Concourse C

A two-phased Terminal Renovation and Expansion (TREX) program makes up the largest element of the CIP, including $175.8 million for Concourse C TREX and an estimated $296 million for Central Hall TREX, accounting for 56% of the overall CIP. The TREX program was developed as a comprehensive renovation and expansion of the Airport Concourses A/B and C to provide expansion, renovation, and balancing of terminal, airside, and landside requirements related to passenger demand, capacity of the facility, and airport/airline operations. TREX was specifically designed to be demand driven, dynamic, and modular in nature to reflect current changes in the market, project cost estimates, available funding, and the Airport Board's priorities. The first phase (Concourse C TREX) provides for the expansion and renovation of Concourse C. The next phase of the TREX program (Central Hall TREX) would be focused on creating a centralized Transportation Security Administration (TSA) screening checkpoint for all airlines with a post-security hallway connecting the A/B and C Concourses, a consolidated baggage claim, and new operations center as well as allow easier navigation between the A/B and C Concourses. At this time, the Airport Board has not committed to proceeding with this next phase of TREX, and its undertaking would be subject to future funding, consultation with airlines, and economic conditions of the market. For purposes of the financial forecasts, it was assumed that the Central Hall TREX would be developed and become operational in 2028.

Table 2 in the attachment provides a summary of the 2023 – 2029 CIP with expected funding. The current CIP contains, according to the Airport Board's most recent and most accurate assessment, all of the significant capital improvements expected to be undertaken through the forecast period 2029. The Airport Board reassesses its capital needs at least annually and will modify the CIP as necessary to accommodate demand-driven traffic activity, security and health needs, strategic initiatives, receipt of required environmental and other regulatory approvals, and other factors which could result in increases or decreases to the CIP or extend or accelerate the timing to complete certain projects. Specifically, as Airport management develops its 2025 capital budget, it is expected there will be refinements to the 2025 projects in the CIP; however, management does not believe such adjustments will be material.

The Airport Board expects that the projects included in the 2023 – 2029 CIP will provide the necessary Airport System facility improvements to satisfy future airline and passenger needs through the forecast period 2029.

Plan of Finance for the 2023 – 2029 CIP

Costs for the CIP are expected to be funded by:

1. FAA Airport Improvement Program (AIP) entitlement and discretionary grants-in-aid
2. Federal Bipartisan Infrastructure Law (BIL) grants under the competitive Airport Terminals Program (ATP) and the entitlement Airport Infrastructure Grants (AIG) program
3. USDOT Better Utilizing Investments to Leverage Development (BUILD) grants for the Rail-Truck Transload Facility
4. USDOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant for the Spotted Road Realignment and Interchange
5. Federal relief grants (capital and debt service)
6. Passenger facility charge (PFC) revenues on both a pay-as-you-go basis and leveraged basis
7. Revenues derived from a customer facility charge (CFC) paid by Airport rental car customers
8. Funds generated through the residual ratemaking system for capital expenditures to the extent expenditures do not reduce the reserve amount below a minimum targeted level
9. 2024 Bonds for Concourse C TREX, Administration Building, Fuel Facility Improvements, expansion of parking facilities and potential 2026 Bonds for the North Garage Expansion and Central Hall TREX

A portion of PFC revenues are being dedicated to Concourse C TREX and Central Hall TREX for both pay-as-you-go funding and payment of debt service. The expected plan of finance for the project is described later in this attachment.

Although Per- and polyfluoroalkyl substances (PFAS) have been identified in groundwater and soil on SIA property, as well as on and around Fairchild Air Force Base, which is adjacent to the Airport, there are no amounts included in the CIP because any potential costs are unknown at this time. In March 2024, the Washington State Department of Ecology (Ecology) issued an order (Order) requiring the Airport Board to complete a remedial investigation and feasibility study to determine the full extent of possible PFAS contamination on Airport property. For a full disclosure of this issue see *RISKS TO BONDHOLDERS, Environmental Liability Risk* in the Official Statement.

Exhibit A shows the estimated sources and uses of funds for the projects expected to be funded in whole or in part from Bonds. The independent registered municipal advisor for the County and Airport Board– PFM Financial Advisors LLC (the Municipal Advisor) - provided the estimated sources and uses of funds and estimated debt service requirements for the 2024 Bonds as well as Bonds assumed to be issued in 2026 (the 2026 Bonds) used to finance a portion of the Central Hall TREX and North Garage Expansion. A portion of the 2024 and 2026 Bonds are forecast to be supported from PFCs.

Figure 21 in the attachment to this report shows the estimated sources of funding for the $175.8 million Concourse C TREX. Approximately 43% of the cost of the program is to be funded with federal grants, 28% with PFCs, and 29% revenue-supported Bonds.

The Airport Board intends to fund the construction cost for the Administration Building of $27 million with revenue-supported bonds and use available cash to pay for the soft costs for the project. The fuel facility expansion project of $10.3 million will be bond funded. In addition, $6 million in project costs for an expansion of surface parking at Concourse C will be funded with the 2024 Bonds.

Exhibit A shows the estimated sources and uses of funds for Concourse C TREX, the Administration Building, the fuel tank, and the surface lot parking expansion. The Municipal Advisor provided the estimated sources and uses of funds and estimated debt service requirements for the proposed 2024 Bonds. Specifically, the Municipal Advisor assumed 30-year Bonds would be issued at estimated market rates as of October 9th with a 50 bps cushion and with interest capitalized through the date of beneficial occupancy for each project and a cash funded Debt Service Reserve.

2026 Bonds

As noted earlier, the CIP includes the Airport Board's anticipated construction of the Central Hall TREX project as part of the 2023 – 2029 CIP, which is subject to future funding, consultation with airlines, and economic conditions of the market. Central Hall TREX is 30% designed and construction is estimated to cost $296 million. The 60% and 90% design levels are expected in the first and third quarters of 2025, respectively. Construction is expected to begin in the second quarter of 2026 with completion in the second quarter of 2028. Although the final funding plan is subject to change, for purposes of the financial forecasts in this report it was assumed that the Airport Board would apply $13 million in BIL AIG grants to the Central Hall TREX project, receive $5 million in BIL ATP competitive grants for the project, and apply $10 million in PFC pay-as-you-go funds to the project with the balance being funded with Bonds of which $37 million would be PFC supported and $231 million revenue supported.

In addition to Central Hall TREX, the Board anticipates financing the $55 million North Garage Expansion project with Bonds. At this time, the Airport Board does not have specific plans to request that the County issue additional debt; however, there would be a need to issue debt to fund portions of the cost of the Central Hall TREX and the North Garage Expansion. For purposes of this report, it was assumed that Additional Bonds would be issued in 2026 to fund $268 million in project costs for Central Hall TREX and $55 million for the North Garage Expansion for a total of $323 million in bond funded project costs. For the 2026 Bonds, the Municipal Advisor advised assuming a true interest cost of 5.25%, 30-year Bonds, issuance in mid-2026, interest capitalized through the date of beneficial occupancy for each project, interest only debt service for Central Hall TREX for the first two years after DBO, and a cash funded Debt Service Reserve.

Exhibit A shows the associated sources of funding, including repayment of the County Treasurer note, for both the proposed 2024 and future 2026 Bonds.

Master Bond Resolution

In September 2024, the County adopted a new Master Bond Resolution (the Resolution) to provide for the issuance of revenue bonds and other obligations from time to time exclusively for airport purposes. The Resolution provides the conditions and associated covenants for the issuance of Bonds and also permits the issuance of Subordinate Obligations. The 2024 Bonds will be the first series of senior lien Bonds issued by the County on behalf of the Airport Board pursuant to the Resolution. The only other debt outstanding at this time is the County loan for interim financing, which will be repaid from proceeds of the 2024 Bonds.

Revenues are generally defined as all income and revenues received by the Airport Board from the operation of the Airport System. Revenues do not include, among other things, gifts or grants (including Federal relief Grants), PFC revenues, and Customer Facility Charges (CFCs) unless as designated as Other Pledged Revenues. The County holds and maintains all Revenues in the Revenue Fund in the office of the Treasurer on behalf of the Airport Board.

PFCs Available for Debt Service are the amounts generated from PFC revenues that are designated by the Authority to be used to pay Debt Service accruing during an applicable period for Bonds issued to finance PFC-eligible project costs and may be used to reduce the Debt Service calculation in both the Rate Covenant compliance and Additional Bonds Test.

Other Pledged Revenues are moneys designated pursuant to an Airport Board Series Resolution or other duly adopted resolution of the Airport Board, or certificate of an Airport Board Representative, which (a) include a representation by the Airport Board that such money may be validly designated as and included in Other Pledged Revenues under the Resolution and may be pledged to secure the payment of the principal of, premium, if any, and interest on all or a portion of the Bonds or any Series of Bonds, and (b) specify the source and amount of such money and the time period during which such money will be designated as and included in Other Pledged Revenues. Other Pledged Revenues may include, but are not limited to, CFCs. Other Money Available for Debt Service, PFCs Available for Debt Service and Pledged PFCs shall not be treated as or constitute Other Pledged Revenues.

Operation and Maintenance Expenses (O&M Expenses) consist of the Airport Board's expenses for operation, maintenance, repairs, ordinary replacement, and ordinary reconstruction of the Airport System but do not include any capital cost or any allowance for depreciation or any operation or maintenance costs for Special Facilities.

Revenues less O&M Expenses constitute Net Revenues.

Rate Covenant. In Section 8.04 of the Resolution (the Rate Covenant), the County covenants and agrees that, while any Bonds remain Outstanding, it will, or will cause the Airport Board to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Revenues in each Fiscal Year will be at least equal to the following amounts:

1. Net Revenues (which include Other Pledged Revenues) equal to at least 100% of the amounts required to (a) pay Annual Debt Service on any Outstanding Bonds, (b) make the required deposits to the Common Debt Service Reserve Account or any Series Debt Service Reserve Account, (c) reimburse amounts owed to any Credit Provider or Liquidity Provider, (d) pay the interest on and principal of any indebtedness of the Airport Board during such Fiscal Year, other than for Outstanding Bonds, but including Subordinate Obligations, and (e) fund any debt service reserve funds created in connection with any indebtedness of the Airport Board other than Outstanding Bonds, but including Subordinate Obligations; <u>and</u>

2. Net Revenues and any amounts available in the Coverage Amount,* in an amount at least equal to 1.25 times the Annual Debt Service on Outstanding Bonds for each Fiscal Year.

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*The amount in the Coverage Amount, which may be counted for purposes of the Rate Covenant or Additional Bonds Test, cannot exceed 25% of Annual Debt Service on the Outstanding Bonds under the Rate Covenant and Aggregate Annual Debt Service under the ABT in such Fiscal Year.

For purposes of demonstrating compliance with the Rate Covenant and the Additional Bonds Test, Debt Service is reduced by the amount of principal and/or interest paid with Capitalized Interest, PFCs Available for Debt Service, Other Money Available for Debt Service, and Pledged PFCs, if any, as defined in the Resolution.

Additional Bonds Test. Under Section 6.04 of the Resolution, certain conditions must be met before Additional Bonds may be issued (the Additional Bonds Test). These conditions require, among other things, that estimates of Net Revenues together with funds available in the Coverage Amount and any other legally available funds of the Airport Board plus Other Pledged Revenues shall equal at least 1.25 times Aggregate Annual Debt Service on (1) Outstanding Bonds, (2) the Additional Bonds, and (3) any future Series of Bonds which the Airport Board estimates will be required to complete payment of the estimated costs of construction of uncompleted portions of Airport Facilities. The estimates of Net Revenues must satisfy these obligations for the later of (1) the fifth full Fiscal Year following the issuance of the proposed Bonds or (2) the second full Fiscal Year during which no interest on the proposed Bonds is expected to be paid from the proceeds. This provision of the Resolution is referred to as the Additional Bonds Test.

Subordinate Obligations. The Master Resolution permits the Airport Board to issue Subordinate Obligations secured by liens on the Airport Board's Revenues remaining after the deposits to the O&M Fund, Debt Service Funds, and Debt Service Reserve Fund that are subordinate to the liens provided to holders of the Airport Board's Bonds, including the 2024 Bonds.

Airport Revenue Bond Agreement

Because the Resolution addresses various covenants for the benefit of bond owners, a number of which covenants require action by the Airport Board, concurrently with the execution of the Resolution, the County and the Airport Board entered into the Airport Revenue Bond Agreement (Revenue Bond Agreement). The Revenue Bond Agreement sets forth the understanding between the parties related to the issuance of bonds and other obligations for the benefit of the Airport Board and its operations, and provides for these actions by the Airport Board as well as the actions to be taken by the County at the request or direction of the Airport Board in connection with the issuance and payment of County revenue bonds and other obligations under the terms of the Master Resolution.

The agreement provides, among other things, that the Airport Board covenant to (1) set lease, concession rates, and other charges sufficient to produce Net Revenues that meet the Rate Covenant, (2) operate and maintain the Airport System consistent with the Resolution covenant, (3) subject to the condition that insurance is obtainable at reasonable terms and conditions, procure and maintain insurance, (4) not to transfer, sell, or otherwise dispose of its interest in an Airport Facility or Airport Facilities except as provided under the Resolution, and (5) proceed with due diligence to construct or acquire Bond-funded projects, provided that the Airport Board may substitute another project. For a more complete description of the Revenue Bond Agreement see the Preliminary Official Statement.

Other Debt

In 2016, the Airport Board defeased all outstanding revenue bonds at that time and in 2021 defeased all outstanding Community Economic Revitalization (CERB) loans. The outstanding revenue bonds were for parking improvements and the financing of the rental car Quick Turn-Around (QTA) facility. CERB loans were provided by the Washington State Department of Commerce at low interest rates and issued for economic development projects to construct facilities for aeronautical tenants.

Also, as noted earlier, the County has loaned the Airport Board a total of $30 million to help with interim cash flow financing for Concourse C TREX of which $15 million remains outstanding. The Airport Board intends to repay the amount outstanding with the proceeds of the 2024 Bonds.

Airline Operating Agreement and Terminal Building Lease (AOA)

A residual based Signatory Airline Lease and Operating Agreement (AOA) has been in effect since 1984 as extended and modified periodically. The current AOA expires December 31, 2024. Airlines signatory to the AOA are Alaska, American, Delta, Southwest, and United. The Signatory Airlines and their affiliates accounted for 97.8% of enplaned passengers in 2023.

The AOA provides for residual ratemaking for SIA through landing fee rates where the total cost of SIA is credited with airline terminals rentals, other airline fees and charges, non-signatory airline landing fees, and non-airline revenues to yield the landing fee revenue requirement. Under the residual AOA, the Airport Board recovers through the residual landing fee rate the costs to operate SIA. The landing fee rate base includes (1) O&M Expenses, (2) depreciation net of debt, PFC, and grant funded improvements, (3) interest of the cost to acquire land at 5%, (4) a negotiated fixed annual allowance for capital improvements, and (5) debt service. In addition, subject to the proposed amendment to the AOA, starting in 2025 the rate base would include debt service coverage equal to 25% of Annual Debt Service, and $2 million per year deposit to the R&R Reserve. Allowances for pension and environmental reserves were recovered through the rate base in prior years. The net cost of Felts and the ABP are not included in the AOA residual calculation.

Currently, terminal rental rates are established based on a cost center residual method that credits (1) non-airline Terminal revenues and (2) a portion of Parking/Landside revenues -- net of O&M expenses, O&M reserve deposit, debt service, and depreciation -- to the Terminal cost center. This Net Terminal Requirement is divided by signatory airline Rented Space to yield the terminal rental rate per square foot.

All airlines pay their respective landing fee based on the budgeted rates. Prior to the start of each Fiscal Year, the Airport Board establishes rates to be in effect for the subsequent Fiscal Year. After the close of each Fiscal Year, the difference between actual results and paid landing fees is calculated as a carryforward into the next year’s rate base. For the budget, this amount is estimated for the then-current fiscal year. There is also the ability to adjust rates mid-year in the event the current charges would result in an underpayment or overpayment of 5% or more of the estimated annual requirements.

There is no majority-in-interest (MII) clause in the AOA for capital expenditures.

Under the AOA, airlines lease designated areas in the Terminal Building on an exclusive, preferential, and common use basis. Each AOA is substantially identical except for provisions relating to the Leased Premises and assigned aircraft parking positions for each Signatory Airline. The Signatory Airlines collectively lease 14 of the 16 active gates with jetways on a preferential use basis. The remaining gates are available on a common use basis.

The AOA also (1) grants certain rights and privileges to airlines, (2) provides for the timing and manner of required payments of rates and charges, and (3) sets forth other applicable operating conditions and requirements at the Airport.

Cargo carriers can sign a separate airline operating agreement that provides similar rights and privileges, but the AOA establishes the signatory cargo landing fee rate to be equal to 105% of the Signatory Airline rate. Non-signatory passenger airlines pay a rate equal to 115% of the Signatory Airline rate and itinerant carriers pay a rate equal to 150% of the Signatory Airline rate. Both Non-signatory passenger and cargo airlines are required to sign month-to-month non-signatory operating agreements with the Airport Board.

Airport management has been meeting with the airlines to discuss a one-year extension of the current AOA that includes the inclusion of debt service coverage and an annual $2 million deposit to an R&R reserve in the rate base, and an increase in the allowance for discretionary capital funding from $4 million to $7 million for 2025. The Signatory Airlines have indicated their willingness to sign the extension before the end of 2024. Both the Airport Board and the airlines would like to negotiate a longer-term airline-airport business arrangement upon the expiration of the current AOA. It is uncertain what those terms might be at this time. Therefore, the financial forecasts in this report are based on the assumption that the current residual AOA ratemaking would remain in place through the forecast period. In the event a new agreement is not reached with the airlines, compensatory ratemaking is expected to provide at least as much cash flow, if not more, than the current residual agreement for the Airport Board.

Passenger Facility Charge Program

The Airport Board has approvals from the FAA under 13 applications to collect and use PFCs for a total of $265 million in collection authority at the $4.50 level of which $178 million had been expended as of December 31, 2023. PFC application #12, approved in June 2022, authorized the Airport Board to collect and use $40.5 million in eligible Concourse C TREX construction costs and $40.9 million in associated financing costs, of which a portion will be designated as PFCs Available for Debt Service. The most recent PFC application 13, approved in December 2023, authorized the Airport Board to collect and use $6.5 million in PFCs for Central Hall TREX design costs.

The Airport Board is currently applying for a new PFC application #14 to help fund several large equipment/vehicle acquisitions in the amount of $4.4 million on a pay-as-you-go basis. In addition, the Airport Board intends to submit another new PFC application #15 for Central Hall TREX. Although the cost of Central Hall TREX is uncertain at this time and therefore the amounts requested in this new PFC application are subject to change, for purposes of the financial forecasts in this report, it was assumed that this application would request authority for the Board to fund $10 million in pay-as-you-go project costs, $37 million in PFC-supported Bonds project costs, and $46 million in associated financing costs. As of the date of this report, the Airport Board has not held a PFC consultation meeting with the airlines regarding this new application. However, it has been coordinating in advance with the FAA and informed the airlines as part the negotiations for a new airline agreement of its intensions to pursue these two new PFC applications.

PFC approval is reflected in the financial forecasts presented in this report, including the authorization to use PFC revenues to pay a portion of the debt service attributable to the 2024 Bonds for Concourse C TREX and 2026 Bonds for Central Hall TREX as well as for pay-as-you-go PFC expenditures.

Scope of Report

The report was prepared to address the ability of the Airport Board to meet the requirements of the Additional Bond Test under the Resolution for the forecast period 2024 through 2029, taking into account the proposed 2024 Bonds and 2026 Bonds.

In preparing the report, we analyzed:

- The pattern and rate of recovery of air traffic at the Airport from the reductions that occurred from the economic disruption and public health restrictions caused by the novel coronavirus (COVID 19) pandemic.
- Future airline traffic demand at the Airport giving consideration to the demographic and economic characteristics of the Airport service region, historical trends in airline service and traffic, the role of the Airport in airline route systems, and other key factors that may affect future traffic.
- The status of, estimated costs, and proposed funding plan for the 2023 - 2029 CIP, including the Concourse C TREX and Central Hall TREX and the other capital improvements expected to be completed by 2029.
- Estimated sources and uses of funds and associated annual debt service requirements of the 2024 Bonds and the 2026 Bonds expected to complete the financing of the projects comprising the 2023 - 2029 CIP as provided by the Municipal Advisor. Interest accruing on the County loan for interim financing is shown as a separate line item and expected to be realized in 2024.
- Historical and forecast future PFC revenues for pay-as-you-go expenditures and for the payment of debt service, including associated current and expected future designation by an Authorized Airport Board Representative of PFCs Available for Debt Service to the financing of PFC-eligible project costs.
- The Airport Board's intended use of PFC Revenues during the projection period, including the payment of debt service and pay-as-you-go project expenditures.
- Historical relationships among revenues, expenses, and airline traffic for the Airport System and other factors that may affect future Revenues and O&M Expenses.
- The facilities expected to be provided, as included in the 2023 - 2029 CIP, and other operational considerations affecting Airport revenues and expenses, including estimates of future O&M Expenses as provided by the Airport Board.
- Audited financial results for the Airport for 2019 through 2023.
- The Airport Board's preliminary 2025 budget and associated airline rates and charges, and revenue and expense trends for the first seven months of 2024.
- The ratemaking procedures under the AOA, including the Airport Board's expectation that the Signatory Airlines will approve the amendments and a one-year extension through the end of 2025.
- The Airport Board's CFC Regulation and ground transportation policy and fee structure.
- Other contractual agreements relating to the use and lease of the Airport such as the operation of public automobile parking and other concession and service privileges (including rental car operations), and the leasing of buildings and grounds.
- The use of Federal relief Grants for Concourse C TREX.

We have relied upon the Airport Board and its advisors for estimates of project costs and construction schedules for the TREX program and other projects in the 2023 - 2029 CIP, and upon the Airport Board's Municipal Advisor for the plan of debt finance and estimated debt service requirements for the proposed 2024 Bonds and 2026 Bonds for financial modeling purposes.

We also identified key factors upon which the future financial results of the Airport Board may depend, formulated assumptions about those factors, and on the basis of those assumptions, assembled the financial forecasts presented in the exhibits at the end of the report. Historical financial data and estimates of project costs, project financing, and annual debt service requirements were provided by the sources noted in the report.

Forecast Airline Payments per Enplaned Passenger

Exhibits E-1 through E-3 present the forecast financial requirements that determine landing fees, terminal rentals, and other fees and charges payable by the Signatory Airlines and Non-Signatory Airlines under the AOA. The exhibits also present forecast airline payments expressed per enplaned passenger.

Forecast Debt Service Coverage and Rate Covenant Compliance

The table below presents a summary of forecast Net Revenues, the amount on deposit in the Coverage Account, Annual Debt Service, PFCs Available for Debt Service, Debt Service Coverage under Section 8.04 of the Resolution, total airline payments, enplaned passengers, and airline cost per enplaned passenger (CPE). As shown, Net Revenues together with the amount on deposit in the Coverage Account, are forecast to be at least 1.25 times the Annual Debt Service on the 2024 Bonds and the 2026 Bonds. These forecast results indicate compliance with the Rate Covenant under the Resolution during the forecast period.

SUMMARY OF FORECAST DEBT SERVICE COVERAGE AND AIRLINE PAYMENTS
Spokane Airport Board
(in thousands, except coverage)
(for the 12 months ending December 31)

	Budget 2025	2026	2027	DBO CH 2028	2029
Base Passenger Forecast					
Enplaned Passengers	2,181	2,225	2,269	2,315	2,361
Airline Revenues	$ 18,873	$ 19,955	$ 22,322	$ 43,470	$ 47,704
Nonairline Revenues	44,362	45,493	49,341	50,271	54,337
Other Revenues	4,018	3,602	3,592	4,139	4,130
Revenues	$ 67,253	$ 69,050	$ 75,255	$ 97,880	$ 106,171
Less: O&M Expenses	(48,428)	(46,277)	(48,478)	(53,074)	(55,197)
Net Revenues	$ 18,825	$ 22,773	$ 26,777	$ 44,806	$ 50,973
Plus Coverage Amount	998	1,351	1,704	5,283	6,427
Available Net Revenues for Debt Service	$ 19,824	$ 24,125	$ 28,481	$ 50,089	$ 57,401
Annual Debt Service (Senior Bonds)	$ 6,317	$ 7,729	$ 11,943	$ 27,759	$ 33,835
Less: PFCs Available for Debt Service	(2,323)	(2,324)	(5,128)	(6,628)	(8,126)
Total Debt Service net of PFCs	$ 3,993	$ 5,406	$ 6,815	$ 21,131	$ 25,709
Debt Service Coverage - Without Coverage Amount	4.71	4.21	3.93	2.12	1.98
Debt Service Coverage - With Coverage Amount	4.96	4.46	4.18	2.37	2.23
PFC Collections and Interest Earnings	$ 8,173	$ 8,293	$ 8,464	$ 8,630	$ 8,800
PFC Fund Ending Balance	867	2,952	2,031	1,026	1,693
Passenger Airline Revenues	15,662	16,520	18,665	39,417	42,179
per Enplaned Passenger	$7.18	$7.43	$8.22	$17.03	$17.86

Note: Interest was capitalized through the expected beneficial use of the improvements being financed with Bonds.
Sources: Debt service: PFM. All other LeighFisher.

Assumptions Underlying the Financial Forecasts

The financial forecasts in this report are based on information and assumptions that were provided by or reviewed with and agreed to by Airport Board management. The forecasts reflect Airport Board management's expected course of action during the forecast period through 2029 and, in Airport Board management's judgment, present fairly the expected financial results of the Airport. Those key factors and assumptions that are significant to the forecasts are set forth in the attachment, "Background, Assumptions, and Rationale for the Financial Forecasts." The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the forecasts. However, the forecasts are subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecasts and actual results, and those differences may be material. Neither LeighFisher nor any person acting on our behalf makes any warranty, express or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in the report. We have no responsibility to update this report to reflect events and circumstances occurring after the date of the report.

* * * * *

We appreciate the opportunity to serve as the Airport Board's Airport Consultant in connection with this proposed financing.

Respectfully submitted,

LeighFisher

LEIGHFISHER

Attachment B

BACKGROUND, ASSUMPTIONS, AND RATIONALE
FOR THE FINANCIAL FORECASTS

County of Spokane

on behalf of the Spokane Airport Board

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AIRPORT FACILITIES AND CAPITAL PROGRAM

EXISTING AIRPORT SYSTEM FACILITIES

Spokane International Airport (the Airport or SIA) is an approximately 6,000-acre commercial service airport served by 7 major airlines, 2 regional airlines and 6 air cargo carriers. It serves as the region's commercial service airport and provides domestic scheduled passenger and cargo air service connectivity for the market area that stretches as far as Lewiston, Idaho to the south and British Columbia and Alberta, Canada to the north. The market area also reaches the foothills of the Cascades to the west and into western Montana to the east. It is the second largest airport in the State of Washington (State) in terms of passengers and cargo service and is recognized by the Federal Aviation Administration (FAA) as a small hub.

SIA is located in Spokane County (the County), approximately 7 miles west-southwest of downtown Spokane. Access to the Airport is provided via Interstate 90 (I-90) and State Highway 2. Figure 1 presents an aerial of the existing Airport.

Figure 1
SPOKANE INTERNATIONAL AIRPORT

Source: Spokane Airport Board.

Airfield

SIA has two runways – Runway 3/21 (11,002 ft × 150 ft) and Runway 8/26 (8,199 ft × 150 ft). Runway 3/21 is the primary runway and is equipped with an Instrument Landing System (ILS) capable of Category III approaches, allowing aircraft to operate in nearly all weather conditions. Both ends of the runway are equipped with an approach lighting system, high-intensity runway lighting, in-pavement centerline and touchdown zone lights, and a four-box precision approach path indicator (PAPI).

Runway 8/26 is the secondary runway. It provides aircraft operators and air traffic controllers increased flexibility as well as crosswind protection for smaller aircraft. Runway 8/26 is equipped with medium intensity runway edge lights and each end of the runway is equipped with runway end identifier lights and a four-box PAPI.

In addition to the ILS, there are also multiple GPS approaches to both runways at SIA. The Airport is also equipped with an automated weather observing system that provides 24-hour weather observations, augmented by certified weather observers working with air traffic control.

The taxiway system consists of eight main taxiways and additional connector taxiways. Primary taxiways include Taxiways A and G, which run parallel to Runway 3/21. Taxiway A serves the west side of the runway including the passenger terminal and cargo area. Taxiway G provides access to the east side general aviation areas. Taxiway C runs parallel to Runway 8/26 on the north side of the runway and also services the general aviation area.

Passenger Terminal

The Airport has two terminals serving passengers, which are connected pre-security. The east terminal, known as the Main Terminal, serves four commercial airlines and has two concourses, A and B, stemming from the security checkpoint and concessions area. The west terminal, known as Concourse C, serves two commercial airlines and is undergoing an extensive expansion and renovation project (as described below). Figure 2 shows the four main structures making up the passenger terminal facilities – the Main Terminal, Concourses A and B, Concourse C, and a ground transportation center on the northeast end of the Main Terminal.

The Main Terminal and Concourse C each have separate ticketing lobbies, baggage claim areas, baggage screening, security checkpoints, and concessions. Concourse C is connected to the Main Terminal via a corridor pre-security. Both of these facilities function as stand-alone terminals.

Although the three structures are immediately adjacent and connected, there is no post-security connection between Concourses A/B and Concourse C. As described later, the Central Hall Terminal Renovation and Expansion (TREX) project is intended to create a post-security connection as well as centralized baggage claim and passenger security checkpoint areas. Central Hall TREX is currently under design.

The Main Terminal complex opened in 1965 with a second level added to the A and B Concourses in 1974 for passenger boarding bridge access. The security checkpoint was redesigned in 2006 to meet changes in security requirements and the ticketing hall was widened to improve circulation. It has two concourses linked by a central rotunda area with dining and shopping outlets, including a food court. Concourse A has five boarding bridges and Concourse B has six boarding bridges. There is a second floor above the ticketing area which houses the airport administration offices. Basement areas are used primarily for mechanical and support spaces.

Figure 2
EXISTING TERMINAL FACILITIES
Spokane International Airport

Source: Spokane Airport Board.

The Concourse C facility opened in 2000 and is being expanded and renovated under the Concourse C TREX program (described later). Concourse C has six boarding bridge gates, including three new second level gates with passenger boarding bridges that opened in June 2024.

As of July 2024, there are a total of 16 gates with passenger boarding bridges.

Southwest Airlines, Allegiant Air, and American Airlines operate from Concourse A while Delta Air Lines (and its affiliates) and United Airlines (and its affiliates) operate from Concourse B. Common use gates are used by Allegiant, Sun Country, and charter operators. Currently, only Alaska Airlines (and its affiliates Horizon Air and SkyWest) operate from Concourse C, but American Airlines will move back to Concourse C when the Concourse C TREX project is complete in late 2025. There are common use gates in both Concourse A/B and C.

Ground Access and Transportation

The Spokane region is served by a network of federal and state highways, including Interstate I-90, which passes along the south side of the Airport, continuing west to Seattle and east through the City of Spokane (City). The Airport property can be accessed directly from the east or west via I-90 and U.S. Highway 2. Airport Drive provides a direct connection between the Airport and U.S. Highway 2 and I-90 and serves as the primary route to and from the terminal facilities. The Airport Board will be relocating Spotted Road outside the Runway Protection Zone for the Airport's Primary Instrument Runway (3/21) and constructing a grade-separated interchange over inbound and outbound Airport Drive roadways.

As shown in Figure 3, there are currently (1) two connected five-story parking garages, (2) an hourly lot immediately adjacent to the terminal frontage road, (3) two close-in surface lots (one serving Concourses A/B and the other Concourse C) both within walking distance of the Airport's terminals, and (4) two remote economy lots served by shuttle buses. There is also a cell phone waiting lot with restrooms. ADA-accessible parking is available in all Airport parking lots.

Figure 3
EXISTING PARKING FACILITIES
Spokane International Airport

Source: Spokane Airport Board.

The east garage, originally constructed in 1979, has 1,307 parking stalls and is connected to both terminals via two skybridges. ChargePoint EV charging stations are available on the 1st and 2nd level of the east garage, as well as the outside lot, the economy 1 lot and the cell phone lot. The second garage, known as the west garage, was constructed in 2000 and has 1,169 parking stalls. The hourly parking lot has 83 hourly stalls. The outside lot, adjacent to the parking garages, has 2,154 spots. The lot referred to as the C Concourse lot has 983 parking stalls and is currently being expanded to add approximately 800 additional parking stalls. The two economy lots contain 3,630 parking stalls and are served 24 hours a day via shuttle buses to deliver passengers to and from the terminals. To reduce vehicle traffic congestion in the terminal area, the Airport has an 83-space cell phone waiting lot approximately 2-3 minutes from the passenger terminal. An additional 466 parking spaces are available in the two designated employee parking lots. In addition, there is a courtesy car wash at the Airport for customers who park in one of the two garages or the outside lot.

A consolidated rental car facility is located adjacent to a ground transportation center on the Concourse A/B end of the terminal (as shown on Figure 2). The consolidated facility opened in November 2008, replacing several satellite operations, comprising a “Quick Turn-Around” facility for automobile maintenance, check-in counters in the ground transportation center and a covered, surface level rental car ready/return parking area. Currently, three companies representing eight brands of rental car companies operate on-Airport from the ground transportation center: (1) Avis Budget Group (Avis and Budget brands) (2) Enterprise Holdings (Enterprise, Alamo, and National brands), and (3) The Hertz Corporation (Hertz, Dollar, and Thrifty brands).

Taxis, Transportation Network Companies (TNCs), hotel/motel courtesy shuttles, Spokane Transit Authority buses, and limousine, courtesy shuttle and charter bus services pick up curbside in designated locations in front of both terminals.

Hotels

There are three hotels on Airport property all within walking distance of both terminals – Springhill Suites Spokane Airport, Ramada by Wyndham Spokane Airport, and Wingate by Wyndham Spokane Airport – as shown on Figure 4. The Ramada Inn operates a 165-room hotel and has had a lease with the Airport Board since 1971. The Wingate lease commenced in 2007 and has an 83-room hotel with rentable conference rooms. The Springhill Suites, opened in 2020, is a 109-room facility with multiple conference rooms.

Other Aviation and Support Facilities

Ground facilities at the Airport include cargo handling, maintenance hangars, two fixed base operators, fuel facilities, Airport support facilities, an Aircraft Rescue and Firefighting (ARFF) facility, taxiways, and aircraft parking facilities.

The ARFF facility is located southwest of the airline terminal. The air traffic control tower (ATCT), which became operational in October 2007, is located south of Runway 8/26 and east of an Army National Guard facility.

The air cargo and fuel facilities are located northeast of the passenger terminal and north of Taxiway A. The west cargo apron is 400,500 square feet. The Airport is served by 7 cargo carriers, a list of which is provided in Table 9.

The fuel facility is comprised of loading bays for refueling vehicles, unloading bays for truck deliveries and three 250,000-gallon fuel tanks for Jet-A fuel and two 14,000 gallon tanks for Avgas. The fuel volume dispensed at the Airport has grown significantly over the last three years to nearly 28 million gallons annually and the Airport is in design to modernize and expand the fuel facility. Fuel is delivered to the Airport by trucks for dispensing, and to the aircraft by refueling vehicles – there is no active pipeline into the Airport or hydrant system to the apron areas. Fuel storage facilities and quality testing are managed and maintained by the Airport Board. All fuel is stored in above ground tanks.

The facilities located on the east side of the Airport support general aviation operations, where corporate and private aircraft activity are located. There are two full service fixed-based operators (FBO) on Airport property - Signature Aviation and Aero Center Spokane. Signature has operated at the Airport since 2012, but the Airport has had an FBO on premises since 1988. The new Aero Center facility opened in August 2023 with 27,000 square feet of hangar space and 6,000 square feet of office and lounge. Both FBOs offer aircraft fueling, office/hangar rentals, line services, and maintenance support for aviation customers.

A U.S. Customs office is also located on the east side of the airfield. The Airport is designated as a Port of Entry into the United States by the U.S. CBP. The U.S. CBP screening facility is located on the South Pilot Ramp. The facility operates as an on-call service for international charter and general aviation flights.

A regional distribution center operated by the U.S. Postal Service (USPS) is located on the northeast side of the airfield on property leased from the Airport, just south of the approach end of Runway 21. The USPS facility is designated as a processing and distribution center. The USPS facility has direct access to the airfield and mail is carted to and from the West Cargo Ramp. From the facility, trucks distribute mail throughout the region.

International Aerospace Coatings (IAC), a global aircraft painting and aviation services provider, operates two aircraft painting facilities on the south side of the Airport.

Aero-Flite Inc., an aerial firefighting company, operates from a 33,000 square foot hangar space at SIA. In December 2023, the company said it plans to expand operations at SIA with a 30,000-square-foot maintenance hangar to handle its growing fleet. The new hangar will be built adjacent to the existing facility and it will improve winter maintenance capacity.*

Logistics and Commercial/Industrial Development

West Plains-Airport Area Public Development Authority. In July 2017, the City and the County formed the West Plains-Airport Area Public Development Authority (PDA), which is operated as S3R3 Solutions (S3 – Spokane City, Spokane County, and Spokane Airport; R3 – Runway, Roads, and Rail). The City and the County negotiated a tax revenue sharing agreement where 75% of the local tax revenue generated within the boundaries of the PDA stay with the PDA, allowing it to carry out broad economic and workforce development initiatives. S3R3's service area encompasses a 9,000-acre area around and including the Airport. The PDA is responsible for coordinating business recruitment, retention, and expansion efforts with a focus primarily on aerospace, advance manufacturing, and logistics-related industry sectors, and has the ability to directly invest in infrastructure (e.g., buildings, utilities, roads, etc.), lease land, debt finance, and enter into long-term lease agreements, as well as assist with navigating the development and permitting environment. The PDA has also created solutions to commercial development challenges such as establishing a wetlands mitigation bank where credits can be purchased to offset impacts on wetlands on land being developed inside the PDA boundary. The PDA leases office space in the Airport Business Park (ABP) but the Airport Board does not receive any tax or other revenue from the PDA. The Airport benefits from the associated economic development drives passenger and cargo activity.

American Aerospace Materials Manufacturing Center. The Airport Board is a member of the American Aerospace Materials Manufacturing Center (AAMMC), which consists of more than 50 organizations in the region, including industry leaders, higher-education institutions and technical educators, workforce, community, economic development organizations, tribal nations, venture partners, and government entities. AAMMC's goal is to accelerate growth of the domestic aerospace manufacturing supply chain by bringing high-rate manufacturing methods for parts and structures made out of advanced composites to market faster while building a supply chain and workforce ecosystem to support it.

* Source: https://fireaviation.com/2023/12/28/aero-flite-expanding-at-spokane/

The Airport Board and the PDA were foundational supporters of the AAMMC.

The AAMMC is located one mile north of the Airport's terminal complex and within the S3R3's service boundary. The Spokane region is home to the nation's 5th largest aerospace cluster, which provides the AAMMC with a strong foundation of suppliers, talent, and capabilities.

Rail-Truck Transload Facility. The Airport Board constructed a Rail-Truck Transload Facility on SIA property which became operational in Spring 2023 to provide multimodal freight movement services to meet the increased demand from the area's commercial and industrial sectors for a larger transportation and logistics network. The Airport Board received state grants and federal grants (e.g., BUILD/CRISI) to fund most of the costs of the facility that is shown on Figure 4. The rail line and Rail-Truck Transload facility will allow Tech Hub companies to bring in resources, particularly bulk materials, needed for production and to ship out finished products using the most cost-efficient transportation infrastructure solutions that are concentrated within the Airport/Tech Hub area. Air, truck, and/or rail transport along with the available land allows Tech Hub companies to select the most efficient means by which to acquire materials and to distribute products into the aerospace supply chain.

Amazon. Amazon currently operates a 2.6 million square foot, four-story robotic fulfillment center ("GEG1"), located on 80 acres of land in Airway Heights, southwest of the Airport and within the PDA's boundaries. The fulfillment center opened in mid-2020 and employs approximately 4,000 and more during the peak holiday season. The Airport Board partnered with S3R3 Solutions to develop a 30,750-square-foot, 3.75-acre, air cargo facility at the Airport and sublease it to Amazon to transport packages between the company's West Plains fulfillment center and other fulfillment centers across the country. The facility opened in October 2021. Amazon operates four additional facilities in the region including a 1.3 million square foot non-sort fulfillment center located 21 miles east of the Airport ("GEG2") and a 270,000 square foot last mile warehouse. Adjacent to GEG1 is a 280,000 square foot 80 truck cross dock intermodal facility which is not yet open, but it is expected to employ 700 workers.

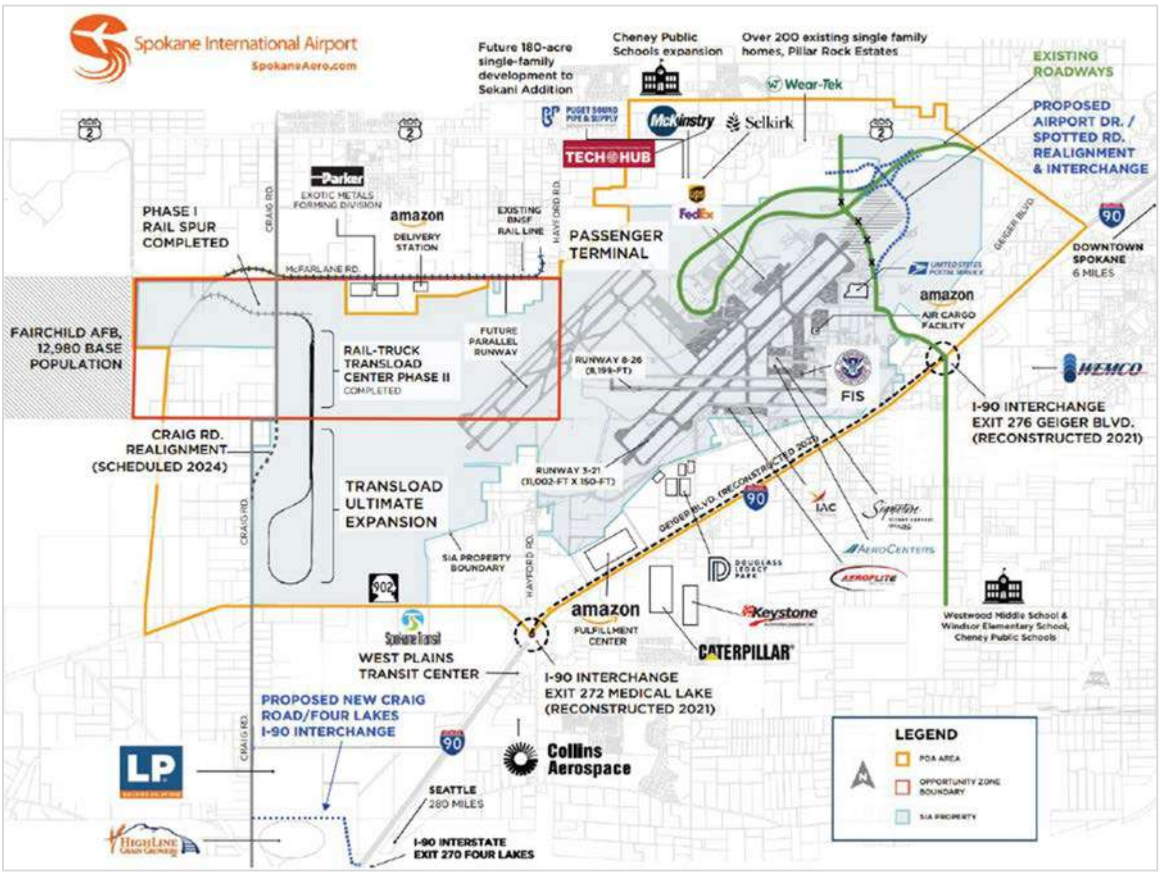
The Amazon fulfillment center is spurring additional development with several companies relocating or building facilities on the West Plains, including the 127-acre Douglass Legacy Park industrial development adjacent to the fulfillment center and just south of the Airport with plans to offer 1.5 million square feet of new class A warehouse space. One of its first tenants was the new West Plains UPS center.

Airport Business Park

The 540-acre Airport Business Park (ABP) is an industrial and business park development located adjacent to SIA facilities and Interstate I-90. The ABP has 28 buildings and 22 tenants and is home to several regional facilities such as the Waste-to-Energy plant; Geiger Corrections Facility; Waste Management Recycling Center; USPS Regional Processing and Distribution Center and Amazon Air as well as a number of tenants that include regional banks, small businesses, and other government agencies.

The ABP and the Airport as a whole have been granted foreign trade zone status (FTZ No. 224).

Figure 4
LOGISTICS AND COMMERCIAL DEVELOPMENT
Spokane International Airport



Source: Spokane Airport Board.

Felts Field

Felts Field (Felts) was Spokane's commercial airport before the opening of SIA. It is located approximately four miles east of the City's business center and is now used primarily for general aviation, flight instruction, and charter services, and serves as a Federal Aviation Administration (FAA) designated general aviation reliever airport for SIA.

Felts comprises approximately 400 acres. Felts has two parallel runways – Runway 4L/22R (4,499 by 140 feet) and Runway 4R/22L (2,650 by 75 feet). Additionally, Felts has a water landing area on the Spokane River for float planes and amphibious aircraft that can be accessed from the airfield. It is the highest-capability general aviation airport in the region, with instrument approaches and a federal contract air traffic control tower. There are more than 200 aircraft based at Felts.

Aero Center operates the only FBO at Felts. The Airport Board-owned fuel storage facility has two tanks for Jet-A and Avgas, as well as a self-service fueling island.

TERMINAL RENOVATION AND EXPANSION PROGRAM

The Terminal Renovation and Expansion (TREX) project is the comprehensive renovation and expansion of the Airport Concourses A/B and C to provide expansion, renovation, and balancing of terminal, airside, and landside requirements related to passenger demand, capacity of the facility, and airport/airline operations. This balancing of all facility components is essential for the flexibility in the future to align new customer demands with capacity and expand terminal facilities in a cost-effective and operationally efficient manner. The TREX program was specifically designed to be demand driven, dynamic, and modular in nature to reflect current changes in the market, project cost estimates, available funding, and the Airport Board's priorities.

Concourse C TREX

On October 20, 2022, the Airport Board broke ground on the first phase of the overall TREX program — Concourse C TREX – to expand and renovate Concourse C. Concourse C TREX includes the following project phases:

1. Phase 1a: Concourse C West Gate Expansion and Baggage Makeup Consolidation (complete)
2. Phase 1b: Concourse C Ticketing Expansion (complete)
3. Phase 1c: Concourse C East Expansion
4. Phase 1d: Existing Concourse C Modernization

Once fully complete, the 155,600 square foot, $175.8 million expansion will add three new gates to the west side of the Airport's Concourse C, the ground boarding gates on the east side of Concourse C will be replaced with three passenger loading bridges, and the existing upper Concourse C gates will be upgraded. The concourse's ticket counter area will also be extended to provide six additional counter locations for airlines. In addition, new exit lane technology will be installed to enhance security.

The LEED certified project will also replace or upgrade aging infrastructure, including mechanical, electrical and plumbing; lighting; gatehold technology; baggage handling systems; restrooms; glazing/curtain wall systems; escalators and elevators. The project will also expand accessibility for persons with disabilities with in-floor hearing loops at gates, multi-use information displays with emergency connections, ambulatory stalls in restrooms, companion care rooms with showers and changing stations, nursing mother spaces and improved service animal relief areas.

Phases 1a and 1b are complete and opened in June 2024. Phases 1c and 1d are expected to be substantially complete in the first quarter of 2026 and fully operational in the second quarter of 2026.

Figures 5 and 6 show the elements of Concourse C TREX.

Phase 1a: Concourse C West Gate Expansion and Baggage Makeup Consolidation. Phase 1a provides for future flight capacity and flexibility. The approximately 65,400 square foot, two-level expansion includes construction of an additional remain overnight (RON) apron area and a parallel taxilane. Level 1 (Apron level) includes a consolidated baggage makeup area with two baggage makeup carousels and room for a third, storage areas, and airline/apron support space. Level 2 includes three gate holdrooms with passenger boarding bridges (PBBs), a restroom block, a nursing mother's room, and concession space.

As part of this project, the existing baggage makeup carousel was decommissioned and the baggage handling system (BHS) was be modified.

The design aircraft for apron design and concourse planning is based on Aircraft Design Group 3 (ADG III) and the specific design aircraft are the Boeing 737 MAX 9 and Airbus A321neo.

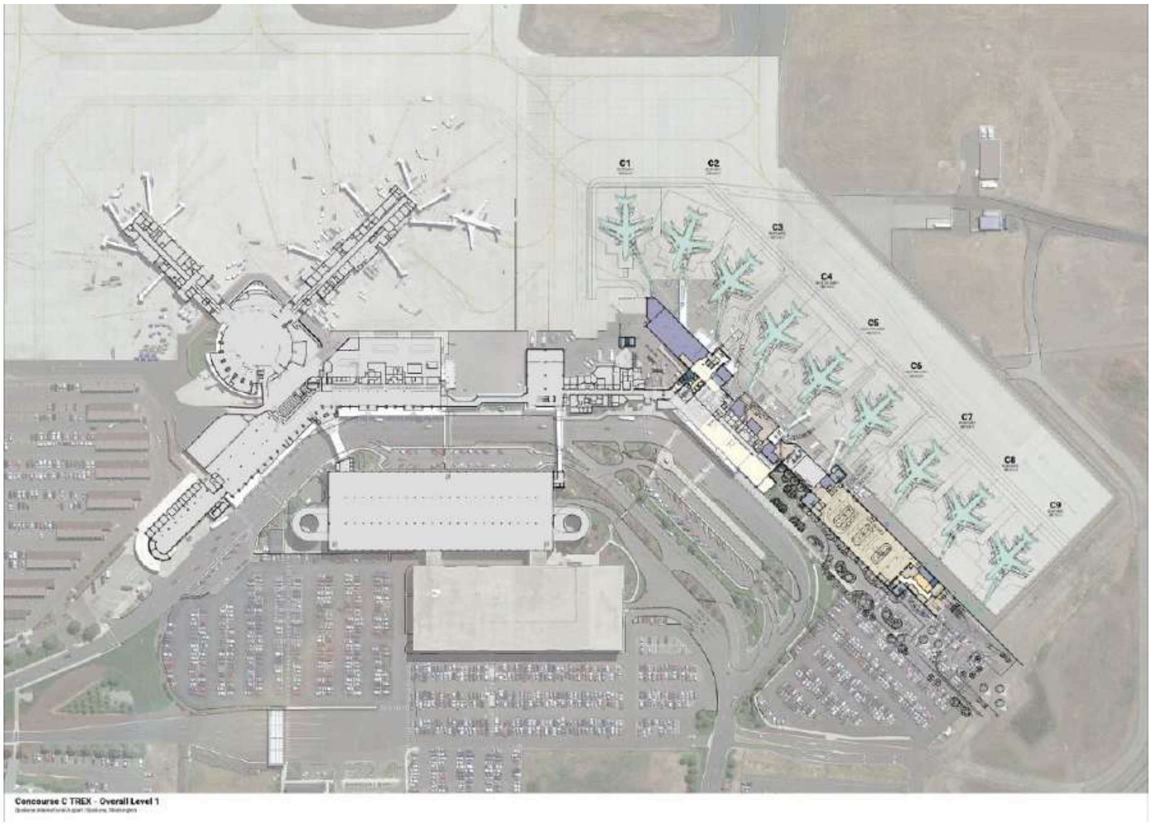
Phase 1b: Concourse C West Ticketing Expansion. Phase 1b of the expansion project includes increasing existing ticketing space in the landside terminal area by approximately 11,100 square feet. It includes six new ticket counters, a new bag belt tying into the existing baggage makeup system, new restrooms, and airline ticketing offices.

Phase 1c: Concourse C East Expansion. Phase 1c includes demolishing 13,170 square feet of space, expanding the concourse, and replacing all four existing ground board gates on Level 1 with three gate holdrooms on Level 2. The finished square footage of the East Gate area will be approximately 47,300 square feet.

The existing holdroom area for the four ground boarding gates located on Level 1, will be demolished. The new Level 1 will include security screening checkpoint (SSCP) re-composure space, public circulation space, and airline lease space. The new level 2 will include three gate holdrooms with a new ADA compliant ramp walkway for ground boarding, a restroom block, a nursing mother's room, concession space, and a lounge area.

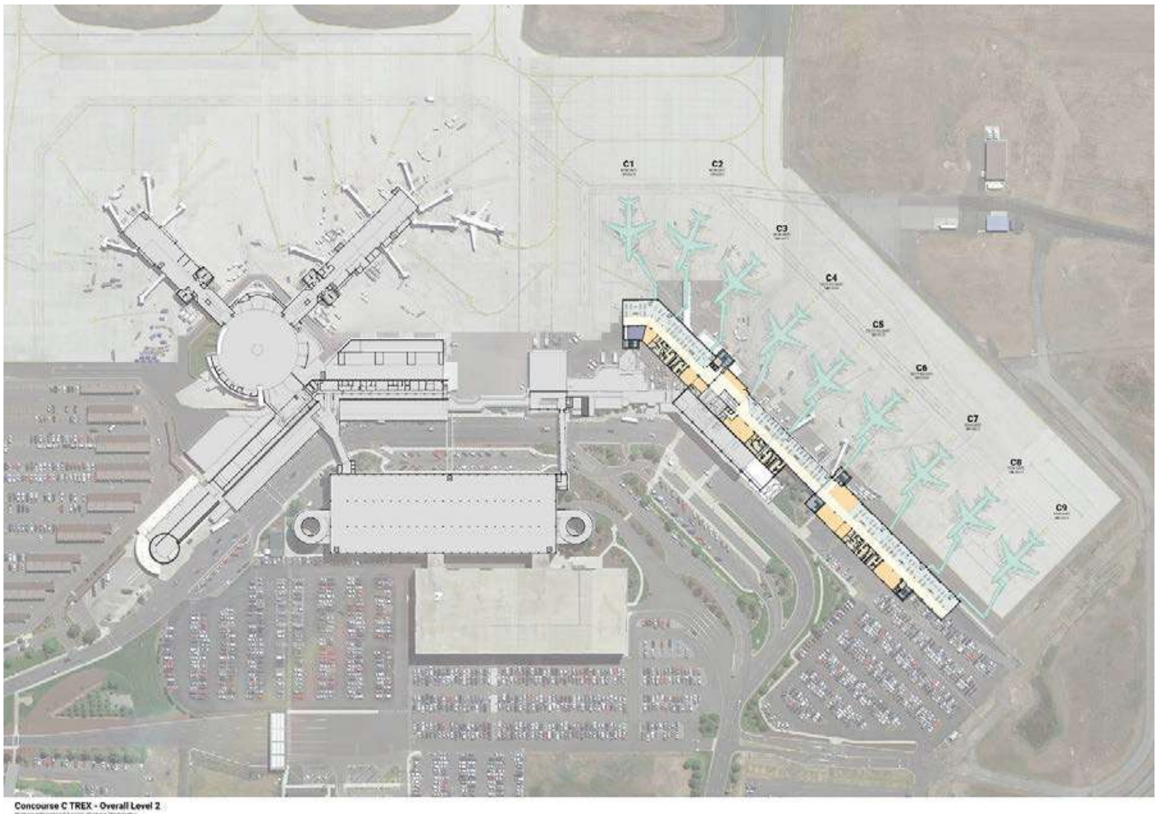
Phase 1d: Existing Concourse C Modernization. Phase 1d includes modernizing the existing concourse, bringing finishes, podia, and shared-use technology infrastructure in line with new construction. The existing restroom block will be demolished and replaced with a companion care room (family restroom with adult changing table) and a Service Animal Relief Area (SARA) and existing concessions space will be reconfigured and expanded. The Concourse C area to be modernized is approximately 31,800 square feet.

Figure 5
CONCOURSE C TERMINAL RENOVATION AND EXPANSION PROGRAM – LEVEL 1
Spokane International Airport
August 2024



Source: Spokane Airport Board.

Figure 6
CONCOURSE C TERMINAL RENOVATION AND EXPANSION PROGRAM – LEVEL 2
Spokane International Airport
August 2024



Source: Spokane Airport Board.

Concourse C TREX Project Costs. Construction started in October 2022 and as of July 2024 the project is 60% complete. Table 1 summarizes the amounts of contracts awarded and expended by project element as of July 2024.

Table 1
STATUS OF CONCOURSE C TREX PROJECT
Spokane International Airport
July 2024

	Budget	Expended as of July 2024	Percent Expended
Design	$ 11,278,616	$ 11,278,232	100.0%
Construction	144,465,681	84,724,941	59.1%
Indirect/support	10,234,175	5,600,025	54.7%
Contingency	9,856,609	2,925,619	29.7%
Program total	$ 175,835,081	$ 104,528,810	59.8%

Source: Spokane Airport Board.

As noted earlier, the new west side gates became operational in June 2024.

Future Phases of TREX

The next phase of the TREX program (Central Hall TREX) would be focused on creating a centralized Transportation Security Administration (TSA) screening checkpoint for all airlines with a post-security hallway connecting the A/B and C Concourses. At this time, the Airport Board has not committed to proceeding with this next phase of TREX, and its undertaking would be subject to future funding, consultation with airlines, and economic conditions of the market. If and when implemented, this phase would have a consolidated baggage claim, as well as a new, state-of-the-art Operations Center. This central connection would allow easier navigation between the Concourses A/B and C Concourses. This phase would also include reconstructing the front curb roadway improvements, demolishing and constructing a new skybridge to the garage, remodeling and repurposing the existing TSA passenger screening areas and the Concourse A/B baggage claim area, and relocating utilities and infrastructure. Central Hall TREX would be a multi-phased project with impacts to SIA operations and require the building of temporary facilities.

As of August 2024, the roughly 200,000 square foot Central Hall TREX is 30% designed and construction is estimated to cost $296 million. Of the 200,000 square feet, approximately 157,000 would be new construction and the remainder renovation. The 60% and 90% design levels are expected in the first and third quarters of 2025, respectively. Construction would be begin in the second quarter of 2026 with completion in the second quarter of 2028.

Figures 7 and 8 show the elements of the Central Hall TREX project for levels 1 and 2, respectively.

Figure 7
CENTRAL HALL TERMINAL RENOVATION AND EXPANSION PROGRAM – LEVEL 1
Spokane International Airport
August 2024

Source: Spokane Airport Board.

Figure 8
CENTRAL HALL TERMINAL RENOVATION AND EXPANSION PROGRAM – LEVEL 2
Spokane International Airport
August 2024

Source: Spokane Airport Board.

2023 – 2029 CAPITAL IMPROVEMENT PROGRAM

The Airport Board maintains an ongoing major maintenance and capital improvement program (CIP), which includes Concourse C TREX. The purpose of the CIP process is to evaluate, prioritize, and coordinate proposed projects for a period of several years.

Each year the Airport Board adopts a detailed Capital Plan for the ensuing Fiscal Year as part of its annual budget process for the Airport System (SIA, Felts Field, the Airport Business Park, and the Rail-Truck Transload Facility). In addition, airport management has developed a preliminary plan for capital projects for the five years thereafter – the 2023 - 2029 Capital Improvement Program (collectively the CIP) for the Airport System. The primary goal of the 2023 – 2029 CIP is the development of a detailed capital budget for the current fiscal year and a flexible and rolling plan for capital development for the next several years. By updating and approving the CIP, a strategy and schedule is set for budgeting and constructing facilities for the Airport System. The multi-year CIP provides a roadmap to implement projects with targeted completion dates, budgets, and a funding plan. The CIP was developed to address passenger safety, security, and passenger experience and is also designed to ensure the continued availability of existing facilities and to develop improvements necessary to meet the ongoing air travel demands of the region. Projects that may require FAA funding in the future are updated through consultation with the FAA annually.

The 2023 - 2029 CIP totals $860.1 million. Of this amount, the following projects are expected to be wholly or partially funded with the 2024 Bonds:

1. $175.8 million budgeted for Concourse C TREX - $84 million financed with 2024 Bonds
2. $27.0 million Administration Office Building (construction costs)
3. $10.3 million for new fuel storage tank
4. $6.0 million surface parking lot expansion at Concourse C

Table 2 provides a summary of project costs and projected expenditures by funding source for the CIP, including amounts previously spent on Concourse C TREX. The cost estimates were provided by the Airport Board and include all soft costs and pricing allowances.

Table 2
2023 – 2029 CAPITAL IMPROVEMENT PROGRAM
Spokane Airport Board
August 2024
(in thousands)

	Project Costs	Sources of Funding	
2024 Bond Funded Projects*		Airport Improvement Program	
Concourse C TREX	$ 175,830	Discretionary	$ 99,004
Administration Office Building	32,400	Entitlement	30,900
New Fuel Tank	10,300		129,904
Surface Parking	6,000	Bipartisan Infrastructure Law	
	$ 224,530	AIG Entitement	32,936
2026 Bond Funded Projects*		ATP Compete	33,990
Central Hall TREX	296,000		66,926
North Garage Expansion	55,000	Other Federal grants**	62,042
	351,000	State grants	5,195
Other CIP Improvements			
Airfield	$ 114,413	Revenue Bonds	
Terminal	20,924	Revenue-supported	374,609
Parking and Landside	58,260	PFC-supported	69,281
Hangars & Buildings (Incl RAC)	5,135		443,889
Other Spokane International	13,790		
Felts Field	45,887	PFC pay-as-you-go	34,949
Airport Business Park	1,000	Customer Facility Charges	10,520
Transload Facility	25,167	Airport Funds	104,711
	$ 284,576	Other	1,970
Total Airport System project costs	$ 860,106	**Total sources of funds**	$ 860,106

* Portions of the bond-funded projects are to be funded with non-bond sources.
** Includes Federal relief grants for Concourse C TREX and BUILD grants for the Transload Facility.
Source: Spokane Airport Board.

In addition to the TREX projects and the three other projects to be funded in whole or in part with the 2024 Bonds, the larger projects and their associated estimated costs in the 2023 – 2029 CIP include:

1. Construction of an approximately 800-space North Garage Extension ($55 million)
2. West Terminal Ramp and Taxilane Improvements and Glycol Recovery ($35 million, which was substantially complete as of July 2024)
3. Reconstruction of Taxiway A ($38.5 million)
4. Near-term Fuel Facility upgrades ($4 million)
5. Rail-Truck Transload Facility ($9.4 million)
6. McFarlane and Economy Lot Expansions ($10 million)
7. Spotted Road Realignment and Interchange ($33.8 million)
8. Ground Transportation Center Improvements ($10.5 million)
9. Rehabilitation of Runway 4L/22R ($25 million)
10. Miscellaneous Terminal Improvements ($10.2 million)
11. Runway Intersection Improvements ($14.5 million)
12. Transload Facility ($25.2 million most of which was funded in 2023 or prior)

Costs for the CIP are expected to be funded by:

1. FAA Airport Improvement Program (AIP) entitlement and discretionary grants-in-aid
2. Federal Bipartisan Infrastructure Law (BIL) grants under the competitive Airport Terminals Program (ATP) and the entitlement Airport Infrastructure Grants (AIG) program
3. USDOT Better Utilizing Investments to Leverage Development (BUILD) grants for the Rail-Truck Transload Facility
4. USDOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant for the Spotted Road Realignment and Interchange
5. Federal relief grants (capital and debt service)
6. Passenger facility charge (PFC) revenues on both a pay-as-you-go basis and leveraged basis
7. Revenues derived from a customer facility charge (CFC) paid by Airport rental car customers
8. Funds generated through the residual ratemaking system for capital expenditures to the extent expenditures do not reduce the reserve amount below a minimum targeted level
9. 2024 Bonds for Concourse C TREX, Administration Building, Fuel Facility Improvements and potential 2026 Bonds for the North Garage Expansion and Central Hall TREX

A portion of PFC revenues are being dedicated to Concourse C TREX and Central Hall TREX for both pay-as-you-go funding and payment of debt service. The expected plan of finance for the project is described later in this attachment.

Per- and polyfluoroalkyl substances (PFAS) have been identified in groundwater and soil on SIA property, as well as on and around Fairchild Air Force Base, which is adjacent to the Airport. In March 2024, the Washington State Department of Ecology (Ecology) issued an order (Order) requiring the Airport Board to complete a remedial investigation and feasibility study to determine the full extent of possible PFAS contamination on Airport property. For a full disclosure of this issue see "RISKS TO BONDHOLDERS, Environmental Liability Risk" in the Official Statement. At this time, the outcome of any regulatory or legal proceedings is unknown, and therefore not reflected in the CIP or the financial forecast in this report.

The current CIP contains, according to the Airport Board's most recent and most accurate assessment, all of the significant capital improvements expected to be undertaken through the forecast period 2029. The Airport Board reassesses its capital needs at least annually and will modify the CIP as necessary to accommodate demand-driven traffic activity, security and health needs, strategic initiatives, receipt of required environmental and other regulatory approvals, and other factors which could result in increases or decreases to the CIP or extend or accelerate the timing to complete certain projects. Specifically, as Airport management develops its 2025 capital budget, it is expected there will be refinements to the 2025 projects in the CIP; however, management does not believe such adjustments will be material.

The Airport Board expects that the projects included in the 2023 – 2029 CIP will provide the necessary Airport facility improvements to satisfy future airline and passenger needs through the forecast period 2029.

ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND

AIRPORT SERVICE REGION

The primary service region for SIA is the three-county, 5,642-square mile, Spokane-Spokane Valley-Coeur d'Alene Combined Statistical Area (Spokane CSA) as shown on Figure 9. SIA's secondary service region is defined in relation to the location of and driving distance to other commercial service airports, as well as by the availability, price, and quality of airline service at those other airports. The secondary region extends north, across the border and into Canada, west to the Cascades, south past the Oregon border, and east into Montana. According to the Airport Board, there are 23 counties in three states and a population of 1.2 million within 100 miles of the Airport, which roughly represents a one- to two-hour drive time radius of SIA.

As shown on Figure 9 and in Table 3, the nearest commercial service airport with more than 100,000 annual enplaned passengers is located in Pasco, Washington. Tri Cities Airport, designated as a non-hub airport by the FAA, is located 135 road miles from Spokane and is scheduled to offer an average of 17 daily flights in August 2024 (compared to 64 average daily flights at SIA)*. The nearest airports classified as large or medium air traffic hubs serve the cities of Seattle, Washington; Portland, Oregon; and Boise, Idaho, all between 280 and 370 road miles from Spokane. The average number of daily departures from each of these airports and that of other small- and non-hub airports, as currently scheduled for August 2024, are listed in Table 3.

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* Airports are classified by the FAA in terms of the percentage of total passenger boardings within the United States in the most current calendar year: large hubs—1% or more; medium hubs—at least 0.25%, but less than 1%; small hubs—at least 0.05%, but less than 0.25%; and non-hubs—more than 10,000 passenger boardings, but less than 0.05%.

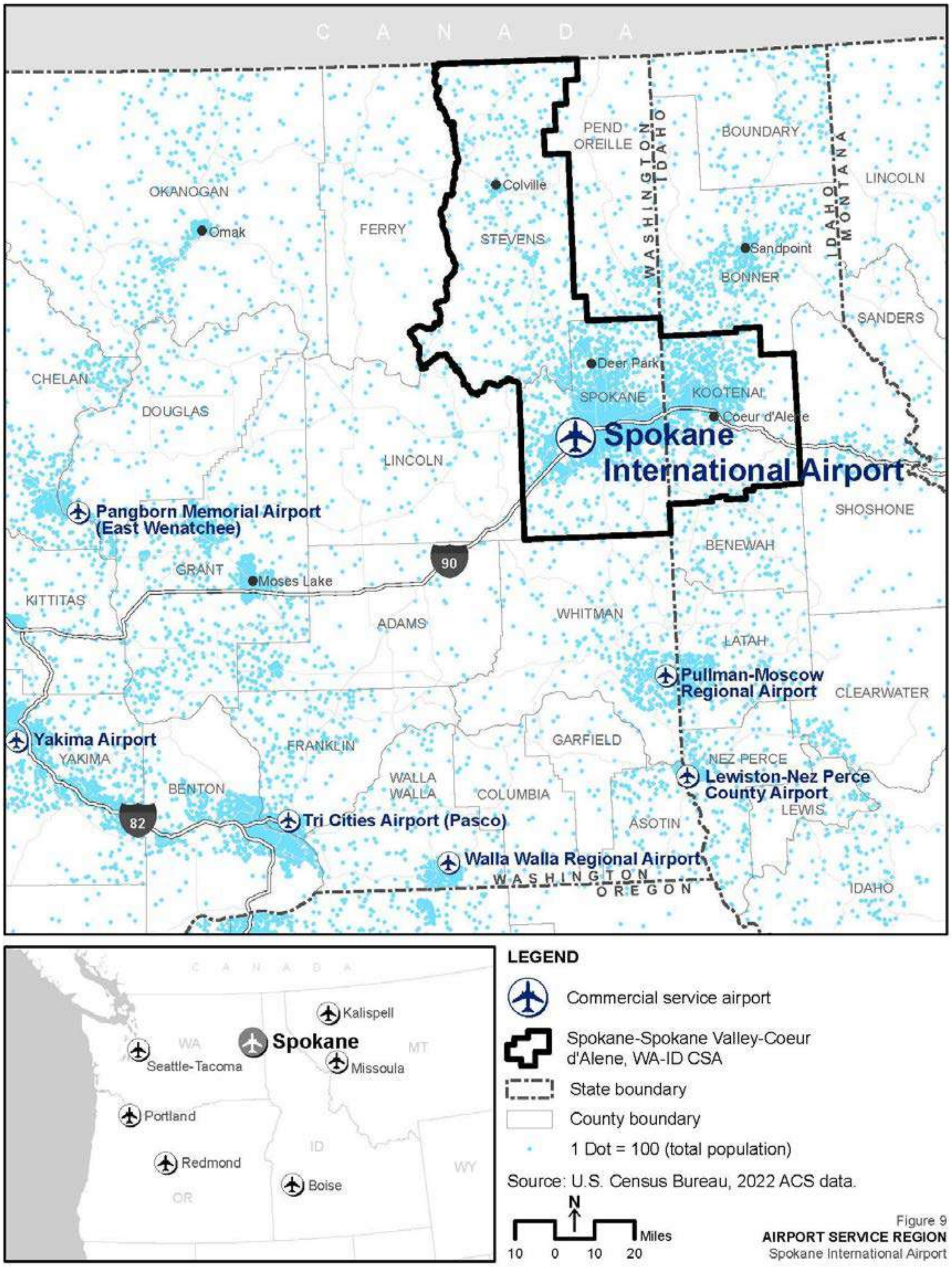

Figure 9
AIRPORT SERVICE REGION
Spokane International Airport

Table 3
DOMSTIC SCHEDULED AIRLINE SERVICE AND ENPLANED PASSENGERS AT COMMERCIAL SERVICE AIRPORTS NEAR SPOKANE
for August 2024, unless otherwise noted

Airport	Driving distance from Spokane (miles)	2023 Hub size *(a)*	Enplaned passengers *(b)*	Average daily departing flights: Mainline carriers *(c)*	Average daily departing flights: Low cost carriers	Average daily departing flights: Total
Washington						
Spokane International	**--**	**Small**	**2,068,131**	**51**	**13**	**64**
Seattle-Tacoma Intl.	284	Large	21,814,633	547	40	587
Tri Cities Airport (Pasco)	135	Non-hub	438,071	16	1	17
Bellingham Intl.	366	Non-hub	311,028	3	3	6
Seattle Paine Field Intl. (Everett)	295	Non-hub	306,354	7	--	7
Pullman-Moscow Regional	79	Non-hub	63,835	2	--	2
Pangborn Memorial (E. Wenatchee)	165	Non-hub	27,647	2	--	2
Walla Walla Regional	153	Non-hub	26,465	2	--	2
Yakima Airport	194	Non-hub	24,023	2	--	2
Nearby states						
Portland Intl. (OR)	347	Medium	7,746,882	174	48	222
Boise (ID)	373	Medium	2,368,511	62	17	79
Redmond Municipal (OR)	370	Small	558,450	22	1	24
Missoula Montana (MT)	192	Non-hub	458,301	18	2	20
Glacier Park Intl. (Kalispell, MT)	247	Non-hub	456,142	21	2	23
Lewiston-Nez Perce County (ID)	106	Non-hub	36,745	3	--	3

Note: Rows may not sum due to rounding.
(a) Federal Aviation Administration, 2023 Passenger Boarding (Enplanement) and All-Cargo Data for U.S. Airports, www.faa.gov.
(b) Passengers enplaned on scheduled and nonscheduled (i.e. charter) flights for calendar year 2023.
(c) Includes affiliates.
Sources: Spokane Airport Board records; U.S. DOT, Schedule T100; Airline Data Inc., online database, accessed July 2024. Advance airline schedules are subject to change.

According to the Bureau of the Census, the 2023 population of the Spokane CSA (Spokane and Stevens counties in Washington and Kootenai county in Idaho) was 785,302. The counties of Spokane and Stevens combined, accounted for approximately 8% of the of total population of Washington (7.8 million) in 2023. Kootenai is the third largest county in Idaho and accounted for approximately 9% of the population in Idaho in 2023 as shown in Table 4.

Table 4
POPULATION DISTRIBUTION IN THE SPOKANE CSA
2023

County	Population	Percent of total
Spokane County, WA	551,455	70.2%
Kootenai County, ID	185,010	23.6
Stevens County, WA	48,837	6.2
Total Spokane CSA	785,302	100.0%

Source: U.S. Department of Commerce, Bureau of the Census, www.census.gov, accessed March 2024.

