NEW ISSUE - BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the conditions described herein under "TAX MATTERS," interest on the Series 2021A Bonds (as hereinafter defined) is excluded from gross income of the holders of such Series 2021A Bonds for federal income tax purposes, except that such exclusion shall not apply during any period such Series 2021A Bonds are held by a "substantial user" of the facilities financed or refinanced with proceeds of the Series 2021A Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended, and such interest is an item of tax preference for purposes of the federal alternative minimum tax. Such interest may be subject to other federal income tax consequences referred to herein under "TAX MATTERS."

$139,560,000
LEE COUNTY, FLORIDA
AIRPORT REVENUE REFUNDING BONDS,
SERIES 2021A (AMT)

Dated: Date of Delivery **Due: October 1 in the years as shown on inside cover**

Lee County, Florida (the "County") will be issuing its Lee County, Florida Airport Revenue Refunding Bonds, Series 2021A (AMT) (the "Series 2021A Bonds") as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). The Lee County Port Authority (the "Authority") was created by the County in 1990 and is responsible for the operation, management and development of all properties, facilities, systems and personnel associated with air and sea transportation and commerce within the County, which properties and facilities include the Southwest Florida International Airport (the "Airport").

DTC will act as securities depository for the Series 2021A Bonds. Purchasers of the Series 2021A Bonds will not receive certificates representing their interests in the Series 2021A Bonds purchased. Ownership by the beneficial owners of the Series 2021A Bonds will be evidenced by book-entry only. Principal of, premium, if any, and interest on the Series 2021A Bonds will be paid by U.S. Bank National Association, Fort Lauderdale, Florida, as Bond Registrar and Paying Agent, to DTC, which in turn will remit such principal, premium, if any, and interest payments to its participants for subsequent disbursement to the beneficial owners of the Series 2021A Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2021A Bonds will be made to such registered owner, and disbursal of such payments to beneficial owners will be the responsibility of DTC and its participants. See "DESCRIPTION OF THE SERIES 2021A BONDS - Book-Entry Only System" herein. Interest on the Series 2021A Bonds is payable on October 1 and April 1 of each year, with the first interest payment date being October 1, 2021. The Series 2021A Bonds are subject to optional redemption prior to maturity, as more particularly described herein. See "DESCRIPTION OF THE SERIES 2021A BONDS – Redemption" herein.

The Series 2021A Bonds will be issued pursuant to Resolution No. 00-03-04, adopted by the Board of County Commissioners of Lee County, Florida (the "Board"), on March 13, 2000, as amended and supplemented, particularly as supplemented by Resolution No. 21-06-02, adopted by the Board on June 1, 2021 (collectively, the "Bond Resolution"). The Authority has adopted a resolution concurring in the adoption of the Bond Resolution by the County and agreeing to be bound by and comply with all the terms, covenants and provisions of the Bond Resolution.

The Series 2021A Bonds are being issued by the County to provide funds which, together with other legally available funds, will be sufficient (1) to refund all of the County's outstanding Airport Revenue Refunding Bonds, Series 2011A (AMT), as more fully described herein (the "Refunded Bonds"), and (2) to pay the costs of issuance of the Series 2021A Bonds. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The payment of principal of and interest on the Series 2021A Bonds is secured equally and ratably by a first lien upon, security interest in and pledge of (1) Net Revenues, (2) the amounts on deposit in the Sinking Fund, and all Accounts therein, except as provided in the Bond Resolution; the Subordinated Indebtedness Fund (other than the proceeds of Subordinated Indebtedness); the Renewal, Replacement and Improvement Fund; and the Airport Fund, each established by the Bond Resolution, and (3) until expended, the amounts on deposit in the applicable Subaccounts of the Project Fund with respect to any particular Series of Bonds (collectively, the "Pledged Funds"). See "SECURITY FOR THE BONDS" herein. The Series 2021A Bonds will be issued on parity with the County's outstanding Airport Revenue Refunding Bonds, Series 2010A (AMT) (the "Series 2010A Bonds") and Airport Revenue Refunding Bonds, Series 2015 (Non-AMT) (the "Series 2015 Bonds" and together with the Series 2010A Bonds, the "Parity Bonds") and the Refunded Bonds. On June 25, 2020, the County adopted Resolution No. 20-06-30 which pledged a portion of the passenger facility charges ("PFCs") as additional security for the Parity Bonds and Refunded Bonds (the "Pledged PFCs"). The Series 2021A Bonds which refund Refunded Bonds shall also be payable from Pledged PFCs. The Pledged PFCs shall be treated as Revenues under the Bond Resolution. See "INTRODUCTION – Passenger Facility Charges" and "SECURITY FOR THE BONDS" herein for more information regarding Pledged PFCs.

Together with the Parity Bonds, the Series 2021A Bonds are secured by the Reserve Account in an amount equal to the Reserve Requirement for the Bonds (each as further defined and described herein). Amounts in the Reserve Account are required to be used to pay the principal of, premium, if any, and interest on the Bonds when the money in the other Accounts within the Sinking Fund is insufficient therefor.

THE SERIES 2021A BONDS AND THE INTEREST THEREON WILL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE COUNTY OR THE AUTHORITY WITHIN THE MEANING OF THE CONSTITUTION OR ANY STATUTE OF THE STATE OF FLORIDA, BUT WILL BE SPECIAL AND LIMITED OBLIGATIONS OF THE COUNTY PAYABLE AND SECURED AS PROVIDED IN THE BOND RESOLUTION. NO HOLDER OF ANY SERIES 2021A BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE COUNTY OR THE AUTHORITY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY BOND SERVICE CHARGES OR ANY OTHER OBLIGATIONS SET FORTH IN THE BOND RESOLUTION, NOR SHALL ANY SERIES 2021A BOND HOLDER BE ENTITLED TO PAYMENT OF ANY BOND SERVICE CHARGES OR ANY OTHER OBLIGATIONS SET FORTH IN THE BOND RESOLUTION FROM ANY FUNDS OF THE COUNTY OR THE AUTHORITY OTHER THAN THE SOURCES SPECIFIED IN THE BOND RESOLUTION. THE AUTHORITY HAS NO TAXING POWER. SEE "SECURITY FOR THE BONDS" HEREIN.

This cover page contains certain information for quick reference only. It is not a summary of the transaction or the underlying transaction documents. Investors must read the entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision. See "CERTAIN INVESTMENT CONSIDERATIONS" herein for a discussion of certain factors that should be considered by prospective purchasers of the Series 2021A Bonds.

The Series 2021A Bonds are offered in book-entry form when, as and if issued and received, subject to the approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the County and the Authority by Richard Wm. Wesch, Esquire, County Attorney. Certain legal matters will be passed on for the County by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel. Certain legal matters will be passed on for the Underwriters by Moskowitz, Mandell, Salim & Simowitz, P.A., Fort Lauderdale, Florida, Counsel to the Underwriters. It is expected that the Series 2021A Bonds will be available for delivery through the facilities of DTC on or about June 30, 2021.

BofA Securities

Citigroup **Raymond James**

June 17, 2021

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS AND INITIAL CUSIP NUMBERS

$139,560,000
LEE COUNTY, FLORIDA
AIRPORT REVENUE REFUNDING BONDS,
SERIES 2021A (AMT)

Maturity (October 1)	Principal Amount	Interest Rate	Price	Yield	Initial CUSIP Numbers**
2023	$12,675,000	5.000%	110.544	0.300%	523470GB2
2024	13,315,000	5.000	114.675	0.450	523470GC0
2025	13,980,000	5.000	118.354	0.620	523470GD8
2026	14,680,000	5.000	121.618	0.790	523470GE6
2027	15,410,000	5.000	124.459	0.960	523470GF3
2028	15,400,000	5.000	127.113	1.100	523470GG1
2029	16,000,000	5.000	129.588	1.220	523470GH9
2030	16,100,000	5.000	131.748	1.340	523470GJ5
2031	16,200,000	5.000	134.043	1.420	523470GK2
2032	5,800,000	5.000	132.697*	1.540*	523470GL0

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* Price and yield calculated to the first optional redemption date of October 1, 2031.

** CUSIP numbers have been assigned by an independent company not affiliated with the County and are included solely for the convenience of the owners of the Series 2021A Bonds. The County is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2021A Bonds or as indicated above.

LEE COUNTY, FLORIDA AND LEE COUNTY PORT AUTHORITY

BOARD OF COUNTY COMMISSIONERS AND
BOARD OF PORT COMMISSIONERS

Kevin Ruane, Chairman
Cecil L. Pendergrass, Vice Chairman
Brian Hamman
Frank Mann
Ray Sandelli

Roger Desjarlais
County Manager

Richard Wm. Wesch, Esq.
County Attorney
Attorney to the Authority

CLERK OF CIRCUIT COURT
Linda Doggett

AIRPORT OFFICIALS
Benjamin R. Siegel, C.P.A., C.M.
Executive Director

Brian W. McGonagle
Deputy Executive Director, Administration

Mark R. Fisher, A.A.E.
Deputy Executive Director, Development

Steven Hennigan
Deputy Executive Director, Aviation

Dave Amdor, CPA
Department Director - Finance

BOND COUNSEL
Nabors, Giblin & Nickerson, P.A.

DISCLOSURE COUNSEL
Bryant Miller Olive P.A.

FINANCIAL ADVISOR
PFM Financial Advisors LLC

AIRPORT CONSULTANT
Ricondo & Associates

No dealer, broker, salesman or other person has been authorized by the County or the Underwriters to give any information or to make any representations in connection with the offering of the Series 2021A 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. 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 Series 2021A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the County, The Depository Trust Company ("DTC") and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters. The Underwriters listed on the cover page hereof have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2021A Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2021A BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2021A BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH, TO THE EXTENT THEY ARE NOT RECITATIONS OF HISTORICAL FACT, CONSTITUTE "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTENT," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. A NUMBER OF FACTORS AFFECTING THE COUNTY'S BUSINESS AND FINANCIAL RESULTS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN THE FORWARD-LOOKING STATEMENTS.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("ORIGINAL BOUND FORMAT"), OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: WWW.MUNIOS.COM AND WWW.EMMA.MRSB.ORG. THIS OFFICIAL STATEMENT MAY BE RELIED ON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT, OR IF IT IS PRINTED OR SAVED IN FULL DIRECTLY FROM THE AFOREMENTIONED WEBSITES.

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OFFICIAL STATEMENT

$139,560,000
LEE COUNTY, FLORIDA
AIRPORT REVENUE REFUNDING BONDS,
SERIES 2021A (AMT)

INTRODUCTION

General

This Official Statement is furnished by Lee County, Florida (the "County") to provide information regarding the Southwest Florida International Airport (the "Airport") and the County's $139,560,000 aggregate principal amount of Lee County, Florida Airport Revenue Refunding Bonds, Series 2021A (AMT) (the "Series 2021A Bonds"). Certain capitalized terms used in this Official Statement, unless otherwise defined herein, are defined in "COPY OF THE BOND RESOLUTION," included as Appendix D attached hereto.

Purpose

The proceeds received by the County from the sale of the Series 2021A Bonds, together with other legally available funds, will be used to: (1) to refund all of the County's outstanding Airport Revenue Refunding Bonds, Series 2011A (AMT) (the "Refunded Bonds"), as more fully described under the caption "THE REFUNDING PLAN" herein, and (2) pay the costs of issuance of the Series 2021A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The County

The County is a political subdivision of the State of Florida ("State") and is governed by a five-member Board of County Commissioners of Lee County, Florida (the "Board"). The County is located on the Gulf of Mexico in the southwestern portion of the State and encompasses approximately 811 square miles, including several small islands in the Gulf of Mexico. Four incorporated municipalities are located on the mainland: Fort Myers, Estero, Bonita Springs and Cape Coral. There are two other island municipalities. The Town of Fort Myers Beach is located on Estero Island and the City of Sanibel is situated on Sanibel Island. The unincorporated communities include Lehigh Acres, North Fort Myers, Tice, Alva, Matlacha, Bokeelia, St. James City and Captiva Island. The County in 2020 had an estimated population of 750,493. The County owns and, through the Lee County Port Authority (the "Authority"), operates the Airport. See "THE COUNTY, THE AUTHORITY AND THE AIRPORT" herein.

The Authority

The Authority was created by the County in 1990 and is responsible for the operation, management and development of all properties, facilities, systems and personnel associated with air and sea transportation and commerce within the County, which properties and facilities currently consist of the Airport and Page Field (described below). Page Field is not part of the Airport. The Board of Port Commissioners (the "Port Authority Board") is the governing body of the Authority. The members of the Board also serve as members of the Port Authority Board. See "THE COUNTY, THE AUTHORITY AND THE AIRPORT" herein.

Authorization

The Series 2021A Bonds are being issued under the authority granted to the County pursuant to Chapters 125, Part I, and 332, Florida Statutes, and other applicable laws. The Series 2021A Bonds will be issued pursuant to Resolution No. 00-03-04 adopted by the Board of County Commissioners of Lee County, Florida (the "Board") on March 13, 2000, as amended and supplemented and particularly as supplemented by Resolution No. 21-06-02 adopted by the Board on June 1, 2021 (collectively, the "Bond Resolution"). A copy of the Bond Resolution is provided in Appendix D attached hereto. The Authority has adopted a resolution concurring in the adoption of the Bond Resolution by the County and agreeing to be bound by and comply with all the terms, covenants and provisions of the Bond Resolution.

Security for the Bonds

The payment of principal of and interest on the Series 2021A Bonds is secured equally and ratably by a first lien upon, security interest in and pledge of (1) Net Revenues, (2) the amounts on deposit in the Sinking Fund, and all Accounts therein, except as provided in the Bond Resolution; the Subordinated Indebtedness Fund (other than the proceeds of Subordinated Indebtedness); the Renewal, Replacement and Improvement Fund; and the Airport Fund, each established by the Bond Resolution, and (3) until expended, the amounts on deposit in the applicable Subaccounts of the Project Fund with respect to any particular Series of Bonds (collectively, the "Pledged Funds"). See "SECURITY FOR THE BONDS" herein. The Series 2021A Bonds will be issued on parity with the County's outstanding Airport Revenue Refunding Bonds, Series 2010A (AMT) (the "Series 2010A Bonds") and Airport Revenue Refunding Bonds, Series 2015 (Non-AMT) (the "Series 2015 Bonds and together with the Series 2010A Bonds, collectively, the "Parity Bonds"). Upon issuance of the Series 2021A Bonds, the Series 2010A Bonds and the Series 2015 Bonds will be outstanding in the aggregate principal amounts of $16,440,000 and $33,425,000, respectively. The Series 2021A Bonds, the Parity Bonds and any Additional Parity Bonds hereafter issued under the Bond Resolution are collectively referred to hereunder as the "Bonds."

On June 25, 2020, the County adopted Resolution No. 20-06-30 (the "PFC Resolution") which pledged a portion of the passenger facility charges ("PFCs") as additional security for the Parity Bonds and the Refunded Bonds (the "Pledged PFCs"). The Series 2021A Bonds which refund Refunded Bonds shall also be payable from Pledged PFCs. The Pledged PFCs shall be treated as Revenues under the Bond Resolution. See "—Passenger Facility Charges" below and "SECURITY FOR THE BONDS – Additional Security for Certain Series; Release of Additional Security" herein.

Together with the Parity Bonds, the Series 2021A Bonds are secured by the Reserve Account in an amount equal to the Reserve Requirement for the Bonds (each as further defined and described herein). See "SECURITY FOR THE BONDS – Reserve Account" herein.

THE SERIES 2021A BONDS AND THE INTEREST THEREON WILL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE COUNTY OR THE AUTHORITY WITHIN THE MEANING OF THE CONSTITUTION OR ANY STATUTE OF THE STATE, BUT WILL BE SPECIAL AND LIMITED OBLIGATIONS OF THE COUNTY PAYABLE AND SECURED AS PROVIDED IN THE BOND RESOLUTION. NO HOLDER OF ANY SERIES 2021A BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE COUNTY OR THE AUTHORITY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY BOND SERVICE CHARGES OR ANY OTHER OBLIGATIONS SET FORTH IN THE BOND RESOLUTION, NOR SHALL ANY SERIES 2021A BOND HOLDER BE

ENTITLED TO PAYMENT OF ANY BOND SERVICE CHARGES OR ANY OTHER OBLIGATIONS SET FORTH IN THE BOND RESOLUTION FROM ANY FUNDS OF THE COUNTY OR THE AUTHORITY OTHER THAN THE SOURCES SPECIFIED IN THE BOND RESOLUTION. THE AUTHORITY HAS NO TAXING POWER. SEE "SECURITY FOR THE BONDS" HEREIN.

Passenger Facility Charges

As part of the Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the Federal Aviation Authority (the "FAA") pursuant to published regulations (the "PFC Regulations"), the United States Congress has authorized commercial service airports such as the Airport to collect PFCs from each paying passenger enplaned at such airport in the amount of $1.00, $2.00, $3.00, $4.00 or $4.50, subject to certain limitations. The Authority is currently authorized to collect PFCs at a rate of $4.50 per enplaned passenger at the Airport. The Authority is currently authorized to collect approximately $908.3 million in PFCs through November 1, 2039. Through December 2020, the Authority has collected a total of approximately $350 million in PFCs. PFCs may be used, subject to applicable regulations, either to pay debt service on all or a portion of bonds secured by, or payable from, PFCs or to pay for eligible capital improvements on a year-to-year basis, as specified in the applicable approval. PFCs must be used to finance eligible airport-related projects that (a) preserve or enhance safety, capacity or security of the national air transportation system, (b) reduce noise from an airport that is part of such system or (c) furnish opportunities for enhanced competition between or among air carriers. Eligible projects include airport development or planning, terminal development, airport noise compatibility measures and planning and construction of gates and related areas (other than restaurants, rental car facilities, automobile parking or other concessions) for the movement of passengers and baggage. Currently, the Airport's PFC approvals authorize (but do not require) the use of PFCs to pay debt service on any bonds issued to finance PFC approved projects.

On June 25, 2020, the County adopted the PFC Resolution which pledged the Pledged PFCs as additional security for the Parity Bonds (collectively with the Series 2021A Bonds, the "PFC Pledged Bonds") and the Refunded Bonds. The PFCs equal $4.50 per enplaned passenger. Only a portion of PFCs are Pledged PFCs. The County and the Authority have elected to only use an amount equal to $0.75 per enplaned passenger of the Pledged PFCs to pay debt service on PFC Pledged Bonds, which includes the Series 2021A Bonds, and in the future the Authority could elect to increase or decrease this amount although Bondholders will continue to have a pledge of and lien upon the entire amount of Pledged PFCs. The Pledged PFCs are legally available to be used to meet the rate covenant and the Additional Parity Bonds test with respect to PFC Pledged Bonds. See "SECURITY FOR THE BONDS-Issuance of Additional Parity Bonds" and "SECURITY FOR THE BONDS--Rate Covenant" herein.

The receipts from the Pledged PFCs shall be treated as Revenues and shall be deposited into a special Passenger Facilities Charge Subaccount for the Revenue Fund and shall be applied, on a parity with Revenues not derived from Pledged PFCs, in the manner and order of priority set forth in the Bond Resolution, provided such moneys shall only be applied for deposits for the applicable Subaccounts created for the PFC Pledged Bonds. The pledge of Pledged PFCs may subsequently be released and extinguished as provided in Section 3.02 of the Bond Resolution. In addition, the pledge of the Pledged PFCs may include Additional Parity Bonds issued by the County in accordance with the terms of the Bond Resolution. See "THE COUNTY, THE AUTHORITY AND THE AIRPORT – Passenger Facility Charges" herein and Section 3.02 in "COPY OF THE BOND RESOLUTION" attached hereto as Appendix D herein.

Additional Parity Bonds

In the future, the County may issue Additional Parity Bonds under the Bond Resolution on a parity with the Series 2021A Bonds and the Parity Bonds. See "FUTURE DEBT ISSUANCE" and "SECURITY FOR THE BONDS - Additional Parity Bonds" herein.

COVID-19

COVID-19, which began impacting the U.S. in March, 2020, and the resultant government measures and changes in international and domestic passenger travel behavior resulted in significant reductions in passenger traffic beginning in the fiscal year ended September 30, 2020 when compared to prior fiscal years and which has continued into the fiscal year ending September 30, 2021.

Airlines experienced an estimated operating loss of $118.5 billion in 2020 and are projected to lose an additional $38.7 billion in 2021. The impact to air travel began in East Asia in December 2019 and rapidly accelerated to other regions of the world in March and April of 2020. Airlines responded by reducing capacity across their networks due to decreased demand, travel restrictions and border closures. Several large international foreign-flag airlines suspended all operations for a period in March and April 2020. By May 2020, which represented the low point in terms of passenger airline capacity offered in the U.S., scheduled departing seats decreased to 24% of May 2019 capacity for all U.S. airports and 36.6% of May 2019 capacity at the Airport. Airline capacity started to recover in June 2020, and by December 2020, departing seat capacity increased to 51.6% of December 2019 capacity. For the Airport, March 2021 scheduled departing seats represented 91.9% (26.1% higher than the national average) of March 2019 departing seats.

In the fiscal year ended September 30, 2020, from October 2019 to March 2020, monthly enplaned passengers at the Airport remained above fiscal year ended September 30, 2019 levels. As the pandemic spread and travel demand decreased, the 12-month rolling enplaned passengers totals from April 2020 to September 2020 remained below enplaned passenger volumes for the fiscal year ended September 30, 2019. Enplaned passengers continued to decrease in the first quarter of fiscal year ending September 30, 2021 (October 2020 to December 2020) as the nation experienced a surge in COVID-19 cases. Monthly seat capacity (compared to the fiscal year ended September 30, 2019) has increased through June 2021 and is expected to continue to increase as demand returns, supported by higher vaccination rates, a strengthening economy, and an assumed decrease in new COVID-19 cases. Departing seat capacity at the Airport for purposes of the Report of the Airport Consultant (the "Report") attached hereto as APPENDIX C is assumed to return to fiscal year ended September 30, 2019 activity levels in February 2023, prior to enplaned passenger volumes. While scheduled seats totaled 4,993,612 in the fiscal year ended September 30, 2020, a decline of 793,368 seats from the high of 5,786,980 scheduled seats in the fiscal year ended September 30, 2019, available seats beginning in April 2021 through June 2021 have recovered and exceeded available seats compared to the same months in the fiscal year ended September 30, 2019. For April and May 2021 available seats were 9.9% and 56.8% higher than April and May 2019, respectively, and June 2021 available seats are 58.9% higher than the same month in the fiscal year ended September 30, 2019. Load factors at the Airport are also projected to continue to increase monthly through the recovery and return to averages experienced prior to the COVID-19 pandemic. As a result, enplaned passenger volumes (based on a 12-month rolling total) at the Airport are projected to return to fiscal year ended September 30, 2019 activity levels in December 2023.

The Airport has been an attractive leisure destination during the pandemic and benefits from restricted access to other competing leisure destinations in the Caribbean, Hawaii, and Mexico. Capacity reductions at the Airport were not as deep compared to the average for all medium-hub airports and U.S. airports, and the restoration of capacity has outpaced the average for both medium-hub airports and all U.S. airports. Based on historical monthly enplaned passenger data for the Airport, nation, and medium hub airports, the Airport's calendar year ("CY") 2020 decrease is less than that of the nation and of medium hub airports. For CY 2020, enplaned passengers at the Airport decreased 41% from CY 2019 activity levels compared to 59% for the nation and 61% for medium-hub airports (excluding the Airport). The Airport's throughput (i.e. maximum number of passengers and flight operations over a given period of time) in March 2021 was 75.2% of March 2019 levels and ranked second behind Luis Munoz Marin International Airport (based on percentage) among the top 50 domestic large and medium-hub airports in the nation. According to the Daily Reports of the Transportation Security Administration ("TSA"), in the CY 2019, the Airport was the 41st busiest airport in the U.S. ranked by TSA throughput and is currently ranked 19th for the period January through April 2021.

See "CERTAIN INVESTMENT CONSIDERATIONS" herein and APPENDIX C attached hereto for more information.

Remedies

There is no provision under the Bond Resolution for acceleration of the maturities of the Series 2021A Bonds upon an Event of Default. See "COPY OF THE BOND RESOLUTION," included as Appendix D attached hereto for a description of remedies in the Event of Default.

Page Field

In addition to the Airport, the County owns and, through the Authority, operates Page Field, a general aviation airport. See "THE COUNTY, THE AUTHORITY AND THE AIRPORT" herein. Revenues received by the County or the Authority from the operation of Page Field are not part of the Pledged Funds. Similarly, the operating expenses of Page Field are not part of Current Expenses.

Summaries

This Official Statement contains summaries of the Bond Resolution, the hereinafter defined Use Agreements and the terms of and security for the Bonds, together with descriptions of the Airport and its operations. All references herein to agreements and documents are qualified in their entirety by references to the definitive forms of each such agreement or document. All references to the Series 2021A Bonds are further qualified by references to the information with respect to them contained in the Bond Resolution. See "APPENDIX D – COPY OF THE BOND RESOLUTION" herein and "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS" attached hereto.

THE REFUNDING PLAN

The County has determined that it can achieve net present value savings in debt service payments by providing for the refunding of the Refunded Bonds. Provision for payment will be accomplished through the issuance of the Series 2021A Bonds and the use of a portion of the proceeds thereof, together with other legally available funds, to refund the Refunded Bonds. The Refunded Bonds maturing on and after October 1, 2021 are expected to be called for redemption on August 15, 2021 (the

"Redemption Date") at a redemption price equal to 100% of the par amount of the Refunded Bonds, plus accrued interest to the Redemption Date.

Upon delivery of the Series 2021A Bonds, U.S. Bank National Association, Fort Lauderdale, Florida, as escrow agent (the "Escrow Agent"), will enter into an Escrow Deposit Agreement (the "Escrow Agreement") with the County relating to the Refunded Bonds. The Escrow Agreement will create an irrevocable escrow deposit trust fund (the "Escrow Fund") which will be held by the Escrow Agent, and the money and securities held in the Escrow Fund will to be applied to the payment of the principal of and interest on the Refunded Bonds, as the same become due and payable and at redemption prior to maturity. The refunding will be accomplished through the issuance of the Series 2021A Bonds and the deposit of a portion of the proceeds thereof, together with other legally available moneys, into the Escrow Fund. Substantially all of such money is expected to be invested in Defeasance Obligations. The maturing principal amount of and interest on the Defeasance Obligations and any cash held uninvested in the Escrow Fund will be sufficient to pay the principal of and interest on the Refunded Bonds, through the redemption date according to schedules prepared by BofA Securities, Inc. as verified by Robert Thomas CPA, LLC, Overland Park, Kansas (the "Verification Agent"). See "VERIFICATION OF ARITHMETICAL COMPUTATIONS" herein. The Escrow Fund will be pledged solely for the benefit of the holders of the Refunded Bonds, and will not be available for payment of debt service on the Series 2021A Bonds.

In reliance upon the above-referenced schedules and verification, at the time of delivery of the Series 2021A Bonds, Bond Counsel shall deliver an opinion to the County to the effect that the covenants contained in the Bond Resolution and the pledge of and lien on the Pledged Funds in favor of the Holders of the Refunded Bonds shall be no longer in effect.

FUTURE DEBT ISSUANCE

The County expects to issue two series of Additional Parity Bonds in or around October 2021 (the "Series 2021B Bonds" and the "Series 2021C Bonds") in the approximate principal amounts of $140 million and $52 million, respectively, to finance certain portions of the Airport's Capital Improvement Program ("CIP") which includes, but is not limited to, terminal expansion. It is expected that the Series 2021B Bonds will be secured by the Pledged Funds which will include a portion of PFCs and the Series 2021C Bonds will be secured by the Pledged Funds but in that case, <u>not</u> be secured by a portion of PFCs. Thus, it is expected that the Series 2021B Bonds will be PFC Pledged Bonds and the Series 2021C Bonds will <u>not</u> be PFC Pledged Bonds. See "THE COUNTY, THE AUTHORITY AND THE AIRPORT – Capital Improvement Program and Funding Sources" herein and APPENDIX C attached hereto for more information.

DESCRIPTION OF THE SERIES 2021A BONDS

General

The Series 2021A Bonds will mature on October 1 of the years and in the amounts shown on the inside cover page hereof. The Series 2021A Bonds will be initially dated as of their date of delivery and will bear fixed rates of interest until their final maturity or earlier redemption, payable on October 1, 2021 and semiannually after that date on April 1 and October 1 in each year, at the rates per annum set forth on the inside cover page hereof. U.S. Bank National Association, Fort Lauderdale, Florida, will serve as Bond Registrar and Paying Agent pursuant to the terms of the Bond Resolution.

The Series 2021A Bonds will be issued only as fully registered bonds in denominations of $5,000 or any integral multiples thereof. The Series 2021A Bonds will be initially registered through a book-entry only system operated by The Depository Trust Company, New York, New York ("DTC"). Details of payment of the Series 2021A Bonds and the book-entry system are described below under the subcaption "Book-Entry Only System." Except as described under the subcaption "Book-Entry Only System" below, beneficial owners of the Series 2021A Bonds will not receive or have the right to receive physical delivery of Series 2021A Bonds, and will not be or be considered under the Bond Resolution to be the registered owners thereof. Accordingly, beneficial owners must rely upon (1) the procedures of DTC and, if such beneficial owner is not a Participant (as defined herein), the Participant who will act on behalf of such beneficial owner to receive notices and payments of principal of and interest on the Series 2021A Bonds, and to exercise voting rights, and (2) the records of DTC and, if such beneficial owner is not a Participant, such beneficial owner's Participant, to evidence its beneficial ownership of the Series 2021A Bonds. So long as DTC or its nominee is the registered owner of the Series 2021A Bonds, references herein to Series 2021A Bondholders or registered owners of such Series 2021A Bonds shall mean DTC or its nominee and shall not mean the beneficial owners of such Series 2021A Bonds.

Redemption

Optional Redemption. The Series 2021A Bonds maturing on or prior to October 1, 2031 are not subject to optional redemption prior to their respective maturities. The Series 2021A Bond maturing October 1, 2032 may be redeemed prior to its maturity, at the option of the County, upon at least thirty (30) days' notice, either in whole or in part, from any monies that may be available for such purpose, on any date on or after October 1, 2031, at a redemption price equal to 100% of the principal amount of the Series 2021A Bonds to be redeemed, plus accrued interest to the redemption date, without premium.

Notice of Redemption. Notice of redemption shall be mailed by registered or certified mail, postage prepaid, at least thirty (30) and not more than sixty (60) days before the redemption date to all Registered Owners of the Series 2021A Bonds or portions of Series 2021A Bonds to be redeemed at their addresses as they appear on the Register to be maintained in accordance with the provisions of the Bond Resolution. Failure to mail any such notice to a registered owner of a Series 2021A Bond, or any defect therein, shall not affect the validity of the proceedings for redemption of any Series 2021A Bond or portion thereof, with respect to which no such failure or defect occurred.

Conditional Redemption. Any optional redemption of the Series 2021A Bonds may be a Conditional Redemption and in such case, the notice of redemption shall state that the redemption is conditioned upon the conditions set forth therein, and such notice and optional redemption shall be of no effect (i) if by no later than the scheduled redemption date, the conditions set forth therein have not been satisfied, or (ii) the County rescinds such notice on or prior to the scheduled redemption date. If a redemption is a Conditional Redemption, such redemption shall be conditioned upon receipt by the Paying Agent for the Series 2021A Bonds or the escrow agent named by the County of sufficient moneys to redeem the Series 2021A Bonds, including any redemption premium, and the satisfaction of such other conditions set forth in the notice of redemption. A Conditional Redemption shall be deemed canceled once the County has given notice of rescission. The County shall give notice of rescission of a Conditional Redemption by the same means as is provided for the giving of notice of redemption. Any Series 2021A Bond subject to a Conditional Redemption which has been canceled shall remain outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the proposed redemption date shall constitute an Event of Default under the Bond Resolution.

For purposes of the foregoing, "Conditional Redemption" means a redemption with respect to which a notice of redemption has been given to Bondholders and in which notice it is stated, among other things, that the redemption is conditioned upon a deposit of funds and/or certain other conditions as may be provided therein.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY AND UNDERWRITERS BELIEVE TO BE RELIABLE. THE COUNTY AND UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2021A BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2021A BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2021A BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2021A BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2021A BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2021A BONDS TO DTC PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2021A BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2021A BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2021A BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE COUNTY AND UNDERWRITERS NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2021A Bonds. The Series 2021A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2021A Bond certificate will be issued for each maturity of the Series 2021A Bonds as set forth in the inside cover of this Official Statement in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the

DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has an S&P Global Ratings ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

Purchases of Series 2021A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021A Bondholder ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2021A Bonds, except in the event that use of the book-entry system for the Series 2021A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2021A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2021A Bonds may wish to ascertain that the nominee holding the Series 2021A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those

Direct Participants to whose accounts the Series 2021A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Series 2021A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2021A Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Series 2021A Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor depository) upon compliance with any applicable DTC rules and procedures. In that event, Series 2021A Bond certificates will be printed and delivered to DTC.

Negotiability and Registration of Series 2021A Bonds

So long as the Series 2021A Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to mutilated, destroyed, stolen or lost Series 2021A Bonds do not apply to the Series 2021A Bonds to the extent of a conflict with the DTC book-entry system.

The Series 2021A Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Laws of the State of Florida, and each successive Registered Owner, in accepting any of said Series 2021A Bonds shall be conclusively deemed to have agreed that the Series 2021A Bonds shall be and have all of the qualities and incidents of such negotiable instruments.

Except as provided in the Bond Resolution, there shall be a Bond Registrar, who may also be the paying agent for the Series 2021A Bonds, which shall be a bank or trust company located within or without the State. The Bond Registrar shall be responsible for maintaining the books for the registration of the transfer and exchange of the Series 2021A Bonds. The County, the Authority and the Bond Registrar may treat the Registered Owner of any Series 2021A Bond as the absolute owner thereof for all purposes, whether or not such Series 2021A Bond shall be overdue, and shall not be bound by any notice to the contrary. Anything described hereinabove to the contrary notwithstanding, in the event that all of any Series 2021A Bonds are deposited with and registered in the name of a securities depository or its nominee, the County shall be permitted to act as Bond Registrar.

All Series 2021A Bonds presented for transfer, exchange, redemption or payment (if so required by the County or the Bond Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the County or the Bond Registrar, duly executed by the Registered Owner or by his duly authorized attorney.

The Bond Registrar may charge the Registered Owner a sum sufficient to reimburse it for any expenses incurred in making any exchange or transfer following the initial delivery of the Series 2021A Bonds. The Bond Registrar or the County may also require payment from the Registered Owner or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Series 2021A Bonds shall be delivered.

The County and the Bond Registrar shall not be required (a) to issue, transfer or exchange any Series 2021A Bonds during a period beginning at the opening of business on the Record Date for such Series 2021A Bonds or any date of selection of Series 2021A Bonds or parts thereof to be redeemed and ending at the close of business on the subsequent Interest Payment Date or day on which the applicable notice of redemption is given, or (b) to transfer or exchange any Series 2021A Bonds selected, called or being called for redemption in whole or in part.

New Series 2021A Bonds delivered upon any transfer or exchange shall be valid obligations of the County, evidencing the same debt as the Series 2021A Bonds surrendered, shall be secured by the Bond Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2021A Bonds surrendered.

Whenever any Series 2021A Bond shall be delivered to the Bond Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Series 2021A Bond shall be cancelled and destroyed by the Bond Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the County.

SECURITY FOR THE BONDS

Brief descriptions of the source of payment of the Bonds, a description of the Authority's rate covenant set forth in the Bond Resolution, the flow of funds, and certain other provisions of the Bond Resolution are provided herein. The descriptions provided herein are qualified in their entirety by reference to the provisions of the Bond Resolution, which is attached hereto as Appendix D.

General

The Series 2021A Bonds are being issued as Refunding Bonds pursuant to the Bond Resolution. As such, the Series 2021A Bonds are on a parity with the Parity Bonds as to the pledge of, lien on and source of payment from the Pledged Funds. "Bonds" means the Parity Bonds, the Series 2021A Bonds and any Additional Parity Bonds hereafter issued pursuant to the Bond Resolution. "Pledged Funds" is defined in the Bond Resolution to mean (i) Net Revenues; (ii) the amounts on deposit in the Sinking Fund and all Accounts therein except as expressly provided in the Bond Resolution; the Subordinated Indebtedness Fund (other than the proceeds of Subordinated Indebtedness); the Renewal, Replacement and Improvement Fund; and the Airport Fund; and (iii) until expended, the amounts on deposit in the applicable subaccount of the Project Account with respect to any particular Series of Bonds. Additional Parity Bonds may be issued under the Bond Resolution on a parity with the Parity Bonds and the Series

2021A Bonds upon compliance with the tests for such issuance in the Bond Resolution. See the subcaption "Additional Parity Bonds" below.

THE BONDS AND THE INTEREST THEREON WILL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE COUNTY OR THE AUTHORITY WITHIN THE MEANING OF THE CONSTITUTION OR ANY STATUTE OF THE STATE, BUT WILL BE SPECIAL AND LIMITED OBLIGATIONS OF THE COUNTY PAYABLE AND SECURED AS PROVIDED IN THE BOND RESOLUTION. NO HOLDER OF ANY BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE COUNTY OR THE AUTHORITY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY BOND SERVICE CHARGES OR ANY OTHER OBLIGATIONS SET FORTH IN THE BOND RESOLUTION, NOR SHALL ANY BOND HOLDER BE ENTITLED TO PAYMENT OF ANY BOND SERVICE CHARGES OR ANY OTHER OBLIGATIONS SET FORTH IN THE BOND RESOLUTION FROM ANY FUNDS OF THE COUNTY OR THE AUTHORITY OTHER THAN THE SOURCES SPECIFIED IN THE BOND RESOLUTION. THE AUTHORITY HAS NO TAXING POWER.

Definitions

"Current Expenses" is defined in the Bond Resolution to mean for any period all reasonable and necessary expenses paid or accrued by the County or the Authority on a consistent basis in accordance with generally accepted accounting principles applicable to governmental entities consistently applied for the maintenance, repair and operation of the Airport and shall include, without limiting the generality of the foregoing, (1) all ordinary and usual expenses of maintenance, repair and operation; (2) all administrative expenses and any reasonable payments to pension or retirement funds properly chargeable to the Airport (which does not include Page Field); (3) insurance premiums; (4) professional service expenses relating to maintenance, repair and operation of the Airport; (5) fees and expenses of the Paying Agent; (6) legal and other professional fees and expenses; (7) fees of consultants; (8) fees, expenses and other amounts payable to any bank or other financial institution for the issuance of a letter of credit, stand-by-purchase agreement or any other Credit Facility, and to any indexing agent, Depository, remarketing agent or any other person or institution whose services are required with respect to the issuance of Bonds; (9) any taxes which may be lawfully imposed on the Airport or the income therefrom and reserves for such taxes; (10) deposits required under the Bond Resolution to be made to any Account in the Tax Rebate Fund to fund the County's accrued, but unpaid, liability to make payments to the United States of America imposed by Section 148(f) of the Code; and (11) and other reasonable Current Expenses authorized by law; provided, however, Current Expenses shall not include (a) any allowance for amortization or depreciation or any reserves for extraordinary maintenance and repair of the Airport except to the extent the County or the Authority receives payment or reimbursement therefor and includes such payment or reimbursement in Revenues; (b) any other expenses for which (or to the extent to which) the County or the Authority is or will be paid or reimbursed from or through any source and such payment or reimbursement is not included as Revenues; (c) any extraordinary items arising from the early extinguishment of debt; and (d) any prior period or retroactive adjustments which are required by a change in accounting principles or standards.

"Net Revenues" of the Airport is defined in the Bond Resolution to mean Revenues minus Current Expenses.

"Revenues" is defined in the Bond Resolution to mean for any period all moneys paid or accrued for the use of and for services and facilities furnished by, or in connection with the ownership or operation of, the Airport, or any part thereof or the leasing or use thereof, including, but not limited to (1) rentals, (2) concession fees, (3) use charges, (4) landing fees, (5) license and permit fees, (6) service fees and charges, (7) moneys from the sale of fuel, and or other merchandise and (8) any investment income which is required to be deposited in the Revenue Fund (but shall exclude all other investment income); provided, however, that Revenues shall not include (a) proceeds received from the sale of Bonds, Subordinated Indebtedness or Special Purpose Facilities Bonds, (b) proceeds from the sale or taking by eminent domain of any part of the Airport, (c) gifts or Grant in Aid, or payments received in lieu of or replacement for Grant in Aid, (d) ad valorem tax revenues, (e) any insurance proceeds received by the County or the Authority (other than insurance proceeds paid as compensation for business interruption), (f) moneys paid or accrued to or in connection with any facilities not financed or refinanced by Bonds issued or from facilities not qualified as a Project under the Bond Resolution, (g) moneys paid or accrued as a repayment of an advance not constituting a Current Expense, (h) amounts received which are required to be paid to any other governmental body, including, but not limited to taxes and impact fees, (i) PFC Revenues (except to the extent provided in the Bond Resolution), and (j) any noise abatement charges received for disbursement to others.

The County adopted the PFC Resolution which pledged the PFC Revenues as additional security for the Parity Bonds and the Refunded Bonds. The Series 2021A Bonds which refund Refunded Bonds shall be PFC Pledged Bonds. The receipts from the PFC Revenues shall be treated as Revenues under the Bond Resolution with respect to the Parity Bonds and the Series 2021A Bonds.

"PFC Revenues" is defined in the Bond Resolution to mean (i) all moneys received by the Authority and/or the County from the PFC, (ii) all moneys and investment held in the Revenue Fund, the Sinking Fund, the PFC Capital Fund and the Project Fund under the Passenger Facility Charge Bond Resolution, and (iii) the investment income earned on amounts in such Funds (including the accounts therein).

"Passenger Facility Charge Bond Resolution" shall mean Resolution No. 98-04-02, adopted by the Board on April 7, 1998, as amended and restated by Resolution 98-04-25, adopted by the Board on April 29, 1998, and any amendments and supplements thereto, including the PFC Resolution.

"Transfers" is defined in the Bond Resolution to mean amounts from unencumbered moneys in the Airport Fund or any other source which are deposited in the Revenue Fund (other than amounts which are Revenues accrued or received in the Fiscal Year such deposit is made). The Airport has historically transferred a portion of its PFC Revenues to the Revenue Fund to pay a portion of the debt service on the Bonds and such Transfers are taken into account for purposes of determining compliance with the first part of the rate covenant contained in the Bond Resolution. However, effective in the fiscal year ended September 30, 2020, these transfers of PFC Revenues were included in Revenues as described above. See " - Rate Covenant" below and "THE COUNTY, THE AUTHORITY AND THE AIRPORT - Historical Statement of Net Revenues" herein.

Additional Security for Certain Series; Release of Additional Security

The County may provide in Series Resolutions for one or more Series of Bonds that such Bonds will be additionally secured by a pledge of all or a portion of the receipts of any PFC, except as the use of the PFC is limited as provided in the PFC Act (in this case, the Pledged PFCs), the PFC Regulations, the PFC Approvals and the PFC Resolution. Thereafter the receipts from the PFC so pledged shall be treated as Revenues under the Bond Resolution and shall be deposited into a special Passenger Facilities Charge

Subaccount in the Revenue Fund (such Subaccount, together with corresponding Subaccounts in the Sinking Fund, the Reserve Maintenance Fund and the Airport Fund to be created by the applicable Series Resolution). Moneys in such Passenger Facilities Charge Subaccount shall be applied, on a parity with Revenues not derived from PFCs, in the manner and with the order of priority set forth in the applicable Series Resolution, to the extent permitted by law, provided that such moneys shall only be applied for deposit to the applicable Subaccounts created for Bonds additionally secured by a pledge of such PFCs.

The pledge of the PFCs may subsequently be released and extinguished with respect to any Series of Bonds additionally secured by the PFCs by resolution of the County only upon the following conditions:

(a) The County shall have received written evidence from each rating agency that then maintains a rating on the Series of Bonds with respect to which the County wishes to release the lien on the PFCs, that the release of the pledge of the PFCs receipts as additional security for such applicable Series of Outstanding Bonds and the termination of the treatment of such receipts as Revenues will not adversely affect the rating maintained by such rating agency with respect to such applicable Series of Outstanding Bonds; provided, however, that if the long term ratings on the Series of Bonds with respect to which the County wishes to release the lien on the PFCs are based upon the existence of a Credit Facility, release of the lien on the PFCs will require only the consent of the issuer of the Credit Facility.

(b) Notice of said release and extinguishment shall have been mailed, postage prepaid, to the all nationally recognized municipal information repositories then designated under Rule 15c2-12 of the Securities and Exchange Commission.

Reserve Account

The Bond Resolution requires the County to maintain the Reserve Account within the Sinking Fund in an amount equal to the Reserve Requirement for the Bonds. The Reserve Requirement is defined in the Bond Resolution as the lesser of (1) the Maximum Bond Service Requirement, or (2) the maximum amount permitted under the Code as a reasonably required reserve or replacement fund. Amounts in the Reserve Account are required to be used to pay the principal of, premium, if any, and interest on the Bonds when the money in the other Accounts within the Sinking Fund is insufficient therefor. Increases in the Reserve Requirement caused by the issuance of Additional Parity Bonds can be funded, at the discretion of the County, from the proceeds thereof, or by a Credit Facility or a combination thereof. The County may, at any time, substitute a Credit Facility for all or a portion of the moneys in the Reserve Account in accordance with the terms of the Bond Resolution. Because of the debt service savings resulting from the refunding of the Refunded Bonds, the incremental Reserve Requirement for the Series 2021A Bonds is expected to be zero. Upon the issuance of the Series 2021A Bonds, the Reserve Account will have on deposit an amount equal to the Reserve Requirement, $24,192,000, which is the Maximum Bond Service Requirement for the Parity Bonds and the Series 2021A Bonds and is fully funded with cash and/or investments.

Rate Covenant

The County and the Authority have covenanted in the Bond Resolution to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the services and facilities of the Airport which will be at least equal to the greater of (1) Revenues, together with Transfers, in each Fiscal Year sufficient to pay all Current Expenses of the Airport in such Fiscal Year, and 125% of the Bond Service Requirements in such Fiscal Year (excluding for purposes of this calculation, redemption premium and debt service reserve payments) and (2) Revenues, without taking into account Transfers, in each Fiscal Year sufficient to pay all Current Expenses of the Airport in such Fiscal Year and 100% of the Bond Service Requirements in such Fiscal Year (excluding for purposes of this calculation, redemption premium) and all other required payments under the Bond Resolution. Such rates, fees, rentals or other charges will not be reduced so as to be insufficient to provide Revenues for such purposes.

If the Revenues for any Fiscal Year are less than the amounts required by the Bond Resolution, the County, before the end of the second month following the completion of the audit for such Fiscal Year, will cause the Consultant to make recommendations as to a revision of such rates or charges and copies of such request and of the recommendation of the Consultant shall be mailed to each Bond Holder who shall have filed with the Clerk for such purpose. If the County shall comply with all the recommendations of the Consultant in respect of such rates, rents, fees or other charges, it will not constitute an Event of Default under the Bond Resolution if the Revenues shall be less than the amounts required by the Bond Resolution in the following Fiscal Year. The County covenants that, to the extent permitted by applicable law and the provisions by any use agreements then in effect at the Airport, it will comply with the recommendations of the Consultant.

Establishment of Funds and Accounts

The Bond Resolution establishes various Funds and Accounts, including the following:

(1) The Revenue Fund, which includes a Working Capital Account.

(2) The Sinking Fund, which includes an Interest Account, a Principal Account, a Reserve Account and a Redemption Account.

(3) The Subordinated Indebtedness Fund.

(4) The Renewal, Replacement and Improvement Fund.

(5) The Airport Fund.

The amounts held in the Funds, Accounts and Subaccounts created by the Bond Resolution will be administered by the County or its designated agent; provided that the County, by supplemental resolution, may appoint a Funds Trustee to hold any Fund, Account or Subaccount. Amounts in such Funds, Accounts and Subaccounts may be deposited in a single bank account, and may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted application of the cash and investments on deposit therein for the various purposes of such Funds, Accounts and Subaccounts as provided by the Bond Resolution. Except as above provided, the designation and establishment of the various Funds, Accounts and Subaccounts by and pursuant to the Bond Resolution does not require the establishment of any completely independent, self-balancing accounts as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain moneys and investments of the County for certain purposes and to establish certain priorities for the application of such moneys and investments as provided by the Bond Resolution.

Disposition of Revenues

In accordance with the terms of the Bond Resolution, all Revenues will, upon receipt thereof, be deposited by the Authority into the Revenue Fund and applied by the County monthly, not later than the twenty-fifth day of each month after issuance of the Bonds, in the following manner and in the following order of priority:

(1) Revenues will first be used to pay the Current Expenses for the current month. The Authority is permitted to establish a Working Capital Account within the Revenue Fund and to deposit thereto in each Fiscal Year an amount not in excess of the average monthly Current Expenses as shown on the Annual Budget for such Fiscal Year times three. Money on deposit in the Working Capital Account will be used to pay Current Expenses whenever the other funds in the Revenue Fund are insufficient for such purpose. Any moneys withdrawn from the Working Capital Account may not be replaced in the then current Fiscal Year.

(2) Revenues will then be used for deposit into the Interest Account the sum necessary to pay interest becoming due on the Bonds on the next Interest Payment Date (and certain payments under any Derivative Agreements, exclusive of termination payments), less amounts (including Capitalized Interest) already on deposit therein and available for such purpose, divided by the number of months remaining to such interest payment date.

(3) Revenues will then be used for deposit of the required amount into the Principal Account, during the twelve month period before a Serial Bond maturity date, necessary to pay the principal maturing on Serial Bonds on the next maturity date, less amounts already on deposit therein and available for such purpose divided by the number of months remaining to such maturity date.

(4) (a) Revenues shall next be used for deposit of the required amount into the Redemption Account, on a parity with the payments into the Principal Account described in Subsection (3) above (during the 12-month period immediately preceding a Redemption Requirement due date), a sum equal to the Redemption Requirements for Term Bonds which will next become due and payable, plus the amount of the premium, if any, on a principal amount of such Term Bonds equal to the amount of such Redemption Requirement which would be payable on the next Redemption Requirement due date if such principal amount of Term Bonds were to be redeemed prior to their maturity from funds held in the Redemption Account, less amounts which have been deposited therein during such 12-month period and used for the purchase of outstanding Term Bonds or are available for redemption of Term Bonds, divided by the number of months remaining to such due date. If, at the stated dates of maturity of any Term Bonds, the proceeds on deposit in the Redemption Account are insufficient to retire the principal amount of maturing Term Bonds remaining outstanding, the County is required to transfer from the Reserve Account to the Redemption Account sufficient money to make up such deficiency.

(b) Upon any purchase (and delivery to the Bond Registrar for cancellation) or optional redemption of Bonds of any Series and maturity for which Redemption Requirements have been established, which is made on or prior to the 40th day preceding the due date of the Redemption Requirements next due for the Bonds of such Series and maturity from any funds of the County or the Authority other than amounts deposited in the Redemption Account, there will be credited toward such Redemption Requirements in such manner as may be determined by the Authority Representative the principal amount of such Bonds so purchased or redeemed upon delivery of such Bonds by the County to the Bond Registrar, such determination to be evidenced by a certificate filed with the Clerk. The portion of any such Redemption Requirements remaining after the deduction of any such amounts credited toward the same as described in this paragraph (or the original amount of any such Redemption Requirements if no such amounts shall have been credited toward the same) will constitute the unsatisfied balance of such Redemption Requirements for the purpose of calculation of Redemption Requirements due on a future date.

(5) Revenues shall next be applied by the County to maintain the Reserve Account (including any subaccounts therein) in the Sinking Fund in an amount equal to the Reserve Requirement (including payment of amounts necessary to reinstate any Credit Facility credited to the Reserve Account).

(6) Revenues shall next be deposited into the Subordinated Indebtedness Fund to meet any requirements of the County's resolution authorizing and awarding the issuance of any Subordinated Indebtedness.

(7) Revenues shall next be deposited into the Renewal, Replacement and Improvement Fund until the amount therein is equal to the amount required by the Bond Resolution.

(8) Revenues shall next be used for deposit into the Airport Fund and any subaccounts created by the County therein and applied as follows:

(a) The funds in the Airport Fund shall first be used to make up deficiencies in the Sinking Fund, the Subordinated Indebtedness Fund and the Renewal, Replacement and Improvement Fund in the priority for depositing moneys from the Revenue Fund described above.

(b) If an Event of Default has occurred, the funds on deposit in the Airport Fund will next be used to cure such Event of Default and to pay expenses of curing such Event of Default.

(c) If determined by the Authority Representative to be required pursuant to any use or lease agreement with any user of the Airport, to make transfers to such user or users but not in excess of the amounts required by such use or lease agreement.

(d) Periodically, to make any Transfers the County authorizes to be made to the Revenue Fund.

(e) Remaining moneys held for the credit of the Airport Fund may be used for any purposes as authorized by the Act.

Notwithstanding the foregoing, unobligated moneys held for the credit of the Airport Fund shall always be used to pay maturing principal of, interest on, or Redemption Requirements with respect to Bonds whenever moneys in the Sinking Fund are insufficient therefor.

The County is currently not a party to any Derivative Agreement. However, under the Bond Resolution, the County is permitted (but not required) to pay regularly-scheduled payments it owes under any Derivative Agreement relating to interest on Bonds from the Interest Account on a parity with payment of interest on Bonds. The County shall also be permitted (but is not required) to direct payments it receives under any Derivative Agreement to be deposited in the Interest Account and receive a credit for such deposits against the amount that would otherwise be required to be deposited under the

Bond Resolution. However, any termination, penalty or similar payment required under any Derivative Agreement may be paid only from the Subordinated Indebtedness Fund or the Airport Fund, at the option of the County.

Issuance of Additional Parity Bonds

Additional Parity Bonds payable on a parity from the Pledged Funds with the Bonds then outstanding shall be issued only for the purposes of (1) refunding or redeeming any Bonds issued and outstanding under the Bond Resolution ("Refunding Bonds"), (2) financing all or part of the Costs of Improvements ("Improvement Bonds"), and (3) completing the payment of Costs of any Project financed with the proceeds of Bonds issued under the Bond Resolution ("Completion Bonds"). Additional Parity Bonds will be issued only upon compliance with all of the following conditions:

(a) With respect to Improvement Bonds, there shall have been filed with the County (1) a certificate of the Authority Representative demonstrating that the requirements described in Section 5.04 of the Bond Resolution were met in the last complete Fiscal Year for which audited financial statements of the Authority are available; and (2) a report of the Consultant setting forth for each of the three Fiscal Years following the Fiscal Year in which the Authority Representative estimates any Improvement to be completed (i) estimates of Revenues to be received by the County and the Authority from the Airport including the Project to be financed with the Additional Parity Bonds, (ii) estimates of Current Expenses for such Fiscal Years, (iii) estimates of Transfers, if any, to be made in such Fiscal Years, (iv) the Maximum Bond Service Requirement including the Additional Parity Bonds then proposed to be issued, and (v) that Revenues, together with Transfers, will be sufficient to pay all Current Expenses and 125% of the Maximum Bond Service Requirement, including the Additional Parity Bonds then proposed to be issued (excluding for purposes of this calculation amounts identified under paragraphs (d) and (e) of the definition of "Bond Service Requirement" as defined in the Bond Resolution), in each such Fiscal Year.

(b) With respect to Additional Parity Bonds that are Completion Bonds, the Authority Representative shall have filed with the Clerk a certificate demonstrating that the proceeds of the Completion Bonds to be issued and all previously issued Completion Bonds relating to any other Project (in each case net of issuance costs and any discounts) will be not more than 10% of the original Cost of the Project for the completion of which such Completion Bonds are then being issued.

(c) With respect to Additional Parity Bonds that are Refunding Bonds, (1) if the Refunding Bonds are not Cross-over Refunding Bonds, the Authority Representative is required to file with the Clerk a certificate demonstrating either (i) the Maximum Bond Service Requirement will not increase after the issuance of the Refunding Bonds and the application of the proceeds thereof or (ii) the total Bond Service Charges will not increase after the issuance of such Refunding Bonds and the application of the proceeds thereof; and (2) if the Refunding Bonds are Cross-over Refunding Bonds, the Authority Representative is required to file with the Clerk a certificate demonstrating that the Maximum Bond Service Requirement immediately following the Cross-over Date does not exceed the Maximum Bond Service Requirement immediately prior to the Cross-over Date.

(d) The Authority Representative shall have filed a certificate with the Clerk to the effect that neither the County nor the Authority is in default in performing any of the covenants and obligations assumed under the Bond Resolution, and all payments therein required to have been made into the Funds and Accounts, as provided in the Bond Resolution have been made to the full extent required.

Additionally, notwithstanding anything in the Bond Resolution to the contrary, the County may enter into Derivative Agreements relating to the Bonds and provide that its obligations payable under such Derivative Agreements (other than any obligation with respect to termination payments) are secured on a parity with the outstanding Bonds, without having to satisfy any of the foregoing requirements for the issuance of Additional Parity Bonds. If the County so determines to secure its payment obligations under a Derivative Agreement, the payment obligations under such Derivative Agreement (other than termination payments) shall be treated as additional interest payable under the Bond Resolution for all purposes, except as otherwise expressly provided in the Bond Resolution.

Outstanding Subordinate Indebtedness

The County issued its Subordinate Airport Revenue Note, Series 2020 in the principal amount of $50,000,000 to Bank of America, N.A. (the "Series 2020 Note") on May 6, 2020, of which $17,000,000 is currently outstanding. Proceeds of the Series 2020 Note are being used to finance certain capital improvements at the Airport. The Series 2020 Note is secured by a junior and subordinate pledge of Pledged Funds as authorized by the Bond Resolution. The Series 2020 Note has a variable interest rate and a final maturity of May 6, 2025. In the event of a default under the Series 2020 Note, Bank of America, N.A. has the ability to enforce certain remedies under the Series 2020 Note, including, but not limited to, increasing the interest rate on the Series 2020 Note during such event of default.

No Mortgage or Sale of Land

The County has covenanted in the Bond Resolution that it will not sell, mortgage, pledge or otherwise encumber the land or other real property which is a part of the Airport (hereinafter referred to as "Land"), or any substantial part thereof, except as provided in the Bond Resolution.

The County shall have and has reserved the right to sell or otherwise dispose of any of the Land which the County shall determine, in the manner provided in the Bond Resolution, to be no longer necessary, useful or profitable in the operation of the Airport, such determination to be based upon a recommendation of the Authority Representative. Prior to any such sale or other disposition of such Land, if the amount to be received therefor is not in excess of $250,000, the Authority Representative or other duly authorized officer in charge thereof shall make a finding in writing determining that such Land is no longer necessary, useful or profitable in the operation thereof.

If the amount to be received from such sale or other disposition of such Land shall be in excess of $250,000, the Authority Representative shall first make a finding in writing determining that such Land is no longer necessary, useful or profitable in the operation of the Airport, and the Board shall, by resolution duly adopted, approve and concur in the finding of the Authority Representative, and authorize such sale or other disposition of the Land.

The proceeds derived from any such sale or other disposition of such Land shall be applied, at the option of the Authority evidenced by a certificate of the Authority Representative filed with the Clerk,

(i) to pay all or any portion of the Cost of any Project or Improvements; (ii) to deposit to the credit of the Redemption Account (but any such deposit shall not reduce the amount otherwise required to be on deposit therein); (iii) to deposit to the credit of the Renewal, Replacement and Improvement Fund; and (iv) to pay the principal of the Series Bonds or Redemption Requirements for Term Bonds then due and payable.

The County will have the right to sell or dispose of any machinery, fixtures, apparatus, tools, instruments or other personal property, or any materials used in connection therewith if the Authority Representative determines that such articles are no longer necessary, useful or profitable in the operation of the Airport or reduce the ability of the County to satisfy the provisions of Section 5.04 of the Bond Resolution.

Notwithstanding anything in the Bond Resolution to the contrary, the County, without the consent of or notice to the Holders of any Bonds, may transfer all of the Airport and the operations thereof to the Authority or other special district created for the purpose of owning and operating the Airport, provided that such authority or special district assumes all of the obligations and agrees to perform and comply with all of the covenants of the County in the Bond Resolution, and the County obtains an opinion of Bond Counsel to the effect that such transfer will not adversely affect the exclusion from gross income of interest on the Bonds (other than Taxable Bonds).

In addition to the requirements described above, all transfers of Land or other assets shall be required to comply with the laws of the State.

Enforcement of Collections

The County and the Authority will reasonably enforce and collect the rates, fees and other charges for the services and facilities of the Airport pledged pursuant to the Bond Resolution; will take all reasonable steps, actions and proceedings for the enforcement and collection of such rates, charges and fees as shall become delinquent, to the full extent permitted or authorized by law; and will maintain accurate records with respect thereof. All such fees, rates, charges and revenues pledged pursuant to the Bond Resolution shall, as collected, be held in trust to be applied as provided in the Bond Resolution and not otherwise.

Differences Between Bond Resolution and Use Agreements

Various definitions in the Bond Resolution differ from those contained in the Use Agreements. For example, the definitions of "Current Expenses" and "Revenues" provided in the Bond Resolution are not identical to those of "Operating Expenditures" and "Revenues" contained in the Use Agreements. However, the Use Agreements expressly provide that the Use Agreements and all rights granted to the Signatory Airlines thereunder are subordinated and subject to the lien, covenants (including the rate covenant) and provisions of the pledges, transfer, hypothecation or assignment made under the Bond Resolution. See "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS," included as Appendix E attached hereto. Some of the differences between the Bond Resolution and the Use Agreements have existed since October 1992. However, none of the differences between the Bond Resolution and the Use Agreements have resulted in any difficulties on the part of the County or the Authority in satisfying its obligations under the Bond Resolution. The County and the Authority do not believe any of these differences will have a materially adverse effect on the Bondholders.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2021A Bonds, together with other legally available funds, are expected to be applied as follows:

SOURCES OF FUNDS

Par Amount of Series 2021A Bonds	$139,560,000.00
Plus Original Issue Premium	34,231,273.75
Other Legally Available Funds[1]	3,535,323.44
TOTAL SOURCES OF FUNDS	$177,326,597.19

USE OF FUNDS

Deposit to Escrow Fund	$176,155,227.00
Costs of Issuance[2]	1,171,370.19
TOTAL USES OF FUNDS	$177,326,597.19

(1) Represents money on deposit in certain Funds and Accounts for the benefit of the Refunded Bonds, including $2,506,323.44 from debt service funds and a release of $1,029,000.00 from the Reserve Account.