During the COVID-19 pandemic, the area experienced over 52,000 new residents through in-migration as shown in Table 5.

Table 5
POPULATION IN-MIGRATION TO THE SPOKANE AREA

County	2019	2020	2021	2022	Total
Pend Oreille County	362	261	348	355	1,418
Spokane County	11,131	9,346	12,449	10,917	47,484
Stevens County	830	703	963	874	3,667
Total	12,232	10,310	13,760	12,126	52,569

Source: Washington State Department of Licensing as provided by Spokane Airport Board.

DEMOGRAPHIC AND ECONOMIC PROFILE

The economy of the Spokane CSA is an important determinant of long-term passenger demand at the Airport. The demographics and economy of the region—as measured by changes in population, employment, and per capita income and per capita GDP—as well as airline service and airfares—are typically the most important factors affecting passenger demand.

Historical Socioeconomic Indicators

The following sections describe the economic basis for originating passenger traffic at the Airport in terms of historical socioeconomic trends and the employment profile of the Spokane CSA. Table 6 presents historical data on population, nonagricultural employment, per capita income, and per capita gross domestic product for the Spokane CSA and the United States.

Table 6
HISTORICAL SOCIOECONOMIC DATA
Calendar years

	Population (thousands)		Nonagricultural employment (thousands)		Per capita personal income (2023 dollars)		Per capita gross domestic product (2023 dollars)	
	Spokane CSA	United States	Spokane CSA	United States	Spokane CSA	United States	Spokane CSA	United States
2000	575	282,162	254	132,011	$45,390	$51,922	$48,922	$64,285
2005	619	295,517	275	134,033	45,458	53,450	51,320	68,840
2006	632	298,380	284	136,435	46,639	54,935	52,118	69,982
2007	641	301,231	291	137,981	47,988	55,877	53,402	70,613
2008	649	304,094	293	137,224	48,412	55,532	52,480	68,738
2009	653	306,772	279	131,296	47,263	53,620	51,039	67,030
2010	655	309,322	274	130,345	47,259	54,432	51,297	67,984
2011	658	311,557	275	131,914	47,500	55,488	50,064	67,825
2012	661	313,831	277	134,157	48,125	56,387	50,571	68,735
2013	666	315,994	282	136,363	47,841	55,779	51,779	69,718
2014	673	318,301	288	138,939	49,069	57,220	52,374	70,969
2015	682	320,635	293	141,824	50,778	59,342	53,785	72,996
2016	694	322,941	303	144,335	51,371	59,713	54,425	73,495
2017	708	324,986	309	146,607	52,129	60,895	55,385	75,016
2018	720	326,688	316	148,908	53,225	62,129	57,251	76,726
2019	734	328,240	323	150,904	54,552	63,586	57,955	78,144
2020	761	331,527	311	142,186	58,102	66,886	57,348	75,722
2021	773	332,049	325	146,285	61,582	69,583	61,269	79,901
2022	781	333,271	336	152,575	57,504	65,473	60,349	80,426
2023	785	334,915	344	156,051	n.a	65,812	n.a	81,695
	Average annual percent increase (decrease)							
2000-2007	1.6%	0.9%	2.0%	0.6%	0.8%	1.1%	1.3%	1.4%
2007-2010	0.7	0.9	(2.0)	(1.9)	(0.5)	(0.9)	(1.3)	(1.3)
2010-2019	1.3	0.7	1.8	1.6	1.6	1.7	1.4	1.6
2019-2023	1.7	0.5	1.6	0.8	n.a	0.9	n.a	1.1

n.a. = not available.
CSA = Combined Statistical Area comprising the three counties shown on Figure 9 for all years.
Notes: Population numbers are estimated as of July 1 each year.
Calculated percentages may not match those shown because of rounding.
Per capita gross domestic product number for Spokane CSA for 2000 is estimated.
Sources: Population: U.S. Department of Commerce, Bureau of the Census website, www.census.gov, accessed March 2024.
Income and GDP: U.S. Department of Commerce, Bureau of Economic Analysis website, www.bea.gov, accessed April 2024.
Employment: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed March 2024.

Population. The population of the Spokane CSA increased an average of 1.3% per year between 2010 and 2019 and 1.7% per year between 2019 and 2023. The population of the nation as a whole increased an average of 0.7% per year and 0.5% per year over the same periods. Strong population growth in the Spokane CSA has, in large part, been driven by the migration of people from western Washington and other states for the comparatively low cost of living, employment opportunities, and high quality of life. In 2022, the ranking in order of the number of residents from the top five states who exchanged their driver's licenses for a Washington state license in the Spokane CSA was: California, Idaho, Oregon, Arizona, and Texas.

Population in the Spokane and Stevens counties, combined, was projected by the Washington State Office of Financial Management to increase an average of 0.9% per year between 2022 and 2030. According to the Idaho Department of Labor, the population of the ten counties comprising the Idaho panhandle is projected to increase 1.0% per year between 2022 and 2029. !

Nonagricultural Employment. As the Spokane economy recovered from the 2008-2009 recession, between 2010 and 2019, Spokane CSA employment increased at an average rate of 1.8% per year, compared with an average increase of 1.6% per year for the nation as a whole. Since 2019, employment has increased 1.6% per year for the Spokane CSA, but only 0.8% for the nation. The Washington State Employment Security Department projects employment growth in the Eastern Washington and Spokane Workforce Development Areas to increase 1.5% per year, on average, between 2021 and 2031.*

Per Capita Personal Income. Per capita income for the Spokane CSA has historically been approximately 85% to 88% that of the national average. In 2022, per capita income in the Spokane CSA was an estimated $57,504 compared to $65,423 for the nation as a whole.

According to a SmartAsset analysis of 345 U.S. cities from U.S. Department of Commerce Census Bureau data, Spokane Valley, Washington had the fastest growth in high-income households making at least $200,000 annually in the nation between 2021 and 2022. Spokane Valley had an over 183% increase in high-income households, amounting to over 1,500 households in that period. In 2022, the share of households earning $200,000 or more in Spokane Valley was 5.1%, compared to 1.8% the year prior. Census Bureau data shows many are moving to Washington from California and Texas.** This in-migration has contributed to the significant increases in passenger traffic at SIA, in particular for hybrid workers (i.e., employees working partly in a physical workplace and partly remotely).

Per Capita Gross Domestic Product. Real (inflation-adjusted) per capita gross domestic product (GDP) for the Spokane CSA increased an average of 1.4% per year between 2010 and 2019, compared with an average increase of 1.6% per year for the nation. In 2022, per capita GDP in the Spokane CSA ($60,349) was 75% that of the national average ($80,423).

Unemployment Rates. As shown on Figure 10, the unemployment rate for the Spokane CSA has historically been higher than that of the nation, except during the 2008-2009 and 2020

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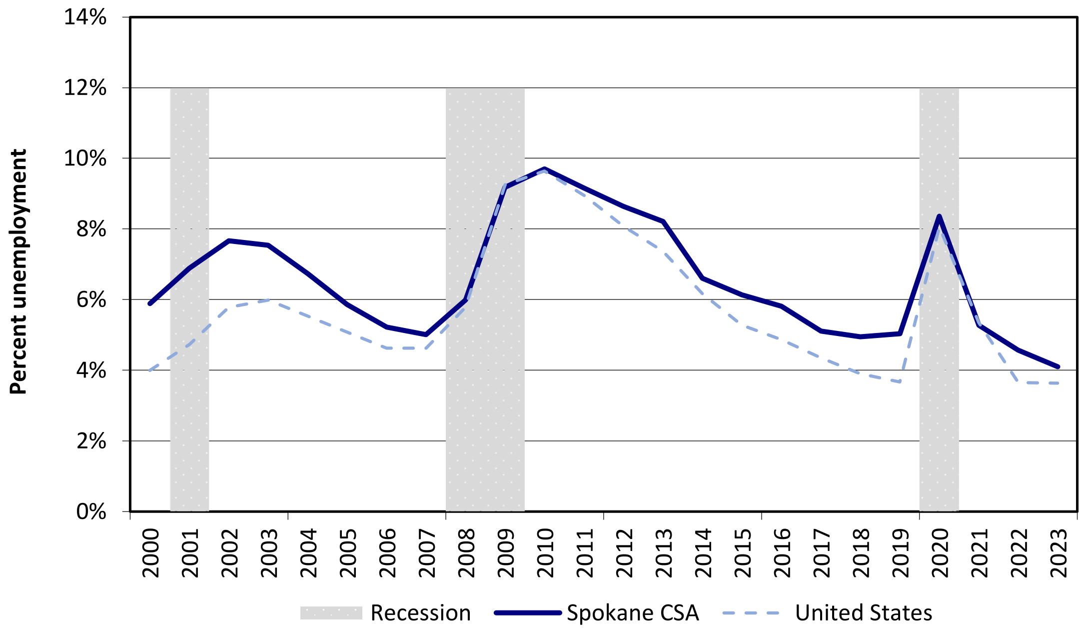
* The Eastern Washington Workforce Development Area (WDA) includes the following counties: Asotin, Columbia, Ferry, Garfield, Lincoln, Pend Oreille, Stevens, Whitman and Walla Walla. The Spokane WDA includes Spokane County.

** Source: https://www.businessinsider.com/where-wealthy-americans-are-moving-washington-pennsylvania-cost-of-living-2024-2 recessions. In 2023, the unemployment rate for the Spokane CSA was 4.1%, compared with the national rate of 3.6%.

Figure 10
TRENDS IN UNEMPLOYMENT RATES
Spokane-Spokane Valley-Coeur d'Alene CSA and United States



Note: Data shown are yearly averages of quarterly unemployment rate data, not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed March 2024.

Economic Profile by Industry Sector

Table 7 presents data on the percentage distribution of nonagricultural employment by industry sector in the Spokane CSA and the nation for 2023 and changes between 2010 (after the 2008-2009 economic recession), 2019 (before the COVID-19 pandemic), and 2023. The following subsections provide a summary of employment in each industry sector, discussed in descending order of Spokane CSA employment shares.

Services. As in the United States as a whole, the services sector (education, health, professional, business, leisure, hospitality, and other services combined) accounts for the largest share of nonagricultural employment in the Spokane CSA. The services sector accounted for higher overall growth than any other industry sector between 2010 and 2023, adding a total of 34,800 jobs in the Spokane CSA and accounting for 50% of the increase in Spokane CSA employment. The services sector increased its Spokane CSA share of nonagricultural employment from 43.1% in 2010 to 44.5% in 2023. Employment in the services sector increased between 2010 and 2019 at an average rate of 2.0% per year, similar to that of the nation, and increased 2.0% per year between 2019 and 2023, compared to 1.0% for the nation.

Table 7
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Calendar years

	Share of total 2023		Average annual percent Increase (decrease) 2010-2019		2019-2023	
Industry sector	Spokane CSA	United States	Spokane CSA	United States	Spokane CSA	United States
Services						
Education and health services	19.3%	16.2%	1.7%	2.1%	2.1%	1.2%
Professional and business services	10.9	14.6	2.1	2.1	2.6	1.7
Leisure and hospitality	10.8	10.6	2.8	2.7	2.1	0.0
Other services	3.5	3.7	1.0	2.7	(0.4)	(0.3)
Subtotal services	44.5%	45.2%	2.0%	2.3%	2.0%	1.0%
Trade, transportation, and utilities	18.9%	18.5%	1.5%	1.3%	2.7%	1.1%
Government	16.0	14.6	0.9	1.3	0.2	0.2
Mining, logging, and construction	7.2	5.5	4.5	0.1	3.8	1.3
Manufacturing	6.9	8.3	1.8	3.1	0.4	0.2
Financial activities	5.4	5.9	2.0	1.2	--	1.2
Information	1.1	1.9	1.2	1.4	(0.6)	1.4
Total	100.0%	100.0%	1.8%	1.6%	1.6%	0.8%
Total Spokane CSA employment	344,000					

Note: Percent shares may not add to 100.0% because of rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed March 2024.

Education and Health Services. Of the 34,800 services sector jobs added in the Spokane CSA between 2010 and 2023, 14,000 were in the education and health services subsector (8,600 jobs between 2010 and 2019 and an additional 5,400 jobs between 2019 and 2023). This increase in jobs is attributable to the region's population growth and its status as a life sciences industry hub in Eastern Washington and Northern Idaho.

There are 20 colleges and universities within 70 miles of Spokane enrolling more than 77,000 students. The Spokane CSA and surrounding area is home to Washington State University, Eastern Washington University, Gonzaga University, Whitworth University, regional campuses for Boise State University, Idaho State University and University of Idaho, the Community Colleges of Spokane (Spokane Community College and Spokane Falls Community College), and North Idaho College located in Coeur D'Alene.

Spokane has become a regional hub for health care. The University of Washington School of Medicine and Gonzaga University created a Health Partnership in 2016 to address the need for medical professionals and to advance healthcare in rural and underserved areas of Eastern

Washington. The Health Partnership building, which opened in 2022, and Washington State University's Elson S. Floyd College of Medicine are both housed within the health sciences campus of the 770-acre "University District" (UD), located in Spokane. The UD is also home to branches of four other higher education institutions. The regional healthcare hub generates travel demand to the Northwest U.S., including patients, vendors, and suppliers.

Major health care employers in the Spokane CSA include Providence Health and Services, MultiCare Health System, Kootenai Health, Mann-Grandstaff VA Medical Center, and CHAS Health. Providence Sacred Heart Medical Center and Children's Hospital, with 644 beds, is one of the largest hospitals in the Pacific Northwest, employing over 4,000 health care professionals and support staff.

Professional and Business Services. The number of Spokane CSA jobs in the professional and business services subsector increased by 5,800 between 2010 and 2019, and by another 3,600 between 2019 and 2023. Many of these jobs were in the professional, scientific, and technical services subsector and included jobs in such fields as accounting, architecture, design, engineering, computer science, consulting services, scientific research, information technology, biosciences, and health technology that support key goods-producing and service-providing industries.

Leisure and Hospitality Services. The number of Spokane CSA jobs in leisure and hospitality services increased by 7,600 between 2010 and 2019, 2.8% per year, on average, which is a similar rate of growth for the nation as a whole. The number of jobs in this sector in the CSA decreased 17.0% in 2020 but recovered to 2019 levels in 2022. In 2023, there were 2,900 additional jobs than in 2019. Job growth in this subsector for the nation, however, reached 2019 levels in 2023. This speaks to the resilient nature of this subsector within the CSA's economy and efforts by the leisure and tourism industry groups to draw conventions and events to the region. Historically speaking, visitors to the Spokane CSA have represented approximately 45% of enplaned passenger traffic at the Airport.

The Spokane Public Facilities District (SPFD) is a municipal corporation and taxing district, the boundaries of which exist within Spokane County. The SPFD manages the Spokane Convention Center, the First Interstate Center for the Arts, The Podium, the Spokane Arena, and One Spokane Stadium.

The Spokane Convention Center in downtown Spokane provides 300,000 square feet of space for exhibits, meetings, and events. The campus on which the convention center is located, includes the First Interstate Center for the Arts, a 2,600-seat performing arts and entertainment venue which hosts concerts, comedy shows, ballet and opera productions, musical stage productions, and local performing arts events and graduation ceremonies. Two hotels are directly connected to the Convention Center offering approximately 1,100 rooms and according to the SPFD, there are an additional 3,300 hotel rooms within 8 blocks.

The Podium is a 135,000 square foot indoor multi-use sports facility with a seating capacity of 4,000 located approximately 8 miles from the Airport. The venue, which opened in 2021, supports a variety of sporting events including those for track and field, volleyball, basketball, and wrestling and hosts live concerts. The Spokane Arena is a multi-purpose arena, located blocks from the Podium, hosts sporting events, concerts, and conferences and is the home to the Spokane Chiefs junior ice hockey team. One Spokane Stadium, located near the Podium and the Arena, is an outdoor stadium used for soccer, football, and other events with a seating capacity of over 25,000. The stadium opened in 2023 and is home to men's and women's United Soccer League teams: Spokane Velocity, and Spokane Zephyr FC.

Tourist attractions in Spokane include Spokane Falls, Riverfront Park, and River Park Square in downtown Spokane, five ski areas within a 2-hour drive of downtown Spokane, the Northwest Museum of Arts and Culture (affiliated with the Smithsonian Institution), Riverside and Mt. Spokane State Parks, the Turnbull National Wildlife Refuge, and casinos. The area is known for a wide range of outdoor activities including skiing, golfing, hiking, biking, water sports, climbing, and fishing.

According to the Star Report, Downtown Spokane, the City of Spokane Valley, and elsewhere in Spokane County, offer 12,247 hotel rooms.*

The Coeur d'Alene Convention and Visitor Bureau reports there is around 100,000 square feet of event space available for meetings, conventions, and other gatherings in Coeur d'Alene. The area is home to two large-scale resorts. The Coeur d'Alene Golf & Spa Resort, with 340 rooms and 32,000 square feet of conference, meeting, and exhibit space is located in the city of Coeur d'Alene and 40 miles from the Airport. In November 2023, the resort announced preliminary plans to double its capacity, including luxury hotel rooms, a restaurant with a rooftop lounge providing views of Lake Coeur d'Alene, parking, and spaces for retail and commercial offices.** The Coeur d'Alene Casino Resort, with 300 rooms, 400,000 square feet of conference space and a 60,000 square-foot casino, is located 25 miles south of the city of Coeur d'Alene and 40 miles from the Airport. Lake Coeur d'Alene, with 109 miles of shoreline, is a popular recreational tourist destination, as are Silverwood Theme Park, Lake Pend Oreille, Farragut State Park, and Cataldo Mission. The Kootenai County Fairgrounds & Event Center is a year-round facility with buildings and grounds suited for a variety of events and activities.

Trade, Transportation, and Utilities. The trade, transportation, and utilities sector accounted for a similar share of employment in the Spokane CSA as the nation in 2023 (18.9% and 18.5%, respectively). This reflects the CSA's importance as a logistics and distribution center. Trade and transportation are expected to continue to be key contributors to economic development in the region.

Passenger and cargo airline service at the Airport is central to the economy of the CSA. According to an aviation economic impact study prepared by the Washington State Department of Transportation, more than 7,600 jobs were tied directly to on-airport activity and visitor spending in 2018, the most recent data available.

As noted earlier in the report, Amazon operates six facilities in the Spokane area, including two fulfillment centers, an air cargo facility, an 80-truck intermodal facility, and warehouses. According to the Spokane Journal of Business, Amazon employed approximately 3,700 in the Spokane area in 2023.

Between 2019 and 2023, the number of jobs in the trade, transportation, and utilities sector increased by 5,100, largely in trucking, courier services, logistics and largely due to the opening of

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* Source: January 2024 © CoStar Group STR Report, a publication of STR, LLC and STR Global, Ltd., CoStar Group companies, January 2024.

** Source: https://www.cdaresort.com/blog/sherman-tower/#:~:text=The%20proposed%20new%20addition%20to,both%20retail%20and%20commercial%20offices

Amazon's air cargo facility and fulfillment centers. In 2023, retail trade accounted for 38,400 jobs; wholesale trade for 13,600 jobs; and transportation, warehousing, and utilities for 13,000 jobs.

Government. The government sector accounted for a larger share of employment in the Spokane CSA (16.0% in 2023) than for the nation (14.6% in 2023). One contributor to the number of government jobs is Fairchild Air Force Base, located approximately 12 miles west of Spokane. The base is home to the 92nd Air Refueling Wing, the 141st Washington Air National Guard Air Refueling Wing, and the 336th Training Group. The 92nd Air Refueling Wing currently supports the U.S. Air Force, U.S. Navy, U.S. Marine Corps, and allied nation aircraft with 63 KC-135 Stratotanker aircraft and expects to have over 72 KC-135 aircraft by 2025, making it one of the largest air refueling wings in the world. The base is the largest employer in Eastern Washington with approximately 7,400 personnel and employees in 2023, according to the Spokane Journal of Business. It is worth noting that the base has been expanding and has not been on any Base Realignment and Closure list for the Department of Defense that is used to reorganize its base structure.

Mining, Logging and Construction. The number of Spokane CSA jobs in the mining, logging and construction sector increased by 6,900 between 2010 and 2019, and by another 3,400 between 2019 and 2023. This sector accounted for a larger share of employment in the Spokane CSA (7.2% in 2023) than for the nation (5.5% in 2023).

Manufacturing. In 2023, the manufacturing sector accounted for 6.9% of nonagricultural employment in the Spokane CSA, compared with 8.3% for the nation. Manufacturing employers include Honeywell, Jubilant HollisterStier, Kaiser Aluminum, Mercer Mass Timber, MacKay Manufacturing, and Selkirk Pharma. Between 2010 and 2019, manufacturing employment in the Spokane CSA increased with the addition of 3,400 jobs. Manufacturing sector jobs were a casualty of the COVID-19 pandemic and recession and have been slow to return.

According to the Airport Board, there are over 4.2 million square feet of commercial projects under construction or in permitting on and around SIA property, with additional projects in the pre-permitting phase. These include developments by Jubilant-HollisterStier and Selkirk Pharma. Jubiliant is planning a $92 million, 50,000-square foot expansion that will provide for a 50% increase in capacity and is expected to open at the end of 2024. It includes a new high-speed injectable liquid filling line and two new lyophilizers. Selkirk completed a 145,000 square foot facility in 2022 for the manufacturing and packaging of injectable drug products. They acquired 10 acres of land adjacent to this facility for future expansion and ultimately plan to expand its campus to 27 acres.

As noted earlier in the report, the American Aerospace Materials Manufacturing Center (AMMC) is located near the Airport. The Spokane region is home to the nation's 5th largest aerospace cluster, which provides the AAMMC with a strong foundation of suppliers, talent, and capabilities.

Financial Activities. As the Spokane CSA economy recovered following the 2008-2009 recession, between 2010 and 2019, the financial services sector employment increased by 3,000 jobs. Employment levels have remained relatively unchanged since 2019.

Spokane CSA Top 20 Employers. Table 8 lists the top 20 largest private sector employers in the Spokane and Koontenai counties (based on the number of employees). The table indicates a diversity of economic activity, as well as a strong presence of health care, higher education, and manufacturing employers. Of these 20 employers, 15 are headquartered in the Spokane CSA.

Table 8
LARGEST PRIVATE SECTOR EMPLOYERS
2023

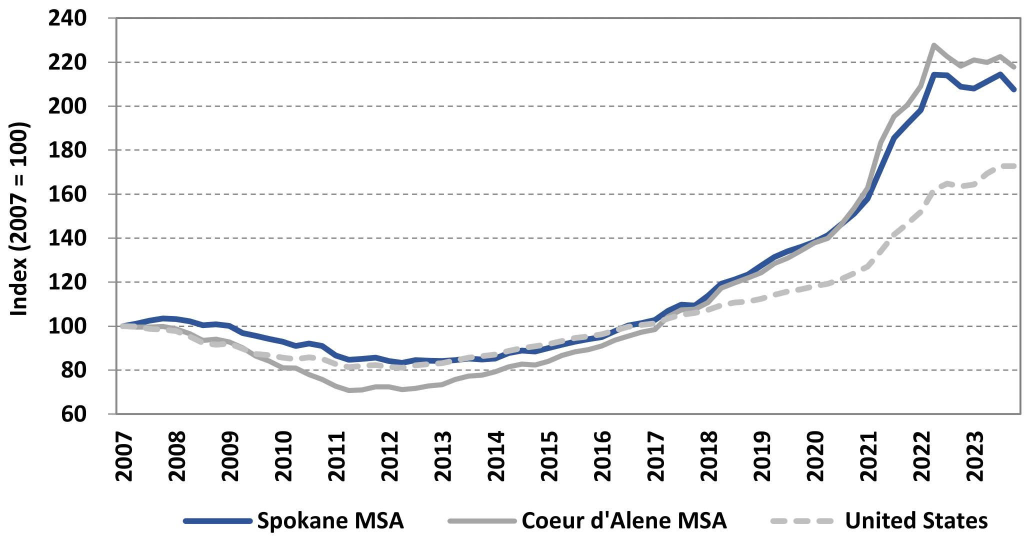
Employer	Type of business	Employees
Providence St. Joseph Health	Healthcare	6,775
Amazon	Online retailer	3,724
MultiCare Health System	Healthcare	3,354
Walmart	Retail grocer	2,517
Kootenai Health *(a)*	Healthcare	2,483
Community Colleges of Spokane *(a)*	Higher education	1,738
Mann-Grandstaff VA Medical Center *(a)*	Healthcare	1,605
URM Stores Inc. *(a)*	Retail grocer	1,565
CHAS Health *(a)*	Healthcare	1,435
Avista Utilities *(a)*	Utilities	1,342
Gonzaga University*(a)*	Higher education	1,337
Eastern Washington University *(a)*	Higher education	1,158
Kaiser Aluminum	Manufacturing	950
Frontier Behavioral Health *(a)*	Healthcare	840
Kaiser Permanente	Healthcare	769
Spokane Teachers Credit Union (STCU) *(a)*	Banking	761
Yoke's Foods Inc. *(a)*	Retail grocer	754
Jubilant HollisterStier *(a)*	Manufacturing	748
Eastern State Hospital *(a)*	Healthcare	743
Washington Trust Bank *(a)*	Banking	724

Note: Data are self-reported by companies to the Journal of Business. Such self-reporting or lack thereof, can affect companies' inclusion in the list from year to year.
(a) Corporate headquarters are located in the Spokane CSA.
Source: Journal of Business Serving Spokane and Koontenai Counties, 2023 Book of Lists.

Housing Market

Trends in the housing market in a region generally follow economic cycles and are an indicator of overall economic activity that will, in turn, help to spur air travel demand. Since 2007, home prices in the Spokane Metropolitan Statistical Area (MSA) and the Coeur d'Alene MSA (when combined create the Spokane CSA), have gradually increased, as shown on Figure 11. Between 2007 and 2023, home prices in the Spokane MSA and the Coeur d'Alene MSA increased an average of 4.4% per year and 4.8% per year, respectively, compared with an average increase of 3.0% for the nation.

Figure 11
INDEX OF HOME PRICES
Spokane MSA, Coeur d'Alene MSA, and United States



Source: U.S. Federal Housing Finance Agency, All-Transactions House Price Index, retrieved from FRED, Federal Reserve Bank of St. Louis, accessed March 2024.

Economic Outlook

Real GDP for the United States increased 2.3% in 2019, decreased 2.8% in 2020 during the COVID-19 pandemic, then increased 5.9% in 2021 as the economy recovered, and increased 2.1% in 2022, and 2.4% in 2023. The Congressional Budget Office forecasts real GDP growth of 1.8% in 2024, 2.0% in 2025, and an average of 2.1% per year through 2029.

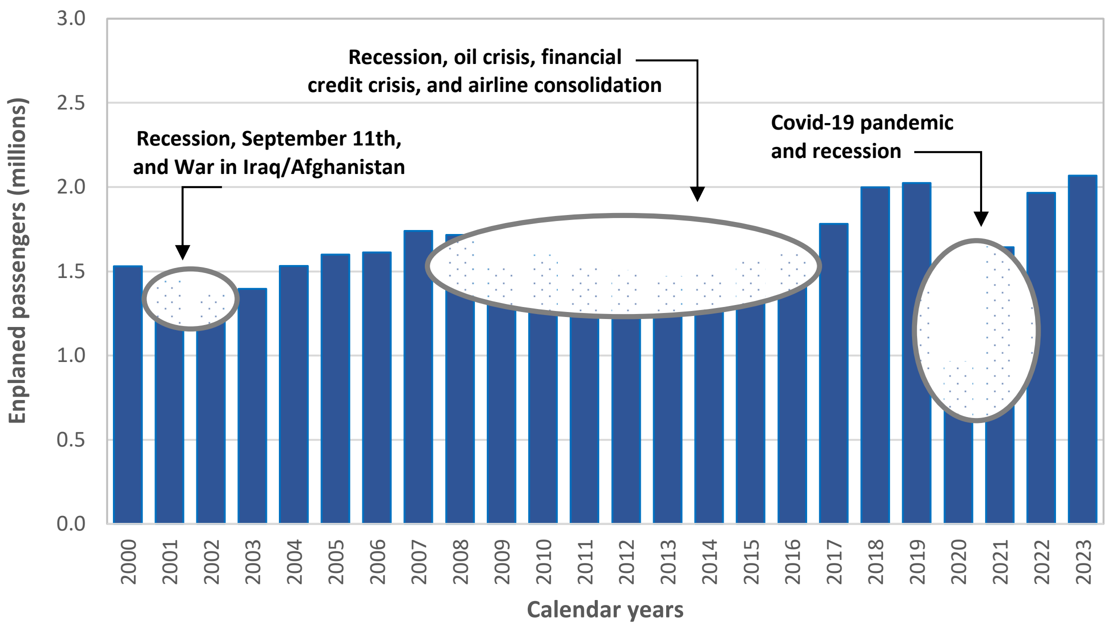
Continued U.S. economic growth will depend on, among other factors, stable financial and credit markets, a stable value of the U.S. dollar versus other currencies, stable energy and other commodity prices, the ability of the federal government to reduce historically high fiscal deficits, inflation being reduced to a rate within the range targeted by the Federal Reserve, growth in the economies of foreign trading partners, and stable trading relationships.

The economic outlook for the Spokane CSA generally depends on the same factors as those for the nation.

AIRLINE TRAFFIC ANALYSIS

Figure 12 presents the trend in enplaned passengers at the Airport from 2000 through 2023 illustrating long-term growth notwithstanding economic cycles and external events. Between 2000 and 2010, the number of enplaned passengers increased an average of 0.4% per year, reflecting the effects of two economic recessions in 2001 and 2008-2009, the 2008 oil price spike, the financial credit crisis, and overall airline industry reductions in capacity (as measured in the scheduled departing seats). Passenger traffic continued to decrease in 2011 through 2013 due to a slow economic recovery. Between 2014 and 2019, passenger traffic increased an average of 6.3% per year due, in part, to the expansion of service at the Airport by Delta related to the buildup of its hub at Seattle. Delta initiated nonstop service from the Airport to Seattle in November 2014, serving both O&D and connecting passengers at SIA, and Alaska responded by adding capacity via the use of larger aircraft. In 2020, the number of enplaned passengers decreased 52.4% as a result of the COVID-19 pandemic and economic recession. In 2022, the number of enplaned passengers had recovered to 97.1% of 2019 and in 2023 numbers had surpassed 2019 by 2.2%.

Figure 12
HISTORICAL TRENDS IN ENPLANED PASSENGERS
Spokane International Airport



Source: Spokane Airport Board records.

HISTORICAL AIRLINE SERVICE

Airlines Serving the Airport

As of June 2023, a total of 9 passenger airlines served the Airport, including 7 U.S. mainline passenger airlines and 2 regional airlines, as shown in Table 9. In addition, 6 airlines provided all-cargo service.

Table 9
PASSENGER AND CARGO AIRLINES SERVING THE AIRPORT
July 2024

Mainline airlines	All-Cargo airlines
Alaska Airlines	Airpac Airlines
Allegiant Air	Ameriflight
American Airlines	Empire Airlines
Delta Air Lines	FedEx
Southwest Airlines	Sun Country *(a)*
Sun Country	UPS
United Airlines	

Regional airline affiliates
Horizon Air (Alaska)
SkyWest (Alaska Airlines, Delta Connection, United Express)

(a) Sun Country operates cargo flights for Amazon Air.

Note: Excludes charter airlines.

Sources: Spokane Airport Board records and Airline Data Inc., accessed August 2024.

Air Service Trends

Table 10 presents historical data on passenger airline service from the Airport by airline, as scheduled for August of the years shown.* As scheduled for August 2024, 64 average daily departures are provided to 16 domestic destinations (representing 21 different airports). International service is not currently offered from the Airport. As scheduled for August 2024, Alaska accounts for 29.1% of

* Unless otherwise noted, data for merged airlines are accounted for with the surviving airline (i.e., America West Airlines, Trans World Airlines, and US Airways with American; Northwest Airlines with Delta; Continental Airlines with United; Midwest Airlines with Frontier Airlines; and AirTran Airways with Southwest). Also, except as noted, data for affiliated regional airlines are accounted for with data for the mainline airline.

departing seats (versus 29.0% in 2010), Delta for 26.5% (versus 19.4% in 2010), Southwest for 23.5% (versus 33.4% in 2010), and other airlines for 20.9% (versus 18.1% in 2010).

In August 2024, passenger airlines are scheduled to provide 7,704 average daily nonstop domestic seats from the Airport (a 2.4% increase over 2019 levels) despite offering 5.1% fewer average daily flights. Between August 2019 and August 2024, the average number of seats per departing flight increased 7.9%, from 112 to 121, reflecting the decreased utilization of regional jet and turboprop aircraft in favor of larger mainline aircraft.

Table 10
AIRLINE SERVICE BY CARRIER
Spokane International Airport
As scheduled for August of years shown

	Destinations served nonstop *(a)*			Average daily departures			Average daily departing seats		
	2010	2019	2024	2010	2019	2024	2010	2019	2024
Alaska and affiliates									
Alaska	1	1	4	3	5	6	442	811	982
Horizon	4	4	5	19	22	11	1,428	1,692	802
SkyWest	--	2	4	--	1	6	-	86	461
Subtotal	4	4	6	22	29	22	1,869	2,589	2,245
Delta	2	4	5	11	16	18	1,252	1,860	2,038
Southwest	7	7	6	15	12	11	2,155	1,758	1,814
United	4	3	3	10	7	5	628	732	599
American	1	2	3	2	3	5	252	428	790
Allegiant	--	--	3	--	--	1	--	--	165
Sun Country	--	--	1	--	--	0	--	--	54
Frontier	1	2	--	2	1	--	279	154	--
Total	11	14	16	62	67	64	6,445	7,520	7,704
Average seats per flight							104	112	121

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

(a) Some destinations are served by more than one airport and some airports are served by more than airline. See Table 11 for multi-airport destinations.

Source: Airline Data Inc., online database, accessed July 2024.

Table 11 presents data on airline service from the Airport to the 21 destinations accounting for 1.0% or more of domestic originating passengers at the Airport in 2023. Also shown are the airlines providing nonstop service from the Airport to each destination. The top five destinations – Seattle, Los Angeles, Phoenix, San Francisco, and Las Vegas – accounted for 36.6% of domestic originating passengers at the Airport in 2023. As scheduled for August 2024, non-stop service is provided from the Airport to 14 of the 21 destinations compared with 13 of the 21 destinations in August 2019. Delta started nonstop service to Atlanta 2020, American started service to Charlotte in June 2024, and Southwest started seasonal service to Dallas Love Field in June 2024. Eight of the destinations are served by two or more airlines.

Table 11
AIRLINE SERVICE TO TOP DOMESTIC ORIGINATING PASSENGER DESTINATIONS
Spokane International Airport
As scheduled for August of years shown

Rank *(a)*	Destination *Airport*	Airlines providing nonstop service 2024	Average daily departures 2015	2019	2024	Average daily departing seats 2015	2019	2024
1	Seattle	AS, DL	21	24	19	1,863	2,384	1,830
2	Los Angeles							
	Los Angeles Int'l	*AS, DL*	--	*1*	*3*	--	*76*	*260*
	Orange County	*G4*	--	--	*0*	--	--	*66*
	Subtotal		--	1	3	--	76	326
3	Phoenix							
	Sky Harbor	*AA,WN*	2	3	4	252	446	547
	Mesa Gateway	*G4*	--	--	*0*	--	--	*54*
	Subtotal		--	1	4	252	446	601
4	San Francisco							
	Oakland	*WN*	*2*	*2*	*2*	*268*	*294*	*269*
	San Francisco Int'l	*AS, UA*	*3*	*3*	*2*	*150*	*156*	*175*
	San Jose	*WN*	*1*	*1*	*1*	*66*	*143*	*145*
	Subtotal		6	6	5	484	594	590
5	Las Vegas	G4, WN	2	2	2	286	380	352
6	San Diego	AS	--	2	1	--	219	176
7	Denver	UA, WN	7	5	6	873	800	948
8	Portland	AS	8	9	5	747	664	355
9	Boise	AS	3	4	4	397	440	289
10	Sacramento	WN	1	1	2	64	143	278
11	Salt Lake City	DL	8	4	4	784	574	503
12	Dallas	AA, WN	--	1	2	--	150	346
13	Chicago (O'Hare)	UA	1	1	1	79	163	61
14	Minneapolis-St. Paul	DL, SY	4	3	3	611	488	565
15	Washington, D.C.	--	--	--	--	--	--	--
16	Atlanta	DL	--	--	2	--	--	294
17	Orlando	--	--	--	--	--	--	--
18	New York	--	--	--	--	--	--	--
19	Houston	--	--	--	--	--	--	--
20	Anchorage	--	--	--	--	--	--	--
21	Honolulu	--	--	--	--	--	--	--
	Total top 21 markets		62	67	63	6,440	7,520	7,514
	Other markets		0	--	1	5	--	190
	Total all markets		62	67	64	6,445	7,520	7,704

Note: Columns may not add to totals shown because of rounding.
Legend: AA=American, AS= Alaska, DL=Delta, G4=Allegiant, SY=Sun Country, UA=United, WN=Southwest. Affiliate airline activity is included in the mainline carrier totals.
(a) Top 21 destinations ranked by numbers of domestic originating passengers for calendar year 2023.
Source: Airline Schedules, Airline Data Inc., accessed July 2024.

HISTORICAL AIRLINE TRAFFIC

Enplaned Passengers

Table 12 presents historical data on originating and connecting passengers at the Airport between 2000 and 2023. The Airport serves mainly originating passengers, or area residents and visitors (non-residents), who collectively accounted for 98.5% of enplaned passengers at the Airport in 2023. Connecting passengers accounted for the remainder. The relative proportion of area residents to visitors traveling through the Airport has remained at approximately 54% residents and 46% visitors since 2000.

Enplaned Passenger Market Shares

As shown in Table 13, Alaska (including affiliates Horizon and SkyWest) enplaned nearly one third of all passengers at the Airport in 2023. Delta and its affiliates accounted for the second largest share in 2023 with 27.1%, followed by Southwest with 23.3%, and all other airlines, combined, accounted for the remaining 17.8%. The increase in Delta's share of enplaned passengers reflects new service offerings to Los Angeles and Atlanta (in 2013 and 2020, respectively), as well as the expansion of service at the Airport related to the buildup of Delta's hub at Seattle, starting in 2014.

Origin-Destination Markets and Airfares

Table 14 presents the 21 domestic destination markets accounting for 1.0% or more of domestic originating passengers at the Airport in 2023. These markets accounted for 72.4% of domestic O&D passengers at the Airport in 2023. The top five destinations – Seattle, Los Angeles, Phoenix, San Francisco, and Las Vegas – accounted for 36.6% of domestic originating passengers at the Airport in 2023. The decrease in the number of passengers traveling from the Airport to Seattle, Boise, and Portland between 2019 and 2023 was offset by increases in passengers traveling to Los Angeles, Phoenix, San Diego, Dallas, and Atlanta.

Passenger traffic at an airport is influenced by the cost of travel which can be measured in terms of average airfares or airline yield (the airfare paid to transport one passenger one mile). Figure 13 provides a comparison of changes in numbers of domestic O&D passengers and average domestic one-way airfares paid at the Airport and in the nation in 2010 through 2023. The data show both increases in passenger traffic that correspond to decreases in airfares at the Airport and, conversely, decreases in passenger traffic following increases in airfares. The number of domestic originating passengers recovered to 2019 levels in 2023 despite a rise in airfares largely caused by increased systemwide airline operating costs and constrained capacity. Passenger levels in 2023 were 2.4% above that of 2019, though the average one-way fare paid in 2023 was 24.5% above that of 2019.

Airline yield is a unit of measure used to calculate the cost of travel that minimizes the effect of average trip distance. Typically, airline yields are higher for short-haul trips (less than 500 miles) than for long-haul trips (1,500 miles or more). Figure 14 shows the data on domestic yields at the Airport and the United States since 2010. The average domestic airline yield for the Airport has been similar to that of the national average.

Between 2010 and 2014, the average airline yield at the Airport increased 25.0%, however it was less than the increase of 33.3% nationwide. The yield at the Airport was the same in 2010 as it was in 2014 while the number of domestic originating passengers increased by 33.7%. Yields decreased in 2020 and 2021 as the pandemic reduced travel demand but exceeded 2019 levels in 2022 by 13.3% and 6.7% for the Airport and for the nation, respectively. Average yields remained constant in 2023.

Table 12
HISTORICAL ENPLANED PASSENGERS BY COMPONENT
Spokane International Airport

	Originating					
Year	Residents	Visitors	Total	Connecting	Total	Annual percent increase (decrease)
2000	790,915	691,032	1,481,947	48,937	1,530,884	
2001	748,686	649,421	1,398,107	43,249	1,441,356	(5.8%)
2002	714,856	617,339	1,332,195	43,305	1,375,500	(4.6)
2003	730,300	616,371	1,346,671	45,888	1,392,559	1.2
2004	801,321	677,403	1,478,724	53,203	1,531,927	10.0
2005	839,453	706,785	1,546,238	54,020	1,600,258	4.5
2006	854,941	706,310	1,561,250	51,207	1,612,457	0.8
2007	920,171	762,350	1,682,521	57,362	1,739,883	7.9
2008	910,554	751,041	1,661,595	54,178	1,715,773	(1.4)
2009	808,634	669,944	1,478,578	49,377	1,527,955	(10.9)
2010	827,343	709,327	1,536,670	56,437	1,593,107	4.3
2011	806,954	686,852	1,493,806	38,038	1,531,844	(3.8)
2012	788,295	678,574	1,466,869	36,549	1,503,418	(1.9)
2013	774,592	667,315	1,441,907	24,794	1,466,701	(2.4)
2014	789,614	681,077	1,470,691	22,535	1,493,226	1.8
2015	819,395	713,044	1,532,439	33,893	1,566,332	4.9
2016	834,481	739,714	1,574,195	37,848	1,612,043	2.9
2017	933,273	812,467	1,745,740	36,713	1,782,453	10.6
2018	1,042,980	918,984	1,961,964	36,985	1,998,949	12.1
2019	1,067,866	918,123	1,985,989	37,318	2,023,307	1.2
2020	493,102	453,715	946,817	15,275	962,092	(52.4)
2021	860,336	756,533	1,616,869	26,619	1,643,488	70.8
2022	1,057,056	875,758	1,932,814	32,521	1,965,335	19.6
2023	1,125,824	911,867	2,037,691	30,440	2,068,131	5.2
	Average annual percent increase (decrease)					
2000-2010	0.5%	0.5%	0.5%	1.4%	0.4%	
2010-2019	2.9	2.9	2.9	(4.5)	2.7	
2019-2023	1.3	(0.2)	0.6	(5.0)	0.5	

Notes: Includes passengers on nonscheduled (charter) flights and nonrevenue passengers. Rows may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

Sources: Spokane Airport Board records and data from the U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100.

Table 13
HISTORICAL ENPLANED PASSENGERS BY AIRLINE
Spokane International Airport
Calendar years

Airline	2010	2015	2019	2021	2022	2023
Alaska	562,224	651,404	705,684	544,422	642,956	655,368
Delta	267,139	364,218	501,018	385,203	520,027	561,431
Southwest	475,338	371,425	464,280	383,706	469,375	482,245
United	171,674	104,502	191,452	142,358	161,117	181,835
American	78,140	71,490	122,737	148,861	108,685	140,979
Allegiant	--	904	215	18,131	40,966	42,015
Frontier	72,825	545	34,798	19,094	13,017	--
aha!	--	--	--	227	2,759	--
Charter	1,767	1,844	3,123	1,486	6,433	4,258
Airport Total	1,593,107	1,566,332	2,023,307	1,643,488	1,965,335	2,068,131
	Percent of total					
Alaska	33.0%	41.6%	34.9%	33.1%	32.7%	31.7%
Delta	16.8	23.3	24.8	23.4	26.5	27.1
Southwest	29.8	23.7	22.9	23.3	23.9	23.3
United	10.8	6.7	9.5	8.7	8.2	8.8
American	4.9	4.6	6.1	9.1	5.5	6.8
Allegiant	--	0.1	0.0	1.1	2.1	2.0
Frontier	4.6	0.0	1.7	1.2	0.7	--
aha!	--	--	--	0.0	0.1	--
Charter	0.1	0.1	0.2	0.1	0.3	0.2
Airport Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Rows may not add to totals shown because of rounding. Individual airline passenger counts include activity of affiliates.
Source: Spokane Airport Board records.

The average fare paid and yields shown in Figures 13 and 14, as reported by the airlines to the U.S. DOT, exclude charges for optional services, such as checked baggage, preferred seating, in-flight meals, entertainment, and ticket changes. Such charges have become widespread in the airline industry since 2006. As a result, the average yields shown understate the amount actually paid by airline passengers for their travel. Optional service charges that were previously included in the ticket price are not all separately reported to the U.S. DOT. They have been estimated by industry analysts to amount to an effective average surcharge on domestic airfares of approximately 5% of ticket fare revenues, although the percentage varies widely by airline and by airport.

Table 14

ORIGINATING PASSENGERS BY DESTINATION

Spokane International Airport

Calendar years

Rank	Destination	2010	2019	2023	As percent of total 2023	Percent increase (decrease) 2010-19	Percent increase (decrease) 2019-23
1	Seattle	227,408	272,541	191,051	10.3%	19.8%	(29.9%)
2	Los Angeles *(a)*	114,713	145,473	167,290	9.0	26.8	15.0
3	Phoenix *(b)*	58,145	92,119	124,056	6.7	58.4	34.7
4	San Francisco *(c)*	80,521	96,855	101,354	5.4	20.3	4.6
5	Las Vegas	65,404	97,518	97,104	5.2	49.1	(0.4)
6	San Diego	39,389	68,855	80,604	4.3	74.8	17.1
7	Denver	58,987	78,651	80,325	4.3	33.3	2.1
8	Portland	96,873	94,091	69,127	3.7	(2.9)	(26.5)
9	Boise	65,134	80,840	59,246	3.2	24.1	(26.7)
10	Sacramento	34,001	48,302	52,202	2.8	42.1	8.1
11	Salt Lake City	37,218	40,129	47,686	2.6	7.8	18.8
12	Dallas *(d)*	22,133	34,034	42,252	2.3	53.8	24.1
13	Chicago *(e)*	24,804	28,760	32,122	1.7	15.9	11.7
14	Minneapolis-St. Paul	23,144	28,665	31,545	1.7	23.9	10.0
15	Washington DC *(f)*	31,054	31,491	30,855	1.7	1.4	(2.0)
16	Atlanta	14,877	17,397	26,832	1.4	16.9	54.2
17	Orlando	16,531	20,603	25,008	1.3	24.6	21.4
18	New York *(g)*	18,333	25,274	24,808	1.3	37.9	(1.8)
19	Houston *(h)*	14,989	18,837	22,663	1.2	25.7	20.3
20	Anchorage	17,545	22,850	22,095	1.2	30.2	(3.3)
21	Honolulu	9,409	15,371	20,761	1.1	63.4	35.1
Average top 21 markets		1,070,612	1,358,656	1,348,986	72.4%	26.9%	(0.7%)
All other markets		357,371	458,905	513,094	27.6	28.4	11.8
Average all markets		1,427,983	1,817,561	1,862,080	100.0%	27.3%	2.4%

Notes: Columns may not add to totals shown because of rounding. Percentages shown were calculated using unrounded numbers.

(a) Los Angeles, Burbank, Long Beach, Ontario, and Orange County airports.

(b) Phoenix Sky Harbor and Phoenix Mesa Gateway airports.

(c) San Francisco, Oakland, and San Jose airports.

(d) Dallas/Fort Worth Airport and Love Field.

(e) O'Hare and Midway airports.

(f) Dulles, Reagan, and Baltimore airports.

(g) Kennedy, Newark, and LaGuardia airports

(h) Bush and Hobby airports.

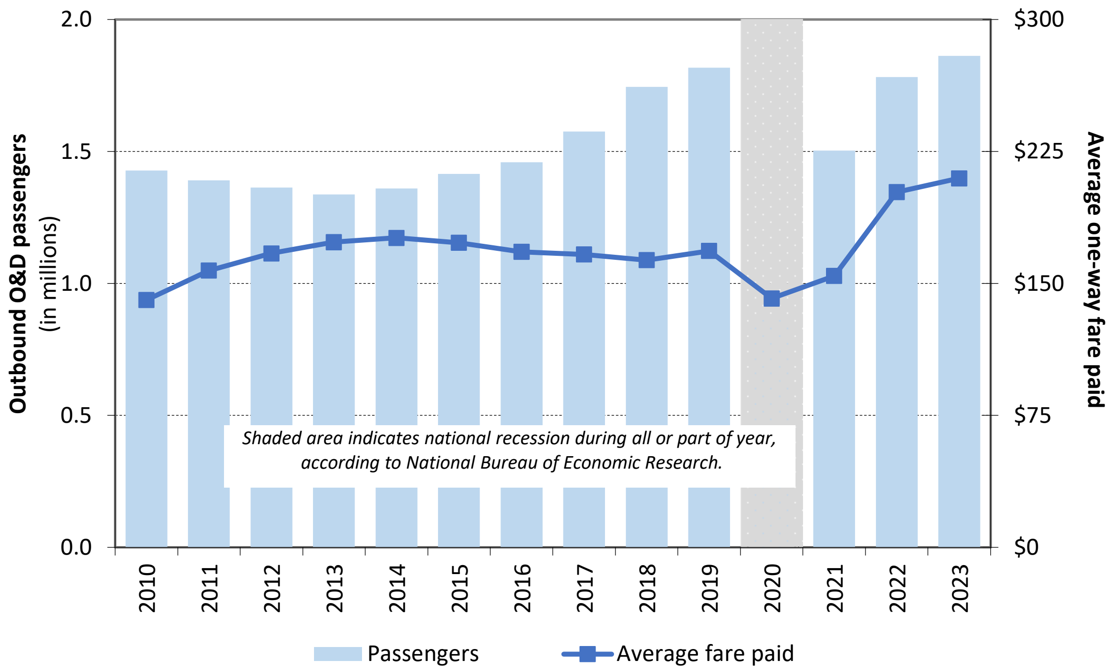
Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100.

Figure 13

DOMESTIC ORIGINATING PASSENGERS AND AVERAGE FARE PAID

Spokane International Airport

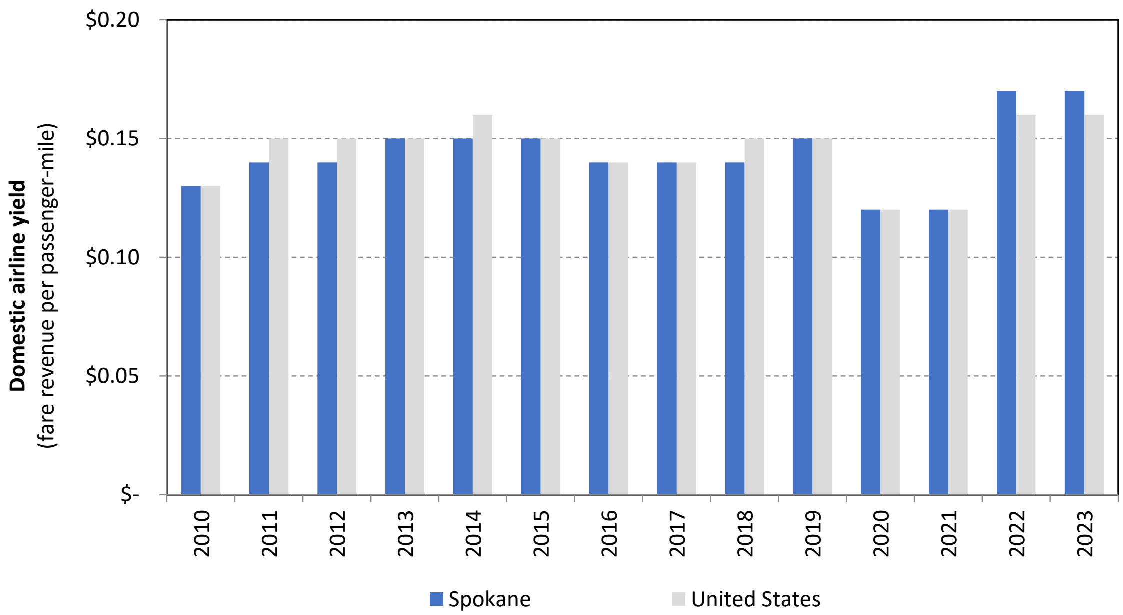
Calendar years



Note: Average one-way fares shown are net of all taxes, fees, passenger facility charges, and charges for optional services. Passenger numbers exclude non-revenue and charter passengers.

Source: U.S. Department of Transportation, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100.

Figure 14
DOMESTIC AIRLINE YIELDS FOR AIRPORT AND UNITED STATES
Spokane International Airport and United States
Calendar years



Notes: Yields for outbound originating domestic passengers.
Yields are net of all taxes, fees, passenger facility charges, and charges for optional services.

Source: U.S. Department of Transportation, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100.

AIR CARGO

Table 15 presents historical air cargo tonnage and aircraft landed weight at the Airport since 2010. Table 16 presents historical air cargo tonnage at the Airport by airline. Total air cargo (air freight and mail tonnage) has generally increased since 2010, amid annual fluctuations—an average of 3.7% per year. Between 2010 and 2019, total air cargo tonnage decreased an average of 2.9% per year. In 2020 and 2021, total air cargo increased 7.1% and 8.3% year-over-year reflecting, in part, an increase in ecommerce during the COVID-19 pandemic. Cargo tonnage then decreased in 2022 and 2023 as new determinants of demand emerged post pandemic.

As noted in the previous section, in October 2021, Amazon Air opened a new air cargo facility at the Airport. Sun Country and Air Transport International (ATI) have both operated flights for Amazon since the facility opened, however ATI's agreement with Amazon expired in mid-January 2024. In 2023, the carriers, combined, operated approximately two daily flights and carried 13,761 tons of cargo on behalf of Amazon.

Table 15
HISTORICAL AIR CARGO AND LANDED WEIGHT ACTIVITY
Spokane International Airport
Calendar years

Year	Air cargo (tons)	Annual % increase (decrease)	Landed weight (1,000-pound units) Passenger airlines	All-cargo airlines	Total	Annual % increase (decrease)
2010	47,829		1,887,798	443,176	2,330,974	
2011	54,475	13.9%	1,744,974	434,924	2,179,898	(6.5%
2012	61,405	12.7	1,693,120	441,098	2,134,218	(2.1)
2013	64,174	4.5	1,583,557	455,118	2,038,675	(4.5)
2014	65,619	2.3	1,635,033	490,582	2,125,614	4.3
2015	66,375	1.2	1,684,354	487,511	2,171,865	2.2
2016	67,525	1.7	1,741,910	496,844	2,238,754	3.1
2017	72,376	7.2	1,812,368	471,590	2,283,958	2.0
2018	70,561	(2.5)	2,227,932	479,669	2,707,601	18.5
2019	68,751	(2.6)	2,238,699	494,715	2,733,414	1.0
2020	73,623	7.1	1,623,348	544,225	2,167,573	(20.7)
2021	79,756	8.3	2,103,186	530,849	2,634,035	21.5
2022	78,658	(1.4)	2,160,768	569,730	2,730,498	3.7
2023	77,171	(1.9)	2,331,530	598,568	2,930,098	7.3
	Average annual percent increase (decrease)					
2010-2019	4.1%		1.9%	1.2%	1.8%	
2019-2023	2.9		1.0	4.9	1.8	
2010-2023	3.7		1.6	2.3	1.8	

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

Source: Spokane Airport Board records.

Table 16
AIR CARGO ENPLANED AND DEPLANED BY AIRLINE
Spokane International Airport
Calendar years
(in tons; mail not included)

	2010	2015	2019	2020	2021	2022	2023
Passenger airlines	1,184	1,803	2,035	1,235	1,017	718	929
All-cargo airlines							
FedEx	31,884	38,046	40,173	43,009	45,276	38,846	36,698
UPS	10,267	24,510	22,640	24,254	24,778	25,879	21,982
Air Transport Intl. *(a)*	--	--	--	--	2,365	3,913	12,369
Ameriflight	449	556	939	1,782	2,095	2,012	1,969
Empire	3,859	4,302	2,887	3,002	2,951	1,921	1,623
Sun Country *(a)*	--	--	--	--	1,025	5,145	1,393
Airpac	129	--	76	251	248	221	205
Western Air Express	58	1	1	--	--	3	4
Total all-cargo	46,646	67,415	66,716	72,298	78,739	77,940	76,242
Total air cargo tonnage	47,829	69,218	68,751	73,623	79,756	78,658	77,171

(a) Air Transport Intl. and Sun Country both operated cargo flights for Amazon Air.

Source: Spokane Airport Board records.

AIRCRAFT OPERATIONS

Table 17 presents historical data on aircraft operations (landings and takeoffs) at the Airport. In 2023, air carrier aircraft accounted for 67.9% of total operations, air taxi and commuter aircraft for 13.4%, general aviation (GA) aircraft for 16.0%, and military aircraft for 2.7%. Two fixed base operators (FBO) support general aviation activity at the Airport. The decline in general aviation operations in the last 10 years reflects the migration of these operations to Felts Field as encouraged by Airport management, the lack of hangars at the Airport, the move of a flight school to Felts Field, and a national decline in corporate general aviation activity.

Table 17
HISTORICAL AIRCRAFT OPERATIONS
Spokane International Airport
Calendar years

Year	Air carrier	Air taxi/ commuter	General aviation	Military	Total operations
2010	38,976	13,568	24,958	1,618	79,120
2011	36,210	10,626	22,621	6,639	76,096
2012	36,574	9,170	17,664	2,199	65,607
2013	35,143	8,255	19,600	1,667	64,665
2014	35,752	7,480	19,375	1,802	64,409
2015	38,332	6,975	18,080	1,645	65,032
2016	39,754	6,952	13,812	1,921	62,439
2017	40,951	7,970	12,967	1,913	63,801
2018	46,134	7,423	12,395	2,304	68,256
2019	46,457	8,603	12,013	2,024	69,097
2020	35,534	9,141	11,619	2,431	58,725
2021	42,620	9,413	11,828	2,075	65,936
2022	43,877	8,943	12,133	1,767	66,720
2023	45,658	9,015	10,740	1,810	67,223
	Average annual percent increase (decrease)				
2010-2019	2.0%	(4.9)%	(7.8%)	2.5%	(1.5)%
2019-2023	(0.4)	1.2	(2.8)	(2.8)	(0.7)
2010-2023	1.2	(3.1)	(6.3)	0.9	(1.2)

Source: Spokane Airport Board records.

FELTS FIELD

Table 18 presents historical aircraft operations (landings and takeoffs) by type of operation (air carrier, air taxi & commuter, general aviation, and military) and the number of based aircraft at Felts since 2010. Operations increased 0.8% per year, on average, between 2010 and 2023, entirely due to general aviation activity. GA aircraft operations account for the majority of operations at Felts, comprising 94.9% of operations in 2023. Air carrier aircraft, air taxi and commuter aircraft, and military aircraft accounted for the remainder.

Table 18
HISTORICAL AIRCRAFT OPERATIONS
Felts Field
Calendar years

Year	Air carrier	Air taxi/ commuter	General aviation	Military	Total operations	Based aircraft *(a)*
2010	3	5,165	58,138	116	63,422	163
2011	4	4,381	54,688	193	59,266	163
2012	4	3,896	48,960	72	52,932	160
2013	2	3,489	50,655	147	54,293	160
2014	-	3,640	51,030	211	54,881	160
2015	2	3,643	47,021	63	50,729	177
2016	-	3,891	50,146	276	54,313	176
2017	2	3,587	56,438	57	60,084	174
2018	-	3,950	55,195	91	59,236	172
2019	30	3,627	56,933	81	60,671	170
2020	3	3,135	53,714	42	56,894	226
2021	10	3,767	67,811	144	71,732	224
2022	-	3,603	66,154	39	69,796	224
2023	2	3,545	66,641	30	70,218	226
	Average annual percent increase (decrease)					
2010-2019	29.2%	(3.9)%	(0.2)%	(3.9)%	(0.5)%	0.5%
2019-2023	(49.2)	(0.6)	4.0	(22.0)	3.7	7.4
2010-2023	(3.1)	(2.9)	1.1	(9.9)	0.8	2.5

(a) Based aircraft count is for the 12 months ended September 30 of each year.
Sources: Federal Aviation Administration, Operations Network (OPSNET) and *Terminal Area Forecast;* Spokane Airport Board records.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

In addition to the demographics and economy of the airport service region, as discussed earlier, key factors that will affect future airline traffic at the Airport in the long term include:

- National economic conditions
- International economic and geopolitical conditions
- Financial health of the airline industry
- Airline consolidation
- Airline service and routes
- Airline competition and airfares
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Public health concerns
- Climate change concerns
- Capacity of the national air traffic control system
- Capacity of the Airport

National Economic Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As illustrated on Figure 15, recessions in the U.S. economy in 2001, 2008-2009, and 2020, and associated high unemployment, reduced discretionary income and airline travel demand.

The 2020 economic recession brought about by the COVID-19 pandemic and the related government actions to contain the spread of the disease was short-lived but caused the largest ever decrease in real GDP (31.2% in the second quarter of 2020), with an associated sharp increase in unemployment. The second quarter decrease was followed by strong GDP growth in the third and fourth quarters, with GDP in the fourth quarter of 2020 at close to the pre-pandemic level. Economic recovery continued in 2021 through 2023. GDP increased 5.8%, 1.9%, and 2.4% in 2021, 2022, and 2023, respectively.

Future increases in domestic passenger traffic at the Airport will depend on the continuation of national economic growth.

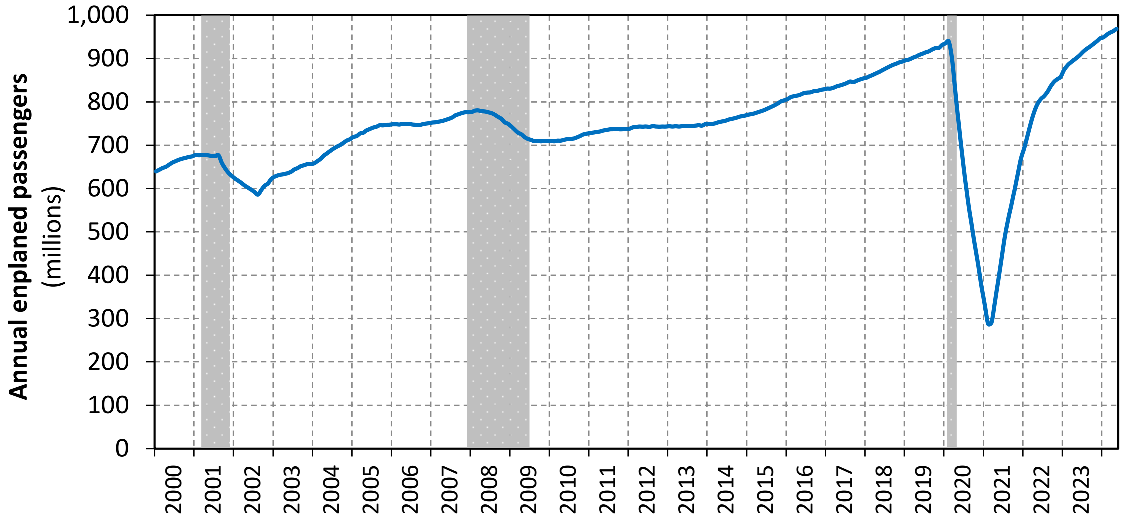
International Economic and Geopolitical Conditions

International passenger traffic at U.S. airports is influenced by the globalization of business, international trade and tourism, international economics, trade balances, currency exchange rates, government policies, and geopolitical relationships. Concerns about hostilities, terrorist attacks, other perceived security risks, and associated travel restrictions also affect travel demand to and from particular international destinations from time to time.

Ongoing military conflicts that are causing economic disruption and instability include the war in Ukraine that followed Russia's invasion in February 2022 and the war in Gaza that followed attacks on Israel by Hamas militants in October 2023 and Israel's invasion of Gaza in response.

Future increases in international passenger traffic at U.S. airports will partly depend on global economic growth, the containment of regional military conflicts and civil unrest, a stable and secure travel environment, and government policies that do not unreasonably restrict or deter travel.

Figure 15
HISTORICAL ENPLANED PASSENGERS ON U.S. AIRLINES



Notes: Data shown are 12-month moving averages of enplaned passengers on scheduled and non-scheduled flights to domestic and international destinations.
Shaded areas indicate months of economic recession.

Sources: Bureau of Transportation Statistics, T100 Market and Segment, www.rita.gov, accessed August 2024; National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, www.nber.com.

Financial Health of the Airline Industry

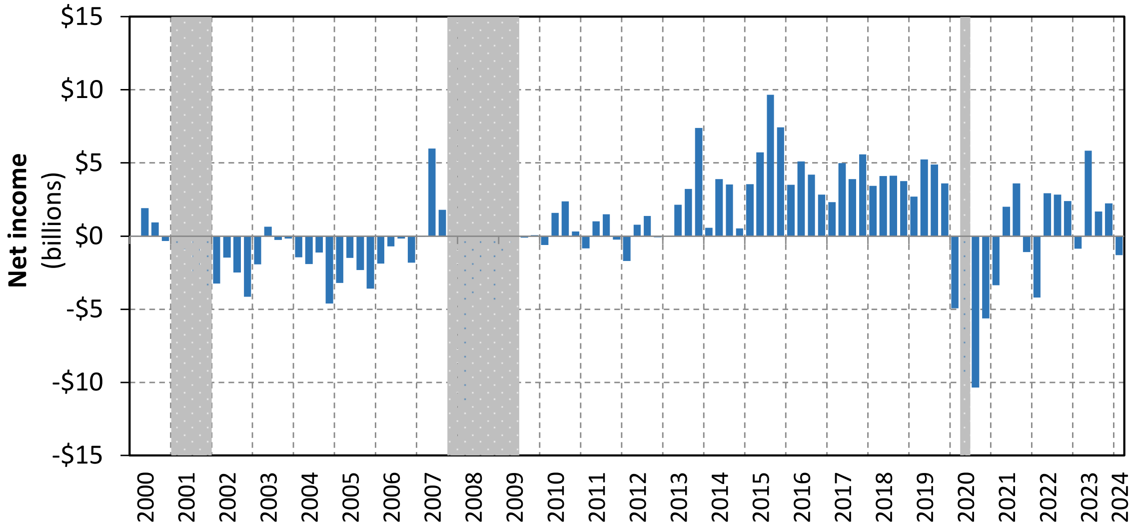
The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to provide service. Figure 16 shows historical net income for U.S. airlines.

Largely as a result of the 2001 economic recession and the disruption of the airline industry following the September 2001 attacks, the industry experienced large financial losses between 2001 and 2006. During this period, Delta, Northwest, United, and US Airways filed for bankruptcy protection and restructured their operations.

In 2007, the U.S. passenger airline industry was profitable, but in 2008, as oil and aviation fuel prices increased to unprecedented levels and the U.S. economy contracted, the industry again experienced large net losses. The industry responded by grounding less fuel-efficient aircraft, eliminating unprofitable routes and hubs, reducing seat capacity, and increasing airfares.

From 2010 to 2013, after recovery from the 2008-2009 recession, U.S. passenger airlines generally recorded positive net income, notwithstanding sustained high fuel prices, by controlling capacity and nonfuel expenses, increasing airfares, achieving high load factors, and increasing ancillary revenues. American filed for bankruptcy protection in 2011.

Figure 16
NET INCOME (LOSS) FOR U.S. AIRLINES



Notes: Includes scheduled service on U.S. carriers only.
Shaded areas indicate quarters of economic recession.
Data for the fourth quarter of 2005 and the first quarter of 2006 were adjusted to account for United bankruptcy claims which were settled for less than had been originally reported.

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Net Income, F41 Schedule P12, www.transtats.gov, accessed August 2024.

From 2014 to 2019, the U.S. passenger airline industry reported a succession of profitable years as fuel prices were low, demand was strong, and control of capacity allowed fares and ancillary charges to remain high, even as agreements between the major airlines and their unionized employees resulted in increased labor costs.

Beginning in 2020, reductions in air travel demand caused by the COVID-19 pandemic resulted in unprecedented airline industry losses. These losses were partially mitigated by federal aid provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted in March 2020 and the American Rescue Plan Act of 2021 (ARPA) enacted in March 2021.

In response to the pandemic-induced losses, airlines took various actions to reduce costs and maintain liquidity, including reducing staffing, accelerating the retirement of older aircraft, and deferring the acquisition of new aircraft. As shown in Figure 16, the U.S. airline industry returned to profitability in the second quarter of 2022.

Current supply chain constraints causing shortages of aircraft engines, avionics, and other essential components are also affecting the ability of Airbus, Boeing, and other manufacturers to produce the larger, more fuel-efficient aircraft in the numbers being sought by airlines even while there is industry-wide domestic overcapacity.

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, stable fuel prices, and the ability of airlines to hire and retain enough qualified employees, particularly pilots and mechanics, and acquire enough fuel-efficient aircraft to support increased flight operations.

Airline Consolidation

Consolidation of the U.S. airline industry resulted from the acquisition of Trans World by American (2001), the merger of US Airways and America West (2005), the merger of Delta and Northwest (2009), the merger of United and Continental (2010), the acquisition of AirTran by Southwest (2011), the merger of American and US Airways (2013), and the acquisition of Virgin America by Alaska (2016).

In October 2022, JetBlue announced plans to acquire Spirit, which would have created the nation's fifth largest airline by enplaned passengers with a market share of approximately 9%. In January 2024, the acquisition was blocked in federal court following a civil antitrust lawsuit filed by the Justice Department. JetBlue and Spirit subsequently terminated their merger agreement.

In December 2023, Alaska announced plans to acquire Hawaiian Airlines. The two airlines together account for approximately 5.7% of passengers enplaned on U.S. airlines. Following the announcement by the U.S. Department of Justice that it would not challenge it on antitrust grounds and conditional approval by the U.S. DOT, the acquisition was closed in September 2024. In 2023, Alaska accounted for 31.7% of enplaned passengers at the Airport. Hawaiian does not serve SIA.

Airline industry consolidation has resulted in four airlines (American, Delta, Southwest, and United) and their regional affiliates now accounting for approximately 75% of domestic seat-mile capacity. Consolidation has contributed to recent airline industry profitability, but any resumption of financial losses could cause one or more U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines could drastically affect airline service at certain connecting hub airports and change airline travel patterns nationwide.

Airline Service and Routes

Airports serve as gateways to their communities and as connecting points. The number of origin and destination passengers at the Airport depends primarily on the intrinsic attractiveness of the region as a business and leisure destination, the propensity of its residents to travel, and the airfares and service provided at the Airport and at other competing airports. The number of connecting passengers, on the other hand, depends entirely on airline fares and service provided.

The large network airlines have developed hub-and-spoke systems that allow them to offer high-frequency service to many destinations. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends primarily on the route networks and flight schedules of the airlines serving that airport and competing hub airports. Since 2003, as the U.S. airline industry has consolidated, airline service has been reduced at many former connecting hub airports, including those serving St. Louis (American, 2003-2005), Dallas-Fort Worth (Delta, 2005), Pittsburgh (US Airways, 2006-2008), Las Vegas (US Airways, 2007-2010), Cincinnati (Delta, 2009-2012), Memphis (Delta, 2011-2013), and Cleveland (United, 2014).

Approximately 99% of passengers at the Airport are originating their journeys rather than connecting between flights.

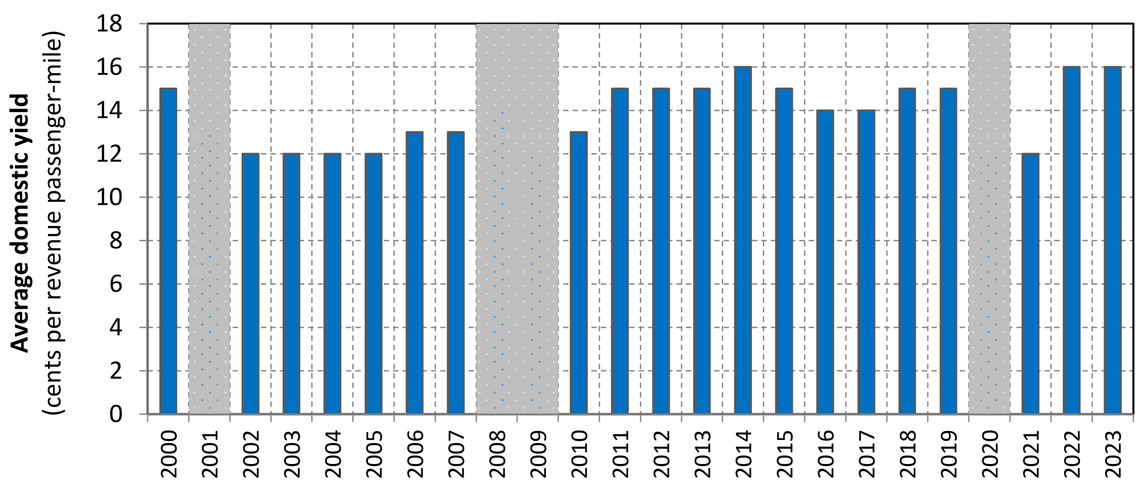
Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for short trips for which the automobile and other travel modes are potential alternatives, and for price-sensitive “discretionary” travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend partly on the level of airfares.