(2) Includes Underwriters' discount (including the fees of Underwriters' counsel), fees of Bond Counsel, Disclosure Counsel and financial advisor, the rating agencies, as well as other related fees and expenses.

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DEBT SERVICE SCHEDULE

The following table sets forth the debt service requirements for the Parity Bonds and the Series 2021A Bonds.

Period Ending October 1	Parity Bonds[1]	Series 2021A Bonds Principal	Interest	Total	Aggregate Debt Service
2021	$19,801,647		$1,763,883	$1,763,883	$21,565,530
2022	15,174,250		6,978,000	6,978,000	22,152,250
2023	1,671,250	$12,675,000	6,978,000	19,653,000	21,324,250
2024	1,671,250	13,315,000	6,344,250	19,659,250	21,330,500
2025	1,671,250	13,980,000	5,678,500	19,658,500	21,329,750
2026	1,671,250	14,680,000	4,979,500	19,659,500	21,330,750
2027	1,671,250	15,410,000	4,245,500	19,655,500	21,326,750
2028	1,671,250	15,400,000	3,475,000	18,875,000	20,546,250
2029	1,671,250	16,000,000	2,705,000	18,705,000	20,376,250
2030	1,671,250	16,100,000	1,905,000	18,005,000	19,676,250
2031	1,671,250	16,200,000	1,100,000	17,300,000	18,971,250
2032	12,056,250	5,800,000	290,000	6,090,000	18,146,250
2033	24,192,000				24,192,000
TOTAL	$86,265,397	$139,560,000	$46,442,633	$186,002,633	$272,268,030

(1) Excludes debt service on the Refunded Bonds.

THE COUNTY, THE AUTHORITY AND THE AIRPORT

General

The County owns, and through the Authority, operates the Airport, a commercial air carrier airport, and Page Field, an executive and general aviation airport. The Airport, which began operations on May 14, 1983, is a commercial air carrier airport serving Southwest Florida. The Airport is located adjacent to Interstate 75 approximately 15 miles southeast of the downtown business center of the City of Fort Myers. Page Field is the area's former commercial airport, and it is now operated by the Authority as a reliever airport. The Series 2021A Bonds are not payable from, or secured by a pledge of or lien on, any net revenues or funds derived from the operation of Page Field. See "- Enplaned Passengers at the Airport" herein for a description of historical enplanements at the Airport.

Air Trade Area

The geographical area served by the Airport primarily consists of the five Florida Counties of Lee (the county in which the Airport is located), Charlotte, Collier, Glades, and Hendry (the "Air Trade Area") and includes a population of over 2 million. Although the Airport's total service area is larger than these five counties, it is the economic strength of the Air Trade Area that primarily supports the Airport. Punta Gorda Airport (36.7 road miles) is the only other airport providing commercial air service in the Air Trade Area and is served by one commuter air carrier, Allegiant Air.

There is minimal diversion of air traffic out of the Air Trade Area because the Airport is relatively distant from alternative airports. The air carrier airports in nearby cities are Sarasota (74 road miles), Tampa (130 road miles), Fort Lauderdale (145 road miles) and Miami (165 road miles), each of which serves a separate, distinct market and, with few exceptions, derives passengers primarily from its respective market area.

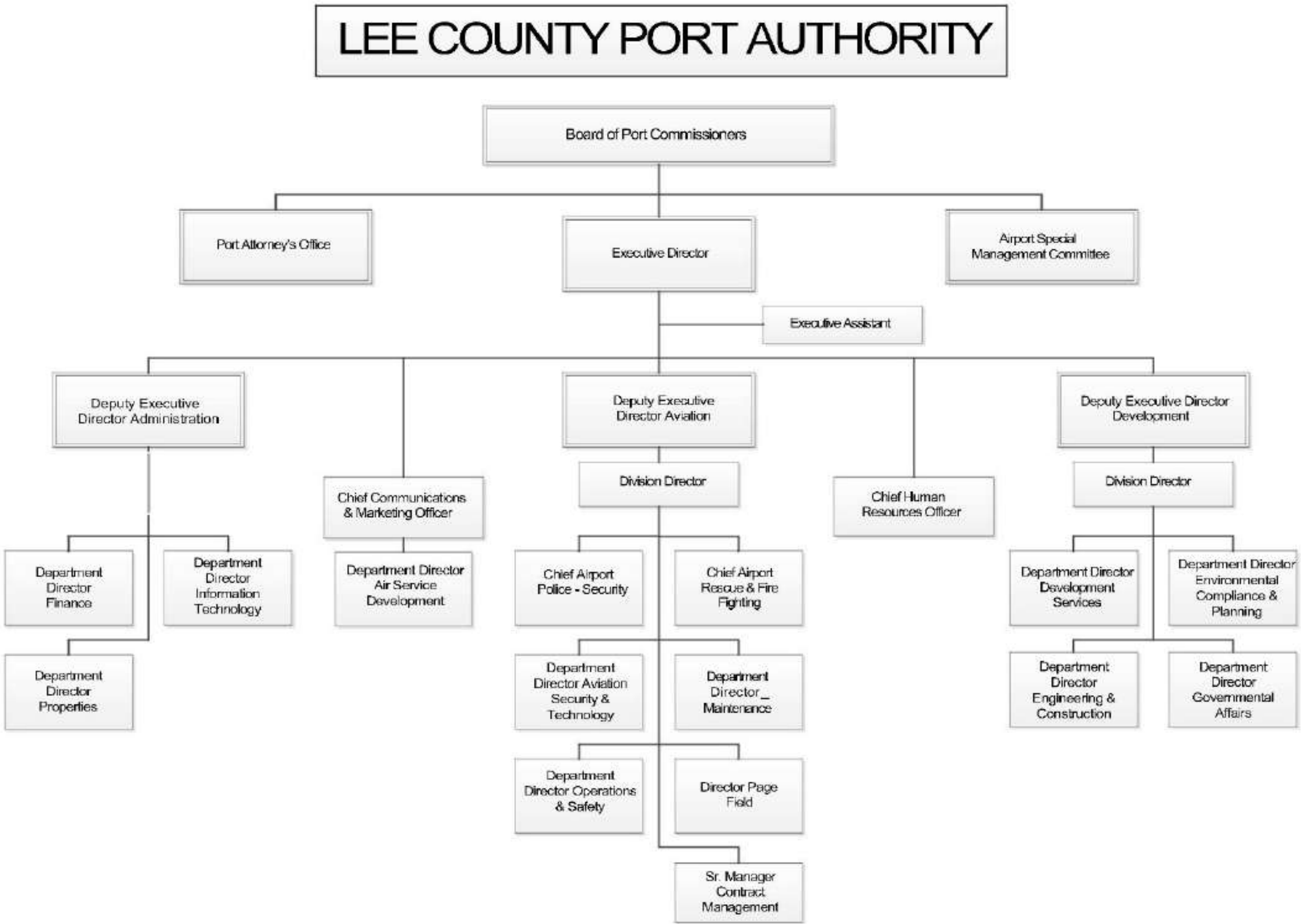
Management and Administration

The Authority is a body politic and corporate created by the Board of the County in 1990 pursuant to Chapters 63-1541, Laws of Florida, and Chapters 125 and 332, Florida Statutes, and codified into Ordinance No. 90-02, as amended and restated by Ordinance No. 01-14. Prior to the creation of the Authority, the Airport and Page Field were operated as a department of the County. The Authority is responsible for operations, management and development of properties, facilities, systems and personnel associated with air or sea transportation or commerce located in the County.

Each of the five members of the County's Board is, by virtue of such status, a member of the Port Authority Board. Each member of the Port Authority Board appoints a County resident as a member of the Airport's Special Management Committee, an advisory panel which provides recommendations with respect to the operation, management and development of the County airports to the Port Authority Board. In addition, the Chairman of the Port Authority Board is entitled to name two additional representatives to the Special Management Committee, one each from Collier and Charlotte Counties. The Executive Director of the Authority reports to the Port Authority Board on a regular basis and works with the Special Management Committee in its advisory capacity to the Port Authority Board.

The Authority has three divisions that are headed by Deputy Executive Directors who report to the Executive Director. Each division has several departments headed by managers who report to their respective Deputy Executive Director. The divisions are Administration, Development and Aviation.

The chart below illustrates the organizational structure of the Port Authority Board, the Airport Special Management Committee and the senior management of the Authority.



The Airport is managed by an Executive Director who is appointed by the Port Authority Board and, as of September 30, 2020, oversees a staff of 355 full-time employees. Brief biographies of the Executive Director, Deputy Executive Director, Administration, Deputy Executive Director, Aviation, Deputy Executive Director, Development, and Department Director - Finance are set forth below.

Benjamin R. Siegel, Executive Director. As Executive Director of the Authority, Mr. Siegel directs the operation of the Airport and Page Field. He was appointed interim Executive Director in November 2019 and, in January 2021, was promoted to the top executive position for the Authority. Prior to assuming his current position, Mr. Siegel held various accounting and budgetary management positions including Department Director - Finance and Deputy Executive Director, Administration with the Authority. Mr. Siegel has been employed by the Authority since 1992.

Mr. Siegel was employed previously by Coopers & Lybrand (now PricewaterhouseCoopers). He earned a bachelor of science degree in business administration from the University of South Florida and is a certified public accountant and member of the AICPA and FICPA.

Mark R. Fisher, Deputy Executive Director, Development. Mr. Fisher, as Deputy Executive Director, Development, is responsible for all planning, permitting, grant funding, legislative compliance, and engineering and construction of all projects at the Airport and Page Field. Prior to assuming his current position in 2002, Mr. Fisher held numerous managerial positions within the areas of government affairs, construction and engineering with the Authority. Mr. Fisher has been employed by the Authority since 1988.

Mr. Fisher was previously employed by Piedmont Airlines and an aviation consulting firm in the Lexington, Kentucky area. Mr. Fisher earned a bachelor of science degree in communications from the University of Kentucky and is accredited by the American Association of Airport Executives.

Brian W. McGonagle, Deputy Executive Director, Administration. Mr. McGonagle, as Deputy Executive Director, Administration, is responsible for administering all areas of finance, procurement, properties, information technology and risk management. Prior to assuming his current position, Mr. McGonagle held various accounting and budgetary management positions with the Authority. Mr. McGonagle has been employed by the Authority since 1997.

Mr. McGonagle was previously employed with Bank of Boston and United Airlines. Mr. McGonagle holds a bachelor of science in accounting from the University of Massachusetts/Boston and is a member of the Florida Government Finance Officers Association.

Steven Hennigan, Deputy Executive Director, Aviation. Mr. Hennigan, as Deputy Executive Director, Aviation, is responsible for the fiscal, administrative and operational oversight of the Aircraft Rescue and Fire Fighting Department, Airport Police Department, aviation security and technology, contract management, maintenance, operations and safety, as well as Base Operations at Page Field.

Mr. Hennigan was previously employed as the chief of operations for the Houston Airport System, where he managed operations at George Bush Intercontinental Airport and William P. Hobby Airport. Mr. Hennigan holds a Bachelor of Science in aviation business administration from Embry-Riddle Aeronautical University.

David W. Amdor, Department Director - Finance. Mr. Amdor, as Department Director - Finance of the Authority, is responsible for administering all operating budgets, and fiscal controls, and developing financial and reporting systems utilized by the Authority. Other responsibilities include both long and short term financial planning and procurement. Mr. Amdor came to the Authority from Omaha, Nebraska where he served as finance manager for the Omaha Airport Authority. Mr. Amdor has been employed by the Authority since 2020.

Mr. Amdor was previously employed by Deloitte & Touche LLP. He earned a bachelor of science degree in accounting and a master's in business administration from Eastern Illinois University. He is a certified public accountant and member of the AICPA.

Description of the Airport's Existing Facilities

The Airport occupies approximately 6,400 acres of land in Lee County and is located approximately 15 miles southeast of downtown Fort Myers. Existing facilities at the Airport are described below.

<u>Land</u>. In addition to the existing 6,400 acres, the Authority has purchased over 7,000 acres of noncontiguous land to be used for environmental mitigation, including mitigation for planned future development.

Airfield Facilities. Runway 6/24, the sole operating air carrier runway, is 12,000 feet in length and 150 feet in width and is constructed of asphaltic concrete. There are also 200 foot paved overruns off each end of Runway 6/24. A full length, 12,000-foot parallel taxiway just south of the existing runway provides direct access from the runway to the Airport terminal for all aircraft. There are also four connecting taxiways.

Runway 6/24 is equipped with a Category I precision instrument landing system (ILS). Additional non-precision approaches are available to both ends of Runway 6/24.

Terminal Building. The midfield terminal building, which opened on September 9, 2005, is a three-story structure which, together with three concourses, totals 798,000 square feet and houses 28 gates. With the exception of a commuter gate, all gates are equipped with ramp drive passenger boarding bridges, 400 Hz ground power and pre-conditioned air for parked aircraft. Ticketing, airline offices, concession areas, security pavilions, public space and restrooms are located on the second (departure) level with baggage facilities, public space and restrooms on the lower (arrival) level. The mezzanine third level accommodates airport administrative offices and mechanical/electrical equipment space.

Airline gate hold rooms, concessions, public space and restrooms are located on the second (departure) level. The lower (ramp) level is exclusively used for airline/airport operations and one of the concourses features international gates supported by a full complement of international arrivals processing facilities.

Air Cargo Facilities. Air cargo operations are located in two buildings on separate sites southwest of the terminal building with approximately 13,500 and 24,000 square feet, respectively. The all-cargo carriers operate from the 24,000 square foot building that is adjacent to a 207,000 square foot air cargo apron. The building can be expanded to approximately 50,000 square feet on its existing site and additional land is available to build another similarly sized facility to meet future demand. The 13,500 square foot building accommodates the belly-cargo carried by passenger airlines. The Authority is in negotiations with a third party developer to construct and operate a new 15,000 square foot air freight building adjacent to the terminal building.

Access and Roadways. Access to the Airport is provided by an Interstate 75 connector that provides northbound and southbound travelers direct access into the Airport. A four-lane, divided, perimeter roadway system encircles the long and short-term parking areas providing direct access to the terminal area from Ben Hill Griffin Parkway. The roadway segment along the face of the terminal is two levels, supporting the vertical separation of arrival and departure passenger movements. Five traffic lanes serve ticketing/check-in for departures on the upper level and seven traffic lanes on the ground level serve baggage claim/ground transportation for arrivals. Recirculation roads and service roads provide access to employee parking, air cargo facilities and terminal service areas. Direct access is provided to the terminal area for emergency vehicles.

Parking. Parking at the Airport is provided by a three-story parking garage and a long-term surface parking lot. The parking garage accommodates rental cars on the lower level and 2,523 vehicles on two structured floors for short term parking only. The Airport has a long-term surface parking lot with 8,744 spaces and access to and from the terminal via a shuttle bus system. Total parking in the parking garage and long-term lot is 11,267 spaces.

Aircraft Parking Apron and Fueling System. An airside apron serves parked aircraft on both sides of the three linear concourses and an aircraft fueling system allows parking for 28 air carrier positions with the flexibility for both narrow body and wide body aircraft. All aircraft parking positions are served by an in-pavement fuel hydrant system consisting of piping loops around the concourses and branch service lines serving fueling pits at each gate.

Airport Support Facilities. Airport support facilities include the air traffic control tower, a Federal Aviation Administration ("FAA") certified airport rescue and firefighting building, an airport maintenance facility and service buildings including a staff training facility.

Airlines Serving the Airport

As of January 1, 2021, scheduled passenger service at the Airport was provided by nine domestic air carrier airlines, four regional/commuter airlines and two international charter air carriers. In addition to these airlines, a number of other domestic and international charter airlines also operate at the Airport during the peak winter months. Two cargo carriers also operate at the Airport. The following table lists the airlines serving the Airport, including all airlines operating passenger service into the Airport that have entered into an Airline - Airport Use and Lease Agreement (each, a "Use Agreement") with the Authority (the "Signatory Airlines").

Airlines Serving the Airport[1]

Domestic Air Carriers	Regional/Commuters
Alaska Airlines[2]	Endeavor Air
American Airlines*	Mesa Airlines
Delta Air Lines*	PSA Airlines
Frontier Airlines*	Republic
JetBlue Airways*	
Southwest Airlines*[3]	
Spirit Airlines*[4]	International Air Carriers[6]
Sun Country[5]	Air Canada
United Airlines*	Westjet
All Cargo Carriers	
FedEx	
United Parcel Service	

* Denotes Signatory Airline as defined in the Use Agreements.

(1) As of January 1, 2021. During the peak winter months, a number of other domestic and international charter airlines also operate at the Airport.

(2) Alaska Airlines started service as a new carrier at the Airport in November 2020 with service to Seattle (SEA) and Los Angeles (LAX).

(3) New markets include Louisville (SDF), Chicago-O'Hare (ORD), Detroit (DTW) and Cincinnati (CVG).

(4) New market includes Kansas City (MCI).

(5) New markets include Duluth (DLH), Green Bay (GRB), Milwaukee (MKE) and Rochester (RST).

(6) As of the date hereof, international service has not resumed as a result of COVID-19 restrictions.

Source: Lee County Port Authority.

Enplaned Passengers at the Airport

The Airport is primarily a domestic origin and destination airport, with 99.9% of the traffic being origin and destination traffic. Passenger enplanements increased steadily between fiscal years ended September 30, 2011 and 2019 with the exception of the fiscal year ended September 30, 2012. Traffic sharply declined in the fiscal year ended September 30, 2020 as a result of the COVID-19 pandemic that began to impact traffic at the Airport in March, 2020. See "AIRPORT FINANCIAL FACTORS - Management Discussion and Analysis" herein. The following tables set forth the historical enplanements for the Airport by air carrier type for fiscal years ended September 30, 2011 through and including 2020, as well as the annual compound growth rate in enplaned passengers for the fiscal years ended September 30, 2011 through and including 2019 (prior to the COVID-19 pandemic) and a monthly comparison of enplanements by carrier type. See "CERTAIN INVESTMENT CONSIDERATIONS – Coronavirus (COVID-19)" herein.

Historical Enplanements by Carrier Type

Fiscal Year Ended September 30	Commercial Air Carriers	International Air Carriers	Domestic Charters	Airport Total	Percent Change
2011	3,755,286	117,975	2,052	3,875,313	--%
2012	3,550,671	121,323	4,959	3,676,953	(5.1)
2013	3,719,154	132,134	5,358	3,856,646	4.9
2014	3,839,959	147,248	2,109	3,989,316	3.4
2015	3,993,893	158,426	2,870	4,155,189	4.2
2016	4,133,991	188,683	10,323	4,332,997	4.3
2017	4,212,030	197,746	11,892	4,421,668	2.0
2018	4,483,413	171,193	7,607	4,662,213	5.4
2019	4,837,879	188,521	275	5,026,675	7.8
2020(1)	3,406,491	121,469	316	3,528,276	(29.8)

(1) Enplanements sharply declined beginning in March, 2020 as a result of COVID-19. See "—Monthly Comparison of Enplanements" below and "CERTAIN INVESTMENT CONSIDERATIONS – Coronavirus (COVID-19)" herein for more information.

Source: Lee County Port Authority.

Monthly Comparison of Enplanements
Fiscal Year ending September 30,

	2019			2020[1]			% Change from 2019	2021			Total % Change from 2019
Month	Domestic	International	Total	Domestic	International	Total		Domestic	International	Total	
October	262,309	9,103	271,412	294,114	7,397	301,511	11.1%	196,736	169	196,905	(27.5%)
November	387,867	17,090	404,957	417,380	18,863	436,243	7.7	237,458	975	238,433	(41.1)
December	434,655	21,358	456,013	490,567	21,853	512,420	12.4	289,672	1,275	290,947	(36.2)
January	506,524	23,057	529,581	547,369	24,059	571,428	7.9	360,546	1,982	362,528	(31.5)
February	524,317	24,146	548,463	586,139	24,242	610,381	11.3	350,258	397	350,655	(36.1)
March	709,013	36,311	745,324	458,151	25,055	483,206	(35.2)	563,417	81	563,497	(24.4)
April	575,301	26,357	601,658	35,897	-	35,897	(94.0)	594,004	159	594,163	(1.3)
May	375,714	7,939	383,653	76,908	-	76,908	(80.0)	499,049	158	499,207	30.1
June	294,197	4,493	298,690	124,389	-	124,389	(58.3)	-	-	-	-
July	281,003	7,806	288,809	133,335	-	133,335	(53.8)	-	-	-	-
August	265,576	7,298	272,874	117,851	-	117,851	(56.8)	-	-	-	-
September	221,678	3,563	225,241	124,707	-	124,707	(44.6)	-	-	-	-

(1) COVID-19, which began in the U.S. in March 2020, and the resultant government measures and changes in passenger travel behavior resulted in significant reductions in passenger traffic beginning in the fiscal year ended September 30, 2020 when compared to prior fiscal years. See "CERTAIN INVESTMENT CONSIDERATIONS" herein for more information.

Source: Lee County Port Authority.

Airline service at the Airport is reasonably balanced among carriers. The top four carriers in the fiscal year ended September 30, 2020 were Southwest: 19.3%, Delta: 18.2%, American: 15.2% and Frontier: 10.9%.

Historical Enplanements by Airline

	FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
Airline	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
Southwest	891,773	20.58%	958,463	21.68%	897,880	19.26%	887,332	17.65%	657,913	18.65%
Delta	915,183	21.12%	908,984	20.56%	947,118	20.31%	1,009,698	20.09%	620,041	17.57%
American	564,425	13.03%	645,760	14.60%	694,113	14.89%	723,527	14.39%	517,114	14.66%
Frontier	239,071	5.52%	188,548	4.26%	387,352	8.31%	463,201	9.21%	370,515	10.50%
Spirit Airlines	334,597	7.72%	380,380	8.60%	419,183	8.99%	505,642	10.06%	366,618	10.39%
JetBlue	556,246	12.84%	564,379	12.76%	576,062	12.36%	566,923	11.28%	351,503	9.96%
United	353,126	8.15%	378,453	8.56%	412,677	8.85%	486,043	9.67%	349,831	9.92%
Sun Country	70,849	1.64%	73,048	1.65%	81,238	1.74%	133,342	2.65%	98,764	2.80%
Republic	18,195	0.42%	24,494	0.55%	13,254	0.28%	25,577	0.51%	41,003	1.16%
Mesa	4,427	0.10%	3,034	0.07%		0.00%	4,800	0.10%	22,913	0.65%
Endeavor Air	63,839	1.47%	74,136	1.68%	41,501	0.89%	28,845	0.57%	10,154	0.29%
Skywest	2,165	0.05%	1,465	0.03%	496	0.01%	993	0.02%	247	0.01%
Domestic Total	1,020	0.02%	225	0.01%	371	0.01%	275	0.01%	191	0.01%
US Airways	90,779	2.10%		0.00%		0.00%		0.00%		0.00%
Atlantic Southeast	825	0.02%	689	0.02%	178	0.00%	160	0.00%		0.00%
Envoy Air	31	0.00%		0.00%		0.00%		0.00%		0.00%
GoJet	501	0.01%	390	0.01%	557	0.01%	564	0.01%		0.00%
PSA	8,827	0.20%	5,831	0.13%	3,066	0.07%		0.00%		0.00%
Silver	14,356	0.33%	12,723	0.29%	15,974	0.34%	1,232	0.02%		0.00%
Shuttle America	14,079	0.32%	2,920	0.07%		0.00%		0.00%		0.00%
Domestic Total	4,144,314	95.65%	4,223,922	95.53%	4,491,020	96.33%	4,838,154	96.25%	3,406,807	96.56%
Air Canada	95,653	2.21%	100,529	2.27%	102,384	2.20%	104,325	2.08%	71,817	2.04%
Air Berlin	39,616	0.91%	43,609	0.99%	1,749	0.04%		0.00%		0.00%
Eurowings		0.00%		0.00%	14,854	0.32%	29,538	0.59%	12,321	0.35%
PASS Charters		0.00%	66	0.00%		0.00%		0.00%		0.00%
Silver	572	0.01%	407	0.01%		0.00%		0.00%		0.00%
Sun Country	3,255	0.08%	6,011	0.14%	82	0.00%		0.00%		0.00%
Swift Air	138	0.00%		0.00%		0.00%		0.00%	1,614	0.05%
Westjet	49,362	1.14%	47,124	1.07%	52,124	1.12%	54,658	1.09%	35,717	1.01%
World Atlantic	87	0.00%		0.00%		0.00%		0.00%		0.00%
International Total	188,683	4.35%	197,746	4.47%	171,193	3.67%	188,521	3.75%	121,469	3.44%
Airport Total	4,332,997	100%	4,421,668	100%	4,662,213	100%	5,026,675	100%	3,528,276	100%

Source: Lee County Port Authority.

Historical Landed Weight

The following table presents historical data on the Airport's total landed weight by carrier.

Historical Landed Weight By Airline (1,000 lbs.)

	FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
Airline	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share
Southwest	881,816	18.22%	973,401	19.58%	914,958	17.68%	908,526	16.44%	934,512	19.76%
Delta	1,007,416	20.81%	971,418	19.54%	1,001,958	19.36%	1,064,948	19.28%	795,213	16.82%
American	610,911	12.62%	721,739	14.52%	746,971	14.43%	786,599	14.24%	642,674	13.59%
JetBlue	620,730	12.82%	629,027	12.65%	659,640	12.74%	621,492	11.25%	479,433	10.14%
United	378,010	7.81%	395,919	7.96%	423,364	8.18%	506,866	9.17%	455,571	9.63%
Spirit Airlines	345,203	7.13%	399,903	8.04%	453,078	8.75%	518,010	9.38%	449,373	9.50%
Frontier	244,952	5.06%	185,449	3.73%	371,944	7.19%	427,905	7.74%	397,054	8.40%
Cargo	135,527	2.80%	176,752	3.56%	205,185	3.96%	214,692	3.89%	208,029	4.40%
Alaska Airlines		0.00%		0.00%	295	0.01%		0.00%		0.00%
Sun Country	81,098	1.68%	88,291	1.78%	90,843	1.76%	136,763	2.48%	101,797	2.15%
Republic Airline	20,701	0.43%	30,961	0.62%	16,706	0.32%	33,041	0.60%	56,868	1.20%
Mesa	4,873	0.10%	3,298	0.07%		0.00%	5,397	0.10%	31,002	0.66%
Endeavor Air	78,930	1.63%	88,167	1.77%	49,416	0.95%	33,795	0.61%	11,265	0.24%
Domestic Charters	3,291	0.07%	2,943	0.06%	2,842	0.05%	2,630	0.05%	1,873	0.04%
SkyWest	2,157	0.04%	1,836	0.04%	526	0.01%	1,096	0.02%	284	0.01%
Silver Airways	21,717	0.45%	20,406	0.41%	20,991	0.41%	1,995	0.04%	175	0.00%
PSA Airlines	10,554	0.22%	7,203	0.14%	4,304	0.08%		0.00%	75	0.00%
Atlantic Southeast	885	0.02%	730	0.01%	356	0.01%	155	0.00%	44	0.00%
Envoy Air	698	0.01%	742	0.01%	829	0.02%	1,403	0.03%	44	0.00%
US Airways	109,186	2.26%		0.00%		0.00%		0.00%		0.00%
Shuttle America	16,519	0.34%	3,494	0.07%		0.00%		0.00%		0.00%
GoJet	544	0.01%	601	0.01%	871	0.02%	804	0.01%		0.00%
Express Jet		0.00%		0.00%		0.00%		0.00%		0.00%
Domestic Total	4,575,716	94.52%	4,702,279	94.58%	4,965,078	95.92%	5,266,117	95.32%	4,565,287	96.55%
Air Berlin	66,924	1.38%	80,455	1.62%	3,598	0.07%		0.00%		0.00%
Air Canada	107,682	2.22%	121,601	2.45%	116,861	2.26%	138,782	2.51%	90,326	1.91%
Air Transat		0.00%		0.00%		0.00%	166	0.00%		0.00%
Aruba		0.00%	142	0.00%		0.00%		0.00%		0.00%
Cayman		0.00%	117	0.00%		0.00%		0.00%		0.00%
Comlux		0.00%		0.00%		0.00%	1,968	0.04%	2,856	0.06%
Dynamic	278	0.01%		0.00%	1,146	0.02%		0.00%		0.00%
Eurowings		0.00%		0.00%	37,518	0.72%	62,814	1.14%	27,622	0.58%
LATAM		0.00%		0.00%		0.00%		0.00%	824	0.02%
PASS Charters		0.00%	140	0.00%		0.00%		0.00%		0.00%
Silver	912	0.02%	855	0.02%		0.00%		0.00%		0.00%
Sun Country	29,519	0.61%	13,407	0.27%	293	0.01%		0.00%		0.00%
Swift Air	470	0.01%	121	0.00%	121	0.00%	480	0.01%	3,663	0.08%
Taca		0.00%		0.00%		0.00%	146	0.00%		0.00%
TAME	142	0.00%		0.00%	142	0.00%		0.00%		0.00%
TAP Portugal		0.00%	803	0.02%	408	0.01%	421	0.01%	421	0.01%
Westjet	59,316	1.23%	51,870	1.04%	50,774	0.98%	53,926	0.98%	37,431	0.79%
World Atlantic	140	0.00%		0.00%	130	0.00%	130	0.00%		0.00%
International Total	265,383	5.48%	269,511	5.42%	210,991	4.08%	258,833	4.68%	163,143	3.45%
Airport Total	4,841,099	100%	4,971,790	100%	5,176,068	100%	5,524,950	100%	4,728,429	100%

Source: Lee County Port Authority.

Historical Air Service

An airport's air service is often measured through the distribution of its origin and destination ("O&D") markets, which is a function of air travel demands and the airport's available nonstop service. The following table presents data on the Airport's top 30 O&D airports for the fiscal year ended September 30, 2020.

Primary Domestic Origin and Destination Passenger Airports

Rank	Market	Code	Nonstop Service	Total O&D Passengers	Percent of Total
1	Chicago (O'Hare)	ORD	•	500,460	7.14%
2	Boston	BOS	•	485,052	6.92%
3	Minneapolis	MSP	•	449,082	6.41%
4	Detroit	DTW	•	433,665	6.19%
5	New York (Newark)	EWR	•	376,483	5.37%
6	Philadelphia	PHL	•	275,992	3.94%
7	Cleveland	CLE	•	265,478	3.79%
8	Chicago (Midway)	MDW	•	232,932	3.32%
9	Indianapolis	IND	•	208,125	2.97%
10	Baltimore	BWI	•	199,041	2.84%
11	New York (JFK)	JFK	•	187,954	2.68%
12	Hartford	BDL	•	172,065	2.46%
13	Columbus	CMH	•	170,093	2.43%
14	Atlanta	ATL	•	158,816	2.27%
15	Denver	DEN	•	155,492	2.22%
16	Cincinnati	CVG	•	154,707	2.21%
17	Milwaukee	MKE	•	148,778	2.12%
18	St. Louis	STL	•	140,109	2.00%
19	Pittsburg	PIT	•	136,504	1.95%
20	Washington (National)	DCA	•	118,694	1.69%
21	Atlantic City	ACY	•	117,786	1.68%
22	New York (La Guardia)	LGA	•	110,137	1.57%
23	Dallas/Ft. Worth	DFW	•	83,885	1.20%
24	Westchester County	HPN	•	74,020	1.06%
25	Buffalo	BUF	•	68,499	0.98%
26	Kansas City	MCI	•	68,387	0.98%
27	Providence	PVD	•	63,765	0.91%
28	Grand Rapids	GRR	•	58,128	0.83%
29	Charlotte	CLT	•	57,163	0.82%
30	Trenton	TTN	•	56,483	0.81%
	Total Top 30 Domestic Airports			5,727,775	81.75%
	Total All other Domestic Airports			1,037,150	14.80%
	Total International			241,148	3.44%
	Domestic City Total			6,764,925	
	Total Domestic & International			7,006,073	

Note: Numbers do not include international carriers, only U.S. flag carriers.
Domestic percentage is based on domestic total; International percentage is based on total domestic and international.

Source: USDOT Origin & Destination Survey of Airline Passenger Traffic (dated December, 2020).

Historical Aircraft Operations

Historical aircraft operations are defined as the arrival or departure of an aircraft. The following table presents historical data on the Airport's aircraft operations by carrier class.

Historical Aircraft Operations

Fiscal Year	Commercial Air Carriers	Regionals/ Affiliates	International Air Carriers	Domestic Charters	General Aviation[1]	All-Cargo	Military	Airport Total
2011	60,904	7,582	1,568	100	12,758	1,112	578	84,602
2012	57,012	5,672	1,680	210	12,531	1,100	600	78,805
2013	58,830	6,630	1,888	178	11,533	1,106	682	80,847
2014	58,796	4,596	2,000	90	10,154	1,106	914	77,656
2015	58,784	4,566	2,148	146	10,354	1,132	1,313	78,443
2016	59,842	4,498	3,100	342	9,228	1,228	1,206	79,444
2017	60,786	4,662	2,838	414	10,971	1,324	1,284	82,279
2018	63,548	3,230	2,420	278	9,360	1,596	1,205	81,637
2019	66,752	2,188	2,240	42	9,551	1,810	1,204	83,787
2020	57,946	2,684	1,784	42	10,803	1,646	1,601	76,506

(1) Also includes activity by miscellaneous air taxis.
Source: Lee County Port Authority.

Rates, Fees and Charges

The Authority has entered into the Use Agreements with the Signatory Airlines relating to, among other things, (1) the use of facilities located in various cost and revenue centers (each a "Cost Center") at the Airport, (2) the method for establishing landing fees and other Cost Center use charges as required at any time for compliance with the rate covenant established under the Bond Resolution and, (3) the payment of any other agreed upon costs or improvements and the adjustment of such charges. See "THE COUNTY, THE AUTHORITY AND THE AIRPORT" herein for a description of the Signatory Airlines. The Use Agreements also provide for an increase in the rates for rentals, fees and charges at the Airport in any Fiscal Year in which the amount of Revenues less O&M Expenses and the O&M Reserve Requirement is projected to be less than 125% of the Debt Service (as such terms are defined in the Use Agreements) requirements for the Bonds and any Subordinated Indebtedness. Additionally, the Use Agreements provide that rates for rentals, fees and charges may also be changed whenever required by the terms and provisions of the Bond Resolution. See "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS" attached hereto.

Expenses and revenues of the Authority are categorized into Cost Centers. Pursuant to the Authority's airport rate-setting methodology provided in the Use Agreements, the Cost Centers include those areas or functional activities used for the purposes of accounting for the financial performance of the Airport. There are six Cost Centers included in the Airport's financial structure (Airfield, Terminal, Air Cargo, Aviation, Apron and Nonaviation Cost Centers). When preparing the preliminary annual budget of Current Expenses and the capital improvement budget for the next Fiscal Year, it is the practice of the Authority to calculate the required aggregate landing fee revenue and the projected landing fee rate and other charges for the use of Cost Center facilities for the next Fiscal Year and to advise the Signatory Airlines of such estimates for their comments. Such information also includes the landed weight and enplaned passenger estimates used by the Authority in estimating Current Expenses and any proposed capital improvements to be included in the capital improvement budget for funding from the Renewal, Replacement and Improvement Fund or the Airport Fund or through the issuance of Additional Parity Bonds. All budgets relating to the Airport are subject to final approval by the Port Authority Board.

Financial Information

Non-Signatory Airlines. Non-signatory passenger airlines operate at the Airport utilizing short term operating permits that provide for the payment of landing fees and terminal use charges to the Authority. Terminal use charges paid to the Authority by non-signatory airlines are 110% of those paid by the Signatory Airlines. Non-signatory airlines do not receive any amounts from revenue sharing, nor do they participate in the annual reconciliation or recalculation of rates and fees. All cargo carriers operating at the Airport are required to pay landing fees and cargo ramp aircraft parking fees to the Authority. Landing fees are based upon the budgeted amounts calculated for the Signatory Airlines.

PFCs. The Airport also receives PFCs from certain Collecting Carriers as defined herein, at a rate of $4.50 per enplaned passenger at the Airport. PFC revenues are restricted to certain authorized amounts and uses. See "INTRODUCTION – Passenger Facility Charges" and "THE COUNTY, THE AUTHORITY AND THE AIRPORT – Passenger Facility Charges" herein. The Pledged PFCs are a source of security for the Series 2021A Bonds and the Parity Bonds.

Non-Airline Revenues. In addition to generating revenues from airlines, the Authority receives substantial moneys from non-airline sources. The principal concessions and consumer services at the Airport are automobile parking, rental cars and terminal concessions from food, beverage and sundries sales. The Authority also derives revenues from advertising and ground transportation services. Each of the foregoing constitute "Revenues" for purposes of the Bond Resolution. The Authority has a written policy for publicly procuring and awarding concession and consumer service privileges at the Airport. In accordance with this policy, the Authority specifies performance and operating standards in its agreements with concessionaires in furtherance of its public service and revenue goals. Automobile parking is operated under a management agreement.

Revenues received by the Authority in connection with rental car services for Airport passengers are the largest source of nonairline revenue at the Airport. The Authority receives privilege fees and rents (associated with ready/return spaces, terminal counter space, and quick turnaround facilities) from rental car companies serving Airport customers. Onsite Airport rental car brands currently include Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, Sixt and Thrifty.

The Authority entered into a five-year agreement with the rental car companies which was effective February 2020. Under the rental car agreements, the rental car operators will generally pay (1) privilege fees equal to the greater of the minimum annual guarantee or 10% of gross receipts for onsite operators, (2) ready/return space rent on a per space basis, (3) quick turnaround ("QTA") rent, and (4) rent for terminal counters, office, and queuing space. Off-site operators pay the Authority 8% of gross receipts as a privilege fee. QTA facility rent includes ground rent at $0.63 per square foot. In addition, rental car operators pay for all operating, utility, maintenance, and service management expenses.

Revenues received by the Authority from its parking facilities are the second largest source of nonairline revenue at the Airport. The parking facilities at the Airport consist of a two-level parking garage with 2,523 spaces (excluding rental car spaces) and a long-term surface parking lot with 8,774 spaces. The Authority has entered into a management contract with SP Plus Corporation (the "Parking Manager") with respect to its parking facilities. The management contract with the Parking Manager was effective September 2015 with a five year contract term. In November 2019, the Board approved a three year extension which will expire on September 30, 2023. The Authority receives all revenues from the operation of the parking facilities and is responsible for all costs and expenses of operation and maintenance of such facilities in addition to payment of the management fees of the Parking Manager. The last parking daily rate increase was in 2016 with a $2.00 increase to the two level parking garage. The last increase to the long-term surface parking lot was a $1.00 daily increase in 2009. There is one competing parking operator and two hotels offering parking services that are over one mile from the terminal. Rates at these competing parking operators fluctuate but are similar to the price for the long-term surface parking lot rate at the Airport. The Airport collects 8% on gross receipts from these parking operators, subject to an annual audit from an independent auditor.

Food and beverage facilities in the terminal are operated under an 18-year concession agreement effective September 2005, with a minimum annual concession fee of $0.50 per departing passenger. News and gifts facilities in the terminal are operated under a 20-year concession agreement effective September 2005, with a minimum annual concession fee of $0.70 per departing passenger. Additionally, all such facilities pay the Authority storage area rent and building service fees.

The Airport collects trip fees paid by taxi, limousine, and transportation network companies such as Uber and Lyft ("TNCs") that connect paying passengers with drivers who provide the transportation using their own commercial and non-commercial vehicles. In 2017, the Airport negotiated licenses with Uber and Lyft. There is also an on-demand taxicab concession agreement with MBA Air Transportation. The Airport receives $3.00 per passenger pickup from TNCs at the Airport, increased from $2.00 in December 2020. The fee charged to TNCs is established under the Ground Transportation Policy contained in the Authority's Policy Manual, and is subject to adjustment by the Airport upon thirty (30) days' written notice, as provided in the policy manual. There is currently no drop-off fee. Total trip fees collected in 2019 and 2020 were approximately $664,000 and $494,000. Total trips in 2019 and 2020 were approximately 332,000 and 247,000.

In the fiscal years ended September 30, 2019 and 2020, Revenues derived from rental cars were $24.0 million and $17.2 million, automobile parking totaled $19.2 million and $12.1 million and total revenues from terminal concessions and restaurant and catering were $8.1 million and $5.3 million, respectively. Revenues from sources other than signatory airlines represented over 60% of all total Revenues received by the Authority in fiscal years ended September 30, 2019 and 2020.

The Authority continues to pursue opportunities to further diversify its non-airline revenues, including the 870 acres of non-aviation and 280 acres of aviation-use Skyplex commercial property located on Authority property. The Authority signed ground leases with Publix Super Markets, Inc. ("Publix"), Skyplex LLC, Alta Resources and Intrepid Aerospace ranging from 20 to 40 years, with options to extend for up to a maximum of 50 years. In addition to a Publix shopping center that opened in 2017, other developments include 250,000 square feet of class A office space that opened in 2018, a 90,000 square foot office building that opened in early 2021, and an aircraft maintenance, repair and overhaul hanger is in the design/permitting phase which is expected to be completed in December 2021. The tenant expects to begin construction in June 2022.

Historical Operating Results. The Audited financial statement of the Authority for the fiscal year ended September 30, 2020 is set forth in Appendix B attached hereto.

The following table sets forth statements of Net Revenues determined in accordance with the Bond Resolution, as excerpted from the audited financial statements, for the fiscal years ended September 30, 2016 through and including September 30, 2020.

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Historical Statement of Net Revenues[1]
Fiscal Years Ended September 30, 2016-2020
(In Thousands)

REVENUES:	2016	2017	2018	2019	2020
User fees	$43,054	$43,936	$44,225	$42,310	$37,836
Rentals and franchise fees	3,197	3,517	3,861	4,592	4,834
Concessions	43,739	45,291	47,971	51,773	34,563
Pledged PFCs[2]					2,557
Interest revenue	762	1,515	2,773	3,700	1,625
Miscellaneous[3]	248	405	217	217	74
Total Revenues[4]	$91,000	$94,664	$99,047	$102,592	$81,489
CURRENT EXPENSES[5]:					
Salaries and wages	$20,226	$21,346	$21,864	$22,241	$23,250
Employee benefits	9,223	9,602	9,804	10,341	11,066
Contractual services, materials and supplies[6]	19,072	20,661	21,016	20,592	15,413
Utilities	4,081	4,061	4,094	4,184	3,990
Repairs and maintenance	3,174	2,937	3,365	2,960	2,178
Insurance	1,612	1,442	1,208	1,576	1,595
Other[7]	1,756	1,617	1,715	1,896	2,067
Total Current Expenses	$59,144	$61,666	$63,066	$63,790	$59,559
NET REVENUES[4]:	$31,856	$32,998	$35,981	$38,802	$21,930
Transfers in[8]	2,838	2,891	3,060	3,306	0
Transfers in (Other)[9]	376	394	343	370	239
Debt service interest	14,939	14,456	13,959	13,374	12,694
Principal[10]	9,750	10,230	10,725	11,310	3,340
TOTAL DEBT SERVICE:	$24,689	$24,686	$24,684	$24,684	$16,034
BOND SERVICE REQUIREMENT COVERAGE[11]	1.29x	1.34x	1.46x	1.57x	1.37x
BOND SERVICE REQUIREMENT COVERAGE AFTER TRANSFERS[12]	1.42x	1.47x	1.60x	1.72x	1.38x

(1) Net Revenues are determined in accordance with the Bond Resolution.

(2) The County adopted the PFC Resolution which pledged the Pledged PFCs as additional security for the Parity Bonds. Therefore, receipts from the Pledged PFCs are now treated as Revenues under the Bond Resolution.

(3) Includes (1) revenue from fingerprinting/ID checks done by the Authority's badging office, (2) revenue from the sale of disposed property and (3) revenue from distributed antenna systems paid by cellular services companies to locate such systems on Authority property. Notwithstanding the foregoing, revenue from the sale of disposed property does not constitute Revenues for purposes of the Bond Resolution. For the fiscal years ended September 30, 2016 through and including 2020, such revenue from the sale of disposed property amounted to

approximately $110,000, $104,000, $48,000, $15,000 and $117,000, respectively. Taking into account such adjustments, Bond Service Requirement Coverage is adjusted to 1.29x, 1.33x, 1.46x, 1.57x and 1.36x, respectively, and Bond Service Requirement Coverage After Transfers is adjusted to 1.42x, 1.47x, 1.60x, 1.72x and 1.38x, respectively

(4) COVID-19, which impacted the Airport beginning in March, 2020, and the resultant government measures and changes in passenger travel behavior resulted in significant reductions in passenger traffic in the fiscal year ended September 30, 2020 when compared to prior fiscal years. See "CERTAIN INVESTMENT CONSIDERATIONS – Coronavirus (COVID-19)" herein for more information.

(5) Current Expenses do not include depreciation, amortization, and unpaid pension and other postemployment benefits expense in accordance with the Bond Resolution.

(6) Contractual services reduced by $2.3 million paid with moneys received from the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act").

(7) Includes employee travel expenses, freight/postage, office equipment rental/lease, vehicle lease, promotional and advertising expenses, printing, binding, copying, memberships, training and seminars and educational expenses.

(8) Includes transfers from surplus PFCs used to pay debt service on the Series 2010A, 2011A and 2015 Bonds in accordance with Federal Aviation Administration approvals. Effective in the fiscal year ended September 30, 2020, these transfers were considered Revenues. See "SECURITY FOR THE BONDS" herein.

(9) Other transfers include a Federal Inspection Station user fee of $2.00 per deplaned passenger.

(10) Principal reduced by early redemption of approximately $8.6 million of the outstanding Series 2010A Bonds on October 2, 2020 with moneys received from the CARES Act.

(11) 1.00x required.

(12) 1.25x required.

Source: Lee County Clerk of Courts Finance and Records Department

Management Discussion and Analysis

The table of Net Revenues above was prepared in accordance with the Bond Resolution and includes only the Revenues and Current Expenses for the Airport. The total shown in the table for "REVENUES" and "CURRENT EXPENSES" are less than the amounts shown in the Audited Financial Statements of the Authority included as Appendix B hereto for Revenues and Current Expenses, because the operating revenues and operating expenses from Page Field are not included in the table but are included in such Audited Financial Statements.

The increase in Revenues from the fiscal year ended September 30, 2016 through and including 2019 is due to a 16.0% increase in passengers for the same period. Increases in Revenues were seen in parking, terminal concessions, rental cars and airline fees. Current Expenses for the same period increased from $59.1 million in the fiscal year ended September 30, 2016 to $63.8 million in the fiscal year ended September 30, 2019. Increases were primarily in salaries and wages, benefits and contractual services and supplies due to terminal cleaning and on-going preventative maintenance items. The decrease in Revenues in the fiscal year ended September 30, 2020 is due to a 29.8% decrease in passengers compared to the previous year as a result of the COVID-19 pandemic. Current Expenses for the fiscal year ended September 30, 2020 decreased as contractual services for parking, janitorial and the baggage handling system were reduced to better match traffic levels. See "CERTAIN INVESTMENT CONSIDERATIONS – Coronavirus (COVID-19)" herein for more information about the impacts of COVID-19.

The Airport's budget for the fiscal year ending September 30, 2021 reflected total budgeted Revenues (excluding Page Field) of approximately $81.5 million compared to budgeted Current Revenues (excluding Page Field) of approximately $109.9 million in the fiscal year ended September 30, 2020. Budgeted Current Expenses (excluding Page Field) are approximately $66.8 million in the fiscal year ending September 30, 2021 compared to approximately $71.8 million the fiscal year ended September 30, 2020. The budgeted net cost per enplaned passenger for in the fiscal year ending September 30, 2021 is $10.15 compared to a budgeted amount of $6.62 in the fiscal year ended September 30, 2020. The actual net cost per enplaned passenger for the fiscal year ended September 30, 2020 was $7.68. The actual net cost per enplaned passenger for the fiscal years ended September 30, 2016 through and including 2020 is shown in the table below.

	Fiscal Years Ended September 30,				
	2016	2017	2018	2019	2020
Net Cost per Enplaned Passenger	$6.41	$6.47	$6.13	$5.33	$7.68

Source: Lee County Port Authority

The fiscal year ending September 30, 2021 budget assumes $5.5 million in CARES Act grant funding will be applied to offset Current Expenses and debt service costs.

Non-airline revenues increased from 59.8% of overall revenues in 2016 to 62.7% in 2019. The table below outlines the percentage of airline revenues versus non-airline revenues for the fiscal years ended September 30, 2016 through and including 2020.

	Fiscal Years Ended September 30,				
	2016	2017	2018	2019	2020(1)
Airline Revenue	40%	39%	40%	37%	42%
Non-Airline Revenue	60%	61%	60%	63%	58%

(1) There was an increase in airline revenues as a percentage of total Revenues at the Airport and a corresponding decrease in non-airline Revenues as a percentage of total Revenues at the Airport as a result of the impacts of COVID-19. See "CERTAIN INVESTMENT CONSIDERATIONS – Coronavirus (COVID-19)" herein for more information.

Source: Lee County Port Authority

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The following table sets forth a statement of Revenues and Current Expenses (unaudited) for the 7-months ended April for fiscal year ended September 30, 2020 compared to 2021.

Statement of Revenues & Expenses
Unaudited
7 Months Ended[(1)]
(In Thousands)

	April 2021	April 2020
REVENUES		
Signatory Airline Revenue	$21,266	$20,438
Rental Cars	16,083	15,024
Parking	5,990	9,569
Non Signatory Airline Revenue	4,760	5,136
Rental Income & Privilege Fees	5,033	5,102
Restaurants, Concessions & Advertising	4,336	5,383
Fuel Systems	1,539	1,594
Miscellaneous Revenue	560	1,821
Ground Transportation	648	598
Total Revenues	$60,214	$64,665
CURRENT EXPENSES		
Salaries and wages	$14,660	$13,663
Employee benefits	5,041	4,524
Pension and OPEB Expense (Benefit)[(2)]	2,583	2,360
Contractual services, materials and supplies	7,474	9,300
Utilities	2,283	2,652
Repairs and maintenance	965	1,310
Insurance	1,657	1,595
Other	1,155	2,054
Total Current Expenses	$35,818	$37,458
Operating income (loss)	$24,396	$27,207

(1) COVID-19, which began impacting the U.S. in March, 2020, and the resultant government measures and changes in passenger travel behavior resulted in significant reductions in passenger traffic beginning in the fiscal year ended September 30, 2020 when compared to prior fiscal years. See "CERTAIN INVESTMENT CONSIDERATIONS" herein for more information.

(2) The Authority provides other post-employment health care benefits, through participation in the Group Health Program for Lee County plan, to all employees who retire from the Authority. The Authority subsidizes the premium rates paid by retirees by allowing them to participate at blended premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, retiree claims are expected to result in higher costs to the plan on average than those of active employees. On January 1, 2020, the Authority reinstated the subsidy program that had been discontinued on October 1, 2008.

Source: Lee County Clerk of Courts Finance and Records Department

The table below shows all funds available for operations, including days cash on hand, for the fiscal years ended September 30, 2016 through and including 2020. As of May 31, 2021, total funds available for operations was $132,318,568 (780 days cash on hand).

	2016	2017	2018	2019	2020
Operating Fund	$28,290,309	$28,929,138	$34,409,381	$36,568,424	$19,869,173
Self Insurance Fund	200,140	202,206	203,876	205,172	202,388
Discretionary Fund	34,186,514	36,777,378	38,785,974	44,972,921	54,091,794
Other Unrestricted Cash	55,280,292	55,659,047	53,366,477	47,220,470	45,721,357
Total	$117,957,255	$121,567,769	$126,765,708	$128,966,987	$119,884,712
Days Cash On Hand	715	706	715	714	705

Source: Lee County Port Authority

Insurance

The Authority currently maintains $250,000,000 of liability insurance coverage for claims arising out of bodily injury, subject to a $10,000 deductible, and $150,000,000 of coverage for property damage (including business interruption) at the Airport, subject to a deductible of 5% of total insured value for named storms and a $25,000 deductible for all other perils. The Authority, as a dependent political subdivision of the County, is also entitled to assert the statutory defense of sovereign immunity to any claim of injury or property damage. The Authority or its tenants, within limits and with deductibles approved by the Authority, maintain fire insurance coverage on all buildings at the Airport. The Authority also currently maintains $100,000,000 of terrorism insurance, subject to a $25,000 deductible. However, the Authority is not required to maintain terrorism insurance and annually determines the cost effectiveness of maintaining such insurance. See Note IX in "APPENDIX B - AUDITED FINANCIAL STATEMENT OF THE AUTHORITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020" for more information regarding the Authority's insurance coverage.

Capital Improvement Program and Funding Sources

The Authority has developed a twenty-year Capital Improvement Program (the "Program") that involves expanding and modifying the Airport within its Airport Master Plan. As part of the Program, the Authority formulates a five-year capital improvement plan which is updated annually with new projects added and existing projects reevaluated, prioritized, rescheduled or omitted depending upon the current situation and predicted future needs of the Airport.

The Authority’s CIP for fiscal years ended September 30, 2021 through and including 2026 (the "Forecast Period") includes approximately $551.6 million in projects. The CIP presented herein and in the Report attached hereto as APPENDIX C does not include three projects which are demand-based projects for future consideration, some or all of which may be debt funded. Key components of the Authority’s CIP expected to be undertaken during the Forecast Period and the estimated costs of such key components are as follows:

AUTHORITY'S CAPITAL IMPROVEMENT PROGRAM - FORECAST PERIOD

Project Name	Total Funding Sources (FY 2021-FY 2026)	Authority Funds	Federal and State Grants	PFC Pay-Go	¨CFC	Series 2021B Bonds[9]	Series 2021C Bonds[10]
Terminal Expansion – Phase 1[1]	$262,616,705	$0	$70,553,461	$0	$0	$140,276,792	$51,786,451
Terminal Expansion – Phase 2[2]	30,000,000	0	15,000,000	15,000,000	0	0	0
Airside Pavement Rehab[3]	64,159,219	251,866	56,436,219	7,471,134	0	0	0
Rehab Runway 6-24	46,000,000	0	40,250,000	5,750,000	0	0	0
PBBs Replacement	35,065,733	0	0	35,065,733	0	0	0
ATCT/TRACON	26,811,875	0	6,902,693	19,909,183	0	0	0
Rehab Roads[4]	25,855,296	25,755,296	0	100,000	0	0	0
Ground Transportation Improvements[5]	17,200,000	17,200,000	0	0	0	0	0
Skyplex Improvements[6]	12,500,000	12,500,000	0	0	0	0	0
Security Center	8,800,000	8,800,000	0	0	0	0	0
Concourse Restroom Remodel	3,622,957	0	1,811,479	1,811,479	0	0	0
FIS Reconfiguration	2,532,593	2,532,593	0	0	0	0	0
Emergency Antenna (911) Relocation	2,297,770	2,297,770	0	0	0	0	0
Other Capital Improvements[7]	6,107,268	2,073,756	2,851,476	1,182,036	0	0	0
Rental Car Relocation Expansion[8]	8,000,000	0	0	0	8,000,000	0	0
TOTAL CAPITAL PROGRAM INCLUDED IN FINANCIAL ANALYSIS	$551,569,416	$71,411,281	$193,805,328	$86,289,564	$8,000,000	$140,276,792	$51,786,451

Totals may not add due to rounding.

(1) Cost excludes prior expenditures.

(2) The design of Terminal Expansion Phase 2 is anticipated to begin during construction for Terminal Phase 1. The construction of Terminal Expansion Phase 2 will occur based on demand and the results of the design effort. Therefore, funding for the construction component of this project is not included in the CIP.

(3) Includes Airport Airside Pavement Rehab 1, 2, and 3.

(4) Includes rehab of all Airport roads including Chamberlin.

(5) Includes Expanded Employee Parking Lot, Parking Revenue Control System, and Expanded Terminal Curb Roadway.

(6) Includes Skyplex Master U.S. Army Corps of Engineers Permit, Greenway, and Infrastructure.

(7) Includes Master Plan Update, Airport Rescue and Fire Fighting 3,000 Gallon Crash Truck #906, Gate 64 Relocation, and Corporate Hangar Site Improvement.

(8) This project will occur when demand dictates. The CIP only includes funding for design which will be paid for by a Customer Facility Charge ("CFC").

(9) The 2021B Bonds, which are expected to be issued on or about October 2021, are expected to be secured by a portion of PFCs.

(10) The 2021C Bonds, which are expected to be issued on or about October 2021, are not expected to be secured by a portion of PFCs.

Source: Report of the Airport Consultant attached hereto as APPENDIX C.

Terminal Projects

Terminal Expansion Phase 1 (approximate cost $263.0 million) – The first phase of the Terminal Expansion project will consolidate the Airport's TSA checkpoints to provide more public space, and it is anticipated to be funded in part with proceeds of the Additional Parity Bonds. The total Terminal Expansion – Phase 1 project cost is approximately $279 million, and the estimated cost for fiscal year ending September 30, 2021 through 2026 totals approximately $263 million, of which approximately $140 million is expected to be funded through Additional Parity Bonds (which are also PFC Pledged Bonds) which include a pledge of Pledged PFCs, and approximately $52 million is expected to be funded through Additional Parity Bonds (which would not be PFC Pledged Bonds) without a pledge of Pledged PFCs. The remaining portion of the project is anticipated to be funded using Florida Department of Transportation ("FDOT") grant funding. Construction is expected to be completed in fiscal year ending September 30, 2025.

Terminal Expansion Phase 2 (approximate cost $30 million) - Phase 2 of the Airport's Terminal Expansion project will involve a gate expansion and baggage handling system expansion at the Airport. The project is currently in its initial concept refinement and alternative analysis development stage, and the timeline for construction will be dependent upon passenger activity demand. Design for the Terminal Expansion Phase 2 project is anticipated to take place during the construction of Terminal Expansion Phase 1. With a total cost of $30 million, the design is anticipated to be funded with FDOT grants and PFC pay-go funds.

The total cost estimate for construction is currently undetermined given the uncertainty in timing for this project. The funding sources have not been assigned within the Airport's CIP for construction. A plan of finance will be determined once demand necessitates the project's implementation and the design has been completed. Therefore, the construction portion of this project is not included within the financial analysis associated with the Forecast Period.

Other Projects

Airside Rehab Phases 1 through 3 (approximately $64 million) - the Authority has undertaken a comprehensive airside pavement rehabilitation program to address the condition of pavement throughout the taxiway system and aprons at the Airport. Phases 1 and 2 of the program consist of Taxiways A, F, and G2 Rehabilitation and the Cargo Ramp Rehabilitation, which are currently underway. Phase 3, planned to include the North Ramp, Taxiway A5, and Taxiway G and the expansion of the Terminal Ramp for Hot Spot 1 Mitigation, which is anticipated to begin in the fiscal year ending September 30, 2026, is estimated to cost approximately $39 million and is anticipated to be funded with AIP grants, PFC pay-as-you-go (pay-go), and FDOT grants.

Rehab Runway 6-24 (approximately $46 million) - the Airport's runway was previously rehabilitated in 2007; as a result, the rehabilitation is approaching the end of its useful life. An upcoming milling and resurfacing of the runway is planned for the fiscal year ending September 30, 2023 through 2024 and is anticipated to be funded by a mix of AIP grants, FDOT grants, and PFC pay-go funds.

Passenger Boarding Bridge Replacement (approximately $35 million) - the Authority has begun the replacement process for the 27 passenger boarding bridges at the Airport, which were part of the original construction of the Midfield Terminal. Total cost of replacement is approximately $35 million, excluding design, which has already occurred. The construction of the project began in January 2021 and is anticipated to be complete in the fiscal year ending September 30, 2022. The project is anticipated to be funded solely with PFCs on a pay-go basis.

Airport Traffic Control Tower and Terminal Radar Approach Control Facility ("ATCT") (approximately $27 million) - construction is currently underway for a new ATCT and Terminal Radar Approach Control Facility (TRACON) located midfield between the existing runway and the planned future parallel runway at the Airport. The cost estimate for the total project, including design, permitting, environmental mitigation, and construction, is approximately $82 million. Most of the expenditures have occurred prior to the fiscal year ending September 30, 2021. The remaining expenditures, estimated at approximately $27 million, are scheduled to occur in the fiscal year ending September 30, 2021 and 2022 and are anticipated to be funded with FDOT and PFC pay-go funding.

Rehab Roads ($26 million) - the Authority's CIP includes the rehabilitation of the Airport's access roadways. The planned rehabilitation includes Chamberlin Parkway, connecting Daniels Parkway to the cargo and general aviation areas of the Airport, as well as the rehabilitation of additional access roadway components.

Chamberlin Parkway rehabilitation includes the rehabilitation, realignment, and construction of Chamberlin Parkway and Perimeter Road. The project is anticipated to cost approximately $20 million, is scheduled for the fiscal year ending September 30, 2023, and is expected to be funded with Authority funds, later to be reimbursed by PFCs.

The remaining roadway rehabilitations are planned for the fiscal year ending September 30, 2025 and are estimated to cost approximately $6 million. The remaining roadway rehabilitations would be funded with Authority funds.

Ground Transportation Improvements (approximately $17 million) - the Authority plans to implement additional ground transportation improvements in the fiscal year ending September 30, 2025 and 2026. With an estimated total cost of approximately $17 million, the improvements would include the expansion of the employee parking lot (approximately $2 million), the installation of a parking revenue control system (approximately $5 million), and the expansion of the terminal curb roadway (approximately $10 million). The projects would be funded entirely with Authority funds.

Skyplex Improvements (approximately $12.5 Million) - the CIP also includes improvements to the Authority's Skyplex business park, totaling approximately $12.5 million. This project primarily consists of Skyplex infrastructure improvements related to the construction of communications network infrastructure, with an estimated cost of approximately $11 million. The Authority also has planned for a Skyplex Master US Corps of Engineers ("USCOE") Permit and a Skyplex Greenway project component, with an estimated cost of $1.5 million. The project will occur between the fiscal year ending September 30, 2021 and 2025, and costs are anticipated to be funded entirely with Authority funds.