Figure 17 shows the historical average domestic yield (airfare per passenger-mile) for U.S. airlines. After the 2008-2009 recession, the average yield increased through 2014 as airline travel demand strengthened, the airlines collectively reduced available seat capacity, and were able to sustain airfare increases. Between 2014 and 2016, the average yield was reduced as a result of airline competition, and, through 2019 was fairly stable. The average yield decreased in 2020 and 2021 as travel demand was depressed during the pandemic then increased in 2022 and 2023 as demand rebounded and airline seat capacity was constrained.

Beginning in 2006, ancillary charges were introduced by most airlines for optional services such as checked baggage, preferred seating, in-flight meals, and entertainment, thereby increasing the effective price of airline travel more than these yield figures indicate.

Figure 17
HISTORICAL DOMESTIC AVERAGE YIELD



Notes: Average yields are net of taxes, fees, and passenger facility charges and exclude fees charged by the airlines for optional services.
Shaded areas indicate economic recession during all or part of year.

Source: U.S. Department of Transportation, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100, accessed June 2024.

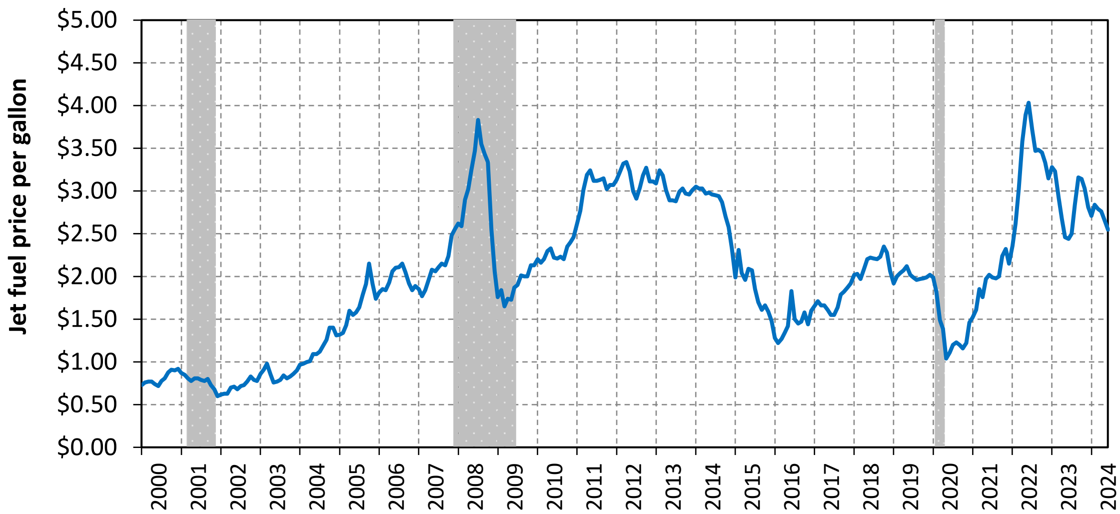
Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Figure 18 shows the historical fluctuation in fuel prices caused by the many factors influencing the global demand for and supply of oil.

Between early 2011 and mid-2014, fuel prices were relatively stable, partly because of increased oil supply from U.S. domestic production made possible by the hydraulic fracturing of oil-bearing shale deposits and other advances in extraction technologies. Beginning in mid-2014, an imbalance between worldwide supply and demand resulted in a precipitous decline in the price of oil and aviation fuel through the end of 2015. Fuel prices then increased, but the average price of aviation fuel at the end of 2019 was still approximately 30% below the price at mid-2014.

As the pandemic drastically reduced the demand for aviation fuel in early 2020, the price of aviation fuel fell sharply, before rebounding in 2021 as pandemic restrictions were eased, economies recovered, and demand exceeded supply. The economic disruption and sanctions resulting from the Russian invasion and war on Ukraine exacerbated the worldwide imbalance of demand and supply and caused a spike in oil and aviation fuel prices. Higher fuel prices have a negative effect on airline profitability as well as far-reaching implications for the global economy.

Figure 18
HISTORICAL AVIATION FUEL PRICES



Notes: Data shown are monthly averages and were converted from gallons to barrels.

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Airline Fuel Cost and Consumption, F41 Schedule P12A, www.transtats.gov, accessed August 2024.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand.

Safety concerns in the aftermath of the September 2001 attacks were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. Measures have included strengthened aircraft cockpit doors, increased presence of armed federal air marshals, federalization of airport security under the TSA, more intensive screening of passengers and baggage, and the deployment of improved screening technologies.

Following fatal crashes of B-737 MAX aircraft caused by the malfunction of the aircraft's automated flight control system, all B-737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest, United, and WestJet were affected. At the time of the grounding, B-737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity. In November 2020, following the approval of modifications to the flight control system software and pilot training, the FAA rescinded its order grounding the aircraft, allowing it gradually to be reintroduced into service.

In January 2024, a panel in the aircraft fuselage of a B-737 MAX-9 aircraft blew out in flight. As a result of the incident, the FAA temporarily grounded all B-737 MAX-9 aircraft, increased oversight of Boeing's manufacturing processes, and stated that it will not permit the company to increase aircraft production rates until adequate manufacturing quality controls are in place. A subsequent audit by the FAA into the manufacturing processes identified quality control violations by Boeing and its fuselage manufacturer, Spirit AeroSystems. Such production restrictions will constrain Boeing's ability to deliver aircraft as planned and delay the ability of some airlines to increase capacity and upgrade their fleets with more fuel-efficient aircraft.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and other aviation safety concerns. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

Public Health Concerns

Public health concerns and associated restrictions on travel periodically reduce airline travel demand to and from various parts of the world. Examples are Severe Acute Respiratory Syndrome (SARS) in 2002-2003, the H1N1 influenza virus in 2009, Middle East Respiratory Syndrome (MERS) in 2013, Ebola Virus Disease (EVD) in 2014-2016, and the Zika virus in 2016-2017. In all these historical examples, reductions in airline travel were geographically localized and short-lived, with travel soon recovering to pre-health-scare trends.

By comparison, the COVID-19 pandemic had far more serious and widespread effects on airline travel worldwide. In late 2019, the novel coronavirus that causes the COVID-19 respiratory illness emerged, soon spreading through most of the world. COVID-19 was declared a global pandemic by the World Health Organization in March 2020.

During the early months of the pandemic, governmental actions to slow the spread of the disease, including the mandated closure of businesses and offices, work-at-home requirements, prohibitions of public gatherings, quarantines, and travel restrictions contributed to a recession in the global economy and widespread job losses. The economic recession, combined with fears about contagion, resulted in a severe reduction in the demand for air travel, the grounding of much of the world's airline fleets, and cuts in airline service.

In December 2020, the first COVID-19 vaccines were administered in the United States. The success of the vaccines in preventing the transmission of the virus and reducing its effects resulted in a steady recovery in domestic air travel through the summer of 2021, although new variants of the virus then emerged and resulted in new waves of cases in the fall and winter of 2021.

By 2022, the availability and acceptance of vaccines and treatments had allowed the pandemic to be largely brought under control in the United States and other developed countries. As quarantine, testing, and other travel restrictions were relaxed, COVID-19 was no longer an important factor affecting airline travel. By 2023, domestic airline travel at many U.S. airports had approached or exceeded pre-pandemic levels.

Questions remain about how some determinants of air travel demand may not fully return to those existing pre-pandemic. Some observers expect that there will be permanent reductions in business travel for some in-person meetings as a result of the widespread adoption of videoconferencing. Many companies have reduced travel by their employees and thereby achieved cost savings that may become a permanent feature of their financial operations. Offsetting that effect, there has been an increase in travel by workers who relocated during the pandemic and work remotely, and who need regularly to visit a central office location. Remote working and travel for a combination of business and leisure purposes have also changed travel demand patterns.

Climate Change Concerns

There is now widespread acknowledgement of the urgent need for the nations of the world to transition from fossil fuels to cleaner energy sources that will allow the worst effects of global warming and climate change to be avoided.

Much like the way that the COVID-19 pandemic appears to have changed some airline travel behavior and demand patterns, concerns about the contribution of airline travel to the emission of carbon dioxide and other greenhouse gases into the atmosphere may influence future airline travel demand. For example, there may be increased societal pressures to avoid or reduce travel perceived as wasteful, particularly long-haul international travel; to favor or require the use of lower-emission travel modes, such as train over airplane for short trips; and for corporations to limit employee travel and achieve environmental, social, and governance objectives.

Pre-pandemic, the aviation industry accounted for approximately 10% of anthropogenic greenhouse gas emissions from the U.S. transportation sector and 3% of total U.S. emissions. Alternatives to petroleum-derived jet fuel are unlikely to be economically available at large scale for the foreseeable future, so aviation's share of emissions will likely increase and attract more scrutiny. Consequently, it will be imperative for the industry to achieve efficiencies if growth in airline travel is to be sustained.

Achieving those efficiencies and mitigating emissions will require financial investments and changes to the operating economics of the aviation industry. Changes will likely include the early retirement and replacement of inefficient aircraft; the payment of carbon taxes and other regulatory charges designed to penalize or offset emissions; and the development of technologies and incentives to increase the supply and reduce the cost of sustainable aviation fuels derived from biomass and other renewable sources. In the longer term, investments will be required to develop new aircraft propulsion technologies using fuels such as hydrogen or electric power generated from renewable sources.

Increased direct governmental regulation of greenhouse gas emissions from aircraft is also possible. In 2020, the U.S. Environmental Protection Agency adopted emission standards that apply to new commercial aircraft and align with standards adopted by the International Civil Aviation Organization. More stringent emission standards may apply in the future.

Inevitably, some of the costs required to reduce greenhouse gas emissions and combat climate change will be passed on to passengers in the form of higher fares or surcharges, and thereby may inhibit airline travel demand.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transportation System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays have decreased because of reduced numbers of aircraft operations (down approximately 9% between 2007 and 2023) but, as airline travel increases in the future, flight delays and restrictions may be expected.

Recent shortages of qualified air traffic controllers have also reduced airspace capacity in some regions. The ability of the FAA to maintain and increase the capacity of the national air traffic control system will depend in part on its ability to hire, train, and retain adequate numbers of skilled controllers.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control and national airport systems, future growth in airline traffic at the Airport will depend on the provision of capacity to accommodate aircraft flights and passengers. According to the Airport Board, existing and planned terminal and airfield facilities have the capacity to accommodate growth in airline traffic well beyond the forecast period covered in this report.

AIRLINE TRAFFIC FORECASTS

The forecasts of airline traffic at the Airport through 2029 was developed on the basis of socioeconomic indicators, trends in historical airline traffic, and key factors likely to affect future airline traffic, all as discussed in earlier sections. The forecast for the Airport included in the FAA's *Terminal Area Forecast* (TAF), issued in January 2024, was also reviewed.

As shown in Figure 19 and Table 19, passenger traffic recovered to 2019 levels in 2023. The enplaned passenger number for 2024 is an estimate using actual aviation activity for the first 8 months of 2024 (January through August) and the application of load factors realized in recent months onto available departing seats as provided by advance published flight schedules. The number of enplaned passengers for the first 8 months of 2024 was 3.4% higher than that for the same period of 2023. Passenger levels for 2024 are estimated at 2.13 million, which is 3.0% above 2023 levels.

In 2025 and thereafter, it was assumed that airline traffic at the Airport will increase as a function of growth in the economy of the Airport service region and increased airline service. It was also assumed that airline service at the Airport will not be constrained by the availability of aviation fuel, the capacity of the air traffic control system or the Airport, charges for the use of aviation facilities, or government policies or actions that inhibit growth.

The traffic forecasts were developed based on the assumptions that:

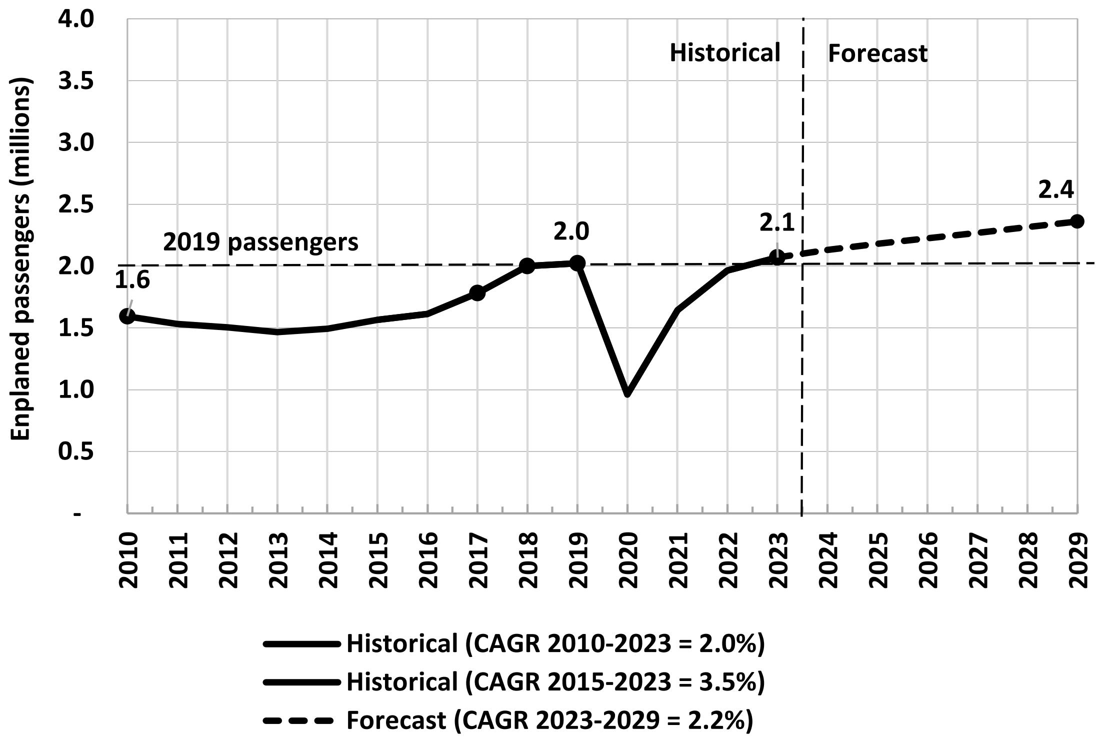
- The U.S. economy will experience sustained growth in GDP averaging between 2.0% and 2.5% per year, generally consistent with rates projected by the Congressional Budget Office.
- The economy of the Airport service region will grow at approximately the same rate as the national economy.
- The Airport will continue to be primarily an origin-destination airport.
- Airlines will add service to meet travel demand at the Airport and competition among airlines will ensure competitive airfares for flights from the Airport, notwithstanding higher aviation fuel costs and general price inflation.
- The airlines serving the Airport collectively will be able to hire and retain enough qualified employees, particularly pilots and mechanics, and acquire enough aircraft and other equipment to support increased flight operations.
- A generally stable international political environment and safety and security precautions will ensure airline traveler confidence in aviation without imposing unreasonable inconveniences.
- The airlines serving the Airport will continue to be diverse, including low cost carriers and network airlines, and provide sufficient capacity to support passenger traffic growth at the Airport.
- There will be no major disruption of airline service or airline travel behavior as a result of airline bankruptcies or liquidations, international hostilities, terrorist acts or threats, or government policies restricting or deterring air travel.

Base Enplaned Passenger Forecast. As shown on Figure 19 and in Table 19, the number of enplaned passengers in 2025 is forecast to increase 2.4% over 2024 and then increase approximately 2.0% per year through the forecast period, reaching 2.36 million in 2029. (The FAA forecasts an average annual increase of 2.5% in enplaned passengers for SIA over the 2023-2029 period.) Originating and connecting passenger numbers are forecast to increase at similar rates so that the originating percentage is 98.5% throughout the forecast period.

Landed Weight. As shown in Table 19, total landed weight at the Airport is forecast to increase to 3.13 million thousand-pound units in 2029. Passenger carrier landed weight is forecast to increase at approximately the same rate as enplaned passengers. All-cargo carrier landed weight is estimated to decline roughly 20% in 2024 primarily due to a transition in carriers handling Amazon's air cargo (with respective downgauge in aircraft) as well as general weakness in the North American air cargo sector, and thereafter forecast to 1.0% per year. In total, landed weight is forecast increase 2.0% in 2025 and then 1.7% per year, on average, through 2029.

Stress Test Forecast. The stress test forecast was developed to provide the basis for testing the sensitivity of the Airport's financial results to a hypothetical reduction in passengers, such as could occur under conditions of weak economic growth or recession, restricted seat capacity, and high fares. Relative to the base forecast, for the stress test enplaned passengers and landed weight are projected to be 5% lower than the prior year in each of 2025 and 2026. The stress test projections are shown in Exhibit H.

Figure 19
HISTORICAL AND FORECAST ENPLANED PASSENGERS
Spokane International Airport



Note: CAGR = Compound annual growth rate.

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.

Sources: Historical— Spokane Airport Board records.
Forecast—LeighFisher, October 2024.

Table 19

AIRLINE TRAFFIC FORECASTS

Spokane International Airport

	Historical					Forecast					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Enplaned passengers (thousands)	2,023	962	1,643	1,965	2,068	2,130	2,181	2,225	2,270	2,315	2,361
Annual percent increase (decrease)		(52.4%)	70.8%	19.6%	5.2%	3.0%	2.4%	2.0%	2.0%	2.0%	2.0%
O&D and connecting enplaned passengers (thousands)											
Originating	1,986	947	1,617	1,933	2,038	2,098	2,148	2,192	2,236	2,280	2,326
Connecting	37	15	27	33	30	32	33	33	34	35	35
Total enplaned passengers	2,023	962	1,643	1,965	2,068	2,130	2,181	2,225	2,270	2,315	2,361
Percent O&D	98.2%	98.4%	98.4%	98.3%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%
Percent connecting	1.8%	1.6%	1.6%	1.7%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Landed weight (1,000-pound units)											
Passenger airlines	2,238,699	1,623,348	2,083,563	2,147,982	2,326,025	2,386,000	2,438,000	2,483,000	2,529,000	2,574,000	2,621,000
All-cargo airlines	494,715	544,225	549,683	582,516	610,279	488,000	493,000	498,000	503,000	508,000	513,000
Total landed weight	2,733,414	2,167,573	2,633,245	2,730,498	2,936,304	2,874,000	2,931,000	2,981,000	3,032,000	3,082,000	3,134,000
Annual percent increase (decrease)		(20.7%)	21.5%	3.7%	7.5%	(2.1%)	2.0%	1.7%	1.7%	1.6%	1.7%

Note: May not sum to totals due to rounding. CAGR = Compound annual growth rate.

This forecast was prepared using the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.

Sources: Historical: Spokane Airport Board.
Forecast: LeighFisher, October 2024.

FINANCIAL ANALYSIS

FRAMEWORK FOR FINANCIAL OPERATIONS

Airport Ownership and Management / Interlocal Agreement

Pursuant to chapter 14.08 RCW, in 1962 the City of Spokane and Spokane County entered into an Airport Joint Operation Agreement for the purpose of financing, constructing, improving and operating the Airport through the Airport Board. The Airport Joint Operation Agreement was amended and restated in 2019 pursuant to the Amended Spokane County/City Airport Agreement (Interlocal Agreement). Under the Interlocal Agreement, the City and County jointly own all real property and fixtures (except as otherwise provided in the Interlocal Agreement) of the Airport, Felts Field, and the Airport Business Park (the Airport System) as tenants in common. The City owns and has control, operation and maintenance of all public utility sewer and water systems within the Airport System. The operating authority of the Airport System is the Airport Board, consisting of seven appointees from the two governmental bodies as provided in the Interlocal Agreement.

The Airport Board consists of one elected County Commissioner, one elected City Councilmember, two members appointed by the County, two members appointed by the City, and one member appointed jointly. Each member is appointed to a three-year term. If a member is appointed to fill a vacancy on the Airport Board, that member serves for the unexpired portion of the vacated term.

Under the Interlocal Agreement, the seven-member Airport Board is vested with complete authority to manage and operate such facilities for aeronautical and industrial development purposes to the fullest extent permissible by State and federal law, subject to the specific limitations in the Interlocal Agreement. The Airport Board was delegated the authority to establish fees and rentals for use of the facilities, exercise of eminent domain, acquisition and disposal of real property, employment and termination of the Chief Executive Officer (subject concurrence of the City Council and Board of Commissioners), and the adoption of the Airport Master Plan, among other things.

The Airport Board has no independent authority to issue bonds or to incur other debts with a maturity of more than one year from the date of the obligation. Therefore, the County has historically issued bonds on behalf of the Airport Board in accordance with the Interlocal Agreement and is doing so with the Series 2024 Bonds subject to provisions in the Master Resolution and Airport Revenue Bond Agreement (as described below).

The Interlocal Agreement requires both the County and the City to approve any bond issue or other debts of the Airport Board (including revenue obligations and general obligation debt) that extend beyond one year. The Interlocal Agreement states that in the event there is a deficit in a principal or interest payment necessary to pay a bonded indebtedness, the County and the City shall each fund one-half of such deficit. See "THE AIRPORT BOARD—The Interlocal Agreement" in the Preliminary Official Statement.

The Bonds are special fund obligations of the County payable from and secured solely by Revenue of the Airport System and the funds and accounts held by the County Treasurer under the Bond Resolution. The Interlocal Agreement is a contractual agreement between the County and the City and does not provide for the payment of, or secure, or create a guarantee, either moral or otherwise, of the Bonds or any other debt. Owners and holders of the Bonds (including the 2024 Bonds) are not third-party beneficiaries to the Interlocal Agreement and do not have rights to enforce either the County or the City's obligation thereunder. The City and County are not required to enforce their obligations under the Interlocal Agreement and owners and holders of the Bonds have no recourse in the event such obligations are not enforced.

The City and County may, by joint resolution, authorize the issuance and sale of revenue bonds or other obligations payable from Airport revenues, the proceeds of which are to be used exclusively for Airport purposes. After the proper adoption of a joint resolution by both the City and County, the revenue bonds or other revenue obligations shall be authorized by and issued in the name of the County. General obligation debt may also be issued for Airport purposes for projects authorized by law. If a general obligation debt is proposed to be issued, the City and County must adopt a joint resolution evidencing the intent to incur such debt. The City and County will then each separately authorize its portion of the total debt in the manner required by law. Historically, the County has issued revenue bonds on behalf of the Airport Board, payable from Airport Revenue, and is doing so with the 2024 Bonds subject to provisions in the Master Resolution and Airport Revenue Bond Agreement.

The Airport Board shall submit a proposed comprehensive balanced operating budget for the Airport System by the first Monday in the month of December for the ensuing fiscal year. Separate operating budgets and accounting records will be presented for each of the three cost centers. The comprehensive budget must be jointly approved by the City and the County prior to the end of the current calendar year in which the proposed budget is submitted. Expenditures by the Airport Board are limited to budgeted amounts, which may be amended by the City and the County from time to time.

The Airport Board receives no local tax revenues, has no taxing authority, and is self-supporting with resources obtained from landing fees, lease revenues, user fees, parking revenues, federal and state grants, and PFCs, and CFCs. Expenses are controlled and monitored in accordance with management objectives and budget requirements. The facilities have consistently met all financial obligations.

The Airport Board financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Airport Board is structured as a single enterprise fund with revenues recognized when they are earned, not when received. Expenses are recognized when incurred, not when paid. Capital assets are capitalized and depreciated, except land and construction in progress, over their useful lives. The Airport Board utilizes one proprietary fund for accounting and financial reporting. Although the Airport Board accounts for the revenue and expenses of SIA, ABP, and Felts separately, these are accounted for as departments, not as separate funds.

All Airport funds of whatever nature or source allocable to the Airport System or its operations must be deposited and maintained in appropriate accounts in the office of the Treasurer of Spokane County. The majority of the Airport Board's cash and investments is invested in the County Treasurer's Office administered investment pool for County government agencies. Investments in the pool are in the custody of the County Treasurer under the policy guidance of the Spokane County Finance Committee personnel in accordance with the Spokane County Treasurer's Investment Policy. There are no withdrawal or redemption restrictions placed on the Airport.

As of December 31, 2023, the Airport Board employed approximately 109 full and part-time employees, down from 134 at the end of 2019. Management reduced its workforce during the COVID-19 pandemic due to the severe reduction in aviation activity. Employee retirement is provided for through the State retirement systems. Currently, there are three labor unions representing 39 Airport Board employees, including firefighters and police officers. The firefighters and police officers employed by the Airport Board are covered by the State's Law Enforcement Officers and Fire Fighters pension system and other employees are covered by the Public Employees Retirement System.

Unless otherwise defined herein, all capitalized terms in this report are used as defined in the Master Bond Resolution, the Airline Operating Agreement (AOA), or the Preliminary Official Statement related to the 2024 Bonds.

Master Bond Resolution

In 2016, the Airport Board defeased all outstanding revenue bonds at that time and in 2021 defeased all outstanding Community Economic Revitalization (CERB) loans. The outstanding revenue bonds were for parking improvements and the financing of the rental car Quick Turn-Around (QTA) facility. CERB loans were provided by the Washington State Department of Commerce and issued for economic development projects to house tenants that provide services for aeronautical clients at very low or no interest.

In August 2024, the County adopted a new Master Bond Resolution (the Resolution) to provide for the issuance of revenue bonds and other obligations from time to time exclusively for airport purposes. The Resolution provides the conditions and associated covenants for the issuance of Bonds and also permits the issuance of Subordinate Obligations. The 2024 Bonds will be the first series of senior lien Bonds issued by the County on behalf of the Airport Board pursuant to the Resolution.

Revenues are generally defined as all income and revenues received by the Airport Board from the operation of the Airport System. Revenues do not include, among other things, gifts or grants (including Federal relief grants), PFC revenues, and Customer Facility Charges (CFCs) unless as designated as Other Pledged Revenues. The County holds and maintains all Revenues in the Revenue Fund in the office of the Treasurer on behalf of the Airport Board.

PFCs Available for Debt Service are the amounts generated from PFC revenues that are designated by the Authority to be used to pay Debt Service accruing during an applicable period for Bonds issued to finance PFC-eligible project costs and may be used to reduce the Debt Service calculation in both the Rate Covenant compliance and Additional Bonds Test.

Other Pledged Revenues are moneys designated pursuant to an Airport Board Series Resolution or other duly adopted resolution of the Airport Board, or certificate of an Airport Board Representative, which (a) include a representation by the Airport Board that such money may be validly designated as and included in Other Pledged Revenues under the Resolution and may be pledged to secure the payment of the principal of, premium, if any, and interest on all or a portion of the Bonds or any Series of Bonds, and (b) specify the source and amount of such money and the time period during which such money will be designated as and included in Other Pledged Revenues. Other Pledged Revenues may include, but are not limited to, CFCs. Other Money Available for Debt Service, PFCs Available for Debt Service and Pledged PFCs shall not be treated as or constitute Other Pledged Revenues.

Operation and Maintenance Expenses (O&M Expenses) consist of the Airport Board's expenses for operation, maintenance, repairs, ordinary replacement, and ordinary reconstruction of the Airport System but do not include any capital cost or any allowance for depreciation or any operation or maintenance costs for Special Facilities.

Revenues less O&M Expenses constitute Net Revenues.

Rate Covenant. In Section 8.04 of the Resolution (the Rate Covenant), the County covenants and agrees that, while any Bonds remain Outstanding, it will, or will cause the Airport Board to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Revenues in each Fiscal Year will be at least equal to the following amounts:

1. Net Revenues (which include Other Pledged Revenues) equal to at least 100% of the amounts required to (a) pay Annual Debt Service on any Outstanding Bonds, (b) make the required deposits to the Common Debt Service Reserve Account or any Series Debt Service Reserve Account, (c) reimburse amounts owed to any Credit Provider or Liquidity Provider, (d) pay the interest on and principal of any indebtedness of the Airport Board during such Fiscal Year, other than for Outstanding Bonds, but including Subordinate Obligations, and (e) fund any debt service reserve funds created in connection with any indebtedness of the Airport Board other than Outstanding Bonds, but including Subordinate Obligations; <u>and</u>
2. Net Revenues and any amounts available in the Coverage Amount,* in an amount at least equal to 1.25 times the Annual Debt Service on Outstanding Bonds for each Fiscal Year.

For purposes of demonstrating compliance with the Rate Covenant and the Additional Bonds Test, Debt Service is reduced by the amount of principal and/or interest paid with Capitalized Interest, PFCs Available for Debt Service, Other Money Available for Debt Service, and Pledged PFCs, if any, as defined in the Resolution.

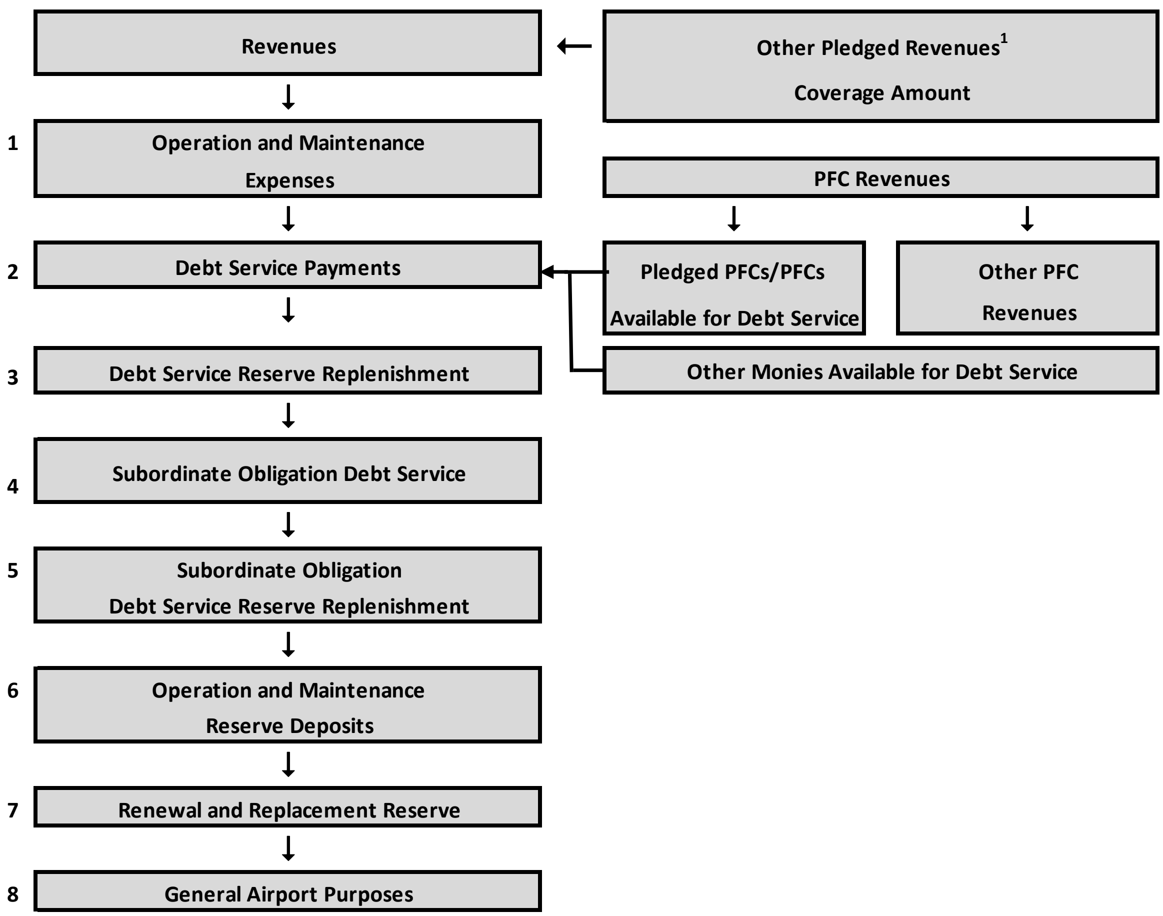
Flow of Funds. Under Sections 7.02 and 7.03 of the Resolution, Revenues must be deposited into the Revenue Fund and, from the Revenue Fund, deposited into the various funds and accounts and in order of priority as illustrated in Figure 20. After all deposits that are required to pay Operation and Maintenance Expenses, Debt Service payments, the Common Debt Service Reserve Account and series Debt Service Reserve Accounts, Subordinate Obligation Debt Service payments, Subordinate Obligation Reserve Account, O&M Reserve, and Renewal & Replacement Reserve any remaining Revenues may be used for general airport purposes.

*The amount in the Coverage Amount, which may be counted for purposes of the Rate Covenant or Additional Bonds Test, cannot exceed 25% of Annual Debt Service on the Outstanding Bonds under the Rate Covenant and Aggregate Annual Debt Service under the ABT in such Fiscal Year.

Figure 20

FLOW OF FUNDS UNDER MASTER BOND RESOLUTION

Spokane Airport Board, Spokane County Airport Revenue Bonds



1. Only PFC Revenues eligible and designated to pay debt service.

Source: Master Bond Resolution.

Additional Bonds Test. Under Section 6.04 of the Resolution, certain conditions must be met before Additional Bonds may be issued (the Additional Bonds Test). These conditions require, among other things, that estimates of Net Revenues together with funds available in the Coverage Amount and any other legally available funds of the Airport Board plus Other Pledged Revenues shall equal at least 1.25 times Aggregate Annual Debt Service on (1) Outstanding Bonds, (2) the Additional Bonds, and (3) any future Series of Bonds which the Airport Board estimates will be required to complete payment of the estimated costs of construction of uncompleted portions of Airport Facilities. The estimates of Net Revenues must satisfy these obligations for the later of (1) the fifth full Fiscal Year following the issuance of the proposed Bonds or (2) the second full Fiscal Year during which no interest on the proposed Bonds is expected to be paid from the proceeds. This provision of the Resolution is referred to as the Additional Bonds Test.

Airport Revenue Bond Agreement

Because the Resolution addresses various covenants for the benefit of bond owners, a number of which covenants require action by the Airport Board, concurrently with the execution of the Resolution, the County and the Airport Board entered into the Airport Revenue Bond Agreement (Revenue Bond Agreement). The Revenue Bond Agreement sets forth the understanding between the parties related to the issuance of bonds and other obligations for the benefit of the Airport Board and its operations, and provides for these actions by the Airport Board as well as the actions to be taken by the County at the request or direction of the Airport Board in connection with the issuance and payment of County revenue bonds and other obligations under the terms of the Master Resolution.

The agreement provides, among other things, that the Airport Board covenants to (1) set lease, concession rates, and other charges sufficient to produce Net Revenues that meet the Rate Covenant, (2) operate and maintain the Airport System consistent with the Resolution covenant, (3) subject to the condition that insurance is obtainable at reasonable terms and conditions, procure and maintain insurance, (4) not to transfer, sell, or otherwise dispose of its interest in an Airport Facility or Airport Facilities except as provided under the Resolution, and (5) proceed with due diligence to construct or acquire Bond-funded projects, provided that the Airport Board may substitute another project. For a more complete description of the Revenue Bond Agreement see the Preliminary Official Statement.

Subordinate Obligations

The Resolution permits the County to issue Subordinate Obligations secured by liens on the Airport Board Revenues remaining after the deposits to pay O&M Expenses, Debt Service, and Debt Service Reserve that are subordinate to the liens provided to holders of the Airport Board other Bonds, including the 2024 Bonds.

Other Debt

The County Treasurer and the Airport Board agreed to a $30 million financing package to help with interim cash flow financing for Concourse C TREX. The agreement allows the Airport Board to borrow up to $30 million in two parts from the Spokane Public Investment Fund (SPIF). The first $15 million short-term promissory note was borrowed on March 20, 2023, and repaid in March 2024. The second $15 million was borrowed in January 2024 with an interest rate of 5.343%. The outstanding $15 million promissory note with the County Treasurer will be repaid from proceeds of the 2024 Bonds.

Passenger Facility Charge Program

PFCs are fees imposed on enplaned passengers by airport sponsors to generate revenues for eligible airport projects that increase capacity, enhance competition among and between air carriers, enhance safety or security, or mitigate noise impacts. PFCs were authorized by Title 49 U.S.C. §40117. Airport sponsors are authorized to collect PFCs in the amount up to $4.50 per enplaning passenger.

The FAA approved the Airport Board's first PFC application at $3.00 per eligible passengers effective June 1, 1993. The PFC level was increased to $4.50 in 2003. As of December 31, 2023, the Airport Board has approval to use PFCs to finance the construction of approximately $265 million of capital improvements, including the issuance of $28.9 million of Passenger Facility Charge Revenue Bonds, Series 1999A and 1999B to construct Concourse C (which bonds are no longer outstanding).

As shown in Table 20, the Airport Board has approvals from the FAA under 13 applications to collect and use PFCs for a total of $265 million in collection authority at the $4.50 level of which $178 million had been expended as of December 31, 2023. PFC application 12, approved in June 2022, authorized the Airport Board to collect and use $40.5 million in eligible Concourse C TREX construction costs and $40.9 million in associated financing costs, of which a portion will be designated as PFCs Available for Debt Service. The most recent PFC application 13, approved in December 2023, authorized the Airport Board to collect and use $6.5 million in PFCs for Central Hall TREX design costs.

Table 20
APPROVED PASSENGER FACILITY CHARGES
Spokane International Airport
Through December 31, 2023

Application number	Amount approved for collection/use *(a)*	Collection Level	Disbursements through 12/31/2023
93-01-C-04-GEG	$ 9,283,006	$3.00	$ 9,283,006
94-02-C-02-GEG	4,913,994	$3.00	4,913,994
97-03-C-03-GEG	38,175,419	$4.50	38,175,419
04-04-C-01-GEG	4,680,431	$4.50	4,680,431
05-05-C-02-GEG	13,213,936	$4.50	13,213,936
06-06-C-02-GEG	1,574,266	$4.50	1,574,266
09-07-U-02-GEG	31,636,556	$4.50	31,636,556
10-08-C-00-GEG	850,000	$4.50	850,000
11-09-C-02-GEG	15,314,964	$4.50	15,314,964
15-10-C-02-GEG	21,290,327	$4.50	19,136,237
17-11-C-02-GEG	31,150,722	$4.50	30,228,795
22-12-C-00-GEG	81,560,000	$4.50	5,838,511
24-13-C-00-GEG	11,483,000	$4.50	2,878,472
Total Authority	$265,126,621		$177,724,586
Collections through 12/31/23	$169,735,876		
Interest Earnings	10,885,325		
Total Collections and Interest	$180,621,200		
Remaining Approved Collections	$ 84,505,421		

(a) Includes all amendments as of October 9, 2024. An amendment to PFC 11 and new PFC application 14 for two vehicles and snow removal equipment is pending with the FAA with approval expected in early November 2024.
Source: Spokane Airport Board.

Airline Operating Agreement

A residual based Signatory Airline Lease and Operating Agreement (AOA) has been in effect since 1984 as extended and modified periodically. The current AOA expires December 31, 2024. A summary of the airlines serving SIA and their respective status follows.

Signatory Airlines:
- Alaska
- American
- Delta
- Southwest
- United

Non-signatory Airlines (pay 115% of signatory rates)
- Allegiant
- Sun Country (including passenger service and cargo services under contract with Amazon)
- Airpac Airlines
- AmeriFlight
- Empire

Cargo exempt carriers (pay 105% of signatory landing fee rates)
- FedEx
- UPS

General Rates and Charges Approach. The AOA provides for residual ratemaking for SIA through landing fee rates. Non-signatory passenger airlines pay 115% of the signatory rate, cargo signatory carriers pay a 105% premium, and itinerant carriers pay a 150% premium. All airlines pay their respective landing fee based on the budgeted rates. At the end of each year, the difference between actual results and paid landing fees is calculated as a carryforward into the next year's rate base. For the budget, this amount is estimated for the then-current fiscal year.

Although there is no specified methodology for establishing terminal rental rates, these rates have been adjusted each year via an updated Exhibit A to the AOA. Since 2016 the Airport Board has been calculating annual terminal rental rates based on a cost center residual method that credits (1) non-airline Terminal revenues and (2) a portion of Parking/Landside revenues -- net of O&M expenses, O&M reserve deposit, debt service, and depreciation -- to the Terminal cost center. This Net Terminal Requirement is divided by signatory airline Rented Space, which is weighted by terminal classification to yield the Base Terminal Rate. Terminal weights are then applied to the Base Terminal Rate to derive the rate by class of space.

There is no majority-in-interest (MII) clause in the AOA for capital expenditures.

Airport Recovery Rate Base. Under the residual AOA, the Airport Board recovers through the residual landing fee rate the costs to operate SIA. The landing fee rate base includes (1) O&M Expenses, (2) depreciation net of debt, PFC, and grant funded improvements, (3) interest of the cost to acquire land at 5%, (4) a negotiated fixed annual allowance for capital improvements, and (5) debt service. In addition, subject to the proposed amendment to the AOA, starting in 2025 the rate base would include debt service coverage equal to 25% of Annual Debt Service, and $2 million per year deposit to the R&R Reserve. Allowances for pension and environmental reserves were recovered through the rate base in prior years. The net cost of Felts and the ABP are not included in the AOA residual calculation. All airlines pay their respective landing fee based on the budgeted rates. At the end of each year, the difference between actual results and paid landing fees is calculated as a carryforward into the next year's rate base. For the budget, this amount is estimated for the then-current fiscal year.

The costs of Capital Improvements at SIA that are funded by the Airport Board's own resources (excluding bond-funded project costs, grants, and PFC revenues) are depreciated for rate-setting purposes. The annual depreciation is the annualized cost of capital assets and projects funded with Airport funds, depreciated over the reasonably expected useful life of the respective asset, project, or expenditure. Historically the Airport Board has not charged imputed interest but has reserved the right to charge it in future rate consultations with the signatory airlines. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Land is not considered a depreciable asset; therefore, costs of acquiring the land by charging annual interest in an amount calculated using an interest rate of 5% per year is applied to total land acquisition costs paid from Airport Board funds.

Use and Allocation of Terminal Space Under the AOA. Under the AOA, airlines lease designated areas in the Terminal Building on an exclusive, preferential, and common use basis as follows:

- Exclusive use:
  - Ticket wing - ticket counters, ticket kiosks, airline ticket offices (ATO)
  - Lower level concourse - office, maintenance, operations, storage and maintenance, communications room
  - Bag wing - baggage service, bag cabinets
  - Exterior - glycol storage space
- Preferential use: ticket queuing, bag makeup, holdrooms, loading bridges, ramp walkways, aircraft parking, ramp equipment storage
- Common use: bag makeup, baggage screening, bag delivery, bag claim, triturator

Airlines are charged for common use gates on a per use basis.

Rentals for common use space (baggage screening, makeup, and claim) are prorated among the Signatory Airlines as follows:

- 20% of the total monthly rental are divided equally among all Signatory Airlines (inclusive of Affiliates) leasing preferential use gates and using such space
- The remaining 80% of the total monthly rental shall be apportioned among all Signatory Airlines on the ratio of the number of each such airline's enplaning passengers to total signatory airline enplaned passengers at the Airport

Non-signatory airlines pay for their share of common use space via the per turn fee.

Cost Centers. The following Airport System Cost Centers represent the areas and facilities in the Airport System that are used in accounting for Airport System revenues and expenses and for calculating and adjusting airline rentals, fees, and charges:

1. ***Airfield*** - those portions of the Airport, including the aircraft aprons, providing for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, runway protection zones, safety areas, infield areas, landing and navigational aids, service roads, fencing, buffer areas, fuel farm and delivery systems, clear zones, avigation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, and other appurtenances

related to the aeronautical use of SIA, including any property purchased for noise mitigation purposes.

2. ***Terminal*** - the passenger terminal building, including Concourses A, B, and C and associated curbside entrance areas.
3. ***Landside Parking / Ground Transportation*** - those areas on the Airport designated for public and employee parking; commercial vehicle pickup/drop off; access and circulation roadways; rights-of way, landscaped areas; and other non-aeronautical transportation related accommodations and services for the public arriving at or leaving the Terminal.
4. ***Rental Car Quick Turn-Around Facility ("QTA")*** - those areas on the Airport designated for rental car ready/return and servicing of vehicles.
5. ***Other Buildings & Grounds ("OB&Gs")*** - those areas of the Airport not in the Airfield, Terminal, Landside Parking / Ground Transportation, or QTA cost centers, including but not limited to general aviation, cargo, non-aeronautical purposes, and developed parcels (to the extent not included in the ABP), including the Rail-Truck Transload Facility.
6. ***Airport Business Park ("ABP")*** - those areas of the Airport designated for non-aeronautical purposes as set forth in the Inter-Local Agreements.
7. ***Felts Field (or "Felts")*** - the designated reliever airport to SIA.

In addition, there are five indirect cost centers - Planning and Engineering, Airport Rescue and Fire Fighting (ARFF), Information Technology, Police / Dispatch, and Airport Administration.

Airport management has been meeting with the airlines to discuss a one-year extension of the current AOA. The Signatory Airlines have indicated their willingness to sign the extension. Both the Airport Board and the airlines would like to negotiate a longer-term airline-airport business arrangement upon the expiration of the current AOA. It is uncertain what those terms might be at this time. Therefore, the financial forecasts in this report are based on the current residual AOA ratemaking remaining in place through the forecast period. In the event and new agreement is not reached with the airlines, compensatory ratemaking is expected to provide at least as much cash flow, if not more, than the current residual agreement.

Customer Facility Charge Program

The Airport Board has levied a rental car Customer Facility Charges (CFC) on all customers renting a vehicle at SIA since 2007 in the amount of $3.75 per rental car transaction day. Under RCW 14.08.120, CFCs may only be used "for the purposes of financing, designing, constructing, operating, and maintaining consolidated rental car facilities and common use transportation equipment and facilities which are used to transport the customer between the consolidated car rental facilities and other airport facilities…Facility charges may not exceed the reasonable costs of financing, designing, constructing, operating, and maintaining the consolidated car rental facilities and common use transportation equipment and facilities and may not be used for any other purpose."

The Airport Board initially imposed its CFC to fund the costs of the SIA rental car QTA facility, which was financed in large part with the 2008 bonds. These bonds were defeased in 2017. CFC revenues are currently being set aside to fund rental car facilities capital improvement projects.

As noted earlier, CFCs are not included in Revenues except to the extent designated by the Airport Board as Other Pledged Revenues. No CFCs are assumed to be pledged as Revenues during the forecast period.

Federal Relief Grants

The Airport Board was allocated a total of $52.6 in Federal relief grants for SIA and Felts from (1) the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), (2) the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA Act), and (3) the American Rescue Plan Act (ARPA) to offset the loss of airport revenues and used these grants for reimbursement of O&M expenses, debt service and debt defeasance, and the Concourse C TREX project. Of this amount, $2.1 million was for concession relief. With the exception of the ARPA concessions grant, all grants have been disbursed to the Airport Board by the FAA. Amounts used to pay operating expenses for 2020 and 2022 are shown as Revenues in Exhibit E.

Infrastructure Investment and Jobs Act or Bipartisan Infrastructure Law

Public Law 117-58 - Infrastructure Investment and Jobs Act, referred to as the Bipartisan Infrastructure Law (BIL), passed by Congress in November 2021 provides $5 billion in funding under the competitive Airport Terminals Program (ATP) and $15 billion under the entitlement Airport Infrastructure Grants (AIG) program for U.S. airports, which can be invested in runways, taxiways, safety and sustainability projects, as well as terminal, airport-transit connections and roadway projects, over a five year period.

The Airport Board applied for the first four years of the ATP competitive program and intends to apply for the remaining year. The Airport Board was awarded ATP grants for Concourse C TREX in the amounts of $12 million for FFY 2022, $15 million for FFY 2023, and $2 million for FFY 2024 for a total of $29 million. The Airport Board has applied for an additional $15 million for the FFY 2025 and is awaiting a decision of the FAA, which is expected in early 2025.

The Airport Board is also entitled to approximately $6.5 million per year under the AIG 5-year program for SIA through 2026 and intends to apply these amounts to Concourse C TREX and Central Hall TREX. In addition, the Airport Board is entitled to an estimated $1.5 million in AIG grants over the 5-year life of the program for Felts and intends to use such amounts for eligible costs to upgrade the airport facilities at Felts.

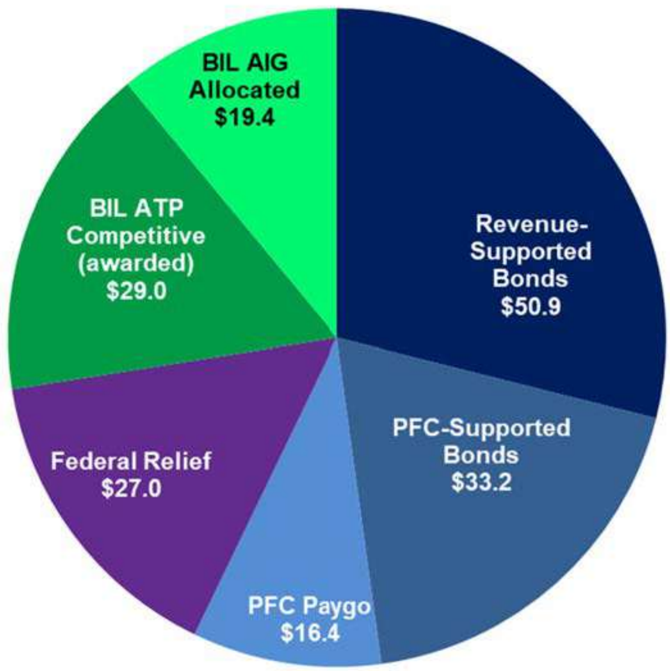
PLAN OF FINANCE

2024 Bonds

Funding for Concourse C TREX has been provided by a variety of sources, including PFC pay-as-you-go revenues, Federal relief grants, BIL AIG and ATP grants, and the 2024 Bonds, including a portion which is expected to be payable from PFCs Available for Debt Service but not pledged for such purpose.

Figure 21 shows the estimated sources of funding for the $175.8 million Concourse C TREX. Approximately 43% of the cost of the program is to be funded with federal grants, 28% with PFCs (paygo and PFC-supported bonds), and 29% revenue-supported Bonds.

Figure 21
ESTIMATED SOURCES OF FUNDING FOR CONCOURSE C TREX
Spokane International Airport
(millions)



Source: Spokane Airport Board, October 2024.

The Airport Board intends to fund the construction cost for the Administration Building of $27.0 million with revenue-supported bonds and use available cash to pay for the soft costs for the project. The fuel facility expansion project of $10.3 million will be bond funded. In addition, $6.0 million in project costs for an expansion of surface parking at Concourse C will be funded with the 2024 Bonds.

Exhibit A shows the estimated sources and uses of funds for Concourse C TREX, the Administration Building, the fuel tank, and the surface lot parking expansion. The Airport's and County's independent registered municipal advisor – PFM Financial Advisors LLC (the Municipal Advisor) - provided the estimated sources and uses of funds and estimated debt service requirements for the proposed 2024 Bonds. Specifically, the Municipal Advisor assumed 30-year Bonds would be issued at estimated market rates as of October 9th with a 50 bps cushion and with interest capitalized through the date of beneficial occupancy for each project and a cash funded Debt Service Reserve.

2026 Bonds

As noted earlier, the CIP includes the Airport Board's anticipated construction of the Central Hall TREX project, which is subject to future funding, consultation with airlines, and economic conditions of the market. Central Hall TREX is 30% designed and construction is estimated to cost $296 million. The 60% and 90% design levels are expected in the first and third quarters of 2025, respectively. Construction is expected to begin in the second quarter of 2026 with completion in the second quarter of 2028. Although the final funding plan is subject to change, for purposes of the financial forecasts in this report it was assumed that the Airport Board would apply $13 million in BIL AIG grants to the Central Hall TREX project, receive $5 million in BIL ATP competitive grants for the project, and apply $10 million in PFC pay-as-you-go funds to the project with the balance being funded with Bonds of which $37 million would be PFC supported and $231 million revenue supported.

In addition to Central Hall TREX, the Airport Board anticipates financing the $55 million North Garage Expansion project with Bonds. At this time, the Airport Board does not have specific plans to request that the County issue additional debt; however, there would be a need to issue debt to fund portions of the cost of the Central Hall TREX and the North Garage Expansion. For purposes of this report, it was assumed that Additional Bonds would be issued in 2026 to fund $268 million in project costs for Central Hall TREX and $55 million for the North Garage Expansion for a total of $323 million in bond funded project costs. For the 2026 Bonds, the Municipal Advisor advised assuming a true interest cost of 5.25%, 30-year Bonds, issuance in mid-2026, interest capitalized through the date of beneficial occupancy for each project, interest only debt service for Central Hall TREX for the first two years after DBO, and a cash funded Debt Service Reserve.

Exhibit A shows the associated sources of funding, including repayment of the County Treasurer note, for both the proposed 2024 and future 2026 Bonds.

PASSENGER FACILITY CHARGES

Exhibit B presents historical and projected PFC collections, interest earnings, and the application of PFCs to pay debt service and pay-as-you-go project costs. It was assumed that the Authority's existing $4.50 per enplaned passenger PFC level would remain constant (at the $4.50 level) throughout the forecast period (through 2029).

As noted earlier, the collection authority includes approvals from the FAA for PFC #12 for Concourse C TREX construction and PFC #13 for additional Concourse C TREX design costs.

The Airport Board is currently applying for a new PFC application #14 to help fund several large equipment/vehicle acquisitions in the amount of $4,435,000 on a pay-as-you-go basis. In addition, the Airport Board intends to submit another new PFC application #15 for Central Hall TREX. Although the cost of Central Hall TREX is uncertain at this time and therefore the amounts requested in this new PFC application are subject to change, for purposes of the financial forecasts in this report, it was assumed that this application would request authority for the Board to fund $10 million in pay-as-you-go project costs, $37 million in PFC-supported Bonds project costs, and $46 million in associated financing costs. As of the date of this report, the Airport Board has not held a PFC consultation meeting with the airlines regarding this new application. However, it has been coordinating in advance with the FAA and informed the airlines as part the negotiations for a new airline agreement of its intensions to pursue these two new PFC applications.

Currently, the Airport Board's PFC collection extends to September 1, 2035. If new PFC application #14 is approved, it is projected that the Airport Board's PFC collection authority would extend to April, 1, 2036. PFC approval is reflected in the financial forecasts presented in this report, including the authorization to use PFC revenues to pay a portion of the debt service attributable to the 2024 Bonds for Concourse C TREX and associated pay-as-you-go PFC expenditures plus anticipated new PFC applications #14 and #15 and associated debt service for Future Bonds.

DEBT SERVICE

Exhibit C shows historical and forecast debt service on Airport Board debt, including the proposed 2024 Bonds and the anticipated 2026 Bonds, by cost center by year. As noted earlier, Revenue Bonds are issued by Spokane County on behalf of the Airport Board. Annual Debt Service for the 2024 and anticipated 2026 Bonds is net of capitalized interest. Exhibit C also shows the historical debt service on the redeemed prior bonds. Also as noted earlier, prior revenue bonds were fully defeased in 2016 and CERB loans were defeased in 2021.

When calculating Annual Debt Service on Outstanding Bonds for purposes of rate-setting, the Rate Covenant and the Additional Bond Test, Annual Debt Service is reduced by the amount of principal and/or interest paid with Capitalized Interest, Other Money Available for Debt Service, PFCs Available for Debt Service, and/or Pledged PFCs. Therefore, Exhibit C also shows the annual amounts of PFCs Available for Debt Service for the 2024 Bonds.

OPERATION AND MAINTENANCE EXPENSES

Exhibit D presents historical and forecast O&M Expenses of the Airport System for direct and indirect expenses and by cost center for 2019 through 2029. Historical O&M Expenses were obtained from the Airport Board records.

O&M Expenses for 2024 are based on seven months of actual results and the Airport Board's expected spend rate for the remainder of the year. The 2025 O&M Expenses are from the preliminary 2025 budget. The Airport Board took a series of measures to control and reduce O&M Expenses during 2020 and 2021 in reaction to the pandemic, including early retirements and staff reductions. As traffic started to recover in 2022 and inflation spiked, O&M Expenses increased 25% over 2021, but declined slightly in 2023 (2.6%). The 2024 estimate is 15.3% over 2023, reflecting the return of activity, high inflation, and wage adjustments to provide competitive wages to retain employees in a tight labor market.

The preliminary 2025 budget includes expenses for the additional space, services, and equipment maintenance for Concourse C TREX as well as certain other one-time expenses. Airport management advises that these one-time expenses will not occur in 2026. The preliminary 2025 budget also includes the expected outcome of new collective bargaining agreements that expire in 2024 for maintenance, police, and fire workers.

From 2026 through 2029, unit costs of salaries, wages, fringe benefits, materials, supplies, and services were assumed to increase at a rate of 4.0% per year. In addition, incremental O&M Expenses for the Administration Building, Central Hall TREX, and the North Garage Expansion are incorporated into the financial forecast based on an analysis developed by Airport staff for these facilities. One potential new expense is for the Airport to provide security screening for employees, as currently contemplated by TSA. Given the uncertainty over this potential Federal mandate, no allowance has been made in the forecast. Airport management estimates the annual cost could be roughly $500,000 if required.

REVENUES

Exhibit E presents historical and forecast Revenues as defined in the Master Resolution by type of revenue for 2019 through 2029. Historical Revenues were obtained from Airport Board records.

Individual components of Revenues were forecast taking into account actual financial results for 2019 through 2023, estimates for 2024 (based on seven months of actual results and other factors described below), the preliminary 2025 budget, allowances for inflation as appropriate, and the provisions of leases and agreements between the Airport Board and the various tenants and users of the Airport, Felts, and ABP. Revenues from sources related to passengers, such as concession revenues, are forecast to increase as a function of forecast passenger traffic as described in the “Airline Traffic Forecasts” section of this report and other factors described below.

Revenues from sources related to passengers, such as parking and terminal concessions, and from sources related to aircraft activity, such as landing fees, were forecast to change in part as a function of the passenger traffic forecasts. The specific assumptions underlying the individual components of Revenues are summarized in the following sections.

Table 21 presents a summary of Revenues by major category for 2019 and 2023. As shown, in 2023 airline fees and charges (including cargo landing fees) accounted for 27.1% of total Revenues while SIA nonairline revenues accounted for 65.8%, Felts 1.6%, the ABP 2.5% and interest earnings 3.0%.

Table 21
REVENUES BY SOURCE
Spokane International Airport
(in thousands)

			Percent of Total	
	2019	2023	2019	2023
Passenger Airline Fees and Charges	$ 13,391	$ 13,575	29.3%	24.5%
Cargo Landing Fees	1,216	1,466	2.7%	2.6%
Non-airline Revenues				
Parking and Ground Transportation	$ 15,353	$ 19,427	33.6%	35.0%
Terminal Concession Revenues	2,223	2,693	4.9%	4.9%
Nonairline Terminal Rentals and Payments	1,531	2,286	3.4%	4.1%
Rental Car and QTA	5,582	7,523	12.2%	13.6%
Hangars and Buildings	1,377	1,489	3.0%	2.7%
Leased Land	1,907	2,799	4.2%	5.0%
Other Revenues	206	283	0.5%	0.5%
Total Spokane International Airport	$ 42,787	$ 51,541	93.8%	92.9%
Felts Field	772	901	1.7%	1.6%
Airport Business Park	1,410	1,407	3.1%	2.5%
Interest Earnings	661	1,653	1.4%	3.0%
Total Revenues	$ 45,630	$ 55,502	100.0%	100.0%

Source: Spokane Airport Board.

Figure 22 shows the relative shares of airline vs. nonairline revenues for SIA from 2019 through 2023.

Figure 22
AIRLINE VS. NONAIRLINE REVENUES
Spokane International Airport
(in thousands)

Source: Spokane Airport Board records.

Airline Revenues

Passenger airline revenues represented 29.3% of Revenues in 2019 and 24.5% of Revenues in 2023. In 2020 and 2022, required Signatory Airline payments were reduced by Federal COVID 19 Grants used to pay O&M Expenses. As shown in Exhibit E, airline revenues include passenger and cargo carrier landing fees, terminal building rent, loading bridge fees, remain-over-night (RON) and other airfield fees, and fuel flowage fees.

Calculation of Landing Fee Rate. As set forth in Exhibit B to the AOA, the methodology for calculating the landing fee rate is based on an airport residual approach where the total cost of SIA is credited with airline terminals rentals, other airline fees and charges, non-signatory airline landing fees, and non-airline revenues to yield the landing fee revenue requirement. The landing fee requirement is then divided by Signatory Airline landed weight to derive the landing fee rate per 1,000-pound unit. The calculation of the Landing Fee Rate is displayed in Exhibit E-1. More specifically, the methodology consists of the following steps:

1. The SIA rate base includes O&M Expenses, debt service, debt service coverage, depreciation charges (net of grants and PFC revenues), interest on land, the deposit for pay-as-you-go capital improvements ($4 million for 2024), a carryforward for the prior year debit or credit, and the O&M Expense Reserve deposit requirement. Interest on Land is calculated to allow the Board to recover interest on land acquired with SIA funds at 5% of the cost to acquire the land. As part of the anticipated 2025 AOA amendment, debt service coverage and an annual $2 million deposit to an R&R reserve was added to the rate base, and the allowance for discretionary capital funding was increased to $7 million. These changes are incorporated in the forecast plus a $2 million per year offset in each of 2025 through 2029 for environmental O&M Expenses that the Airport Board intends to pay for from the environmental reserve that was funded through the rate base in 2023.
2. The Airfield Requirement is then reduced by airline revenues other than landing fees and nonairline revenues, and the prior year carry forward surplus (deficit) to yield the Landing Fee Requirement.
3. The Landing Fee Requirement is divided by Total Landed Weight of passenger and cargo carriers (as weighted for premiums) to derive the Signatory Airline Landing Fee Rate per 1,000-pound unit.

Calculation of Terminal Building Rental Rate. Although the AOA does not prescribe a methodology for calculating terminal build rentals, fees, and charges, Exhibit A of the AOA, which is updated annually for new rates, prescribes the fees and charges and relative weighting of such charges.

The Airport Board uses a cost center residual methodology to calculate a cost recovery terminal building rental rate as displayed in Exhibit E-2. The Terminal Building Cost includes allocable O&M Expenses, debt service (net of allocable PFC revenues), debt service coverage, depreciation charges (net of bond-funded projects, grants, and PFC revenues), and O&M Reserve deposit requirements. The resulting Terminal Building Cost is reduced by Terminal Concession Revenues, Nonairline Terminal Rentals, a portion of the estimated surplus revenue generated from the Landside Parking / Ground Transportation cost center (with the remainder flowing into the airport residual landing fee rate), Other Terminal Payments, TSA Security Reimbursement, and Loading Bridge Fees to yield the Net Terminal Building Requirement.

To provide for reasonably stable terminal and landing fee rates, a portion of the estimated surplus revenue generated from the Landside Parking / Ground Transportation cost center applied to the Terminal Rental Rate, while the remainder was applied to the Landing Fee rate.

The Net Terminal Building Requirement is divided by Rented Space weighted by classification to derive the Terminal Building Rental Rate per square foot per year.

Calculation of Common Use Terminal Fees. The Airport Board charge fees for common use holdrooms, ticket counter, and baggage space. The Holdroom Terminal Rent Requirement is derived by multiplying the total amount of second level holdroom space times the holdroom rental rate per square foot per year. This cost is divided by the total number of second level gates to year a cost per holdroom per year. This annual cost per holdroom is divided by 365 days per year to derive a rate per turn. The per turn fee for ticket counter and common use baggage claim space is calculated by totaling the rental requirement for both of these areas and dividing by the estimated number of annual passenger airline departures.

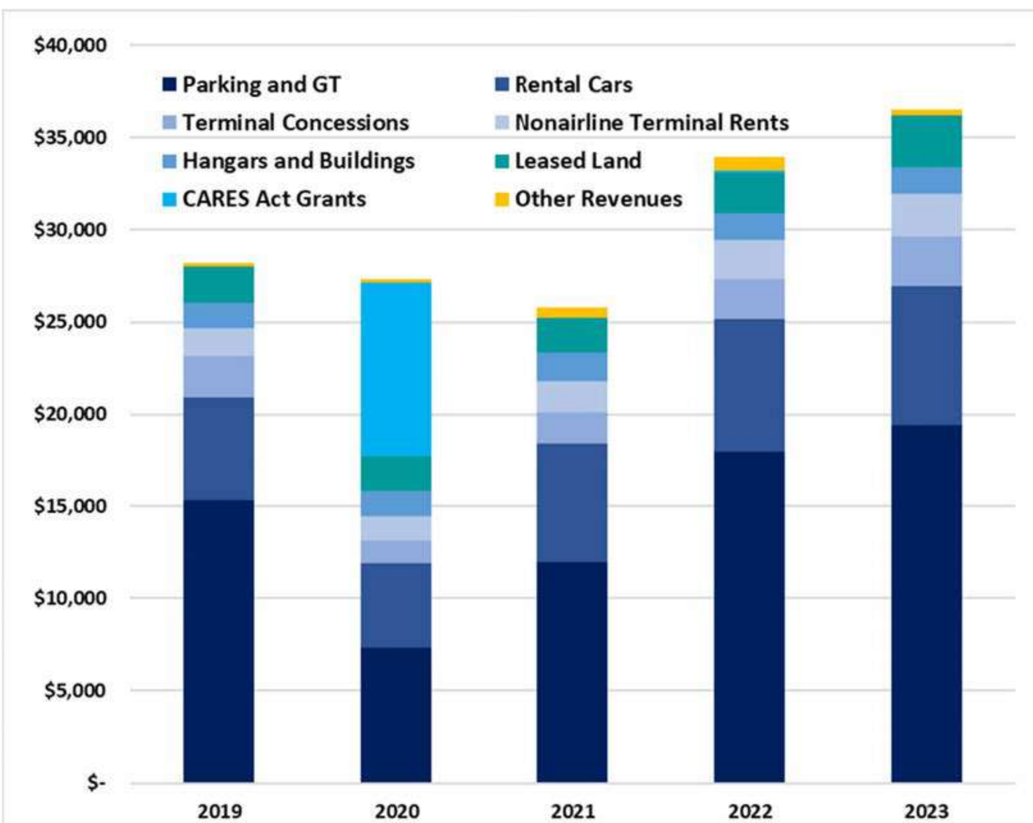
Other Airline Fees. In addition to landing fees and terminal building rents, airline pay for the use of preferentially assigned loading bridges, use of RONs, and fuel flowage fees. Fuel flowage fees are based on gallons pumped and a fixed throughput rate. The Airport Board plans to increase the throughput rate due to the need to make improvements to the fuel system.

Airline Cost Per Enplaned Passenger. Exhibit E-3 shows the projected airline payments by type of fee and the actual cost per enplanement (CPE) for 2019 through 2023 and forecast CPE for 2024 through 2029.

Non-Airline Revenues

As shown on Table 21 and Figure 23, the principal sources of non-airline revenues include ground transportation (including public parking revenues, rental car revenues, transportation network companies or TNCs), terminal concession revenues, non-airline terminal space rents, other facility rentals, interest income, Felts rentals and fees, and miscellaneous other revenues. Forecasts of non-airline revenues are based on the provisions of existing agreements, Airport Board resolutions, allowances for inflation, projected increases in enplaned passengers, and other factors.

Figure 23
BREAKDOWN OF NONAIRLINE REVENUES
Spokane International Airport
(in thousands)



Source: Spokane Airport Board records.

Parking Revenues. As noted earlier and shown in Figure 3, the Airport Board currently offers five parking products: (1) close-in garages with 2,476 spaces, (2) walkable surface lots with 3,137 spaces, and (3) economy lots served by shuttle buses with 3,630 spaces. Currently, there is only one off-Airport parking operator with limited facilities serving Airport passengers. In addition, certain hotels in the vicinity of the Airport offer special parking rates to their hotel guests.

Historically, public parking has represented the largest source of revenue at the Airport. Parking revenues accounted for $15.4 million (33.6% of Revenues) in 2019 and $19.4 million (34.7% of Revenues) in 2023. With the reduction in travel and parking demand during the pandemic, parking revenues in 2020 and 2021 declined. However, in 2022 they exceeded pre-pandemic levels with the return of passengers.

Given the increased demand for on-Airport parking and high occupancy rates, the Airport Board increased parking rates effective January 1, 2024. The daily rates for the garages increased from $12 to $15, for close-in surface parking from $8 to $9, and no change for the remote shuttle lots. The Airport Board has expanded surface parking to keep up with the growth in passengers.

The public parking facilities at the Airport are operated by the Airport Board by its Parking Department. The Airport pays a state sales tax of 9% on parking revenue.

Parking revenues were forecast based on recent trends in transactions per enplaned passenger, lot utilization and capacity, current and future daily rates, and enplaned passengers.

The Airport Board believes that with the planned opening of the approximately 800 additional walkable surface stalls in the CIP, and 800 North Garage Expansion stalls, it will have adequate capacity to serve demand through the forecast period.

Rental Cars. Rental car revenues are the third largest source of Revenues after parking revenues and airline rates and charges, accounting for $7.3 million in concession revenues, $1.0 million in service area ground rents (shown under land rents above), and $0.5 million in QTA rentals (excluding CFCs) in 2023.

There are three companies representing eight brands of rental car companies that operate on the Airport from the ground transportation center: (1) Avis Budget Group (Avis and Budget brands) (2) Enterprise Holdings (Enterprise, Alamo, and National brands), (3) The Hertz Corporation (Hertz, Dollar, and Thrifty brands).

The rental car companies operate under the terms of On-Airport Rental Car Concession Agreements that were entered into in 2022 and which expire on September 30, 2027. The Concession Agreements provide that the companies pay the greater of the minimum annual guarantee (MAG) or a percentage fee of 10% of gross revenues plus space rentals (counter, office & QTA spaces) and ground rentals for their service facilities. The MAG are abated if the number of passengers in a consecutive three-month is l25% lower than the number in the same period of the prior year. Such MAG abatements were applied beginning in March 2020 due to the decline in passenger activity during the pandemic and the MAGs were reinstated in March 2021.

The companies also collect and remit CFCs to the Airport Board, which CFCs are not part of Revenues unless designated by the Airport Board as Other Pledged Revenues. CFC revenues had been funding annual debt service on the 2008 revenue bonds until these bonds were defeased in 2016. They are currently available to fund components of the CIP as described earlier.

Rental car concession fees are forecast to increase in proportion to enplaned passengers and price inflation. Rental car facility rentals are forecast to increase in accordance with the current agreements.

CFC revenues are being set aside for future rental car-related improvements, including the potential relocation of the ready/return spaces into one of the parking garages.

For purposes of this report, it was assumed that the CFC level would remain at $3.75 per transaction day. The Airport Board is in the process of renovating the existing ground transportation center and is using CFCs to fund the project cost. Future projects related to rental car facilities will be funded with CFCs, which could necessitate an increase in the CFC level at that time.

Transportation Network Companies and Other Ground Transportation. In 2008, the Airport Board adopted a resolution that established rules and regulations for ground transportation operators accessing the Airport. This resolution allowed for the implementation of a $0.50 per trip fee for all ground transportation companies for picking up only, which was self-reported. In 2015, the Airport Board adopted a new resolution that allowed for a one-time application fee, a fee for the revenue control system transponder, and provided for a trip fee increase of up to $1.00 per trip fee for all ground transportation companies picking up and dropping off. In 2016, the Airport Board adopted a new resolution, which amends the requirements so that TNCs are excluded from using the Airport's revenue control system as they will be tracked by an application-based commercial ground transportation system and increased the trip fee to $1.00 per trip and increasing to $2.00 per trip over a four (4) year period. In 2023, TNCs and other ground transportation trip fees accounted for $589,175, which was up slightly from the $583,170 collected in 2022. In 2024, the Airport Board adopted a resolution moving from a single fee system to a tiered system based on the gross vehicle weight that increases the trip fee for heavier vehicles. The new tiered rate system became effective as of June 1, 2024.

Terminal Concessions. Terminal concession revenues (food/beverage, news/gift, retail, advertising, and other) accounted for $2.7 million and equating to 4.8% of Revenues.

In February 2024, the Spokane Airport Board awarded SSP America, a division of SSP Group, a 10-year contract to lease, develop and manage the concessions program at the Airport, including food, beverage, and retail. The prior concessionaires had been operating at SIA since 2006. Effective April 1, 2024, SSP America took over the operation of six retail locations and is responsible for developing and operating 11 restaurant locations in the Airport's terminals and soon-to-open expanded Concourse C gate area. The company will also implement a new food and beverage focused on local restaurants which will reflect the region's culinary landscape. It is expected the transition will take between 18-24 months for the full program implementation. SSP America is required under their agreement to provide longer operating hours and will offer more outlets and offerings than the prior concessionaires. As a result, the Airport Board expects that terminal concession revenues will increase significantly. In the financial forecasts it is assumed that terminal concession revenues per enplaned passenger increase by approximately 25% after a full year of operation with all outlets, which is expected in 2026.

Leased Land. Leased land rentals accounted for $2.8 million representing 5.0% of Revenues in 2023, of which $1.0 million was for rental car service areas, of which was for rental car service areas and $0.85 million for hotels. The hotel agreements are a combination of land plus percentage rent. Also included in this category is rent from the Federal government, FBOs, and other commercial operators.

Hangars and Buildings. Hangar and building rents include ground rents, building rents, and facility fees, and accounted for $1.5 million or 2.7% of Revenues in 2023. Facilities include FBOs, cargo, and other commercial activities. These revenues were forecast to increase at half the rate of inflation and the terms of the agreements.

Felts Field. In 2023, Felts accounted for $0.9 million or 1.6% of Revenues. The Airport Board leases sites, buildings, and other facilities at Felts to various aviation and non-aviation tenants, including several corporations located in Spokane. Site and building rentals at Felts are governed by the terms of various leases, most of which include allowances for escalation. The Airport Board also collects landing fees and concession fees at Felts. Landing fees and concession fees are forecast to remain constant while site and building rentals were forecast to increase with inflation except as otherwise provided by agreement.