Other Capital Improvement Program Projects (approximately $23 Million) - the Authority's CIP also includes the Security Center, Concourse Restroom Remodel, the reconfiguration of the Federal Inspection Services Facility ("FIS"), Emergency Antenna Relocation, and additional capital improvements. The total cost associated with these projects is approximately $23 million. Planned funding includes a mix of AIP, FDOT, PFC pay-go, and Authority funds.

Rental Car Relocation Expansion (approximately $8 million) - the Authority has also planned for the design and relocation of the rental car facilities at the Airport. The CIP includes $8 million in design costs for the Rental Car Relocation Expansion which would be funded by CFCs. The construction portion of the project is anticipated to also be funded with CFCs; however, the construction is not included within the CIP or the financial analysis associated with the Forecast Period, given that the timing for the construction of this project is dependent upon passenger activity demand. It is anticipated that a CFC will be implemented at the Airport when demand necessitates, prior to the implementation of this project.

Funding for CIP

The CIP is anticipated to be funded through (1) grant awards from the Airport Improvement Program funds, FDOT and the TSA, (2) PFCs, (3) Airport funds designated for such purposes, (4) CFCs, (5) Additional Parity Bonds or (6) a combination thereof. See "THE COUNTY, THE AUTHORITY AND THE AIRPORT – Capital Improvement Program and Funding Sources" and "FUTURE DEBT ISSUANCE" herein for more information.

The Authority plans to impose a CFC prior to the implementation of the Rental Car Relocation Expansion project. The CIP for the Forecast Period includes approximately $8 million in CFC funding associated with the design portion of the project. A CFC has not been imposed yet and there can be no guarantee that the imposition of such CFC will not be delayed.

Recently Completed Projects

Ticket Counter Modernization (total cost of $12.8 million) - Enhancements in the ticket counter modernization project included upgrading airline ticket counters, rental car counters, RS counters, curbside check-in stations, airline gate podiums, and modernizing the gate back-walls with such items as flat screen monitors and e-signage. This project was substantially complete in January 2020.

Maintenance Building (total cost of $4.6 million) – This project included the expansion of the current facility by 6,255 square feet which included two additional full height vehicle service bays and a third bay consisting of additional storage rooms and workshop area at the ground level, with mezzanine storage overhead. Remodeling of the first floor area and additional expansion area also included the enclosure of the existing storage mezzanine over the present office area, additional employee/visitor parking, and covered parking for equipment. This project was substantially complete in May 2020.

Future Projects

Parallel Runway - This project includes project management, planning, concept refinement, design development, permitting, mitigation, financing and grants funding assistance to develop a new 9,100 foot runway and associated improvements to accommodate continuing demand in air service for the southwest Florida region. Construction of the runway is not included in the current five year CIP. Additionally, as more fully described in the Report, there are three projects which are demand-based for future consideration: Terminal Expansion Phase 2, Baggage Handling System Expansion, and Rental Car Relocation Expansion, some or all of which may be debt funded.

Passenger Facility Charges

As part of the PFC Act, as implemented by the FAA pursuant to the PFC Regulations, the United States Congress has authorized commercial service airports such as the Airport to collect passenger facility charges from each paying passenger enplaned at such airport in the amount of $1.00, $2.00, $3.00, $4.00 or $4.50, subject to certain limitations. Airport-related projects eligible for funding with passenger facility charges are those that (a) preserve or enhance capacity, safety or security of the national air transportation system, (b) reduce noise from an airport that is part of the system, or (c) provide an opportunity for enhanced competition between or among air carriers or foreign air carriers. "Eligible airport-related projects" include airport development or planning, terminal development, airport noise compatibility measures and planning and construction of gates and related areas (other than restaurants, rental car facilities, automobile parking or other concessions) for the movement of passengers and baggage. In order to be eligible to impose passenger facility charges at levels of $4.00 or $4.50 a project must meet certain additional requirements provided in the PFC Regulations. The PFC Act is subject to amendment and to repeal by the United States Congress. The FAA may also amend the PFC Regulation. PFCs are collected on behalf of airports by air carriers, certain foreign air carriers and their agents ("Collecting Carriers").

The Collecting Carriers are authorized to withhold, as a collection fee (a) eleven cents per enplaning passenger from whom passenger facility charges is collected and (b) any investment income earned on the amount collected prior to the due date of the remittance. The Collecting Carriers remit passenger facility charges to the Airport on a monthly basis. The PFC Act was amended in 1996 to provide that PFCs that are held by a Collecting Carrier constitute a trust fund that is held for the beneficial interest of the eligible agency imposing the fee and that the Collecting Carrier holds neither a legal nor equitable interest in the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, PFC Regulations require Collecting Carriers to account for PFCs collections separately and to disclose the existence and amount of funds regarded as trust funds in financial statements. The Collecting Carriers, however, are permitted to commingle PFCs collections with the carriers' other sources of revenue.

PFC applications for specific projects are approved by the FAA in specific total amounts and the Authority may impose the designated passenger facility charges only until it collects the authorized total amount. Interest earnings on the collections are treated as collections for purposes of the authorized total. The Airport has imposed PFCs since November 1992. The Authority has received approval from the FAA to collect and use PFCs under ten applications for a total of $908.3 million in collection authority. Through December 31, 2020, PFCs received by the Authority, including investment earnings, totaled $350,638,045 (unaudited), of which $300,674,222 (unaudited) had been expended on approved project costs. The Authority is currently authorized to collect PFCs at a rate of $4.50 per enplaned passenger at the Airport.

PFCs may be used, subject to applicable regulations, either to pay debt service on all or a portion of bonds secured by, or payable from, PFCs or to pay for eligible capital improvements on a year-to-year basis, as specified in the applicable approval. Currently, the Airport's PFC approvals authorize (but do not require) the use of PFCs to pay debt service on any bonds issued to finance PFC approved projects. Historically, and prior to June 25, 2020, the Airport used a portion of the PFCs to pay a portion of the debt service on the Bonds, which portion of PFCs constitute Transfers within the meaning of the Bond Resolution. See "AIRPORT FINANCIAL FACTORS - Historical Statement of Net Revenues" herein. On June 25, 2020, the County adopted the PFC Resolution which pledged the Pledged PFCs as additional security for the PFC Pledged Bonds. The receipts from Pledged PFCs shall be treated as Revenues and shall be deposited into a special Passenger Facilities Charge Subaccount of the Revenue Fund and shall be applied, on a parity with Revenues not derived from PFCs, in the manner and order of priority set forth in the Bond Resolution, provided such moneys shall only be applied for deposits to the applicable Subaccounts created for the PFC Pledged Bonds. The Series 2021A Bonds shall be PFC Pledged Bonds. The expected Series 2021B Bonds are also expected to be secured by a portion of the PFCs. The expected Series 2021C Bonds shall <u>not</u> be secured by PFCs. The pledge of the Pledged PFCs may subsequently be released and extinguished as provided in Section 3.02 of the Bond Resolution. In addition, PFCs may be pledged to secure future Additional Parity Bonds issued by the County in accordance with the terms of the Bond Resolution. See "THE COUNTY, THE AUTHORITY AND THE AIRPORT – Passenger Facility Charges" herein and Section 3.02 in "COPY OF THE BOND RESOLUTION" included as Appendix D herein.

The following table sets forth the PFCs collected at the Airport in the fiscal years ended September 30, 2016 through and including 2020:

Passenger Facility Charges

Fiscal Year Ended September 30	PFCs Collected[1]
2016	$17,038,875
2017	17,494,011
2018	19,186,195
2019	21,356,398
2020	14,256,862[2]

(1) Includes interest income. Pledged PFCs only include a portion of the $4.50 collected per enplaned passenger by the Authority. In the fiscal year ended September 30, 2020, Pledged PFCs used for debt service were approximately $2.5 million.

(2) COVID-19, which began impacting the U.S. in March, 2020, and the resultant government measures and changes in passenger travel behavior resulted in significant reductions in passenger traffic in the fiscal year ended September 30, 2020 when compared to prior fiscal years. See "CERTAIN INVESTMENT CONSIDERATIONS – Coronavirus (COVID-19)" herein for more information.

Source: Lee County Port Authority

Federal and State Grants

The Authority also receives funds pursuant to Federal and State grants. Such grant funds are generally restricted to specific uses.

Retirement Plan and Other Post-Employment Benefits

Retirement Plan. The Authority participates in the Florida Retirement System (the "FRS"), a cost sharing, multiple-employer public employee retirement system which covers all full-time and part-time employees. The FRS is contributory and is administered by the State of Florida. The FRS also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by Chapters 112 and 121, Florida Statutes. Beginning in 2002, the FRS became one system with two primary plans, a defined benefit pension plan (the "FRS Pension Plan") and a defined contribution plan alternative to the defined benefit plan known as the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Since year 2012, the State mandated that employees contribute 3% of pay to the FRS Pension Plan. The FRS offers several other plan and/or investment options that may be elected by the employee. Each offers specific contribution and benefit options. The FRS plan documents should be referenced for complete details of these options and benefits. See "APPENDIX A - GENERAL INFORMATION REGARDING LEE COUNTY, FLORIDA - Retirement Plan and Other Post-Employment Benefits."

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Florida Legislature as guidance for funding decisions. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the Florida Legislature. For fiscal years ended September 30, 2020, 2019, and 2018, the Authority's contributions aggregated $2.8 million, $2.6 million, and $2.4 million, respectively, which represented 11.37%, 10.86%, and 10.19% of covered payroll.

See Note VIII to the Authority's Audited Financial Statement for the year ended September 30, 2020 for more information regarding the FRS plans. Additional information is also provided in "APPENDIX A - GENERAL INFORMATION REGARDING LEE COUNTY, FLORIDA - Retirement Plan and Other Post-Employment Benefits." A copy of the FRS's June 30, 2020 annual report can be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by phoning (850) 488-5706.

Other Post-Employment Benefits. The Authority provides post-retirement health care benefits, through participation in the GHPLC Plan, to all employees who retire from the Authority. The GHPLC provides medical, dental, vision and life insurance benefits ("OPEB") to Authority retirees and their spouses. As of October 1, 2019, the date of the latest actuarial valuation, plan participation consisted of 344 current active plan members, 140 retirees and 70 eligible dependents receiving postemployment health care benefits. In addition, Medicare eligible retirees and their Medicare eligible dependents may enroll in the Medicare Advantage Plan, a fully funded insurance plan administered by Aetna.

The Actuary determined the Authority's actuarial accrued liability related to OPEB, which approximates the present value of all future expected postretirement life and medical premiums and administrative costs which are attributable to the past service of those retired and active employees, at $62 million as of the fiscal year ended September 30, 2020. The Actuary also determined the Authority's annual required contribution ("ARC"), which is the portion of the total accrued actuarial liability allocated to the current Fiscal Year needed to pay both normal costs (current and future benefits earned) and to amortize the unfunded accrued liability (past benefits earned, but not previously provided for), to be $9 million as of the fiscal year ended September 30, 2020. The calculation of the accrued actuarial liability and the ARC is, by definition and necessity, based upon a number of assumptions, including interest rate on investments, average retirement age, life expectancy, healthcare costs per employee and insurance premiums, many of which factors are subject to future economic and demographic variations.

See Note VIII to the Authority's Audited Financial Statement for the year ended September 30, 2020 for more information regarding the other post-employment benefits. Additional information is also provided in "APPENDIX A - GENERAL INFORMATION REGARDING LEE COUNTY, FLORIDA - Retirement Plan and Other Post-Employment Benefits."

INFORMATION CONCERNING THE SIGNATORY AIRLINES

Each Signatory Airline (or its respective parent corporation) serving the Airport is subject to the information reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and, in accordance therewith, must file reports and other information with the Securities and Exchange Commission (the "Commission"). Certain information, including financial information as of particular dates concerning each such Signatory Airline or its respective parent corporation, is disclosed in reports and statements filed with the Commission. In addition, certain non-signatory airlines may also file reports and information with the Commission. Such reports and statements can be inspected in the Public Reference Section at the SEC Headquarters, 100 F Street, N.E., Washington, DC 20549, and copies of such reports and statements can be obtained from the Public Reference Section at prescribed rates. The SEC also maintains a website that contains reports, proxy and information statements and other written information regarding companies that file electronically with the SEC. The address of the website is http://www.sec.gov. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the United States Department of Transportation. Such reports can be inspected at the following location: DOT Dockets Office, Research and Innovative Technology Administration, Bureau of Transportation Statistics, 1200 New Jersey Avenue, S.E., Room W12-140, Washington, D.C. 20590 and copies of such reports can be obtained from the United States Department of Transportation at prescribed rates. Foreign flag airlines are not required to file financial reports or operating statistics with the United States Department of Transportation. THE COUNTY HAS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF INFORMATION AVAILABLE FROM THE ABOVE-MENTIONED SOURCES.

USE AGREEMENTS

The Signatory Airlines have each entered into an Airline - Airport Lease and Use Agreement (the "Use Agreements") with the Authority. The Signatory Airlines represented 91.7% of enplanements at the Airport in the fiscal year ended September 30, 2020 and accounted for approximately 30% of total Revenues (excluding Pledged PFCs) for the fiscal year ended September 30, 2020. For a description of the terms and conditions of the Use Agreements, see "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS," included as Appendix E attached hereto.

The current Use Agreements commenced on October 1, 2018 with a three year term, expiring on September 30, 2021. A two year extension was recently agreed to with the existing Signatory Airlines which will expire September 30, 2023. Failure to enter into new Use Agreements will not relieve the Authority or the County from any of its obligations under the Bond Resolution, including the rate covenant. The Use Agreements, commonly referred to as a hybrid compensatory agreement, have a revenue sharing component. In any year in which there are net remaining revenues generated at the Airport, and all requirements of the Bond Resolution have been satisfied, the net remaining revenues shall be divided between the Authority (60%) and the Signatory Airlines (40%). The Use Agreements provide for flexibility as there is no airline approval required for capital projects.

Passenger terminal building ("Terminal") premises are leased on an exclusive use, preferential use and joint use basis. The Authority leases certain terminal premises on a common use basis, as necessary. The Authority manages its Terminal facilities in an efficient manner, while also respecting the schedules of its airline parties. Ticket counters, offices, operations areas, and baggage make-up facilities are leased on an exclusive use basis. Gates/holdrooms and aircraft parking positions are leased on a preferential use basis. Baggage claim is leased on a joint use basis, with costs allocated to the Signatory Airlines based on twenty percent (20%) allocated to all Signatory Airlines equally, and eighty percent (80%) allocated to all Signatory Airlines based on the ratio of each Signatory Airline's enplaned passengers annually at the Airport.

Landing fees are calculated using a "residual" airfield cost center approach and are based upon the total landed weight for all airline groups (Signatory, non-Signatory, Cargo, Charter, and International). Terminal rents are calculated using a commercial compensatory method (i.e., rentable square foot divisor). Charges for the leasing of all Terminal space is assessed on a square-footage basis. See "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS," included as Appendix E attached hereto for a description of such fees and charges and the rate making formula for establishing landing fees and cost center use charges as described in the Report of the Airport Consultant (the "Report").

REPORT OF THE AIRPORT CONSULTANT

Scope of the Report

The Report presents the analysis undertaken by Ricondo & Associates (the "Airport Consultant") to demonstrate the ability of the County and the Authority to comply with the requirements of the Bond Resolution on a pro forma basis for the fiscal years ending September 30, 2021 through and including 2028 (the "Projection Period") based on the assumptions regarding the planned issuance of the Series 2021A Bonds along with the future issuance of the Series 2021B Bonds and the Series 2021C Bonds, and the anticipated CIP provided by the Authority after consultation with its financial advisor and the Underwriters. In developing its analysis, the Airport Consultant has reviewed historical trends and formulated projections, based on the assumptions put forth in the Report, which have been reviewed and agreed to by the Authority, regarding the ability of the Airport to generate demand for air service, the trends in air service and passenger activity at the Airport, and the financial performance of the Airport.

To develop the pro forma analysis of the Authority's financial performance, the Airport Consultant reviewed the agreements that establish the business arrangements between the Airport and its various tenants, including but not limited to the commercial airlines serving the Airport. The Airport generates the majority of its Revenues from commercial airlines and private aircraft operators through airfield usage fees and various rentals for terminal and other spaces; fees and rents assessed to concessionaires providing various goods and services to passengers and other users of Airport facilities; fees and rents assessed to rental car operators serving the Airport; and fees for public parking and commercial vehicle access to Airport facilities. These revenues are in large measure driven by passenger demand for air service from the Airport, which is a function of national and local economic conditions, and the ability and willingness of the commercial airlines to supply service at a level commensurate with this demand. Thus, the Airport Consultant reviewed the historical relationships between economic activity and demand for air service and the financial performance of the Airport based on forecasted demand. In 2020, the airline industry and the Airport experienced significant changes resulting from the COVID-19 pandemic and efforts to contain it. The Airport Consultant's review of activity included considerations on the effect of the COVID-19 pandemic on airline travel, and the airlines' provision of air service going forward after COVID-19. Based on this historical review, the Airport Consultant developed assumptions regarding these factors and relationships through the Projection Period, which provide the basis for the forecasts of passenger activity and the projections of financial performance presented in the Report attached hereto as APPENDIX C.

The financial analysis described in the Report includes a Projection Period through the fiscal year ending September 30, 2028. Beyond fiscal year ending September 30, 2026, the planned capital improvements for the Airport are not included within the analysis, but there is a potential for additional CIP spending in the fiscal year ending September 30, 2027 and 2028. The five-year CIP is re-evaluated annually and projects could be included/excluded based on demand and other factors.

The techniques and methodologies used by the Airport Consultant in preparing the Report are consistent with industry practices for similar studies in connection with the issuance of airport revenue bonds. While the Airport Consultant believes that the approach and assumptions used are reasonable, some assumptions regarding future trends and events discussed in the Report, including, but not limited to, the implementation schedule of the CIP, the forecasts of passenger-related activity, and the projections of financial performance, may not materialize. Therefore, actual performance will likely differ from the projections set forth in the Report, and the variations may be material. See APPENDIX C attached hereto.

Summary of Financial Analysis and Assumptions

Results of the financial analysis presented in the Report are summarized below:

- Current Expenses are projected to increase based on the type of expense, the incremental increases associated with the completion of capital projects, and the expectations of future inflation (assumed to be 3.0% annually), with total Current Expenses estimated to increase from approximately $66.6 million in the fiscal year ending September 30, 2021 to approximately $90.9 million in the fiscal year ending September 30, 2028.

- Concession revenues are estimated to be $34.9 million in the fiscal year ending September 30, 2021 and are projected to increase to approximately $66.9 million in the fiscal year ending September 30, 2028, based on anticipated air traffic growth, inflation, and impacts from the anticipated opening of Terminal Expansion – Phase 1 project in the fiscal year ending September 30, 2025. Total Non-Airline Revenues, including concessions, are estimated to be approximately $48.1 million in the fiscal year ending September 30, 2021. Total Non-Airline Revenues are projected to increase to approximately $82.8 million in the fiscal year ending September 30, 2028.

- After the issuance of the Series 2021A Bonds, total annual debt service is projected to be approximately $23.0 million in the fiscal year ending September 30, 2021 and increase to $33.0 million per year in the fiscal years ending September 30, 2022 through 2024 due to Series 2021B Bonds debt service. In the fiscal year ending September 30, 2025, total annual debt service increases to approximately $36.2 million per year due to Series 2021C Bonds debt service.

- Airline revenues calculated based on the terms of the Airline-Airport Use and Lease Agreement are estimated to increase from approximately $26.8 million in the fiscal year ending September 30, 2021 to approximately $39.4 million in the fiscal year ending September 30, 2028. The Airport's estimated average airline cost per enplanement is estimated to decrease from approximately $8.89 in the fiscal year ending September 30, 2021 to approximately $6.71 in the fiscal year ending September 30, 2028. Calculated in accordance with the Bond Resolution, debt service coverage is estimated to be 1.38x and 1.34x in the fiscal year ending September 30, 2022, the first full year of debt service on the Series 2021A Bonds, calculated according to the 1.25x and 1.00x tests, respectively. Debt service coverage is expected to exceed both debt service coverage requirements established in the Bond Resolution in each year of the Projection Period.

The projections of enplaned passengers and aircraft operations in the Report were based on several underlying assumptions, including the following:

- Activity at the Airport will not be constrained by facilities, or lack thereof.

- A prolonged contraction of demand for air travel increases the likelihood of structural changes to the airline industry. These structural changes may include airline bankruptcies and failures, consolidations, and hub closures or other network changes. No bankruptcies, or consolidations are incorporated into the projections. New airline alliances, should they develop, would be restricted to code-sharing and joint frequent flyer programs, and they would not reduce airline competition at the Airport.

- For the analyses, and like the FAA's nationwide forecasts, it was assumed that there will be no terrorist incidents during the Projection Period that would have significant, negative, or prolonged effects on aviation activity at the Airport or nationwide.

- Additional economic disturbances will occur during the Projection Period, causing year-to-year variations in airline traffic. However, traffic at the Airport and nationwide is projected to increase over the long-term.

- It is assumed that no additional major "acts of God" that may disrupt the national or global airspace system or negatively affect aviation activity will occur during the Projection Period.

- Long-term growth was modeled on pre–COVID-19 socioeconomic variables with long-term economic growth estimates assumed to return to projected socioeconomic performance as enplaned passengers return to pre-COVID-19 activity levels (i.e., fiscal year ended September 30, 2019).

COVID-19 Recovery

The severity and duration of the downturn in air travel demand, as well as the timing, pace, and length of the recovery, are uncertain. The recovery projections were prepared in consideration of the uncertainty surrounding passenger demand timelines (recovery is defined as a return to fiscal year ended September 30, 2019 activity levels). The development of the recovery projections incorporated the following assumptions and factors in the Report:

- A full recovery to pre–COVID-19 activity levels will likely require wide scale deployment of a vaccine to prevent the disease or development of an effective therapy to treat it. The projections development assumes vaccines/treatments will continue and be distributed to most individuals providing increased public confidence in the safety of air travel; however, some individuals may choose not to get vaccinated and are assumed to be the minority of the population. The projections did not incorporate additional "waves" of the pandemic or increased restrictions affecting fiscal year ending September 30, 2021 activity levels. The recovery is modeled assuming monthly increases in load factors and seat capacity as a percentage of the same month in fiscal year ended September 30, 2019.

- Airlines have announced the retirement of certain aircraft types from their operating fleets, which in some cases represents an accelerated timeline for retiring older aircraft that airlines were already planning to retire in the next few years. Changes in fleet mix and average aircraft size could change the number of operations required to accommodate passenger demand. Published data of known retirements and new aircraft are incorporated into the projections of aircraft operations.

- National governments, including the United States, have imposed short-term regulatory changes or other rules, including the requirement that airlines maintain service to certain destinations, and have banned certain international travel. The extension of these temporary changes, or the introduction of additional regulatory requirements (e.g., government-coordinated scheduling and fare pricing), would impact demand for air travel and patterns of activity. No prolonged lockdowns (i.e., border closures) for domestic and international destinations, or other similar restrictions, are incorporated into the projections. The recovery of domestic passengers (the primary passenger type at the Airport) is expected to outpace that of international passengers. Domestic passengers are modeled to recover to fiscal year ended

September 30, 2019 activity levels in the fiscal year ending September 30, 2024 and international passengers are modeled to recover to fiscal year ended September 30, 2019 activity levels in March 2024.

- Growth by ultra-low cost carriers ("ULCCs") at nearby smaller airports may provide lower average fares that can stimulate demand for the area; however, the ULCCs offer a limited number of destinations and daily services. As a result, the Airport may experience a quicker enplaned passenger recovery when compared to the nation and most U.S. airports. The Airport is expected to remain the largest (based on enplaned passengers) in the Air Trade Area by providing the largest selection of nonstop and connecting destinations and the most daily departures through the recovery and continuing through the Projection Period.

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Projected Net Revenues and Debt Service Coverage

Using the assumptions described above and in APPENDIX C attached hereto, the Airport Consultant developed projections of revenues, expenses, debt service and debt service coverage for the Projection Period. The table below shows debt service coverage for such Projection Period:

	Estimate	Projected						
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues:								
Terminal Rental Revenue	$15,716,615	$16,124,069	$18,739,184	$19,259,611	$22,385,898	$23,311,930	$23,904,590	$25,076,947
Landing Fee Revenue	11,550,361	13,211,547	14,979,843	15,393,489	15,461,287	15,750,495	16,169,497	16,663,345
Apron Fee Revenue	2,382,576	2,555,534	2,645,382	2,745,657	2,849,892	2,958,246	3,070,859	3,187,952
Nonairline Revenue	48,066,723	55,378,358	66,342,681	72,417,123	75,773,642	78,053,461	80,384,897	82,757,216
PFC Revenue (Existing)(1)	1,991,100	2,571,503	3,201,165	3,541,770	3,657,915	3,757,095	3,857,580	3,958,718
PFC Revenue Applied to Future Debt Service	484,805	9,863,250	9,864,500	9,860,000	9,859,750	9,863,250	9,860,000	9,860,000
FIS Fee	166,202	167,864	169,543	171,238	172,950	174,680	176,427	178,191
Total Revenues	**$80,358,382**	**$99,872,124**	**$115,942,298**	**$123,388,888**	**$130,161,335**	**$133,869,157**	**$137,423,850**	**$141,682,368**
Less:								
Current Expenses	$66,608,604	$69,493,202	$72,414,799	$75,463,119	$79,419,651	$82,777,443	$86,281,663	$90,879,771
CARES Funds for Operating Expense	(5,500,000)	(2,000,000)	0	0	0	0	0	0
Operating Expenses, net of CARES	61,108,604	67,493,202	72,414,799	75,463,119	79,419,651	82,777,443	86,281,663	90,879,771
Total Net Revenue Available for Debt Service	**$19,249,778**	**$32,378,922**	**$43,527,499**	**$47,925,772**	**$50,741,684**	**$51,091,714**	**$51,142,187**	**$50,802,597**
1.25 Revenue Bond Coverage Calculation								
Series 2010A Airport Revenue Bonds (PFC Pledged)	13,500,905	13,503,000	0	0	0	0	0	0
Series 2011A Airport Revenue Bonds (PFC Pledged)	4,630,147	0	0	0	0	0	0	0
Series 2015 (PFC Pledged)	1,672,005	1,671,250	1,671,250	1,671,250	1,671,250	1,671,250	1,671,250	1,671,250
Series 2021A Bonds - (PFC Pledged)(2)	2,165,406	7,424,250	20,124,250	20,124,250	20,127,500	20,132,250	20,121,750	20,125,000
Series 2021B (Terminal Expansion - PFC Pledged)	484,805	9,863,250	9,864,500	9,860,000	9,859,750	9,863,250	9,860,000	9,860,000
Series 2021C (Terminal Expansion - Airport Revenue Bonds)	$0	$0	$0	$0	$4,588,250	$4,586,750	$4,584,500	$4,588,500
CARES Funds for Debt Service	(9,100,000)	(9,002,777)	0	0	0	0	0	0
Net Series Debt Service	13,353,268	23,458,973	31,660,000	31,655,500	36,246,750	36,253,500	36,237,500	36,244,750
1.25 Debt Service Coverage(3)	**1.44x**	**1.38x**	**1.37x**	**1.51x**	**1.40x**	**1.41x**	**1.41x**	**1.40x**
1.0 Revenue Bond Coverage Calculation (Excludes Transfers)								
Federal Inspection Services Fee(4)	(166,202)	(167,864)	(169,543)	(171,238)	(172,950)	(174,680)	(176,427)	(178,191)
Net Revenue, net of CARES and less Transfers	19,083,576	32,211,058	43,357,956	47,754,531	50,608,158	50,944,731	50,991,310	50,653,530
Net Series Debt Service	13,353,268	23,458,973	31,660,000	31,655,500	36,246,750	36,253,500	36,237,500	36,244,750
1.0 Debt Service Coverage Test	**1.43x**	**1.37x**	**1.37x**	**1.51x**	**1.40x**	**1.41x**	**1.41x**	**1.40x**

[Footnotes on the following page]

(1) The PFCs equal $4.50 per enplanement. Only a portion of PFCs are Pledged PFCs. The County and the Authority have elected to only use an amount equal to $0.75 per enplaned passenger of the Pledged PFCs to pay debt service on PFC Pledged Bonds, which includes the Series 2021A Bonds, and in the future the Authority could elect to increase or decrease this amount although Bondholders will continue to have a pledge of and lien upon the entire amount of Pledged PFCs. The Pledged PFCs are legally available to be used to meet the rate covenant and the Additional Parity Bonds test with respect to PFC Pledged Bonds. See "SECURITY FOR THE BONDS-Issuance of Additional Parity Bonds" and "SECURITY FOR THE BONDS--Rate Covenant" herein.

(2) For actual debt service on the Series 2021A Bonds, see "DEBT SERVICE SCHEDULE" herein.

(3) Does not include federal inspection services fee in transfers.

(4) Paid by prior reserves on behalf of international airlines.

Source: Report of the Airport Consultant attached hereto as APPENDIX C.

Conclusions of the Airport Consultant

1. Based on the analyses put forth in the Report, the Airport Consultant is of the opinion that the Net Revenues of the Airport in each year of the Projection Period are expected to be sufficient to comply with the requirements of the rate covenant established in the Resolution.

2. The Airport Consultant is also of the opinion that throughout the Projection Period the Airport's airline rates and charges will remain reasonable on an airline cost per enplanement basis, compared to other comparably sized U.S. airports.

CERTAIN INVESTMENT CONSIDERATIONS

This section provides a general overview of certain investment considerations that should be taken into account, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2021A Bonds and the sufficiency of the Pledged Funds expected to be generated by the Airport. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2021A Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of the investment considerations. Potential investors in the Series 2021A Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the investment considerations discussed below, among others, could lead to a decrease in the market value and/or the marketability of the Series 2021 Bonds. There can be no assurance that other investment considerations not discussed herein will not become material in the future.

Limited Obligations

The Series 2021A Bonds, together with the Parity Bonds and any Additional Parity Bonds, when and if issued, are limited special obligations of the County payable from, and equally and ratably secured by, a lien on the Pledged Funds, including the Net Revenues. No mortgage of any of the physical properties forming a part of the Airport or any lien thereon or security interest therein has been given. The Series 2021A Bonds are not general obligations of the County, and neither the taxing power of the County nor the State is pledged as security for the Series 2021 Bonds. See "SECURITY FOR THE BONDS" in this document.

Factors Affecting Air Transportation Industry

The generation of Revenues is heavily dependent on the volume of the commercial flights, the number of passengers, and the amount of cargo processed at the Airport. All three are dependent upon a wide range of factors including: (1) local, national and international economic conditions, including international trade volume, (2) regulation of the airline industry, (3) passenger reaction to disruptions and delays arising from security concerns and government shutdowns, (4) airline operating and capital expenses, including security, labor and fuel costs, (5) environmental regulations, (6) the capacity of the national air traffic control system, (7) currency values and (8) world-wide infectious diseases (e.g., Ebola, SARS and COVID-19). The airline industry has faced and will continue to face economic challenges, reflecting both increased costs and overall economic conditions. As a result, airlines have faced major financial losses and, in some cases, bankruptcy. See "Airline Economic Considerations *Airline Bankruptcies"* under this caption. Increased costs and other factors arising from the September 11, 2001 terrorist attacks and related regulatory reaction are discussed separately below in "Security Requirements." Other particular factors are discussed below.