Airport Business Park. As noted earlier, the ABP has 28 buildings and 22 tenants and is home to several regionally significant facilities such as the Waste-to-Energy plant; Geiger Corrections Facility; Waste Management Recycling Center; U.S. Postal Service Regional Processing and Distribution Center and Amazon Air among others. In 2023, ABP accounted for $1.4 million in Revenues representing 2.5% of Revenues. ABP revenues are forecast to increase with inflation except as otherwise provided by agreement.

Interest Income. Interest income is a function of interest rates and available balances in operating funds and accounts held by the County for the Airport System. Interest income does not include interest earnings on construction funds, the PFC Fund, or the CFC Fund. The forecast assumes that interest rates in the various funds and accounts will average 1.75% per year from 2024 through 2029, with balances in the Debt Service and the Debt Service Reserve Accounts (reflecting the proposed 2024 Bonds and future 2026 Bonds). Interest income totaled $1.7 million in 2023 (3.0% of Revenues) up from $0.6 million in 2022, reflecting increases in interest rates and cash balances.

APPLICATION OF REVENUES

Exhibit F presents the forecast application of Revenues as required under the Resolution. Under the Resolution, at the end of each Fiscal Year, after all payments of Operation & Maintenance Expenses, and deposits to the Debt Service Fund, Debt Service Reserve Fund, Subordinate Obligation Debt Service Fund, Subordinate Obligation Debt Service Reserve Fund, Operation and Maintenance Reserve, and Renewal and Replacement Reserve have been made, remaining moneys not required to make up any deficiencies are available for General Airport Purposes.

DEBT SERVICE COVERAGE

As shown in Exhibit G, Net Revenues, together with any Coverage Amount, are forecast to be at least 125% of the Aggregate Annual Debt Service on the 2024 Bonds and the 2026 Bonds (net of offsetting PFC revenues). This forecast result indicates compliance with the Rate Covenant and Additional Bond Test of the Master Resolution during the forecast period.

FINANCIAL FORECASTS AND STRESS TEST PROJECTIONS

Exhibit H summarizes the financial results under the base case and a "Stress Test" regarding passenger growth. The Stress Test is based on the same assumptions described in the sections above, except:

- It was assumed that passenger traffic at the Airport would decline 5.0% in each of 2025 and 2026 from the record 2024 projection, reflecting a potential slowdown or economic recession, and thereafter increase at 2.0% per year as described earlier.
- Revenues related to passenger numbers, such as PFC Revenues, CFC Revenues, terminal concession revenues, parking revenues, and rental car revenues, were forecast to reflect the assumed decrease in passengers in 2025 and 2026.
- Airport management would manage O&M expenses to increase at 1.0% per year in 2025 and 2026 and thereafter increase at 4.0% per year.

Other assumptions underlying the Stress Test projections are the same as those for the base case, including capital spending and the issuance of the future 2026 Bonds.

Under the Stress Test, Revenue Bond debt service coverage ratios are projected to exceed the 125% requirement of the Rate Covenant, reduced annual PFC Revenues and balances in the PFC Revenue Fund are projected to be available for investment in future projects, and required airline payments per passenger are projected to increase relative to those for the base forecast.

Exhibit A

Plan of Finance / Sources and Uses of Funds
2024 and 2026 Bond Programs
Spokane Airports

	2024 Bonds						2026 Bonds				Total 2024 and 2026 Bonds
	Concourse C TREX		Admin	Fuel	Parking	Total	Central Hall TREX		N. Garage	Total	
	Revenue	PFC	Building	System	Expansion	2024 Bonds	Revenue	PFC	Expansion	2026 Bonds	
PLAN OF FINANCE											
Sources of Funds											
Bond Proceeds and Premium	$ 54,464	$ 35,333	$ 31,532	$ 11,751	$ 6,477	$ 139,556	$ 272,751	$ 41,280	$ 66,354	$ 380,385	519,941
Other Funding Sources											
BIL ATP and AIG grants	48,345	-	-	-	-	48,345	17,997	-	-	17,997	66,342
PFC paygo	-	16,399	-	-	-	16,399	-	16,500	-	16,500	32,899
Federal CARES Capital	12,000	-	-	-	-	12,000	-	-	-	-	12,000
Federal ARPA Debt Service	15,000	-	-	-	-	15,000	-	-	-	-	15,000
SAB Funds	-	-	5,400	-	-	5,400	-	-	-	-	5,400
Construction Fund Interest Income	517	565	595	102	-	1,779	3,382	270	825	4,477	6,256
DSRF Interest Income during Cap-I	-	-	-	-	-	-	973	70	229	1,272	1,272
Cap. Interest Account Interest Income	-	-	88	14	-	102	537	24	131	692	794
Total Sources of Funds	$ 130,325	$ 52,296	$ 37,615	$ 11,867	$ 6,477	$ 238,581	$ 295,640	$ 58,145	$ 67,538	$ 421,323	659,904
Uses of Funds											
Construction Fund/Project Costs											
Bond Funded (including paydown of LOC)	$ 50,862	$ 33,225	$ 27,000	$ 10,300	$ 6,000	$ 127,386	$ 225,447	$ 36,056	$ 55,000	$ 316,503	443,889
Other Funding Sources	75,345	16,399	5,400	-	-	97,144	17,997	16,500	-	34,497	131,641
Total Project Costs	126,206	49,624	32,400	10,300	6,000	224,530	243,444	52,556	55,000	351,000	575,530
Capitalized Interest	-	-	2,889	676	-	3,565	28,639	2,167	6,967	37,773	41,338
Debt Service Reserve Fund	3,593	2,331	2,027	775	417	9,141	19,466	2,803	4,576	26,844	35,985
Issuance Costs	526	342	300	116	60	1,343	4,091	619	995	5,706	7,050
Total Uses of Funds	$ 130,325	$ 52,296	$ 37,615	$ 11,867	$ 6,477	$ 238,580	$ 295,640	$ 58,145	$ 67,538	$ 421,323	659,904

Source: Public Financial Management, Inc., October 2024.

Exhibit B

Passenger Facility Charges
Spokane International Airport
(for the 12 months ending December 31; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Authority management. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecasts, and the variations could be material.

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Estimate 2024	Budget 2025	2026	2027	DBO CH 2028	2029
PFC Collections											
Enplaned Passengers	2,023	962	1,643	1,965	2,068	2,130	2,181	2,225	2,269	2,315	2,361
Percent of PFC Eligible Passengers	87.0%	82.5%	84.8%	86.7%	83.9%	84.7%	84.7%	84.7%	84.7%	84.7%	84.7%
PFC Eligible Enplaned Passengers	1,760	794	1,393	1,703	1,736	1,804	1,847	1,884	1,921	1,960	1,999
PFC Level	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Net PFC Level	4.39	4.39	4.39	4.39	4.39	4.39	4.39	4.39	4.39	4.39	4.39
PFC Collections (excluding interest income)	$ 7,728	$ 3,487	$ 6,117	$ 7,478	$ 7,620	$ 7,918	$ 8,108	$ 8,270	$ 8,435	$ 8,604	$ 8,776
Cumulative PFC Collections (Beginning of Year)	$ 146,979	$ 155,043	$ 158,662	$ 164,840	$ 172,391	$ 180,219	$ 188,266	$ 196,439	$ 204,732	$ 213,195	$ 221,826
PFC Cashflow											
PFC Fund - Beginning Balance	$ 21,024	$ 20,595	$ 6,668	$ 6,425	$ 3,988	$ 1,801	$ 303	$ 867	$ 2,952	$ 2,031	$ 1,026
Deposits:											
PFC Collections	$ 7,728	$ 3,487	$ 6,117	$ 7,478	$ 7,620	$ 7,918	$ 8,108	$ 8,270	$ 8,435	$ 8,604	$ 8,776
Interest Earnings	337	132	62	73	207	130	65	23	28	27	25
Total Annual PFC Revenues	$ 8,065	$ 3,619	$ 6,178	$ 7,551	$ 7,827	$ 8,048	$ 8,173	$ 8,293	$ 8,464	$ 8,630	$ 8,800
Application of PFC Revenue											
PFC Pay-as-you-go											
PFC 10	$ (110)	$ -	$ (436)	$ (67)	$ (1,952)	$ (1,305)	$ (516)	$ -	$ -	$ -	$ -
PFC 11	(8,130)	(2,135)	(5,986)	(8,528)	(50)	(1,337)	(212)	-	-	-	-
PFC 12	-	-	-	(1,366)	(4,681)	(7)	(7)	(7)	(7)	(7)	(7)
PFC 13	-	-	-	(27)	(3,332)	(4,497)	(2,500)	(877)	(250)	-	-
PFC 14	-	-	-	-	-	(2,400)	(2,050)	-	-	-	-
PFC 15	-	-	-	-	-	-	-	(3,000)	(4,000)	(3,000)	-
Other		(2,155)	-	-	-	-	-	-	-	-	-
PFCs for Debt Service											
Concourse C TREX	-	-	-	-	-	-	(2,323)	(2,324)	(2,325)	(2,325)	(2,324)
Central Hall TREX	-	-	-	-	-	-	-	-	(2,803)	(2,803)	(2,803)
Total Annual Uses of PFC Revenues	$ (8,240)	$ (4,290)	$ (6,422)	$ (9,988)	$ (10,014)	$ (9,546)	$ (7,609)	$ (6,208)	$ (9,385)	$ (9,635)	$ (8,133)
PFC Fund Ending Balance	$ 20,595	$ 19,924	$ 6,425	$ 3,988	$ 1,801	$ 303	$ 867	$ 2,952	$ 2,031	$ 1,026	$ 1,693

Sources: Historical and Budget: Spokane Airport Board; Forecast: LeighFisher, October 2024.

Exhibit C

Debt Service by Series and Cost Center
Spokane International Airport
(for the 12 months ending December 31; numbers in thousands)

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Estimate 2024	Budget 2025	2026	2027	2028	2029
Senior Bonds											
Annual Debt Service											
Revenue Supported Debt Service											
Concourse C TREX	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,579	$ 3,578	$ 3,579	$ 3,578	$ 3,580
Administration Office Building	-	-	-	-	-	-	-	640	2,042	2,041	2,043
New Fuel Tank	-	-	-	-	-	-	-	778	779	779	778
Surface Parking Lot Expansion	-	-	-	-	-	-	414	410	415	414	413
North Garage Expansion	-	-	-	-	-	-	-	-	-	-	4,576
Central Hall TREX	-	-	-	-	-	-	-	-	-	14,319	14,319
Total Revenue-Supported	-	-	-	-	-	-	3,993	5,406	6,815	21,131	25,709
PFC-Supported Debt Service	-	-	-	-	-	-	2,323	2,324	5,128	6,628	8,126
Total Annual Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,317	$ 7,729	$ 11,943	$ 27,759	$ 33,835
Less: PFCs Available for Debt Service	-	-	-	-	-	-	(2,323)	(2,324)	(5,128)	(6,628)	(8,126)
Annual Debt Service (net of PFCs)	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,993	$ 5,406	$ 6,815	$ 21,131	$ 25,709
Subordinate Obligations											
2005 CERB Loan	$ 51	$ 51	$ 250	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2006 CERB Loan	48	48	315	-	-	-	-	-	-	-	-
2008 CERB Loan	118	118	1,024	-	-	-	-	-	-	-	-
2010 CERB Loan	250	250	2,500	-	-	-	-	-	-	-	-
Total Subordinate Debt Service	$ 468	$ 468	$ 4,089	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County Loan Accrued Interest						$ 800					
Total Debt Service	$ 468	$ 468	$ 4,089	$ -	$ -	$ 800	$ 6,317	$ 7,729	$ 11,943	$ 27,759	$ 33,835
Revenue Supported Bond Debt Service By Cost Center											
Airfield	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 218	$ 694	$ 694	$ 695
Fuel	-	-	-	-	-	-	-	778	779	779	778
Terminal	-	-	-	-	-	800	3,579	3,796	4,274	18,592	18,594
Parking	-	-	-	-	-	-	414	602	1,027	1,026	5,602
Other Buildings & Grounds	468	468	4,089	-	-	-	-	13	41	41	41
QTA	-	-	-	-	-	-	-	-	-	-	-
Airport Business Park	-	-	-	-	-	-	-	-	-	-	-
Felts Field	-	-	-	-	-	-	-	-	-	-	-
Total	$ 468	$ 468	$ 4,089	$ -	$ -	$ 800	$ 3,993	$ 5,406	$ 6,815	$ 21,131	$ 25,709

Sources: Historical: Spokane Airport Board; Forecast: Public Financial Management, Inc., October 2024.

Exhibit D

Operating and Maintenance Expenses
Spokane Airport Board

(for the 12 months ending December 31; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Authority management. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecasts, and the variations could be material.

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Estimate 2024	Budget 2025	2026	2027	DBO CH 2028	2029
By Department											
Spokane International Airport											
Airfield Maintenance	$ 4,580	$ 4,847	$ 3,674	$ 4,800	$ 5,146	$ 5,459	$ 5,720	$ 5,949	$ 6,187	$ 6,434	$ 6,691
Fuel	446	380	349	350	509	453	592	616	640	666	692
Terminal Maintenance	5,666	4,516	4,713	5,719	6,130	8,426	9,067	8,689	9,037	9,398	9,774
Parking	5,556	4,530	3,791	4,838	4,834	4,520	7,267	6,708	6,976	7,255	7,545
Hangars and Buildings	483	185	224	461	593	302	1,046	588	611	635	661
Engineering	527	412	586	684	766	1,529	3,908	3,364	3,499	3,639	3,784
IT Department	590	575	619	755	1,187	1,363	1,074	1,117	1,161	1,208	1,256
Fire Department	2,276	2,152	2,201	2,233	2,338	2,506	2,180	2,267	2,358	2,452	2,550
Operations	1,293	1,168	1,164	1,379	1,523	1,709	1,987	2,066	2,149	2,235	2,324
Police Department	1,989	2,053	2,102	2,204	1,819	1,784	2,901	2,217	2,305	2,398	2,493
Communications	548	518	541	518	700	1,091	1,515	1,575	1,638	1,704	1,772
QTA Operations	389	332	267	478	467	480	508	529	550	572	595
General & Administration	5,034	4,362	4,849	7,331	4,818	6,283	9,037	8,299	8,631	8,976	9,335
Total SIA	$ 29,380	$ 26,030	$ 25,079	$ 31,750	$ 30,832	$ 35,905	$ 46,800	$ 43,982	$ 45,742	$ 47,571	$ 49,474
Airport Business Park	708	693	1,031	1,031	1,010	952	946	984	1,023	1,064	1,106
Felts Field	596	527	559	560	640	603	682	709	737	767	797
Subtotal	$ 30,685	$ 27,250	$ 26,669	$ 33,340	$ 32,481	$ 37,460	$ 48,428	$ 45,675	$ 47,502	$ 49,402	$ 51,378
Percent Change	15.0%	-11.2%	-2.1%	25.0%	-2.6%	15.3%	29.3%	-5.7%	4.0%	4.0%	4.0%
Incremental O&M											
Admin Building								602	626	651	677
TREX Cental Hall	-	-	-	-	-	-	-	-	-	2,657	2,764
New North Parking Garage	-	-	-	-	-	-	-	-	350	364	379
Total SIA	$ 30,685	$ 27,250	$ 26,669	$ 33,340	$ 32,481	$ 37,460	$ 48,428	$ 46,277	$ 48,478	$ 53,074	$ 55,197
By Cost Center After Allocations											
Airfield	$ 8,694	$ 8,711	$ 7,797	$ 9,913	$ 9,661	$ 11,203	$ 12,899	$ 12,983	$ 13,503	$ 14,043	$ 14,604
Fuel	641	551	535	568	715	697	960	967	1,005	1,046	1,087
Terminal	9,824	8,372	9,028	10,931	10,388	14,285	17,818	17,172	17,858	21,230	22,079
Parking	8,109	6,779	5,999	7,830	7,477	7,312	11,493	10,427	11,195	11,642	12,108
Other Buildings & Grounds	1,082	696	732	1,144	1,351	1,059	1,980	1,412	1,468	1,527	1,588
QTA	389	332	267	478	467	480	508	529	550	572	595
Felts Field	940	835	889	974	1,064	1,076	1,337	1,340	1,393	1,449	1,507
Airport Business Park	1,004	976	1,422	1,503	1,358	1,349	1,433	1,448	1,506	1,566	1,629
Total O&M Expenses	$ 30,685	$ 27,250	$ 26,669	$ 33,340	$ 32,481	$ 37,460	$ 48,428	$ 46,277	$ 48,478	$ 53,074	$ 55,197

Sources: Historical and Budget: Spokane Airport Board; Forecast: LeighFisher, October 2024.

Exhibit E

Revenues
Spokane Airport Board
(for the 12 months ending December 31; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Authority management. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecasts, and the variations could be material.

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Estimate 2024	Budget 2025	2026	2027	DBO CH 2028	2029
SIA Airline Revenues											
Landing Fees											
Passenger	$ 5,186	$ 3,106	$ 4,221	$ 4,494	$ 5,103	$ 5,481	$ 5,878	$ 5,635	$ 6,510	$ 8,123	$ 14,308
Cargo	1,216	1,164	1,213	1,336	1,466	887	896	852	976	1,208	2,111
Terminal Building Rent	6,751	6,916	6,504	6,627	6,737	7,122	9,130	10,228	11,463	30,548	26,950
Nonsignatory Landing Fee	122	76	137	169	107	120	697	664	762	945	1,654
Loading Bridge Fees	247	260	265	286	297	307	307	310	313	316	320
RON and Airfield Fees	260	112	211	190	181	192	192	200	208	216	225
Fuel Flowage	826	736	870	894	1,150	1,434	1,773	2,068	2,091	2,114	2,136
Total Airline Revenues	$ 14,608	$ 12,369	$ 13,422	$ 13,996	$ 15,041	$ 15,544	$ 18,873	$ 19,955	$ 22,322	$ 43,470	$ 47,704
Non-airline Revenues											
Parking and GT	$ 15,353	$ 7,295	$ 11,973	$ 18,002	$ 19,427	$ 22,933	$ 26,200	$ 26,717	$ 30,243	$ 30,843	$ 34,572
Terminal Concession Revenues	2,223	1,291	1,680	2,124	2,693	2,530	2,956	3,352	3,453	3,557	3,663
Nonairline Terminal Rentals	686	650	633	640	652	746	875	884	893	902	911
Other Terminal Payments	844	642	1,079	1,452	1,634	1,658	1,716	1,716	1,716	1,716	1,716
Rental Car Rents	5,202	4,250	6,124	6,803	7,044	6,880	7,046	7,187	7,330	7,477	7,626
QTA Revenues	380	332	336	397	480	448	508	529	550	572	595
Hangars and Buildings	1,377	1,395	1,533	1,442	1,489	1,532	1,563	1,578	1,594	1,610	1,626
Leased Land	1,907	1,861	1,860	2,241	2,799	3,170	3,200	3,232	3,264	3,297	3,330
Federal Relief Grants	-	9,400	-	109	-	-	-	-	-	-	-
Other Revenues	206	164	615	722	283	350	298	298	298	298	298
Total Nonairline Revenues	$ 28,179	$ 27,280	$ 25,834	$ 33,931	$ 36,500	$ 40,248	$ 44,362	$ 45,493	$ 49,341	$ 50,271	$ 54,337

Exhibit E

Revenues
Spokane Airport Board
(for the 12 months ending December 31; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Authority management. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecasts, and the variations could be material.

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Estimate 2024	Budget 2025	2026	2027	DBO CH 2028	2029
Felts Field	$ 772	$ 867	$ 808	$ 825	$ 901	$ 882	$ 886	$ 891	$ 895	$ 900	$ 904
Airport Business Park	1,410	1,481	1,460	1,355	1,407	1,667	1,675	1,683	1,692	1,700	1,709
Total Operating Revenues	$ 44,969	$ 41,996	$ 41,524	$ 50,106	$ 53,849	$ 58,341	$ 65,796	$ 68,023	$ 74,250	$ 96,342	$ 104,654
Federal Relief Grants for Debt Service	-	-	4,089	-	-	-	-	-	-	-	-
Interest Earnings	661	642	9	583	1,653	2,010	1,457	1,027	1,005	1,539	1,517
Revenue	$ 45,630	$ 42,638	$ 45,622	$ 50,690	$ 55,502	$ 60,351	$ 67,253	$ 69,050	$ 75,255	$ 97,880	$ 106,171
Revenue by Cost Center											
Airfield	$ 6,784	$ 8,654	$ 5,782	$ 6,238	$ 6,857	$ 6,681	$ 7,662	$ 7,350	$ 8,455	$ 10,492	$ 18,297
Fuel	826	736	870	899	1,150	1,434	1,773	2,068	2,091	2,114	2,136
Terminal	10,751	13,310	10,161	11,161	12,013	12,363	14,985	16,490	17,838	37,039	33,560
Parking	21,217	13,663	18,107	25,411	28,123	31,823	34,702	34,931	38,578	39,859	43,715
Hangars and Buildings	3,490	3,595	8,098	4,404	4,571	5,053	5,061	5,109	5,157	5,205	5,254
QTA	380	332	336	397	480	448	508	529	550	572	595
Felts	772	867	808	825	901	882	886	891	895	900	904
Airport Business Park	1,410	1,481	1,460	1,355	1,407	1,667	1,675	1,683	1,692	1,700	1,709
Subtotal	$ 45,630	$ 42,638	$ 45,622	$ 50,690	$ 55,502	$ 60,351	$ 67,253	$ 69,050	$ 75,255	$ 97,880	$ 106,171
PFC / CFC	-	-	-	-	-	-	-	-	-	-	-
Revenue	$ 45,630	$ 42,638	$ 45,622	$ 50,690	$ 55,502	$ 60,351	$ 67,253	$ 69,050	$ 75,255	$ 97,880	$ 106,171
Total Revenues	$ 45,630	$ 42,638	$ 45,622	$ 50,690	$ 55,502	$ 60,351	$ 67,253	$ 69,050	$ 75,255	$ 97,880	$ 106,171

Sources: Historical and Budget: Spokane Airport Board; Forecast: LeighFisher, October 2024.

Exhibit E-1

Calculation of Landing Fee
Spokane International Airport
(for the 12 months ending December 31; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Authority management. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecasts, and the variations could be material.

	Weighting	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Estimate 2024	Budget 2025	2026	2027	DBO CH 2028	2029
Landing Fee Requirement												
O&M Expenses (SIA)		$ 28,741	$ 25,439	$ 24,357	$ 30,864	$ 30,059	$ 35,036	$ 45,658	$ 43,489	$ 45,579	$ 50,059	$ 52,062
Net Depreciation												
Total SIA Depreciation - Existing Assets		23,806	27,889	26,998	28,995	25,448	27,572	27,571	24,654	23,975	22,288	20,366
Less Grant, PFC and Bond Funded Assets		(14,120)	(16,821)	(17,708)	(19,559)	(15,777)	(17,070)	(17,481)	(17,150)	(16,844)	(15,744)	(14,924)
Net SIA Depreciation - Existing Assets		9,686	11,067	9,290	9,436	9,671	10,502	10,090	7,505	7,131	6,543	5,442
Future SAB Funded Assets (Net of AIP/PFC)		-	-	-	-	-	-	8	3,783	5,462	5,154	7,974
Return on Investment in Land		990	990	990	990	1,002	942	942	942	942	942	942
Additional Discretionary Cash Flow		1,800	1,800	1,800	1,800	2,500	4,000	7,000	4,000	4,000	4,000	4,000
Debt Service												
Debt Service - Future GARBs (net of PFCs)		-	-	-	-	-	800	3,993	5,406	6,815	21,131	25,709
Debt Service - Matured Subordinate Bonds		468	468	4,089	-	-	-	-	-	-	-	-
Debt Service Coverage (25% of Revenue Supported)		-	-	-	-	-	-	998	1,351	1,704	5,283	6,427
R&R Reserve Deposit		-	-	-	-	-	-	2,000	2,000	2,000	2,000	2,000
O&M Reserve Deposit		1,876	-	-	1,229	831	2,328	5,170	-	1,035	2,168	1,001
Subtotal		$ 43,561	$ 40,549	$ 40,527	$ 44,319	$ 44,064	$ 53,608	$ 75,860	$ 68,476	$ 74,668	$ 97,280	$ 105,558
Less:												
Airline Terminal Building Rent		(6,751)	(6,916)	(6,504)	(6,627)	(6,737)	(7,122)	(9,130)	(10,228)	(11,463)	(30,548)	(26,950)
Other Airline Revenues		(1,333)	(1,107)	(1,347)	(1,370)	(1,628)	(1,933)	(2,272)	(2,578)	(2,612)	(2,646)	(2,681)
Total Nonairline Revenues		(28,179)	(27,280)	(25,834)	(33,931)	(36,500)	(40,248)	(44,362)	(45,493)	(49,341)	(50,271)	(54,337)
Subtotal		$ 7,299	$ 5,246	$ 6,843	$ 2,390	$ (801)	$ 4,305	$ 20,095	$ 10,177	$ 11,253	$ 13,815	$ 21,590
Less Non-Operating Revenues												
Interest Income		$ (661)	$ (642)	$ (9)	$ (583)	$ (1,653)	$ (2,010)	$ (1,457)	$ (1,027)	$ (1,005)	$ (1,539)	$ (1,517)
Federal Relief Grants for Debt Service		-	-	(4,089)	-	-	-	-	-	-	-	-
TOTAL LANDING FEE REQUIREMENT		$ 6,638	$ 4,604	$ 2,745	$ 1,807	$ (2,454)	$ 2,295	$ 18,638	$ 9,150	$ 10,248	$ 12,276	$ 20,073
Plus Unfunded Pension Liability		-	-	861	-	-	4,000	(4,000)	-	-	-	-
Plus Environmental Liability		-	-	-	-	10,000	-	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Prior Year Carry Over (Surplus)/Deficit[1]		(2,018)	(1,219)	(847)	(1,652)	(5,844)	(4,974)	(5,168)	-	-	-	-
Net Landing Fee Requirement		$ 4,619	$ 3,385	$ 2,759	$ 154	$ 1,702	$ 1,321	$ 7,470	$ 7,150	$ 8,248	$ 10,276	$ 18,073
Landing Fees Paid		$ 6,524	$ 4,346	$ 5,571	$ 5,998	$ 6,676	$ 6,489					
Signatory Landed Weight (millions/lbs)		2,198	1,600	2,030	2,081	2,285	2,332	2,384	2,427	2,472	2,516	2,562
Signatory Cargo Landed Weight (adjusted for premium)	105%	450	435	479	469	450	360	363	367	371	374	378
Non-Signatory Use Agmt Landed Weight (adjusted)	115%	47	26	64	78	48	61	63	64	65	66	67
Itinerant Landed Weight (adjusted)	150%	99	195	139	204	272	218	220	222	224	227	229
Adjusted Total Landed Weight		2,794	2,257	2,711	2,831	3,055	2,971	3,030	3,080	3,131	3,183	3,236
Calculated Signatory Airline Landing Fee Rated (per 1000 lbs)[1]		$ 1.65	$ 1.50	$ 1.02	$ 0.05	$ 0.19	$ 0.44	**$ 2.47**	**$ 2.32**	**$ 2.63**	**$ 3.23**	**$ 5.58**
Charged Signatory Airline Landing Fee Rate[1]		**2.36**	**2.24**	**2.10**	**2.16**	**2.24**	**2.35**	2.47	2.32	2.63	3.23	5.58
Charged Signatory Cargo Airline Landing Fee Rate	105%	2.48	2.35	2.21	2.27	2.36	2.47	2.59	2.44	2.77	3.39	5.86
Non-Signatory Use Agmt Landing Fee Rate	115%	2.71	2.58	2.42	2.48	2.58	2.70	2.84	2.67	3.03	3.71	6.42
Itinerant Landing Fee Rate	150%	3.54	3.36	3.15	3.24	3.37	3.53	3.70	3.48	3.95	4.84	8.38

1. Amounts over or under collected are carried forward to next year.

Sources: Historical and Budget: Spokane Airport Board; Forecast: LeighFisher, October 2024.

Exhibit E-2

Calculation of Terminal Building Rental Rate
Spokane International Airport
(for the 12 months ending December 31; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Authority management. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecasts, and the variations could be material.

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Estimate 2024	Budget 2025	2026	2027	DBO CH 2028	2029
TERMINAL BUILDING COST											
O&M Expenses	$ 9,824	$ 8,372	$ 9,028	$ 10,931	$ 10,388	$ 14,285	$ 17,818	$ 17,172	$ 17,858	$ 21,230	$ 22,079
O&M Reserve Fund Requirement	641	-	-	435	287	949	2,018	-	405	919	425
Debt Service (net of PFCs)	-	-	-	-	-	800	3,579	3,796	4,274	18,592	18,594
Debt Service Coverage	-	-	-	-	-	200	895	949	1,068	4,648	4,648
Net Depreciation Charges	2,263	2,194	2,085	1,198	2,327	2,829	2,901	1,640	1,331	1,216	965
Terminal Building Cost	$ 12,729	$ 10,565	$ 11,113	$ 12,564	$ 13,002	$ 19,064	$ 27,210	$ 23,556	$ 24,937	$ 46,604	$ 46,711
Less: Terminal Non-Airline Revenues Associated With Rented Space											
Terminal Concession Revenues	$ (2,223)	$ (1,291)	$ (1,680)	$ (2,124)	$ (2,693)	$ (2,530)	$ (2,956)	$ (3,352)	$ (3,453)	$ (3,557)	$ (3,663)
Nonairline Terminal Rentals	(686)	(650)	(633)	(640)	(652)	(746)	(875)	(884)	(893)	(902)	(911)
Share of Parking Surplus	(1,848)	(892)	(2,962)	(2,994)	(6,409)	(8,547)	(12,553)	(7,393)	(7,427)	(9,893)	(13,479)
Other Terminal Payments	(844)	(642)	(1,079)	(1,452)	(1,634)	(1,658)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)
Federal Relief Grants		(3,551)	-	(32)	-	-	-	-	-	-	-
Loading Bridge Fees	(247)	(260)	(265)	(286)	(297)	(307)	(307)	(310)	(313)	(316)	(320)
Subtotal: Non-Airline Revenues Associated with Rented Space	(5,849)	(7,286)	(6,619)	(7,528)	(11,685)	(13,788)	(18,408)	(13,656)	(13,802)	(16,384)	(20,088)
Net Terminal Building Requirement	$ 6,880	$ 3,279	$ 4,494	$ 5,036	$ 1,317	$ 5,276	$ 8,803	$ 9,900	$ 11,135	$ 30,221	$ 26,623
Weighted Rented Space	96	96	96	96	96	96	124	124	124	181	181
Charged Average Terminal Rental Rate (per sq ft per year)	**$ 61.44**	**$ 64.73**	**$ 59.19**	**$ 60.70**	**$ 63.02**	**$ 66.11**					
Calculated Average Terminal Rental Rate (per sq ft per year)	$ 71.79	$ 34.22	$ 46.88	$ 52.55	$ 13.74	$ 55.04	**$ 71.08**	**$ 79.94**	**$ 89.92**	**$ 166.74**	**$ 146.89**
Rented Space	96	96	96	96	96	96	124	124	124	181	181
Subtotal	$ 5,889	$ 6,204	$ 5,673	$ 5,818	$ 6,040	$ 6,336	$ 8,803	$ 9,900	$ 11,135	$ 30,221	$ 26,623
Other Airline Terminal Payments [1]	327	327	327	327	327	327	327	327	327	327	327
Airline Terminal Rentals	$ 6,216	$ 6,531	$ 6,000	$ 6,146	$ 6,368	$ 6,664	$ 9,130	$ 10,228	$ 11,463	$ 30,548	$ 26,950

1. Storage – Outside, Janitorial, Boarding Areas Walkway, Ramp - Equipment Storage, and Glycol Pad.

Sources: Historical and Budget: Spokane Airport Board; Forecast: LeighFisher, October 2024.

Exhibit E-3

Airline Cost per Enplaned Passenger
Spokane International Airport
(for the 12 months ending December 31; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Authority management. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecasts, and the variations could be material.

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Estimate 2024	Budget 2025	2026	2027	DBO CH 2028	2029
Passenger Airline Payments											
Passenger Airline Signatory Landing Fees	$ 5,186	$ 3,106	$ 4,221	$ 4,494	$ 5,103	$ 5,481	$ 5,878	$ 5,635	$ 6,510	$ 8,123	$ 14,308
Terminal Building Rent	6,751	6,916	6,504	6,627	6,737	7,122	9,130	10,228	11,463	30,548	26,950
Loading Bridge Fees	247	260	265	286	297	307	307	310	313	316	320
RON and Airfield Fees	260	112	211	190	181	192	192	200	208	216	225
Subtotal	$ 12,444	$ 10,394	$ 11,202	$ 11,598	$ 12,318	$ 13,102	$ 15,507	$ 16,372	$ 18,493	$ 39,204	$ 41,802
Nonsignatory Passenger Landing Fees	$ 112	$ 59	$ 137	$ 169	$ 107	$ 144	$ 155	148	171	214	377
Total Airline Revenues	$ 12,556	$ 10,453	$ 11,338	$ 11,766	$ 12,425	$ 13,246	$ 15,662	$ 16,520	$ 18,665	$ 39,417	$ 42,179
Enplaned Passengers	2,023	962	1,643	1,965	2,068	2,130	2,181	2,225	2,269	2,315	2,361
Airline Cost per Enplaned Passenger	$ 6.21	$ 10.86	$ 6.90	$ 5.99	$ 6.01	$ 6.22	$ 7.18	$ 7.43	$ 8.22	$ 17.03	$ 17.86

Sources: Historical and Budget: Spokane Airport Board; Forecast: LeighFisher, October 2024.

Exhibit F

Application of Revenues
Spokane International Airport
(for the 12 months ending December 31; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Authority management. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecasts, and the variations could be material.

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Estimate 2024	Budget 2025	2026	2027	DBO CH 2028	2029
REVENUES											
Operating Revenues											
Airline Revenues	$ 14,608	$ 12,369	$ 13,422	$ 13,996	$ 15,041	$ 15,544	$ 18,873	$ 19,955	$ 22,322	$ 43,470	$ 47,704
Nonairline Revenues	28,179	27,280	25,834	33,931	36,500	40,248	44,362	45,493	49,341	50,271	54,337
Felts Field	772	867	808	825	901	882	886	891	895	900	904
Airport Business Park	1,410	1,481	1,460	1,355	1,407	1,667	1,675	1,683	1,692	1,700	1,709
Subtotal	$ 44,969	$ 41,996	$ 41,524	$ 50,106	$ 53,849	$ 58,341	$ 65,796	$ 68,023	$ 74,250	$ 96,342	$ 104,654
Nonoperating Revenues	661	642	4,098	583	1,653	2,010	1,457	1,027	1,005	1,539	1,517
Total Revenues	$ 45,630	$ 42,638	$ 45,622	$ 50,690	$ 55,502	$ 60,351	$ 67,253	$ 69,050	$ 75,255	$ 97,880	$ 106,171
APPLICATION OF REVENUES											
O&M Expenses	$ 30,685	$ 27,250	$ 26,669	$ 33,340	$ 32,481	$ 37,460	$ 48,428	$ 46,277	$ 48,478	$ 53,074	$ 55,197
Annual Debt Service	-	-	-	-	-	-	6,317	7,729	11,943	27,759	33,835
Less: PFCs Available for Debt Service	-	-	-	-	-	-	(2,323)	(2,324)	(5,128)	(6,628)	(8,126)
Subordinate Obligations Debt Service	468	468	4,089	-	-	800	-	-	-	-	-
Debt Service Reserve	-	-	-	-	-	-	-	-	-	-	-
O&M Reserve	2,003	-	-	1,328	898	2,489	5,484	-	1,101	2,298	1,061
R&R Reserve						-	2,000	2,000	2,000	2,000	2,000
Environmental Reserve					10,000	-	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Landing Fee Carry-Forward	2,018	1,219	847	1,652	5,844	4,974	5,168	-	-	-	-
Available for General Airport Purposes	10,456	13,701	14,017	14,369	6,278	14,627	4,180	17,368	18,862	21,377	24,203
Total Application of Revenues	$ 45,630	$ 42,638	$ 45,622	$ 50,690	$ 55,502	$ 60,351	$ 67,253	$ 69,050	$ 75,255	$ 97,880	$ 106,171

Sources: Historical and Budget: Spokane Airport Board; Forecast Debt Service: PFM; Other Forecast: LeighFisher, October 2024.

Exhibit G

Debt Service Coverage
Spokane International Airport
(for the 12 months ending December 31; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Authority management. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecasts, and the variations could be material.

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Estimate 2024	Budget 2025	2026	2027	DBO CH 2028	2029
Debt Service Coverage per Master Resolution											
Revenues	$ 45,630	$ 42,638	$ 45,622	$ 50,690	$ 55,502	$ 60,351	$ 67,253	$ 69,050	$ 75,255	$ 97,880	$ 106,171
Less: O&M Expenses	(30,685)	(27,250)	(26,669)	(33,340)	(32,481)	(37,460)	(48,428)	(46,277)	(48,478)	(53,074)	(55,197)
Net Revenues	$ 14,946	$ 15,388	$ 18,953	$ 17,349	$ 23,021	$ 22,891	$ 18,825	$ 22,773	$ 26,777	$ 44,806	$ 50,973
Plus Coverage Amount	-	-	-	-	-	-	998	1,351	1,704	5,283	6,427
Available Net Revenues for Debt Service	$ 14,946	$ 15,388	$ 18,953	$ 17,349	$ 23,021	$ 22,891	$ 19,824	$ 24,125	$ 28,481	$ 50,089	$ 57,401
Annual Debt Service (Senior Bonds)	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,317	$ 7,729	$ 11,943	$ 27,759	$ 33,835
Less: PFCs Available for Debt Service	-	-	-	-	-	-	(2,323)	(2,324)	(5,128)	(6,628)	(8,126)
Subordinate Obligation Debt Service	468	468	4,089	-	-	800	-	-	-	-	-
Total Debt Service net of PFCs	$ 468	$ 468	$ 4,089	$ -	$ -	$ 800	$ 3,993	$ 5,406	$ 6,815	$ 21,131	$ 25,709
Debt Service Coverage - Senior Bonds											
Without Coverage Amount							4.71	4.21	3.93	2.12	1.98
With Coverage Amount							4.96	4.46	4.18	2.37	2.23
All-in Coverage With PFCs in Numerator (no Coverage Amount)											
Net Revenues	$ 14,946	$ 15,388	$ 18,953	$ 17,349	$ 23,021	$ 22,891	$ 18,825	$ 22,773	$ 26,777	$ 44,806	$ 50,973
PFCs Available for Debt Service	-	-	-	-	-	-	2,323	2,324	5,128	6,628	8,126
	$ 14,946	$ 15,388	$ 18,953	$ 17,349	$ 23,021	$ 22,891	$ 21,148	$ 25,097	$ 31,905	$ 51,434	$ 59,100
Total Annual Debt Service (Senior Bonds)							6,317	7,729	11,943	27,759	33,835
Total Gross Indebtedness Coverage (with PFCs in Numerator)							3.35	3.25	2.67	1.85	1.75

Sources: Historical and Budget: Spokane Airport Board; Forecast: LeighFisher, October 2024.

Exhibit H

Summary of Results of Base Case and Stress Test Passengers
Spokane International Airport
(for the 12 months ending December 31; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Authority management. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecasts, and the variations could be material.

	Budget 2025	2026	2027	DBO CH 2028	2029
Base Passenger Forecast					
Enplaned Passengers	2,181	2,225	2,269	2,315	2,361
Airline Revenues	$ 18,873	$ 19,955	$ 22,322	$ 43,470	$ 47,704
Nonairline Revenues	44,362	45,493	49,341	50,271	54,337
Other Revenues	4,018	3,602	3,592	4,139	4,130
Revenues	$ 67,253	$ 69,050	$ 75,255	$ 97,880	$ 106,171
Less: O&M Expenses	(48,428)	(46,277)	(48,478)	(53,074)	(55,197)
Net Revenues	$ 18,825	$ 22,773	$ 26,777	$ 44,806	$ 50,973
Plus Coverage Amount	998	1,351	1,704	5,283	6,427
Available Net Revenues for Debt Service	$ 19,824	$ 24,125	$ 28,481	$ 50,089	$ 57,401
Annual Debt Service (Senior Bonds)	$ 6,317	$ 7,729	$ 11,943	$ 27,759	$ 33,835
Less: PFCs Available for Debt Service	(2,323)	(2,324)	(5,128)	(6,628)	(8,126)
Total Debt Service net of PFCs	$ 3,993	$ 5,406	$ 6,815	$ 21,131	$ 25,709
Debt Service Coverage - Without Coverage Amount	4.71	4.21	3.93	2.12	1.98
Debt Service Coverage - With Coverage Amount	4.96	4.46	4.18	2.37	2.23
PFC Collections and Interest Earnings	$ 8,173	$ 8,293	$ 8,464	$ 8,630	$ 8,800
PFC Fund Ending Balance	867	2,952	2,031	1,026	1,693
Passenger Airline Revenues	15,662	16,520	18,665	39,417	42,179
per Enplaned Passenger	$7.18	$7.43	$8.22	$17.03	$17.86

Exhibit H

Summary of Results of Base Case and Stress Test Passengers
Spokane International Airport
(for the 12 months ending December 31; numbers in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Authority management. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecasts, and the variations could be material.

	Budget 2025	2026	2027	DBO CH 2028	2029
Stress Test Passenger Projection					
Enplaned Passengers	2,020	1,919	1,957	1,996	2,036
Airline Revenues	$ 21,092	$ 23,460	$ 26,256	$ 47,847	$ 52,558
Nonairline Revenues	41,916	40,622	43,958	44,778	48,303
Other Revenues	4,018	3,598	3,590	4,139	4,134
Revenues	$ 67,025	$ 67,681	$ 73,803	$ 96,764	$ 104,994
Less: O&M Expenses	(48,428)	(44,824)	(46,967)	(51,503)	(53,563)
Net Revenues	$ 18,598	$ 22,856	$ 26,836	$ 45,261	$ 51,431
Plus Coverage Amount	998	1,351	1,704	5,362	6,506
Available Net Revenues for Debt Service	$ 19,596	$ 24,208	$ 28,540	$ 50,623	$ 57,937
Annual Debt Service (Senior Bonds)	$ 6,317	$ 7,729	$ 11,557	$ 27,688	$ 33,765
Less: PFCs Available for Debt Service	(2,323)	(2,324)	(4,742)	(6,242)	(7,741)
Total Debt Service net of PFCs	$ 3,993	$ 5,406	$ 6,815	$ 21,446	$ 26,024
Debt Service Coverage - Without Coverage Amount	4.66	4.23	3.94	2.11	1.98
Debt Service Coverage - With Coverage Amount	4.91	4.48	4.19	2.36	2.23
PFC Collections and Interest Earnings	$ 7,572	$ 7,150	$ 7,274	$ 7,420	$ 7,568
PFC Fund Ending Balance	$ 251	$ 1,193	$ (531)	$ (1,360)	$ 460
Passenger Airline Revenues	17,686	19,503	21,967	43,218	46,450
per Enplaned Passenger	$8.76	$10.16	$11.22	$21.65	$22.81

Sources: Historical and Budget: Spokane Airport Board; Forecast: LeighFisher, October 2024.

APPENDIX C

AIRPORT BOARD ANNUAL FINANCIAL REPORT
FOR FISCAL YEARS ENDED DECEMBER 31, 2023 AND 2022

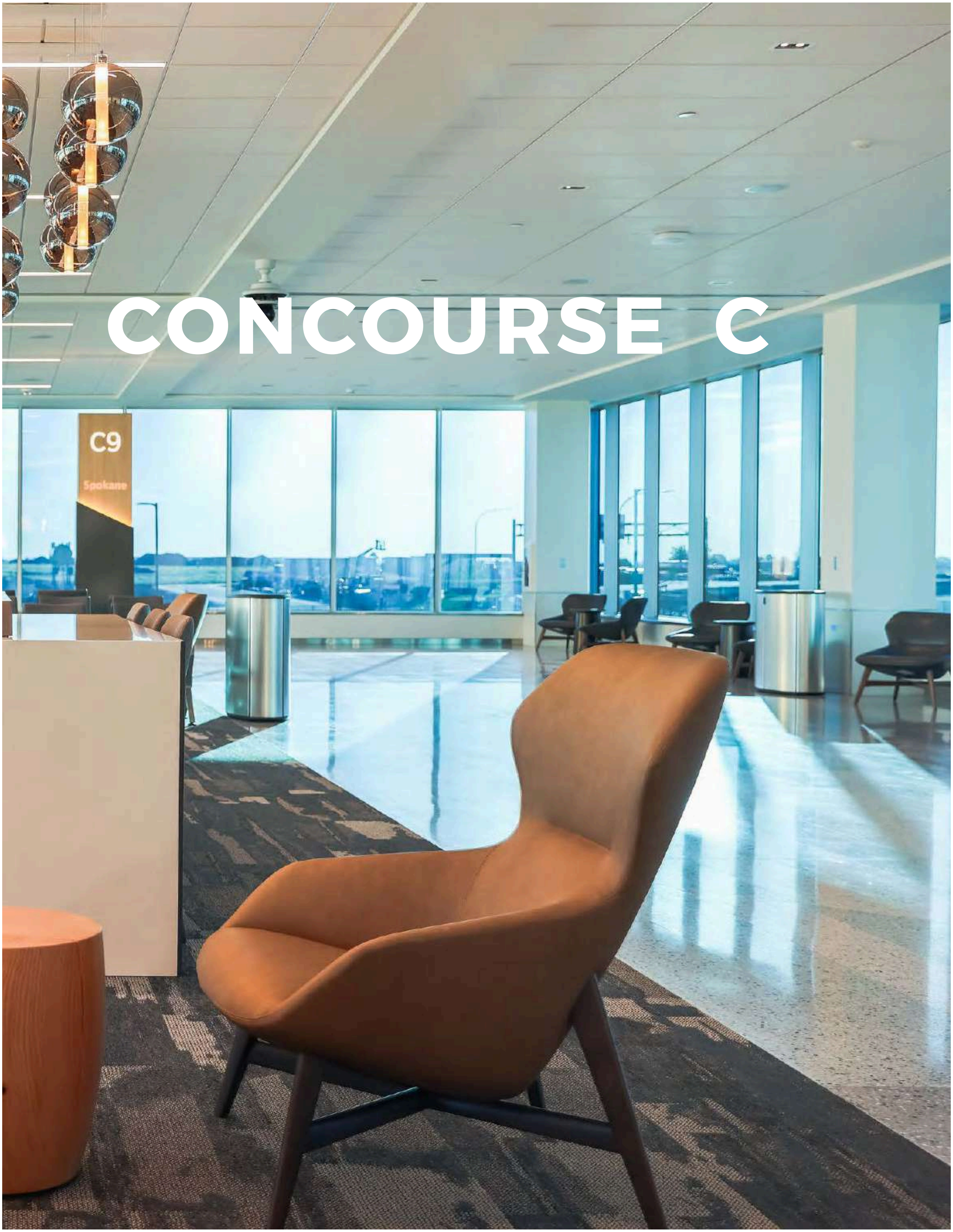
2023

Spokane Airport Board

ANNUAL REPORT

THE NEW

CONCOURSE C



Prepared By

Rob Schultz, CFO
Sharry Hilton
Bridgette Reid

Charlie Pflieger, CPA
Mallorie Powell
Jessie Bruni

ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2023 & 2022

Spokane, Washington

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INTRODUCTION

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SPOKANE AIRPORT BOARD

Ezra Eckhardt
Chair

Al French
Vice Chair

Jennifer West
Secretary

Brooke Baker Spink

Nancy Vorhees

Betsy Wilkerson

Max Kuney

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FINANCIAL

MOSSADAMS

Report of Independent Auditors

The Board of Directors
Spokane Airport Board

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Spokane Airport Board (the Airport), a joint venture of the City of Spokane, Washington, and Spokane County, Washington, which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the 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 December 31, 2023 and 2022, and the respective changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Employer Contributions, and Schedule of Changes in Total OPEB Liability and Related Ratios 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 section and is not a required part of the basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Moss Adams LLP

Spokane, Washington
June 28, 2024

The following is a discussion and analysis of the activity and financial performance of Spokane International Airport (SIA), the Airport Business Park (ABP), and Felts Field, collectively operated by Spokane Airport Board and referred to throughout this document as the Airport. It serves as an introduction to, and provides understanding of, the basic financial statements for the year ended December 31, 2023, with selected comparative information from the years ended December 31, 2022, and 2021.

SIA, ABP, and Felts Field are jointly owned by the City and County of Spokane (the City and County) and operated by the Spokane Airport Board through the *Airport Joint Operation Agreement*. Spokane International Airport serves as the region's commercial service airport and provides domestic scheduled passenger and cargo air service connectivity for the market area that stretches as far as Lewiston, ID to the south and British Columbia and Alberta, Canada to the north. The market area also reaches the foothills of the Cascades to the west and into western Montana to the east. The Airport Business Park is home to several regionally significant facilities such as the Waste-to-Energy plant; Geiger Corrections Facility; Waste Management Recycling Center; U.S. Postal Service Regional Processing and Distribution Center and Amazon Air as well as a number of tenants that include regional banks, small businesses, and other government agencies. Felts Field (SFF) serves as a Federal Aviation Administration (FAA) designated general aviation reliever airport for Spokane International Airport and is the highest-capability general aviation airport in the region, with instrument approaches and a federal contract air traffic control tower.

The three operating areas receive no local tax revenues and are self-supporting with resources obtained from landing fees, lease revenues, user fees, parking revenues, federal and state grants, and Passenger and Customer Facility Charges (PFC and CFC respectively). Expenses are controlled and monitored in accordance with management objectives and budget requirements. The facilities have consistently met all financial obligations.

Airport Activities and Highlights

Passenger, Operations and Cargo Highlights:

According to the latest available data from the Federal Aviation Administration, SIA ranks as the 72nd busiest US airport for passengers and 57th busiest in terms of cargo. The principal services provided by the Airport relate to passenger origin and destination traffic. The Airport is defined by the FAA as a small air traffic hub, which means an airport handling between 0.05 percent and 0.249 percent of the enplaned passengers by U.S. air carriers nationwide.

Passenger, Cargo (including amounts by passenger air carriers), and Operations statistics are as follows:

Summary of Operations	2023	2022	2021
Total Passengers	4,131,266	3,920,972	3,280,062
Cargo (pounds)	154,805,615	157,789,826	159,994,181
SIA - Operations	67,223	66,720	65,936
Felts Field - Operations	70,218	69,796	71,732

Total passenger traffic in 2023 increased nearly 5.4% compared to 2022 levels as the Airport saw record passenger activity in 2023. The number of operations (takeoffs and landings) in 2023 increased 0.8% over 2022 as airlines added capacity to respond to increased passenger traffic demand. Felts Field experienced an increase of 0.6% in operations compared to 2022 levels. Infrastructure improvements at Felts Field made over the past few years continue to attract pilots and aircraft to the field.

Mail and cargo traffic in 2023 decreased slightly compared to 2022. The decrease in 2023 compared to 2022 was due to a decrease in cargo carried by passenger carriers. Cargo carriers increased their tonnage by nearly 3% in 2023 over 2022 levels.

Financial Statements

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as promulgated by the Government Accounting Standards Board (GASB). GASB standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of CPA's (AICPA). The GASB develops and issues accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports.

The Airport is structured as a single enterprise fund with revenues recognized when they are earned, not when received. Expenses are recognized when incurred, not when paid. Capital assets are capitalized and depreciated, except land and construction in progress, over their useful lives. Please refer to Note 1 to the financial statements for a summary of significant accounting policies.

The Basic Financial Statements and Required Supplementary Information consist of Management's Discussion and Analysis (MD&A), the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and related notes to the financial statements.

This MD&A has been prepared by management and should be read in conjunction with the financial statements and the notes which follow this section. The notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

The *Statement of Net Position* reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of each yearend. Changes in Net Position over time are an indicator of the Airport's general financial condition.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing the change in net position during the year, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will result in cash flows in future periods.

The *Statement of Cash Flows* compares the operating results of 2023 to 2022 with the associated inflows and outflows of cash. A reconciliation is provided within the statement to assist in understanding the effects on cash related to different activities.

Below is a Summary of the Statement of Net Position:

Summary Schedule of Net Position	2023	2022	2021 [1]
Current Assets	$100,583,079	$ 92,721,707	$ 75,177,753
Noncurrent Assets			
Other Noncurrent Assets	64,767,680	64,231,447	47,472,004
Capital Assets	361,657,241	286,782,092	275,084,807
Total Assets	527,008,000	443,735,246	397,734,564
Deferred Outflow of Resources	4,406,712	4,249,947	2,557,852
Current Liabilities	28,610,933	20,587,240	16,296,570
Noncurrent Liabilities			
Other Noncurrent Liabilities	7,429,756	6,804,732	7,309,077
Total Liabilities	36,040,689	27,391,972	23,605,647
Deferred Inflow of Resources	47,040,914	51,352,527	33,010,506
Net Position			
Net Investment in Capital Assets	355,990,005	283,815,825	271,695,351
Restricted	52,614,643	45,977,070	46,596,906
Unrestricted	39,728,461	39,447,799	25,384,006
Total Net Position	$448,333,109	$369,240,694	$343,676,263

[1] *This year has been restated to reflect the adoption of GASB 87*

Assets:

Current Assets increased in both 2023 and 2022. The change in 2023 was primarily due to an increase in unrestricted cash and receivable balance from government agencies. The change in 2022 was due mainly to increases in the Airport's cash and short-term receivable balances.

Other Noncurrent Assets increased in both 2023 and 2022. The increase in 2023 was related to an increase in restricted cash and investments. The increase in 2022 was due to the adoption of GASB 87 resulting in an increase in the Airport's long-term lease receivables.

Capital Assets increased in 2023 following an increase in 2022. The increase in 2023 was primarily due to an increase in construction in progress, which stems from several large capital projects underway at the Airport. The increase in 2022 was related to an increase in construction in process.

Total Assets, combining the changes in the component assets, increased in both 2023 and 2022. The increase in 2023 was mainly due to the increase in capital assets while the increase in 2022 was due to an increase in current and capital assets.

Deferred Outflows increased slightly in 2023 following an increase in 2022. The changes in each year relate entirely to variances from actuarial assumptions in the Washington State pension accounting. Note 1, Significant Accounting Policies, and Note 8, Pension and Benefit Plans, discuss this topic in greater depth

Liabilities:

Current liabilities increased in both 2023 and 2022. The increase in 2023 was due to an increase in short-term debt and an increase in all payables due at the end of year. The 2022 increase was due primarily to an increase in all payables due at the yearend, including general and construction amounts payable.

Other noncurrent liabilities increased in 2023 following a decrease in 2022. The changes are a result of adjustments to the Other Post-Employment Benefits of retired LEOFF Plan 1 fire fighters and the net pension liability related to the Washington State pension liabilities.

Long-term debt did not change in 2023 or 2022. At the end of 2023 and 2022, the Airport had no long-term debt after the Airport paid off the Community Economic and Revitalization Board (CERB) loans early in 2021, which eliminated all long-term debt at the Airport.

Total liabilities increased in 2023 and 2022. The increase in both years was due to the increase in current liabilities.

Deferred Inflows decreased in 2023 following an increase in 2022. The changes in both years relate to variances from actuarial assumptions in the Washington State pension accounting and GASB 87 leases. Note 1, Significant Accounting Policies, Note 8, Pension and Benefit Plans, and Note 7, Operating Leases discuss these topics in greater depth.

Net Position:

The Airport's assets and deferred outflows exceed liabilities and deferred inflows at the end of 2023 by $448.3 million, an increase of $79.1 million over the previous year. 2022 showed an increase of $25.6 million over 2021.

The largest portion of the Airport's net position, $356.0 million in 2023, $283.8 million in 2022 and $271.7 million in 2021, represents the net investment in capital assets (e.g., land, buildings, machinery, and equipment less related debt). The increase in the last two years was the result of more investment in capital assets than recorded depreciation expense, resulting in an increase in net assets. See the discussion above under the Assets and Liabilities section and Note 5 to the financial statements for additional information on capital asset activity.

An additional portion of the total net position, $52.6 million in 2023, $46.0 million in 2022 and $46.6 million in 2021, represents resources that are subject to restrictions from government grantors, bond resolutions, other third-party agencies or State and Federal regulators on how those resources may be used. The increase in 2023 was related to higher balances for, CFCs and grant receivables. The slight decrease in 2022 was due to variations with balances for PFCs, CFCs, grant receivables and net pension asset. The amount of restricted net position does not affect the availability of other resources for future use.

The portion of total unrestricted net position increased slightly in 2023 following an increase in 2022. The main reason for the increase in both years was an increase in current assets. These unrestricted net assets may be used for any lawful purpose of the Airport.

The table below summarizes the effect of revenues and expenses on Net Position for the three years ended December 31, 2023, 2022, and 2021.

Summary of Net Position	2023	2022	2021 [1]
Operating Revenue	$ 52,789,524	$ 49,213,576	$ 40,133,736
Operating Expense	32,230,240	31,424,144	23,326,155
Operating income before depreciation	20,559,284	17,789,432	16,807,581
Depreciation and amortization expense	28,602,529	30,959,065	29,517,093
Operating income (loss)	(8,043,245)	(13,169,633)	(12,709,512)
Nonoperating Income (Expense)	21,327,413	16,150,070	22,545,708
Increase (decrease) in Net Position before Capital	13,284,168	2,980,437	9,836,196
Capital Contributions and Grants	65,808,247	22,583,994	14,721,846
Increase (decrease) in Net Position	79,092,415	25,564,431	24,558,042
Net Position, beginning of year	369,240,694	343,676,263	319,118,221
Net Position, end of year	$ 448,333,109	$ 369,240,694	$ 343,676,263

[1] *This year has been restated to reflect the adoption of GASB 87*

Total operating revenues in 2023 were $52.9 million, an increase of $3.7 million over previous year. This followed a $9.1 million increase in 2022 over 2021. 2023 revenues increased due to record passenger activity at the airport, which drove an increase in several revenue streams. The main reason for the revenue increase in 2022 was the recovery of passenger activity at the airport that led to an increase in multiple revenue streams.

Total operating expenses prior to depreciation were $32.3 million, an increase of $0.9 million over 2022. In 2022, operating expenses were $31.4 million, an increase of $8.1 million over 2021. The increase in 2023 was due to minor increases across most cost centers while the increase in 2022 was due to the discontinuation of cost savings measures implemented by Airport management during the pandemic.

Depreciation charges of $28.6 million in 2023, a decrease of $2.4 million from the $31.0 million in 2022. The decrease in 2023 was due to several large assets becoming fully depreciated while the increase in the previous year related to the numerous infrastructure and equipment additions in 2022.

Non-operating income over expenses increased in 2023 after a decrease in nonoperating income in 2022 over the previous year. The increase in 2023 was mainly due to a gain on investments following a loss on investments the previous year.

Capital contributions and capital grants revenue totaled $65.8 million in 2023 after a total of $22.6 million in 2022, an increase of $43.2 million over 2022. 2022 had a $7.9 million increase over 2021. These fluctuations in revenue are representative of the nature and timing of federal grant funding. The amount of grant revenue can vary greatly from year to year depending on the projects being planned, funded and constructed.

Revenues:

Below in a summary of revenue for the three fiscal years ended December 31, 2023, 2022, and 2021:

Summary of Revenues	2023	2022	2021 [1]
Operating Revenues:			
Airfield	$ 8,292,007	$ 7,310,868	$ 6,708,251
Passenger terminal	18,909,732	17,993,398	16,345,699
Leased buildings	2,817,467	2,674,246	2,612,522
Leased areas	3,140,571	2,596,445	2,272,373
Parking and ground transportation	19,426,601	18,002,014	11,973,477
Other	203,146	636,605	221,414
Total Operating Revenue	52,789,524	49,213,576	40,133,736
Nonoperating Income:			
Interest income	3,444,106	1,858,128	1,758,723
Gain on disposal of assets	1,105,619	1,780,121	6,306,133
Gain on investments	1,559,667	-	-
Customer facility charges	3,942,126	3,581,911	2,942,792
Passenger facility charges	7,871,653	7,601,519	6,542,294
Other grant revenue	3,818,624	4,575,251	6,379,050
Total Nonoperating Income	21,741,795	19,396,930	23,928,992
Federal AIP and other grants	65,808,247	22,583,994	14,721,846
Total	$140,339,566	$91,194,500	$78,784,574

[1] *This year has been restated to reflect the adoption of GASB 87*

Airfield revenue increased in both 2023 and 2022 over prior years. The increase in 2023 and 2022 related to an increase in landed weight at SIA, the result of a strong demand for travel and larger aircraft landing at SIA.

Passenger terminal revenue increased in 2023 and 2022 because of increased passenger activity that resulted in an increase in terminal revenue, concession revenue at the airport and rental car revenue.

Leased building revenue decreased in 2023 after a increase in 2022. The decrease in 2023 was primarily due to a decrease in occupancy percentage of non-terminal facilities while the increase in 2022 was the result of rate increases implemented throughout 2022.

Leased area revenue increased in both 2023 and 2022. The increase in both years was due mainly to an increase in on premise hotel activity and rental car lease areas.

Parking revenue, which includes Ground Transportation fees, increased in 2023 and 2022, which was the result of the increased passenger activity experienced at the Airport.

Nonoperating revenue increased in 2023 after an decrease in 2022. The increase in 2023 was due to an increase in interest income and gain on investments while the main reason for the decrease in 2022 was fewer assets that were disposed of throughout the year.

Expenses:

Below is a summary of expenses for the three fiscal years ended December 31, 2023, 2022, and 2021:

Summary of Expenses	2023	2022	2021 [1]
Operating Expenses:			
Airfield	$12,209,089	$11,507,516	$ 8,626,312
Passenger terminal	6,712,930	6,110,750	5,002,913
Leased buildings	1,477,935	1,971,285	987,437
Parking and ground transportation	4,755,541	4,745,827	3,485,947
Administration and operations	7,074,745	7,088,766	5,223,546
Total Operating Expense	32,230,240	31,424,144	23,326,155
Depreciation and amortization expense	28,602,529	30,959,065	29,517,093
Nonoperating Expense			
Interest expense	406,156	-	2,753
Loss on investments	-	2,848,374	897,115
Other grant expense	8,226	398,486	483,416
Total Nonoperating Expense	414,382	3,246,860	1,383,284
Total	$61,247,151	$65,630,069	$54,226,532

[1] *This year has been restated to reflect the adoption of GASB 87*

Airfield expenses increased in 2023 and 2022. The increase in 2023 was driven by an increase in maintenance and ground expenditures. The reason for the increase in 2022 was due to the return of airline activity and the elimination of pandemic-related cost saving measures.

Passenger Terminal expenses increased in both 2023 and 2022. The increases in both years are attributed to an increase in utilities, general maintenance, and contract services in the terminal.

Leased Buildings expenses decreased in 2023 and increased in 2022. The 2022 increase was related to an increase in general maintenance expenses along with demolition of some old structures.

Parking and Ground Transportation expenses increased in both 2023 and 2022. The increase in 2023 was mainly due to an increase in credit card discount fees and contract labor. The increase in 2022 was due to an increase in deicing and maintenance expenditures.

Administration and operations expenses decreased in 2023 following an increase in 2022. The decrease in 2023 related primarily to a decrease in pension expenses while the increase in 2022 was the result of an increase in staffing and marketing expenditures.

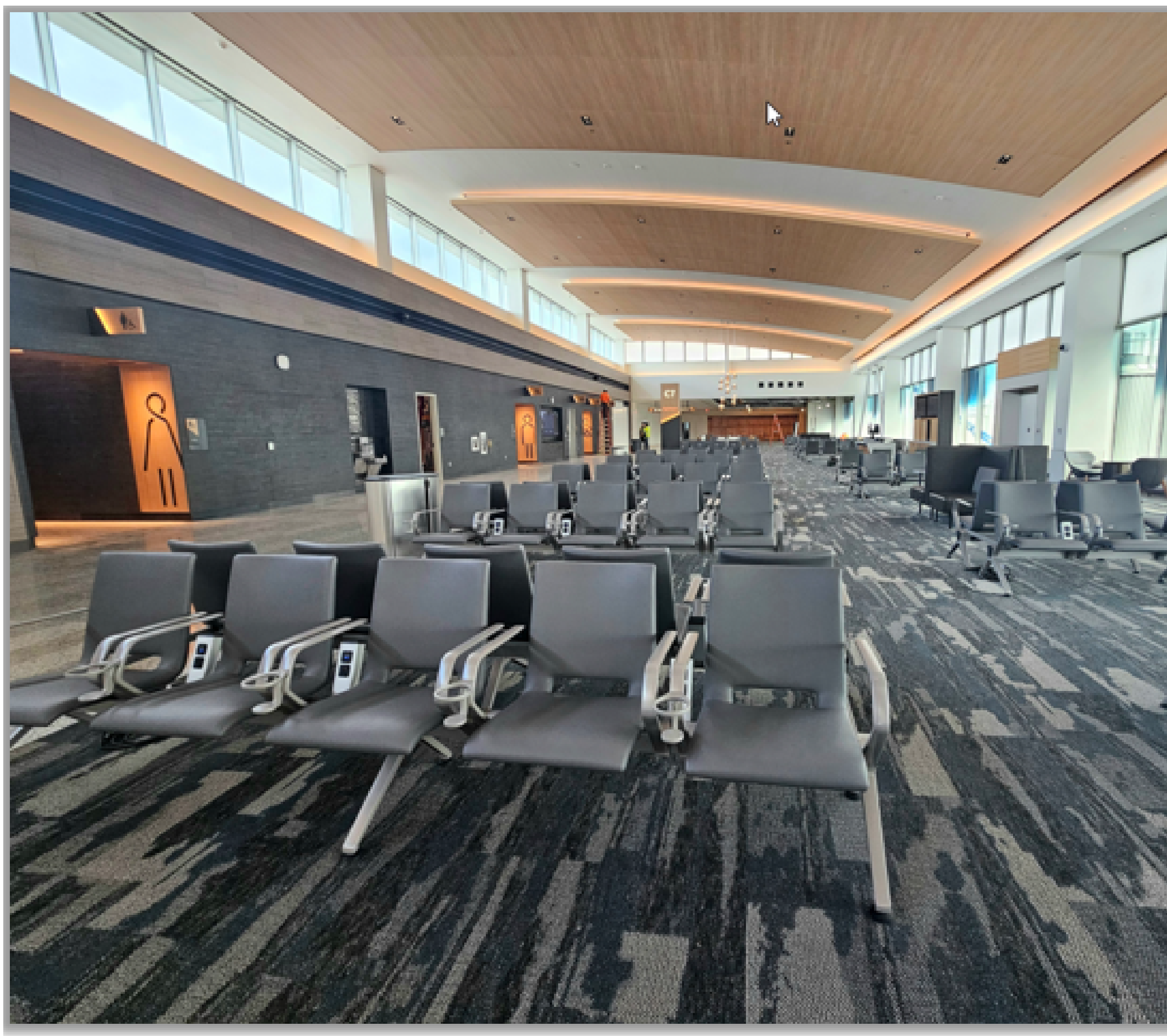
Nonoperating expenses in 2023 decreased compared to 2022 as the Airport did not realize any loss on investments. In 2022, the loss on investments was due to rising interest rates and declining fair market value of short-term securities held in the Spokane Investment Pool.

Other financial considerations

The basic financial structure of the Airport facilities has been very consistent over the past 35 years, with the residual based Airline Operating Agreement (AOA) that has been in effect since 1984 and modified periodically. The AOA and airline leases were extended through negotiations with air carriers with minor changes until December 31, 2023.

The Airport is in a strong financial position given the amount of liquidity, no long-term debt on the books, and low debt burden per passenger. The Airport operates with sound financial decision-making, a low-cost structure, and a disciplined approach to financing capital needs.

This financial report is designed to provide citizens, customers, bondholders, and tenants with a general overview of the Airport and to demonstrate the Airport's accountability for the funds they receive and expend. For additional information about this report or information about the Airport, please contact Rob Schultz, Chief Financial Officer, 9000 W. Airport Drive, Suite 204, Spokane, WA 99224.



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SPOKANE AIRPORT BOARD
STATEMENTS OF NET POSITION

ASSETS

	December 31, 2023	December 31, 2022
CURRENT ASSETS		
Unrestricted Current Assets		
Cash	$ 97,615	$ 87,003
Unrestricted cash and short-term investments	61,815,116	58,334,812
Accounts receivable, less allowance for doubtful accounts of 2023 $447,847; 2022 $447,847	3,613,317	3,159,246
Prepaid expenses and other assets	1,327,444	1,143,264
Inventory	560,672	458,493
Short term lease receivable	7,527,259	8,110,425
Total Unrestricted Current Assets	74,941,423	71,293,243
Restricted Current Assets		
Current portion, restricted cash and short-term investments	2,372,568	3,274,961
Receivable from government agencies	23,269,088	18,153,503
Total Restricted Current Assets	25,641,656	21,428,464
Total Current Assets	100,583,079	92,721,707
NONCURRENT ASSETS		
Unrestricted Noncurrent Assets		
Long term lease receivable	37,794,693	39,682,841
Land	20,650,071	20,663,872
Construction in process	111,456,952	45,987,587
Right of use assets, net of accumulated amortization	181,016	-
Depreciable capital assets, net of accumulated depreciation	229,369,202	220,130,633
Total Unrestricted Noncurrent Assets	399,451,934	326,464,933
Restricted Noncurrent Assets		
Restricted cash and investments, less current portion	22,790,713	20,151,815
Net Pension Asset	4,182,274	4,396,791
Total Restricted Noncurrent Assets	26,972,987	24,548,606
Total Noncurrent Assets	426,424,921	351,013,539
TOTAL ASSETS	527,008,000	443,735,246
DEFERRED OUTFLOWS OF RESOURCES	4,406,712	4,249,947
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 531,414,712	$ 447,985,193

See Accompanying Notes

SPOKANE AIRPORT BOARD
STATEMENTS OF NET POSITION

LIABILITIES

	December 31, 2023	December 31, 2022
CURRENT LIABILITIES		
Liabilities Payable from Unrestricted Assets		
Construction warrants and retainage payable	$ 272,563	$ 301,028
Vouchers payable and other accrued expenses	22,035,192	16,590,645
Accrued payroll	871,148	955,933
Compensated absences - current portion	84,545	74,395
Total Unrestricted Current Liabilities	23,263,448	17,922,001
Liabilities Payable from Restricted Assets		
Construction warrants and retainage payable	1,527,180	2,665,239
Accrued interest payable	5,323	-
Short-term debt due within one year	3,814,982	-
Total Restricted Current Liabilities	5,347,485	2,665,239
Total Current Liabilities	28,610,933	20,587,240
NONCURRENT LIABILITIES		
Deposits	572,826	308,696
Compensated absences	1,011,508	868,103
Accrued environmental liabilities	2,194,805	2,106,943
Accrued postretirement and termination benefits	2,805,450	2,576,533
Net Pension liabilities	792,656	944,457
Other long-term liabilities	52,511	-
Total Noncurrent Liabilities	7,429,756	6,804,732
TOTAL LIABILITIES	36,040,689	27,391,972
DEFERRED INFLOWS OF RESOURCES	47,040,914	51,352,527
NET POSITION		
Net Investment in capital assets	355,990,005	283,815,825
Restricted for:		
Passenger Facility Charge	581,283	1,492,053
Customer Facility Charge	22,209,430	18,659,762
Cash restricted for retainages and deposits	2,372,568	3,274,961
Receivable from government agencies	23,269,088	18,153,503
Net Pension Asset	4,182,274	4,396,791
Total Restricted Net Assets	52,614,643	45,977,070
Unrestricted	39,728,461	39,447,799
TOTAL NET POSITION	448,333,109	369,240,694
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 531,414,712	$ 447,985,193

SPOKANE AIRPORT BOARD
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Years Ended December 31,	
	2023	2022
Operating revenues:		
Airfield	$ 8,292,007	$ 7,310,868
Passenger terminal	18,909,732	17,993,398
Leased buildings	2,817,467	2,674,246
Leased areas	3,140,571	2,596,445
Parking and ground transportation	19,426,601	18,002,014
Other	203,146	636,605
Total Operating Revenue	52,789,524	49,213,576
Operating expenses:		
Airfield:		
General	7,623,333	6,547,728
Fire department	2,196,667	2,264,659
Police department	2,389,089	2,695,129
Passenger terminal	6,712,930	6,110,750
Leased buildings	1,477,935	1,971,285
Parking and ground transportation	4,755,541	4,745,827
Administration and operations	7,074,745	7,088,766
Total Operating Expense	32,230,240	31,424,144
Operating income before depreciation	20,559,284	17,789,432
Depreciation and amortization	28,602,529	30,959,065
Operating income (loss)	(8,043,245)	(13,169,633)

SPOKANE AIRPORT BOARD
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Years Ended December 31, 2023	2022
Nonoperating revenues (expenses):		
Interest income	$ 3,444,106	$ 1,858,128
Interest expense, including amortization of bond premiums	(406,156)	-
Gain (loss) on disposition of assets	1,105,619	1,780,121
Gain (loss) on investments	1,559,667	(2,848,374)
CARES grant revenue	3,810,398	4,176,765
Grant revenue	8,226	398,486
Grant expense	(8,226)	(398,486)
Customer facility charges	3,942,126	3,581,911
Passenger facility charges	7,871,653	7,601,519
Total Nonoperating revenue (expenses)	21,327,413	16,150,070
Increase (decrease) in net assets before capital grants and related items	13,284,168	2,980,437
Capital contributions		
Federal AIP and other grants	65,808,247	22,583,994
Total Grants	65,808,247	22,583,994
Increase (decrease) in Net Position	79,092,415	25,564,431
Net Position, beginning of year	369,240,694	343,676,263
Net Position, end of year	$ 448,333,109	$ 369,240,694

SPOKANE AIRPORT BOARD
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2023	Years Ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from airfield operations	$ 8,102,066	$ 6,865,591
Cash received from passenger terminal	18,316,135	(4,810,975)
Cash received from building leases	2,817,467	2,674,246
Cash received from area leases	3,140,571	2,596,445
Cash received from parking	19,426,601	18,002,014
Cash received from administration and operations	460,166	(669,333)
Other operating cash received	203,146	636,607
Cash paid for airfield operations	(7,899,490)	(6,942,493)
Cash paid to airfield employees	(4,992,742)	8,509,560
Cash paid for passenger terminal	(4,249,460)	(5,302,373)
Cash paid to passenger terminal employees	(2,654,819)	1,252,151
Cash paid for leased building operations	(1,366,623)	(1,971,285)
Cash paid for parking operations	(4,072,209)	(3,920,242)
Cash paid to parking operations employees	(785,519)	893,442
Cash paid to administration and operations employees	(2,355,246)	3,031,097
Net cash provided (used) by operating activities	24,090,044	20,844,452
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	3,818,624	4,575,251
Operating grant expenses	(8,226)	(398,486)
Net cash provided by noncapital financing activities	3,810,398	4,176,765
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal and state grant proceeds	60,692,662	19,355,112
Acquisition and construction of capital assets	(104,769,315)	(43,099,635)
Principal payments on debt	(11,185,018)	-
Proceeds from short term debt	15,052,511	-
Proceeds from sale of capital assets	1,119,420	1,800,215
Interest paid on debt	(400,833)	-
Transaction fees collected	3,942,126	3,581,911
Passenger facility charges collected	7,871,653	7,651,716
Net cash provided (used) by capital and related financing activities	(27,676,794)	(10,710,681)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	5,003,773	(990,246)
Net cash provided by investing activities	5,003,773	(990,246)
NET CHANGE IN CASH	5,227,421	13,320,290
Cash, beginning of year	81,848,591	68,528,301
Cash, end of year	$ 87,076,012	$ 81,848,591

SPOKANE AIRPORT BOARD
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2023	Years Ended December 31, 2022
OPERATING INCOME (LOSS)	$ (8,043,245)	$ (13,169,633)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization expense	28,602,529	30,959,067
Changes in assets and liabilities:		
Accounts receivable	(454,071)	(434,022)
Lease receivable	(593,597)	(22,804,373)
Prepaid expenses and other assets	(184,180)	(8,630)
Inventory	(102,179)	27,754
Vouchers payable and other accrued expenses	5,444,547	4,621,291
Accrued payroll	(84,785)	100,814
Accrued vacation and sick pay	153,555	(73,890)
Increase (decrease) in net pension liability, leases, and related deferred outflows and inflows of resources	(1,340,751)	22,548,070
Other	692,221	(921,996)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 24,090,044	$ 20,844,452
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
NONCASH CAPITAL ACTIVITIES		
Acquisition of construction and capital assets, recorded but not paid at year end	$ 1,799,743	$ 2,966,267
TOTAL NONCASH ITEMS	$ 1,799,743	$ 2,966,267
RECONCILIATION OF CASH		
Cash	$ 97,615	$ 87,003
Unrestricted short-term cash investments	61,815,116	58,334,812
Restricted cash and short-term investments, current and noncurrent	25,163,281	23,426,776
CASH AS PRESENTED IN STATEMENTS OF CASH FLOWS	$ 87,076,012	$ 81,848,591

Note 1 – Significant Accounting Policies

The following is a summary of significant policies followed by Spokane Airport Board (the Airport).

Organization:

The accompanying financial statements include the operations of the Spokane International Airport (SIA), the Airport Business Park (ABP), and Felts Field Airport (FF). Spokane International Airport serves the predominant air travel needs of eastern Washington and northern Idaho. There are no other entities for which the Airport is financially accountable. The Airport is a municipal airport operating under RCW 14.08 and is jointly owned by the City of Spokane and Spokane County under a joint operating agreement. This agreement was last modified in 2018.

The agreement provides for the joint operation of the Airport through a separate seven-member Board. The Board consists of one elected County official, one elected City official, two members appointed by the County, two members appointed by the City, and one member appointed jointly. The annual budget for the Airport is approved by both the City of Spokane and Spokane County. In addition, both the City of Spokane and Spokane County must approve any bond issues or other debts that extend beyond one year. In the event the Airport is unable to make debt payments when due, the City of Spokane and Spokane County are responsible to pay any deficit through a 50/50 split. The agreement also provides that either party may terminate the agreement with certain advance notice. If an agreement cannot be reached as to which entity will succeed in operating the Airports, the terminating municipality is responsible to make a payment to the other to compensate them for their share of the difference between the assets and liabilities.

Separate financial statements of Spokane County and the City of Spokane can be obtained from the Auditor's Office, Spokane County, 1116 West Broadway Avenue, County Courthouse 2nd Floor, Spokane, WA 99260; and Financial Division, City of Spokane, 808 West Spokane Falls Blvd., Spokane, WA 99201.

Measurement focus and basis of accounting:

The Airport's financial statements are prepared in accordance with Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended. The Airport utilizes one proprietary fund for accounting and financial reporting. Although the Airport accounts for the revenue and expenses of Spokane International Airport, the Airport Business Park, and Felts Field Airport separately, these are accounted for as departments, not as separate funds. GASB 34 also requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

In proprietary fund financial statements, operating revenues are those that flow directly from the operations of that activity, (i.e., charges to customers or users who purchase or use the goods or services of that activity). Revenues from airlines, concessions, rental cars, and parking are reported as operating revenues. Operating expenses are those that are incurred to provide those goods or services. Operating revenues and expenses are items related to nonexchange transactions such as interest expense and revenue as they relate to financing and/or investing-related transactions, customer facility charges and passenger facility charges. Nonexchange transactions are transactions where the Airport receives cash and other financial and capital resources without directly giving equal value in return. The Airport's primary source of nonexchange revenue relates to grants. Grant revenue is recognized at the time eligible program expenditures are incurred and/or the Airport has complied with the grant requirements.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used to record environmental reserves, litigated and nonlitigated loss contingencies, allowance for doubtful accounts, pension liabilities/assets, and other post-employment benefits. Actual results could differ from those estimates.

Note 1 – Significant Accounting Policies (Continued)

Management evaluates the estimated useful life of assets capitalized and placed into service for purposes of determining provisions for depreciation. Estimated remaining lives are reviewed by management on an ongoing basis.

Management has estimated the amount accrued for environmental liabilities. There is the potential for additional environmental sites to be determined in future periods. As the nature of these liabilities is difficult to estimate, the amount of this estimate is subject to significant adjustments.

Annually the Airport has an actuarial analysis performed to determine other post-employment benefits and retirement health insurance obligations. The amount of this estimate is subject to significant adjustment.

Management estimates the amount of accounts receivable expected to be uncollectible. There is a potential for additional amounts to be determined to be uncollectible. The amount of this estimate is subject to adjustment.

Deferred Outflows/Inflows of Resources:

The statements of net position will sometimes report a separate section for deferred outflows of resources and/or deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period, and therefore, not recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period, and therefore, not recognized as an inflow of resources (revenue) until then.

Pension liability variances can occur due to actuarial assumptions that differ between the actual plan experience and the original actuarial assumed rates. Differences can result from, among others, earnings on investments, changes in assumptions, and other experiences, gains or losses. A variance represents a gain or a loss, shown as deferred inflows of resources or deferred outflows of resources, respectively, in the accompanying statements of net position. These deferred outflows/inflows are amortized in accordance with the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. Additional items are determined annually based on each subsequent year's variances from actuarial assumptions.

In 2022, the Airport adopted GASB Statement No. 87, *Leases* (GASB 87). GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessor is required to recognize, for each lease, a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the term of the lease. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods. Interest revenue is recognized on the lease receivable and inflow of resources (revenue) is recognized from the deferred inflows of resources in a systematic and rational manner over the term of the lease. Lessors do not derecognize the asset underlying the lease.

In 2023, the Airport adopted GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* (SBITA), which requires reporting of certain subscription based information technology (IT) liabilities not previously reported. The standard is based on the principle SBITAs are financings of the right-to-use underlying assets. A SBITA under GASB 96 is an arrangement that conveys the right to use another entity's IT software, alone or in combination with tangible capital assets for a specified period. The present values of future SBITA payments over the entirety of the SBITA term, which includes extension periods if it is probable the extension will be exercised, are reported as subscription assets and liabilities.

Airline rates and charges:

Under the terms of the signatory airline lease and operating agreements, the Airport sets airline rates and charges using a residual methodology. Under this agreement, the rates for the landing fee and terminal rents are set to recover a certain proportion of the operating costs for the airfield and terminal.

Concentration of operating revenue:

The operation of the Airport is dependent upon the utilization of their facilities by air carriers and major airlines. Airlines have signed operating agreements (Note 7) with the Airport for terminal rentals and landing fees and for the maintenance of net revenues. Revenues from airlines amounted to approximately 29% and 30% of operating revenue for the years ended December 31, 2023, and 2022, respectively. Rental car revenue was 24% and 24% of operating revenue for the years ended December 31, 2023, and 2022, respectively. Parking garage revenues at each of the years ended December 31, 2023, and 2022, approximated 37% of total operating revenue.

Note 1 – Significant Accounting Policies (Continued)

Budgeting requirements:

The Airport budgeting process is a financial planning tool used to establish the estimated revenues and expenditures for SIA, Felts Field, and ABP. The budget is developed after reviewing revenue forecasts, the impact of funding increases on landing fees, rental rates, and other rates and charges, prior year actual, current program levels, new operating requirements, and the overall economic climate of the region and airline industry.

Income taxes:

The Airport is exempt from income taxes under current provisions of the Internal Revenue Code.

Passenger facility charges:

The Airport has received approval from the Federal Aviation Administration (FAA) to impose a passenger facility charge (PFC) for each passenger who utilizes SIA of up to $4.50 from November 1, 2022, through September 1, 2035. The charge is collected by all carriers and remitted to the Airport, less a $0.11 per passenger handling fee. The proceeds from the PFC are restricted to use by the Airport for certain FAA approved capital improvement projects. Cumulative PFC revenue in the amount of $265,126,621 has been approved for collection and $265,126,621 has been approved for use, of which $180,621,200 has been received through December 31, 2023. At December 31, 2023, Spokane International Airport had total cumulative expenditures of $177,724,586 per the 4th quarter report. PFC revenues, including interest earnings, are restricted for capital projects approved by the FAA.

Customer Facility Charges:

The Airport collects a CFC of $3.75 per day from rental car transactions. The customer facility charge (CFC) revenue is used to fund rental car facilities capital improvement projects. CFC revenues received from the rental car companies are recorded as nonoperating income in the statements of revenues, expenses, and changes in Net Position.

Federal grants-in-aid:

The Airport receives federal grants-in-aid funds on a reimbursement basis, mostly related to construction of the Airport's facilities and other capital activities along with operating grants to perform enhancements in the Airport's safety, security, and capacity.

Cash and cash equivalents:

For the purposes of the statements of cash flows, the Airport considers all highly liquid investments (including unrestricted and restricted short-term investments) to be cash equivalents. See Note 2 for a discussion of the nature of restricted short-term investments.

Short-term investments:

The Airport invests the majority of its funds with Spokane County's investment pool for Spokane County government agencies. It is the policy of Spokane County to invest public funds in accordance with governing statutes and in a manner which will provide the best investment return. Investments are made by designated personnel in accordance with the Spokane County Treasurer's Investment Policy. County policy dictates that all investment instruments other than certificates of deposit and County notes be transacted on the delivery-versus-payment basis. Investments are recorded at fair value. Information regarding the types of investments that the County can purchase are found in RCW 36.29.020.

Investments are recorded at net asset value in accordance with GAAP. Accordingly, the change in net asset value of investments is recognized as an increase or decrease to investment assets and investment income.

Accounts receivable and allowance for doubtful accounts:

Accounts receivable are recorded for invoices issued to customers in accordance with the Airport's contractual arrangements. The allowance for doubtful accounts is based on specific identification of troubled accounts and by using historical experience applied to an aging of accounts. Accounts Receivables are written off against the allowance when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Note 1 – Significant Accounting Policies (Continued)

Inventory:

Inventories consist of de-icing materials and fuel and are valued using the FIFO method.

Capital assets:

Capital assets with an acquisition cost in excess of $7,500 at the acquisition date and having an expected useful life of one or more years are capitalized and depreciated. Repair and maintenance costs are expensed as incurred. Replacements and major improvements of capital assets are capitalized at cost. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and any resulting gain or loss is reflected in the Statements of Revenues, Expenses, and Changes in Net Position. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Land is not considered a depreciable asset. The Statements of Revenues, Expenses, and Changes in Net Position include depreciation of all depreciable property, facility, and equipment and total gains or losses upon the disposal thereof.

The United States federal government has an interest in any asset purchased or constructed with Airport Improvement Program dollars. Upon disposal of these assets, the Federal Aviation Administration must be notified, and the current fair value of their interest is either returned or invested into another approved project or asset.

The Airport's estimated useful lives of depreciable property, facility and equipment at December 31, 2023 and 2022, were the following:

Land improvements	5-15 years
Buildings	15-40 years
Building Improvements and additions	5 years - or remaining life
Roads and Parking Lots	5-20 years
Aprons, Taxi and Runways - Asphalt	5-15 years
Aprons, Taxi and Runways - Concrete	10-20 years
Equipment	2-10 years
Utilities	15-40 years
Vehicles and Equipment	2-10 years

Pensions:

For purposes of measuring the net pension liability/assets, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Compensated absences:

Accumulated vacation and sick leave are accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. Employees of the Airport are granted vacation and sick leave depending on their length of employment, or through the terms of employment agreement and collective bargaining agreements. Compensated absences are accrued when earned and are reported as a liability.

Non-Union employees

Administrative employees may accrue up to 240 hours of vacation time and up to 1,040 hours of sick leave. Unused sick leave is paid out to an employee or the employee's estate only when separation is due to death or retirement. Sick leave payout is equal to 50% of not more than 1,040 hours.

Maintenance employees

Maintenance employees may accrue up to 240 hours of vacation leave in the next yearly period. Any vacation in excess of 240 hours on December 1 each year is forfeited with no compensation to the employee. Employees may carry over paid sick leave from calendar year to calendar year; provided,

Note 1 – Significant Accounting Policies (Continued)

however, employees may not carry over more than 1,040 hours of sick leave. Unused sick leave is paid out to an employee or the employee's estate only when separation is due to death or retirement. Sick leave payout is equal to 50% of the amount accumulated, up to a maximum of 1,040 hours.

Firefighters

Firefighters may accrue up to 400 hours of vacation. Any leave in excess of that amount as of December 31 of each year is forfeited. Unused sick leave is paid at separation to the employee or employee's estate, only when separation is due to death of LEOFF II retirement of the employee. In these circumstances, all unused sick leave will be paid out in an amount equal to seventy-five percent (75%) of the amount accumulated up to the maximum accrual of 1,400 hours of unused leave. Employees may carry over paid sick leave from calendar year to calendar year; however, employees may not carryover more than 1,400 hours.

Police Officers

Police Officers may accrue up to 240 hours of vacation for 8-hour shift employees and 300 hours for 12-hour shift employees. Sick leave may accrue to a maximum of 1,040 hours. Upon separation from employment, unused sick leave will be forfeited unless separation is due to death or retirement. If the separation is due to death or retirement the employee or employee's estate will be paid up to a maximum of 780 hours.

Part Time Employees

Beginning January 1, 2018, RCW 49.46 requires that all part time employees accrue one hour of sick leave for every forty hours worked.

Net Position:

Net position has been classified on the statements of net position into the following components:

> *Invested in capital assets:* Capital assets are shown net of accumulated depreciation and amortization, deferred inflows/outflows of resources, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
>
> *Restricted component:* Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets that have third-party restrictions placed on them.
>
> *Unrestricted component:* Is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Policy regarding use of restricted vs. unrestricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Airport will utilize restricted resources first, then unrestricted resources as needed.

Accounting Standards Issued but Not Yet Adopted:

GASB Statement No. 101 (GASB 101) – *Compensated Absences* was issued June 2022. The Statement requires that a liability be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. The standard is effective for fiscal years ending after December 15, 2023. The Airport is currently evaluating the impact this standard will have on the financial statements.

GASB Statement No. 102 (GASB 102) – *Certain Risk Disclosures* was issued December 2023. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Airport is currently evaluating the impact this standard will have on the financial statements.

Note 2 - Cash, Cash Equivalents and Investments

Deposits:

All deposits are either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by the State of Washington's Public Deposit Protection Commission (PDPC). The PDPC, a statutory authority under RCW 39.58, constitutes a multiple financial institution collateral pool that makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and secures collateral for deposits that exceed the amount insured by the FDIC. Also, public depositories collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds. In the event of a bank default, the Public Deposit Protection Commission establishes the amount of public fund loss and assesses each participating bank for its proportionate share.

Primarily due to the weakening financial conditions of a number of banks in Washington and in an effort to further protect public deposits from loss, the Public Deposit Protection Commission, on February 18, 2009, passed Resolution 2009-1. The resolution required banks to fully collateralize all uninsured public deposits by June 30, 2009, if they wish to continue as a public depository.

In 2010, the PDPC adopted Resolution 2010-1 requiring all public depositories to take measured and orderly steps to shift their public depositors' funds from accounts insured through the FDIC Transaction Account Guarantee (TAG) Program to other insured or collateralized accounts.

The majority of the Airport's cash and investments are invested in the Spokane County Treasurer's Office administered investment pool for Spokane County government agencies. The Spokane County Investment Pool (SCIP) is not SEC registered and there is no credit rating of the SCIP. Investments in the pool are in the custody of the Spokane County Treasurer under the policy guidance of the Spokane County Finance Committee. There are no withdrawal or redemption restrictions placed on the Airport. Investments in the Pool principally consist of investments in the Washington State Local Government Investment Pool, US government agency securities, commercial bank certificates of deposit, and Spokane County Bonds. The Airport, as a joint venture of the City of Spokane and Spokane County, is limited by City and County state statues as to the types of investments it may invest in. For a more detailed list of the types of investments allowed under Washington State law contact the Spokane County Treasurer's Office at www.spokanecounty.org or see RCW 36.29-020.

Investments:

The Airport invests its funds in the Spokane County Investment Pool (SCIP). The Pool uses the Net Asset Value (NAV) to measure the Pool's underlying securities, relative to the cumulative fund balance. All investments of the SCIP are limited by RCW, principally RCW 36.29.020. The Pool is authorized to invest in U.S. Treasury and agency securities, repurchase and for collateral otherwise authorized for investment, municipal bonds of the state of Washington and General Obligations of other states with one of the three highest ratings of a national rating agency at the time of investment, certificates of deposit with qualified depositories within the statutory limits as promulgated by the Public Deposit Protection Commission at the time of the investment, foreign and domestic bankers acceptances and the Washington State Local Government Pool and Bank Deposits.

All securities purchased by the SCIP belong jointly to the Participants who share realized gains, income, and any realized losses on a pro-rata basis. The Investment Pool is not an investment in a money market or bank account, which typically has a lower-average maturity (under 60 days) and lower yield. The Investment Pool is not insured or guaranteed by the Federal Deposit Insurance Corporation, Spokane County, or any other government agency. The interest earnings of the Pool, depends on amortized earnings and interest accruals at prevailing investment rates.

The use of amortized cost valuation means that the Pool's stable $1.00 price value may vary from its market value NAV per share. In the unlikely event that the Spokane County Treasurer were to determine that the extent of the deviation between the Pool's amortized cost per share and market value NAV per share may result in material dilution or other unfair results to the participants, the County Treasurer may cause the Pool to take such action as it deems appropriate to eliminate or reduce dilutions that cause unfair results to participants.

The State of Washington Local Government Investment Pool is the only government-sponsored pool approved for investment of funds. On December 31, 2023, and 2022, the Airport had the following cash and investments. Cash and investments are classified on the statements of net position as follows:

Note 2 – Cash, Cash Equivalents and Investments (Continued)

	2023	2022
Cash	$ 97,615	$ 87,003
Unrestricted short-term investments	61,815,116	58,334,812
Restricted short-term investments, current portion	2,372,568	3,274,961
Restricted short-term investments, noncurrent	22,790,713	20,151,815
TOTAL	$ 87,076,012	$ 81,848,591

As of December 31, 2023 and 2022, the Spokane Airport has the following cash and investments:

	2023	2022
Petty Cash	$ 3,065	$ 3,065
Cash in bank	94,550	83,938
Funds invested in the Spokane County Investment Pool	86,978,397	81,761,588
TOTAL	$ 87,076,012	$ 81,848,591

Credit risk:

Credit risk is the risk the issuer or other counterparty to an investment will not fulfill its obligations. The Pool investments are governed by state laws and Spokane County's investment policy; however, not all amounts in the County pool are rated. The Airport is not able to identify the credit risk on specific amounts held by the County on the Airport's behalf. Additional information on the Spokane County Investment Pool is contained in the Spokane County Annual Comprehensive Financial Report. A copy of the report can be obtained by contacting the Spokane County Auditor's Office, 1116 W. Broadway, 2nd Floor, Spokane, Washington, 99260. The Airport does not have a formal policy addressing credit risk.

Interest rate risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates.

The Airport has no formal policy addressing interest rate risk. The majority of the Airport's funds are invested in the Spokane County Investment Pool. The average length of maturity of the investments of the Pool was 1.40 and 1.57 years on December 31, 2023, and 2022, respectively.

Additional information on the Spokane County Investment Pool interest rate risk is contained in the Spokane County Annual Comprehensive Financial Report.

Custodial risk:

Custodial risk is the risk that, in the event of the failure of the counterparty, the Airport will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Airport does not have a formal policy addressing custodial risk. Currently, amounts invested in the Pool are not held in the Airport's name. Additional information on custodial risk can be obtained by contacting the Spokane County Treasurers Office.

Concentration risk:

Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The Spokane County Investment Pool policy mitigates concentration of credit risk by limiting the percentage of the portfolio invested with any one issuer.

Presented below are investments in any one issuer that represent 5% or more of the total County investment pool. Grammer

Note 2 – Cash, Cash Equivalents and Investments (Continued)

	2023	2022
LGIP (State)	21%	12%
Federal Home Loan Bank (FHLB)	5%	8%
Federal Nat'l Mortgage Assoc (FNMA)	-	5%
United State Treasury Notes	40%	37%
Federal Farm Credit Bank (FFCB)	13%	11%
Inter-American Development Bank (IADB)	6%	9%

The following is a table, by percentage of investment security types, of the Spokane County Investment Pool as of December 31, 2023, and 2022:

	2023	2022
Washington State Local Government Investment Pool	21%	12%
Federal agency securities	20%	29%
Miscellaneous investments	1%	1%
Supranationals	13%	16%
Corporate paper	5%	6%
Commercial paper		1%
Treasury Securities	40%	37%
	100%	100%

Cash balances:

The carrying value of the Airport's deposits with financial institutions as of December 31, 2023, and 2022, were $94,550 and $83,938, and the bank balances were $94,550 and $83,938, respectively. The bank balance is categorized as follows:

	2023	2022
Amount insured by FDIC	$ 250,000	$ 250,000
Total Bank Balance	$ 94,550	$ 83,938

Restricted cash and short-term investments:

Restricted cash and short-term investments (including current and noncurrent portions) on December 31 were as follows:

	2023	2022
Collected passenger facility charges, restricted for approved projects	$ 581,283	$ 1,492,053
Collected transaction fee, restricted for approved projects	22,209,430	18,659,762
Current portion of restricted short term investments	1,799,743	2,966,266
Refurbishment and fuel deposits	572,825	308,695
Total Restricted Cash and Short-Term Investments	$ 25,163,281	$ 23,426,776

Note 3 - Receivable from Government Agencies

The Airport has received grants for airport construction, improvements, and land acquisition, from the Federal Airport Improvement Program (AIP) and other state and federal grants. Cash collected for construction, land acquisition, and operational grants were $64,502,824 in 2023 and $23,930,363 in 2022. Amounts are recorded on the Statement of Revenues, Expenses, and Changes in Net Position as non-operating revenue, and capital contributions. The following is a summary of the activity in government receivables for the years ended December 31:

	2023	2022
Government receivable, beginning of year	$ 18,153,503	$ 14,924,621
Funds expended	69,618,409	27,159,245
	87,771,912	42,083,866
Less cash received	(64,502,824)	(23,930,363)
Government receivable, end of year	$ 23,269,088	$ 18,153,503

Note 4 - Inventory

At the end of 2023 and 2022, the Airport had a remaining supply of fuel and de-icing material, which was recorded as inventory using the FIFO accounting method. Inventory on December 31, 2023, and 2022, was $560,672 and $458,493, respectively.

Note 5 - Change in Capital Assets

A summary of changes in capital assets for the years ended December 31, 2023, and 2022, is as follows:

	Beginning Balance January 1, 2023	Additions	Deletions	Transfers	Ending Balance December 31, 2023
Nondepreciable Assets					
Land	$ 20,663,872	$ -	$ (13,801)	$ -	$ 20,650,071
Construction in progress	45,987,587	101,889,615		(36,420,250)	111,456,952
Total Nondepreciable Assets	66,651,459	101,889,615	(13,801)	(36,420,250)	132,107,023
Depreciable Assets					
Land improvements	287,708,228	293,981	-	28,384,512	316,386,721
Buildings	204,360,621	-	(224,159)	3,210,718	207,347,180
Equipment	82,751,642	1,006,790	(31,231)	2,037,914	85,765,115
Water and sewer facilities	5,010,937	-	-	2,787,106	7,798,043
Total Depreciable Assets	579,831,428	1,300,771	(255,390)	36,420,250	617,297,059
Less accumulated depreciation for:					
Land improvements	170,321,751	15,443,592	-	-	185,765,343
Buildings	126,291,430	7,507,738	(224,159)	-	133,575,009
Equipment	61,065,371	5,238,187	(31,231)	-	66,272,327
Water and sewer facilities	2,022,243	292,935	-	-	2,315,178
Total Accumulated Depreciation	359,700,795	28,482,452	(255,390)	-	387,927,857
Total Depreciable Capital Assets - net	220,130,633	(27,181,681)	-	36,420,250	229,369,202
Total Capital Assets - net	$ 286,782,092	$ 74,707,934	$ (13,801)	$ -	$ 361,476,225

Note 5 – Change in Capital Assets (Continued)

	Beginning Balance January 1, 2022	Additions	Deletions	Transfers	Ending Balance December 31, 2022
Nondepreciable Assets					
Land	$ 20,348,571	$ 330,992	$ (15,691)	$ -	$ 20,663,872
Construction in progress	33,597,604	40,604,284	-	(28,214,301)	45,987,587
Total Nondepreciable Assets	53,946,175	40,935,276	(15,691)	(28,214,301)	66,651,459
Depreciable					
Land improvements	273,545,431	-	(133,019)	14,295,816	287,708,228
Buildings	199,269,339	1,000,000	(531,027)	4,622,309	204,360,621
Equipment	73,409,772	741,170	(258,158)	8,858,858	82,751,642
Water and sewer facilities	4,573,619	-	-	437,318	5,010,937
Total Depreciable Assets	550,798,161	1,741,170	(922,204)	28,214,301	579,831,428
Less accumulated depreciation for:					
Land improvements	154,135,171	16,315,197	(128,617)	-	170,321,751
Buildings	119,555,377	7,267,079	(531,026)	-	126,291,430
Equipment	54,193,963	7,129,564	(258,156)	-	61,065,371
Water and sewer facilities	1,775,018	247,225	-	-	2,022,243
Total Accumulated Depreciation	329,659,529	30,959,065	(917,799)	-	359,700,795
Total Depreciable Capital Assets - net	221,138,632	(29,217,895)	(4,405)	28,214,301	220,130,633
Total Capital Assets - net	$ 275,084,807	$ 11,717,381	$ (20,096)	$ -	$ 286,782,092

Intangible Assets GASB 96

The Airport has entered into various contracts that meet the GASB 96 definition of Subscription-Based Information Technology Arrangements (SBITA). A SBITA under GASB 96 is an arrangement that conveys the right to use another entity's IT software, alone or in combination with tangible capital assets for a specified period. The standard is based on the foundational principle that SBITAs are financing of the right-to-use the underlying asset. Prior years financial statements were not restated because the cumulative effect was immaterial to the financial statements as a whole. There were no significant variable SBITAs, termination penalties, or residual value guarantee payments.

A summary of the changes in balances of the subscriptions are as follows:

	Beginning Balance January 1, 2023	Additions	Deletions	Ending Balance December 31, 2023
Intangible Assets				
Subscription Assets	$ 246,876	$ 288,967	$ -	$ 535,843
Total Depreciable Assets	246,876	288,967	-	535,843
Less accumulated amortization for:				
Subscription Assets	234,750	120,077	-	354,827
Total Accumulated Amortization	234,750	120,077	-	354,827
Total Intangible Assets - net	$ 12,126	$ 168,890	$ -	$ 181,016

Note 6 – Long-Term Liabilities

Following is a summary of long-term debt on December 31:

Other long-term liability activity for the years ended December 31 (excludes current portion) is as follows:

	Balance at December 31, 2022	Increase	Decrease	Balance at December 31, 2023
Deposits	$ 308,696	$ 265,000	$ (870)	$ 572,826
Subscription liabilities	-	52,511	-	52,511
Accrued environmental liabilities	2,106,943	87,862	-	2,194,805
Accrued postretirement benefits	2,576,533	228,917	-	2,805,450
Pension liability	944,457		(151,801)	792,656
Compensated absences	868,103	143,405	-	1,011,508
	$ 6,804,732	$ 777,695	$ (152,671)	$ 7,429,756

	Balance at December 31, 2021	Increase	Decrease	Balance at December 31, 2022
Deposits	$ 319,951	$ -	$ (11,255)	$ 308,696
Accrued environmental liabilities	2,106,943	-	-	2,106,943
Accrued postretirement benefits	3,487,274	-	(910,741)	2,576,533
Pension liability	461,162	483,295	-	944,457
Compensated absences	933,747	-	(65,644)	868,103
	$ 7,309,077	$ 483,295	$ (987,640)	$ 6,804,732

Current Portion of Long-Term Liabilities

The estimated current portion of compensated absences for 2023 and 2022 was $84,545 and $74,395, respectively.

In March of 2023, the Airport borrowed $15,000,000 from Spokane County to help fund the construction of a new terminal.

	Balance at December 31, 2022	Increase	Decrease	Balance at December 31, 2023
2023 Short-term loan	$ -	$ 15,000,000	$ (11,185,018)	$ 3,814,982
Total Short-term loans	$ -	$ 15,000,000	$ (11,185,018)	$ 3,814,982

Future subscription payments were discounted based on the interest rate implicit in the SBITA or a comparable incremental borrowing rate determined by the Airport. A summary of the principal and interest amounts for the remaining subscriptions are as follows:

	Principal	Interest	Total
2024	$ 52,511	$ 1,312	$ 53,823
Total	$ 52,511	$ 1,312	$ 53,823

Note 7 – Operating Leases

The Airport, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for regulated leases and short-term leases. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. As lessor, the asset underlying the lease is not unrecognized. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

Note 7 – Operating Leases (Continued)

The Airport leases certain assets to various third parties. The assets leased include building facilities, land, office space, terminal space for concessions, rental car facilities, and others. Payments for a majority of the leases are received monthly, and the revenue varies based on the nature of the lease. A majority of the leases are a fixed monthly fee and often contain annual or periodic escalation clauses. For some leases for which the business conducts sales, the monthly fee is a percentage of gross revenue and varies each month. For these sales-based leases, there are often minimum annual guarantees (MAGs) contained in the lease that provide a certain amount of revenue regardless of the operation's success. Lease terms vary from month to month to over 20 years. The majority of the leases carry a term of greater than five years.

The Airport has considered the following to assist in determining lease treatment according to the requirements of GASB Statement No. 87 (GASB 87):

The maximum possible lease term(s) is noncancelable by both lessee and lessor and is more than 12 months.

The term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information regarding the likelihood of renewal. The term of the lease will exclude possible termination periods that are not deemed to be reasonably certain, given all available information, regarding the likelihood of exercise.

For the years ended December 31, 2023, and 2022, all leases with associated receivables are based on fixed payments and do not have variable payment components included in the receivable.

The Airport's leases have been categorized as follows:

- Leases subject to GASB No. 87 – Non-Regulated Leases
- Leases not subject to GASB No. 87 – Regulated Leases and Short-Term Leases

Leases Subject to GASB 87

During the years ended December 31, 2023, and 2022, the Airport recognized the following related to its lessor agreements:

	2023	2022
Interest income related to leases	$ 1,293,526	$ 796,816

Real Estate – Buildings and Land

The Airport leases buildings and land located outside of the terminal for terms that range from 3 to 50 years. The terms of the real estate leases include a fixed revenue component based on square footage. The Airport received fixed real estate revenue of $3,606,055 and $2,860,264 for the fiscal years ended December 31, 2023 and 2022, respectively. The terms of these lease agreements do not include a variable revenue component.

Concessions

The Airport has various concession leases for terms that range from 5 to 15 years. The terms of the concession lease agreements include a fixed revenue component or Minimum Annual Guarantee (MAG). The terms of the concession lease agreements include a variable revenue component based on a percentage of gross sales. The variable revenue received was not included in the measurement of the lease receivable. The following table shows revenues received under concession leases on December 31, 2023, and 2022.

	2023	2022	2021
Concession revenue	$ 10,055,278	$ 9,366,958	$ 7,957,935
Minimum Annual Guarantee (MAG)	(6,437,698)	(5,819,541)	(5,829,841)
Excess over MAG	$ 3,617,580	$ 3,547,417	$ 2,128,094

Note 7 – Operating Leases (Continued)

During the years ended December 31, 2023 and 2022, the Airport recognized the following related to its lessor agreements:

	2023	2022
Lease revenue subject to GASB 87	$ 9,616,524	$ 7,775,405
Interest income related to leases	1,293,526	796,816
Total lease revenue subject to GASB 87	$ 10,910,050	$ 8,572,221

Future principal and interest payment requirements related to the Airport's lease receivable at December 31, 2023, are as follows:

Years Ending	Principle	Interest	Total
2024	$ 7,527,259	$ 1,145,127	$ 8,672,386
2025	7,187,022	943,390	8,130,412
2026	7,145,340	743,537	7,888,877
2027	5,662,075	550,335	6,212,410
2028	661,548	484,870	1,146,418
2029-2033	2,805,424	2,177,554	4,982,978
2034-2038	2,730,724	1,805,889	4,536,613
2039-2043	2,727,037	1,421,515	4,148,552
2044-2048	2,573,006	1,043,615	3,616,621
2049-2053	2,424,223	698,765	3,122,988
2054-2058	1,152,420	459,552	1,611,972
2059-2063	1,099,164	298,438	1,397,602
2064-2068	1,066,839	150,016	1,216,855
2069-2073	559,871	36,501	596,372
	$ 45,321,952	$ 11,959,104	$ 57,281,056

Leases not Subject to GASB 87

Excluded - Regulated Leases

The Airport is party to certain regulated leases, as defined by GASB Statement No. 87. Regulated leases are classified as leases that are subject to external laws, regulations, or legal rulings, such as requirements from the U.S. Department of Transportation and the Federal Aviation Administration. The leased assets include aircraft facilitates, cargo facilities and ramps, building facilities, and land that the lessees use for fixed-base operations (FBO) and hangars. These leases are regulated by the U.S. Department of Transportation and the Federal Aviation Administration. Certain of these assets are subject to preferential use by counterparties to these agreements.

The Airport has nineteen terminal gates of which the following airlines have preferential use of sixteen of those gates:

Airline	2023	2022
Alaska	7	7
American	2	2
Delta	4	4
Southwest	2	2
United	2	2

Note 7 – Operating Leases (Continued)

During the years ended December 31, 2023, and 2022, the Airport recognized the following revenue from regulated leases:

	2023	2022
Regulated lease revenue	$ 2,546,932	$ 2,513,086

Future expected minimum payments related to the Airport's regulated leases at December 31, 2023, are as follows:

Year	Amount
2024	$ 2,182,460
2025	1,832,599
2026	1,804,769
2027	1,669,168
2028	1,604,408
2029-2033	6,786,753
2034-2038	6,030,835
2039-2043	5,578,378
2044-2048	5,008,520
2049-2053	3,422,341
2054-2058	2,589,898
2059-2063	969,139
2064-2068	488,097
2069-2073	159,965
2074-2078	27,445
2079-2084	27,272

Excluded - Short-Term Leases

In accordance with GASB Statement No. 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are classified as leases containing a lease term of twelve (12) months or less. The term of the lease includes all options to extend, regardless of their probability of being exercised. For short term lease payments, the Airport recognizes these as inflows of resources based on the Agreement.

Lease arrangements with the Airport as the Lessee

The Airport does not have any long-term leases where the Airport is the lessee.

Note 8 - Pension and Benefit Plans

Pensions:

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 8 – Pension and Benefit Plans (Continued)

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the years 2023 and 2022:

Aggregate Pension Amounts - All Plans		
	2023	2022
Pension liabilities	$ (792,656)	$ (944,457)
Pension assets	4,182,274	4,396,791
Deferred outflows of resources	2,814,689	2,792,694
Deferred inflows of resources	(1,577,381)	(2,678,653)
Pension expense/expenditures	(224,696)	71,890

State Sponsored Pension Plans:

Substantially all Spokane Airport Board's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

Plan Description:

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

Pension Benefits:

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and nonduty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions:

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary (OSA), adopted by the Pension Funding Council and it subject to change by the legislature.

Note 8 – Pension and Benefit Plans (Continued)

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 and 2022 were as follows:

PERS Plan 1	2023	2023		2022	2022
Actual Contribution Rates	**Employer**	**Employee**		**Employer**	**Employee**
Jan – Jun 2023			Jan – Aug 2022		
PERS Plan 1	6.36%	6.00%	PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%		PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%		Administrative Fee	0.18%	
Total	**10.39%**	**6.00%**	**Total**	**10.25%**	**6.00%**
Jul – Aug 2023			Sep – Dec 2022		
PERS Plan 1	6.36%	6.00%	PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%		PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%		Administrative Fee	0.18%	
Total	**9.39%**	**6.00%**	**Total**	**10.39%**	**6.00%**
Sep – Dec 2023					
PERS Plan 1	6.36%	6.00%			
PERS Plan 1 UAAL	2.97%				
Administrative Fee	0.20%				
Total	**9.53%**	**6.00%**			

The Spokane Airport Board's actual contributions to the plan were $218,563 and $221,848 for the years ended December 31, 2023 and 2022, respectively.

Pension Benefits:

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions:

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2023 and 2022 are as follows:

Note 8 – Pension and Benefit Plans (Continued)

PERS Plan 2/3	2023	2023		2022	2022
Actual Contribution Rates	**Employer 2/3**	**Employee 2/3**		**Employer 2/3**	**Employee 2/3**
Jan – June 2023			Jan – Aug 2022		
PERS Plan 2/3	6.36%	6.36%	PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%		PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%		Administrative Fee	0.18%	
Employee PERS Plan 3		Varies	Employee PERS Plan 3		Varies
Total	**10.39%**	**6.36%**	**Total**	**10.25%**	**6.36%**
Jul – Aug 2023			Sep – Dec 2022		
PERS Plan 2/3	6.36%	6.36%	PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.85%		PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%		Administrative Fee	0.18%	
Employee PERS Plan 3		Varies	Employee PERS Plan 3		Varies
Total	**9.39%**	**6.36%**	**Total**	**10.39%**	**6.36%**
Sep – Dec 2023					
PERS Plan 1	6.36%	6.36%			
PERS Plan 1 UAAL	2.97%				
Administrative Fee	0.20%				
Total	**9.53%**				

The Spokane Airport Board's actual contributions to the plan were $411,092 and $375,455 for the years ended December 31, 2023, and 2022, respectively.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF):

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state's full-time, fully compensated, local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

Plan Description and Benefits:

LEOFF Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include a cost-of living adjustment (COLA), LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions:

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2023. Employers paid only the administrative expense of 0.20 percent of covered payroll.

Plan Description and Benefits:

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50-52, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially

Note 8 – Pension and Benefit Plans (Continued)

reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a cost-of-living allowance (based on the CPI), capped at three percent annually. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions:

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate is adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% as of July 1, 2023.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2023 and 2022 were as follows:

LEOFF Plan 2	2023	2023		2022	2022
Actual Contribution Rates	**Employer**	**Employee**		**Employer**	**Employee**
Jan – Aug 2023			Jan – Dec 2022		
State and local governments	5.12%	8.53%	State and local governments	5.12%	8.53%
Administrative Fee	0.18%		Administrative Fee	0.18%	
Total	**5.30%**	**8.53%**	**Total**	**5.30%**	**8.53%**
Sep – Dec 2023					
State and local governments	5.12%	8.53%			
Administrative Fee	0.20%				
Total	**5.32%**	**8.53%**			

The Spokane Airport Board's actual contributions to the plan were $123,131 and $136,821 for the years ended December 31, 2023, and 2022, respectively.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Office of the State Actuary and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ended June 30, 2023, the state contributed $87,966,142 to LEOFF Plan 2. SIA's portion of the state contribution is $83,069.

Actuarial Assumptions:

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age normal cost method), assumed interest, and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0%

Mortality rates were developed using the Society of Actuaries' Pub H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. The OSA applied age offsets for each

Note 8 – Pension and Benefit Plans (Continued)

system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rate for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan1/2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022 measurement date.

Discount Rate:

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

Long-Term Expected Rate of Return:

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class:

The table below summarizes best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
	100%	

Sensitivity of NPL:

The table below presents the Spokane Airport Board's proportionate share of the net pension liability(NPL) (asset) calculated using the discount rate of 7.0 percent, as well as what the Spokane Airport Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	$ 1,107,400	$ 792,656	$ 517,958
PERS 2/3	1,999,951	(1,838,832)	(4,992,637)
LEOFF 1	(852,217)	(961,106)	(1,055,528)
LEOFF 2	228,877	(1,382,336)	(2,700,976)

Note 8 – Pension and Benefit Plans (Continued)

Pension Plan Fiduciary Net Position:

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2023 and 2022, the Spokane Airport Board reported a total pension liability and pension assets are as follows:

	2023	2022
	Liability (or Asset)	Liability (or Asset)
PERS 1	$ 792,656	$ 944,457
PERS 2/3	(1,838,832)	(1,637,019)
LEOFF 1	(961,106)	(944,921)
LEOFF 2	(1,382,336)	(1,814,852)

The amount of the assets reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the Airport. The amount recognized by the Airport as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the Airport were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	$ 961,106	$ 1,382,336
State's proportionate share of the net pension asset associated with the employer	6,500,894	882,746
TOTAL	$ 7,461,99	$ 2,265,082

At June 30, the Spokane Airport Board's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/2023	Proportionate Share 6/30/2022	Change in Proportion
PERS 1	0.034724%	0.033920%	0.000804%
PERS 2/3	0.044864%	0.044139%	0.000725%
LEOFF 1	0.032382%	0.032940%	0.000558%
LEOFF 2	0.057631%	0.066779%	(0.009148%)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Non-employer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2023. Historical data was obtained from a 2011 study by OSA. The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2023, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

Note 8 – Pension and Benefit Plans (Continued)

Pension Expense (Benefit):

For the years ended December 31, 2023 and 2022, the Spokane Airport Board recognized pension expense (benefit) as follows:

	2023 Pension Expense (Benefit)	2022 Pension Expense (Benefit)
PERS 1	$ 21,313	$ 332,481
PERS 2/3	(202,915)	(530,579)
LEOFF 1	(70,441)	(44,962)
LEOFF 2	27,346	314,950
TOTAL	$ (224,696)	$ 71,890

Deferred Outflows of Resources and Deferred Inflows of Resources:

Deferred outflows of resources related to pensions resulting from the Airport's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/collective net pension liability in the year ended December 31, 2024, and 2023, respectively. On December 31, 2023 and 2022, the Spokane Airport Board reported deferred outflows of resources and deferred inflows of resources related to pensions from sources as shown in the table below. Spokane Airport Board reported outflows of resources and deferred inflows of resources related to pensions from sources as shown in the table below.

PERS 1	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(89,415)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	96,617	
TOTAL	$ 96,617	$ (89,415)

PERS 1	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(156,524)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	118,278	-
TOTAL	$ 118,278	$ (156,524)

Note 8 – Pension and Benefit Planes (Continued)

PERS 2/3	December 31, 2023 Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 374,568	$ (20,545)
Net difference between projected and actual investment earnings on pension plan investments	-	(692,983)
Changes of assumptions	772,006	(168,267)
Changes in proportion and differences between contributions and proportionate share of contributions	72,647	(109,919)
Contributions subsequent to the measurement date	209,643	-
TOTAL	$ 1,428,864	$ (991,714)

PERS 2/3	December 31, 2022 Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 405,615	$ (37,058)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,210,260)
Changes of assumptions	912,412	(238,902)
Changes in proportion and differences between contributions and proportionate share of contributions	113,384	(118,129)
Contributions subsequent to the measurement date	197,896	-
TOTAL	$ 1,629,307	$ (1,604,349)

LEOFF 1	December 31, 2023 Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(63,730)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	$ -	$ (63,730)

LEOFF 1	December 31, 2022 Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(117,986)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	$ -	$ (117,986)

Note 8 – Pension and Benefit Plans (Continued)

LEOFF 2	December 31, 2023 Deferred Outflows of Resources	December 31, 2023 Deferred Inflows of Resources
Differences between expected and actual experience	$ 564,645	$ (11,373)
Net difference between projected and actual investment earnings on pension plan investments	-	(292,499)
Changes of assumptions	353,113	(113,548)
Changes in proportion and differences between contributions and proportionate share of contributions	312,266	(15,101)
Contributions subsequent to the measurement date	59,183	-
TOTAL	$ 1,289,207	$ (432,521)

LEOFF 2	December 31, 2022 Deferred Outflows of Resources	December 31, 2022 Deferred Inflows of Resources
Differences between expected and actual experience	$ 431,239	$ (16,839)
Net difference between projected and actual investment earnings on pension plan investments	-	(607,682)
Changes of assumptions	459,753	(158,024)
Changes in proportion and differences between contributions and proportionate share of contributions	87,714	(17,248)
Contributions subsequent to the measurement date	66,404	-
TOTAL	$ 1,045,110	$ (799,793)

Deferred outflows of resources related to pensions resulting from the Spokane Airport Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an addition to the net pension asset in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ended December 31:	PERS 1
2024	$ (60,834)
2025	$ (76,506)
2026	$ 47,172
2027	$ 753
Thereafter	$ -

Year ended December 31:	LEOFF 1
2024	$ (43,695)
2025	$ (54,832)
2026	$ 34,014
2027	$ 783
Thereafter	$ -

Year ended December 31:	PERS 2/3
2024	$ (333,739)
2025	$ (406,116)
2026	$ 558,029
2027	$ 195,583
2028	$ 208,661
Thereafter	$ 5,089

Year ended December 31:	LEOFF 2
2024	$ (77,987)
2025	$ (125,222)
2026	$ 291,001
2027	$ 129,548
2028	$ 136,051
Thereafter	$ 444,112

Note 8 – Pension and Benefit Plans (Continued)

Postretirement Health Care Plan

Benefits Other than Pensions:

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2023:

Aggregate OPEB Amounts - All Plans				
		2023		2022
OPEB liabilities	$	2,805,450	$	2,576,533
OPEB assets	$	-	$	-
Deferred outflows of resources	$	1,592,023	$	1,457,251
Deferred inflows of resources	$	(1,325,693)	$	(1,471,122)
OPEB expense/expenditures	$	135,014	$	75,966

The most recent actuarial evaluation was performed on May 1, 2023, for the year ended December 31, 2022.

Plan description:

The Airport sponsors and administers a single employer defined benefit postretirement health care plan (Spokane Airport Firefighters OPEB Plan) for firefighters retiring under the Washington LEOFF 1 retirement plan. The plan is directed and defined by the State of Washington Revised Code (RCW 41.26.150). Under the Airport's bargaining unit agreement with its firefighters, the Airport is required to provide full coverage medical and dental insurance to the retired firefighters. The Airport pays 100% of the premiums, employee deductibles, and co-insurance payments from the time of retirement until death. An employee is eligible for retirement with five years of service at the age of 50.

At December 31, 2023, the following employees were covered by the benefit terms:

Type of employee	Amount
Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	10

The Plan is closed to all new entrants. The accrued benefit liability is determined using the entry age normal cost method.

Funding policy:

The Airport has not established a trust fund to supplement the cost of OPEB obligation. The Airport pays benefits on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. The required contribution is based on projected pay-as-you-go financing requirements. Plan members receiving benefits do not make contributions to the Plan.

Funding status:

As of December 31, 2023 and 2022, using the entry age normal cost method, the actuarial accrued liability for LEOFF Plan 1 Members' Medical Services Plan benefits was $2,805,450 and $2,576,533, respectively, all of which was unfunded.

Note 8 – Pension and Benefit Plans (Continued)

Assumptions and Other Inputs:

The following actuarial methods and assumptions were made:

Assumption/Input	Value
Valuation Date	12/31/2023
Measurement Date	12/31/2023
Actuarial Cost Method	Entry Age Normal
Funding Model	Service Cost + Shortfall Amortization
Amortization Method	Level Dollar
Remaining Amortization Period	11
Asset Valuation Method	Market Value
Medical Trend Rate	9% reduced by .5% until base 5%
Salary increase rate	0.00%
Discount rate	4.31% at 12-31-2022 4.00% at 12-31-2023
Investment Rate of Return	0.00%
Long-Term Rate of Return	0.00%
20-Year AA Municipal Bond Index Rate	4.00%
Retirement Age	55
Mortality Table	RP-2014 Mortality with 2023 Improvement Rate
Turnover Table	T2 Table
Salary changes	Not applicable

The following presents the total OPEB liability of the Airport calculated using the current healthcare cost trend rate of 9.0 percent decreasing to 5.0 percent as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (8.0 percent) or 1-percentage point higher (10.0 percent) that the current rate.

	1% Decrease 8% decreasing to 5.0%	Current Healthcare Cost Trend Rate 9% decreasing to to 5.0%	1% Increase 10% decreasing to 5.0%
Total OPEB Liability	$ 2,671,514	$ 2,805,450	$ 2,969,621

The following presents the total OPEB liability of the Airport calculated using the discount rate of 4.00 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.00 percent) or 1-percentage point higher (5.00 percent) that the current rate.

	1% Decrease (3.0%)	Current Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB Liability	$ 3,032,481	$ 2,805,450	$ 2,605,964

Note 8 – Pension and Benefit Plans (Continued)

Changes in the Total OPEB Liability:

Spokane Airport Firefighter OPEB Plan	
Total OPEB Liability at 01/01/2023	$ 2,576,533
Service cost	-
Interest	107,034
Changes of benefit terms	-
*Differences between expected and actual experience	74,069
*Changes of assumptions	234,112
Benefit payments	(186,298)
Other changes	-
Total OPEB Liability at 12/31/2023	$ 2,805,450

The following table summarizes changes that may have affected the OPEB liability:

Changes	Value
Assumptions/inputs	N/A
Benefits	N/A

The benefit payments in the measurement period attributable to the purchase of insurance contracts for the year ended December 31, 2023, totaled $186,298, and $182,776 for the year ended December 31, 2022. The insurance provided full coverage to the retired firefighters. Under the insurance contract, payment of benefits has been transferred from the Airport to Kaiser Permanente and MetLIfe.

The amount of OPEB expense recognized by the Airport for the reporting period ending December 31, 2023 was $135,014, and $75,966 for the year ended December 31, 2022.

At December 31, 2023, the Spokane Airport Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 984,301	$ 656,297
Changes of assumptions	607,722	669,396
Payments subsequent to the measurement date	-	-
TOTAL	$ 1,592,023	$ 1,325,693

Note 8 – Pension and Benefit Plans (Continued)

Deferred outflows of resources of $0 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ended December 31:	Spokane Airport Firefighters OPEB Plan
2024	$ 27,980
2025	$ 27,980
2026	$ 27,980
2027	$ 27,980
2028	$ 27,980
Thereafter	$ 126,430

Note 9 - Deferred Outflows and Inflows

The Airport had the following Deferred Outflows and Inflows at December 31, 2023 and 2022.

	2023	2022
Deferred Outflows		
Pension Outflows	$ 2,814,689	$ 2,792,696
OPEB Outflows	1,592,023	1,457,251
Total Deferred Outflows	$ 4,406,712	$ 4,249,947
Deferred Inflows		
Pensions	$ 1,577,379	$ 2,678,652
OPEB	1,325,693	1,471,122
Leases	44,137,842	47,202,753
Total Deferred Inflows	$ 47,040,914	$ 51,352,527

Note 10 - Deferred Compensation

The Airport offers their employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457(b). The Plan, available to substantially all of the Airports' employees, permits them to defer a portion of their salary until termination, retirement, death, or unforeseeable emergency. Contributions to the Plan were $305,560 and $321,551 for the years ended December 31, 2023 and 2022, respectively.

Effective December 31, 1997, Section 457(b) of the Internal Revenue Code was amended by Section 1448 of the Small Business Job Protection Act of 1996, which provides that governmental deferred compensation plans must hold all assets and income of the Plan in trust for the exclusive benefit of members and their beneficiaries.

The fair value of the deferred compensation plan assets and the total amount of deferred compensation, including income earned, were approximately $4,459,282 and $3,687,991 on December 31, 2023 and 2022, respectively. In accordance with the legislation described above, the assets and associated liability of the deferred compensation plan assets are not included in the Airport's statement of net position.

The Airport has no liability for losses under the Plan.

Note 10 – Deferred Compensation (Continued)

Effective November 1, 2022, the Airport Board adopted a 457(f) deferred compensation plan for qualified executive employees. The plan adopted by the Airport Board is a nonqualified deferred compensation plan, or commonly referred to as a "top hat plan" under Section 201(2) of the Employee Retirement Income Security Act (ERISA) of 1974, as amended. Per the plan, the Airport made an initial contribution of $327,672, plus associated taxes, at the end of fiscal year 2022. Additionally, the Airport may make additional contributions from time to time per the plan's vesting schedule; however, the Airport is under no obligation to make a contribution(s) to an employee if the employee leaves the organization prior to a vesting period.

Note 11 – Related-Party Leases

The Airport has noncancelable operating land lease agreements with the City of Spokane (City), a related party. The Airport recognized income of $206,362 in 2023 and $142,441 in 2022 as a result of the land leases. The Airport purchases various utilities and permits from the City. In 2023 and 2022 those amounts totaled $513,368 and $785,775, respectively.

The Airport has operating lease agreements with various entities within Spokane County (County), a related party. During 2023 and 2022, the Airport recognized income of $374,201 and $374,476, respectively, under the lease agreements. The Airport purchases various services from the County. In 2023 and 2022, those amounts totaled $15,818 and $8,855, respectively.

The Airport purchases the majority of its electrical power from Avista Utilities. During 2022, employees from Avista Utilities were members of the Airport Board. The Airport paid Avista Utilities $1,903,369 and in 2022. The Airport received revenue from Avista for 2022 in the amount of $19,905.

The Airport has a land and building lease with West Plains Airport Area PDA, a related party. The Airport recognized income of $64,674 in 2023 and $63,934 in 2022 as a result of the land leases. During 2022 the Airport sold land to West Plain Airport Area PDA totaling $4,641,965.

Income and future minimum rental payments under the lease agreements are included in amounts in Note 7.

Note 12 – Environmental Liability

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* requires accrual of pollution remediation obligation amounts when (a) one of the following specific obligating events is met and (b) the amount can be reasonably estimated. Obligating events include: (1) imminent endangerment to the public; (2) permit violation; (3) the governmental entity is named as party responsible for sharing costs; (4) the governmental entity is named in a lawsuit to compel participation in pollution remediation; or (5) the governmental entity has commenced or legally obligated itself to commence pollution remediation. Costs incurred for pollution remediation obligations are recorded as environmental expenses unless the expenditure meets specific criteria that allow them to be capitalized.

Capitalization criteria include preparation of property in anticipation of a sale; preparation of property for use if the property was acquired with known or suspected pollution that was expected to be remediated; performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; or acquisition of property, plant, and equipment that have a future alternative use not associated with pollution remediation efforts.

The Airport has been identified by a state or federal agency as a potentially responsible party (PLP) on a regulatory database or has voluntarily implemented pollution remediation at a site. Areas the Airport has been identified as a PLP include a former burn pit, soil, and/or groundwater remediation associated with underground storage tanks and leaking underground storage tanks, asbestos abatement, and groundwater remediation/bioremediation as it relates to contaminants.

The Airport has multiple test wells and has retained engineering firms to monitor surface water and groundwater quality to determine the environmental impact of current aircraft and runway deicing practices. Based on these studies and discussions with the Department of Ecology, in April 2010, an application for a State Waste Discharge Permit for Discharge of Industrial Wastewater to Groundwater was submitted on July 11, 2011, and a temporary permit was granted on November 7, 2011.

Note 12 - Environmental Liability (Continued)

In July 2015, the Airport submitted to the Department of Ecology an application to land apply recovered aircraft deicing fluid (ADF). Ecology has acknowledged receipt of the application and during a review period SIA began monitoring the effect of land application of ADF. On February 19, 2019, the Airport submitted an updated permit and application that reflected changes to the collection, treatment and discharge of the ADF-containing storm water. Department of Ecology accepted the application as complete on February 26, 2019. On June 20, 2020, the Department of Ecology issued Permit ST0045499 authorizing the Airport to continue to discharge residual ADF-containing storm water to the storm water infiltration area.

In fall of 2023, the Airport began negotiations with Washington State Department of Ecology regarding an agreed order to address investigation and remediation of potential contamination of per- and polyfluoroalkyl substances (PFAS) on Airport property. Until fall of 2023, the Airport was mandated by the Federal Aviation Administration to use for fire suppression aqueous film-forming foam (AFFF), which historically contained various forms of PFAS. Prior occupants of Airport property may have also used PFAS-containing substances. In fall of 2017, it was publicly reported that Fairchild Air Force Base, which is located immediately adjacent to the northwest area of Airport property, had contributed to elevated levels of PFAS in the immediate area. The Airport is investigating to identify any contamination and its possible sources. The costs of ongoing investigation and potential remediation cannot be reasonably determined at this time.

The Airport has estimated an environmental liability in the amount of $2,194,805 and $2,106,943 as of December 31, 2023, and 2022, respectively. The estimate of costs used to establish the liability was developed by using the expected cash flow technique. The liability is an estimate and is subject to changes resulting from price increases, changes in technology, or changes in applicable laws and regulations. At December 31, 2023, it was not known how much of these costs will be recovered from other parties, if any.

Note 13 - Contingencies and Commitments

Litigation:

The Airport is a party to various assertions and legal actions arising in connection with the operation of the Airport, including personal injury claims, employment-related claims, and construction claims. In this regard, there are incidents that might result in the assertion of additional claims.

Based on consultation with counsel and an evaluation of such matters, management is of the opinion that such matters either are adequately covered by insurance or valid defenses exist, and the settlement of such matters will not have a material adverse effect on the financial position of the Airport. Accordingly, the financial statements of the Airport do not include any recorded liability related to these claims.

Commitments:

During the fiscal years 2023 and 2022, the Airport entered into various construction and service-related contracts totaling $87,617,000 and $201,522,302. Commitments remaining on contracts totaled $133,778,968 at December 31, 2023, and $175,684,113 at December 31, 2022.

Note 14 – Grants

Grants the Airport receives are subject to audit and final acceptance by the granting agency. Current and prior year costs of such grants are subject to adjustment upon audit.

Note 15 – Net Position

Investment in capital assets, net of debt, consisted of the following at December 31:

	2023	2022
Long-term assets		
Land	$ 20,650,071	$ 20,663,872
Construction in process	111,456,952	45,987,587
Intangible assets, net	181,016	-
Depreciable capital assets, net	229,369,202	220,130,633
Total capital assets	$ 361,657,241	$ 286,782,092
Less related liabilities		
Construction Retainage Payable	$ 775,787	$ 1,087,712
Construction Warrants Payable	1,023,956	1,878,555
Subscription liability	52,511	-
Short term loan	3,814,982	-
Total liabilities	5,667,236	2,966,267
INVESTMENT IN CAPITAL ASSETS	$ 355,990,005	$ 283,815,825

Restricted net position consisted of the following:

	2023	2022
Passenger Facility Charge, investments, restricted for approved projects	$ 581,283	$ 1,492,053
Customer facility Charges	22,209,430	18,659,762
Cash restricted for retainages, deposits, and grants	2,372,568	3,274,961
Receivable from Government Agency	23,269,088	18,153,503
Net Pension Asset	4,182,274	4,396,791
RESTRICTED NET POSITION	$ 52,614,643	$ 45,977,070

Note 16 - Risk Management

The Airport can be exposed to a variety of risks or losses related to torts (i.e., injuries to employees, passengers, damage to property, destruction, theft of assets, or natural disasters). The Airport has purchased commercial insurance for coverage of these risks. There have been no significant changes in coverage. There were no settlements in excess of insurance coverage in 2023 and in 2022.

Note 17 - Subsequent Events

Contracts:

During the first five months of 2024, the Airport Board approved the following contracts:

Construction contracts	$ 1,890,929
Service Contracts	11,093,007
Good Purchases	2,650,008
Total Contracts	$ 15,633,944

Note 17 – Subsequent Events (Continued)

Economic Events:

On January 25, 2024, the Airport Board approved the second of two installments of a Promissory Note with the Spokane County Treasurer's Office for short-term borrowing. The Airport originally secured funding of $15 million in 2023, for the construction of the Concourse C TREX project. The Airport will use the second installment, also in the amount of $15 million, to continue construction of the Concourse C TREX project.

Fiscal year 2023 was the highest passenger activity in the Airport's history. That history has continued into

REQUIRED SUPPLEMENTARY

INFORMATION

State Sponsored Pension Plans

Schedule of Proportionate Share of the Net Pension Liability
As of June 30

PERS 1	2023	2022	2021
Employer's proportion of the net pension liability (asset)	0.034724%	0.033920%	0.037762%
Employer's proportionate share of the net pension liability	$ 792,656	$ 944,457	$ 461,162
Employer's covered payroll	6,278,997	5,509,382	5,714,844
Employer's proportionate share of the net pension liability as a percentage of covered payroll	12.62%	17.14%	8.07%
Plan fiduciary net position as a percentage of the total pension liability	80.16%	76.56%	88.74%

PERS 2/3	2023	2022	2021
Employer's proportion of the net pension liability (asset)	0.044864%	0.044139%	0.048575%
Employer's proportionate share of the net pension liability (asset)	$ (1,838,833)	$ (1,637,019)	$ (4,838,852)
Employer's covered payroll	6,278,997	5,509,382	5,714,844
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-29.29%	-29.71%	-84.67%
Plan fiduciary net position as a percentage of the total pension liability	107.02%	106.73%	120.29%

LEOFF 1	2023	2022	2021
Employer's proportion of the net pension liability (asset)	0.032382%	0.032940%	0.032872%
Employer's proportionate share of the net pension liability (asset)	$ (961,106)	$ (944,921)	$ (1,126,050)
Employer's covered payroll	-	-	-
State's proportionate share of the net pension liability (asset) associated with the employer	$ (6,500,894)	$ (6,391,423)	$ (7,616,579)
TOTAL	$ (7,462,000)	$ (7,336,344)	$ (8,742,629)
Employer's covered payroll	-	-	-
Employer's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	175.99%	169.62%	187.45%

LEOFF 2	2023	2022	2021
Employer's proportion of the net pension liability (asset)	0.057631%	0.066779%	0.066227%
Employer's proportionate share of the net pension liability (asset)	$ (1,382,336)	$ (1,814,852)	$ (3,846,738)
State's proportionate share of the net pension liability (asset) associated with the employer	(882,746)	(1,175,621)	(2,481,566)
TOTAL	$ (2,265,082)	$ (2,990,473)	$ (6,328,304)
Employer's covered payroll	2,545,944	2,690,312	2,549,438
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-88.97%	-111.16%	-248.22%
Plan fiduciary net position as a percentage of the total pension liability	113.17%	116.09%	142.00%

State Sponsored Pension Plans (Continued)

2020	2019	2018	2017	2016	2015	2014
0.043163%	0.043428%	0.041895%	0.042622%	0.040130%	0.039292%	0.041972%
$ 1,523,887	$ 1,669,961	$ 1,871,045	$ 2,022,447	$ 2,155,170	$ 2,072,175	$ 2,112,914
6,551,262	6,144,088	5,584,050	5,960,060	4,868,988	4,524,442	4,617,726
23.26%	27.18%	33.51%	33.93%	44.26%	45.80%	45.76%
68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%

2020	2019	2018	2017	2016	2015	2014
0.055949%	0.056091%	0.053522%	0.054863%	0.051356%	0.050566%	0.053087%
$ 715,556	$ 544,834	$ 913,841	$ 1,906,227	$ 2,585,734	$ 1,838,537	$ 1,075,519
6,551,262	6,144,088	5,584,050	5,960,060	4,868,988	4,515,039	4,587,162
10.92%	8.87%	16.37%	31.98%	53.11%	40.72%	23.45%
97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%

2020	2019	2018	2017	2016	2015	2014
0.033059%	0.032810%	0.032389%	0.032609%	0.034301%	0.035194%	0.036583%
$ (624,322)	$ (648,526)	$ (588,023)	$ (494,750)	$ (353,398)	$ (424,165)	$ (443,675)
-	-	-	-	-	-	23,038
$ (4,222,900)	$ (4,386,614)	$ (3,977,373)	$ (3,346,479)	$ (2,390,378)	$ (2,869,042)	$ (3,001,007)
$ (4,847,222)	$ (5,035,140)	$ (4,565,396)	$ (3,841,229)	$ (2,743,776)	$ (3,293,207)	$ (3,444,682)
-	-	-	-	-	-	-
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
146.88%	148.78%	144.42%	135.96%	123.74%	127.36%	126.91%

2020	2019	2018	2017	2016	2015	2014
0.069828%	0.070087%	0.071336%	0.074294%	0.073676%	0.082249%	0.080339%
$ (1,424,389)	$ (1,623,701)	$ (1,448,276)	$ (1,030,960)	$ (428,522)	$ (839,853)	$ (1,060,517)
(910,784)	(1,063,306)	(937,732)	(668,764)	(279,365)	(555,133)	$ (692,922)
$ (2,335,173)	$ (2,687,007)	$ (2,386,008)	$ (1,699,724)	$ (707,887)	$ (1,394,986)	$ (1,753,439)
2,659,260	2,471,461	2,372,143	2,476,968	2,278,302	2,384,962	2,256,310
-87.81%	-108.72%	-100.58%	-68.62%	-31.07%	-58.49%	-77.71%
115.83%	119.43%	118.50%	113.36%	106.04%	111.67%	116.75%

State Sponsored Pension Plans (Continued)

Schedule of Employer Contributions
As of December 31

PERS 1	2023	2022	2021
Statutorily or contractually required contributions	$ 218,563	$ 221,848	$ 230,504
Contributions in relation to the statutorily or contractually required contributions	218,563	221,848	230,504
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	6,463,699	5,903,224	5,382,802
Contributions as a percentage of covered payroll	3.38%	3.76%	4.28%

PERS 2/3	2023	2022	2021
Statutorily or contractually required contributions	$ 411,092	$ 375,445	$ 383,769
Contributions in relation to the statutorily or contractually required contributions	411,092	375,445	383,769
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employer payroll	6,463,699	5,903,224	5,382,802
Contributions as a percentage of covered payroll	6.36%	6.36%	7.13%

LEOFF 1	2023	2022	2021
Statutorily or contractually required contributions	$ -	$ -	$ -
Contributions in relation to the statutorily or contractually required contributions	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employer payroll	-	-	-
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

LEOFF 2	2023	2022	2021
Statutorily or contractually required contributions	$ 123,131	$ 136,821	$ 130,522
Contributions in relation to the statutorily or contractually required contributions	123,131	136,821	130,522
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employer payroll	2,404,896	2,672,284	2,542,072
Contributions as a percentage of covered payroll	5.12%	5.12%	5.13%

State Sponsored Pension Plans (Continued)

2020	2019	2018	2017	2016	2015	2014
$ 303,072	$ 318,572	$ 290,805	$ 271,541	$ 245,770	$ 205,343	$ 182,726
303,072	318,572	290,805	271,541	245,770	205,343	182,726
$ -	$ -	$ -	$ -	$ -	$ -	$ -
6,319,335	6,144,088	5,741,232	5,538,859	5,193,812	4,669,550	4,543,077
4.80%	5.19%	5.07%	4.90%	4.73%	4.40%	4.02%

2020	2019	2018	2017	2016	2015	2014
$ 500,492	$ 497,916	$ 430,625	$ 380,628	$ 321,470	$ 263,805	$ 227,331
500,492	497,916	430,625	380,628	321,470	263,805	227,331
$ -	$ -	$ -	$ -	$ -	$ -	$ -
6,319,335	6,144,088	5,741,232	5,538,859	5,193,812	4,669,550	4,543,077
7.92%	8.10%	7.50%	6.87%	6.19%	5.65%	5.00%

2020	2019	2018	2017	2016	2015	2014
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2020	2019	2018	2017	2016	2015	2014
$ 135,958	$ 134,741	$ 125,868	$ 120,068	$ 112,905	$ 119,085	$ 119,032
135,958	134,741	125,868	120,068	112,905	119,085	119,032
$ -	$ -	$ -	$ -	$ -	$ -	$ -
2,639,947	2,471,461	2,397,478	2,330,224	2,235,741	2,358,113	2,357,062
5.15%	5.45%	5.25%	5.15%	5.05%	5.05%	5.05%

Other Postemployment Health Care Benefits

The following information is based on an actuarial report prepared on March 27, 2024, and for the fiscal years ended December 31, 2023, and 2022.