Airline Economic Considerations

<u>Overview</u>

The financial strength and stability of airlines serving the Airport will affect future airline traffic. Prior to 2020, and for the last nine years, the U.S. airline industry has been profitable, following 10 years of stagnation during which carriers accumulated combined losses of $50 billion. To mitigate such losses, U.S. carriers merged, reduced their route networks and flight schedules, and negotiated with employees, lessors, and vendors to cut costs. These cost mitigation tactics have often occurred within the context of certain carriers' Chapter 11 federal bankruptcy proceedings. In the last 15 years, the mega-mergers have consisted of Delta and Northwest in 2008, Southwest and AirTran in 2010 and United and Continental in 2010. The most recent mega-merger is that between American Airlines and U.S. Airways in December 2013 and on a lesser scale, Virgin America and Alaska Airlines merged in 2018.

Largely as a result of consolidations, U.S. scheduled air carriers' overall domestic capacity, as measured by available seat miles, declined 10.3% from 2007 to 2009 with the 2007 measurement as the high and the 2009 measurement as the low. By 2015, domestic capacity by U.S. scheduled carriers had recovered back to the 2007 level and by June 2019 domestic capacity had increased to 18.1% above 2007, as measured by available seat miles. By comparison, international capacity for U.S. air carriers has increased 20.3% between 2007 and June 2019, as measured by available seat miles.

The price and availability of jet fuel are critical and uncertain factors affecting airline operating economics. The price of oil and the associated cost of jet fuel is the largest single cost affecting the airline industry. The volatility in jet fuel prices, which track just above crude oil prices, has significantly affected airlines' operating costs over the past several years. The price of jet fuel peaked in the second quarter of 2008 to just below $180.00 per barrel, as contrasted with the world price of $45.38 per barrel as of August 7, 2020 with an $46.30 per barrel year to date price (through August 2020) as reported by the International Air Transport Association.

Fuel costs are expected to remain volatile and may affect future increases in passenger traffic, which depend on stable international conditions as well as national and global economic growth. Any resumption of financial losses could force airlines to further retrench, merge, consolidate, seek bankruptcy protection, discontinue marginal operations, or liquidate. The restructuring, merging, or liquidation of one or more of the large network airlines could drastically affect air service at many connecting hub airports, offer business opportunities for the remaining airlines, and change air travel patterns throughout the U.S. and the world aviation system.

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

Impact of Boeing 737 MAX Grounding

On March 13, 2019, following two deadly aircraft crashes involving the Boeing 737 MAX airplane, the FAA's Acting Administrator issued an Emergency Order of Prohibition (the "FAA Order"). The FAA Order grounded all U.S. registered Boeing 737 MAX aircraft, including the 8 and 9 variants, until the FAA Order is rescinded or modified. The FAA Order concludes that similarities between the two crashes warrant further investigation of the possibility of a shared cause for the two incidents. On November 18, 2020 the FAA Administrator issued a Rescission of Emergency Order of Prohibition (the "Rescission Order"). The Rescission Order, together with certain related directives issued by the FAA, require owners and operators of covered Boeing 737 MAX aircraft to complete certain corrective actions necessary to address the unsafe condition before further flight operations. The Rescission Order also provides that prior to returning Boeing 737 MAX aircraft to service, operators must meet all other applicable requirements, including new training for pilots and conducting specified maintenance activity. The grounding of the Boeing 737 MAX did not have a negative impact on the Airport. Airlines, such as Southwest, replaced the Boeing 737 MAX with another aircraft and no service was lost as a result.

Airline Bankruptcies

Airlines using the Airport may file for protection under U.S. or foreign bankruptcy laws, and any such airline (or a trustee on its behalf) would usually have the right to seek rejection of any executory airport lease or contract, including a Use Agreement, within certain specified time periods after the filing, unless extended by the bankruptcy court. In addition, during the pendency of a bankruptcy proceeding, a debtor airline using the Airport typically may not, absent a court order, make any payments to the Authority either on account of services provided to the airline prior to the bankruptcy filing date or the airline's use of airport facilities prior to the bankruptcy filing date (such services or use being referred to as "pre-petition" items). Thus, the Authority's stream of payments from a debtor airline may be interrupted to the extent such payments are for pre-petition items, including any accrued rent, landing fees, aviation fees, and PFCs. For any domestic or foreign airline not intending to continue operating at the Airport, the airline will likely reject all contracts, including a Use Agreement, with the Airport, and the Airport's recovery of amounts owed to it under the contracts prior to the filing date will typically be limited to the security deposits on hand for that airline and the percentage distribution of the airline's assets that all creditors receive at the conclusion of the bankruptcy proceeding.

An airline that has executed a Use Agreement or other executory contract with the Authority and seeks protection under the U.S. bankruptcy laws must assume or reject (a) its Use Agreement within 120 days after the bankruptcy filing (subject to court approval, a one-time 90-day extension is allowed (further extensions are subject to the consent of the Authority and approval of the Bankruptcy Court), and (b) its other executory contracts with the County prior to the confirmation of a plan of reorganization.

In the event of assumption and/or assignment of any agreement to a third party, the airline would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable Use Agreement or other agreements.

Rejection of a Use Agreement or other agreement or executory contract will give rise to an unsecured claim by the County for damages, the amount of which in the case of a Use Agreement or other agreement is limited by the United States Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15% of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of a Use Agreement or other agreement could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code. Certain amounts unpaid as a result of a rejection of a Use Agreement or other agreement in connection with an airline in bankruptcy, such as airfield, terminal, concourse and ramp costs would be passed on to the remaining airlines under their respective Use Agreements, thereby increasing such airlines' cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, pre-petition payments made by an airline in bankruptcy within 90 days of filing a bankruptcy case could be deemed to be an "avoidable preference" under the United States Bankruptcy Code and thus subject to recapture by the debtor or its trustee in bankruptcy. In general, risks associated with bankruptcy include risks of substantial delay in payment or of reduced or non-payment and the risk that the County may be delayed or prohibited from enforcing any of its remedies under the agreements with a bankrupt airline. Delta, United, American and US Airways were each operating at the Airport under a Use Agreement at the time of their respective filings for bankruptcy protection. Delta, United, American, and US Airways each assumed their respective Use Agreements when they emerged from bankruptcy protection.

With respect to an airline in bankruptcy proceedings in a foreign country, the County is unable to predict what types of orders and/ or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

During the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the County on account of goods and services provided prior to the bankruptcy. Thus, the County's and Authority's stream of payments from a debtor airline would be interrupted to the extent of pre-petition goods and services, including accrued rent and landing fees. All of the pre-petition obligations of Northwest, Delta, Sun Country, United, American, US Airways, and Frontier were paid in full.

The Federal Budget and Sequestration

Another factor that has affected the airline industry in the last several years is the federal deficit reductions enacted through implementation of the sequestration provisions of the Budget Control Act of 2011 ("BCA"), which established automatic cuts to the federal legislation's discretionary budget authority based upon certain spending thresholds. The sequestration provisions were first triggered in 2013, cutting the budgets of federal agencies, including the FAA, Customs and Border Patrol Agency ("CBP") and TSA. While reductions have continued in some form in every year since, Congress has acted several times to prevent "sequester" cuts to discretionary programs by lifting the discretionary spending caps.

The most recent of these actions was the Bipartisan Budget Act of 2019 ("BBA 2019") that increased the spending caps for federal Fiscal Years 2020 and 2021 and should prevent automatic discretionary sequester cuts for these two years. These are the final two years for which discretionary spending caps are scheduled to be in effect under the BCA.

Per the Congressional Budget Office, federal agencies did not have to cut their spending because of sequestration in fiscal 2020. Should sequestration be triggered in fiscal 2021 (i.e., exceed the increased spending caps), it could adversely affect FAA, CBP and TSA budgets and operations and the availability of certain federal grant funds typically received annually by the Airport. Such budget cuts could also lead to the FAA, CBP and TSA being forced to implement furloughs of their employees and freeze hiring, and could result in flight delays and cancellations.

PFC Collections

Termination of PFCs

The Authority's legal authority to impose and use PFCs is subject to certain terms and conditions provided in the PFC Act, the PFC Regulations and each PFC application. If the Authority fails to comply with these requirements, the FAA may take action to terminate or to reduce the Authority's legal authority to impose or to use PFCs. Some of the events that could cause the Authority to violate these provisions are not within the Authority's control. In addition, failure to comply with the provisions of certain federal noise pollution acts may lead to termination of the Authority's authority to impose PFCs.

Amendments to PFC Act or PFC Regulations

There is no assurance that the PFC Act will not be repealed or amended or that the PFC Regulations or any PFC application will not be amended in a manner that would adversely affect the Authority's ability to collect and use PFCs.

Collection of the PFCs

The ability of the Authority to collect PFCs depends upon a number of factors including the operation of the Airport by the Authority, the use of the Airport by Collecting Carriers, the efficiency and ability of the Collecting Carriers to collect and remit PFCs to the Authority and the number of enplanements at the Airport. The Authority relies upon the Collecting Carriers' collection and remittance of PFCs, and both the Authority and the FAA rely upon the airlines' reports of enplanements and collection statistics. Notwithstanding provisions of the PFC Act and the FAA Regulations requiring Collecting Carriers to account for PFC collections separately and indicating that those PFC collections are to be regarded as funds held in trust by the Collecting Carriers for the beneficial interest of the public agency imposing the PFC, recent bankruptcy court decisions suggest that in a bankruptcy proceeding involving a Collecting Carrier, the PFC collections in the Collecting Carrier's custody may not be treated as trust funds and that the Authority may not be entitled to any priority over other creditors of the collecting airline to such funds.

Possible Bankruptcy Effects

Applicable federal legislation and regulations provide that PFCs collected and held by an airline constitute a trust fund for the benefit of the applicable airport and create additional protections intended to ensure the regular transfer of PFCs to airports in the event of an airline bankruptcy. There can be no assurance, however, that during the bankruptcy of any airline, payment to the Airport of PFCs will not be delayed or reduced.

Federal Legislation

Federal legislation affects the Airport Improvement Program (the "AIP") grant funding that the Authority receives from the FAA, the Authority's PFC collections, and the operational requirements imposed on the Authority. The FAA operates under an authorization-appropriation process created by Congress in which the authorization bill continues an agency's operation and the appropriation bill provides the funding for the activity under the authorization bill. Most authorization bills are for multiple years while the appropriation bills are done on an annual basis. In some cases, the bills can be combined as noted below.

The FAA Reauthorization Act of 2018 (the "2018 Reauthorization Act") was signed into law on October 5, 2018. The 2018 Reauthorization Act extends general expenditure authority for the Airport and Airway Trust Fund from September 30, 2018, through September 30, 2023, and extends aviation taxes funding the Airport and Airway Trust Fund for the same period. In addition, the 2018 Reauthorization Act removes obsolete restrictions on the PFCs, improves the aircraft certification process, improves aviation safety, prohibits involuntary bumping of passengers once they have already boarded the plane, and addresses miscellaneous provisions relating to air travel and the FAA. The 2018 Reauthorization Act also contained authority for an additional $1 billion in annual discretionary AIP grants subject to annual appropriations during the Fiscal Years 2019 through and including 2023 with not less than 50 percent of supplemental discretionary funds to be used at nonprimary, nonprimary commercial service, reliever, nonhub primary, and small hub primary airports. For Fiscal Year 2020, $3.35 billion was appropriated for AIP grants. The supplemental discretionary amount appropriated for Fiscal Year 2020 is $400 million.

There is no assurance that the FAA will receive spending authorization, and the FAA could be impacted by sequestration, as previously discussed. The Airport cannot predict the level of available AIP funding it may receive.

Airport Security Requirements

General

Legislative and regulatory requirements since 2001, relating to security, have imposed substantial costs on the Airport and its airlines. The most significant ones are discussed below.

Federal legislation created the TSA, an agency within the Department of Homeland Security ("DHS"). Mandates of federal legislation and federal agencies such as TSA and DHS have imposed extensive new requirements related to screening of baggage and cargo (including explosive detection), screening of passengers, employees and vehicles, and airport buildings and structures, among other things.

The Federal Aviation and Transportation Security Act ("ATSA") makes airport security the responsibility of TSA. The Homeland Security Act of 2002 and subsequent directives issued by DHS have mandated stronger cockpit doors on commercial aircraft, an increased presence of armed federal marshals on commercial flights, establishment of 100% checked baggage screening and replacement of all passenger and baggage screeners with federal employees who must undergo criminal history background checks and be U.S. citizens, among other things.

ATSA also mandates airport security measures that include: (1) screening or inspection of all individuals, goods, property, vehicles and equipment before entry into secured and sterile areas of the airport, (2) security awareness programs for airport employees, (3) screening all checked baggage for explosives with explosives detection systems ("EDS") or other means of technology approved by the Undersecretary of the United States Department of Transportation, (4) deployment of sufficient EDS for all checked baggage, and (5) operation of a system to screen, inspect or otherwise ensure the security of all cargo to be transported in all-cargo aircraft. Due to a lack of TSA funding, airports have borne some or all of the cost of designing, constructing, and installing automated in-line baggage screening systems and passenger screening checkpoints to meet the specifications that the TSA screening process requires for operation at full design capacity.

Airport security programs have also been affected by an additional requirement for the Airport to control access at the TSA passenger screening checkpoint exit lanes during TSA non-operational hours and on a 24 hours/7 days a week basis for exit lanes that are not co-located next to the passenger screening checkpoints. This function was previously performed by TSA personnel. Additionally, TSA continues to pressure airports to increase the rate of required random inspections of employees and vehicles accessing the restricted areas of the Airport. Thus far, the Airport has not only been able to meet but also to exceed TSA's expectations in this regard with its long-standing static and random employee screening program.

Cargo Security

Both federal legislation and TSA rules have imposed additional requirements relating to air cargo. These include providing information for a central database on shippers, extending the areas of the Airport subject to security controls, and criminal background checks on additional employees, which inhibits the ability of operators to hire temporary workers during peak periods.

TSA also requires carriers to screen 100% of all loaded cargo on passenger and on all-cargo aircraft. TSA has developed a Certified Cargo Screening Program ("CCSP") for a "supply chain-wide solution" to cargo security that will certify cargo shippers so that they are able to screen cargo earlier in the chain. The Airport currently is actively participating in the CCSP program.

Cost and Schedule of Capital Improvements Program

The estimated costs and schedule of the CIP projects described herein under the caption "THE COUNTY, THE AUTHORITY AND THE AIRPORT - Capital Improvement Program and Funding Sources" depend on various sources of funding, including additional bonds, and are subject to a number of uncertainties. Ability to complete the CIP may be adversely affected by various factors including: (i) estimating variations, (ii) design and engineering variations, (iii) changes to the scope of the projects, (iv) delays in contract awards, (v) material and/or labor shortages, (vi) unforeseen site conditions, (vii) casualty events or adverse weather and environmental conditions, (viii) contractor defaults, (ix) labor disputes, (x) unanticipated levels of inflation and (xi) additional security improvements and associated costs mandated by the federal government. A delay in the completion of certain projects under the CIP could delay the collection of Revenues in respect to such projects, increase costs for such projects, and cause the rescheduling of other projects. There can be no assurance that the cost of construction of the CIP projects will not exceed the currently budgeted dollar amount or that the completion of the projects will not be delayed beyond the currently projected completion dates. Any schedule delays or costs increases could result in the need to issue additional bonds beyond those currently projected as a funding source for the CIP projects.

Growth of Transportation Network Companies

A significant source of non-airline revenues is generated from ground transportation activity, including use of on-Airport parking facilities, rental car transactions, and trip fees paid by taxi, limousine, and transportation network companies such as TNCs that connect paying passengers with drivers who provide the transportation using their own commercial and non-commercial vehicles. In 2017, the Airport negotiated licenses with Uber and Lyft. The Airport receives $3.00 per TNC passenger pickup at the Airport. There is currently no drop-off fee.

The introduction of TNCs at the Airport has led to declines in the revenues that the Airport receives from other ground transportation activities such as parking and rental cars among others. Such declines have been offset to a certain extent by revenues received from the TNC operators. There can be no assurance that there will not be further declines in the revenues that the Airport receives from other ground transportation activities.

Cyber-Security

Computer networks and systems used for data transmission and collection are vital to the efficient operations of the County and Authority. County systems provide support to departmental operations and constituent services by collecting and storing sensitive data, including intellectual property, security information, proprietary business process information, information applying to suppliers and business partners, and personally identifiable information of customers, constituents and employees. The secure processing, maintenance and transmission of this information is critical to departmental operations and the provision of citizen services. Increasingly, entities in every sector are being targeted by cyberattacks seeking to obtain confidential data or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities that attackers/hackers can exploit in attempts to effect breaches or service disruptions. Employee error and/or malfeasance may also contribute to data loss or other system disruptions. Any such breach could compromise networks and the confidentiality, integrity and availability of systems and the information stored there.

Airport operations at the Authority have relied on technology solutions to create an efficient, effective and safe environment for air and cargo movement. Digital transformation has allowed the Authority to offer better services to the traveling public, enhance capacity, improve safety, and increase operational efficiency. However, increased reliance on digital solutions also dramatically increases the Authority's exposure to cybersecurity risks that could severely disrupt operations.

The Authority has implemented security measures and devoted significant resources to address potential cybersecurity and ID vulnerabilities. Its cybersecurity measures are designed, among other things, to train end users, control access to networks, prevent and detect system intrusion, protect software and hardware, eradicate malware, and recover from cybersecurity incidents. Employees participate in mandatory cybersecurity training annually. The Authority also undergoes annual assessments by qualified third party security assessors. Nonetheless, it cannot be assured that a cyberattack or IT systems failure will not cause operational problems, disrupt aviation services, compromise important data or IT systems components or result in untended release of operational or employee information.

The County maintains a cybersecurity insurance policy as well as has a cybersecurity service agreement with its information technology provider. Employees are trained on measures to identify potential cybersecurity threats in procurement and payments processes.

Climate Change

The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on coastal communities such as the County. Such effects can be exacerbated by rising sea levels. The occurrence of such extreme weather events could damage the local infrastructure that provides essential services to the County. The economic impacts resulting from such extreme weather events could include a loss of property values, a decline in revenue base, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially impair the financial condition of the County or the Authority. However, to mitigate against such impacts, the County, following Hurricane Irma, responded with a three-phased effort to address flooding impacts. Phase 1 focused on the immediate removal of known obstructions in waterways that had been identified in the initial post storm reconnaissance. Phase 2 included a more in-depth field assessment to identify impediments to flow that could be removed in the near-term or short-term in advance of the upcoming rainy season. The County entered into an agreement with four local consultant engineering firms to canvas five heavily impacted watersheds and establish an inventory of remedial measures. Through the County's online flood questionnaire and direct public contacts, community input was substantial and provided valuable information. Phase 3, now underway, involves the creation of a comprehensive flood mitigation plan which includes detailed hydrologic modeling and engineering analysis to assess current flood levels of service and to identify long term remedial projects to enhance flood protection for County residents. If tropical storms and hurricanes were to move through the service area of the Airport, the Airport and customer homes and businesses may experience substantial damage and a resulting interruption in service. Such events may materially adversely affect the County's ability to provide service, collect Pledged Funds and experience customer growth. The County has taken steps to mitigate the impact of such storms which include implementation of a hurricane preparedness plan and securing insurance coverage where available.

Hurricane Irma made landfall on September 10, 2017, as a Category 3 storm, near Marco Island, which is located approximately 55 miles south of the Airport. Hurricane Irma was the only hurricane the Authority has recovered from in the past five years. The County and the Authority addressed the recovery by taking proactive, mitigating measures well in advance of the storm; for example, back-up generator fuel tanks were topped off, projectiles and loose items located throughout the Airport campus were removed from direct exposure, frequent communication/planning sessions were conducted with tenants and employees, Airport staff was minimized for storm ride-out and recovery, loading bridges were tucked and tied down, terminal window panes were protected, ramp equipment was removed, drainage ditches were cleared, trees along power lines were trimmed, and many other protective measures were taken prior to the storm's arrival in an effort to prevent and/or minimize damage. The Authority plans to react accordingly to minimize impacts of any future storms.

Coronavirus (COVID-19)

General

The outbreak of the highly contagious COVID-19 pandemic in the United States in March 2020 has generally had a negative financial impact on local, state and national economies around the country, including significantly increased unemployment in certain sectors including especially travel, hospitality and restaurants.

COVID-19 is a respiratory virus which was first reported in China and thereafter spread around the world, including the United States, and is considered a Public Health Emergency of International Concern by the World Health Organization. This led to quarantine and other "social distancing" measures throughout the United States. These measures included recommendations and warnings to limit non-essential travel and promote telecommuting. As a result of the spread of COVID-19, the Governor of Florida declared a state of emergency on March 9, 2020. Additionally, the Governor executed various other executive orders which, among other things, (i) closed bars and restaurants to dine-in customers, (ii) suspended vacation rentals and (iii) issued a mandatory "safer at home" order for the entire State effective April 3, 2020 through April 30, 2020. On April 29, 2020, the Governor announced the first phase of reopening businesses which began on May 4, 2020 and allowed for certain businesses to open at 25% capacity. On May 15, 2020, the Governor announced an expanded phase one opening and on June 3, 2020, the Governor announced most of the State would enter phase two of reopening effective June 5, 2020. On September 25, 2020, the Governor announced the State would enter phase three of reopening effective immediately which effectively lifted all COVID-19 restrictions on restaurants and other businesses. In December, 2020, COVID-19 vaccines were approved and began to be administered under emergency use authorizations. The County began scheduling individuals for the first dose of a two dose series of the COVID-19 vaccines the week of January 11, 2021 and has since also been scheduling individuals for the single-dose Johnson & Johnson vaccine. The efficacy of the vaccines could be impacted by the spread of new variants of COVID-19, which may be more highly transmissible.

While many of the effects of COVID-19 may be temporary, it has altered the behavior of businesses and people in a manner resulting in negative impacts on global and local economies. The continued existence or spread of COVID-19 and measures taken to prevent or reduce it, have adversely impacted state, national and global economic activities and, accordingly, could adversely impact the financial condition, performance and credit ratings of the County and the Authority.

The County and the Authority cannot predict the outcome of many factors that can materially adversely affect its finances or operations, including but not limited to: (i) the duration or extent of the COVID-19 outbreak or another outbreak or pandemic or force majeure event; (ii) the scope or duration of restrictions or warnings related to air travel, gatherings or any other activities, and the extent to which airlines will reduce services at the Airport, or whether airlines will cease operations at the Airport or shut down in response to such restrictions or warnings; (iii) what effect COVID-19 or another outbreak or pandemic-related restrictions or warning may have on air travel, including to and from the Airport, the retail and services provided by Airport concessionaires, Revenues or Current Expenses; (iv) whether and to what extent COVID-19 or another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Authority-related construction, the cost, source of funds, schedule or implementation of the capital improvement program, or other Authority operations; (v) the extent to which the COVID-19 outbreak or another outbreak or pandemic, or the resultant disruption to the local, State, national or global economies, may result in changes in demand for air travel, including long-term changes in consumer behavior and the operations of other businesses, or may have an impact on the airlines or concessionaires serving the Airport or the airline and travel industry, generally; (vi) whether or to what extent the Authority may provide additional deferrals, forbearances, adjustments or other changes to the Authority's arrangements with tenants and Airport concessionaires; or (vii) whether any of the foregoing may have an material adverse effect on the finances and operations of the County or the Authority. Prospective purchasers should assume that the restrictions and limitations related to the COVID-19 pandemic, and the current upheaval to the air travel industry and the national and global economies, may increase at least over the near term, that recovery may be prolonged and, therefore, have an adverse impact on Revenues. Future outbreaks, pandemics or events outside the County and the Authority's control may further reduce demand for travel, which in turn could cause a decrease in passenger activity and declines in Revenues.

The scope and severity of COVID-19 related to travel restrictions and "stay at home" or "shelter in place" orders vary by jurisdiction. This is also true abroad. Some countries closed their borders entirely to travelers from certain other countries in response to COVID-19 and others imposed strict travel requirements, including proof of a negative COVID-19 test within so many days prior to travel. In addition, some jurisdictions require mandatory quarantine before or after travel from other locations.

See "INTRODUCTION – COVID-19" herein and APPENDIX C attached hereto for more information.

CARES Act

On March 27, 2020, the federal CARES Act became law, which among other things, allocates funds to eligible airports, provided they take particular steps, including with respect to keeping their workforces intact. The CARES Act included approximately $10 billion of assistance to U.S. commercial airports, which was apportioned among such airports based on various formulas.

Airport operators can use their awarded CARES Act grants to pay for any purpose for which airport revenues can lawfully be used, including, but not limited to, the payment of maintenance and operation expenses on or after January 20, 2020, and the payment of debt service on or after March 27, 2020. CARES Act grants must be used within four years from the date on which the agreement between the airport operator and the FAA is executed, and airport operators using CARES Act grants must comply with certain other obligations, including, but not limited to, employing at least 90.0% of their staff as of March 27, 2020 through December 31, 2020.

The Airport was awarded $36.8 million in CARES Act grants, of which $20.1 million has been utilized by the Authority through February, 2021 as reimbursement of certain Current Expenses and to cover a portion of the principal and interest on the Parity Bonds. The remaining $16.7 million is planned to been drawn later in fiscal year ending September 30, 2021 and 2022.

Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSA")

The CRRSA, enacted on December 27, 2020, was the second round of federal stimulus relief provided in response to COVID-19. This legislation included $2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to COVID-19. These funds will be distributed by the FAA as part of the Airport

Coronavirus Response Grant Program. The Airport was allocated $10.9 million, including $1.1 million to be reserved for rent relief to in-terminal concessionaires at the Airport. Page Field Airport was allocated $91,000. No plans have yet been determined by the Authority for use of these funds.

American Rescue Plan ("ARP")

A third round of federal stimulus related to COVID-19 was signed into law on March 11, 2021. The ARP includes $8 billion in relief for U.S. airports. Allocations are unknown at this time. Management is estimating funding levels similar to those provided by the CARES Act but it is uncertain how much and when these funds will ultimately be received or how the Authority will use them.

COVID-19 Relief Funds
(in millions)

	CARES	CRRSA	ARP
Amount Allocated to Airport	$36.8	$10.9[(2)(3)]	$33.1[(4)]
Funds Spent	20.1[(1)]	--	N/A
Amount Remaining	$16.7	$10.9	$33.1

(1) For the fiscal year ended September 30, 2020, the Authority has used approximately $8.7 million to pay debt service on the Refunded Bonds and the Parity Bonds and approximately $2.3 million to reimburse for Current Expenses. For the fiscal year ending September 30, 2021, to date, the Authority has used approximately $8.7 million to pay debt service on Parity Bonds and approximately $0.4 million to reimburse for Current Expenses.

(2) Includes $1.1 million to be reserved for rent relief to in-terminal concessionaires at the Airport.

(3) At this time, no plans have yet been determined by the Authority for use of these funds.

(4) Includes $4.3 million to be reserved for rent relief to in-terminal concessionaires at the Airport.

Source: Lee County Port Authority

Passenger Traffic Impact at the Airport

A comparative analysis of passenger traffic levels for the seven-month period from March 1 through September 30, 2020 and 2019 shows an average decline in passenger flows (arrivals and departures) of 63% at the Airport, with the total number of domestic and international passengers falling from 5,464,235 passengers to 2,038,937 passengers. The number of domestic arrivals decreased by 64% from 2,564,003 passengers to 928,225 passengers while the number of domestic departures dropped by 61% from 2,722,482 passengers to 1,071,238 passengers. The number of international arrivals decreased by 83% from 83,938 passengers to 14,419 passengers while the number of international departures dropped by 73% from 93,767 passengers to 25,055 passengers.

A comparative analysis of passenger traffic levels for the eight-month period from October 1, 2020 through May 31, 2021 and 2020 shows an average increase in passenger flows (arrivals and departures) of 2.8% at the Airport, with the total number of domestic and international passengers rising from 6,024,740 passengers to 6,193,794 passengers.

Revenue Impact at the Airport

A comparative analysis of total Revenues for the seven-month period from March 1 through September 30, 2020 and 2019 shows an average decline in Revenues of 48% with Revenues falling from $56,092,290 to $29,238,983.

A comparative analysis of total Revenues for the seven-month period from October 1 through April 30, 2021 and 2020 shows a decrease in Revenues of approximately 7% with Revenues decreasing from $64.2 million to $60.2 million.

One of the rental car companies operating at the Airport, Hertz Corporation (which includes Thrifty Car Rental and Dollar Rent-A-Car, collectively, "Hertz"), recently filed for Chapter 11 bankruptcy protection. Hertz represented approximately 31% of the rental car gross revenue market share for the 12-month period ending September 30, 2020. The Airport has had consistent communication with outside legal counsel and Hertz bankruptcy representatives. Hertz continues to operate at the Airport and through February 2021, Hertz was current on payments owed for operations at the Airport. Negotiations continue for amounts owed related to Hertz's early termination of their lease at Page Field. The Authority received payment from a surety bond which covers a large portion of amounts owed for operations at Page Field.

Actions Taken in Response to COVID-19

The Authority implemented a number of cost savings initiatives to reduce operating expenses and mitigate the impacts of COVID-19. The Authority took the following actions:

- Reduced contractual services to better align with passenger traffic;
- Deferred maintenance projects;
- Suspended employee travel and other non-essential expenses;
- Reduced the remaining fiscal year ended September 30, 2020 department operating budgets by 10%;
- Implemented a hiring freeze on non-critical positions;
- Temporary closure of Concourse C and the Employee Parking Lot to meet operational needs of the Authority, Airport tenants, and Airport service providers;
- Implemented energy-savings initiatives;
- Deferred or put on hold $500 million in capital projects;
- Deferred tenants' April 2020 rent and concession fees for 90 days; and
- Provided over $3 million in rent relief to tenants at the Airport for certain rent categories for the month of September 2020.

Impact of COVID-19 on Capital Improvement Program/Budget for Fiscal Year 2021

The unstable and uncertain market conditions caused by the COVID-19 pandemic led to a modified approach for the creation of the fiscal year ending September 30, 2021 budget. Due to the volatility of fiscal year ended September 30, 2020, forecasts for the fiscal year ending September 30, 2021 budget were created with the fiscal year ended September 30, 2019 as a baseline. Revenues, Current Expenses and passenger volume took into consideration impacts from COVID-19. The budget was developed with the objective of meeting debt covenant requirements and maintaining reasonable rates to the airlines. Passenger volume was projected to be six million passengers, down 40% from the fiscal year ended September 30, 2019. Revenues were estimated to decrease approximately $22 million or 22%. With this in mind, the Authority continued its cost saving initiatives for operating expenses and capital improvements (refer to actions taken above) and determined the planned use of CARES Act, ARP, CRRSA and other federal funds to meet the stated objective.