Spokane Airport Board
Schedule of Changes in Total OPEB Liability and Related Ratios
For the year ended December 31, 2023
Last 10 Fiscal Years*

	2023	2022	2021
Total OPEB liability - Beginning	$ 2,576,533	$ 3,469,274	$ 3,461,120
Service cost	-	-	-
Interest	107,034	76,002	67,364
Changes in benefit terms	-	-	-
Differences between expected and actual experience	74,069	(310,561)	207,648
Changes of assumptions	234,112	(475,406)	(80,986)
Benefit payments	(186,298)	(182,776)	(185,872)
Other changes	-	-	-
Total OPEB liability - ending	$ 2,805,450	$ 2,576,533	$ 3,469,274
Plan fiduciary net position			
Contribution	$ 186,298	$ 182,776	$ 185,872
Net Investment Income			
Benefit Payments	(186,298)	(182,776)	(185,872)
Administrative Expense	-	-	-
Other	-	-	-
Net Change in Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-
Plan Fiduciary Net Position - Ending	-	-	-
Net OPEB Liability	$ 2,805,450	$ 2,576,533	$ 3,469,274
Plan Fiduciary Net Position as a % of Total OPEB Liability	0.00%	0.00%	0.00%
Covered-employee payroll	$ -	$ -	$ -
Total OPEB liability as a % of covered payroll	N/A	N/A	N/A

Notes to Schedule:
* Until a full 10-year trend is compiled, only information for those years available is presented.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Other Postemployment Health Care Benefits (Continued)

2020	2019	2018	2017	2016
$ 3,031,126	$ 2,446,912	$ 3,062,684	$ 3,202,985	$ 2,961,892
-	-	-	-	-
81,111	91,028	98,577	117,440	86,200
-	113,328	-	-	-
326,458	356,852	(430,493)	(261,003)	613,175
185,718	163,432	(132,858)	145,743	(281,172)
(163,293)	(140,426)	(150,998)	(142,481)	(177,110)
-	-	-	-	-
$ 3,461,120	$ 3,031,126	$ 2,446,912	$ 3,062,684	$ 3,202,985
$ 163,293	$ 140,426	$ 150,998	$ 142,481	$ 142,481
-	-	-	-	-
(163,293)	(140,426)	(150,998)	(142,481)	(142,481)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 3,461,120	$ 3,031,126	$ 2,446,912	$ 3,062,684	$ 3,202,985
0.00%	0.00%	0.00%	0.00%	0.00%
$ -	$ -	$ -	$ -	$ -
N/A	N/A	N/A	N/A	N/A

Other Postemployment Health Care Benefits (Continued)

The following actuarial methods and assumptions were made:

Assumption/Input	Value
Valuation Date	12/31/2023
Measurement Date	12/31/2023
Actuarial Cost Method	Entry Age Normal
Funding Model	Service Cost + Shortfall Amortization
Amortization Method	Level Dollar
Remaining Amortization Period	11
Asset Valuation Method	Market Value
Medical Trend Rate	9% reduced by .5% until base 5%
Salary increase rate	0.00%
Discount rate	4.31% at 12-31-2022 4.00% at 12-31-2023
Investment Rate of Return	0.00%
Long-Term Rate of Return	0.00%
20-Year AA Municipal Bond Index Rate	4.00%
Retirement Age	55
Mortality Table	RP-2014 Mortality with 2023 Improvement Rate
Turnover Table	T2 Table
Number of Participants in plan	Not applicable
Changes in Benefits	12/31/2023
Salary changes	12/31/2023

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MOSSADAMS

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Spokane Airport Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Spokane Airport Board (the Airport), which comprise the statement of net position as of and for the year ended December 31, 2023, and the related 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, and have issued our report thereon dated June 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

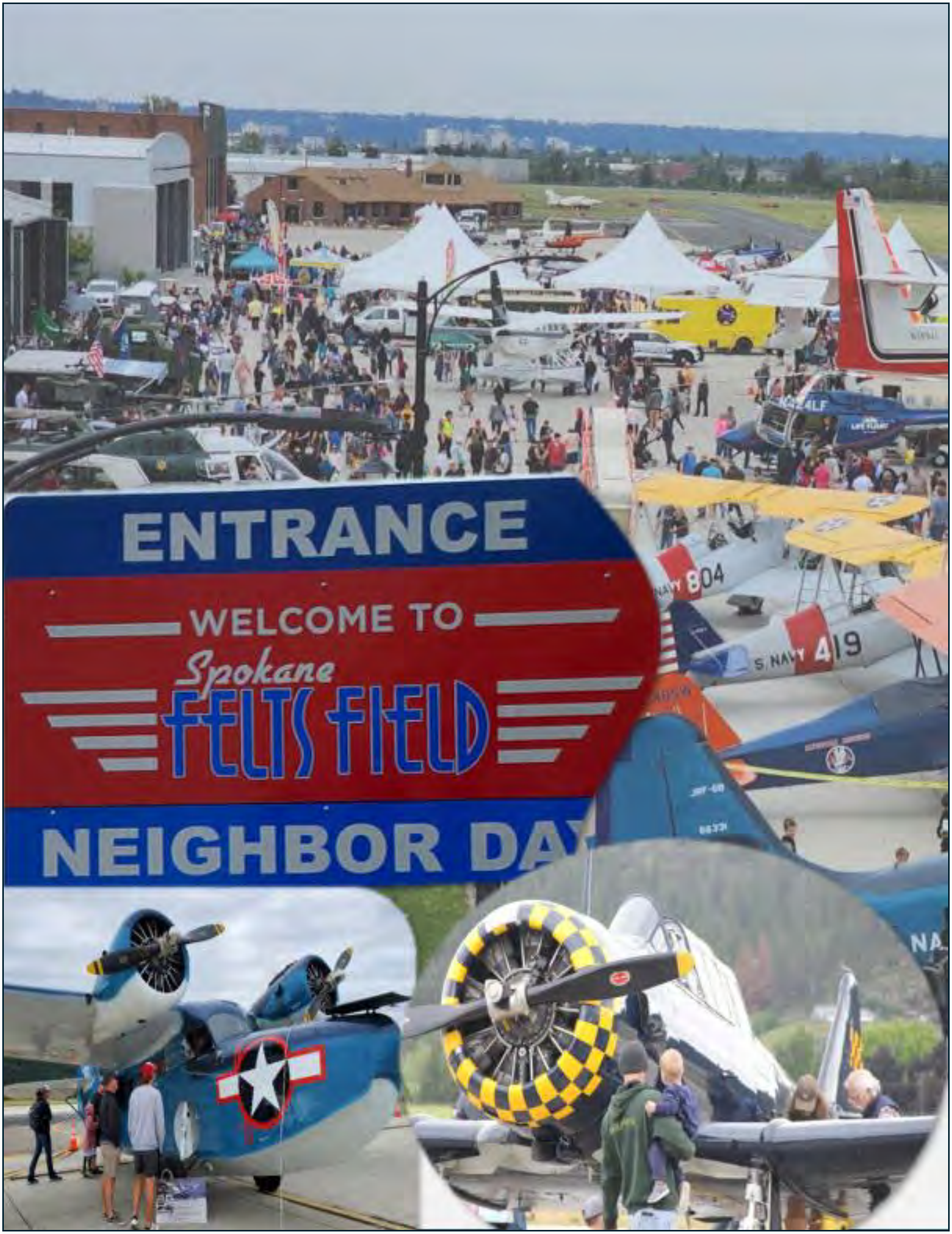
As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Spokane, Washington
June 28, 2024


ENTRANCE
WELCOME TO
Spokane
FELTS FIELD
NEIGHBOR DA

SUPPORTING OUR COMMUNITY

SPOKANE
AIRPORT BOARD

9000 West Airport Drive
Spokane, WA 99224

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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LETTERHEAD OF PACIFICA LAW GROUP LLP

November 7, 2024

Spokane County, Washington

Re: Spokane County, Washington
Airport Revenue Bonds, Series 2024A (Non-AMT) $34,900,000
Airport Revenue Bonds, Series 2024B (AMT) $95,485,000

To the Addressee:

We have acted as bond counsel to Spokane County, Washington (the "County"), and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the County of its Airport Revenue Bonds, Series 2024A (Non-AMT) in the aggregate principal amount of $34,900,000 (the "2024A Bonds"), and Airport Revenue Bonds, Series 2024B (AMT) in the aggregate principal amount of $95,485,000 (the "2024B Bonds," and together, the "2024 Bonds"). The 2024 Bonds are issued pursuant to Master Resolution No. 24-0547 and Resolution No. 24-0548 adopted by the Board of County Commissioners on September 10, 2024 (together the "Bond Resolution"). The proceeds of the 2024 Bonds will be applied by the Spokane Airport Board (the "Airport Board"), an agency created by interlocal agreement between the County and the City of Spokane under chapter 14.08 of the Revised Code of Washington ("RCW"), pursuant to the Airport Revenue Bond Agreement, between the County and the Airport Board (the "Airport Revenue Bond Agreement"), to finance and/or reimburse the Airport Board (including repaying a loan from the County for interim financing) for the following: (a) designing, acquiring, constructing, installing, and equipping the concourse C terminal renovation and expansion project, an administration building, parking facilities, and fuel storage facilities, (b) funding capitalized interest on the 2024 Bonds, (c) funding a reserve requirement for the 2024 Bonds, and (d) paying costs of issuance for the 2024 Bonds. Capitalized terms used herein which are not otherwise defined shall have the meanings given such terms in the Bond Resolution.

The 2024 Bonds are subject to redemption prior to maturity as provided in the Official Statement. The County has <u>not</u> designated the 2024 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Regarding questions of fact material to our opinions, we have relied on representations of the County in the Bond Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bond Resolution is a legal, valid and binding obligation of the County, has been duly authorized, executed and delivered and is enforceable in accordance with its terms, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. The 2024 Bonds have been legally issued pursuant to the terms of the Bond Resolution, and constitute legal, valid and binding special obligations of the County, both principal thereof and interest thereon being payable solely out of a special fund of the County known as the "Airport Revenue Bond Debt Service Fund" (the "Debt Service Fund"), particularly the "2024 Airport Board Debt Service Account" (the "2024 Debt Service Account") contained therein, and the Common Debt Service Reserve Fund, except to the extent that the enforcement of the rights and remedies of an owner of the 2024 Bonds may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application affecting the rights of creditors, by the application of equitable principles, and by the exercise of judicial discretion.

3. The County has obligated and bound itself to set aside and pay into the 2024 Debt Service Account contained in the Debt Service Fund and the Common Debt Service Reserve Fund out of Revenues of the Airport System and the money in the "Spokane County Airport Operations and Maintenance Fund" (the "Revenue Fund") amounts sufficient to pay the principal of and interest on the 2024 Bonds as the same become due. The County has further bound itself to pay into the Revenue Fund, all Revenues of the Airport System.

4. The County has pledged that the payments to be made from Revenues of the Airport System and moneys in the Revenue Fund shall have a duly created pledge of, security interest in, and lien and charge on Revenues, subject only to Operation and Maintenance Expenses of the Airport System, that are obligated to be deposited to the Debt Service Fund, whether pursuant to the Bond Resolution, the Airport Revenue Bond Agreement, the Interlocal Agreement or otherwise; equal to the lien and charge on Revenues to pay and secure the payment of any additional Bonds and other obligations that may be issued on a parity of lien with such Bonds; and superior to all other liens and charges of any kind or nature. The County has reserved the right to issue additional Bonds and other obligations in the future with a lien on Revenues of the Airport System equal or junior to the lien thereon of the 2024 Bonds as provided in the Bond Resolution.

5. Interest on the 2024A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the County and the Airport Board comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2024A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The County and the Airport Board have covenanted to comply with all applicable requirements. Failure to comply with certain of such requirements with respect to the 2024A Bonds may cause interest on the 2024A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2024A Bonds.

6. Interest on the 2024B Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2024B Bonds for any period during which such 2024B Bonds is held by a "substantial user" of the facilities financed or refinanced by the 2024B Bonds, or a "related person" within the meaning of Section 147(a) of the Code; however, interest on the 2024B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and interest on the 2024B Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the County and the Airport Board comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2024B Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The County and the Airport Board have covenanted to comply with all such requirements. Failure to comply with certain of such covenants may cause interest on the 2024B Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2024B Bonds.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the 2024 Bonds, or the amount, accrual or receipt of interest on, the 2024 Bonds. Owners of the 2024 Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2024 Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the 2024 Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto, or relating to the undertaking by the County and/or the Airport Board to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PACIFICA LAW GROUP LLP

APPENDIX E

COPIES OF THE BOND RESOLUTION AND AIRPORT REVENUE BOND AGREEMENT

The following is a copy of Resolution No. 24-0547 (excluding exhibits), Supplemental Resolution No. 24-0548 and the Airport Revenue Bond Agreement

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RESOLUTION NO. 24-0547

SPOKANE COUNTY, WASHINGTON

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF SPOKANE COUNTY, WASHINGTON, AUTHORIZING AIRPORT REVENUE BONDS TO BE ISSUED FOR AIRPORT PURPOSES; AUTHORIZING THE EXECUTION AND DELIVERY OF THE AIRPORT REVENUE BOND AGREEMENT; CREATING AND ESTABLISHING A PLEDGE OF, SECURITY INTEREST IN AND LIEN AND CHARGE ON REVENUES OF THE AIRPORT SYSTEM, SUBJECT TO OPERATION AND MAINTENANCE EXPENSES, FOR THE PAYMENT OF SUCH BONDS AND OTHER OBLIGATIONS; MAKING COVENANTS AND AGREEMENTS FOR THE BENEFIT OF HOLDERS OF SUCH BONDS AND OBLIGATIONS; AUTHORIZING THE ISSUANCE AND SALE OF SUCH BONDS AND OBLIGATIONS BY SUPPLEMENTAL RESOLUTION FROM TIME TO TIME; AND AUTHORIZING OTHER MATTERS PROPERLY RELATING THERETO.

ADOPTED: SEPTEMBER 10, 2024

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RESOLUTION NO. 24-0547

SPOKANE COUNTY, WASHINGTON

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF SPOKANE COUNTY, WASHINGTON, AUTHORIZING AIRPORT REVENUE BONDS TO BE ISSUED FOR AIRPORT PURPOSES; AUTHORIZING THE EXECUTION AND DELIVERY OF THE AIRPORT REVENUE BOND AGREEMENT; CREATING AND ESTABLISHING A PLEDGE OF, SECURITY INTEREST IN AND LIEN AND CHARGE ON REVENUES OF THE AIRPORT SYSTEM, SUBJECT TO OPERATION AND MAINTENANCE EXPENSES, FOR THE PAYMENT OF SUCH BONDS AND OTHER OBLIGATIONS; MAKING COVENANTS AND AGREEMENTS FOR THE BENEFIT OF HOLDERS OF SUCH BONDS AND OBLIGATIONS; AUTHORIZING THE ISSUANCE AND SALE OF SUCH BONDS AND OBLIGATIONS BY SUPPLEMENTAL RESOLUTION FROM TIME TO TIME; AND AUTHORIZING OTHER MATTERS PROPERLY RELATING THERETO.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SPOKANE COUNTY, WASHINGTON (the "County Board"), as follows:

WHEREAS, Spokane County, Washington (the "County") is a class A county duly organized and existing under and by virtue of the Constitution and the laws of the state of Washington (the "State");

WHEREAS, on July 30, 1962, the County and the City of Spokane, Washington (the "City") entered into an Airport Joint Operation Agreement for the purpose of financing, constructing, improving and operating Spokane International Airport and Felts Field, through the agency of the Spokane Airport Board (the "Airport Board"), as provided by chapter 14.08 of the Revised Code of Washington ("RCW");

WHEREAS, on October 7, 2019, the County and the City replaced such agreement with an Amended Spokane County/City Airport Agreement (as may be further supplemented, amended or replaced, the "Interlocal Agreement"), continuing their association under chapter 14.08 RCW for the joint operation of Spokane International Airport, Felts Field, and Spokane International Airport Business Park facilities, and vesting the Airport Board the authority to manage and operate such facilities for aeronautical and industrial development purposes, subject to the specific limitations contained in the Interlocal Agreement;

WHEREAS, pursuant to the terms and provisions of chapter 14.08 RCW, the County is authorized to conduct proceedings and to issue revenue bonds to acquire, construct and install improvements to airport facilities, provide for the payment of such revenue bonds from revenues deposited to a special fund, along with any reserve funds, provide covenants as it may deem necessary for the benefit of bond owners, and provide for the issuance of future parity bonds; and the County may issue and sell such bonds in accordance with chapter 39.46 RCW, including RCW 39.46.150;

WHEREAS, pursuant to Section 4.3 of the Interlocal Agreement, the Airport Board has no independent authority to issue bonds or to incur other debts with a maturity of more than one year from the date of the obligation;

WHEREAS, pursuant to Section 4.3 of the Interlocal Agreement, the County and the City may, by joint resolution, authorize the issuance and sale of revenue bonds or other obligations payable from airport revenues, the proceeds of which are to be used exclusively for airport purposes;

WHEREAS, pursuant to Section 4.3 of the Interlocal Agreement, such revenue bonds or other revenue obligations shall be authorized by and issued in the name of the County;

WHEREAS, the Airport Board adopted Resolution No. 10-24 on September 3, 2024, requesting that the County adopt this Resolution authorizing the issuance of revenue bonds from time to time for airport purposes and approving the execution and delivery of an Airport Revenue Bond Agreement.

Section 1. Definitions.

As used in this Resolution, the following words and terms shall have the following meanings, unless the context or use indicates another or different meaning or intent. Unless the context indicates otherwise, words importing the singular number shall include the plural number and vice versa.

"Account" means any account established pursuant to this Resolution or any Supplemental Resolution.

"Accreted Value" means with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth or as provided for in a Supplemental Resolution as the amount representing the initial principal amount of such Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date; provided the Accreted Value shall be determined in accordance with or as provided for in the Supplemental Resolution providing for the issuance of such Capital Appreciation Bonds. All references herein to "principal" shall include Accreted Value, as applicable.

"Act" means, collectively, chapter 14.08 RCW, chapter 39.46 RCW (including without limitation RCW 39.46.150), and all laws amendatory thereof or supplemental thereto.

"Aggregate Annual Debt Service" means, for any Fiscal Year or other applicable period, the aggregate amount of Annual Debt Service on all Outstanding Bonds calculated as described in Section 6.04(c) hereof.

"Aggregate Annual Debt Service For Reserve Requirement" means the computation of Aggregate Annual Debt Service with respect to all Outstanding Bonds participating in the Common Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Aggregate Annual Debt Service For Reserve Requirement, the annual debt service with respect to any Series of Balloon Indebtedness, Tender Indebtedness or Variable Rate Indebtedness shall, upon the issuance of such Series, be calculated on the basis of the assumptions set forth in clauses (ii), (iii) or (iv) of Section 6.04(c) hereof, respectively, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the Outstanding principal amount of such Series.

"Airport Board" means the board created by the Interlocal Agreement and vested with the authority to manage and operate Spokane International Airport, Felts Field, and Spokane International Airport Business Park and related facilities, including the Rail-Truck Transload Facility, for aeronautical and industrial development purposes, subject to the specific limitations contained in the Interlocal Agreement.

"Airport Board Representative" means the Airport System Chief Executive Officer, the Airport System Chief Financial Officer, any other officer appointed by resolution of the Airport Board as an Airport Board Representative, or any successor to the functions of such offices.

"Airport Board Series Resolution" means any resolution or resolutions requesting that the County issue a Series of Bonds and directing certain matters related thereto, duly adopted by the Airport Board and delivered to the County pursuant to Section 2.01 hereof.

"Airport Facilities" or "*Airport Facility*" means a facility or group of facilities or category of facilities that constitute or are part of the Airport System.

"Airport Revenue Bond Agreement" means the Airport Revenue Bond Agreement, between the County and the Airport Board, attached hereto as Exhibit A, as such agreement may be supplemented, amended or replaced as provided therein.

"Airport System" means (i) all airports, airport sites, and all equipment and facilities for aerial navigation, flight, instruction, and air commerce, including Spokane International Airport and Auxiliary Airports, (ii) the Spokane International Airport Business Park facilities, (iii) the Rail-Truck Transload Facility, and (iv) all facilities and property related thereto, real or personal, now or hereafter (for so long as any Bonds are outstanding), owned, operated, used, leased, licensed, or managed by the County, by the City, or jointly by both through the Airport Board, or from which the Revenues are derived at such location; exclusive of any property or interest therein defined in this Resolution as "Excluded Property." The Airport System includes the real property owned by the County and the City in equal undivided shares as tenants in common that is managed and operated by the Airport Board as well as the personal property held in the name of the Airport Board, but excludes the public utility sewer and water systems owned by the City.

"Airport System Chief Executive Officer" means the Chief Executive Officer of the Airport System, as duly appointed by the Airport Board and jointly approved by the City and the County pursuant to the Interlocal Agreement, or such officer's successor in function.

"Airport System Chief Financial Officer" means the Chief Financial Officer of the Airport System, as duly appointed from time to time by the Airport System Chief Executive Officer, or such officer's successor in function.

"Annual Debt Service" means, with respect to any Bond, the aggregate amount required to be on deposit in the Debt Service Fund (including the respective Accounts therein) or such other Fund or Account during the Fiscal Year to satisfy the funding requirements for the payment of principal and interest becoming due and payable during such Fiscal Year, plus any amount payable to the Qualified Swap Provider under a Qualified Swap in accordance with the terms thereof, less any amount to be received from a Qualified Swap Provider pursuant to a Qualified Swap; provided, however, for the purposes of this definition a payment made on January 1 shall be considered part of the prior Fiscal Year.

"Auxiliary Airports" means the airport presently known as "Felts Field" and all other airports owned, operated, used, leased, licensed, or managed by the County, by the City, or jointly by both through the Airport Board in the future, except for Spokane International Airport.

"Balloon Indebtedness" means, with respect to any Series of Bonds 25% or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness (a) the County must designate that portion of such Series of Bonds as Balloon Indebtedness, and (b) the amount of Bonds of a Series maturing on a single date or within a Fiscal Year must equal or exceed 150% of the

amount of such Series which matures during any other Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date. Commercial Paper shall not be considered to be Balloon Indebtedness.

"Beneficial Owner" means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Bond" or *"Bonds"* means any bonds issued under and in accordance with the provisions of Section 6 hereof, including, but not limited to, bonds, Notes, bond anticipation notes, Commercial Paper, revolving lines of credit and other instruments creating an obligation for borrowed money payable from and secured by a pledge of, security interest in and lien and charge on Revenues, subject only to O&M Expenses of the Airport System, on a parity of lien with the Initial Bonds and Repayment Obligations and Regularly Scheduled Swap Payments under a Qualified Swap to the extent provided in Sections 6.05 and 6.06 hereof, respectively. The term "Bond" or "Bonds" includes the Initial Bonds but does not include any Subordinate Obligations.

"Bond Counsel" means Pacifica Law Group LLP or an attorney at law or a firm of attorneys, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions.

"Bond Register" means the registration records maintained by the Bond Registrar on which shall appear the names and addresses of the Registered Owners of the Bonds.

"Bond Registrar" means the fiscal agent of the State or such other registrar as set forth in a Supplemental Resolution.

"Bondholder," "Holder," "holder," "Owner," "owner" or *"Registered Owner"* means the person in whose name any Bond or Bonds are registered in the Bond Register and shall include any Credit Provider or Liquidity Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond under the provisions of Section 6.05 hereof and any Qualified Swap Provider to which a Regularly Scheduled Swap Payment under a Qualified Swap is then owed, to the extent that such Regularly Scheduled Swap Payment is deemed to be a Bond under the provisions of Section 6.06 hereof. For so long as the Bonds of a Series are held in book-entry only form, DTC or its nominee shall be deemed to be the sole Registered Owner.

"Book-Entry Bonds" means those Bonds held by DTC (or its nominee) as the Bondholder thereof.

"Business Day" means a day on which banks located in New York, New York, and in Spokane County, Washington, are open, provided that such term may have a different meaning for any specified Series of Bonds if so provided pursuant to a Supplemental Resolution. For purposes of payments and other actions relating to security or liquidity enhanced Bonds, "Business Day" means a day upon which any Credit Provider or Liquidity Provider to which demands for payment under the Credit Facility or Liquidity Facility are to be presented is authorized to be open.

"Capital Appreciation Bonds" means Bonds all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth as provided in a Supplemental Resolution and is payable only upon redemption or on the maturity date of such Bonds. Bonds that are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically shall be Capital Appreciation Bonds until the conversion date and from and after such conversion date shall no longer be

Capital Appreciation Bonds but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

"Capitalized Interest" means proceeds of Bonds or other money not included in Revenues that are deposited in the Debt Service Fund (or the respective Account therein) as shall be described in a Supplemental Resolution upon issuance of such Bonds that are to be used to pay interest on Bonds. Proceeds of Bonds shall not be used to pay interest on Bonds beyond the period of time set forth in the Act.

"*Certificate of Authentication*" means the applicable Certificate of Authentication executed by the Bond Registrar, a form of which is provided in Exhibit B attached hereto.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"Chair" means the Chair of the County Board, or any presiding officer or titular head of the County Board, or such officer's successor in functions.

"City" means the City of Spokane, Washington.

"Clerk" means the de facto or de jure Clerk of the County Board, or other officer of the County who is the custodian of the seal of the County and of the records of the proceedings of the County Board, or such officer's successor in functions.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Commercial Paper" means Bonds issued as commercial paper notes from time to time with maturities of not to exceed 270 days. The term "Commercial Paper" does not include any notes issued as Subordinate Obligations.

"Common Debt Service Reserve Fund" means the "Common Debt Service Reserve Fund," created by the County and held and maintained by the Treasurer pursuant to Section 7.05 hereof.

"Completion Bonds" means Bonds issued to pay costs of completing a project for which Bonds have previously been issued and the principal amount of such Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Bonds originally issued for such project and are reasonably allocable to the project to be completed.

"Consultant" means any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, financial or municipal advisory or investment banking firm, or other expert recognized to be well-qualified for work of the character required and retained by or on behalf of the County pursuant to the terms of the Airport Revenue Bond Agreement to perform acts and carry out the duties provided for such consultant in this Resolution.

"*Costs*" or "*Costs of the Project*" means all costs of planning, designing, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service and shall include, but not be limited to the following: (a) costs of real or personal property, rights, franchises, easements, and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and

landscaping and acquisition of land to which structures may be removed; (b) the costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements, and enhancements; (c) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, and financial and feasibility consultants; (d) costs of the County, the City or the Airport Board properly and lawfully allocated to a Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (e) financing expenses, including costs related to issuance of and securing of Bonds, costs of Credit Facilities or Liquidity Facilities, payment of interest on Bonds, deposits to the Common Debt Service Reserve Fund and/or a Series Debt Service Reserve Fund, if any; (f) any Swap Termination Payments due in connection with a Series of Bonds or the failure to issue such Series of Bonds, (g) any other cost permitted under the Act, and (h) such other costs and expenses that can be capitalized under Generally Accepted Accounting Principles in effect at the time the cost is incurred by the County, the City or the Airport Board, as applicable.

"County" means Spokane County, Washington, a class A county duly organized and existing under and by virtue of the Constitution and the laws of the State now in effect.

"County Board" means the Board of County Commissioners of the County, as duly and regularly constituted from time to time.

"County Chief Executive Officer" means the Chief Executive Officer of the County, as duly appointed from time to time, or such officer's successor in function.

"Coverage Amount" means for any Fiscal Year the amount of unencumbered funds on deposit or anticipated to be on deposit, as the case may be, on the first day of such Fiscal Year in the Revenue Fund (after all deposits and payments required by clauses (a) through (g) of Section 7.03 of this Resolution and clauses (i) through (vii) of Section 3(b) of the Airport Revenue Bond Agreement have been made as of the last day of the immediately preceding Fiscal Year).

"*Credit Facility"* means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, Debt Service Reserve Fund Surety Policy or other financial instrument that obligates a third party to make payment of or provide funds to the County for the payment of the principal of and/or interest on Bonds whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the County fails to do so.

"Credit Provider" means the party obligated to make payment of principal of and/or interest on the Bonds under a Credit Facility.

"Customer Facility Charge" or "*CFC*" means any customer facility charge imposed pursuant to the Act from time to time upon customers of rental car companies accessing the Airport Facilities for the purpose of financing, designing, constructing, operating and maintaining consolidated rental car facilities and common use transportation equipment and facilities which are used to transport the customer between the consolidated car rental facilities and other Airport Facilities, or any successor provision approving such a charge or a similar charge or fee, and any interest, profits or other income derived from the investment thereof.

"Debt Service Account" means, the Account or Accounts held in the Debt Service Fund for the payment of one or more Series of Bonds.

"Debt Service Fund" means, collectively, the special fund of the County designated as the "Airport Revenue Bond Debt Service Fund" and each Debt Service Account therein, as authorized, referenced and described in Section 7.04 hereof.

"Debt Service Reserve Fund Surety Policy" means an insurance policy or surety bond, or a letter of credit, deposited for credit to the Common Debt Service Reserve Fund or a Series Debt Service Reserve Fund in lieu of or as partial substitution for cash or securities on deposit therein. Except as otherwise provided in a Supplemental Resolution, the entity providing such Debt Service Reserve Fund Surety Policy shall be rated, at the time such instrument is provided, in one of the three highest long-term Rating Categories by one or more Rating Agencies.

"Designated Debt" means a specific Bond or Bonds or portion thereof, designated by the County in which such Bond or Bonds or portion thereof shall be offset with a Swap.

"Designated County Representative" means the Chair of the County Board, the County Chief Executive Officer, the County Senior Director of Finance and Administration, any other officer appointed by resolution of the County Board as a Designated County Representative, or any successor to the functions of such offices. The signature of one Designated County Representative shall be sufficient to bind the County.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds, and its successors and assigns.

"Event of Default" means those events described as Events of Default in Section 12.01 hereof.

"Excluded Property" means any real or personal property previously included in the Airport System in respect of which the following have been delivered to, or are otherwise on file with, the County: (a) a certificate of an Airport Board Representative identifying such real or personal property to be removed from the definition of the Airport System and designated as "Excluded Property," certifying that the identified real or personal property is not required for Airport System operations, and certifying that the provisions set forth in Section 8.04 hereof are being complied with; (b) a certificate of an Independent certified public accountant to the effect that Net Revenues, excluding the income or revenues generated by or attributable to the real or personal property proposed to become Excluded Property, for each of the two audited Fiscal Years prior to the date of such certificate were equal to at least 150% of average Annual Debt Service on then Outstanding Bonds; (c) a certificate of a Consultant to the effect that based upon current knowledge of the operations of the Airport System, Net Revenues, excluding the income or revenues generated by or attributable to the real or personal property proposed to become Excluded Property, for the current fiscal year will be equal to at least 150% of average Annual Debt Service on then Outstanding Bonds; and (d) an opinion of Bond Counsel to the effect that the exclusion of real or personal property from the Airport System and the income or revenues generated from or attributable to such property from the pledge, charge and lien of this Resolution will not in and of itself cause the interest on any Outstanding Bond issued as tax-exempt securities to be included in gross income for purposes of the Code or otherwise impact the tax-advantaged status of any Outstanding Bond under the Code.

"Fair Market Value" means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation § 1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes

binding, and, to the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

"Federal Direct Payments" means amounts payable by the federal government pursuant to Sections 54AA and 6431 of the Code and any amendments thereto, or any new or similar federal program providing payments or credits to be applied to pay principal of or interest on Bonds, in connection with the issuance of Bonds, in lieu of any credit otherwise available to the bondholders of such Bonds.

"Fiscal Year" means the period of time beginning on January 1 of each given year and ending on December 31 of such given year, or such other similar period as the Airport Board designates as its fiscal year.

"Fitch" means Fitch Ratings, Inc. and its successors and assigns, and, if Fitch Ratings Inc. shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, "Fitch" shall be deemed to refer to any nationally recognized statistical rating organization designated by the County.

"*Fund*" means any fund established pursuant to this Resolution or any Supplemental Resolution.

"*Generally Accepted Accounting Principles*" means the accounting principles generally accepted in the United States applied on a consistent basis that are applicable to the circumstances as of the date of determination as set forth in the pronouncements of the Governmental Accounting Standards Board, or its successor.

"Government Obligations" means those obligations now or hereafter defined as such in chapter 39.53 RCW, as such chapter may be hereafter amended or restated, constituting direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Independent" means, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the County, the City or the Airport Board, other than the payment to be received under a contract for services to be performed, and (b) is not an official, officer or employee of the County, the City or the Airport Board.

"Initial Bonds" means the first Series or multiple Series sharing the same issuance date issued by the County pursuant to this Resolution and a Supplemental Resolution.

"Interlocal Agreement" means the Amended Spokane County/City Airport Agreement, dated October 7, 2019, between the County and the City, as such agreement may be supplemented, amended or replaced pursuant to the terms thereof.

"*Joint Resolution*" means one or more joint resolutions adopted pursuant to Section 4.2 of the Interlocal Agreement.

"*Kroll*" means Kroll Bond Rating Agency, Inc. and its successors and assigns, and, if Kroll Bond Rating Agency, Inc. shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, "Kroll" shall be deemed to refer to any nationally recognized statistical rating organization designated by the County.

"Letter of Representations" means the Blanket Issuer Letter of Representations from the County to DTC.

"Liquidity Facility" means a letter of credit, line of credit, standby purchase agreement or other financial instrument, including a Credit Facility, that is available to provide funds with which to purchase Bonds.

"Liquidity Provider" means the entity that is obligated to provide funds to purchase Bonds under the terms of a Liquidity Facility.

"Maximum Aggregate Annual Debt Service" means the maximum amount of Aggregate Annual Debt Service on all Outstanding Bonds in the current or any future Fiscal Year.

"Maximum Aggregate Annual Debt Service For Reserve Requirement" means the computation of Maximum Aggregate Annual Debt Service with respect to all Outstanding Bonds participating in the Common Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Maximum Aggregate Annual Debt Service For Reserve Requirement, the annual debt service with respect to any Series of Balloon Indebtedness, Tender Indebtedness or Variable Rate Indebtedness shall, upon the issuance of such Series, be calculated on the basis of the assumptions set forth in clauses (ii), (iv) or (v) of Section 6.04(c) hereof, respectively, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series.

"Moody's" means Moody's Investors Service, Inc. and its successors and assigns, and, if Moody's Investors Service, Inc. shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, "Moody's" shall be deemed to refer to any nationally recognized statistical rating organization designated by the County.

"Net Insurance/Condemnation Proceeds" means insurance proceeds received as a result of damage to or destruction of Airport Facilities or any condemnation award or amounts received from the sale of Airport Facilities under the threat of condemnation, less expenses (including attorneys' fees and expenses) incurred in the collection of such proceeds or award.

"Net Revenues" means, for any given period, the Revenues for such period less the O&M Expenses of the Airport System for such period.

"Notes" means Bonds that have a maturity of one year or less from their date of original issuance and that are not Commercial Paper.

"O&M Expenses" or *"Operation and Maintenance Expenses of the Airport System"* means, for any given period, the total operation and maintenance expenses of the Airport System, including any costs of Credit Facilities and Liquidity Facilities and related fees and expenses, but excluding depreciation expense, any operation and maintenance expenses of the Airport System payable from money other than Revenues including, but not limited to, any non-cash items that are required to be treated as operation and maintenance expenses of the Airport System, any non-cash pension and other postemployment benefits obligations or liabilities (except to the extent required to be cash funded), any principal or interest payments in respect of finance leases or indebtedness, including the Bonds, any costs of issuance relating to any finance leases or indebtedness including the Bonds, any Swap Termination Payments due in connection with a Series of Bonds or the failure to issue such Series of Bonds, or any operation and maintenance expenses related to any Special Facilities. O&M Expenses may be further adjusted as may be necessary to more fairly reflect the Airport System's annual operating performance (e.g. to omit other non-cash items).

"O&M Reserve" or "*Operation and Maintenance Reserve"* means the Operation and Maintenance Reserve fund or account maintained for the Airport System. Moneys in the Operation and Maintenance Reserve may be applied to pay O&M Expenses as specified by the Airport Board in its annual budget from time to time.

"*O&M Reserve Requirement*" means the minimum funding level for the Operation and Maintenance Reserve for a Fiscal Year equal to at least two months of O&M Expenses budgeted for the then-current Fiscal Year, or such greater amount as specified by the Airport Board in its annual budget for such Fiscal Year, as may be adjusted by the Airport Board from time to time.

"*Other Money Available for Debt Service*" means money that is not Revenues (for example, income or revenues generated by or attributable to Excluded Property or CFCs) and that is transferred to the Debt Service Fund to be used to pay debt service on a specific Series of Bonds. Other Pledged Revenues, PFCs Available for Debt Service and Pledged PFCs shall not be treated as or constitute Other Money Available for Debt Service.

"Other Pledged Revenues" means money, not previously constituting Revenues that are designated as and included in, for any period, "Other Pledged Revenues" pursuant to an Airport Board Series Resolution or other duly adopted resolution of the Airport Board, or certificate of an Airport Board Representative, which Airport Board Series Resolution, resolution or certificate also shall (a) include a representation by the Airport Board that such money shall be validly designated as and included by the County in "Other Pledged Revenues" under this Resolution and has been pledged by the Airport Board and shall be pledged by the County to secure the payment of the principal of, premium, if any, and interest on all or a portion of the Bonds or any Series of Bonds, and (b) specify the source and amount of such money and the time period during which such money will be designated as and included in "Other Pledged Revenues." Other Pledged Revenues may include, but are not limited to, CFCs. Other Money Available for Debt Service, PFCs Available for Debt Service and Pledged PFCs shall not be treated as or constitute "Other Pledged Revenues."

"Outstanding" when used with respect to Bonds means all Bonds that have been authenticated and delivered under this Resolution, except:

(a) Bonds cancelled or purchased by the County for cancellation or delivered to or acquired by the County for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Bonds defeased in accordance with Section 10 hereof;

(c) Bonds in lieu of which other Bonds have been authenticated under Sections 2.07 or 2.10 hereof;

(d) Bonds that have become due (at maturity or on redemption or otherwise) and for the payment of which sufficient money, including interest accrued to the due date, are held by the Bond Registrar or such other fiduciary or agent;

(e) Bonds that, under the terms of the Supplemental Resolution pursuant to which they were issued, are deemed to be no longer Outstanding;

(f) Repayment Obligations deemed to be Bonds under Section 6.05 and Regularly Scheduled Swap Payments under a Qualified Swap deemed to be Bonds under Section 6.06 hereof; and

(g) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds under this Resolution, Bonds held by or for the account of the County or by any person controlling, controlled by or under common control with the County, unless such Bonds are pledged to secure a debt to an unrelated party.

"Participants" means the participants of DTC as provided in DTC's operational arrangements.

"Passenger Facility Charges" or *"PFCs"* means charges collected pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 (49 U.S.C. § 40117), the Aviation Investment Reform Act of 2000 and 14 C.F.R. Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

"Passenger Facility Charges Available for Debt Service" or *"PFCs Available for Debt Service"* means PFCs made available to pay debt service on one or more Series of Bonds during any period pursuant to Section 7.10 hereof.

"Payment Date" means, with respect to any Bonds, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

"Permitted Investments" means any investment authorized for the County by the laws of the State, but only to the extent that the same are acquired at Fair Market Value.

"Pledged Passenger Facility Charges" or *"Pledged PFCs"* means such amount of PFCs that are designated as and included in, for any period, "Pledged Passenger Facility Charges" pursuant to an Airport Board Series Resolution or other duly adopted resolution of the Airport Board, which Airport Board Series Resolution or resolution also shall include (a) a representation by the Airport Board that such PFCs, when received by the Airport Board, shall be validly designated as and included by the County in "Pledged Passenger Facility Charges" under this Resolution and have been pledged by the Airport Board and shall be pledged to secure the payment of the principal of, premium, if any, and interest on all or a portion of the Bonds, (b) a request that such Passenger Facilities Charges be pledged by the County to one or more designated Series of Bonds, (c) the amount of PFCs that are being designated as and included in "Pledged Passenger Facility Charges," and (d) the time period during which such Pledged Passenger Facility Charges will be designated as and included in "Pledged Passenger Facility Charges." Any Pledged Passenger Facility Charges shall not be deposited to the Revenue Fund, but the County shall cause the Pledged Passenger Facility Charges to be deposited to the applicable Debt Service Account within the Debt Service Fund to pay debt service on the applicable Series of Bonds as directed pursuant to the applicable Supplemental Resolution.

"Principal Amount" or *"principal amount"* means, as of any date of calculation, (a) with respect to any Capital Appreciation Bond, the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest, and (b) with respect to any other Bonds, the principal amount of such Bond payable at maturity.

"*Project*" means any and all facilities, improvements and other expenditures related to the Airport System financed or refinanced in whole or in part with proceeds of a Series of Bonds.

"Project Fund" means any Project Fund created in accordance with Section 7.05 hereof.

"Qualified Swap" means any Swap (a) whose Designated Debt is all or part of a particular Series of Bonds; (b) whose Swap Provider is a Qualified Swap Provider or has been a Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Annual Debt Service or Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; and (d) which has been designated in a certificate of a Designated County Representative as a Qualified Swap with respect to such Bonds.

"Qualified Swap Provider" means a financial institution whose senior long-term debt obligations, or whose obligations under any Qualified Swap meet the requirements of RCW 39.96.040, or any successor statute, as amended from time to time.

"*R&R Reserve*" or "*Renewal and Replacement Reserve"* means the Renewal and Replacement Reserve fund or account maintained for the Airport System. Moneys in the Renewal and Replacement Fund are to be applied as specified by the Airport Board in its annual budget to pay costs of improvements, repairs or extraordinary maintenance that are not provided for by moneys available in other Funds or Accounts established under the Master Resolution, including without limitation the costs of unanticipated or emergency repairs or replacements of any part of the Airport System that are properly chargeable to one or more of the cost centers established, from time to time, by the Airport Board.

"*R&R Reserve Requirement*" means the minimum funding level for the Renewal and Replacement Reserve for a Fiscal Year equal to $2,000,000 or such greater amount as specified by the Airport Board in its annual budget for such Fiscal Year, as may be adjusted by the Airport Board from time to time.

"Rating Agency" and *"Rating Agencies"* means any of Fitch, Kroll, Moody's or S&P, or any other nationally recognized statistical rating organization then maintaining a rating on the Bonds.

"Rating Category" and *"Rating Categories"* means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Rebate Fund" means any Fund created pursuant to a Supplemental Resolution in connection with the issuance of any Series of Bonds for the purpose of complying with the Code and providing for the collection and holding for and payment of amounts to the United States of America.

"Record Date" means, with respect to any Series of Bonds, the record date as specified in the Supplemental Resolution that provides for the issuance of such Series.

"Refunding Bonds" means any Bonds issued pursuant to Section 6.03 hereof to refund and/or defease all or a portion of any Series of Outstanding Bonds.

"Registered Owners' Trustee" means the Registered Owners' Trustee, if any, qualified and appointed pursuant to Section 12.02 hereof.

"Regularly Scheduled Swap Payments" means the regularly scheduled payments under the terms of a Swap which are due, absent any termination, default or dispute in connection with such Swap.

"Repayment Obligations" means an obligation arising under a written agreement of the County and a Credit Provider pursuant to which the County agrees to reimburse the Credit Provider for amounts

paid through a Credit Facility used to pay debt service on any Bonds and related fees and expenses, or an obligation arising under a written agreement of the County and a Liquidity Provider pursuant to which the County agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility used to purchase Bonds and related fees and expenses.

"Reserve Requirement" means, with respect to the Common Debt Service Reserve Fund, an amount equal to the least of (a) as of the date of calculation, Maximum Aggregate Annual Debt Service For Reserve Requirement for all Outstanding Bonds participating in the Common Debt Service Reserve Fund, (b) 10% of the original principal amount of all Outstanding Bonds participating in the Common Debt Service Reserve Fund, less the amount of original issue discount with respect to such Bonds if such original issue discount exceeded 2% of such Bonds at the time of their original issuance, and (c) as of the date of calculation, 125% of the average Aggregate Annual Debt Service For Reserve Requirement for all Outstanding Bonds participating in the Common Debt Service Reserve Fund. The Reserve Requirement with respect to any Series Debt Service Reserve Fund shall be as provided in the Supplemental Resolution establishing such Series Debt Service Reserve Fund (which Reserve Requirement may be $0 or any other amount determined as set forth therein, and may be subject to reduction as set forth in the Supplemental Resolution).

"*Resolution*" or "*Master Resolution*" means this Resolution, as amended from time to time.

"Revenue Fund" means the fund originally designated the "Spokane County Airport Operations and Maintenance Fund" heretofore created, and held and maintained by the Treasurer, into which all Revenues shall be deposited.

"Revenues" means, except to the extent specifically excluded from this definition, all income, receipts, earnings and revenues received by or accrued to the Airport Board and/or the County from the operation and ownership of the Airport System for a given period, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the Airport Board or any successor thereto for the use or availability of the Airport System, (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Airport Board, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by or on behalf of the Airport Board or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Airport Board receives or is entitled to payments that are attributable to the Airport System or activities or undertakings related thereto, and (c) Other Pledged Revenues. Additionally, "Revenues" shall also include all income, receipts, and earnings from the investment of amounts held in the Revenue Fund, any Account in the Debt Service Fund (except Capitalized Interest on deposit therein), the Common Debt Service Reserve Fund, and any Series Debt Service Reserve Fund; and such additional revenues, if any, as are designated as "Revenues" under the terms of any Supplemental Resolution. Revenues may be further adjusted as may be necessary to more fairly reflect the Airport System's annual operating performance (e.g. to omit non-cash items).

The following, including any investment earnings thereon, are specifically excluded from Revenues: (i) any amounts received by the Airport Board, the County or the City not derived from the Airport System, (ii) Net Insurance/Condemnation Proceeds and other insurance proceeds, to the extent the use of such Net Insurance/Condemnation Proceeds or other proceeds is restricted by the terms under which they are paid to a use inconsistent with the payment of debt service on the Bonds (except to the extent Net Insurance/Condemnation Proceeds are utilized to pay O&M Expenses of the Airport System), (iii) Special Facility Revenue (to the extent there is no excess Special Facility Revenue as described in Section 8.07

hereof), (iv) PFCs (including Pledged PFCs and PFCs Available for Debt Service), and (v) the proceeds of the sale of Bonds or other obligations issued for Airport System purposes.

Additionally, the following, including any investment earnings thereon, are specifically excluded from "Revenues," unless designated as and included in Other Pledged Revenues: (A) any Swap Termination Payments paid by a Qualified Swap Provider pursuant to a Qualified Swap, (B) subject to clause (H) in this paragraph, grants and other charges authorized on or after the date of this Resolution by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, (C) investment income derived from any money or securities that may be placed in escrow or trust to defease Bonds, (D) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code, (E) Capitalized Interest, (F) CFCs, (G) Federal Direct Payments, (H) gifts, grants, or reimbursements received for the Airport System's benefit, and (I) any income (including any investment earnings thereon) otherwise included in this definition of "Revenues" which is restricted by its terms to purposes inconsistent with the payment of debt service on the Bonds.

Further, interest earnings or other investment earnings on any Project Fund established by any Supplemental Resolution are specifically excluded from "Revenues," unless otherwise provided for in a Supplemental Resolution.

"S&P" means S&P Global Ratings, and its successors and assigns, and if S&P Global Ratings shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, "S&P" shall be deemed to refer to any nationally recognized statistical rating organization designated by the County.

"*Senior Director of Finance and Administration"* means the Senior Director of Finance and Administration of the County, or such officer's successor in functions, if any.

"Series" means any series of Bonds issued pursuant to this Resolution and a Supplemental Resolution.

"Series Debt Service Reserve Fund" means a Fund or Funds (other than the Common Debt Service Reserve Fund) created pursuant to a Supplemental Resolution in connection with the issuance of any Series of Bonds and that is required to be funded for the purpose of providing additional security for such Series of Bonds and under certain circumstances to provide additional security for such other designated Series of Bonds issued pursuant to the terms of this Resolution and as specified in any Supplemental Resolution.

"Significant Portion" means any Airport Facilities or portions thereof that, if such facilities had been sold or disposed of at the beginning of an annual period (which includes the month of commencement of the 12 month period ending on the day of such disposition) would have resulted in a reduction in Net Revenues for such annual period of more than 5% when the actual Net Revenues for such annual period are decreased by the Revenues directly attributable to such Airport Facilities and increased by the expenses directly attributable to such Airport Facilities. Notice shall be provided to each of the Rating Agencies that are then maintaining a rating on any of the Bonds prior to the selling or disposing of a Significant Portion of any Airport Facilities or portions thereof.

"Special Facilities" or *"Special Facility"* means a facility or group of facilities or category of facilities that are designated as a Special Facility pursuant to the provisions of Section 8.07 hereof.

"Special Facility Revenue" means the contractual payments and all other revenues (other than ground rentals relating to such Special Facility) derived by or available from a Special Facility that are pledged to secure Special Facility Obligations.

"Special Facility Obligations" means bonds or other debt instruments issued pursuant to a resolution other than this Resolution to finance Special Facilities and that are not secured by nor payable from a pledge of, security interest in, or lien or charge on the Revenues but that are secured by revenues derived from Special Facilities. Such Special Facility Obligations, however, may be secured by a subordinate pledge of, security interest in, and lien and charge of Revenues that is payable from Revenues remaining after the payments and deposits to the Funds, Accounts and Subaccounts set forth in Section 7.03(a) through (c) hereof.

"Specified Project" means a Project or a group of alternative Projects that are described in a certificate of an Airport Board Representative delivered to, or otherwise on file with, the County, that is delivered to the Consultant preparing the certificate described in Section 6.04 hereof, if applicable, the revenues and expenses of which Project or of the alternative Projects are to be taken into account by such Consultant in preparing the certificate under Section 6.04(a)(ii) hereof.

"State" means the state of Washington.

"Subaccount" means any subaccount established pursuant to this Resolution or any Supplemental Resolution.

"Subordinate Obligation" means any bond, note or other debt instrument issued or otherwise entered into that is secured by a pledge of, security interest in and lien and charge on and payable from Revenues remaining after the payments and deposits to the Funds, Accounts and Subaccounts set forth in Section 7.03(a) through (c) hereof. "Subordinate Obligations" are not Bonds for purposes of this Resolution; provided, however, the County may by Supplemental Resolution elect to have the provisions of this Resolution applicable to the Bonds apply to the Subordinate Obligations issued thereunder, except that such Subordinate Obligations shall be secured by a pledge of, security interest in and lien and charge on Revenues remaining after the payments and deposits to the Funds, Accounts and Subaccounts set forth in Section 7.03(a) through (c) hereof. No bond, note or other instrument of indebtedness shall be deemed to be a "Subordinate Obligation" for purposes of this Resolution and payable from Revenues remaining after the payments and deposits to the Funds, Accounts and Subaccounts set forth in Section 7.03(a) through (c) hereof unless specifically designated as a "Subordinate Obligation" in a Supplemental Resolution or other written instrument. In connection with any Subordinate Obligation with respect to which a Swap is in effect or proposes to be in effect, the term "Subordinate Obligation" includes, collectively, both such Subordinate Obligation and either such Swap or the obligations of the County under each such Swap, as the context requires. The term "Subordinate Obligations" also includes a Swap or the obligations of the County under such Swap which has been entered into in connection with a Subordinate Obligation, as the context requires, although none of the Subordinate Obligations with respect to which such Swap was entered into remain outstanding. In connection with any Bonds with respect to which a Qualified Swap is in effect or proposed to be in effect, the term "Subordinate Obligation" includes any Swap Termination Payment if designated as a Subordinate Obligation in a Supplemental Resolution. The term "Subordinate Obligations" also includes any reimbursement obligation to credit and/or liquidity providers which has been entered into in connection with a Subordinate Obligation, as the context requires.

"Supplemental Resolution" means any document supplementing and/or amending this Resolution or providing for the issuance of Bonds and entered into as provided in Section 13 hereof.

"Swap" means any financial arrangement between the County and a Swap Provider which provides that (a) each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid

before it is deemed to have accrued, the amount paid shall reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid after it is deemed to have accrued shall reflect the time value of such funds; and (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one shall pay to the other any net amount due under such arrangement.

"Swap Provider" means a party to a Swap with the County.

"Swap Termination Payment" means an amount payable to or from a Qualified Swap Provider, in accordance with a Qualified Swap, to compensate the other party to the Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap.

"Synthetic Fixed Rate Debt" means an obligation issued by the County that is combined, as Designated Debt, with a Qualified Swap and creates, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities.

"Tender Indebtedness" means any Bonds or portions of Bonds a feature of which is an obligation on the part of the Bondholders, under the terms of such Bonds, to tender all or a portion of such Bonds to the County, the Bond Registrar or other fiduciary or agent or Credit Provider or Liquidity Provider for payment or purchase and requiring that such Bonds or portions of Bonds be purchased if properly presented.

"Term Bonds" means Bonds of a Series which are payable on or before their specified maturity dates from sinking fund installment payments established pursuant to the Supplemental Resolution for such Series for that purpose and calculated to retire the Bonds on or before their specified maturity dates.

"Treasurer" means the Spokane County Treasurer or such officer's successor in functions, if any.

"United States Bankruptcy Code" means 11 U.S.C. § 101 et seq., as amended or supplemented from time to time, or any successor federal act.

"Variable Rate Indebtedness" means any Bond or Bonds the interest rate on which is not, at the time in question, fixed to maturity, excluding any Commercial Paper.

Section 2. Findings; Bond Authorization; Description of the Bonds.

2.01 ***Findings; Authorization of Airport Revenue Bond Agreement; Authority to Issue Bonds***. Pursuant to RCW 39.46.150(3), the County Board has exercised due regard for the O&M Expenses of the Airport System, and finds that the Revenues that are set aside into the special fund created hereunder are not a greater amount or proportion of the Revenues that in the County Board's judgment will be available over and above such O&M Expenses of the Airport System. The County Board further finds that the covenants set forth herein are necessary to secure the payment of the principal of and interest on Bonds, and premium on Bonds, if any.

The Airport Revenue Bond Agreement, substantially in the form and substance set forth in Exhibit A to this Resolution, is hereby approved. The Designated County Representatives are each hereby authorized to approve additions, deletions, or alterations to the Airport Revenue Bond Agreement prior to execution so long as such additions, deletions, or alterations do not substantially alter the intent and substance of this Resolution. Any Designated County Representative is hereby authorized to execute and deliver the Airport Revenue Bond Agreement.

All Bonds and other obligations issued or incurred by the County from time to time under this Resolution for the benefit of the Airport Board and its operations shall be issued or incurred, as applicable, pursuant to and subject to the satisfaction of the requirements set forth in the Airport Revenue Bond Agreement. Further, certain acts to be taken by the County under this Resolution, including but not limited to the establishment of reserves, the appointment of Consultants, the execution of Swaps in connection with a Series of Bonds, and the procurement of a Credit Facility, Liquidity Facility or Debt Service Reserve Fund Surety Policy in connection with a Series of Bonds, shall be subject to the terms of the Airport Revenue Bond Agreement,

After execution and delivery of the Airport Revenue Bond Agreement by the Airport Board and the County, upon receipt by the County of an Airport Board Series Resolution and a Joint Resolution, the County may issue the Initial Bonds and other Bonds from time to time under the terms of this Resolution for any Airport System purpose. Any Airport Board Series Resolution for a Series of Bonds shall set forth the requirements contained in the Airport Revenue Bond Agreement. In the event of conflict or inconsistency between this Resolution and any Airport Board Series Resolution, the terms of this Resolution shall control.

Bonds of a Series may be sold by negotiated public sale to an underwriter or underwriters selected by the County pursuant to the terms of one or more bond purchase contracts between the County and such underwriter(s), or any other method of sale authorized by the Act, all as set forth in the Supplemental Resolution providing for the issuance of such Bonds. The Board may determine, as set forth in such Supplemental Resolution, that it would be in the best interest of the County to delegate to each Designated County Representative, for a limited time, the authority to designate the Bonds of a Series as tax-exempt bonds or taxable bonds, and to approve the final terms for such Bonds, including but not limited to final interest rates, final maturity date, redemption terms, principal maturities, and any other terms for such Bonds.

Bonds may be issued under this Resolution only if the provisions of Section 6 hereof are satisfied. The total principal amount of Bonds of each Series Outstanding may not exceed the amount specified in the Supplemental Resolution providing for the issuance of such Bonds, except in connection with the replacement of lost, stolen or destroyed Bonds. The Bonds may be in certificated or uncertificated form, and Bonds that are issued in certificated form may be freely transferable or may be immobilized and held by a custodian for the Beneficial Owners, all as shall be set forth or permitted in the Supplemental Resolution providing for the issuance of such Bonds. The Bonds may have notations, legends or endorsements required by law or usage. Bonds will be numbered and dated as provided in the Supplemental Resolution providing for the issuance of the Series of Bonds.

All Bonds shall contain a statement to the following effect: "The Bonds are special, limited obligations of the County payable solely from, and secured by a pledge of, security interest in and lien and charge on, Revenues of the Airport System, subject only to O&M Expenses of the Airport System, obligated to be deposited to the Airport Revenue Bond Debt Service Fund and other amounts and certain funds and accounts pledged under the Master Resolution and the Supplemental Resolutions. None of the properties of the Airport System, the County or the City are subject to any mortgage or other lien for the benefit of the owners of the Bonds, and neither the full faith and credit nor the taxing power of the County, the City, the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. Owners of Bonds do not have any claim against the State, the City or any political subdivisions or agency of the State arising from the Bonds."

2.02 ***Bond Details and Sale of the Bonds***. The Bonds shall be issued in the principal amount, shall bear interest at a rate or rates, which may be any rate or a rate of 0% as specified therein and including variable or adjustable rates, or by such other methods as the County may from time to time determine, and

such interest may be payable periodically, in whole or in part, or may be accumulated and paid at maturity or at such other time or times as the County shall determine. Bonds shall mature and shall be subject to redemption prior to their respective maturities, all as shall be provided for in a Supplemental Resolution providing for the issuance of the Series of Bonds and permitted under the Act. The Bonds of each Series shall state that they are issued under and are secured by this Resolution, and state that regardless of the form thereof, they are "Bonds" issued hereunder and within the meaning of this Resolution.

Payments with respect to the Bonds shall be made as provided in the Supplemental Resolution providing for the issuance of such Bonds or as provided in the Bonds.

2.03 ***Bond Registrar/Bond Register***. The County hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a state fiscal agent. Except as may be set forth in a Supplemental Resolution, the County shall cause the Bond Register to be maintained by the Bond Registrar. So long as any Bonds of a Series remain Outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its designated office. The Bond Registrar may be removed at any time at the option of a Designated County Representative upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by a Designated County Representative. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the County, to authenticate and deliver the Bonds transferred or exchanged in accordance with the provisions of such Bonds and this Resolution and to carry out all of the Bond Registrar's powers and duties under this Resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication attached to each of the Bonds.

2.04 ***Registered Ownership***. The County and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond of a Series as the absolute owner thereof for all purposes (except as otherwise provided in the Supplemental Resolution for such Series), and neither the County nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in this Resolution or a Supplemental Resolution, but such Bond may be transferred as provided in this Resolution or a Supplemental Resolution. All such payments made as described in this Resolution or a Supplemental Resolution shall be valid and shall satisfy and discharge the liability of the County upon such Bond to the extent of the amount or amounts so paid.

2.05 ***DTC Acceptance/Letters of Representations***. The Bonds of a Series initially shall be held in fully immobilized form by DTC acting as depository, except as otherwise provided in the Supplemental Resolution providing for the issuance of the Series of Bonds. The County has executed and delivered to DTC the Letter of Representations. Neither the County nor the Bond Registrar shall have any responsibility or obligation to Participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any Participant, the payment by DTC (or any successor depository) or any Participant of any amount in respect of the principal of or interest on the Bonds, any notice which is permitted or required to be given to Registered Owners under this Resolution or any Supplemental Resolutions (except such notices as shall be required to be given by the County to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held by a depository, DTC or its successor depository or its nominee shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners means DTC (or any successor depository) or its nominee and shall not mean the Beneficial Owners.

2.06 ***Use of Depository***.

(a) Except as may be otherwise set forth in the Supplemental Resolution providing for the issuance of the Series of Bonds, the Bonds of a Series shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond of a Series maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Except as may be otherwise set forth in the Supplemental Resolution, registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by a Designated County Representative pursuant to subsection (b) below or such substitute depository's successor; or (iii) to any person as provided in subsection (d) below.

(b) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Treasurer or a Designated County Representative to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), a Designated County Representatives is authorized to appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(c) In the case of any transfer pursuant to clause (i) or (ii) of subsection (a) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a Series, together with a written request on behalf of a Designated County Representative, issue a single new Bond for each maturity of the Series then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of a Designated County Representative.

(d) Except as may be otherwise set forth in the Supplemental Resolution, in the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Treasurer or a Designated County Representative determines that it is in the best interest of the Beneficial Owners of the Bonds of a Series that such owners be able to obtain physical bond certificates, the ownership of such Series of Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held by a depository. A Designated County Representative shall deliver a written request to the Bond Registrar, together with a supply of physical Bonds of the Series, to issue Bonds of such Series as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of a Series together with a written request on behalf of a Designated County Representative to the Bond Registrar, new Bonds of such Series shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

2.07 ***Registration of Transfer of Ownership or Exchange; Change in Denominations***. The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same Series, date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same Series, date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall

not be obligated to register the transfer of or to exchange any Bond after the Record Date preceding the applicable principal payment or redemption date.

2.08 ***Bond Registrar's Ownership of Bonds***. The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners or Beneficial Owners of Bonds.

2.09 ***Place and Medium of Payment***. Except as otherwise provided in the Supplemental Resolution providing for the issuance of the Series of Bonds, the principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Except as otherwise provided in the Supplemental Resolution, interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30 day months. For so long as all Bonds are held by a depository, payments of principal thereof and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. Except as may be otherwise set forth in the Supplemental Resolution, in the event that the Bonds of a Series are no longer held by a depository, interest on the Bonds of such Series shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date, or upon the written request of a Registered Owner of more than $1,000,000 of Bonds of such Series (received by the Bond Registrar at least by the Record Date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Bond Registrar.

If any Bond shall be duly presented for payment and funds have not been duly provided by the County on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bonds until it is paid.

2.10 ***Lost, Stolen or Destroyed Bonds***. In case any Bond or Bonds shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like date, number, and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the County and the Bond Registrar in connection therewith and upon filing with the County evidence satisfactory to the County that such Bond was actually lost, stolen or destroyed and of such ownership thereof, and upon furnishing the County and/or the Bond Registrar with indemnity satisfactory to the County and the Bond Registrar.

Section 3. Redemption and Purchase of Bonds.

3.01 ***Redemption of Bonds***. The Bonds of each Series shall be subject to mandatory and/or optional redemption to the extent, if any, as set forth in or provided for under the Supplemental Resolution providing for the issuance of such Bonds. The County shall provide notice of redemption as set forth in such Supplemental Resolution.

3.02 ***Purchase of Bonds***. The County reserves the right to purchase any of the Bonds at any time at a price deemed reasonable by a Designated County Representative. If so provided in the Supplemental Resolution providing for the issuance of that Series of Bonds, such purchased Bonds shall be cancelled upon their purchase by the County.

Section 4. **Form of Bonds**. The Bonds of each Series shall be in substantially the form set forth in Exhibit B, which is incorporated herein by this reference, with applicable modifications as provided in the Supplemental Resolution providing for the issuance of such Bonds.

Section 5. **Execution of Bonds**. Except as otherwise provided in a Supplemental Resolution providing for the issuance of the Series of Bonds, the Bonds of each Series shall be executed on behalf of the County with the manual or facsimile signatures of the Chair of the County Board and attested by the manual or facsimile signature of the Clerk of the County Board. Except as otherwise provided in a Supplemental Resolution, the seal of the County shall be impressed, imprinted or otherwise reproduced thereon.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the County before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the County, such Bonds may nevertheless be authenticated, delivered, and issued and upon such authentication, delivery, and issuance, shall be as binding upon the County as though those who signed the same had continued to be such officers of the County. Any Bond may be signed and attested on behalf of the County by such persons who at the date of the actual execution of such Bond, are the proper officers of the County, although at the original date of such Bond any such person shall not have been such officer of the County.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form provided in Exhibit B, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated, and delivered hereunder and are entitled to the benefits of this Resolution.

Section 6. **Issuance of Series of Bonds**. Bonds may be issued, from time to time, subject to the conditions of this Section 6.

6.01 ***Bond Issued Only Upon Delivery of an Airport Board Series Resolution and Joint Resolution Pursuant to the Interlocal Agreement***. Prior to the issuance of any Bonds under this Resolution, the County shall have received a certified copy of an Airport Board Series Resolution and a certified copy of a Joint Resolution of the City as required by the Interlocal Agreement, both in connection with the Series of Bonds to be issued.

6.02 ***Supplemental Resolution***. Bonds of each Series shall be dated, shall mature, shall bear interest, and shall be issued and reissued from time to time, all as authorized under the Act and provided for in the Supplemental Resolution providing for the issuance of such Series of Bonds. Each such Supplemental Resolution may provide for the following terms for each Series authorized thereunder: (a) authorized principal amount of the Bonds; (b) series designations; (c) general purpose of the Bonds; (d) deposit and disbursement of Bond proceeds; (e) principal and interest payment dates; (f) authorized denominations; (g) record date; (h) redemption, tender and purchase provisions; (i) whether the Bonds will be secured by the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund; (j) tax status; (k) method of sale; (l) appointment of a replacement or successor Bond Registrar and such other agents as the County shall determine to be necessary; and (m) any other terms that may be necessary to the issuance of such Bonds.

6.03 ***Refunding Bonds***. Refunding Bonds may be issued from time to time under and secured by this Resolution. Such Refunding Bonds shall be issued in accordance with the provisions of Sections 6.02 and 6.04(b)(i) hereof and chapter 39.53 RCW.

6.04 ***Additional Bonds Test***.

(a) Subject to the provisions of Section 6.04(b) hereof, as a condition to the issuance of any Series of Bonds other than the Initial Bonds, there shall be delivered to, or otherwise on file with, the County either:

(i) a certificate of an Airport Board Representative, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), showing that the Net Revenues for the last audited Fiscal Year or any audited and/or unaudited 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Coverage Amount for the most recently ended Fiscal Year, were at least equal to 125% of Maximum Aggregate Annual Debt Service with respect to all Outstanding Bonds and the proposed Series of Bonds, calculated as if the proposed Series of Bonds were then Outstanding; or

(ii) a certificate of a Consultant, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), showing that:

(A) the Net Revenues for the last audited Fiscal Year or for any audited and/or unaudited 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Coverage Amount for the most recently ended Fiscal Year, were at least equal to 125% of the sum of the Annual Debt Service due and payable with respect to all Outstanding Bonds for such applicable period; and

(B) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof through and including the later of: (1) the fifth full Fiscal Year following the issuance of such Series of Bonds, or (2) the second full Fiscal Year during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues, together with any estimated Coverage Amount, for each such Fiscal Year, will be at least equal to 125% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Bonds and calculated as if (aa) the proposed Series of Bonds were then Outstanding, and (bb) any future Series of Bonds were then Outstanding that the Airport Board estimates will be required to complete payment of the estimated costs of construction of such portion of the Specified Project and any other uncompleted portion of the Specified Project from which the Consultant projects additional Revenues will be generated.

For purposes of subparagraphs (i) and (ii) above, the amount of any Coverage Amount taken into account shall not exceed 25% of the Aggregate Annual Debt Service on the Outstanding Bonds, the proposed Series of Bonds and any future Series of Bonds included pursuant to subparagraph (ii)(B) of the previous paragraph.

For purposes of subsections (ii)(B) above, in estimating Net Revenues, the Consultant may take into account (1) Revenues from Specified Projects or other Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues that have been approved and will be in effect during the period for which the estimates are provided, and (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to O&M Expenses of the Airport System, the

Consultant shall use such assumptions as the Consultant believes to be reasonable, taking into account: (x) historical O&M Expenses of the Airport System, (y) O&M Expenses of the Airport System associated with the Specified Projects and any other new Airport Facilities, and (z) such other factors, including inflation and changing operations, as the Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report the calculations and assumptions made in determining the estimated Net Revenues and shall also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

(b) Neither of the certificates described above under subsection (a) shall be required if:

(i) the Bonds being issued are for the purpose of refunding then Outstanding Bonds and there is delivered to, or otherwise on file with, the County, instead, a certificate of the Airport Board Representative showing that Maximum Aggregate Annual Debt Service after the issuance of such Refunding Bonds will not exceed Maximum Aggregate Annual Debt Service prior to the issuance of such Refunding Bonds by more than $5,000; or

(ii) the Bonds being issued constitute Notes and there is delivered to, or otherwise on file with, the County, instead, a certificate of the Airport Board Representative showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Net Revenues for any audited and/or unaudited 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Notes; or

(iii) the Bonds being issued are Completion Bonds and the following written certificates are delivered to, or otherwise on file with, the County: (A) a certificate of a Consultant stating that the nature and purpose of such Project has not materially changed, and (B) a certificate of an Airport Board Representative to the effect that (1) all of the proceeds (including investment earnings on amounts in the Project Fund established for the Project) of the original Bonds issued to finance such Project have been or will be used to pay Costs of the Project, (2) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus money available in the Project Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose), and (3) the proceeds to be received from the issuance of such Completion Bonds, plus money available in the Project Fund established for the Project (including unspent proceeds of the Bonds previously issued for such purpose) will be sufficient to pay the remaining estimated Costs of the Project.

(c) For purposes of calculating Aggregate Annual Debt Service, the following components of debt service shall be computed as follows:

(i) in determining the amount of principal to be funded in each Fiscal Year, payment shall (unless a different clause of this subsection (c) applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds in accordance with any amortization schedule established by the applicable Supplemental Resolution setting forth the terms of such Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds maturing or scheduled for redemption in such Fiscal Year; in determining the amount of interest to be funded in each Fiscal Year, interest payable at a fixed rate shall (except to the extent clause (ii) or (iii) of this subsection (c) applies) be assumed to be made at such fixed rate and on the required funding dates as provided in the applicable Supplemental Resolution; provided, however, that interest payable on the Bonds shall be excluded to the extent such payments are to be paid from Capitalized Interest for such Fiscal Year;

(ii) if all or any portion or portions of any Outstanding Bonds or any Bonds which are then proposed to be issued constitute Balloon Indebtedness, then, for purposes of determining Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness will, unless clause (iii) of this subsection (c) then applies, be treated as if it were to be amortized over a term of not more than 30 years with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Indebtedness was, or is to be, issued; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Resolution on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to any Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion will be treated as described in clause (i) of this subsection (c) or such other provision of this subsection (c) as will be applicable and;

(iii) any maturity of Outstanding Bonds or any Bonds that are proposed to be issued that constitutes Balloon Indebtedness and for which the stated maturity date occurs within 72 months from the date such calculation of Aggregate Annual Debt Service is made, shall be assumed to become due and payable on the stated maturity date unless there is delivered to the entity making the calculation of Aggregate Annual Debt Service a certificate of an Airport Board Representative stating the then intent that such maturity be refinanced and stating the probable terms of such refinancing, including the anticipated interest rate (which shall be a rate determined by a Consultant equal to the then current market rate assuming that such maturity were being refinanced on the date of such certificate) and the final maturity date of such refinancing (provided that such refinanced maturity shall be amortized over a term of not more than 30 years from the date of refinancing), and that the requirements of this Section may reasonably be expected to be satisfied upon such refunding; upon the receipt of such certificate, such Balloon Indebtedness shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Aggregate Annual Debt Service;

(iv) if any Outstanding Bonds or any Bonds that are then proposed to be issued constitute Tender Indebtedness (but excluding Bonds as to which a Qualified Swap is in effect and to which clause (vi) of this subsection (c) applies), then, for purposes of determining Aggregate Annual Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized over a term of not more than 30 years commencing in the year in which such Series is first subject to tender and with substantially level Annual Debt Service payments and extending not later than 30 years from the date such Tender Indebtedness was originally issued; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Resolution on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to all funding requirements of principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in clause (i) of this subsection (c) unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date shall be determined as provided in clause (v) of this subsection (c);

(v) if any Outstanding Bonds or any Bonds that are then proposed to be issued constitute Variable Rate Indebtedness, including obligations described in clause (vi)(B) of this subsection (c) to the extent it applies (except to the extent clause (ii) of this subsection (c) relating to Balloon Indebtedness or clause (iii) of this subsection (c) relating to Tender Indebtedness or clause (vii)(A) of this subsection (c) relating to Synthetic Fixed Rate Debt applies), the interest rate on such Bonds shall be that rate determined by a Consultant to be a reasonable market rate for variable rate Bonds of a corresponding term and structure issued under this Resolution on the date of such calculation, with credit enhancement (taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes), plus the costs of the credit enhancement;

(vi) debt service on Repayment Obligations, to the extent such obligations constitute Bonds under Section 6.05 hereof, shall be calculated as provided in Section 6.05 hereof;

(vii) (A) for purposes of computing the Aggregate Annual Debt Service of Bonds which constitute Synthetic Fixed Rate Debt, the interest rate on such Bonds shall be that rate as provided for by the terms of the Swap;

(B) for purposes of computing the Aggregate Annual Debt Service of Bonds with respect to which a Swap has been entered into whereby the County has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Bonds to which such Swap pertains shall be included in the calculation of Aggregate Annual Debt Service, and the interest rate with respect to such Bonds shall be the sum of that rate as determined in accordance with clause (v) of this subsection (c) relating to Variable Rate Indebtedness plus the difference between the interest rate on the Designated Debt and the rate received from the Swap Provider; and

(viii) with respect to Commercial Paper, the principal and interest thereon shall be calculated as if the entire maximum principal amount of such Commercial Paper authorized by a resolution or a Supplemental Resolution were to be amortized over a term of 30 years commencing in the year in which such program authorizing Commercial Paper is implemented and with substantially level Annual Debt Service payments; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for fixed rate Bonds of a corresponding term issued under this Resolution on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest that is or is not excluded from gross income for federal income tax purposes.

When calculating Aggregate Annual Debt Service for purposes of this subsection, Aggregate Annual Debt Service shall be reduced by the amount of principal and/or interest paid or to be paid with Capitalized Interest, Other Money Available for Debt Service, PFCs Available for Debt Service and/or Pledged PFCs.

6.05 ***Repayment Obligations Afforded Status of Bonds***. If a Credit Provider or Liquidity Provider makes payment of principal of and interest on a Bond or advances funds to purchase or provide for the purchase of Bonds and is entitled to reimbursement thereof pursuant to a separate written agreement with the County, but is not reimbursed, the Repayment Obligation, or portion thereof, under such written agreement may, if so provided in the written agreement, be afforded the status of a Bond issued under this Section 6 and shall be granted the pledge of, security interest in and lien and charge on Revenues as Bonds under Section 7, and, if afforded such status, the Credit Provider or Liquidity Provider shall be the Bondholder and such Bond shall be deemed to have been issued at the time of the original Bond for which the Credit Facility or Liquidity Facility was provided and will not be subject to the provisions of Sections 6.02 through 6.04 hereof; provided, however, for purposes of Section 6.04(c)(vi) hereof, notwithstanding the stated terms of the Repayment Obligation, the payment terms of the Bond held by the Credit Provider or Liquidity Provider hereunder shall be as follows (unless otherwise provided in the written agreement with the County or a Supplemental Resolution pursuant to which the Bonds are issued): (a) interest shall be due and payable semiannually and (b) principal shall be due and payable not less

frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or, if shorter, (ii)(A) a term extending to the maturity date of the enhanced Bonds or (B) if longer, the final maturity of the Repayment Obligation under the written agreement, and providing substantially level Annual Debt Service payments. The principal amortized as described in the prior sentence shall bear interest in accordance with the terms of the Repayment Obligation. The County may provide that any amount which comes due on the Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Bond may be treated as a Subordinate Obligation. This provision shall not defeat or alter the rights of subrogation which any Credit Provider or Liquidity Provider may have under law or under the terms of any Supplemental Resolution.

6.06 ***Obligations under Qualified Swap Afforded Status of Bonds***. The obligation of the County to make Regularly Scheduled Swap Payments under a Qualified Swap with respect to a Series of Bonds may be on a parity with the obligation of the County to make payments with respect to such Series of Bonds and other Bonds under this Resolution, except as otherwise provided herein or in a Supplemental Resolution. The County may provide in any Supplemental Resolution that Regularly Scheduled Swap Payments under a Qualified Swap shall be secured by a pledge of, security interest in and lien and charge on Revenues, subject only to O&M Expenses of the Airport System, 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. If so provided in the Supplemental Resolution, such Regularly Scheduled Swap Payments under a Qualified Swap shall be afforded the status of a Bond issued under this Section 6 and shall be granted the pledge of, security interest in and lien and charge on Revenues as Bonds under Section 7. In the event that a Swap Termination Payment or any other amounts other than Regularly Scheduled Swap Payments under a Qualified Swap are due and payable by the County under a Qualified Swap, such Swap Termination Payment and any such other amounts shall constitute a Subordinate Obligation hereunder.

Section 7. Pledge of Revenues; Funds and Account.

7.01 ***Pledge of, Security Interest in and Lien and Charge on Revenues***. To secure the payment of the principal and Accreted Value of, premium, if any, and interest on the Bonds, the County hereby pledges for the equal and ratable benefit of the Registered Owners from time to time of the Bonds, the following: (a) the special fund of the County designated the "Airport Revenue Bond Debt Service Fund," (b) the Revenues, subject only to O&M Expenses of the Airport System, that are obligated to be deposited to the Debt Service Fund, whether pursuant to the Airport Revenue Bond Agreement, the Interlocal Agreement or otherwise, (c) except as otherwise provided in this Resolution and any Supplemental Resolution, all money and securities (excluding money and securities on deposit in any Rebate Fund) held from time to time by the County under this Resolution and any Supplemental Resolution, including but not limited to the money and securities held in the Debt Service Fund, and to the extent provided in any Supplemental Resolution, money and securities held in any Project Fund, (d) earnings on amounts included in clauses (a), (b) and (c) of this sentence (except to the extent excluded from the definition of "Revenues"), and (e) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, irrevocably committed, mortgaged, granted or delivered to or deposited with the County as additional security hereunder, for the equal and proportionate benefit and security of all Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall, with respect to the security provided hereby, be of equal rank without preference, priority or distinction as to any Bond over any other Bond or Bonds, except as to the timing of payment of the Bonds. As further provided in RCW 39.46.150, the amount so obligated to be paid in the Debt Service Fund shall be a lien and charge against these Revenues, subject only to O&M Expenses of the Airport System.

The Common Debt Service Reserve Fund, any Series Debt Service Reserve Fund and any Debt Service Reserve Fund Surety Policy provided at any time in satisfaction of all or a portion of the Reserve

Requirement and any other security, Liquidity Facility or Credit Facility provided for specific Bonds, a specific Series of Bonds or one or more Series of Bonds may, as provided by a Supplemental Resolution, secure only such specific Bonds, Series of Bonds or one or more Series of Bonds and, therefore, shall not be included as security for all Bonds under this Resolution unless otherwise provided by a Supplemental Resolution and money and securities held in trust as provided in Section 7.08 hereof exclusively for Bonds which have become due and payable and money and securities which are held exclusively to pay Bonds which are deemed to have been paid under Section 10 hereof shall be held solely for the payment of such specific Bonds.

The County hereby represents and states that it has not previously created any charge or lien on or any security interest in Revenues or the Debt Service Fund that remains outstanding and the County covenants that, until all the Bonds authorized and issued under the provisions of this Resolution and the interest thereon shall have been paid or are deemed to have been paid, it will not, except as otherwise provided under this Resolution, grant any prior or parity pledge of or any security interest in Revenues or the Debt Service Fund or any other security that is pledged pursuant to this Resolution, or create or permit to be created any charge or lien thereon or any security interest therein ranking prior to or on a parity with the charge and lien of the Bonds from time to time Outstanding under this Resolution. The amounts so pledged to be paid into the Debt Service Fund are hereby declared to be a prior lien and charge upon the Revenues, subject only to O&M Expenses of the Airport System, superior to all other liens and charges of any kind or nature whatsoever except for liens and charges equal in rank that may be made thereon to pay and secure the payment of the principal of, premium, if any, and interest on Bonds issued under authority of a Supplemental Resolution in accordance with the provisions of this Resolution.

The County may, as provided in and as limited by Section 8.06 hereof, grant a security interest in and lien and charge on Revenues remaining after the payments and deposits set forth in Section 7.03(a) through (c) hereof.

7.02 ***Revenue Fund***. The County hereby covenants and agrees to hold and maintain the Revenue Fund in the office of the Treasurer, pursuant to the Interlocal Agreement and the Airport Revenue Bond Agreement. The County hereby further covenants and agrees, as long as there are any Bonds Outstanding, that it will cause all Revenues to be deposited to the Revenue Fund.

7.03 ***Priority of Payment***. The Revenue Fund shall be held separate and apart from all other funds of the County, and Revenues deposited therein shall be used only for the following purposes in the following order of priority:

(a) *First - Operation and Maintenance Expenses*. To pay O&M Expenses of the Airport System, to the extent not paid from another source, as the same become due, as specified in each of the annual budgets of the Airport Board jointly approved by the County and the City pursuant to the Interlocal Agreement.

(b) *Second - Debt Service on Outstanding Bonds*. To make all payments, including any sinking fund installment payment with respect to each Series of Outstanding Term Bonds, required to be made into each Debt Service Account in the Debt Service Fund to pay principal of and interest on Outstanding Bonds coming due on each Payment Date, taking into account any Other Money Available for Debt Service, Pledged PFCs and/or PFCs Available for Debt Service applied to pay the principal of, including any sinking fund installment payment with respect each Series of Outstanding Term Bonds, and interest on Outstanding Bonds coming due on such Payment Date with respect to Bonds paid from such Debt Service Account.

(c) *Third - Common Debt Service Reserve Fund and Series Debt Service Reserve Funds*. To make all deposits required to be made to the Common Debt Service Reserve Fund, if any, at the times and in the amounts provided in Section 7.05 hereof, and to any Series Debt Service Reserve Fund at the times and in the amounts set forth in the Supplemental Resolution pursuant to which such Series Debt Service Reserve Fund is created.

(d) *Fourth - Subordinate Obligation Debt Service*. To pay outstanding Subordinate Obligations when due.

(e) *Fifth - Subordinate Obligation Debt Service Reserve Funds*. To fund any deficiency in any debt service reserve fund established by or for the benefit of the County in connection with any Subordinate Obligations.

(f) *Sixth - Operation and Maintenance Reserve.* To fund the Operation and Maintenance Reserve in an amount, if any, necessary to meet the O&M Reserve Requirement.

(g) *Seventh – Renewal and Replacement Reserves.* To fund the Renewal and Replacement Reserve in an amount, if any, necessary to meet the R&R Reserve Requirement.

(h) *Eighth – General Airport Purposes*. After all deposits and payments have been made as described in clauses (a) through (g) above, for any lawful Airport System purpose including paying any other outstanding revenue or interest-bearing warrants payable from Revenues, for deposit to any Funds or Accounts, including, without limitation, for redemption of any Bonds or other Airport indebtedness and other proper purposes consistent with budget approvals.

The County may modify the application of the funds as provided in clauses (d) through (h) above and to create additional funds and accounts to be inserted below subsection (c) above, pursuant to the Airport Revenue Bond Agreement.

7.04 ***Debt Service Fund; Debt Service Accounts***. The County shall create and maintain a special fund of the County designated as the "Airport Revenue Bond Debt Service Fund" (the "Debt Service Fund") for the purpose of paying and securing the payment of the principal of, including sinking fund installment payments on Term Bonds, premium, and interest on, Outstanding Bonds. The Debt Service Fund shall be held separate and apart from all other funds and accounts of the County and the Treasurer and shall be a trust fund for the owners of Outstanding Bonds. The County hereby irrevocably obligates and binds itself for as long as any Bonds remain Outstanding to set aside and pay, or cause to be set aside and paid into the Debt Service Fund from Revenues, subject only to O&M Expenses of the Airport System, or money in the Revenue Fund available after priority (a) under the priority of payment in Section 7.03 hereof, the amount required pay the principal of, including sinking fund installment payments on Term Bonds, premium, and interest on, Outstanding Bonds on each Payment Date.

At the time of issuance of each Series of Bonds, the County shall create a Debt Service Account for such Series within the Debt Service Fund. The money in the Debt Service Account shall be applied as provided in the Supplemental Resolution with regard to each such Account.

Except as otherwise provided in a Supplemental Resolution, so long as any Bonds of such Series are Outstanding, not later than the third (3rd) Business Day prior to each Payment Date, the County shall transfer, or cause to be transferred, to the Bond Registrar (a) Revenues on deposit in the Debt Service Fund, (b) Other Money Available for Debt Service, if any, on deposit in the Debt Service Fund, (c) Pledged PFCs, if any, on deposit in the Debt Service Fund and/or (d) PFCs Available for Debt Service, if any, on deposit in the Debt Service Fund in an aggregate amount sufficient to pay the principal of, including sinking fund installment payments on Term Bonds, premium, and interest on, each Series of Outstanding Bonds coming due on such Payment Date.

If, on any Payment Date, the County does not have sufficient amounts in the Debt Service Fund (without regard to any amounts which may be available from the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, as applicable) to pay in full all amounts due on such Payment Date, the County shall allocate the total amount that is available to make payment on such day (without regard to any amounts in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, as applicable), and transfer funds to the Bond Registrar for payment of principal and interest coming due on Outstanding Bonds on such Payment Date as follows: first to the payment of interest then due on the Bonds and, if the amount available shall not be sufficient to pay in full all interest on the Bonds then due, then *pro rata* among the Series according to the amount of interest then due, and second to the payment of principal then due on the Bonds and, if the amount available shall not be sufficient to pay in full all principal on the Bonds then due, then *pro rata* among the Series according to the Principal Amount then due on the Bonds.

Notwithstanding the foregoing, the County may, in the Supplemental Resolution providing for the issuance of such Series of Bonds, provide for different provisions and timing of deposits and different methods of paying principal of or interest on such Bonds depending upon the terms of such Bonds and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Debt Service Account created for the Series of Bonds for which such Credit Facility is provided. The County may provide in any Supplemental Resolution that, as to any Series of Bonds Outstanding, any amounts required to be transferred to and paid into a Debt Service Account may be prepaid, in whole or in part, by being earlier transferred to and paid into that Debt Service Account, and in that event any subsequently scheduled monthly transfer, or any part thereof, which has been so prepaid need not be made at the time appointed therefor.

If Revenues, Other Money Available for Debt Service, Pledged PFCs, if any, and/or PFCs Available for Debt Service, if any, are at any time insufficient to make the required deposits to the Debt Service Fund to make payments on the Bonds, the County shall deposit from any available sources into the Debt Service Fund or into a specified Account or Accounts or Subaccount or Subaccounts therein.

7.05. ***Common Debt Service Reserve Fund***.

(a) The County shall cause the Treasurer to create and maintain the Common Debt Service Reserve Fund as a special fund of the County. The Common Debt Service Reserve Fund shall secure each Series of Bonds that the County designates, pursuant to a Supplemental Resolution, as participating in the Common Debt Service Reserve Fund. The County reserves the right, subject to the Airport Board Series Resolution in connection with a Series of Bonds, (i) to allow any Series of Bonds to participate in the Common Debt Service Reserve Fund, or (ii) to create, pursuant to a Supplemental Resolution, a separate Series Debt Service Reserve Fund and allow one or more Series of Bonds to participate in such Series Debt Service Reserve Fund, or (iii) to provide that a Series of Bonds not participate in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund. Any Series Debt Service Reserve Fund established under a Supplemental Resolution shall be funded in an amount equal to the applicable Reserve Requirement set forth in such Supplemental Resolution. Additionally, such Supplemental Resolution shall provide for the manner of funding and replenishing of such Series Debt Service Reserve Fund and establish such other terms with respect to such Series Debt Service Reserve Fund as the County deems to be appropriate, including providing a Debt Service Reserve Fund Surety Policy in lieu thereof.

(b) (i) Except as otherwise provided herein, with respect to Bonds participating in the Common Debt Service Reserve Fund, each Supplemental Resolution providing for the issuance of such Bonds shall

require as a condition of issuance that at the time of issuance of such Bonds an amount be deposited in the Common Debt Service Reserve Fund so that, together with any Debt Service Reserve Fund Surety Policy provided pursuant to subsection (c) below, the amount on deposit in the Common Debt Service Reserve Fund will be equal to the Reserve Requirement for the Common Debt Service Reserve Fund. Any cash to be deposited in the Common Debt Service Reserve Fund may be derived from proceeds of Bonds or any other legally available source of funds. In the event that federal tax law in the opinion of Bond Counsel would prohibit the Reserve Requirement with respect to the Common Debt Service Reserve Fund or any portion thereof from being satisfied with proceeds of any issue of tax-exempt or tax-advantaged Bonds, the portion of the Reserve Requirement for the Common Debt Service Reserve Fund not permitted to be funded with tax-exempt Bond proceeds shall be satisfied with Revenues available under priority (c) under the priority of payment in Section 7.03 hereof, to the extent permissible under federal tax laws, in equal monthly installments within sixty (60) months from the date of issuance of such Series of Bonds.

(ii) Money held in the Common Debt Service Reserve Fund shall be used for the purpose of paying principal of and interest on the Bonds participating in the Common Debt Service Reserve Fund on a basis *pari passu* with all Bonds then participating in the Common Debt Service Reserve Fund. If, on any Payment Date for Bonds participating in the Common Debt Service Reserve Fund, the amounts in the Debt Service Accounts for such Bonds are insufficient to pay in full the amount then due on such Bonds, the County shall apply money held in the Common Debt Service Reserve Fund for the payment of the principal of and/or interest thereon. If amounts in the Common Debt Service Reserve Fund consist of both cash and one or more Debt Service Reserve Fund Surety Policies, the County shall make any required payments of amounts in the Common Debt Service Reserve Fund first from any cash on deposit in the Common Debt Service Reserve Fund, prior to making a draw upon any of such Debt Service Reserve Fund Surety Policy. Money held in the Common Debt Service Reserve Fund also may be used to make any deposit required to be made to the Rebate Fund created for the Bonds participating in the Common Debt Service Reserve Fund if other Revenues are not available from which such deposit can be made.

(iii) Subject to the provisions of subsection (b)(i) above, the County shall at least annually, prior to March 1 of each year, value or cause to be valued the Common Debt Service Reserve Fund on the basis of the cost thereof, plus accrued interest, adjusted for any amortization of premium or discount on the investment thereof. For purposes of determining the amount on deposit in the Common Debt Service Reserve Fund, any Debt Service Reserve Fund Surety Policy held by, or the benefit of which is available to, the County as security for the Bonds participating in the Common Debt Service Reserve Fund shall be deemed to be a deposit in the face amount of such Debt Service Reserve Fund Surety Policy or the stated amount of such Debt Service Reserve Fund Surety Policy provided, except that, if the amount available under a Debt Service Reserve Fund Surety Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Debt Service Reserve Fund Surety Policy and not reinstated or another Debt Service Reserve Fund Surety Policy provided, then, in valuing the Common Debt Service Reserve Fund, the value of such Debt Service Reserve Fund Surety Policy shall be reduced accordingly. If, upon any valuation of the Common Debt Service Reserve Fund, the value of the Common Debt Service Reserve Fund exceeds the Reserve Requirement with respect to the Common Debt Service Reserve Fund, the excess amount may be withdrawn and deposited to the Revenue Fund; provided that, if such amounts are used for a purpose other than payment of the principal of Bonds participating in the Common Debt Service Reserve Fund, there shall be delivered to, or otherwise on file with, the County an Opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used and that such use shall not result in the inclusion of interest on any tax-exempt Bonds in gross income of the recipient thereof under the Code or otherwise impact the tax-advantaged status of any Outstanding Bond, as applicable. If, upon any valuation of the Common Debt Service Reserve

Fund, the value is less than the Reserve Requirement with respect to the Common Debt Service Reserve Fund, the County shall replenish or cause to be replenished such amounts within thirty-six (36) months after the date of such valuation, in accordance with subsection (f) below.

(c) A Debt Service Reserve Fund Surety Policy shall be acceptable in lieu of a deposit of cash or securities into the Common Debt Service Reserve Fund, or may be substituted for amounts on deposit in the Common Debt Service Reserve Fund, only if at the time of such deposit (i) such Debt Service Reserve Fund Surety Policy extends to the maturity of the Series of Bonds of the longest maturity then Outstanding and participating in the Common Debt Service Reserve Fund, or will be replaced prior to its expiration with another Debt Service Reserve Fund Surety Policy or with cash, and (ii) the face amount of the Debt Service Reserve Fund Surety Policy, together with amounts on deposit in the Common Debt Service Reserve Fund, including the face amount of any other Debt Service Reserve Fund Surety Policy, is at least equal to the Reserve Requirement with respect to the Common Debt Service Reserve Fund.

(d) Money in the Common Debt Service Reserve Fund shall be invested and reinvested in Permitted Investments. Investments in the Common Debt Service Reserve Fund shall not have maturities which extend beyond five years. Earnings on the Common Debt Service Reserve Fund shall be paid *pro rata* to the Debt Service Accounts for the Bonds participating in the Common Debt Service Reserve Fund to be applied as a credit against the County's obligation to make its next interest payments unless an amount has been withdrawn from the Common Debt Service Reserve Fund as a result of a deficiency in the Debt Service Fund and such withdrawal has not been repaid or, as of the most recent valuation of the Common Debt Service Reserve Fund, the amount therein was valued at less than the Reserve Requirement with respect to the Common Debt Service Reserve Fund and the deficiency has not yet been restored, in either of which events the earnings shall be retained in the Common Debt Service Reserve Fund until the deficiency therein has been eliminated.

(e) All money remaining in the Common Debt Service Reserve Fund on the final Payment Date of the Bonds participating in the Common Debt Service Reserve Fund in excess of the amount required to make provisions for the payment in full of the interest and/or the principal of the Bonds of all Outstanding Series participating in the Common Debt Service Reserve Fund shall be transferred for deposit in the Revenue Fund.

(f) If the Common Debt Service Reserve Fund or a separately created Series Debt Service Reserve Fund (or Debt Service Reserve Fund Surety Policy provided in lieu thereof) have been used to make payments on Bonds secured thereby, then the County may be required to replenish the Common Debt Service Reserve Fund and such Series Debt Service Reserve Fund or reimburse the Credit Provider from Net Revenues as provided in Section 7.03(c) hereof, the full amount so withdrawn, together with interest, if any, required under the terms of the Debt Service Reserve Fund Surety Policy, or so much as shall be required to restore the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund to the Reserve Requirement with respect to the Common Debt Service Reserve Fund or such Series Debt Service Reserve Fund and to pay such interest, if any provided that (i) no amount from Revenues may be used for such purpose until all payments of principal of and/or interest on all Bonds which have become due and payable shall have been paid in full, (ii) the required payments to replenish the Common Debt Service Reserve Fund or any such Series Debt Service Reserve Fund or reimburse the Credit Provider shall be due in no more than thirty-six (36) substantially equal monthly installments commencing in the month following any such withdrawal, and (iii) if the aggregate amount of payments due on any date to replenish the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund exceeds the amount available for such purpose, the payments made for such purpose shall be allocated among the Common Debt Service Reserve Fund and any Series Debt Service Reserve Funds *pro rata* on the basis of the Outstanding Principal Amount of Bonds secured thereby. If such repayment is with respect to a draw under a Debt Service Reserve Fund Surety Policy, the Airport Board shall pay or cause the County to pay to the

provider of such Debt Service Reserve Fund Surety Policy the amount required to reimburse the provider of such Debt Service Reserve Fund Surety Policy. The amount available to be drawn under the Debt Service Reserve Fund Surety Policy shall increase by the amount of such reimbursement.

7.06 ***Project Funds***. Proceeds of each Series of Bonds which are to be used to pay the Costs of a Project shall be deposited into a Fund (each, a "*Project Fund*") to be created for such Series of Bonds as provided by this Resolution or a Supplemental Resolution. All money in each Project Fund shall be held and disbursed as provided in the Supplemental Resolution under which such Fund was created. Notwithstanding this provision, no Project Fund shall be required for a given Series of Bonds if all of the proceeds thereof (except those deposited into the Common Debt Service Reserve Fund or a Series Debt Service Reserve Fund or a Debt Service Account) are spent at the time of issuance of such Series or are used to refund and/or defease Bonds or otherwise the County determines that there is no need to create a Project Fund for such Series.

7.07 ***Additional Funds, Accounts and Subaccounts***. The County may, pursuant to a Supplemental Resolution, create additional Funds, Accounts and Subaccounts for such purposes as the County deems appropriate, including separate Funds, Accounts and Subaccounts available only for specified Bonds or Series of Bonds. Specifically, the County agrees to create and maintain within the Revenue Fund, separate Funds, Accounts or Subaccounts for the deposit of CFCs and PFCs.

7.08 ***Money Held in Trust for Matured Bonds; Unclaimed Money***. All money that shall have been withdrawn from a Debt Service Account and set aside or deposited with the Bond Registrar for the purpose of paying any of the Bonds, either at the maturity thereof or upon call for redemption, or that are set aside by the County for such purposes and for which Bonds the maturity date or redemption date shall have occurred, shall be held in trust for the respective holders of such Bonds. But any money that shall be so set aside or deposited and which shall remain unclaimed by the holders of such Bonds for a period of one (1) year after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by State law) shall be paid to the County, and thereafter the holders of such Bonds shall look only to the County for payment and the County shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and the Bond Registrar shall have no responsibility with respect to any of such money. The County hereby recognizes that while any Bonds are Outstanding in book-entry only form there should be no unclaimed money.

7.09 ***Additional Security***. The County may, subject to approval of the Airport Board and/or the City, as applicable, provide additional security or credit enhancement for specified Bonds or Series of Bonds with no obligation to provide such additional security or credit enhancement to other Bonds.

7.10 ***Passenger Facility Charges Available for Debt Service***. The County may for any period elect to designate any available PFCs as "PFCs Available for Debt Service" by having on file a certificate of an Airport Board Representative that includes (a) a representation of the Airport Board Representative that such PFCs, when received by the County, may be validly designated as and included in "PFCs Available for Debt Service" under this Resolution and are legally available to pay the principal of, premium, if any, and interest on all or a portion of the Bonds, (b) the amount of PFCs that are being designated as and included in "PFCs Available for Debt Service," (c) the Debt Service Account(s) such PFCs Available for Debt Service are to be deposited to, and (d) the time period during which such PFCs will be designated as and included in "PFCs Available for Debt Service." After the filing of such certificate, the County shall cause the PFCs Available for Debt Service designated therein to be deposited to the applicable Debt Service Account(s) and used to pay debt service on the applicable Series of Bonds. Notwithstanding any other provision hereof, if such PFCs Available for Debt Service are subject to any prior pledge or lien or irrevocable commitment, the application thereof to the payment of debt service on the Bonds shall be subordinate to the terms of such pledge or lien or irrevocable commitment and the certificate of an Airport

Board Representative designating the PFCs Available for Debt Service shall indicate the amount of the obligation payable in such Fiscal Year from the PFCs Available for Debt Service pursuant to such pledge or lien or irrevocable commitment.

Section 8. Bond Covenants.

8.01 ***Payment of Principal and Interest***. The County hereby covenants and agrees that it will duly and punctually pay or cause to be paid from the Revenues obligated to be deposited to the Debt Service Fund the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner herein, in the Supplemental Resolutions and in the Bonds specified, provided that the County's obligation to make payment of the principal of, premium, if any, and interest on the Bonds shall be limited to payment from the Revenues, subject only to O&M Expenses of the Airport System, the funds and accounts pledged therefor pursuant to this Resolution and any other source that the County may specifically provide for such purpose and no Bondholder shall have any right to enforce payment from any other funds of the County, City or the Airport Board.

8.02 ***Performance of Covenants by County; Due Execution***. The County hereby covenants that it will faithfully perform at all times any and all covenants and agreements contained in this Resolution, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The County hereby represents that it is duly authorized under the Constitution and laws of the State to issue Bonds and to provide for the source of security and repayment as set forth herein, and that as of the date of this Resolution, it has not previously pledged Revenues or other assets to secure other outstanding obligations.

8.03 ***Senior Lien Obligations Prohibited***. The County hereby covenants and agrees that so long as any Bonds are Outstanding under this Resolution, it will not issue any bonds or other obligations with a security interest in or lien and charge on Revenues, nor grant any security interest in or lien and charge on Revenues, that is senior to the Bonds.

8.04 ***Rate Covenant***.

(a) The County hereby covenants and agrees that, while any of the Bonds remain Outstanding, it shall, or shall cause the Airport Board to, establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) O&M Expenses of the Airport System due and payable during such Fiscal Year;

(ii) the Annual Debt Service on any Outstanding Bonds required to be funded by the County in such Fiscal Year as required by this Resolution or any Supplemental Resolution with respect to the Outstanding Bonds;

(iii) the required deposits to the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund that may be established by a Supplemental Resolution;

(iv) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Resolution;

(v) the interest on and principal of any indebtedness of the County with respect to the Airport System required to be funded during such Fiscal Year, other than for Outstanding Bonds, but including Subordinate Obligations; and

(vi) funding of any debt service reserve funds created in connection with any indebtedness of the County with respect to the Airport System, other than Outstanding Bonds, but including Subordinate Obligations.

(b) The County hereby further covenants and agrees that it shall, or shall cause the Airport Board to, establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Net Revenues, together with any Coverage Amount, will be equal to at least 125% of Annual Debt Service on the Outstanding Bonds for such Fiscal Year. For purposes of this subsection (b), the amount of any Coverage Amount taken into account shall not exceed 25% of Annual Debt Service on the Outstanding Bonds in such Fiscal Year.

(c) When calculating Annual Debt Service on the Outstanding Bonds for purposes of the rate covenants set forth in subsections (a) and (b) above, Annual Debt Service on the Outstanding Bonds shall be reduced by the amount of principal and/or interest paid with Capitalized Interest, Other Money Available for Debt Service, PFCs Available for Debt Service and/or Pledged PFCs.

(d) The County hereby further covenants and agrees that if Revenues or Net Revenues, together with any Coverage Amount (only as applied in subsection (b) above) in any Fiscal Year are less than the amounts specified in subsections (a) and (b) above, the County will retain and direct a Consultant to make recommendations as to Airport System business operations and rates, tolls, fees, rentals and charges for the use of the Airport System and for services rendered in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the County shall take or cause the Airport Board to take all lawful measures to revise the schedule of rates, tolls, fees, rentals and charges as may be necessary to produce Revenues or Net Revenues, together with any Coverage Amount (only as applied in subsection (b) above) in the amounts specified in subsections (a) and (b) above in the next succeeding Fiscal Year.

(e) In the event that Revenues or Net Revenues, together with any Coverage Amount, for any Fiscal Year are less than the amounts specified in subsections (a) or (b) above, but the County or Airport Board has, prior to or during the next succeeding Fiscal Year, promptly taken all lawful measures to revise the schedule of rates, tolls, fees, rentals and charges as required by subsection (d) above, such deficiency in Revenues or Net Revenues, together with any Coverage Amount, shall not constitute an Event of Default under the provisions of Section 12.01(d) hereof. Nevertheless, if after taking the measures required by subsection (d) above to revise the schedule of rates, tolls, fees, rentals and charges, Revenues or Net Revenues, together with any Coverage Amount (only as applied in subsection (b) above), in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Airport System for such Fiscal Year) are less than the amounts specified in subsections (a) or (b) above, such deficiency in Revenues or Net Revenues shall constitute an Event of Default under the provisions of Section 12.01(d) hereof.

8.05 ***No Inconsistent Contract Provisions***. The County hereby covenants that no contract or contracts will be entered into or any action taken by the County that shall be inconsistent with the provisions of this Resolution. The County hereby further covenants that it will not take any action which, in the County's judgment at the time of such action, will substantially impair or materially adversely affect the Revenues of the Airport System, or will substantially impair or materially adversely affect in any manner the pledge of, security interest in and lien and charge on Revenues granted herein or the rights of the holders of the Bonds. The County shall be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required to pay from the Revenues of the Airport System the payments when due on the Bonds and to make the other payments provided for herein.

8.06 ***Subordinate Obligations***. The County may, from time to time, at the request of the Airport Board and upon receipt of a certified copy of a Joint Resolution as required by the Interlocal Agreement, incur indebtedness that is subordinate to the Bonds and which indebtedness is, in this Resolution, referred to as Subordinate Obligations. Such indebtedness shall be incurred at such times and upon such terms as the County shall determine, provided that:

(a) any resolution providing for the issuance of any Subordinate Obligations shall specifically establish or continue a lien on Revenue that is subordinate to the lien securing the Bonds, and state that such pledge of, security interest in and lien and charge on Revenues is junior and subordinate to the lien and charge on such Revenues and other assets granted to secure the Bonds; and

(b) payment of principal of, premium and interest on such Subordinate Obligations shall be permitted, provided that all deposits required to be made pursuant to Section 7.03(a) through (c) hereof, if any, are then current in accordance with Section 7.03 hereof.

8.07 ***Special Facilities***.

(a) The County shall be permitted to designate new or existing Airport Facilities as Special Facilities as permitted in this Section 8.07. Upon the request of the Airport Board, the County may, from time to time, and subject to the terms and conditions of this Section 8.07, (i) designate a separately identifiable existing facility or planned facility as a "Special Facility," (ii) pursuant to a resolution other than this Resolution and without a pledge of any Revenues (except on a subordinate basis), incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to third parties to acquire, construct, renovate or improve, such facility, (iii) provide that certain of the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the County from such Special Facility to the extent necessary to make the payments required by clause (i) of Subsection (c) below, be "Special Facility Revenue" and not included as Revenues unless on terms provided in any Supplemental Resolution, and (iv) provide that the debt so incurred shall be a "Special Facility Obligation" and the principal of and interest thereon shall be payable solely from the Special Facility Revenue and the proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligation (except the County may determine to make Revenues or such other money not included in Revenues available to pay such debt service, through a specific pledge or otherwise and subject to any covenants or other provisions of this Resolution (including, but not limited to Section 8.04 hereof) or such other resolution or agreements of the County). The County may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations. Additionally, Special Facility Obligations may be secured by a pledge of Revenues remaining after the payments and deposits to the Funds, Accounts and Subaccounts set forth in Section 7.03(a) through (c) hereof.

(b) Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest solely from (i) a Special Facility, which shall include contractual payments pursuant to a contract (which may be in the form of a lease) relating to a Special Facility with persons, firms or corporations, either public or private, as shall undertake the operation of a Special Facility, (ii) proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations, if any, and (iii) such Revenues or other money not included in Revenues made available as provided in clause (iv) of subsection (a) above, if any.

(c) No Special Facility Obligations shall be issued by the County unless there shall be delivered to, or otherwise on file with, the County a certificate of an Airport Board Representative stating that:

(i) the estimated Special Facility Revenue pledged to the payment of the Special Facility Obligations, the proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligation, if any, and such Revenues or other money made available pursuant to clause (iv) of subsection (a) above, if any, will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, to pay all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Airport Board or the County and to pay all sinking fund installment, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and

(ii) no Event of Default then exists under Section 12.01 hereof.

(d) To the extent Special Facility Revenue received by the County during any Fiscal Year shall exceed the amounts required to be paid pursuant to clause (A) of subsection (C) above for such Fiscal Year, such excess Special Facility Revenue, to the extent not otherwise encumbered or restricted in connection with such Special Facility Revenue financing, shall constitute Revenues.

8.08 ***Maintenance of Powers***. The County hereby covenants that it will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to the Constitution of the State and all other laws and that it will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to delay either the payment of the indebtedness evidenced by any of the Bonds or the performance or observance of any of the covenants herein contained.

8.09 ***Operation and Maintenance of Airport System***. Subject to the transfer of any Airport Facilities pursuant to Section 8.12 hereof, the County hereby covenants that it shall, or shall cause the Airport Board to, operate and maintain the Airport System at all times in good working order and condition in compliance with all lawful orders of any governmental agency or authority having jurisdiction in the premises (provided the County and the Airport Board shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the Airport System shall be obtained and maintained and that all necessary repairs, improvements and replacements of the Airport System shall be made, subject to sound business judgment. Subject to the transfer of any Airport Facilities pursuant to Section 8.12 hereof, the County shall, or shall cause the Airport Board to, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the County or the Airport Board, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Airport System or upon any part thereof, or upon the Revenues, when the same shall become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Revenues or the Airport System or any part thereof constituting part of the Airport System.

8.10 **Insurance; Application of Insurance Proceeds**.

(a) Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions the County shall, or shall cause the Airport Board to, procure and maintain or cause to be procured and maintained insurance with respect to the facilities constituting the Airport System and public liability insurance in such amounts and against such risks as are, in the judgment of the Airport Board, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports.

(b) If, as a result of any event, any part of the Airport System is destroyed or severely damaged, the County shall create within the Revenue Fund a special Account and shall credit the Net

Insurance/Condemnation Proceeds received by the County or the Airport Board or the City for their respective interests as a result of such event of damage or destruction to such Account and such Net Insurance/Condemnation Proceeds shall, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (i) repair or replace the Airport System, or portion thereof, which was damaged or destroyed, (ii) provide additional revenue-producing Airport Facilities, (iii) redeem Bonds, or (iv) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be defeased as provided in Section 10 hereof.

8.11 ***Accounts***. The County hereby covenants that it will keep or cause to be kept and provide or cause to be provided accurate books and records of account showing all Revenues received and all expenditures of the County or the Airport Board relating to the Airport System and that it will keep or cause to be kept accurate books and records of account showing all money, Revenues, accounts and funds (including the Revenue Fund, Debt Service Fund and all other Funds, Accounts and Subaccounts provided for in this Resolution) that are or shall be in the control or custody of the office of the Treasurer.

8.12 ***Transfer of Airport Facility or Airport Facilities***. The County shall not, except as permitted below, transfer, sell or otherwise dispose of its interest (or permit the City or the Airport Board to transfer, sell or otherwise dispose of their respective interest) in an Airport Facility or Airport Facilities. For purposes of this Section 8.12, any transfer of an asset over which the County, the City or the Airport Board retains substantial control in accordance with the terms of such transfer, shall not, for so long as the County, the City or the Airport Board has such control, be deemed a disposition of an Airport Facility or Airport Facilities.

The County may transfer, sell or otherwise dispose of its interest (and permit the City or the Airport Board to transfer, sell or otherwise dispose of their respective interest) in an Airport Facility or Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions:

(a) the property being disposed of is inadequate, obsolete or worn out; or

(b) the property proposed to be disposed of and all other Airport Facilities disposed of during the 12 month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the Revenue Fund to be used as described below and the County believes that such disposal will not prevent it from fulfilling its obligations under this Resolution; or

(c) if the property being transferred, sold or disposed of does not constitute all of the Airport Facilities or that does not comprise the Spokane International Airport, the County, City and Airport Board receive fair market value for their respective interests in the property, the proceeds are deposited in the Revenue Fund to be used as described below, and prior to the disposition of such property, there is delivered to the County a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the County as evidenced by a certificate of a Designated County Representative, the Consultant estimates that the County will be in compliance with Section 8.04(a) and (b) hereof during each of the first five (5) Fiscal Years immediately following such disposition; or

(d) if the property being transferred, sold or disposed of constitutes all of the Airport Facilities or that comprise the Spokane International Airport, the proceeds received by the County (representing its interests therein) and the City and Airport Board (representing their respective interests therein) from such transfer, sale or disposition shall be sufficient (along with any other available money in the Revenue Fund) to cause all Bonds then Outstanding to be defeased as provided in Section 10 hereof and the proceeds (along

with any other available money in the Revenue Fund) shall be deposited to an escrow fund pledged to the payment of all Bonds then Outstanding.

Proceeds of the transfer, sale or disposition of assets under clauses (b) or (c) above shall be deposited into the Revenue Fund and used, (i) subject to any applicable provisions of the Code, within a reasonable period of time, not to exceed three (3) years, to (A) provide additional revenue-producing Airport Facilities, (B) redeem Bonds, or (C) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be defeased as provided in Section 10 hereof, or (ii) for such other purposes as required or allowed by applicable federal and State law.

Airport Facilities that were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes shall not be disposed of, except under the terms of clause (a) above, unless the County has first received a written opinion of Bond Counsel to the effect that such disposition will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

No such disposition shall be made which would cause the County to be in default of any other covenant contained in this Resolution.

Notwithstanding anything herein to the contrary, unless otherwise agreed to by the County pursuant to a resolution of the County Board, the County shall not transfer, sell or otherwise dispose of its interest (or permit the City or the Airport Board to transfer, sell or otherwise dispose of their respective interest) in the Airport Facilities, or any part thereof, to an airport authority or other governmental entity formed or incorporated under State law (as it may be amended) for the purpose of owning and/or operating the Airport Facilities unless all Bonds and Subordinate Obligations then Outstanding shall be defeased, prepaid or redeemed in full on or prior to the date of such transfer, sale or other disposition.

8.13 ***Completion of Specified Project; Substitution of Specified Project***. The County will, upon the issuance of a Series of Bonds the proceeds of which are to be used for a Specified Project, cause the Airport Board to proceed with due diligence to construct or acquire such Specified Project; provided, however, that the Airport Board may, if the conditions set forth in this Section 8.13 are met, substitute another Project therefor and the County shall cause the Airport Board to proceed with due diligence to construct or acquire such substituted Project.

The Airport Board may determine not to proceed with any of the Specified Projects or the County may permit the Airport Board to substitute another Project or Projects for a Specified Project if, as a condition to discontinuing the acquisition or construction of a Specified Project or to the substitution of another Project or Projects therefor, (a) first, there is delivered to, or otherwise on file with, the County a certificate of a Consultant showing that after taking into account the discontinuation of such Specified Project or the substitution of another Project or Projects therefor, the provisions of Section 8.04(a) and (b) hereof will, nevertheless, be complied with, and (b) second, if the original Project was financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes, causes there to be delivered an opinion of Bond Counsel to the effect that the substitution of one Project for another Project will not cause interest on the Series of Bonds with respect to which the original Project was to be financed to be included in gross income of the recipients thereof for federal income tax purposes. If the County determines not to proceed with a Specified Project, then Bond proceeds that would have been used to acquire or construct such Specified Project shall be used, subject to the applicable provisions of the Code, to redeem Bonds, or as otherwise provided in the Supplemental Resolution pursuant to which they were issued.

8.14 ***Covenants of County Binding on County and Successors***. All covenants, stipulations, obligations and agreements of the County contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the County to the full extent authorized or permitted by law. If the powers or duties of the County shall hereafter be transferred by amendment of the Constitution of the State or any other law of the State or in any other manner there shall be a successor to the County, and if such transfer shall relate to any matter or thing permitted or required to be done under this Resolution by the County, then the entity that shall succeed to such powers or duties of the County shall act and be obligated in the place and stead of the County as in this Resolution provided, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreement shall be transferred by or in accordance with law.

Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the County by the provision of this Resolution shall be exercised or performed by the County or by such officers, board, body or commission as may be permitted by law to exercise such powers or to perform such duties.

8.15 ***Resolution to Constitute a Contract***. This Resolution, including all Supplemental Resolutions, is adopted by the County for the benefit of the Bondholders and constitutes a contract for the benefit of the Bondholders.

8.16 ***Obligations Secured by Other Revenues***. The County may, from time to time and upon the request of the Airport Board, incur indebtedness payable solely from certain revenues of the Airport System that do not constitute Revenues at such times and upon such terms and conditions as the County shall determine, provided that such indebtedness shall specifically include a provision that payment of such indebtedness is neither secured by nor payable from Revenues. The County also may, from time to time and upon the request of the Airport Board, incur indebtedness payable from and secured by both Revenues and certain revenues of the Airport System that do not constitute Revenues at such times and upon such terms and conditions as the County shall determine, provided that the conditions set forth in this Resolution for the issuance of indebtedness payable from and secured by Revenues, including, without limitation, Section 6.03, hereof are met.

8.17 ***Annual Reporting of Audited Financial Statements***. Within 270 days after the close of each Fiscal Year, so long as any Bonds are Outstanding, the County shall prepare, or cause the Airport Board to have prepared, audited financial statements including a statement of the income and expenses for such Fiscal Year and a balance sheet prepared as of the close of such Fiscal Year for the Airport System all accompanied by a certificate or opinion in writing of an Independent certified public accountant of recognized standing, which opinion shall include a statement that such financial statements present fairly in all material respects the financial position of the Airport System and are prepared in accordance with Generally Accepted Accounting Principles.

8.18 ***Covenant against Competing Facilities***. The County hereby covenants and shall cause the Airport Board and the City to covenant, that it will not construct, operate or enter into any agreement permitting or facilitating the construction or operation of, any facilities or structures that will compete with the operations of the Airport System in a manner that would materially and adversely affect its ability to comply with the covenant set forth in Section 8.04 hereof unless the amounts derived from operating such facilities are included as Revenues under this Resolution.

8.19 ***Covenant Not To Terminate Interlocal Agreement***. So long as any Bonds are outstanding, the County hereby covenants, and shall cause the City to covenant, that neither will terminate the Interlocal Agreement pursuant to Section 12 thereof, without the other party's approval.

Section 9. **Investment of Funds; Permitted Investments**. Money held by the County in the Funds, Accounts and Subaccounts created herein and under any Supplemental Resolution shall be invested and reinvested in the same Funds, Accounts and Subaccounts in Permitted Investments subject to the restrictions set forth in this Resolution and any Supplemental Resolution and subject to the investment restrictions imposed upon the County by the laws of the State and the County's investment policies.

The County covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Resolution or any Supplemental Resolution, or otherwise containing gross proceeds of tax-exempt Bonds (within the meaning of Section 148 of the Code) will be acquired and disposed of at Fair Market Value.

The County covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Resolution, or otherwise containing gross proceeds of tax-exempt Bonds (within the meaning of Section 148 of the Code) will be valued in accordance with Treasury Regulation §1.148-5(d).

Section 10. **Defeasance**. In the event that money and/or noncallable Government Obligations, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of a Series of Bonds in accordance with their terms, are set aside in a special account of the County to effect such redemption and retirement, and such money and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the applicable Debt Service Account for the payment of the principal of and interest on such Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of this Resolution except the right to receive the money so set aside and pledged, and such Bonds shall be deemed not to be Outstanding hereunder.

Section 11. **General Authority; Documentation**. The proper officials of the County, including the Chair, the Clerk, the Treasurer, the Designated County Representatives and each of the other appropriate officers, agents and representatives of the County are each hereby authorized and directed to take such steps, to do such other acts and things, to undertake all action necessary for the prompt execution and delivery of each Series of Bonds and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of this Resolution and the applicable Supplemental Resolution.

Each officer, agent and representative of the County authorized herein to take such steps, to do such other acts and things, and to undertake all action necessary for the prompt execution and delivery of the Bonds may act individually to carry out the terms of this Resolution. Except as otherwise provided in Section 5, the signature of one authorized individual, including but not limited to the Designated County Representatives, shall be sufficient for purposes of the authority granted under this Resolution.

Section 12. **Defaults and Remedies; Registered Owners' Trustee**.

12.01 ***Events of Default***. The County covenants and agrees with the holders and Registered Owners from time to time of the Bonds, in order to protect and safeguard the covenants and obligations undertaken by the County securing the Bonds, that the following shall constitute "Events of Default":

(a) if default is made in the due and punctual payment of the principal of and premium, if any, on any of the Bonds when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise, including any sinking fund installment payment with respect to each Series of Outstanding Term Bonds; or

(b) if default is made in the due and punctual payment of any installment of interest on any Bonds; or

(c) if the County defaults in the observance and performance of any other of the covenants, conditions and agreements on the part of the County contained in this Resolution, except as otherwise provided herein, and such default or defaults shall have continued for a period of 90 days after the County shall have received from the Registered Owners' Trustee or from the Registered Owners of not less than 25 percent in principal amount of the Bonds then outstanding a written notice specifying and demanding the cure of such default; or

(d) the occurrence of any other Event of Default as is provided in a Supplemental Resolution.

12.02 ***Registered Owners' Trustee***. So long as such Event of Default shall have not been remedied, a Registered Owners' Trustee may be appointed by the Registered Owners of 25 percent in principal amount of the Bonds then Outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact, duly authorized and delivered to such Registered Owners' Trustee, with notification thereof being given to the County. Any Registered Owners' Trustee appointed under the provisions of this Section 12.02 shall be a bank or trust company organized under the laws of the State or the State of New York or a national banking association. The bank or trust company acting as Registered Owners' Trustee may be removed at any time, and a successor Registered Owners' Trustee may be appointed, by the Registered Owners of a majority in principal amount of the Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized.

The Registered Owners' Trustee appointed in the manner provided in this Section 12.02, and each successor thereto, is declared to be a trustee for the Registered Owners of all of the Bonds and is empowered to exercise all of the rights and powers herein conferred on the Registered Owners' Trustee.

12.03 ***No Acceleration; Suits at Law or in Equity***. The Registered Owners' Trustee may, upon the happening of an Event of Default, and during the continuance thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of Registered Owners, and may enforce the specific performance of any covenant, agreement or condition contained in this Resolution, or in any of the Bonds. Notwithstanding the foregoing, the Bonds shall not be subject to acceleration under any circumstances or for any reason, including without limitation upon the occurrence and continuance of an Event of Default hereunder.

Any action, suit or other proceeding instituted by the Registered Owners' Trustee shall be brought in its name as trustee for the Registered Owners and all such rights of action upon or under any of the Bonds or the provisions of this Resolution may be enforced by the Registered Owners' Trustee without the possession of any of the Bonds, and without the production of the same at any trial or proceeding relative thereto except when otherwise required by law, and the respective Registered Owners of the Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Registered Owners' Trustee the true and lawful trustee of the respective Registered Owners of the Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of the Bonds; to execute any paper or documents for the receipt of such money; and to do all acts with respect thereto that the Registered Owner might have done in person. Nothing contained herein shall be deemed to authorize or empower the Registered Owners' Trustee to consent to

accept or adopt, on behalf of any Registered Owner of the Bonds, any plan of reorganization or adjustment affecting the Bonds or any right of any Registered Owner thereof, or to authorize or empower the Registered Owners' Trustee to vote the claims of the Registered Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the County and/or the Airport Board shall be a party.

12.04 ***Suits by Individual Registered Owners***. No Registered Owner of any one or more of the Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same, unless an Event of Default shall have happened and be continuing and unless no Registered Owners' Trustee has been appointed as herein provided, but any remedy herein authorized to be exercised by the Registered Owners' Trustee may be exercised individually by a Registered Owner, in such individual's own name and behalf or for the benefit of all Registered Owners, in the event no Registered Owners' Trustee has been appointed, or with the consent of the Registered Owners' Trustee if such Registered Owners' Trustee has been appointed, except that nothing in this Resolution or in the Bonds shall affect or impair the obligation of the County, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such Registered Owners to enforce such payment.

12.05 ***Remedies Not Exclusive.*** The remedies herein conferred upon or reserved to the Registered Owners of the Bonds and to the Registered Owners' Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time and time and continued so long as and as often as the occasion therefor may arise and no waiver of any default hereunder, whether by the Registered Owners' Trustee or by the Registered Owners of the Bonds, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Registered Owners or of the Registered Owners' Trustee to exercise any such right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein.

Section 13. Supplemental Resolutions.

13.01 ***Limitations.*** This Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Section 13.

13.02 ***Supplemental Resolutions Not Requiring Consent of Bondholders.*** The County may, from time to time and at any time, without the consent of or notice to the Bondholders, adopt Supplemental Resolutions supplementing and/or amending this Resolution or any Supplemental Resolution as follows:

(a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of Section 6 hereof and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, this Resolution or any Supplemental Resolution, provided such supplement or amendment is not materially adverse to the Bondholders;

(c) to add to the covenants and agreements of the County in this Resolution or any Supplemental Resolution other covenants and agreements, or to surrender any right or power reserved or conferred upon the County, provided such supplement or amendment shall not adversely affect the interests of the Bondholders;

(d) to confirm, as further assurance, any interest of the Bondholders in and to the pledge of Revenues or in and to the Funds, Accounts and Subaccounts held pursuant to this Resolution or to otherwise add additional security for the Bondholders;

(e) to evidence any change made in the terms of any Series of Bonds if such changes are authorized by the Supplemental Resolution at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Resolution;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;

(g) to modify, alter, amend or supplement this Resolution or any Supplemental Resolution in any other respect that is not materially adverse to the Bondholders;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(i) to qualify the Bonds or a Series of Bonds for a rating or ratings from a Rating Agency;

(j) to accommodate the technical, operational and structural features of Bonds that are issued or are proposed to be issued, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, swaps, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness that the County, from time to time deems appropriate to incur;

(k) to make modifications or adjustments necessary, appropriate or desirable to accommodate the use of a Credit Facility or Liquidity Facility for specific Bonds or a specific Series of Bonds;

(l) to provide for the issuance of the Bonds pursuant to a book-entry system or as uncertified registered public obligations;

(m) to make such additions, deletions, or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on any tax-exempt Bonds, including, without limitation, the segregation of Revenues into different funds; and

(n) for any other purpose that does not materially and adversely affect the interests of the Owners of the Bonds.

Before the County shall, pursuant to this Section 13.02, adopt any Supplemental Resolution, there shall have been delivered to the County an opinion of Bond Counsel to the effect that such Supplemental Resolution: (y) is authorized or permitted by this Resolution and other applicable law, complies with their respective terms, will, upon the adoption thereof, be valid and binding upon the County in accordance with its terms and (z) will not cause interest on any of the Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for purposes of the Code or otherwise impact the tax advantaged status of the Bonds under the Code. The opinion of Bond Counsel required pursuant to clause (z) in the preceding sentence shall not be required for a Supplemental Resolution adopted in accordance with Section 13.02(a) hereof.

13.03 ***Supplemental Resolution Requiring Consent of Bondholders***.

(a) Except for any Supplemental Resolution entered into pursuant to Section 13.02 hereof and any Supplemental Resolution entered into pursuant to Section 13.03(b)) below, subject to the terms and

provisions contained in this Section 13.03 and Section 16 hereof and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Bonds then Outstanding shall have the right from time to time to consent to and approve the adoption by the County of any Supplemental Resolution for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in this Resolution or in a Supplemental Resolution; provided, however, that, unless approved in writing except as otherwise provided herein, by the holders of all the Bonds then Outstanding or unless such change affects less than all Series of Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds, or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon, or (iii) provided that nothing herein contained, including the provisions of subsection (b) below, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting the creation of a lien (except as expressly permitted by this Resolution) upon or pledge of the Revenues created by this Resolution, ranking prior to or on a parity with the claim created by this Resolution, or (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to the security granted therefor under this Resolution, or (v) a reduction in the aggregate Principal Amount of Bonds the consent of the Bondholders of which is required for any such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Resolution as authorized in 13.02 hereof, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Revenues set forth herein.

(b) The County may, from time to time and at any time, adopt a Supplemental Resolution that amends the provisions of an earlier Supplemental Resolution under which a Series or multiple Series of Bonds were issued. If such Supplemental Resolution is adopted for one of the purposes set forth in Section 13.02 hereof, no notice to or consent of the Bondholders shall be required. If such Supplemental Resolution contains provisions that affect the rights and interests of less than all Series of Bonds Outstanding and Section 13.02 hereof is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this subsection (b) and Section 16 hereof and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Bonds of all Series that are affected by such changes shall have the right from time to time to consent to any Supplemental Resolution deemed necessary or desirable by the County for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in such Supplemental Resolution and affecting only the Bonds of such Series; provided, however, that, unless approved in writing except as otherwise provided herein, by the holders of all the Bonds of all the affected Series then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Resolution as authorized in Section 13.02 hereof, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Revenues set forth herein.

(c) If at any time the County adopts any Supplemental Resolution for any of the purposes of this Section 13.03, the County shall cause notice of the proposed adoption of the Supplemental Resolution to be given by mail (or such other approved delivery method) to all Bondholders or, under subsection (b), all Bondholders of the affected Series. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that a copy thereof is on file at the office of the County for inspection by all Bondholders and it shall not be required that the Bondholders approve the final form of such Supplemental Resolution but it shall be sufficient if such Bondholders approve the substance thereof.

(d) The County may adopt such Supplemental Resolution in substantially the form described in such notice, but only if there shall have first been delivered to the County (i) a written consent of the Airport Board, (ii) the required consents, in writing, of Bondholders and (iii) the opinion of Bond Counsel required by the last paragraph of Section 13.02 hereof.

(e) If Bondholders of not less than the percentage of Bonds required by this Section 13.03 shall have consented to and approved the adoption thereof as herein provided, no Bondholders shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the County from adopting the same or from taking any action pursuant to the provisions thereof.

(f) Notwithstanding subsections (c) through (e) above, the County may, at its discretion, adopt a Supplemental Resolution that contains such modifications, alterations, amendments or supplements prior to receipt of the required consents in writing, of the Bondholders; provided, that such Supplemental Resolution or the applicable provisions of such Supplemental Resolution subject to the consents of the Holders shall not become effective until such time as there has been delivered to the County (i) the required consents, in writing, of Bondholders and (ii) the opinion of Bond Counsel required by the last paragraph of Section 13.02 hereof. In the event the County decides to adopt a Supplemental Resolution in accordance with this subsection (f), the notice required in subsection (c) shall make reference to a final and adopted Supplemental Resolution as opposed to a proposed Supplemental Resolution.

(g) For the purposes of this Section 13.03 the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the County, may consent to a modification or amendment permitted by this Section 13.03 in the manner provided herein and with the same effect as a consent given by the Owner of such Bonds, except that no proof of ownership shall be required; provided, that this provision of Section 13.03 shall be disclosed prominently in the offering document, if any, for each Series of Bonds issued pursuant to this Resolution, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Bonds of such Series by the County.

13.04 ***Effect of Supplemental Resolution***. Upon adoption of any Supplemental Resolution pursuant to the provisions of this Section, this Resolution or the Supplemental Resolution shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution and the Supplemental Resolution of the County, the Bond Registrar and all Bondholders and Beneficial Owners shall thereafter be determined, exercised and enforced under this Resolution and the Supplemental Resolution, if applicable, subject in all respects to such modifications and amendments.

13.05 ***Supplemental Resolutions to be Part of this Resolution***. Any Supplemental Resolution adopted in accordance with the provisions of this Section shall thereafter form a part of this Resolution or the Supplemental Resolution which they supplement or amend, and all of the terms and conditions contained in any such Supplemental Resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Resolution or the Supplemental Resolution that they supplement or amend for any and all purposes.

13.06 ***Copy to Airport Board***. After the adoption of any Supplemental Resolution in accordance with the provisions of this Section, the County shall deliver an executed copy of such Supplemental Resolution to the designated notice party identified in the Airport Revenue Bond Agreement.

Section 14. Contract and Severability of Provisions. The covenants contained in this Resolution and in the Bonds shall constitute a contract between the County and the Registered Owner of each and every Bond. Any action by the Registered Owner of any Bond shall bind all future Registered Owners of the same Bond in respect of anything done by the County or the Bond Registrar in pursuance thereof. All the covenants, promises and agreements in this Resolution contained by or on behalf of the County, or by or on behalf of the Bond Registrar, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

If any one or more of the covenants or agreements provided in this Resolution to be performed on the part of the County shall be declared by any court of competent jurisdiction on final appeal (if any appeal be taken) to be contrary to law, then such covenant or agreement shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon or give to any person other than the County, the Bond Registrar, and the Registered Owners and the holders from time to time of the Bonds any rights, remedies or claims under or by reason of this Resolution or any covenant, condition or stipulation thereof; and all of the covenants, stipulations, promises and agreements in this Resolution contained by or on behalf of the County shall be for the sole and exclusive benefit of the County, the Bond Registrar, the Registered Owners and the holders from time to time of the Bonds.

Section 15. No Personal Recourse. No recourse shall be had for any claim based on this Resolution or the Bonds against any County Board member, any member of the City Council of the City, any member of the Airport Board, any officer or employee, past, present or future, of the County, the City, the Airport Board or of any successor body as such, either directly or through the County, the City, the Airport Board or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

Section 16. Credit Providers. If a Credit Facility is provided for a Series of Bonds or for specific Bonds, the County may in the Supplemental Resolution under which such Bonds are issued, provide any or all of the following rights to the Credit Provider as the County shall deem to be appropriate:

(a) the right to make requests, consent to the actions of the Registered Owners' Trustee or to otherwise direct proceedings to the same extent and in place of the Owners of the Bonds which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the Holder of such Bonds; and

(b) the right to consent to Supplemental Resolutions to the same extent and in place of the Holders of the Bonds, which require the consent of the Holders of not less than 51% of the aggregate Principal Amount of the Bonds, adopted pursuant to Section 13.03 hereof, except with respect to any amendments described in Sections 13.03(a)(i) through (v) and 13.03(b)(i) or (ii) hereof which consent of the actual Holders shall still be required, of this Resolution to the same extent and in place of the Holders of the Bonds which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the Holder of such Bonds.

The rights granted to any such Credit Provider shall be disregarded and be of no effect if the Credit Provider is in default of its payment obligations under its Credit Facility or fails to maintain its rating at a level higher than the underlying rating on the Bonds.

Section 17. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Resolution, shall not be a Business Day, such payment may, unless otherwise provided in this Resolution or, with respect to any Series of Bonds or portion of Series of Bonds, provided in the Supplemental Resolution under which such Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Resolution; provided that no interest shall accrue between the scheduled date of payment and the actual date of payment.

Section 18. Ratification. All acts taken pursuant to the authority granted in this Resolution but prior to its effective date are hereby ratified and confirmed.

Section 19. Effective Date. This Resolution shall be in full force and effect immediately upon its passage and adoption.

[signature page follows]

PASSED AND ADOPTED by the Board of County Commissioners of Spokane County, Washington, this ___ day of September, 2024.

SPOKANE COUNTY, WASHINGTON

____
Mary L. Kuney, Chair

____
Josh Kerns, Vice-Chair

____
Al French, Commissioner

____
Amber Waldref, Commissioner

____
Chris Jordan, Commissioner

ATTEST:

____
Ginna Vasquez, Clerk of the Board
of County Commissioners

(S E A L)

RESOLUTION NO. 24-0548

SPOKANE COUNTY, WASHINGTON

A 2024 SUPPLEMENTAL RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF SPOKANE COUNTY, WASHINGTON, RELATING TO THE AIRPORT SYSTEM; PROVIDING FOR THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF AIRPORT REVENUE BONDS TO BE ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $150,000,000 TO FINANCE CAPITAL IMPROVEMENTS TO THE SPOKANE INTERNATIONAL AIRPORT, TO CAPITALIZE INTEREST, IF NECESSARY, TO FUND A DEBT SERVICE RESERVE, IF NECESSARY, AND TO PAY COSTS OF ISSUANCE FOR THE 2024 BONDS; FIXING OR SETTING PARAMETERS WITH RESPECT TO CERTAIN TERMS AND COVENANTS OF THE 2024 BONDS; APPOINTING THE DESIGNATED COUNTY REPRESENTATIVES TO APPROVE THE FINAL TERMS OF THE SALE OF THE 2024 BONDS; AND APPROVING OTHER MATTERS RELATED THERETO.

ADOPTED: SEPTEMBER 10, 2024

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SPOKANE COUNTY, WASHINGTON

A 2024 SUPPLEMENTAL RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF SPOKANE COUNTY, WASHINGTON, RELATING TO THE AIRPORT SYSTEM; PROVIDING FOR THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF AIRPORT REVENUE BONDS TO BE ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $150,000,000 TO FINANCE CAPITAL IMPROVEMENTS TO THE SPOKANE INTERNATIONAL AIRPORT, TO CAPITALIZE INTEREST, IF NECESSARY, TO FUND A DEBT SERVICE RESERVE, IF NECESSARY, AND TO PAY COSTS OF ISSUANCE FOR THE 2024 BONDS; FIXING OR SETTING PARAMETERS WITH RESPECT TO CERTAIN TERMS AND COVENANTS OF THE 2024 BONDS; APPOINTING THE DESIGNATED COUNTY REPRESENTATIVES TO APPROVE THE FINAL TERMS OF THE SALE OF THE 2024 BONDS; AND APPROVING OTHER MATTERS RELATED THERETO.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SPOKANE COUNTY, WASHINGTON (the "Board" or "County Board"), as follows:

WHEREAS, Spokane County, Washington (the "County") is a class A county duly organized and existing under and by virtue of the Constitution and the laws of the state of Washington (the "State");

WHEREAS, on July 30, 1962, the County and the City of Spokane, Washington (the "City") entered into an Airport Joint Operation Agreement for the purpose of financing, constructing, improving, and operating Spokane International Airport and Felts Field, through the agency of the Spokane Airport Board (the "Airport Board"), as provided by chapter 14.08 of the Revised Code of Washington ("RCW");

WHEREAS, on October 7, 2019, the County and the City replaced such agreement with an Amended Spokane County/City Airport Agreement (as may be further supplemented, amended or replaced, the "Interlocal Agreement"), continuing their association under chapter 14.08 RCW for the joint operation of Spokane International Airport, Felts Field, and Spokane International Airport Business Park facilities, and vesting the Airport Board with the authority to manage and operate such facilities for aeronautical and industrial development purposes, subject to the specific limitations contained in the Interlocal Agreement;

WHEREAS, pursuant to the terms and provisions of chapter 14.08 RCW, the County is authorized to conduct proceedings and to issue revenue bonds to acquire, construct, and install improvements to airport facilities, provide for the payment of such revenue bonds from revenues deposited to a special fund, provide covenants as it may deem necessary for the benefit of bond owners, and provide for the issuance of future

parity bonds; and the County may issue and sell such bonds in accordance with chapter 39.46 RCW, including RCW 39.46.150;

WHEREAS, pursuant to Section 4.3 of the Interlocal Agreement, the Airport Board has no independent authority to issue bonds or to incur other debt with a maturity of more than one year from the date of the obligation;

WHEREAS, pursuant to Section 4.3 of the Interlocal Agreement, the County and the City may, by joint resolution, authorize the issuance and sale of revenue bonds or other obligations payable from airport revenues, the proceeds of which are to be used exclusively for airport purposes;

WHEREAS, pursuant to Section 4.3 of the Interlocal Agreement, such revenue bonds or other revenue obligations shall be authorized by and issued in the name of the County;

WHEREAS, the County Board adopted Resolution No. ___ (the "Master Resolution") and the County and the Airport Board have or expect to enter into an Airport Revenue Bond Agreement (the "Airport Revenue Bond Agreement") providing for the issuance of revenue bonds from time to time by the County under the terms of such documents and at the request of the Airport Board;

WHEREAS, the Airport Board has determined that it is necessary for the County to issue revenue bonds payable from revenue of the airport system to provide financing for the design, acquisition, construction, and installation of certain improvements to the airport system as further described herein;

WHEREAS, by Joint Resolution, adopted by the Airport Board on July 26, 2024, the City Council on July 22, 2024, and by the County Board on July 23, 2024, the City and the County have authorized the issuance of airport revenue bonds of the County in the aggregate principal amount of not to exceed $150,000,000 for purposes of the Airport Board as required by the Interlocal Agreement; and

WHEREAS, on September 3, 2024 the Airport Board adopted Resolution No. 10-24 (the "2024 Airport Board Series Resolution") initiating and requesting the County to issue one or more series of airport revenue bonds in the amount of not to exceed $150,000,000 to finance certain capital improvements at the Spokane International Airport, to fund capitalized interest on the bonds, if necessary, to fund a reserve requirement for the bonds, if necessary, and to pay costs of issuance for the bonds, and setting forth the requirements of Section 2 of the Airport Revenue Bond Agreement, as applicable, pertaining to the terms of such bonds and other related matters;

WHEREAS, the Board wishes to delegate authority to the Chair of the Board, the County Chief Executive Officer, and the County's Senior Director of Finance and Administration (each, a "Designated County Representative"), for a limited time, the authority to approve the final terms of the bonds authorized herein within the parameters set by this 2024 Supplemental Resolution; and

WHEREAS, the County expects to receive a purchase contract from Barclays Capital Inc. (the "Underwriter") to purchase the bonds authorized herein, and now desires to issue and sell such bonds to the Underwriter as set forth herein;

Section 1. Definitions.

Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Master Resolution, including any amendments to such terms. In addition, as used in this 2024 Supplemental Resolution and with respect to the 2024 Bonds authorized herein, the following words shall have the following meanings:

"*Bond Purchase Contract*" means one or more contracts between the County and the Underwriter pertaining to the sale and delivery of the 2024 Bonds.

"*Closing*" means the date of issuance and delivery of the 2024 Bonds to the Underwriter.

"*Closing Memorandum*" means the closing memorandum prepared by the Underwriter and delivered on the date of issuance of the 2024 Bonds.

"*Code*" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Tax-Exempt Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Tax-Exempt Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"*Commission*" means the United States Securities and Exchange Commission.

"*Continuing Disclosure Certificate*" means one or more written undertakings executed by the County and the Airport Board for the benefit of the owners and Beneficial Owners of the 2024 Bonds as required by Section (b)(5) of the Rule.

"*Federal Tax Certificate*" means one or more certificates executed by a Designated County Representative setting forth the requirements of the Code for maintaining the tax exemption of interest on a Series of Tax-Exempt Bonds to be dated as of the date of Closing for such Tax-Exempt Bonds, and attachments thereto.

"Initial Bonds" for purposes of the Master Resolution mean the 2024 Bonds.

"*Master Resolution*" means Resolution No. ____ adopted by the County Board on September __, 2024, as it may be amended and supplemented from time to time.

"*MSRB*" means the Municipal Securities Rulemaking Board or any successors to its functions.

"*Official Statement*" means the disclosure document(s) prepared and delivered in connection with the issuance of the 2024 Bonds.

"*Project*" means the project described in Section 2 of this 2024 Supplemental Resolution to be financed with proceeds of the 2024 Bonds.

"*Record Date*" means the Bond Registrar's close of business on the 15th day of the month preceding an interest or principal Payment Date. With respect to redemption of a 2024 Bond prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with this 2024 Supplemental Resolution.

"*Taxable Bonds*" mean any 2024 Bonds of a Series determined to be issued on a taxable basis pursuant to Section 2 of this 2024 Supplemental Resolution.

"*Tax-Exempt Bonds*" mean any 2024 Bonds of a Series determined to be issued on a tax-exempt basis under the Code pursuant to Section 2 of this 2024 Supplemental Resolution.

"*Underwriter*" means Barclays Capital Inc., Seattle, Washington, as the initial purchaser of the 2024 Bonds.

"*2024 Airport Board Debt Service Account*" means the account created pursuant to Section 6(a) of this 2024 Supplemental Resolution.

"*2024 Airport Board Series Resolution*" means Resolution No. 10-24 adopted by the Airport Board on September 3, 2024.

"*2024 Bonds*" mean the Spokane County, Washington, Airport Revenue Bonds authorized to be issued in one or more Series pursuant to the terms of the Master Resolution and this 2024 Supplemental Resolution.

"*2024 Joint Resolution*" means the Joint Resolution adopted by the Airport Board on July 26, 2024, by the City Council on July 22, 2024, and by the County Board on July 23, 2024.

"*2024 Project Fund*" means the fund created pursuant to Section 7(a) of this 2024 Supplemental Resolution.

Section 2. Findings; Bond Authorization; Description of the 2024 Bonds.

(a) ***Findings; Authority to Issue 2024 Bonds***. Pursuant to the terms of the Master Resolution and the Airport Revenue Bond Agreement, the County and the Airport Board have or will authorized a revenue bond borrowing program, which authorizes the County to issue, from time to time, one or more Series of Bonds and other obligations to finance costs of the Airport System. Under the terms of the Interlocal Agreement, County Board approval is necessary prior to the issuance of debt for such purpose. This 2024 Supplemental Resolution is adopted pursuant to the Interlocal Agreement, the Airport Revenue Bond Agreement, and the Master Resolution.

Pursuant to Section 6.01 of the Master Resolution, the County has received, or will receive before the issuance of the 2024 Bonds authorized herein, a certified copy of the 2024 Airport Board Series Resolution and a certified copy of the 2024 Joint Resolution.

Pursuant to RCW 39.46.150(3), the County Board has exercised due regard for the O&M Expenses of the Airport System, and finds that the Revenues that are set aside into the special fund created under the Master Resolution is not a greater amount or proportion of the Revenues that in the County Board's judgment will be available over and above such O&M Expenses of the Airport System. The County Board further finds that the covenants set forth herein and in the Master Resolution are necessary to secure the payment of the principal of and interest on 2024 Bonds, and premium on 2024 Bonds, if any.

The County Board intends that the terms and conditions set forth in this 2024 Supplemental Resolution shall apply to each Series of 2024 Bonds issued hereunder. In the event of any inconsistency between the terms and provisions provided for in this 2024 Supplemental Resolution and the Master Resolution, the terms and provisions of this 2024 Supplemental Resolution shall control.

(b) ***Limited Obligations***. The 2024 Bonds are special, limited obligations of the County payable solely from, and secured by a pledge of, security interest in and lien and charge on, Revenues of the Airport System, subject only to O&M Expenses of the Airport System, and the other money, funds and accounts set forth in Section 7 of the Master Resolution. If a Designated County Representative determines it to be in the best interest of the County and the Airport Board, the 2024 Bonds may be secured by a reserve fund (including the Common Debt Service Reserve Fund).

Section 3. Authorization of 2024 Bonds; Use of 2024 Bond Proceeds; Authorization to Execute the Bond Purchase Contract.

(a) ***Authorization of 2024 Bonds***. The County hereby authorizes the issuance of its "Spokane County, Washington, Airport Revenue Bonds, Series 2024" or other such designation as set forth in the 2024 Bonds and approved by a Designated County Representative, pursuant to the terms of the Master Resolution and this 2024 Supplemental Resolution. The 2024 Bonds may be issued in one or more Series, may be designated as Taxable Bonds or Tax-Exempt Bonds, may be secured by a reserve fund (including the Common Debt Service Reserve Fund), and may be issued on the same date of Closing or from time to time on different dates. The 2024 Bonds shall constitute the "Initial Bonds" and "Bonds" within the meaning of the Master Resolution.

(b) ***Use of Proceeds***. Proceeds of the 2024 Bonds shall be used to finance and/or reimburse the Airport Board for the following: (a) designing, acquiring, constructing, installing, and equipping the concourse C terminal renovation and expansion ("TREX") project, an administration building, parking facilities, and fuel storage facilities (together, the "Project"); (b) funding Capitalized Interest on the 2024 Bonds, if necessary, (c) funding a Reserve Requirement for the 2024 Bonds, if necessary, and (d) paying costs of issuance for the 2024 Bonds.

(c) ***2024 Bond Terms***. The 2024 Bonds shall be issued in an aggregate principal amount not to exceed $150,000,000, shall be dated the date of Closing for such 2024 Bonds, shall be fully registered as to both principal and interest, shall be in the denomination of $5,000 each or any integral multiple thereof within a Series and maturity, shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, shall bear interest from the date of Closing payable on the dates and at the rates set forth in the Bond Purchase Contract, and shall be subject to optional and/or mandatory redemption, and mature on the dates and in the principal amounts set forth in the Bond Purchase Contract.

Each Series of 2024 Bonds shall be Book-Entry Bonds and initially shall be held in fully immobilized form by DTC acting as depository as provided in the Master Resolution. Beneficial Owners of the 2024 Bonds will not receive certificates representing their beneficial ownership interest in the 2024 Bonds purchased.

(d) ***Authorization to Execute the Bond Purchase Contract***. The 2024 Bonds shall be sold by negotiated public sale to the Underwriter pursuant to the terms of the Bond Purchase Contract. The County Board has determined that it would be in the best interest of the County to delegate to each Designated County Representative, for a limited time, the authority to designate each Series of 2024 Bonds as Tax-Exempt Bonds or Taxable Bonds, and to approve the final terms for each Series of 2024 Bonds, including but not limited to final interest rates, final maturity date, redemption terms, principal maturities, and any other terms for each Series of 2024 Bonds.

Each Designated County Representative is hereby authorized to designate each Series as Tax-Exempt or Taxable Bonds, and approve the final terms for each Series of 2024 Bonds including determining the final interest rates, aggregate principal amount, principal maturities, and redemption rights for each Series of 2024 Bonds in the manner provided hereafter so long as:

(1) the aggregate principal (face) amount of all of the 2024 Bonds issued pursuant to this 2024 Supplemental Resolution does not exceed $150,000,000,

(2) the final maturity date for each Series 2024 Bonds is no later than 31 years from the applicable date of Closing,

(3) the true interest cost for each Series of 2024 Bonds (in the aggregate) does not exceed 6.00%,

(4) each Series of 2024 Bonds is sold at a price not less than 98%, and

(5) the 2024 Bonds of each Series otherwise conform to all other terms of this 2024 Supplemental Resolution.

The Designated County Representatives are each hereby authorized to approve additions, deletions, or alterations to the Bond Purchase Contract or any other document or certificate related hereto so long as such additions, deletions, or alterations do not substantially alter the intent and substance of this 2024 Supplemental Resolution.

Subject to the terms and conditions set forth in this section, each Designated County Representative is hereby authorized to execute a Bond Purchase Contract for the 2024 Bonds. Following the execution of a Bond Purchase Contract, a Designated County Representative shall provide a report to the County Board describing the final terms of the 2024 Bonds approved pursuant to the authority delegated in this section.

The authority granted to the Designated County Representatives by this section shall expire July 1, 2025. If a Bond Purchase Contract for the 2024 Bonds has not been executed by such date, the authorization for the issuance of such 2024 Bonds shall be rescinded, and such 2024 Bonds shall not be issued nor their sale approved unless such 2024 Bonds shall have been re-authorized by resolution of the Board.

Section 4. Redemption and Purchase of 2024 Bonds.

(a) ***Redemption of 2024 Bonds***. The 2024 Bonds of each Series shall be subject to mandatory redemption to the extent, if any, as set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 2. The 2024 Bonds of each Series shall be subject to optional redemption on the dates, at the prices, and under the terms set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 2.

(b) ***Purchase of 2024 Bonds***. The County reserves the right to purchase, including by tender or exchange, any of the 2024 Bonds at any time at a price deemed reasonable by a Designated County Representative. Such purchased 2024 Bonds shall be cancelled upon their purchase by the County.