Over $500 million in capital improvement projects were put on hold starting in March, 2020. The terminal expansion project with over $230 million in budgeted construction costs was delayed one year. Construction was initially scheduled to begin fall 2020 and is now planned to begin fall 2021. The rental car service facilities relocation project ($175 million over two phases) has been delayed indefinitely until passenger volume improves. Additionally, funding plans for the replacement of 27 passenger boarding bridges (scheduled to begin in April, 2021) and the construction of a new air traffic control tower and TRACON (scheduled to be completed in July, 2021) were adjusted to remove any bond funding due to the uncertainty of the bond market at the onset of the pandemic.

Demand for Air Travel, Aviation Activity and Related Matters

Air travel demand has historically correlated to the national economy, generally, and consumer income. The long-term implications of recent economic, public health and political conditions are unclear. A lack of sustainable economic growth or unexpected events could negatively affect, among other things, financial markets, commercial activity and consumer spending.

An economic slowdown throughout the world and in the United States and the State influences the demand for passenger and cargo services to the Airport. Consequently, economic assumptions that underlie projections of enplaned passengers in this Official Statement and the Report are based on a review of global, national, State and regional economic projections, as well as analysis of historical socioeconomic trends and airline traffic trends. See "APPENDIX C – Report of the Airport Consultant" attached hereto.

The current United States gross domestic product is volatile and unpredictable, with increased unemployment rates. Further, trade tensions and slowing global economic growth are reflected in a drop in business confidence and decelerating business investment. Decreases in face-to-face meetings and conferences with suppliers, customers and partners of many major employers is also having a negative effect on demand for airline business travel.

The level of aviation activity and enplaned passenger traffic at the Airport depends upon and is subject to a number of factors including those discussed above and other economic and political conditions; international hostilities; world health concerns; aviation security concerns including criminal and terrorist incidents; federal government mandated security measures that may result in additional taxes and fees, longer passenger processing and wait times and other inconveniences; accidents involving commercial passenger aircraft; airline service and routes; airline airfares and competition; airline industry economics, including labor relations, fuel prices, aging aircraft fleets and other factors discussed in more detail under "—Financial Condition of the Airlines" below; capacity of and changes to (including any privatization of) the national air traffic control and airport systems; competition from other airports; reliability of air service; business travel substitutes, including teleconferencing, videoconferencing and web-casting; consumer price sensitivity; environmental consciousness; changes in law and the application thereof and the capacity, availability and convenience of service, among others. An outbreak of a disease or similar public health threat that affects travel demand or travel behavior, or travel restrictions or reduction in the demand for air travel caused by an outbreak of a disease or similar public health threat in the future, could have a material adverse impact on the airline industry and result in substantial reductions in and/or cancellations of, bookings and flights, such as is being experienced as a consequence of the COVID-19 pandemic.

Growth of Low Cost Carriers

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

As the larger U.S. carriers consolidated and became more focused on capacity discipline, fare increases took hold. ULCCs began to emerge in larger markets where passenger levels were high enough for the ULCCs to overcome certain barriers to entry caused by the larger carriers, such as control of the majority of airport gates and slots. The cost structure of ULCCs allows for lower fares, which has stimulated traffic and driven ULCCs into more and larger markets. One result of the consolidation of carriers and their capacity discipline and the associated fare increases is that certain price-sensitive travelers are flying less. Recently, these budget conscious flyers have emerged as an underserved segment which has helped to expand the ULCCs market, such as Frontier Airlines and Spirit Airlines. Domestic ULCCs (Frontier, JetBlue, Southwest, Spirit and Sun Country) share of enplaned passengers increased from 48.4% in the fiscal year ended September 30, 2016 to 52.3% in the fiscal year ended September 30, 2020.

Assumptions in the Report of the Airport Consultant; Actual Results May Differ from Projections and Assumptions

The Report of the Airport Consultant included in APPENDIX C incorporates numerous assumptions and states that the projections in the Report of the Airport Consultant are subject to uncertainties. See "REPORT OF THE AIRPORT CONSULTANT" above and APPENDIX C attached hereto for more information regarding the assumptions of the Airport Consultant.

The Report of the Airport Consultant is an integral part of this Official Statement and should be read in its entirety for an understanding of all of the assumptions used to prepare the projections made therein. No assurances can be given that the projections discussed in the Report of the Airport Consultant will be achieved or that the assumptions upon which the projections are based will be realized. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances will occur. Therefore, actual results achieved during the Projection Period may vary from those set forth in APPENDIX C and the variations may be material and adverse. Additionally, the debt service projections in the Report of the Airport Consultant are not expected to be updated to reflect the sale, issuance or final terms of the Series 2021 Bonds.

LITIGATION AND OTHER CONTINGENCIES

There is no litigation of any nature now pending or, to the knowledge of the County or the Authority, threatened, against the County or the Authority which in any way questions or affects the validity of the Series 2021A Bonds, Pledged Funds or any proceedings or transactions on the part of the County or the Authority relating to their issuance, sale or delivery. There is no litigation of any nature now pending or, to the knowledge of the County or the Authority, threatened, against the County or the Authority that may result in any material adverse change in the Pledged Funds or, except as described below with respect to the County, the financial condition of the County or the Authority.

The County has been named as a defendant in the following lawsuits, summarized as follows:

Dean Wish, LLC v. Lee County, Case No. 17-CA-61. This Bert Harris Act inverse complaint in the amount of $14,865,300.00 is in connection with the County's denial of the property owner's application to administratively increase density of its property (ADD2015-00095). The Court granted the County's Motion for Summary Judgment. Plaintiff appealed the decision to the Second District Court of Appeal, which denied the appeal and affirmed the trial court's decision. The Second District has also certified a question relating to the Bert Harris Act to the Florida Supreme Court.

FFD Land Co. v. Lee County, Case No. 17-CA-1517. This Bert Harris Act inverse complaint in the amount of $39,000,000.00 is in connection with the County's denial of the owner's application to rezone its property from agricultural to mine excavation planned development. Plaintiff served its Bert Harris Act complaint in July 2017. The parties have reached a settlement which is currently pending circuit court approval. The settlement would not require the County to pay any monetary amount, but would permit the subject property to be developed for residential, commercial and other uses.

NCH Palms, LLC, Dean & Dean Palms, LLC, and W-30 Palms, LLC v. Lee County, Case No. 18-CA-2741. This Bert Harris Act inverse complaint in the amount of $4,203,000.00 is in connection with the County's denial of owners' application to administratively increase density of their properties. (ADD2015-00198). Plaintiffs served their Bert Harris Act complaint in June 2018. The case was tried in a nonjury bench trial during the week of March 23-26, 2021. The circuit court ruled in favor of the County on all claims.

Southern Comfort Storage, LLC. This notice of claim received under the Bert Harris Act totaling $5,910,000.00 is in connection with the County's initial rezoning denial. The parties settled the dispute through the Florida Land Use and Environmental Dispute Resolution Act, which has led to a Division of Administrative Hearings ("DOAH") legal challenge. The County anticipates this Bert Harris Claim resolving once the DOAH challenge is decided.

Corkscrew Grove Limited Partnership, LLC; Cooperative Three, Inc.; Hunt Brothers, Inc.; DH Ranch, Inc.; Nelson Groves, Inc.; Helene C. Hunt; and EH, SR, Inc. This notice of claim received under the Bert Harris Act totaling $63,000,000.00 is in connection with the County's denial of the owners' application to rezone the property from agriculture to industrial planned development/general mining permit. Corkscrew Grove Limited Partnership filed a petition for writ of certiorari and companion petition for declaratory/injunctive relief challenging the County's zoning denial. The circuit court has issued an order denying the petition, finding that the County's decision to deny the zoning request was based on competent substantial evidence and that the petitioner failed to demonstrate any entitlement to relief. The companion petition for declaratory/injunctive relief remains pending before the circuit court. To date, no lawsuit for inverse condemnation or Bert Harris Act claim has been filed.

Except for the pending settlement, the County is vigorously defending each of the above-described lawsuits and claims. However, in the event of a judgment or judgments against the County for damages, neither the County nor the Authority expect there to be a material adverse effect on the ability to pay the principal of and interest on the Series 2021A Bonds.

In addition to that described above, the County and the Authority are party to various legal proceedings which individually are not expected to have a material adverse effect on the operations or financial condition of the County or the Authority, but may, in the aggregate, have a material impact thereon.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Series 2021A Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the Treasury of the United States of America, requirements regarding the timely and proper use of bond proceeds and the facilities financed therewith, and certain other matters. The County and the Authority have covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Series 2021A Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Series 2021A Bonds to be included in gross income retroactive to the date of issuance of the Series 2021A Bonds.

Subject to the condition that the County and the Authority will comply with the pertinent requirements of the Code, in the opinion of Bond Counsel, under present law, (a) interest on the Series 2021A Bonds is excluded from the gross income of the holders thereof for federal income tax purposes, except that such exclusion shall not apply during any period while a Series 2021A Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2021A Bonds or a "related person" within the meaning of Section 147(a) of the Code, and (b) interest on the Series 2021A Bonds is an item of tax preference for purposes of the federal alternative minimum tax.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the County in the Bond Resolution, other finance documents, certificates of appropriate officers of the County and certificates of public officials (including certifications as to the use of Series 2021A Bond proceeds and of the property refinanced thereby), without undertaking to verify the same by independent investigation.

The Code contains numerous provisions which could affect the economic value of the Series 2021A Bonds to certain Series 2021A Bondholders. Prospective Series 2021A Bondholders, however, should consult their own tax advisors with respect to the impact of such provisions on their own tax situations.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2021A Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Series 2021A Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2021A Bonds to the Treasury of the United States of America. Noncompliance with such provisions may result in interest on the Series 2021A Bonds being included in gross income for federal income tax purposes retroactive to their date of issuance.

Collateral Tax Consequences

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2021A Bonds. Prospective purchasers of Series 2021A Bonds should be aware that the ownership of Series 2021A Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2021A Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2021A Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2021A Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2021A Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2021A BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES REFERRED TO ABOVE. PROSPECTIVE SERIES 2021A BONDHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Series 2021A Bonds may be subject to state or local income taxation under applicable state or local laws in some jurisdictions. Purchasers of the Series 2021A Bonds should consult their own tax advisors as to the income tax status of interest on the Series 2021A Bonds in their particular state or local jurisdiction.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2021A Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series 2021A Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2021A Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2021A Bonds. For example, proposals have been discussed from time to time in connection with jobs programs, deficit spending reduction and tax reform efforts that could significantly reduce the benefit of, or otherwise affect the exclusion from gross income of, interest on obligations such as the Series 2021A Bonds. The further introduction or enactment of one or more of such proposals could affect the market price or marketability of the Series 2021A Bonds.

Tax Treatment of Bond Premium

The difference between the principal amount of the Series 2021A Bonds maturing on October 1, 2023 through and including October 1, 2031 (the "Non-Callable Premium Bonds") and the Series 2021A Bonds maturing on October 1, 2032 (the "Callable Premium Bonds") and the initial offering price-sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Non-Callable Premium Bonds and to the first call date in the case of the Callable Premium Bonds. For the purposes of determining gain and loss on the sale or other disposition of a Premium Bonds, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bonds annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for the purposes of determining various other tax consequences of owning such Premium Bonds. Owners of Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters in connection with the issuance of the Series 2021A Bonds are subject to an approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, whose approving opinion (a form of which is attached hereto as "APPENDIX F – PROPOSED FORM OF BOND COUNSEL OPINION") will be available at the time of delivery of the Series 2021A Bonds. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that subsequent to the date of the opinion Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain legal matters will be passed upon by Richard Wm. Wesch, Esq., County Attorney, and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel to the County. Certain legal matters will be passed on for the Underwriters by Moskowitz, Mandell, Salim & Simowitz, P.A., Fort Lauderdale, Florida, Counsel to the Underwriters.

Bond Counsel has not been engaged to, nor has it undertaken to, review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2021A Bonds; provided, however, that Bond Counsel will render an opinion to the Underwriters of the Series 2021A Bonds (upon which opinion only the Underwriters may rely) relating to the fairness of the presentation of certain statements contained herein under the heading "TAX MATTERS" and certain statements which summarize provisions of the Bond Resolution, the Series 2021A Bonds and federal tax law, and (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2021A Bonds.

The legal opinions to be delivered concurrently with the delivery of the Series 2021A Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein as of the date of such opinions. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of the mathematical computations supporting the adequacy of the amounts deposited in the Escrow Fund, with the Escrow Agent, to pay when due, the Refunded Bonds as described herein has been verified by Robert Thomas CPA, LLC, as a condition of the delivery of the Series 2021A Bonds.

UNDERWRITING

BofA Securities, Inc., on behalf of itself and Citigroup Global Markets Inc. and Raymond James & Associates, Inc. (collectively, the "Underwriters") have agreed, subject to certain conditions set forth in a Bond Purchase Agreement with the County, to purchase the Series 2021A Bonds from the County, at a price of $173,465,577.13 ($139,560,000.00 par amount, plus original issue premium of $34,231,273.75 and less an Underwriters' discount of $325,696.62). The Underwriters have committed to purchase all of the Series 2021A Bonds, if any are purchased. The Underwriters' obligation to make such purchase is subject to certain conditions precedent set forth in the Bond Purchase Agreement.

The Series 2021A Bonds may be offered and sold to certain dealers and others at yields higher than the yields stated on the inside cover of this Official Statement, and such public offering yields may be changed from time to time, after the initial offering to the public, by the Underwriters.

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

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

BofA Securities, Inc., an Underwriter of the Series 2021A Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2021A Bonds.

BofA Securities, Inc., an Underwriter of the Series 2021A Bonds, and Bank of America, N.A., which is the holder of the Series 2020 Note, are both wholly-owned, indirect subsidiaries of Bank of America Corporation.

Citigroup Global Markets Inc. ("Citigroup"), an underwriter of the Series 2021A Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup will compensate Fidelity for its selling efforts with respect to the Series 2021A Bonds.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the Series 2021A Bondholders to provide certain financial information and operating data relating to the County and the Series 2021A Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The County has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the SEC to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC (the "Rule"). Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The County has agreed to file notices of certain enumerated events, when and if they occur, with the Repository.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX G - FORM OF THE CONTINUING DISCLOSURE CERTIFICATE" attached hereto. The Continuing Disclosure Certificate shall be executed by the County upon the issuance of the Series 2021A Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of the Rule.

With respect to the Series 2021A Bonds, no party other than the County is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the aforementioned Rule. The County has entered into a contract with Digital Assurance Certification, LLC to provide continuing disclosure dissemination agent services for all of its outstanding bond issues. Further, in order to demonstrate its continued commitment to continuing disclosure best practices, the County has included disclosure regarding the following instance of late filing in this Official Statement in the interest of being transparent. The County inadvertently failed to file a notice of material event with the Repository relating to the adoption of the PFC Resolution and the pledge of the Pledged PFCs. The County cured such filing on June 3, 2021.

FINANCIAL ADVISOR

The Authority has engaged PFM Financial Advisors LLC as Financial Advisor (the "Financial Advisor") in connection with the authorization, issuance and sale of the Series 2021A Bonds. Under the terms of its engagement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility of the accuracy, completeness or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS

Florida law requires that an annual audit of all County accounts and records be completed within one year following the end of each Fiscal Year, by an independent certified public accountant retained by the County and paid from its public funds. The component unit financial statements of the Authority for the fiscal years ended September 30, 2020 and 2019, appearing in Appendix B herein have been audited by independent certified public accountants, as stated in a report which appears in Appendix B herein. Such financial statements, including the auditor's report, have been included in this Official Statement as public documents and consent from the County's auditor was not requested. The auditor has not performed any services relating to, and is therefore not associated with, the issuance of the Series 2021A Bonds.

The Series 2021A Bonds are payable solely from the Pledged Funds to the extent and in the manner set forth in the Bond Resolution and the Series 2021A Bonds are not otherwise secured by, or payable from, the general revenues of the County. The financial statements included in Appendix B attached hereto is presented for general information purposes only.

RATINGS

Fitch Ratings, Inc. ("Fitch"), Moody's Investors Service ("Moody's") and Kroll Bond Rating Agency, Inc. ("KBRA"), have assigned the Series 2021A Bonds underlying ratings of "A" (stable outlook), "A2" (stable outlook) and "A+" (stable outlook), respectively. Such rating agencies may have obtained and considered information and material which have not been included has not been included in this Official Statement. Generally, the rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by them. The ratings reflect only the views of the rating agency and an explanation of the significance of such rating may be obtained from them. No assurance can be given that the rating will be maintained for any given period of time or that the rating may not be revised downward or withdrawn entirely by the rating agencies, if, in their judgment, circumstances warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the market price of the Series 2021A Bonds. The Underwriters, the County and the Authority have undertaken no responsibility after issuance of the Series 2021A Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal. Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004 and Kroll Bond Rating Agency, Inc. , 805 Third Avenue, 29th Floor, New York, New York 10022.

CONTINGENT FEES

The County has retained Bond Counsel, Disclosure Counsel, the Financial Advisor, the Underwriters (who in turn retained Underwriters' Counsel), the Paying Agent and the Escrow Agent with respect to the authorization, sale, execution and delivery of the Series 2021A Bonds. Payment of each fee of such professionals is each contingent upon the issuance of the Series 2021A Bonds.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the County except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative rulemaking, the FFSC has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the County, and certain additional financial information, unless the County believes in good faith that such information would not be considered material by a reasonable investor. The County is not and has not been in default on any bond issued since December 31, 1975 that would be considered material by a reasonable investor.

The County has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The County does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2021A Bonds because the County would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the County would have been pledged or used to pay such securities or the interest thereon.

MISCELLANEOUS

The summaries or descriptions in this Official Statement of provisions of various documents and all references to other materials not purporting to be quoted in full are only brief outlines of such provisions and do not constitute complete statements of such documents. Reference is made to the complete documents relating to such matters for further information. Copies of documents may be obtained from the Lee County Port Authority, Southwest Florida International Airport, 11000 Terminal Access Road, Suite 8671, Fort Myers, Florida 33913-8899.

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AUTHORIZATION

The delivery of this Official Statement has been duly authorized by the Board. At the time of delivery of the Series 2021A Bonds, the Vice Chairman of the Board and the Executive Director of the Authority will furnish a certificate to the effect that neither has any knowledge or reason to believe that this Official Statement (other than information herein related to DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS," as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2021A Bonds, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they are made, not misleading.

LEE COUNTY, FLORIDA

By: *[/s/ Cecil L. Pendergrass](javascript:void(0))*

By: */s/ Cecil L. Pendergrass*
Vice Chairman of the Board of County Commissioners, Lee County, Florida

By: */s/ Benjamin R. Siegel*
Executive Director, Lee County Port Authority

APPENDIX A

GENERAL INFORMATION REGARDING LEE COUNTY, FLORIDA

LEE COUNTY GENERAL INFORMATION

INTRODUCTION

General

Lee County, Florida (the "County") was founded in 1887 and named in honor of General Robert E. Lee. The County is a political subdivision of the State of Florida (the "State") and operates under a Home Rule Charter adopted in accordance with the provisions of Chapter 125, Part II, Florida Statutes, as amended. The County is located on the Gulf of Mexico in the southwestern portion of the State and encompasses approximately 811 square miles, including several small islands in the Gulf of Mexico. Four incorporated municipalities are located on the mainland: Fort Myers (one of two County seats), Estero, Bonita Springs and Cape Coral (the second County seat). There are two other municipalities. The Town of Fort Myers Beach is located on Estero Island and the City of Sanibel is situated on Sanibel Island. The unincorporated communities include Lehigh Acres, North Fort Myers, Tice, Alva, Matlacha, Bokeelia, St. James City and Captiva Island.

The following table shows the number of square miles within each incorporated municipality and the County:

Land Area	Square Miles
Bonita Springs	40.6
Cape Coral	115.7
Fort Myers	40.6
Fort Myers Beach	2.6
Sanibel	16.8
Village of Estero	25.1
Total incorporated Area	241.4
Unincorporated Lee County	572.0
Total area in Lee County	813.4

Source: Lee County Property Appraisers Office, GIS Department

The County's climate can be classified as subtropical with average high temperatures of 92 degrees Fahrenheit in summer and 75 degrees Fahrenheit in winter, and average low temperatures of 75 degrees Fahrenheit in summer and 56 degrees Fahrenheit in winter.

POPULATION

The County is home to one of the fastest-growing populations in the nation and that trend looks to continue. With approximately 25% of its residents age 65 and older, the County is well known as a retirement destination. The County's population grew by approximately 24.5% between 2010 and 2020, and is projected to have a population of 1,000,000 by 2040. The Bureau of Economic and Business Research projects a 38% increase in the County's 25 to 54 age group by 2040. The estimated population in 2020 was 750,493.

Population
Lee County, State of Florida and the United States

Year/Period	Lee County	Florida	United States
2011	625,310	18,905,070	311,556,874
2012	631,330	19,074,434	313,830,990
2013	638,029	19,259,543	315,993,715
2014	643,367	19,507,369	318,301,008
2015	665,845	19,815,183	320,635,163
2016	680,578	20,148,654	322,941,311
2017	698,468	20,484,142	324,985,539
2018	713,903	20,840,568	326,687,501
2019	735,903	21,208,589	328,239,523
2020	750,493	21,596,068	332,600,000

Source: University of Florida, Bureau of Economic and Business Research and United States Census Bureau

The following table provides a profile in the composition of the population by age.

Percent Composition of Population by Age
Lee County and State of Florida
2014-2019

	2014	2015	2016	2017	2018	2019
Lee County						
Total Population	643,367	665,845	680,578	698,468	713,903	735,903
Age						
0-17	19.1%	18.9%	18.8%	18.8%	18.7%	18.6%
18-44	29.5	29.6	29.7	29.7	29.8	29.8
45-64	27.1	26.5	26.3	26.1	25.9	25.8
65+	24.3	25.0	25.2	25.4	25.5	25.9
Total*	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
State of Florida						
Total Population	19,507,369	19,815,183	20,148,654	20,484,142	20,840,568	21,208,589
Age						
0-17	20.8	20.5	20.5	20.4	20.4	20.3
18-44	33.7	33.8	33.7	33.6	33.6	33.5
45-64	26.8	26.8	26.6	26.4	26.2	26.1
65+	18.6	18.8	19.2	19.5	18.8	20.1
Total*	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Totals may not foot due to rounding.
Source: University of Florida, Bureau of Economic and Business Research

EMPLOYEE RELATIONS

Labor Relations

The Constitution of the State gives employees the right to bargain collectively. Currently, the County has three collective bargaining units, one for the Lee County Port Authority and two for Lee County Emergency Medical Services.

Florida Retirement System

The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Annual Reports available at www.dms.myflorida.com and the Florida Comprehensive Annual Financial Reports available at www.myfloridacfo.com/aadir/statewide_financial_reporting. No representation is made by the County as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

General Information. The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans – the FRS defined benefit pension plan (the "FRS Pension Plan") and the FRS defined contribution plan (the "FRS Investment Plan"). The FRS Pension Plan was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees.

Florida Retirement System Pension Plan

Membership. FRS membership is compulsory for all employees filling a regularly established position in a state agency, county agency, state university, state community college, or district school board. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five general classes of membership, as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.

- *Senior Management Service Class (SMSC)* - Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, assistant capital collateral representatives, and judges of compensation claims.

- *Special Risk Class* - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001 through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.

- *Special Risk Administrative Support Class* - Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.

- *Elected Officers' Class (EOC)* - Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class. Members of the EOC may elect to withdraw from the FRS or participate in the SMSC in lieu of the EOC.

Beginning July 1, 2001 through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members initially enrolled during this period. Members not actively working in a position covered by the FRS Pension Plan on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001 through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5% benefit reduction for each year prior to the normal retirement age.

- *Regular Class, SMSC, and EOC Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

<u>Benefits</u>. Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The

annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The Deferred Retirement Option Program ("DROP") became effective July 1, 1998, subject to provisions of Section 121.091(13), Florida Statutes. FRS Pension Plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months. Authorized instructional personnel employed with a district school board, the Florida School for the Deaf and the Blind or a developmental research school of a state university may be allowed to extend their DROP participation for up to an additional 36 months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest. As of June 30, 2020, the FRS Trust Fund held $2,673,751,676 in accumulated benefits for 36,181 DROP participants. Of these 36,181 DROP participants, 34,141 were active in the DROP with balances totaling $2,375,655,885. The remaining participants were no longer active in the DROP and had balances totaling $298,095,791 to be processed after June 30, 2020.

<u>Administration</u>. The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration (the "SBA") invests the assets of the FRS Pension Plan held in the FRS Trust Fund. Costs of administering the FRS Pension Plan are funded from earnings on investments of the FRS Trust Fund. Reporting of the FRS Pension Plan is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

<u>Contributions</u>. All participating employers must comply with statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, Florida Statutes. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years. Pursuant to Section 121.031(3)(f), Florida Statutes, any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2020, was $161,568,265,280. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

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The uniform rates for Fiscal Year 2019-20 are as follows:

Membership Class	Employee Contribution Rate	Employer Contribution Rate(1)	Total Contribution Rate
Regular	3.00%	6.75%	9.75%
Special Risk	3.00	23.76	26.76
Special Risk Administrative Support	3.00	36.87	39.87
Elected Officers – Judges	3.00	40.28	43.28
Elected Officers – Legislators/Attorneys/Cabinet	3.00	54.31	57.31
Elected Officers – County, City, Special Districts	3.00	47.10	50.10
Senior Management Service	3.00	23.69	26.69
Deferred Retirement Option Program	N/A	12.94	12.94

(1) These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66% contribution for the HIS and the fee of 0.06% for administration of the FRS Investment Plan and retirement and financial planning for members of both plans.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2020.

The contributions of the County are established and may be amended by the State Legislature. The County's contributions to the FRS Pension Plan totaled $37,780,000 for the fiscal year ended September 30, 2020.

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Pension Amounts for the FRS Pension Plan.

Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands)

Total Pension Liability	**2020**	**2019**	**2018**	**2017**
Service cost	$265,521	$232,118	$258,450	$304,537
Interest on total pension liability	402,709	418,157	389,705	337,486
Effect of plan changes	-	-	-	-
Effect of economic/demographic (gains) or losses	452,542	-	188,173	-
Effect of assumption changes or inputs	481,833	516,083	(398,996)	(1,073,716)
Benefit payments	(505,549)	(491,890)	(491,528)	(465,980)
Net change in total pension liability	1,097,056	674,468	(54,196)	(897,673)
Total pension liability, beginning	11,491,044	10,816,576	10,870,772	11,768,445
Total pension liability, ending (a)	$12,588,098	$11,491,044	$10,816,576	$10,870,772
Fiduciary net position				
Employer contributions	$576,253	$555,291	$542,303	$529,229
Member contributions	370	195	237	-
Investment income net of investment expenses	5,315	6,181	3,311	1,380
Benefit payments	(505,549)	(491,890)	(491,531)	(465,980)
Administrative expenses	(172)	(195)	(168)	(177)
Net change in plan fiduciary net position	76,217	69,582	54,152	64,452
Fiduciary net position, beginning	302,045	232,463	178,311	113,859
Fiduciary net position, ending (b)	$378,261	$302,045	$232,463	$178,311
Net pension liability, ending = (a) - (b)	$12,209,837	$11,188,999	$10,584,113	$10,692,461
Fiduciary net position as a % of total pension liability	3.00%	2.63%	2.15%	1.64%
Covered payroll	$34,715,391	$33,452,626	$32,670,918	$31,885,633
Net pension liability as a % of covered payroll	35.17%	33.45%	32.40%	33.53%

(1) Reflects restatement of beginning net position at July 1, 2017, due to implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2020.

Actuarial Methods and Assumptions for the FRS Pension Plan. The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2020, calculated based on the discount rate and actuarial assumptions below:

	June 30, 2019	June 30, 2020
Discount rate	6.90%	6.80%
Long-term expected rate of return, net of investment expense	6.90%	6.80%
Bond Buyer General Obligation 20-Year Bond Municipal Bond Index	N/A	N/A

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2020.

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees in determining the projected depletion date. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The actuarial assumptions used to determine the total pension liability as of June 30, 2020, were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018.

Valuation Date	July 1, 2020
Measurement Date	June 30, 2020
Asset Valuation Method	Fair Market Value
Inflation	2.40%
Salary increase including inflation	3.25%
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018
Actuarial cost method	Individual Entry Age Normal

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2020.

Retiree Health Insurance Subsidy Program

The Retiree Health Insurance Subsidy ("HIS") Program is a non-qualified, cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $5. The payments are at least $30 but not more than $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

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Pension Amounts for the HIS.

Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands)

Total Pension Liability	**2020**	**2019**	**2018**
Service cost	$265,521	$232,118	$258,450
Interest on total pension liability	402,709	418,157	389,705
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	452,542	-	188,173
Effect of assumption changes or inputs	481,833	516,083	(398,996)
Benefit payments	(505,549)	(491,890)	(491,528)
Net change in total pension liability	1,097,056	674,468	(54,196)
Total pension liability, beginning	11,491,044	10,816,576	10,870,772
Total pension liability, ending (a)	$12,588,098	$11,491,044	$10,816,576
Fiduciary net position			
Employer contributions	$576,253	$555,291	$542,303
Member contributions	370	195	237
Investment income net of investment expenses	5,315	6,181	3,311
Benefit payments	(505,549)	(491,890)	(491,531)
Administrative expenses	(172)	(195)	(168)
Net change in plan fiduciary net position	76,217	69,582	54,152
Fiduciary net position, beginning	302,045	232,463	178,311
Fiduciary net position, ending (b)	$378,261	$302,045	$232,463
Net pension liability, ending = (a) - (b)	$12,209,837	$11,188,999	$10,584,113
Fiduciary net position as a % of total pension liability	3.00%	2.63%	2.15%
Covered payroll	$34,715,391	$33,452,626	$32,670,918
Net pension liability as a % of covered payroll	35.17%	33.45%	32.40%

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2020.

Actuarial Methods and Assumptions for the HIS. The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and then was projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67. The same demographic and economic assumptions that were used in the Florida Retirement System Actuarial Valuation as of July 1, 2020 ("funding valuation") were used for the HIS Program, unless otherwise noted. In a given membership class and tier, the same assumptions for both FRS Investment Plan members and for FRS Pension Plan members were used.

	June 30, 2019	June 30, 2020
Discount rate	3.50%	2.21%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Year Bond Municipal Bond Index	3.50%	2.21%

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2020.

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor.

The actuarial assumptions used to determine the total pension liability as of June 30, 2020, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2020
Measurement Date	June 30, 2020
Inflation	2.40%
Salary increase including inflation	3.25%
Mortality	Generational PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Individual Entry Age

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2020.

FRS Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Florida Legislature establishes and amends the benefit terms of the plan. Retirement benefits are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the years of service required for vesting under the FRS Pension Plan (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. Effective July 1, 2011, there is a mandatory employee contribution of 3.00%. The FRS Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer assessment of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the

FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or from the website: www.dms.myflorida.com/workforce_operations/retiremenitipublications.

Other Post-Employment Benefit Plans

The County maintains two single-employer, defined benefit other post-employment benefit plans ("OPEB"), the Group Health Program for the County administered by Aetna and the Lee County Sheriff Health Care Plan administered by the Self-Insured Benefit Administrator.