(c) ***Selection of 2024 Bonds for Redemption***. For as long as the 2024 Bonds of a Series are held in book-entry only form, the selection of particular 2024 Bonds within a Series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the 2024 Bonds are no longer held by a depository, the selection of such 2024 Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c).

Except as otherwise set forth in the Bond Purchase Contract, if the County redeems at any one time fewer than all of the Tax-Exempt Bonds of a Series having the same maturity date, the particular Tax-Exempt Bonds or portions of Tax-Exempt Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of $5,000, and if the County redeems at any one time fewer than all of the Taxable Bonds of a Series having the same maturity date, the particular Taxable Bonds or portions of Taxable Bonds of such maturity to be redeemed shall be selected on a pro rata pass through distribution of principal basis (or in such manner determined by the Bond Registrar or DTC, as applicable) in increments of $5,000. In the case of a 2024 Bond of a denomination greater than $5,000, the County and the Bond Registrar shall treat each 2024 Bond as representing such number of separate 2024 Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such 2024 Bond by $5,000. In the event that only a portion of the principal sum of a 2024 Bond is redeemed, upon surrender of such 2024 Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a 2024 Bond or 2024 Bonds of like Series, maturity, and interest rate in any of the denominations herein authorized.

To the extent that the County redeems (other than in satisfaction of the mandatory sinking fund requirements) or purchases for cancellation any Term Bonds that are subject to mandatory redemption, the County may reduce the mandatory sinking fund requirement of such Term Bonds of the same maturity, in like aggregate principal amount for the year specified by the County.

(d) ***Notice of Redemption; Conditional Redemption; Rescission***. For so long as the 2024 Bonds of a Series are held by a depository, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the County nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the 2024 Bonds of the Series are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of 2024 Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the County by mailing a copy of an official redemption notice by first-class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the 2024 Bond or 2024 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding 2024 Bonds of such Series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the 2024 Bonds to be redeemed; (4) any conditions to redemption; (5) that (unless such notice is conditional and the conditions have not been satisfied or waived or unless notice of such redemption has been rescinded) on the redemption date the redemption price will become due and payable upon each such 2024 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (6) the place where such 2024 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the County shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the 2024 Bonds or portions of 2024 Bonds which are to be redeemed on that date. The County retains the right to rescind any redemption notice and the related optional redemption of 2024 Bonds by giving notice of rescission to the affected registered owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the 2024 Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

If notice of redemption has been given and not rescinded or revoked, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the 2024 Bonds of such Series or portions of 2024 Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Bond Registrar then holds sufficient funds to pay such 2024 Bonds at the redemption price, then from and after such date such 2024 Bonds or portions of 2024 Bonds shall cease to bear interest. Upon surrender of such 2024 Bonds for redemption in accordance with said notice, such 2024 Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest

due on or prior to the redemption date shall be payable as herein provided for payment of interest. All 2024 Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the County as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all 2024 Bonds being redeemed; (2) the date of issue of the 2024 Bonds as originally issued; (3) the rate of interest borne by each 2024 Bond being redeemed; (4) the Series and maturity date of each 2024 Bond being redeemed; and (5) any other descriptive information needed to identify accurately the 2024 Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to the Continuing Disclosure Certificate and with such additional information as the County shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such 2024 Bonds.

The foregoing notice provisions of this Section 4, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Form of 2024 Bonds and Execution of 2024 Bonds.

The 2024 Bonds of each Series shall be in substantially the form set forth in the Master Resolution, with applicable modifications as determined to be necessary to reflect the terms of the 2024 Bonds authorized herein. The 2024 Bonds of each Series shall be executed and delivered as provided in Section 5 of the Master Resolution.

Section 6. Creation of Accounts; Application of 2024 Bond Proceeds.

(a) ***Establishment and Designation of Accounts.***

(1) Pursuant to Section 7.06 of the Master Resolution, there is hereby created a 2024 Project Fund to be held by the Treasurer for the purpose of paying Costs of the Project as described herein.

(2) Pursuant to Section 7.04 of the Master Resolution, there is hereby created in the Debt Service Fund the "2024 Airport Board Debt Service Account" for the purpose of paying principal of, including sinking fund installment payments on Term Bonds, if any, and interest on, the 2024 Bonds.

(b) ***Deposit of 2024 Bond Proceeds***. Immediately upon receipt thereof, the Treasurer (on behalf of the Airport Board), shall deposit proceeds of each Series of 2024 Bonds (net of any Underwriter's discount and any associated fees and costs), as follows:

(1) The amount designated in the Closing Memorandum, if any, shall be deposited into the 2024 Airport Board Debt Service Account as Capitalized Interest and shall be used to pay interest on the 2024 Bonds on the dates and in the amounts set forth in a closing certificate of the County.

(2) The amount designated in the Closing Memorandum, if any, shall be deposited into the applicable reserve fund.

(3) The amount designated in the Closing Memorandum shall be deposited into the 2024 Project Fund and used to finance and/or reimburse the Airport Board and the County for Costs of the Project and to pay costs of issuance for the 2024 Bonds. Any proceeds of the 2024 Bonds remaining in the 2024 Project Fund after all Costs of the Project and costs of issuance for the 2024 Bonds have been paid shall be transferred to the 2024 Airport Board Debt Service Account.

(c) ***Investment of Funds***. Money in the funds and accounts contained herein and in the Master Resolution may be invested in Permitted Investments as provided in the Master Resolution, but only to the extent that the same are acquired, and disposed of at Fair Market Value.

Section 7. Defeasance.

In the event that money and/or noncallable Government Obligations, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the 2024 Bonds in accordance with their terms, are set aside in a special account of the County to effect such redemption and retirement, and such money and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the 2024 Airport Board Debt Service Account for the payment of the principal of and interest on the 2024 Bonds so provided for, and such 2024 Bonds shall cease to be entitled to any lien, benefit or security of the Master Resolution or this 2024 Supplemental Resolution except the right to receive the money so set aside and pledged, and such 2024 Bonds shall be deemed not to be outstanding hereunder.

The County shall give or cause to be given written notice of defeasance in accordance with the Continuing Disclosure Certificate.

Section 8. Pledge of Revenue; 2024 Airport Board Debt Service Account.

(a) ***Pledge of Revenues***. The 2024 Bonds of each Series issued pursuant to this 2024 Supplemental Resolution shall be secured by a pledge of, a security interest in, and a lien and charge on Revenues, subject only to O&M Expenses of the Airport System, and other money, funds and accounts as provided in Section 7 of the Master Resolution. Principal of, premium, if any, and interest on the 2024 Bonds shall be payable from Revenues and other funds, if any, on deposit in the 2024 Airport Board Debt Service Account. The pledge of such Revenues, other money, and funds and accounts has been confirmed by the Airport Board in the 2024 Airport Board Series Resolution.

(b) ***PFCs Available for Debt Service***. If the County receives a certificate of an Airport Board Representative pursuant to Section 7.10 of the Master Resolution stating, among other requirements, that such PFCs, when received by the County, may be validly designated as and included in PFCs Available for Debt Service for the 2024 Bonds, the County shall cause any PFCs Available for Debt Service designated therein to be deposited to the 2024 Airport Board Debt Service Account and used to pay debt service on the 2024 Bonds.

(c) ***Deposits Into and Uses of the 2024 Airport Board Debt Service Account***. The County hereby obligates and binds itself irrevocably to set aside and to pay into the 2024 Airport Board Debt Service Account out of the Revenues the amounts necessary (together with other available moneys on hand therein) to pay the principal of, interest on and any mandatory sinking fund redemptions for the 2024 Bonds as and when the same respectively become due and payable in accordance with the terms hereof. The 2024 Airport Board Debt Service Account shall be drawn upon solely for the purpose of paying the principal of, interest on and mandatory sinking fund redemptions for the 2024 Bonds.

Section 9. Tax Covenants.

The County will take or cause to be taken all actions necessary to assure the exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners of the Tax-Exempt Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Tax-Exempt Bonds, including but not limited to the following:

(a) ***Federal Guarantee Prohibition.*** The County will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Tax-Exempt Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(b) ***Rebate Requirement***. The County will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Tax-Exempt Bonds.

(c) ***No Arbitrage***. The County will not take, or permit or suffer to be taken by the Bond Registrar or otherwise, any action with respect to the proceeds of the Tax-Exempt Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be "arbitrage Tax-Exempt Bonds" within the meaning of Section 148 of the Code.

(d) ***Registration Covenant***. The County will maintain a system for recording the ownership of each Tax-Exempt Bond that complies with the provisions of Section 149 of the Code until all Tax-Exempt Bonds have been surrendered and canceled.

(e) ***Record Retention***. The County will retain its records of all accounting and monitoring it carries out with respect to the Tax-Exempt Bonds for at least three years after the Tax-Exempt Bonds mature or are redeemed (whichever is earlier); however, if the Tax-Exempt Bonds are redeemed and refunded, the County will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Tax-Exempt Bonds.

(f) ***Compliance with Tax Certificate***. The County will comply with the provisions of the Tax Certificate with respect to the Tax-Exempt Bonds, which are incorporated herein as if fully set forth herein. In the event of any conflict between this section and the Tax Certificate, the provisions of the Tax Certificate will prevail.

(g) ***Governmental Bonds***. All or a portion of the Tax-Exempt Bonds may be issued as "Governmental Bonds" subject to the private use restrictions of Section 141 of the Code. The County makes the following covenants with respect to the Governmental Bonds.

(1) The County will assure that the Governmental Bond proceeds are not so used as to cause the Governmental Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(2) The County will not sell or otherwise transfer or dispose of (i) any personal property components of the Project other than in the ordinary course of an established government program under Treasury Regulation §1.141-2(d)(4) or (ii) any real property components of the Project, unless it has received an opinion of nationally recognized Tax-Exempt Bond counsel to the effect that such disposition will not adversely affect the treatment of interest on the Tax-Exempt Bonds as excludable from gross income for federal income tax purposes.

(h) ***Exempt Facility Bonds***. All or a portion of the Tax-Exempt Bonds may be issued as "Exempt Facility Bonds" or "AMT Bonds" meeting the requirements of Section 142 of the Code. The County makes the following covenants with respect to the AMT Bonds.

(1) At least 95% of the net proceeds of the AMT Bonds will be expended to pay capital expenditures of an airport owned by a governmental unit, including storage and training facilities and certain functionally related and subordinate facilities, all within the meaning of Section 142 of the Code.

(2) No net proceeds of the AMT Bonds will be used to finance the acquisition of any property (or an interest therein) unless (i) the first use of such property was pursuant to such acquisition or (ii) the applicable rehabilitation exception contained in section 147(d)(2) of the Code with respect to such property was met.

(3) Less than 25% of the net proceeds of the AMT Bonds will be used to refinance the acquisition of land unless such land was acquired for use or future use as an airport, dock or wharf, and there is no other significant use of the land, pursuant to section 147(c)(3) of the Code.

(4) No portion of the AMT Bond proceeds will be used to refinance any of the following: an airplane, a skybox or other private luxury box, a health club facility, a facility primarily used for gambling or a store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(5) Not more than 2% of the AMT Bond proceeds will be used to pay costs of issuance.

(i) ***Survival of Section***. Certain covenants of this section will survive payment in full or defeasance of the Tax-Exempt Bonds.

Section 10. Preliminary and Final Official Statements.

The County hereby delegates authority to the Chair of the Board, the County Chief Executive Officer, and the County's Senior Director of Finance and Administration to each determine all acts, and ratifies all acts previously undertaken, by the County's officers, employees, and agents with respect to the preparation and distribution of the preliminary Official Statement with respect to the 2024 Bonds, and further authorizes such officers to each "deem final" the preliminary Official Statement for purposes of the Rule. The Chair of the Board, the County Chief Executive Officer, and the County's Senior Director of Finance and Administration are each further authorized to approve for purposes of the Rule, on behalf of the County, the final Official Statement relating to the issuance and sale of the 2024 Bonds and the distribution of the final Official Statement pursuant thereto with such changes, if any, as may be deemed to be appropriate.

The County agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days from the date of the Bond Purchase Contract and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of a final Official Statement in sufficient quantity to comply with the rules of the MSRB and the Rule.

Section 11. Continuing Disclosure Certificate.

The County covenants to execute and deliver at the time of Closing of the 2024 Bonds a Continuing Disclosure Certificate. Each Designated Representative is authorized and directed to execute and deliver a Continuing Disclosure Certificate upon the sale, issuance, and delivery of the 2024 Bonds with such terms and provisions as such officer shall deem appropriate and in the best interest of the County. Failure to

comply with the terms of the Continuing Disclosure Certificate shall not constitute an Event of Default under the Master Resolution or this 2024 Supplemental Resolution.

Section 12. General Authority; Documentation.

The proper officials of the County, including the Chair of the Board, the Clerk, the Treasurer, the County Chief Executive Officer, the County's Senior Director of Finance and Administration, and each of the other appropriate officers, agents and representatives of the County are each hereby authorized and directed to take such steps, to do such other acts and things, to undertake all action necessary for the prompt execution and delivery of each Series of 2024 Bonds to the Underwriter, and further to execute all closing certificates and documents required to effect the closing and delivery of the 2024 Bonds in accordance with the terms of this 2024 Supplemental Resolution and the Bond Purchase Contract. Such documents may include, but are not limited to, documents related to a Credit Facility or a Debt Service Reserve Fund Surety Policy as provided therein and in a separate agreement with the provider of such Credit Facility or Debt Service Reserve Fund Surety Policy, as applicable, if such instrument is determined by a Designated County Representative to be in the best interest of the County.

Each officer, agent, and representative of the County authorized herein to take such steps, to do such other acts and things, and to undertake all action necessary for the prompt execution and delivery of the 2024 Bonds may act individually to carry out the terms of this 2024 Supplemental Resolution and the Master Resolution. Except as otherwise provided herein with respect to the form of 2024 Bond certificates, the signature of one authorized individual, including but not limited to the Designated County Representatives, shall be sufficient for purposes of the authority granted under this 2024 Supplemental Resolution and the Master Resolution.

Section 13. Miscellaneous.

(a) ***Terms of 2024 Bonds Subject to the Master Resolution***. Except for matters otherwise provided for herein, every term and condition contained in the Master Resolution shall apply to this 2024 Supplemental Resolution and the 2024 Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations, and modification as may be appropriate to make the same conform to this 2024 Supplemental Resolution.

In the event of any inconsistency between the terms and provisions provided for in this 2024 Supplemental Resolution and the Master Resolution, the terms and provisions of this 2024 Supplemental Resolution shall control.

(b) ***Ratification of Master Resolution***. Except as supplemented and amended by this 2024 Supplemental Resolution, the Master Resolution is hereby ratified, approved and confirmed and shall continue in full force and effect in accordance with its terms and provisions thereof, as amended and supplemented.

(c) ***Corrections by Clerk***. Upon approval of the County Prosecuting Attorney, or such individual's designee, and Bond Counsel, the Clerk is hereby authorized to make necessary corrections to this 2024 Supplemental Resolution, including, but not limited to, the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; resolution numbering and section/subsection numbering; and other similar necessary corrections.

(d) ***Severability***. If any one or more of the provisions of this 2024 Supplemental Resolution is or are held by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be null and void and shall be deemed separable from the remaining provisions and shall in no way affect the validity of the other provisions of this 2024 Supplemental Resolution.

Section 14. Ratification.

All acts taken pursuant to the authority granted in this 2024 Supplemental Resolution but prior to its effective date are hereby ratified and confirmed.

Section 15. Effective Date.

This 2024 Supplemental Resolution shall be in full force and effect immediately upon its passage and adoption.

[signature page follows]

PASSED AND ADOPTED by the Board of County Commissioners of Spokane County, Washington, this ___ day of September, 2024.

SPOKANE COUNTY, WASHINGTON

____
Mary L. Kuney, Chair

____
Josh Kerns, Vice-Chair

____
Al French, Commissioner

____
Amber Waldref, Commissioner

____
Chris Jordan, Commissioner

ATTEST:

____
Ginna Vasquez, Clerk of the Board
of County Commissioners

(S E A L)

AIRPORT REVENUE BOND AGREEMENT

THIS AIRPORT REVENUE BOND AGREEMENT (this "Agreement") dated September 10, 2024 (the "Effective Date"), is entered into by and between SPOKANE COUNTY, WASHINGTON (the "County"), a class A county duly organized and existing under and by virtue of the Washington State Constitution and the laws of the state of Washington (the "State"), and the SPOKANE AIRPORT BOARD (the "Airport Board"), an agency created by interlocal agreement between the County and the City of Spokane, Washington (the "City") under chapter 14.08 of the Revised Code of Washington ("RCW");

WITNESSETH:

WHEREAS, the County is a class A county duly organized and existing under and by virtue of the Washington State Constitution and the laws of the State; and

WHEREAS, on July 30, 1962, the County and the City entered into an Airport Joint Operation Agreement for the purpose of financing, constructing, improving, and operating Spokane International Airport and Felts Field, through the agency of the Airport Board, as provided by chapter 14.08 RCW; and

WHEREAS, on October 7, 2019, the County and the City replaced such agreement with an Amended Spokane County/City Airport Agreement (as may be further supplemented, amended or replaced, the "Interlocal Agreement"), continuing their association under chapter 14.08 RCW for the joint operation of Spokane International Airport, Felts Field, and Spokane International Airport Business Park facilities, and vesting the Airport Board the authority to manage and operate such facilities for aeronautical and industrial development purposes, subject to the specific limitations contained in the Interlocal Agreement; and

WHEREAS, pursuant to the terms and provisions of chapter 14.08 RCW, the County is authorized to conduct proceedings and to issue revenue bonds to acquire, construct and install improvements to its airport facilities, provide for the payment of such revenue bonds from revenues deposited to a special fund, provide covenants as it may deem necessary for the benefit of bond owners, and provide for the issuance of future parity bonds; and the County may issue and sell such bonds in accordance with chapter 39.46 RCW, including RCW 39.46.150; and

WHEREAS, pursuant to Section 4.3 of the Interlocal Agreement, the Airport Board has no independent authority to issue bonds or to incur other debts with a maturity of more than one year from the date of the obligation; and

WHEREAS, pursuant to Section 4.3 of the Interlocal Agreement, the County and the City may, by joint resolution, authorize the issuance and sale of revenue bonds or other obligations payable from airport revenues, the proceeds of which are to be used exclusively for airport purposes; and

WHEREAS, pursuant to Section 4.3 of the Interlocal Agreement, such revenue bonds or other revenue obligations shall be authorized by and issued in the name of the County; and

WHEREAS, the County has authorized the execution of this Agreement and agreed to issue revenue bonds and other obligations from time to time for airport purposes pursuant to Resolution No. ______ adopted on September __, 2024 (the "Resolution" or the "Master Resolution"); and

WHEREAS, the Airport Board has authorized the execution of this Agreement pursuant to Resolution No. 10-24 adopted on September 3, 2024; and

WHEREAS, pursuant to the Master Resolution the County has entered into various covenants for the benefit of bond owners, a number of which covenants require action by the Airport Board; and

WHEREAS, this Agreement sets forth the understanding between the parties related to the issuance of bonds and other obligations from time to time for the benefit of the Airport Board and its operations, and provides for these actions by the Airport Board as well as the actions to be taken by the County at the request or direction of the Airport Board in connection with the issuance and payment of County revenue bonds and other obligations under the terms of the Master Resolution;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties agree as follows.

Section 1. Definitions; Interpretation. Capitalized terms used but not defined herein have the meanings set forth in the recitals hereto and the Master Resolution, which are incorporated herein by this reference. In the event of conflict or inconsistency between the Master Resolution and this Agreement, the terms of the Master Resolution shall control. Additionally, in the event of conflict or inconsistency between the Interlocal Agreements and this Agreement, the terms of the Interlocal Agreement shall control.

Section 2. Agreement to Issue Bonds.

(a) *Delivery of Airport Board Series Resolution*. The County has agreed in the Interlocal Agreement and in the Master Resolution to issue Bonds from time to time upon request of the Airport Board. The Airport Board may make requests to the County to issue such Bonds upon delivery to the County of an Airport Board Series Resolution. All Airport Board Series Resolutions shall be in writing, duly adopted by the Airport Board, and contain, give direction, delegate to an Airport Board Representative to determine, or otherwise address in such Airport Board Series Resolution or other resolution of the Airport Board the following, as applicable:

(i) Provide a description of the Project to be financed with proceeds of such Series of Bonds and any other purposes of such Bonds, including but not limited to payment of issuance costs, Capitalized Interest, and funding a Reserve Requirement;

(ii) Designate any Special Facility or Special Facilities to be included in such Project;

(iii) Provide parameters for the final terms of the Bonds (which may be by Series or in the aggregate), which may include the maximum principal amount of the Bonds, redemption terms, maximum interest rate, and other terms of the Bonds dependent on pricing;

(iv) Provide whether such Series of Bonds should be issued, as applicable, as Refunding Bonds or Completion Bonds, or whether such obligations should be issued as Subordinate Obligations;

(v) If the Bonds are to be issued as Refunding Bonds, provide a description of the refunding candidates and any conditions to the refunding, including but not limited to a savings target, as applicable;

(vi) Designate Other Money Available for Debt Service and/or PFCs Available for Debt Service to the repayment such Series of Bonds, if any;

(vii) Designate Other Pledged Revenues (including CFCs) and/or Pledged PFCs, as applicable, to the repayment such Series of Bonds and authorize the County to pledge such designated funds to the repayment of the Series of Bonds;

(viii) Provide whether such Series of Bonds should be issued as Balloon Indebtedness;

(ix) Request any modifications or amendments to the covenants and conditions contained in the Master Resolution, subject to negotiating such modifications or amendments with the County and the terms of Section 13 of the Master Resolution;

(x) Designate a Reserve Requirement for such Series of Bonds, if applicable, and whether such Series of Bonds shall participate in the Common Debt Service Reserve Fund, participate in an existing Series Debt Service Reserve Fund or direct the County to create a separate Series Debt Service Reserve Fund for such Series of Bonds, and request the County to provide for the purchase of a Debt Service Reserve Fund Surety Policy to satisfy all or a portion of the Reserve Requirement; and

(xi) Subject to the determinations of the Airport Board and the County to be in the best interests of the Airport Board and the County, respectively, provide whether the issuance of such Bonds will require the execution and delivery, as applicable, of a Credit Facility and/or a Liquidity Facility and/or a Swap and the designation of all or a portion of such Series of Bonds as Designated Debt, and request the County to negotiate and execute and deliver, as applicable, a Credit Facility with a Credit Provider, a Liquidity Facility with a Liquidity Provider and/or a Swap with Swap Provider (which terms of such Credit Facility, Liquidity Facility and/or Swap will be mutually agreeable to both the County and the Airport Board).

(b) *Conditions to the Issuance of Additional Bonds*.

(i) *Certificates Required under the Master Resolution*. Prior to the issuance of any Series of Bonds (other than Initial Bonds), an Airport Board Representative shall provide all certifications (other than Consultant certificates) required under Section 6.04 (Additional Bonds Test) of the Master Resolution.

(ii) *Consultant*. If it is necessary for a Consultant to be retained to perform acts and to carry out duties under the Master Resolution or any Series Resolution, the Consultant shall be appointed by the County following consultation with the Airport Board and the approval of such appointment by the Airport Board. Unless otherwise paid from other sources of funds, costs of any Consultant shall be paid from Revenues.

(iii) *Rating Agency*. The Airport Board may authorize the County to designate Fitch, Kroll, Moody's and/or S&P or any other nationally recognized statistical rating organization for the purposes of the Master Resolution.

(iv) *Underwriter(s) or Purchaser*. The Airport Board may authorize the County to designate certain underwriter or underwriters to purchase the Bonds or Subordinate Obligations in the case of a public sale, or bank or other purchaser in the event of a private placement.

(v) *Parity or Senior Lien Pledge*. The Airport Board hereby represents and states that as of the date of this Agreement it has not previously created any charge or lien on or any security interest in the Net Revenues, Revenues, or the Debt Service Fund that remain outstanding and covenants that, until all the Bonds authorized and issued under the provisions of the Master Resolution and the interest thereon shall have been paid or are deemed to have been paid, it will not, except as otherwise provided under the Master Resolution, grant any prior or parity pledge of or any security interest in the Net Revenues, Revenues, or the Debt Service Fund or any other security that is pledged pursuant to the Master Resolution, or create or permit to be created any charge or lien thereon or any security interest therein ranking prior to or on a parity with the charge or lien of the Bonds from time to time Outstanding under the Master Resolution.

Section 3. Pledge of Revenues; Funds and Accounts.

(a) *Revenue Fund.*

(i) *Pledge of Revenues*. As long as there are any Bonds Outstanding, the Airport Board will deposit or cause to be deposited all Revenues to the Revenue Fund, and hereby pledges all Revenues, subject only to O&M Expenses of the Airport System, and the amounts to be deposited to the Debt Service Fund to pay and secure Bonds to the fullest extent of the pledge of the County under the Master Resolution.

(ii) *PFCs Available for Debt Service*. By resolution, including without limitation, by Airport Board Series Resolution, the Airport Board may designate any available PFCs as "PFCs Available for Debt Service" and shall obligate itself to impose, collect, and provide for the deposit thereof. Such resolution shall include (1) a representation by the Airport Board that such PFCs may be validly designated as and included in "PFCs Available for Debt Service" under the Master Resolution and are legally available to pay the principal of, premium, if any, and interest on all or a portion of such Series of Bonds as designated by the Airport Board, (2) the amount of PFCs that are being designated as and included in "PFCs Available for Debt Service," (3) the Debt Service Account(s) such PFCs Available for Debt Service are to be deposited to, and (4) the time period during which such PFCs will be designated as and included in PFCs Available for Debt Service.

(iii) *Pledged PFCs*. By resolution, including without limitation, by Airport Board Series Resolution, the Airport Board may designate Pledged PFCs and shall obligate itself to impose, collect, and provide for the deposit thereof. Such resolution shall include (1) a representation by the Airport Board that such money may be validly designated as and included in "Pledged PFCs" under the Master Resolution and is legally available and may be pledged to secure the payment of the principal of, premium, if any, and interest on such Series of Bonds as designated by the Airport Board, (2) a pledge of the Pledged PFCs for such purpose, and (3) the source and amount of such money and the time period during which such money will be designated as and included in Pledged PFCs.

(iv) *Other Pledged Revenues.* By resolution, including without limitation, by Airport Board Series Resolution, the Airport Board may designate any revenues not included in the definition of "Revenues" including all or any portion of CFCs to be included as "Other Pledged Revenues" that are to be pledged to the repayment of such Series of Bonds designated by the Airport Board, and shall obligate itself to impose, collect, and provide for the deposit thereof to the Revenue Fund. Such resolution shall include (1) a representation by the Airport Board that such money may be validly designated as and included in "Other Pledged Revenues" under the Master Resolution, and in the case of CFCs have been validly imposed under the Act, and may be pledged to secure the payment of the principal of, premium, if any, and interest on such Series of Bonds as designated by the Airport Board, (2) a pledge of the Other Pledged Revenues for such purpose, and (3) the source and amount of such money and the time period during which such money will be designated as and included in Other Pledged Revenues.

(v) *Other Money Available for Debt Service*. By resolution, including without limitation, by Airport Board Series Resolution, the Airport Board may designate any revenues not included in the definition of "Revenues" including all or any portion of CFCs as "Other Money Available for Debt Service" and shall obligate itself to impose, collect, and provide for such revenues. Such resolution shall include (a) a representation by the Airport Board that such Other Money Available for Debt Service is legally available to pay the principal of, premium, if any, and interest on all or a portion of such Series of Bonds designated by the Airport Board, and (b) the source and amount of such money and the time period during which such money will be designated as and included in Other Money Available for Debt Service.

(b) *Priority of Payment.* The Airport Board shall provide in each of its annual budgets, and directs, that Revenues deposited in the Revenue Fund shall be used only for the following purposes in the following order of priority:

(i) *First - Operation and Maintenance Expenses*. To pay O&M Expenses of the Airport System, to the extent not paid from another source, as the same become due, as specified in each annual budget of the Airport Board jointly approved by the County and the City pursuant to the Interlocal Agreement.

(ii) *Second - Debt Service on Outstanding Bonds*. To make all payments, including any sinking fund installment payment with respect to each Series of Outstanding Term Bonds, required to be made into each Debt Service Account in the Debt Service Fund to pay principal of and interest on Outstanding Bonds coming due on each Payment Date, taking into account any Other Money Available for Debt Service, Pledged PFCs and/or PFCs Available for Debt Service applied to pay the principal of, including any sinking fund installment payment with respect each Series of Outstanding Term Bonds, and interest on Outstanding Bonds coming due on such Payment Date with respect to Bonds paid from such Debt Service Account under the applicable Supplemental Resolution and/or the applicable certificate described in Section 7.10 of the Master Resolution.

(iii) *Third - Common Debt Service Reserve Fund and Series Debt Service Reserve Funds*. To make all deposits required to be made to the Common Debt Service Reserve Fund, if any, at the times and in the amounts provided in Section 7.05 of the Master Resolution, and to any Series Debt Service Reserve Fund at the times and in the amounts set forth in the Supplemental Resolution pursuant to which such Series Debt Service Reserve Fund is created.

(iv) *Fourth - Subordinate Obligation Debt Service*. To pay principal of and interest on any outstanding Subordinate Obligations when due.

(v) *Fifth - Subordinate Obligation Debt Service Reserve Funds*. To fund any deficiency in any debt service reserve fund established by or for the benefit of the County in connection with any Subordinate Obligations.

(vi) *Sixth – O&M Reserve.* To fund the O&M Reserve in an amount, if any, necessary to meet the O&M Reserve Requirement.

(vii) *Seventh – Renewal and Replacement Reserves.* To fund the Renewal and Replacement Reserve in an amount, if any, necessary to meet the R&R Reserve Requirement.

(viii) *Eighth – General Airport Purposes*. After all deposits and payments have been made as described in clauses (i) through (vii) above, for any lawful Airport System purpose including paying any other outstanding revenue or interest-bearing warrants payable from Revenues, for deposit to any funds or accounts, including, without limitation for redemption of any Bonds or other Airport indebtedness and other proper purposes consistent with budget approvals.

The Airport Board may request that the County modify the application of the funds as provided in clause (iv) through (viii) above and to create additional funds and accounts to be inserted below subsection (iii) above. Any such request shall be reviewed jointly by the Airport Board and the County, and the County shall duly consider, in good faith, the approval of such modification.

(c) *Debt Service Fund; Debt Service Accounts*. The County has caused the Treasurer to create and maintain a special fund of the County designated as the "Airport Revenue Bond Debt Service Fund" (the "Debt Service Fund") for the purpose of paying and securing the payment of the principal of, including sinking fund installment payments on Term Bonds, and interest on, Outstanding Bonds. The Airport Board hereby irrevocably obligates and binds itself for as long as any Bonds remain Outstanding to include in its annual proposed budget and direct to be set aside and paid into the Debt Service Fund from Revenues, subject only to O&M Expenses of the Airport System, or money in the Revenue Fund available after priority (a) under the priority of payment in Section 7.03 of the Master Resolution, the amount required pay the principal of, including sinking fund installment payments on Term Bonds, and interest on, Outstanding Bonds on each Payment Date.

Except as otherwise provided in a Supplemental Resolution, so long as any Bonds of such Series are Outstanding, not later than the third (3^{rd}) Business Day prior to each Payment Date, the Airport Board directs the County to transfer, or cause to be transferred, to the Bond Registrar (a) Revenues on deposit in the Debt Service Fund, (b) Other Money Available for Debt Service, if any, on deposit in the Debt Service Fund, (c) Pledged PFCs, if any, on deposit in the Debt Service Funds and/or (d) PFCs Available for Debt Service, if any, on deposit in the Debt Service Fund in an aggregate amount sufficient to pay the interest on each Series of Outstanding Bonds coming due on such Payment Date, the Principal Amount of each Series of Outstanding Bonds coming due on such Payment Date and any sinking fund installment payment, due on such Payment Date with respect to each Series of Outstanding Term Bonds.

If, on any Payment Date, the County does not have sufficient amounts in the Debt Service Fund (without regard to any amounts which may be available from the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, as applicable) to pay in full all amounts of principal and/or interest due on such date, the Airport Board directs the County to allocate the total amount that is available to make payment on such day (without regard to any amounts in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, as applicable), and transfer funds to the Bond Registrar for payment of principal and interest coming due on Outstanding Bonds on such Payment Date as follows: first to the payment of interest then due on the Bonds and, if the amount available shall not be sufficient to pay in full all interest on the Bonds then due, then *pro rata* among the Series according to the amount of interest then due, and second to the payment of principal then due on the Bonds and, if the amount available shall not be sufficient to pay in full all principal on the Bonds then due, then *pro rata* among the Series according to the Principal Amount then due on the Bonds.

(d) *Common Debt Service Reserve Fund.*

(i) By Airport Board Series Resolution in connection with a Series of Bonds, the Airport Board shall designate if a Series of Bonds will participate in the Common Debt Service Reserve Fund, or shall direct the County to create, pursuant to a Supplemental Resolution, a separate Series Debt Service Reserve Fund and allow one or more Series of Bonds to participate in such Series Debt Service Reserve Fund, direct that a Series of Bonds not participate in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, and/or request the County to purchase a Debt Service Reserve Fund Surety Policy. Prior to entering into any Debt Service Reserve Fund Surety Policy, the parties hereto shall enter into an agreement securing the County's and the Airport Board's obligations thereunder.

(ii) In the event that federal tax law in the opinion of Bond Counsel would prohibit the Reserve Requirement with respect to the Common Debt Service Reserve Fund or any portion thereof from being satisfied with proceeds of any issue of tax-exempt or tax-advantaged Bonds, the Airport Board shall include in its annual proposed budget and direct that the County satisfy the portion of the Reserve Requirement for the Common Debt Service Reserve Fund not permitted to be funded with tax-exempt Bond proceeds with Revenues available under priority (c) under the priority of payment in Section 7.03 of the Master Resolution, to the extent permissible under federal tax laws, in approximately equal monthly installments within sixty (60) months from the date of issuance of such Series of Bonds.

(e) *Coverage Amount.* The Airport Board may include in each of its annual budget proposals, or to otherwise direct during each Fiscal Year, the Coverage Amount, if any.

(f) *Other Reserves.* The Airport Board may include in each of its annual budget proposals, or to otherwise specify during each Fiscal Year, the amounts, if any, to be expended from the O&M Reserve to pay O&M Expenses and the amounts, if any, to be expended from the Renewal and Replacement Reserve to pay costs of improvements, repairs or extraordinary maintenance that are not provided for by moneys available in other Funds or Accounts established under the Master Resolution, including without limitation the costs of unanticipated or emergency repairs or replacements of any part of the Airport System that are properly chargeable to one or more of the cost centers established, from time to time, by the Airport Board. The Airport Board also may adjust the O&M Reserve Requirement and/or R&R Reserve Requirement from time to time in its annual budget for the applicable Fiscal Year(s).

Section 4. Bond Covenants and Agreements. So long as any Bonds remain Outstanding, the parties hereto covenant and agree as follows:

(a) *Payment of Principal and Interest*. The Airport Board hereby covenants and agrees that it will include in each of its annual proposed budgets and will duly and punctually pay or direct the County to pay from Revenues obligated to be deposited to the Debt Service Fund the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner herein, in the Supplemental Resolutions and in the Bonds specified, provided that the Airport Board's obligation to make payment of the principal of, premium, if any, and interest on the Bonds shall be limited to payment from the Revenues, subject only to O&M Expenses of the Airport System, the funds and accounts pledged therefor pursuant to the Master Resolution and no Bondholder shall have any right to enforce payment from any other funds of the County or the Airport Board.

(b) *Performance of Covenants by Airport Board; Due Execution*. The Airport Board hereby covenants that it will faithfully perform at all times any and all covenants and agreements contained in this Agreement, and in all of its proceedings pertaining hereto. The Airport Board hereby represents that it is duly authorized to direct that Revenues, subject only to O&M Expenses of the Airport System, be deposited to the Debt Service Fund, and that, as of the date of this Agreement, the Airport Board has not pledged Revenues, Net Revenues, or other assets to secure other outstanding obligations.

(c) *Rate Covenant*.

(i) The Airport Board hereby covenants and agrees that, while any Bonds remain Outstanding, it shall establish, fix, prescribe, and collect rates, tolls, fees, rentals, and charges in connection with the Airport System and for services rendered in connection therewith, so that Revenues in each Fiscal Year will be at least equal to the following amounts:

(1) O&M Expenses of the Airport System due and payable during such Fiscal Year;

(2) the Annual Debt Service on any Outstanding Bonds required to be funded by the County in such Fiscal Year as required by the Master Resolution or any Supplemental Resolution with respect to the Outstanding Bonds;

(3) the required deposits to the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund that may be established by a Supplemental Resolution;

(4) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Resolution;

(5) the interest on and principal of any indebtedness of the County with respect to the Airport System required to be funded during such Fiscal Year, other than for Outstanding Bonds, but including Subordinate Obligations; and

(6) funding of any debt service reserve funds created in connection with any indebtedness of the County with respect to the Airport System, other than Outstanding Bonds, but including Subordinate Obligations.

(ii) The Airport Board hereby further covenants and agrees that it shall establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Net Revenues, together with any Coverage Amount, will be equal to at least 125% of Annual Debt Service on the Outstanding Bonds for such Fiscal Year. For purposes of this subsection (ii), the amount of any Coverage Amount taken into account shall not exceed 25% of Annual Debt Service on the Outstanding Bonds in such Fiscal Year.

(iii) When calculating Annual Debt Service on the Outstanding Bonds for purposes of the rate covenants set forth in subsections (i) and (ii) above, Annual Debt Service on the Outstanding Bonds shall be reduced by the amount of principal and/or interest paid with Capitalized Interest, Other Money Available for Debt Service, PFCs Available for Debt Service and/or Pledged PFCs.

(iv) The Airport Board hereby further covenants and agrees that if Revenues or Net Revenues, together with any Coverage Amount (only as applied in subsection (ii) above) in any Fiscal Year are less than the amounts specified in subsections (i) and (ii) above, it shall recommend that the County appoint a Consultant (which appointment of such Consultant shall be subject to the approval of the County, provided that such approval shall not be unreasonably withheld or delayed by the County) that will make recommendations to the Airport Board as to Airport System business operations and rates, tolls, fees, rentals, and charges for the use of the Airport System and for services rendered by the Airport Board in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Airport Board will take all lawful measures to revise the schedule of rates, tolls, fees, rentals, and charges as may be necessary to produce Revenues or Net Revenues, together with any Coverage Amount (only as applied in subsection (ii) above) in the amounts specified in subsections (i) and (ii) above in the next succeeding Fiscal Year.

(v) In the event that Revenues or Net Revenues, together with any Coverage Amount, for any Fiscal Year are less than the amounts specified in subsections (i) or (ii) above, but the County or Airport Board has, prior to or during the next succeeding Fiscal Year, promptly taken all lawful measures to revise the schedule of rates, tolls, fees, rentals, and charges as required by subsection (iv) above, such deficiency in Revenues or Net Revenues, together with any Coverage Amount, shall not constitute an Event of Default under the Master Resolution or hereunder. Nevertheless, if after taking the measures required by subsection (iv) above to revise the schedule of rates, tolls, fees, rentals, and charges, Revenues or Net Revenues, together with any Coverage Amount, in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Airport System for such Fiscal Year) are less than the amounts specified in subsections (i) or

(ii) above, such deficiency in Revenues or Net Revenues shall constitute an Event of Default under the Master Resolution and hereunder.

(d) *No Inconsistent Contract Provisions.* The Airport Board hereby covenants that no contract or contracts will be entered into or any action taken by the Airport Board that shall be inconsistent with the provisions of the Master Resolution. The Airport Board hereby further covenants that it will not take any action that will substantially impair or materially adversely affect Revenues, or will substantially impair or materially adversely affect in any manner the pledge of, security interest in, lien and charge on Revenues granted in the Master Resolution or the rights of the holders of the Bonds. The Airport Board shall be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required to pay from the Revenues the principal of and interest on the Bonds and to make the other payments provided for in the Master Resolution.

(e) *Swaps and Derivatives*. In the event that the Airport Board determines that a Swap should be executed in connection with a Series of Bonds, the parties hereto agree to enter into an agreement that secures the County's and the Airport Board's, as applicable, performance under the Swap.

(f) *Repayment Obligations*. In the event that the Airport Board determines that a Credit Facility or Liquidity Facility should be procured in connection with a Series of Bonds, the parties hereto agree to enter into an agreement providing security for the County's Repayment Obligations and any repayment obligations of the Airport Board.

(g) *Maintenance of Powers*. The Airport Board hereby covenants it will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to delay either the payment of the indebtedness evidenced by any of the Bonds or the performance or observance of any of the covenants contained in the Master Resolution.

(h) *Operation and Maintenance of Airport System*. The Airport Board covenants that it shall operate and maintain the Airport System at all times in good working order and condition in compliance with all lawful orders of any governmental agency or authority having jurisdiction in the premises (provided the Airport Board shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the Airport System shall be obtained and maintained and that all necessary repairs, improvements and replacements of the Airport System shall be made, subject to sound business judgment. Subject to the transfer of any Airport Facilities pursuant to Section 8.12 of the Master Resolution, the Airport Board shall, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Airport System or upon any part thereof, or upon the Revenues or Net Revenues, when the same shall become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Revenues or Net Revenues or the Airport System or any part thereof constituting part of the Airport System.

(i) *Insurance; Application of Net Insurance/Condemnation Proceeds*.

(i) Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions the Airport Board shall procure and maintain or cause to be procured and maintained commercial insurance with respect to the facilities constituting the Airport System and public liability insurance in such amounts and against such risks as are prudent and reasonable taking into account, but not being controlled by and subject to the discretion of the Airport Board, the amounts and types of insurance or self-insured programs provided by similar airports.

(ii) If a Consultant determines pursuant to the Master Resolution that insurance reserves are inadequate, such Consultant shall make a recommendation as to the amount of reserves that should be established and maintained, and the Airport Board shall, in a commercially reasonable manner, comply with such recommendation unless the Airport Board can establish, or cause to be established, to the satisfaction of and receive a certification from such Consultant that a lower amount is reasonable to provide adequate protection to the Airport System.

(iii) If, as a result of any event, any part of the Airport System is destroyed or severely damaged, the Airport Board shall direct that Net Insurance/Condemnation Proceeds be applied as required by the Master Resolution to: (1) repair or replace the Airport System, or portion thereof, which was damaged or destroyed, (2) provide additional revenue-producing Airport Facilities, (3) redeem Bonds, or (4) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be defeased as provided in Section 10 of the Master Resolution.

(j) *Accounts*. The Airport Board hereby covenants that it will keep or cause to be kept and provide or cause to be provided accurate books and records of account showing all Revenues received and all expenditures of the Airport Board relating to the Airport System. The Airport Board hereby covenants that it will keep or cause to be kept and provide or cause to be provided accurate books and records of account showing all proceeds of Bonds and Subordinate Obligations received and all expenditures of the Airport Board relating to such proceeds.

(k) *Transfer of Airport Facility or Airport Facilities*. The Airport Board shall not, except as permitted in, and subject to the terms of, the Master Resolution, transfer, sell or otherwise dispose of its interest in an Airport Facility or Airport Facilities. Proceeds of any such transfer, sale or other disposition shall be applied as provided in the Master Resolution. Prior to selling or disposing of a Significant Portion of any Airport Facilities or portions thereof, the Airport Board shall request that the County provide notice to the Ratings Agencies as required by the Master Resolution.

(l) *Completion of Specified Project; Substitution of Specified Project*. Upon the issuance of a Series of Bonds the proceeds of which are to be used for a Specified Project, the Airport Board shall proceed with due diligence to construct or acquire such Specified Project; provided, however, that the Airport Board may substitute another Project therefor as permitted by the Master Resolution, and the Airport Board shall proceed with due diligence to construct or acquire such substituted Project.

The Airport Board may determine not to proceed with any of the Specified Projects or substitute another Project or Projects for a Specified Project if, as a condition to discontinuing the acquisition or construction of a Specified Project or to the substitution of another Project or Projects therefor, the Airport Board delivers to the County a certificate of a Consultant showing that after taking into account the discontinuation of such Specified Project or the substitution of another Project or Projects therefor, the provisions of Section 8.04(a) and (b) of the Master Resolution will, nevertheless, be complied with by the Airport Board.

(m) *Annual Reporting of Audited Financial Statements*. Within 270 days after the close of each Fiscal Year, so long as any Bonds are Outstanding, the Airport Board shall have prepared financial statements including a statement of the income and expenses for such Fiscal Year and a balance sheet prepared as of the close of such Fiscal Year for the Airport System all accompanied by a certificate or opinion in writing of an Independent certified public accountant of recognized standing, selected by the Airport Board, which opinion shall include a statement that such financial statements present fairly in all material respects the financial position of the Airport System and are prepared in accordance with Generally Accepted Accounting Principles.

(n) *Covenant Against Competing Facilities*. The Airport Board hereby covenants that it will not construct, operate or enter into any agreement permitting or facilitating the construction or operation of, any facilities or structures that will compete with the operations of the Airport System in a manner that would materially and adversely affect the Airport Board's ability to comply with the covenants set forth in this Agreement or the County's ability to comply with the covenant set forth in Section 8.04 of the Master Resolution unless the amounts derived from operating such facilities are included as Revenues under the Master Resolution.

(o) *Preservation of Tax Exemption for Interest on Bonds and Subordinate Obligations*. The Airport Board hereby agrees that it will take all actions necessary to prevent interest on any Bonds and Subordinate Obligations issued as tax-exempt obligations from being included in gross income for federal tax purposes and to protect the status of any Bonds and Subordinate Obligations issued as tax-advantaged obligations under the federal tax code, and it will neither take any action nor make or permit any use of the Airport Facilities financed with proceeds of such tax-exempt or tax-advantaged Bonds or Subordinate Obligations at any time while such Bonds or Subordinate Obligations, as applicable, are Outstanding that will cause interest on the Bonds or Subordinate Obligations to be included in gross income for federal income tax purposes or cause any tax-advantaged Bonds or Subordinate Obligations to lose their tax-advantaged status.

In connection with the issuance of any Bonds or Subordinate Obligations issued as tax-exempt or tax-advantaged obligations, the Airport Board agrees to deliver to the County a certificate executed by an Airport Board Representative, in form and substance satisfactory to Bond Counsel, setting forth, among other things, the reasonable expectations of the Airport Board as of the issuance date of such obligations as to the use of proceeds of the Bonds or Subordinate Obligations and other matters to protect the status of such obligations as tax-exempt or tax-advantaged obligations under the federal tax code.

Section 5. <u>Subordinate Obligations, Special Facilities and Other Obligations; Excluded Property.</u>

(a) *Subordinate Obligations*. By Airport Board Series Resolution, the Airport Board may request that the County incur Subordinate Obligations.

(b) *Special Facilities.* By Airport Board Series Resolution, the Airport Board may request that the County designate new or existing Airport Facilities as Special Facilities as permitted in Section 8.07 of the Master Resolution, issue Special Facility Obligations, determine to make Revenues or such other money not included in Revenues available to pay such debt service, through a specific pledge or otherwise and subject to any covenants or other provisions of the Master Resolution, and refinance any such Special Facility Obligations with other Special Facility Obligations. An Airport Board Representative shall deliver the certificate of the Airport Board Representative required under the Master Resolution in connection with the issuance of Special Facility Obligations.

(c) *Obligations Secured by Other Revenues.* By Airport Board Series Resolution, the Airport Board may request, from time to time, that the County incur indebtedness payable solely from certain revenues of the Airport System that do not constitute Revenues and may incur indebtedness payable from and secured by both Net Revenues and certain revenues of the Airport System that do not constitute Revenues.

(d) *Excluded Property.* Subject to the provisions of the Master Resolution, the Airport Board may direct that real or personal property previously included in the Airport System be included in the definition of Excluded Property by delivering to the County a certificate of an Airport Board Representative identifying such real or personal property to be removed from the definition of the Airport System and designated as "Excluded Property," certifying that the provisions set forth in Section 8.04 of the Master

Resolution are being complied with. Such real or personal property shall only be included in the definition of Excluded Property if all requirements set forth in the definition of "Excluded Property" in the Master Resolution are met.

Section 6. **<u>Investment of Funds; Permitted Investments</u>**. Money held by the County in the Funds, Accounts, and Subaccounts created by the Master Resolution and under any Supplemental Resolution shall be invested and reinvested in the same Funds, Accounts, and Subaccounts in Permitted Investments at the direction of the Airport Board consistent with and subject to the restrictions set forth in the Interlocal Agreement, the Master Resolution and any Supplemental Resolution.

Section 7. **<u>Defaults and Remedies</u>**.

(a) *Remedies of County on Default*. Upon the occurrence of a default by the Airport Board in its obligations hereunder, the County may proceed to protect and enforce its rights in equity or at law, either in mandamus or for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, as the County may deem most effectual to protect and enforce any of its rights or interests hereunder.

(b) *Remedies of Airport Board on Default*. Upon the occurrence of a default by the County in its obligations hereunder, the Airport Board may proceed to protect and enforce its rights in equity or at law, either in mandamus or for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, as the Airport Board may deem most effectual to protect and enforce any of its rights or interests hereunder.

<u>Section 8</u>. **<u>No Remedy Exclusive</u>**. No remedy conferred upon or reserved to either party by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative. Either party shall be free to pursue, at the same time, each and every remedy, at law or in equity, which it may have under this Agreement, or otherwise.

<u>Section 9</u>. **<u>No Implied Waiver</u>**. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. For the exercise of any remedy, it shall not be necessary to give any notice, other than such notice as may be expressly required herein.

<u>Section 10</u>. **<u>Agreement to Pay Attorneys' Fees and Expenses</u>**. If a default arises under any of the provisions of this Agreement and either party hereto should employ attorneys or incur other expenses for the collection of amounts due under this Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the other party contained in this Agreement, on demand therefor, the non-prevailing party shall pay or reimburse the prevailing party for the reasonable fees of such attorneys and such other expenses so incurred.

<u>Section 11</u>. **<u>Disclosure; Continuing Disclosure Undertaking</u>**.

(a) *Initial Disclosure*. The Airport Board agrees to assist the County in preparation of information about or pertaining to the Airport Facilities and its operations for inclusion in any primary offering documents to be prepared in connection with the issuance and sale of any Bonds.

(b) *Continuing Disclosure Undertakings*. To meet the conditions of paragraph (b)(5) of United States Securities and Exchange Commission Rule 15c2-12 (the "Rule"), as applicable to a participating underwriter for a Series of Bonds, the parties acknowledge that the County will undertake for the benefit of holders of such Series of Bonds to provide, or cause to be provided, annual financial and operating information as provided in one or more continuing disclosure certificates executed by the County (the "Undertakings"). The Airport Board agrees to provide its audited financial statements and any information about or pertaining to the Airport Facilities and its operations, if and as necessary for the County to comply with such Undertakings.

If and to the extent necessary to meet the conditions of the Rule in connection with the issuance of a Series of Bonds or Subordinate Obligations, the Airport Board agrees to deliver to the County a certificate executed by an Airport Board Representative, in form and substance satisfactory to Bond Counsel and/or disclosure counsel to the County, undertaking to provide such financial statements and any information about or pertaining to the Airport Facilities and its operations.

Section 12. **Interlocal Cooperation Act Provisions**. The parties acknowledge that they have entered into this Agreement pursuant to RCW 39.34.100, the Interlocal Cooperation Act, and the Interlocal Agreement for the purpose of setting forth the understanding between the parties related to the issuance of Bonds from time to time for the benefit of the Airport Board. To avail themselves of the supplemental powers and authority granted by the Interlocal Cooperation Act, the parties agree that:

(a) No separate legal or administrative entity within the meaning of RCW 39.34.030(3)(b) or "joint board" within the meaning of RCW 39.34.030(4)(a) is created by this Agreement;

(b) The County's Senior Director of Finance and Administration, or the successor to such office, is appointed as the "administrator" within the meaning of RCW 39.34.030(4)(a) responsible for administering the County's rights and duties set forth in this Agreement, and the Chief Executive Officer, or the successor to such office, of the Airport Board, or their designee, is appointed as the "administrator" within the meaning of RCW 39.34.030(4)(a) responsible for administering the Airport Board's rights and duties set forth in this Agreement; and

(c) The County and the Airport Board will file or post this Agreement as required by RCW 39.34.040.

Nothing set forth in this Agreement is intended to limit the rights and duties of the parties relating to the Airport Facilities that are established through the Interlocal Agreement or other contracts between the parties.

Section 13. **Governing Law: Venue**. This Agreement is governed by and shall be construed in accordance with the substantive laws of the State and shall be liberally construed so as to carry out the purposes hereof. Except as otherwise required by applicable law, any action under this Agreement shall be brought in the Superior Court of the State in and for Spokane County.

Section 14. **Notices**. Except as otherwise provided herein, all notices, consents or other communications required hereunder shall be in writing and shall be sufficiently given if addressed and hand delivered or mailed by first-class mail, as follows:

To the County:
1116 West Broadway Avenue
Spokane, Washington 99260
Attention: Senior Director of Finance and Administration

To the Airport Board
9000 W. Airport Dr., Suite 204
Spokane, WA 99224
Attention: Chief Financial Officer

The County or the Airport Board may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent. Notices shall be deemed served upon deposit of such notices in the United States mail in the manner provided above.

Section 15. **Binding Effect; Assignment**. So long as the Bonds and/or any Subordinate Obligations, and any amounts due and owing to the County in connection with the issuance of such obligations, remain Outstanding, this Agreement may not be assigned by a party without the written consent of the other party and pursuant to a resolution of the County Board and the Airport Board, respectively. This Agreement shall inure to the benefit of and shall be binding upon the County and the Airport Board and their successors, if any. Assignment of the Airport Board's duties and obligations under this Agreement shall not require the consent of holders or owners of any Bonds or Subordinate Obligations then Outstanding; provided, notice of such assignment shall be provided or cause to be provided by the County in the same manner as a notice of a listed event under the Rule.

Notwithstanding anything herein to the contrary, unless otherwise agreed to by the County pursuant to a resolution of the County Board, this Agreement may not be assigned to and the County shall not transfer, sell or otherwise dispose of its interest (or permit the City or the Airport Board to transfer, sell or otherwise dispose of their respective interest) in the Airport Facilities, or any part thereof, to an airport authority or other governmental entity formed or incorporated under State law (as it may be amended) for the purpose of owning and/or operating the Airport Facilities unless all Bonds and Subordinate Obligations then Outstanding shall be defeased, prepaid or redeemed in full on or prior to the date of such assignment, transfer, sale or other disposition.

Section 16. **Severability**. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 17. **Amendments**. This Agreement may not be amended except by written agreement between the County and the Airport Board, duly executed by a Designated County Representative and an Airport Board Representative, and pursuant to a resolution of the County Board and the Airport Board, respectively. Any such amendment shall not require the consent of or notice to holders or owners of any Bonds or Subordinate Obligations then Outstanding.

The Airport Board may request that the County adopt one or more Supplemental Resolutions in connection with the issuance of a Series of Bonds and/or to amend the Master Resolution, and to adopt one or more resolutions in connection with the issuance of Subordinate Obligations, subject to the requirements of the Master Resolution.

Section 18. **Third Party Rights**. The terms of this Agreement are not intended to establish nor to create any rights in any persons or entities other than the County, the Airport Board and the respective successors of each, except for the rights of owners of Bonds and Subordinate Obligations as provided in this Agreement. Only the County, the Airport Board and the respective successors of each, and owners of Bonds and Subordinate Obligations (to the extent necessary to enforce their rights as owners of Bonds or Subordinate Obligations, as applicable) have any rights or any authority to enforce this Agreement's provisions.

Section 19. **Time of Essence**. Time and all terms and conditions shall be of the essence in this Agreement.

Section 20. **General Authorization.** The proper officials of the County and the Airport Board, and each of their respective appropriate officers, agents and representatives, are each hereby authorized and directed to take such steps, to do such acts and things, to undertake all action necessary and to execute all documents required to effect the purposes of this Agreement, the Master Resolution and any Series Resolution. Any certificates of the Airport Board required to be delivered under this Agreement or under the Master Resolution or a Series Resolution shall be delivered by an Airport Board Representative.

Section 21. **Effective Date of and Termination of Agreement**. This Agreement shall become effective on the Effective Date and, unless otherwise agreed to by the parties in order to facilitate future financings, this Agreement shall terminate upon payment in full of all principal of and interest on any Bonds and any Subordinate Obligations, and any amounts due and owing to the County in connection with the issuance of such obligations.

Section 22. **Disclaimers with Respect to Loans**. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT, OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

[signature page follows]

IN WITNESS WHEREOF, the County and the Airport Board have caused this Agreement to be executed in their respective names by their duly authorized officers, and have caused this Agreement to be dated as of the Effective Date.

SPOKANE COUNTY, WASHINGTON	AIRPORT BOARD
____________________	____________________
Mary L. Kuney Chair of the Board of County Commissioners of Spokane County, as Designated County Representative	Lawrence J. Krauter Chief Executive Officer, as Airport Board Representative
Approved as to form:	Approved as to form:
____________________	____________________
Pacifica Law Group LLP, Bond Counsel to Spokane County, Washington	Brian M. Werst General Counsel

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APPENDIX F

BOOK-ENTRY SYSTEM

The information in this section concerning the Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system has been obtained from DTC's website at www.dtcc.com and neither the County or the Airport Board takes responsibility for the accuracy thereof. Beneficial Owners (as hereinafter defined) should therefore confirm the following with DTC or the Participants (as hereinafter defined). For purposes of this section, references to the Issuer mean the County, references to Agent mean the Bond Registrar and references to Securities means the 2024 Bonds. For the purposes of this Official Statement, the term "Beneficial Owner" includes the person for whom the Participant acquires an interest in the 2024 Bonds.

THE DEPOSITORY TRUST COMPANY

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE
(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Certificate") is executed and delivered by Spokane County, Washington (the "County") and the Spokane Airport Board (the "Airport Board"), in connection with the issuance by the County of its Airport Revenue Bonds, Series 2024A (Non-AMT) (the "2024A Bonds") and its Airport Revenue Bonds, Series 2024B (AMT) (the "2024B Bonds" and together with the 2024A Bonds, the "2024 Bonds") pursuant to Master Resolution No. 24-0547 and Resolution No. 24-0548 adopted by the Board of County Commissioners (together the "Resolution"). Pursuant to the Resolution, the County and the Airport Board hereby covenant and agree as follows:

Section 1. Purpose of this Certificate. This Certificate is being executed and delivered by the County and the Airport Board for the benefit of the holders and beneficial owners of the 2024 Bonds and in order to assist the Participating Underwriter in complying with the Rule (each as defined below).

Section 2. Definitions. In addition to the definitions set forth herein, in the Resolution or in the Official Statement, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

Airport Board Annual Report means any Airport Board Annual Report provided by the Airport Board as described in Section 3 of this Certificate.

Commission means the Securities and Exchange Commission.

EMMA means the MSRB's Electronic Municipal Market Access system, which shall receive all required filings under Rule 15c2-12.

Financial Obligation means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of clause (A) or (B) of this definition. 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.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Official Statement related to the 2024 Bonds.

Participating Underwriter means the original underwriter of the 2024 Bonds required to comply with the Rule in connection with offering the 2024 Bonds.

Rule or *Rule 15c2-12* means Section (b)(5) of Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Airport Board Annual Reports.

(a) *Airport Board Annual Reports*. The Airport Board agrees to provide or cause to be provided not later than on or before the end of nine months after the end of the Airport Board's fiscal year (commencing no later than September 30, 2025 for the fiscal year ended December 31, 2024) to the MSRB through EMMA, an Airport Board Annual Report for the preceding fiscal year which is consistent with the requirements of Section 3(b) of this Certificate. In order to facilitate this undertaking, the County may file or cause to be filed such Airport Board Annual Report with the MSRB through EMMA; provided, that the Airport Board agrees to provide the County a complete copy of each Airport Board Annual Report at a reasonable time agreed to by the County to permit such timely filing to be made.

(b) *Contents of Airport Board Annual Reports*. The Airport Board Annual Report shall contain or include by reference the following:

(i) The audited financial statements of the Airport Board for the prior fiscal year, prepared in accordance with generally accepted accounting principles applicable to government entities, with regulations prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute), of substantially the same nature as that included in the Official Statement in Appendix C; provided, that if the Airport Board's audited financial statements are not yet available, the Airport Board shall provide its unaudited financial statements in substantially the same format, and audited financial statements when and if they become available;

(ii) The principal amount of outstanding 2024 Bonds and any additional bonds or obligations issued on a parity of lien on the Revenues of the Airport System as of December 31 of such fiscal year;

(iii) Annual debt service coverage calculated pursuant to the rate covenant contained in the Resolution (as described in the Official Statement under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Rate Covenant"); and

(iv) Operating data for the Airport Board for the preceding fiscal year (except as specified below) of the type included in the Official Statement in the following tables:

- Table A-1: Spokane International Airport O&D and Connecting Enplaned Passengers;
- Table A-2: Spokane International Airport Aircraft Operations;
- Table A-3: Spokane International Airport Landed Weight;
- Table A-4: Spokane International Airport: Air Cargo;
- Table A-5: Spokane International Airport: Passenger Airlines and Cargo Carriers Serving the Airport (as of July 1 of such fiscal year);
- Table A-6: Spokane International Airport: Enplanements by Passenger Airlines;
- Table A-10: Spokane Airport Board Annual Collections of PFCs.

The annual financial information may be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the website of the MSRB or filed with the Commission.

Items in (ii) through (iv) will be required only to the extent that such information is not included in the annual financial statements provided for in (i).

Any or all of the items listed in the Airport Board Annual Report may be incorporated by specific reference from other documents, including official statements of debt issues of the County or related public entities, which have been submitted to the MSRB, through EMMA. If the document incorporated by reference is a final official statement, it must be available from the MSRB, through EMMA. Any documents incorporated by reference shall be clearly identified as such.

The contents, presentation and format of the Airport Board Annual Report may be modified from time to time as determined in the judgment of the Airport Board to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Airport Board or to reflect changes in the business, structure, operations, legal form of the Airport Board or any mergers, consolidations, acquisitions or dispositions made by or affecting the Airport Board; provided that any such modifications shall comply with the requirements of the Rule; provided, further, that if the respective Airport Board Annual Report is modified to conform to changes in accounting or disclosure principles, the annual financial information for the year in which the change is made should present a comparison between the financial statements or information prepared on the basis of the new accounting or disclosure principles and those prepared on the basis of the former accounting or disclosure principles.

Section 4. Reporting of Listed Events.

(a) *County's Listed Events*. The County agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the 2024 Bonds:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;

- 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 2024 Bonds, or other material events affecting the tax status of the 2024 Bonds;
- Modifications to the rights of Bondholders, if material;
- Optional, contingent or unscheduled 2024 Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the 2024 Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the County;
- The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material;
- Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- Incurrence of a Financial Obligation of the County, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

(b) *Airport Board's Listed Events*. The Airport Board agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the 2024 Bonds:

- Non-payment related defaults, if material;
- Bankruptcy, insolvency, receivership or similar event of the Airport Board;
- The consummation of a merger, consolidation, or acquisition involving the Airport Board or the sale of all or substantially all of the assets of the Airport Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material;
- Incurrence of a Financial Obligation of the Airport Board, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Airport Board, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Airport Board, any of which reflect financial difficulties.

Section 5. EMMA; Format for Filings with the MSRB. Until otherwise designated by the MSRB or the Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's EMMA system, currently located at www.emma.msrb.org. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination/Modification. The County's and the Airport Board's obligations to provide Airport Board Annual Reports and notices of listed events with respect to the 2024 Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of the 2024 Bonds of each series. Any provision of this undertaking shall be null and void if the County (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the 2024 Bonds and (2) notifies the MSRB of such opinion and the cancellation of all or any portion of this undertaking.

Notwithstanding any other provision of this certificate, the County and the Airport Board may amend this certificate, and any provision of the undertaking contained herein may be waived, in accordance with the Rule, which, as currently interpreted by the Commission, requires that (i) the amendment or waiver 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 County or the Airport Board, or type of business conducted; (ii) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of holders of the 2024 Bonds, as determined either by parties unaffiliated with the County (such as bond counsel) or by the approving vote of holders of the 2024 Bonds.

In the event of any amendment or waiver of the undertaking provided for in this certificate, the County or the Airport Board, as applicable, shall describe such amendment or waiver in the Airport Board Annual Report, and shall include a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County or the Airport Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event above, and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

The County and the Airport Board hereby reserve the right to rescind this undertaking without the consent of the holders in the event the Rule is repealed by the Commission or is ruled to be invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of Rule 15c2-12, the County and the Airport Board hereby reserve the right to rescind those provisions of this undertaking that were required by those parts of the Rule that are so repealed or invalidated.

<u>Section 7</u>. <u>Bond Owner's Remedies</u>. The right of any bond owner or beneficial owner of 2024 Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the County's and/or the Airport Boards', as applicable, obligations under this undertaking, and any failure by the County and/or the Airport Board to comply with the provisions of this undertaking shall not be an event of default with respect to the 2024 Bonds. For purposes of this Certificate, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2024 Bonds, including persons holding 2024 Bonds through nominees or depositories.

<u>Section 8</u>. <u>Dissemination Agent</u>. The County Senior Director of Finance and Administration and the Airport Board Chief Financial Officer, or such individual's designee, is designated to carry out this undertaking in accordance with Rule on behalf of the County and the Airport Board, respectively. The County may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

DATED this 7th day of November, 2024.

SPOKANE COUNTY, WASHINGTON

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SPOKANE AIRPORT BOARD

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APPENDIX H

DEMOGRAPHIC AND ECONOMIC INFORMATION

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DEMOGRAPHIC AND ECONOMIC INFORMATION

Introduction

The County continues to experience a diversification of its economic base due to the influx and growth of high technology firms and service industries attracted to the region by the high quality work force present in the County. The County has the second largest concentration of medical services in a three-state region that extends into adjoining areas in Canada, with a diversified employment base. Other leading employment sectors are wholesale and retail trade, government, educational services and manufacturing.

The urbanized area of the County serves as the economic hub of and the regional trade center for an area commonly known as the "Inland Northwest," consisting of portions of eastern Washington, northern Idaho, western Montana and the southeastern portion of the province of British Columbia, Canada. The estimated population of the Inland Northwest is over 1.5 million. The County's metropolitan area provides higher education and research opportunities, high quality health care facilities, extensive support services for area residents and businesses and a large downtown retail and business core.

Population

According to a report by the Washington State Office of Financial Management last updated June 28, 2024, the County's 2024 population is approximately 554,600 and it is the fourth most populated county in the State. Historical population statistics for the County, major cities within the County, and in the State are as follows:

TABLE H-1
POPULATION(1)

Year	Spokane County	City of Spokane	City of Liberty Lake	City of Spokane Valley	State of Washington
2024	559,400	233,000	13,870	108,800	8,035,700
2023	554,600	232,700	13,150	107,400	7,951,150
2022	550,700	230,900	12,870	107,100	7,864,400
2021	542,100	229,400	12,480	104,500	7,766,975
2020	539,339	228,989	12,003	102,976	7,707,047

(1) 2020 data based on U.S. Census figures. Estimates for other years are as of April 1 of each year.
Source: Washington State Office of Financial Management

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Household Income

The following tables sets out the estimated per capita personal income, total personal income and median household income, in current dollars for the five-year period.

TABLE H-2
SPOKANE COUNTY PER CAPITA PERSONAL INCOME AND TOTAL PERSONAL INCOME

Year	Total Personal Income ($000)	Per Capita Income[1]
2022[2]	$ 29,805,658	$ 54,223
2021	29,715,525	54,474
2020	26,560,163	49,083
2019	24,355,369	45,652
2018	23,089,080	44,116

(1) Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2018-2022 reflect county population estimates available as of November 2023.
(2) Most recent data available.
Source: U.S. Bureau of Economic Analysis, Per Capita and total Personal Income in Spokane County, Washington

TABLE H-3
SPOKANE COUNTY MEDIAN HOUSEHOLD INCOME

Year	Median Household Income
2023[1]	$ 71,390
2022[2]	69,079
2021	65,571
2020	60,827
2019	59,976

(1) Projection.
(2) Preliminary estimate.
Source: Washington State Office of Financial Management

Building Permits

The following table lists the building permits issued in the County:

TABLE H-4
BUILDING PERMITS STATISTICS

	SINGLE-FAMILY		MULTIFAMILY	
Year	Number of Units	Valuation	Number of Units	Valuation
2024[1]	1,025	$ 325,703,905	1,386	$ 202,964,900
2023	1,407	421,090,282	2,215	330,489,379
2022	1,755	485,011,359	1,990	249,494,689
2021	1,610	436,530,656	1,505	203,930,791
2020	1,662	403,143,707	1,508	208,539,900

(1) Preliminary average through August 2024.
Source: United States Census Bureau

Taxable Retail Sales

The following table indicates the County's historical taxable retail sales:

TABLE H-5
TAXABLE RETAIL SALES

Year	Spokane County	City of Spokane	City of Liberty Lake	City of Spokane Valley
2024[(1)]	$ 3,374,026,472	$ 1,643,673,810	$ 158,402,613	$ 810,956,720
2023	15,045,274,759	7,121,701,347	750,656,570	3,661,720,308
2022	14,707,782,536	7,010,150,247	661,096,125	3,631,765,386
2021	13,936,012,956	6,702,102,339	556,869,865	3,561,603,923
2020	11,640,793,876	5,533,511,372	489,973,141	2,910,785,762

(1) Preliminary, through the first quarter. For comparison purposes, taxable retail sales through the first quarter 2023 for the County, the City of Spokane, the City of Liberty Lake and the City of Spokane Valley were $3,362,831,955, $1,614,920,161, $164,131,375, and $834,593,564, respectively.
Source: Washington State Department of Revenue

Employment

The following tables indicates employment data in the County.

TABLE H-6
SPOKANE COUNTY
MAJOR EMPLOYERS
(As of December 21, 2023)

Employer	No. of Employees
Fairchild Air Force Base	7,404
Providence Inland Northwest Washington	6,775
State of Washington	5,941
Spokane Public Schools – District 81	3,754
Amazon.com Inc.	3,724
MultiCare Health System – Inland Northwest	3,354
City of Spokane	2,268
Spokane County	1,895
Community Colleges of Spokane	1,738
Mann-Grandstaff VA Medical Center	1,605

Source: 2023 Journal of Business Book of Lists

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TABLE H-7
SPOKANE METROPOLITAN STATISTICAL AREA NONAGRICULTURAL WAGE AND SALARY WORKERS[(1)] AND LABOR FORCE AND EMPLOYMENT DATA
NOT SEASONALLY ADJUSTED

	Annual Average				
Spokane County	**2024[(2)]**	**2023**	**2022**	**2021**	**2020**
Civilian Labor Force	265,920	264,059	261,271	256,755	256,668
Total Employment	252,724	252,852	249,363	242,856	234,378
Total Unemployment	13,196	11,207	11,908	13,899	22,290
Unemployment Rate	5.0%	4.2%	4.6%	5.4%	8.7%

NAICS Industry[(3)]	**2024**	**2023**	**2022**	**2021**	**2020**
Total Nonfarm	268,750	267,908	264,017	254,408	243,758
Total Private	225,275	225,092	222,800	214,475	203,375
Goods Producing	34,050	34,900	34,725	32,817	31,808
Mining, Logging and Construction	16,300	16,858	16,742	15,792	14,867
Manufacturing	17,750	18,042	17,983	17,025	16,942
Service Providing	234,700	233,008	229,292	221,592	211,950
Trade, Transportation and Utilities	50,825	51,000	51,267	50,925	45,733
Wholesale Trade	11,475	11,342	11,117	10,725	10,583
Retail Trade	27,912	28,375	28,658	28,550	27,367
Food and Beverage Stores	5,025	5,075	5,150	5,225	5,058
General Merchandise Stores	6,025	6,083	6,133	5,942	5,558
Transportation and Utilities	11,438	11,283	11,492	11,650	7,783
Information	2,975	3,083	2,958	2,800	3,200
Financial Activities	14,162	14,742	14,817	14,717	14,775
Finance and Insurance	9,850	10,367	10,567	10,708	10,850
Professional and Business Services	29,850	29,617	29,133	27,858	26,042
Education and Health Services	58,550	56,533	55,092	54,275	52,825
Health and Social Assistance	50,475	48,533	47,408	47,000	46,258
Ambulatory Health Care Services	18,338	17,667	16,933	16,708	16,267
Hospitals	11,338	10,992	10,767	10,783	10,708
Leisure and Hospitality	25.025	25,542	25,233	21,800	19,417
Food Services and Drinking Places	18,750	19,008	18,817	16,958	15,108
Other Services	9,838	9,675	9,575	9,283	9,575
Government	43,475	42,817	41,217	39,933	40,383
Federal Government	5,562	5,383	5,342	5,417	5,425
Total State Government	11,138	10,892	10,375	10,017	10,692
State Government Educational Services	5,050	5,075	4,867	4,217	4,933
Total Local Government	26,775	26,542	25,500	24,500	24,267
Local Government Educational Services	14,112	14,050	13,625	12,908	12,700
Workers in Labor/Management Disputes	0	0	0	0	0

(1) Excludes proprietors, self-employed, members of the armed services, workers in private households, and agriculture. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month.

(2) Information uses the most recent quarter from the Unemployment Insurance tax reports and estimates employment from that point to present. Most recent data available is (Preliminary) August 2024.

(3) North American Industry Classification System.

Source: Washington State Employment Security Department

SPOKANE COUNTY, WASHINGTON • AIRPORT REVENUE BONDS, SERIES 2024A (NON-AMT) AND SERIES 2024B (AMT)

Spokane County

WASHINGTON

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