Pursuant to provisions of Section 112.08, Florida Statutes, former employees and eligible dependents who retire from the local government unit may continue to participate in the group or self-insurance plan for comprehensive health and hospitalization at a premium cost not to exceed the premium cost for active employees. Contribution requirements of the County and the Lee County Sheriff's Office ("LCSO") are established and may be amended by the employer.

Plan Description for Group Health Program for Lee County. The Group Health Program for Lee County ("GHPLC") provides medical, dental, vision and life insurance benefits to eligible County retirees and their spouses. All the Constitutional Officers, except the LCSO, participate in GHPLC. At October 1, 2019, the date of the latest actuarial valuation, plan participation consisted of 3,748 current active plan members, 974 retirees and 398 eligible dependents receiving post-employment health care benefits. In addition, Medicare eligible retirees and their Medicare eligible dependents may enroll in Medicare Advantage Plan ("MAP"), a fully funded insurance plan administered by Aetna.

Funding Policy Group Health Program for Lee County. The County subsidizes the premium rates paid by retirees by allowing them to participate at blended premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, retiree claims are expected to result in higher costs to the plan on average than those of active employees. On October 1, 2018, the County, and on January 1, 2020, the Port, reinstated the subsidy program that had been discontinued on October 1, 2008. The subsidy program offers retirees with six or more years of consecutive employment prior to retirement a direct subsidy of 60% for MAP participants and 50% for Aetna participants. A $96 discount is applied for plan members enrolled in Medicare Part B for the self-insurance plan. No discount is offered for MAP. The same subsidy is offered to the Constitutional Officers with the exception of the Clerk of Circuit Court who requires retirees to have eight of more years of consecutive employment prior to retirement. Vision and dental insurance are offered to retirees; however, they are not subsidized by the County. The plan also allows retirees the option to continue to participate in the GHPLC life insurance policy. The life insurance is only available to the retiree and has a face value of $5,000. The following table summarizes the retirees monthly contribution rates for 2020. The Plan is funded on a pay-as-you-go basis.

	General Employee Retirees		Clerk of Circuit Court Retirees	
	Aetna	MAP	Aetna	MAP
Medical/ Prescriptions:				
Retiree Only				
Pre 65 Years Old	$490	N/A	$980	N/A
Medicare Eligible	394	$152	787	$380
Retiree Plus Spouse				
Pre 65 Years Old	888	N/A	1,775	N/A
Medicare Eligible	695	304	1,389	760
Retiree Plus Dependent				
Pre 65 Years Old	873	N/A	1,745	N/A
Medicare Eligible	680	304	1,359	760
Retiree Plus Family				
Pre 65 Years Old	895	N/A	1,790	N/A
Medicare Eligible (3) (spouse + one dep)	702	456	1,404	1,139
Life:				
Individual Coverage	5		5	
Spouse	N/A		N/A	

Source: Lee County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2020.

Actuarial Methods and Assumptions. At September 30, 2020, the County's GHPLC total OPEB liability of $505,013,000 was measured as of September 30, 2020, and was determined by an actuarial valuation as of that date. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Inflation Rate	2.5%
Salary Increases	N/A
Discount Rate	2.21%
Healthcare Cost Trend Rate	7.90% pre 65 8.80% at least 65 9.60% MAP
Retirees' share of benefit cost, percent of premium:	
Subsidy Eligible	40% MAP 50% Aetna

The discount rate was based on the 20 Year Municipal Bond Rate at September 30, 2020, in the Bond Buyer GO 20-Bond Municipal Bond Index. The discount rate changed from 2.66% at September 30, 2019.

Mortality rates were based on the PUBG.H-2010 and PUBS.H-2010 Tables for employees and retirees projected generationally with scale MP-2020 and PUBG.H-2010SB Tables for survivor beneficiaries projected generationally with Scale MP-2020.

Changes in assumptions also included the removal of excise tax trend adjustment and changes in retirement rates, termination rates and disability rates to reflect the 2019 FRS experience study.

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2019 through September 30, 2020.

The rationales for selecting each of the assumptions used in the financial accounting valuation and for the assumption changes summarized above are to best reflect the current market conditions and recent plan experience.

Changes in the Total OPEB Liability	
Balance at September 30, 2019	$477,801,000
Changes for the year:	
Service Cost	23,654,000
Interest	13,270,000
Difference between Expected and Actual Experience	(3,683,000)
Changes in Benefit Terms	7,253,000
Changes in Assumptions	(8,082,000)
Contributions from Employer	(5,200,000)
Net Changes	27,212,000
Balance at September 30, 2020	$505,013,000

The following presents the total OPEB liability of the County as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percent higher or 1 percent lower than the current discount rate.

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB Liability	$604,055,000	$505,013,000	$426,869,000

The following presents the total OPEB liability of the County as well as what the County's total OPEB liability would be if it were calculated using healthcare trend rates that are 1 percent higher or 1 percent lower than the current healthcare cost trend rate.

Description	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
OPEB Liability	$411,614,000	$505,013,000	$629,787,000

For the year ended September 30, 2020, the County recognized OPEB expense of $39,648,000. At September 30, 2020 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actuarial Experience	$1,516,000	$3,940,000
Changes in Assumptions	81,528,000	84,213,000
Total	$83,044,000	$88,153,000

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

Year Ended September 30:	
2021	$4,529,000
2022	4,529,000
2023	4,529,000
2024	4,529,000
2025	4,529,000
Total Thereafter	17,536,000

Lee County Sheriff Health Care Plan. The LCSO operates a separate health care plan. The Lee County Sheriff Health Care Plan ("LCSHCP") offers health, dental, and vision coverage to eligible LCSO retirees and their spouses. At September 30, 2020, the date of the latest actuarial valuation, plan participation consisted of 1,554 active members and 424 retirees. The plan also allows retirees the option to continue to participate in the LCSHCP life insurance policy. The life insurance is only available to the retiree, and has a face value of $5,000.

A publicly available financial report that includes financial statements and required supplementary information is not available for this plan.

Funding Policy Lee County Sheriff Health Care Plan. The current published monthly rates for health care coverage are $775 for single and $1,596 for retiree and spouse. An $80 discount is applied for plan members enrolled in Medicare Part B. The LSCO subsidizes a percentage of the monthly major medical and hospitalization insurance for employees hired prior to October 1, 2010 based on the number of years of service credited to FRS before retirement. Vision and dental insurance are offered to retirees; however, they are not subsidized by LSCO.

The retiree contribution rate for the life insurance policy is $0.80 per month. The plan is funded on a pay-as-you-go basis.

Percent of the Total Contribution Rates Paid by Retiree

Eligible Service Credit at Retirement or Termination	Retiree	Dependent
More than 10 years but less than 15 years	100%	100%
15 years	25	100
16 years	20	100
17 years	15	100
18 years	10	100
19 years	5	100
20 years or more	0	50

Actuarial Methods and Assumptions. At September 30, 2020, the LCSO's LCSHCP total OPEB liability of $302,839,000 was measured as of September 30, 2019, and was determined by an actuarial valuation as of September 30, 2018. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Inflation Rate	2.5%
Discount Rate	2.75%
Salary Increases	FRS rates used in July 2018 actuarial valuation 3.7% - 7.8% including inflation
Healthcare Cost Trend Rate	Based on Getzen Model, starting at 6.75% for 2019 (3.0% for premiums) followed by 6.50% for 2020 and decreasing to 4.24% plus 0.39% increase for excise tax

The discount rate was based on the 20 Year Municipal Bond Rate at September 30, 2018, in Fidelity's 20-Year Municipal GO AA Index. The discount rate changed from 3.83% at September 30, 2018.

Mortality rates were based on tables used in the July 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period of 2008 through 2013.

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 2017 through September 30, 2018.

Changes in the Total OPEB Liability	
Balance at September 30, 2019	$239,762,000
Changes for the year:	
Service Cost	7,313,000
Interest	9,373,000
Changes in Assumptions	51,094,000)
Contributions from Employer	(4,703,000)
Net Changes	63,077,000
Balance at September 30, 2020	$302,839,000

The following presents the total OPEB liability of the LCSO as well as what the LCSO's total OPEB liability would be if it were calculated using a discount rate that is 1 percent higher or 1 percent lower than the current discount rate.

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB Liability	$360,068,000	$302,839,000	$256,777,000

The following presents the total OPEB liability of the LCSO as well as what the LCSO's total OPEB liability would be if it were calculated using healthcare trend rates that are 1 percent higher or 1 percent lower than the current healthcare cost trend rate.

Description	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
OPEB Liability	$244,417,000	$302,839,000	$380,7333

For the year ended September 30, 2020, the County recognized OPEB expense of $ 17,224,000 related to the LCSO. At September 30, 2020 the County reported deferred outflows of resources related to the LCSO's OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Outflows of Resources
Contributions Subsequent to Measurement Date	$5,148,000	$-
Difference Between Expected and Actual Experience	3,431,000	-
Changes in Actuarial Assumptions	66,017,000	63,966,000
Total	$74,596,000	$63,966,000

Deferred outflows of resources included $5,148,000 resulting from contributions subsequent to the measurement date. This amount will be recognized as a reduction of the OPEB liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30:	
2021	$538,000
2022	538,000
2023	538,000
2024	538,000
2025	538,000
Total Thereafter	2,792,000

Summary

The aggregate amount of total OPEB liability, related deferred outflows of resources, deferred inflows of resources, and OPEB expenses for the County's postemployment benefits plans are summarized below. These liabilities are typically liquidated by the individual fund to which the liability is directly associated.

Description	GHPLC	LCSHCP	Total
Total OPEB liability	$505,013,000	$302,839,000	$807,852,000
Deferred outflows of resources related to OPEB	83,044,000	74,596,000	157,640,000
Deferred inflows of resources related to OPEB	88,153,000	63,966,000	152,119,000
OPEB expense	39,648,000	17,224,000	56,872,000

THE ECONOMY

Labor Force, Employment and Unemployment

The County saw a slight decline in growth from 2019 to 2020, however has seen an increase of increase of 6.8% in the labor force from 2020 to 2021. The Florida Department of Economic Opportunity projects a 13% increase in the County's labor force by 2027. The labor force at April 30, 2021, 2020, and 2019 was 356,048, 331,925, and 346,702, respectively. Employment in the County as of April 30, 2021 was estimated at 339,538.

The County's economy was impacted by the COVID-19 pandemic. The unemployment rate increased from 2.8% in 2019 to 6.4% in 2020. The County's unemployment level is below the State's rate of 7.2% and the national rate of 7.9%.

According to the United States Department of Labor, Bureau of Labor Statistics, the non-agricultural employment for the Lee County Metropolitan Area was comprised of 19.7% in Trade, Transportation and Utilities, 16.0% in Government (federal, state and local), 12.1% in Leisure and Hospitality, 15.0% in Professional and Business Services, 11.6% in Education and Health Services, 15.2% in Mining, Logging, Construction and Manufacturing, and 10.4% in all other.

Lee County, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

		Total Personal Income				Unemployment Rates (Percentage)		
Year	Population	(in thousands)	Per Capita Personal Income	Median Age	School Enrollment	County	State	National
2011	625,310	$26,999,483	$30,363	45.6	83,771	11.2	10.6	9.1
2012	631,330	27,328,737	43,022	45.7	85,581	8.7	8.7	7.8
2013	638,029	28,292,424	40,248	45.7	87,215	7.2	7.1	7.6
2014	643,367	27,773,510	43,169	45.7	90,887	6.1	6.1	5.7
2015	665,845	29,245,506	48,453	46.2	92,780	5.1	5.2	5.1
2016	680,578	31,296,442	44,583	46.3	91,222	4.7	4.7	5.0
2017	698,468	33,060,033	48,537	46.9	92,590	3.6	3.8	4.2
2018	713,903	36,786,500	50,390	47.8	93,167	2.9	3.5	3.7
2019	735,148	38,685,758	51,266	47.8	94,405	2.8	3.2	3.5
2020	750,493	40,119,053	52,064	48.1	95,647	6.4	7.2	7.9

Source: Lee County, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2020

The County's housing market continues to be strong. Foreclosures filed in the County decreased significantly from 1,116 in fiscal year 2019 to 608 in fiscal year 2020 which represents a 46% decrease from the prior year. The housing market saw a significant increase in median sales price and closings in single family homes compared to the same period a year ago. According to the Florida Realtors, the median sale price of an existing single-family home in the County increased 17.5%, from $251,000 in September 2019 to $295,000 in September 2020. New pending sales increased by 141.0% and closed sales increased by 33.5%, year over year. The median price for existing townhouses and condominiums in September 2020 and 2019 was $215,500 and $188,950, respectively, which represents a 14.1% increase. Townhouse and condo new pending sales increased 154.5% and closed sales increased 38.4%, year over year.

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Employers

The ten largest employers located within the County, together with the total number of employees employed by each are presented below:

Lee County, Florida
Principal Employers
as of Fiscal Year 2020

Employer	Employees	Percentage of Total County Employment
Lee Health	13,595	4.25%
Lee County School District	12,936	4.04
Lee County Local Government	9,038	2.82
Publix Super Markets	4,624	1.44
Florida Gulf Coast University	3,430	1.07
Walmart	3,067	0.96
City of Cape Coral	2,253	0.70
Hope Hospice	1,630	0.51
McDonald's	1,482	0.46
Florida Southwestern State College	1,441	0.45
TOTAL	53,496	16.70%

Source: Lee County, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2020

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Property Value Data
Lee County, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(dollars in thousands)

	Real Property								
Fiscal Year	Residential Property	Commercial Property	Other	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value As a Percentage of Actual Value*
2011	$42,639,954	$8,531,480	$541,038	$3,808,042	$13,836,043	$41,684,471	5.3980	$70,138,366	79.16%
2012	41,682,601	7,543,635	588,774	3,450,443	14,089,660	39,175,793	5.4138	68,116,399	78.20
2013	41,893,823	7,314,283	545,034	3,147,142	14,947,717	37,952,565	5.4138	68,644,339	77.06
2014	43,666,928	7,270,866	534,599	3,147,804	17,060,361	37,559,836	5.6553	72,497,286	75.34
2015	46,907,208	7,805,176	642,067	3,103,287	20,663,672	37,794,066	5.6553	75,876,824	77.04
2016	51,150,460	7,689,622	679,027	3,125,423	23,821,441	38,823,091	5.6553	83,340,551	75.17
2017	55,534,938	8,336,070	662,497	3,353,902	28,254,649	39,632,758	5.5553	96,920,144	70.04
2018	60,650,938	8,739,931	911,373	3,736,873	30,507,410	43,531,705	5.5553	105,312,245	70.30
2019	64,378,130	9,392,793	739,364	3,961,567	30,240,763	48,231,091	5.4553	109,528,126	71.65
2020	68,488,438	10,036,079	882,711	4,123,167	31,272,043	52,258,352	5.4553	115,661,449	72.22

*Includes tax-exempt property

Source: Lee County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2020

Lee County, Florida
Principal Property Taxpayers
Current Year and Nine Years Ago
(dollars in thousands)

	2020			2011		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Christian & Missionary Alliance, Inc.	$334,969	1	0.303%	$103,374	3	0.199%
Miromar Outlet West LLC	125,134	2	0.113	77,435	5	0.149
Coconut Point Developers LLC	112,811	3	0.102	134,626	1	0.259
GCTC Holdings LLC	110,334	4	0.100			
Edison Mall LLC	94,047	5	0.085	73,958	7	0.143
Quadrum Lakes Park LLC	89,593	6	0.081			
Lurin Real Estate Holdings XVI	84,433	7	0.076			
Bell Tower Shops LLC	70,142	8	0.063			
Venetian Multi Family LLC	63,695	9	0.058			
Hertz Corporation	60,224	10	0.054			
Federal National Mortgage Assn				76,877	6	0.148
Gulf Coast Town Center CMBS				105,208	2	0.203
Target Corporation				65,751	9	0.127
McHale Gerard A Jr RCVF				71,483	8	0.138
Tavira at Bonita Bay Inc.				64,056	10	0.123
Oasis Associates LLC				92,801	4	0.179
Total	$1,145,382		1.035%	$865,369		1.668%

Source: Lee County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2020

Property Tax Reform

Millage Rollback Legislation. In 2007, the State Legislature adopted a property tax plan which significantly impacted ad valorem tax collections for State local governments (the "Millage Rollback Legislation"). One component of the Millage Rollback Legislation required counties, cities and special districts to rollback their millage rates for the 2007-2008 Fiscal Year to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in Fiscal Year 2006-2007; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-2007 ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the Rollback Legislation also limited how much the aggregate amount of ad valorem tax revenues may increase in future Fiscal Years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body.

Constitutional Exemptions. Certain exemptions from property taxes have been enacted. Constitutional exemptions include, but are not limited to, property owned by a municipality and used exclusively by it for municipal or public purposes, certain household goods and personal effects to the value fixed by general law, certain locally approved community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law and historic preservation ad valorem tax exemptions to owners of historic properties, $25,000 of the assessed value of property subject to tangible personal property tax, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law, and certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

Limitation on Increase in Assessed Value of Property. The State Constitution limits the increases in assessed just value of homestead property to the lower of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. The accumulated difference between the assessed value and the just value is known as the "Save Our Homes Benefit." Further, upon any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status; new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and changes, additions, reductions or improvements to the homestead shall initially be assessed as provided for by general law.

Owners of homestead property may transfer up to $500,000 of their Save Our Homes Benefit to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead.

For all levies other than school district levies, assessment increases for specified nonhomestead real property may not exceed ten percent (10%) of the assessment for the prior year. This assessment limitation was, by its terms, to be repealed effective January 1, 2019; however, the legislature by joint resolution approved an amendment abrogating such repeal, which was approved by the electors in the November 6, 2018 general election and went into effect January 1, 2019.

Homestead Exemption. In addition to the exemptions described above, the State Constitution also provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to $50,000. The first $25,000 applies to all property taxes, including school district taxes. The additional exemption, up to $25,000, applicable to the assessed value of the property between $50,000 and $75,000, applies to all levies other than school district levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following homestead exemptions are authorized by State law.

Certain Persons 65 or Older. A board of county commissioners or the governing authority of any municipality may adopt an ordinance to allow an additional homestead exemption equal to (i) of up to $50,000 for persons age 65 or older with household income that does not exceed the statutory income limitation of $20,000 (as increased by the percentage increase in the average cost of living index each year since 2001) or (ii) the assessed value of the property with a just value less than $250,000, as determined the first tax year that the owner applies and is approved, for any person 65 or older who has maintained the residence as his or her permanent residence for not less than 25 years and whose household income does not exceed the statutory income. The County enacted an ordinance providing for the exemption from County ad valorem taxes described in this paragraph.

In addition, veterans 65 or older who are partially or totally permanently disabled may receive a discount from tax on homestead property if the disability was combat related and the veteran was honorably discharged upon separation from military service. The discount is a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veteran's Affairs. The County has not enacted an ordinance providing for the exemption from County ad valorem taxes described in this paragraph.

Deployed Military Personnel. The State Constitution provides that by general law and subject to certain conditions specified therein, each person who receives a homestead exemption who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature divided by the number of days in that year.

Certain Active Duty Military and Veterans. A military veteran who was honorably discharged, is a resident of the State, and who is disabled to a degree of 10% or more because of misfortune or while serving during wartime may be entitled to a $5,000 reduction in the assessed value of his or her property. This exemption is not limited to homestead property. A military veteran who was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on homestead property. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran’s surviving spouse may be entitled to carry over these exemptions.

Certain Totally and Permanently Disabled Persons. Real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

Survivors of First Responders. Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January 1 of the year in which the first responder died.

Save Our Homes Portability Affected by Storm Damage (SOH). Owners of homestead property that was significantly damaged or destroyed as a result of a named tropical storm or hurricane can elect to have the property deemed abandoned if the owner establishes a new homestead by January 1 of the second year immediately following the storm or hurricane. This will allow the owner of the homestead property to keep their SOH benefit if they move from the significantly damaged or destroyed property to establish a new homestead by the end of the year following the storm.

Property Tax Relief for Natural Disasters. In light of recent natural disasters, the State Legislature created a property tax relief credit for homestead parcels on which certain residential improvements were damaged or destroyed by a hurricane that occurred in 2016 or 2017, namely Hurricanes Hermine, Matthew, and Irma. If the residential improvement is rendered uninhabitable for at least 30 days due to a hurricane that occurred during the 2016 or 2017 calendar year, taxes initially levied in 2019 may be abated. Due to this reduction in ad valorem tax revenue, the Legislature is required to appropriate funds to offset the deficit in certain taxing jurisdictions.

Recent Amendments Relating to Ad Valorem Taxation. In the 2016 legislative session, several amendments were passed affecting ad valorem taxation, including classification of agricultural lands during periods of eradication or quarantine, deleting requirements that conservation easements be renewed annually, providing that just value of real property shall be determined in the first tax year for income restricted persons age 65 or older who have maintained such property as their permanent residence for at least 25 years, authorizing a first responder who is totally and permanently disabled as a result of injuries sustained in the line of duty to receive relief from ad valorem taxes assessed on homestead property, revising procedures with respect to assessments, hearings and notifications by the value adjustment board, and revising the interest rate on unpaid ad valorem taxes.

Future Amendments Relating to Ad Valorem Taxation. Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the State legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or have otherwise restricted the ability of local governments in the State to levy ad valorem taxes at then current levels.

Administrative Action Relating to Due Dates. On Monday, March 16, 2020, the Governor directed the Department of Revenue to provide flexibility on tax due dates to assist those adversely affected by COVID-19. On March 26, 2020, the Department of Revenue's Executive Director issued an emergency order to extend the final due date for property tax payments for the 2019 tax year. Such order applies to all 67 counties within the State, including the County. Property taxes, as described above, are normally due by March 31 however, as a result of the executive order, the Department of Revenue waived the due date so that payments remitted by April 15, 2020, for the 2019 tax year were considered timely paid. See "INVESTMENT CONSIDERATIONS" in the body of this Official Statement for more information about the impacts of COVID-19 on the County.

MUNICIPALITIES OF CAPE CORAL, FORT MYERS, FORT MYERS BEACH, BONITA SPRINGS, SANIBEL AND ESTERO — GENERAL INFORMATION

City of Cape Coral General Information

Incorporated in 1970, the City of Cape Coral lies on a peninsula that is bordered by the Gulf of Mexico on the west and the Caloosahatchee River on the eastern shore. With an area of 120 square miles, the City of Cape Coral is Florida's third largest city in land area. The City of Cape Coral is governed by a mayor and seven council members. A city manager, chosen by the Council, is the chief administrator.

Growth has occurred primarily in the southeastern portion of the City of Cape Coral. More than 90% of the City of Cape Coral's urban development is situated in this quadrant, covering less than 35% of its total acreage. The City of Cape Coral's population grew from 2010 to 2020 and the populations were 154,305 and 187,307, respectively. The resulting additional residential and commercial development will mostly progress toward the north and the west. The City of Cape Coral is presently composed of residential homes, many of which are waterfront condominiums, rental units and commercial establishments, consisting of shops, office buildings and service oriented establishments. Proposed land use plans for the City of Cape Coral indicate that the primary proposed land use includes high density residential development, commercial businesses and recreational facilities.

City of Fort Myers General Information

Built originally as Fort Harvie in 1841, Fort Myers was a military base until the end of the Civil War. The City of Fort Myers itself was platted in 1876 and underwent a slow growth on the grounds of the old military base and along the Caloosahatchee River. The twentieth century brought uneven growth, with the "Boom Times" bringing tremendous growth in the 1920's and the "Great Depression" creating havoc in that growth. Today, the growth is gradual but constant, as the City of Fort Myers plans on revitalizing old neighborhoods and preparing the infrastructure and civic needs of new developments. For the future, the City of Fort Myers plans on straightening its boundaries to include all the land between Interstate 75 and the river approximately north of Page Field, as well as some land just north of the Six Miles Cypress Slough and west of Interstate 75 in order to provide better services to the area. The City of Fort Myers encompasses 40.6 total square miles, including waterways. The 2010 and 2020 populations were 62,298 and 92,599, respectively. The City of Fort Myers is administered by a mayor and six council members.

Town of Fort Myers Beach General Information

The Town of Fort Myers Beach was incorporated on December 31, 1995. The area is a 2.6 square mile area known as Estero Island. Estero Island is separated from the mainland on the north by Estero Bay. Its southern shore is the Gulf of Mexico. The island is connected to the mainland on its western side by the Matanzas Bridge and on the east to Bonita Beach by a causeway. The major beach road is Estero Boulevard. The 2010 and 2020 populations were 6,277 and 6,558, respectively. The Town of Fort Myers Beach is administered by a mayor and four council members.

City of Bonita Springs General Information

On December 31, 1999, the City of Bonita Springs became an incorporated municipality in the State. The City of Bonita Springs includes 40.5 square miles. The 2010 and 2020 populations were 43,857 and 55,645, respectively. The City of Bonita Springs is administered by a mayor and six council members.

City of Sanibel General Information

The City of Sanibel (connected by the Blind Pass Bridge) lies about 2.5 miles off the west coast of the State near the City of Fort Myers at the entrance of the Caloosahatchee River, which provides a deep water channel to the City of Fort Myers. Sanibel Island is 15 miles long and 3 miles wide at some points and Captiva Island (which is not incorporated) is 6 miles long and about 0.5 miles wide. The islands possess what is said to be some of the most famous beaches in the world for shell collecting. Some 300 different varieties of shells are found, including many rare specimens. Lying across the prevailing currents, the islands have a long southern exposure, each high tide bringing a new charge of shells to the beach. Sanibel has gained national recognition for the Sanibel Shell Fair which has been held in the Spring for over 35 years, the "Ding" Darling Wildlife Sanctuary and a month-long Fall Festival. Fishing is an important recreation. A free public fishing pier is provided and Blind Pass Bridge is equipped with pedestrian lanes for fishing.

Of the 11,317 total land acres on Sanibel Island, 4,754 are held by the J.N. "Ding" Darling National Wildlife Refuge and 540 by the Sanibel Captiva Conservation Foundation, leaving 6,023 acres not preserved by federal or conservation owned lands.

The 2010 and 2020 populations were 6,469 and 6,849, respectively.

The City of Sanibel was incorporated November 5, 1974. Soon after incorporation, the City of Sanibel employed Wallace Roberts and Todd of Philadelphia to draft a Comprehensive Land Use Plan. The Plan has been adopted by the City Planning Committee and is currently in effect. Under the Plan, there will be no building permits and no conventional zoning; however, building will be based on development permits that will be obtained only after consideration of a number of factors, primarily of an ecological nature. For instance, the only freshwater river on a Florida island must not be damaged and the sea oats and other vegetation which control beach erosion may not be destroyed. Bird rookeries, and fish and alligator breeding areas, are to be protected.

The City of Sanibel is governed by a mayor and four council members while a city manager directs the administration of the affairs of the City of Sanibel.

Village of Estero

The Village of Estero was incorporated on December 31, 2014. The Village of Estero currently occupies a land area of 30 square miles and serves a population of approximately 33,120, as of fiscal year ended September 30, 2020. From inception to September 30, 2015, all services were provided by the County. Effective, October 1, 2015, the Village of Estero began providing the following services: streets and roads, development services including community development, code enforcement and general and administrative services. The Village of Estero is administered by a mayor and six council members.

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APPENDIX B

AUDITED FINANCIAL STATEMENT OF THE AUTHORITY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2020

Set forth in this Appendix B are the audited component unit financial statements of the Authority. These financial statements are included in this Official Statement as a public document.

THE CONSENT OF THE AUDITOR WAS NOT REQUESTED. THE AUDITOR WAS NOT REQUESTED TO PERFORM AND HAS NOT PERFORMED ANY SERVICE IN CONNECTION WITH THE OFFERING OF THE SERIES 2021A BONDS, AND IS THEREFORE NOT ASSOCIATED WITH THE OFFERING OF THE SERIES 2021A BONDS.

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Lee County Port Authority

Component Unit Financial Report

LEE COUNTY PORT AUTHORITY

Year Ended September 30, 2020

Lee County Port Authority

Lee County, Florida

Table of Contents

LEE COUNTY PORT AUTHORITY

Direct Dial: (239) 590-4400
Fax: (239) 590-4533

March 22, 2021

Dear Friends:

We are pleased to present the Lee County Port Authority's (LCPA) financial statements for the fiscal year ending September 30, 2020. LCPA experienced a challenging year due to negative effects of the COVID-19 pandemic on airline travel. There were notable declines in total passengers, operating revenues and expenses.

For the fiscal year, total passengers at Southwest Florida International Airport (RSW) were 7,006,073, *a decrease of 29.7 percent* compared with the same period last year. Total operating revenues were $86.1 million, a decrease of $17.3 million compared to the prior year. Decreases were in airline fees, rental cars, parking, land rents, restaurants and terminal concessions. Operating expenses were $110.5 million, an increase of $5.3 million. Increases were in pension and other post-employment benefits (OPEB) expenses, salaries and wages. Decreases were in contractual services and insurance. The increase in OPEB was due to a reinstatement of the subsidy program for retirees. Our cost per enplaned (CPE) passenger was $7.68.

LCPA was obligated $36.8 million in federal grant funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Approximately $11 million was received during the fiscal year. As the fiscal year progressed, it became evident that the actual passenger and revenue numbers were better than our original forecast. As a result, LCPA was able to provide tenant rent and concession fee relief to eligible tenants at RSW, which is reflected in the operating revenue decrease noted above.

In the past year, major completed projects included expansion of the maintenance building, ticket counter modernization and upgrading the security checkpoints. Ongoing projects include design of the Terminal Expansion Project and construction of the Airport Traffic Control Tower.

LCPA was recognized during the year for several notable awards. J.D. Power named Southwest Florida International Airport (RSW) the third-best medium-hub airport in North America for passenger satisfaction in 2020. The North American Airport Satisfaction Study measures what travelers say about terminal facilities, airport accessibility, security checkpoints, baggage claim, check-in/baggage check and terminal food, beverage and retail. This marked the sixth year in a row RSW was ranked as a top airport by J.D. Power. In addition, RSW was named the Florida Department of Transportation's 2020 Commercial Airport of the Year, which was the seventh time RSW has received this recognition. Base Operations at Page Field was rated, for the first time, in the top 5 percent of fixed-based operators in an international survey conducted by Aviation International News (AIN). Base Operations has been recognized by AIN for eight consecutive years.

March 22, 2021
Page Two

From an air service perspective, new markets over the past year and expansion to existing markets included New York-LaGuardia, Indianapolis, Newark, Washington D.C.-Dulles, Cleveland and Denver.

Page Field had a record-breaking year in fuel sales with 1.8 million gallons of fuel sold, a 3 percent increase over the prior year. The design of the new South Quad Hangars and ramp project has commenced.

Our financial position remains strong despite a challenging year in the industry. We look forward to continuing to serve the residents, visitors and business community at both Southwest Florida International Airport and Page Field.

Sincerely,

LEE COUNTY PORT AUTHORITY

DocuSigned by:

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Benjamin R. Siegel, CPA, C.M.
Executive Director

BRS:BWM/tam

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Honorable Board of County Commissioners
Lee County, Florida
and
Honorable Board of Port Commissioners
Lee County Port Authority
Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Lee County Port Authority (the Authority), a blended component unit of Lee County, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Other Matter

As discussed in Note I, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of Lee County, Florida as of September 30, 2020, the changes in financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of the Authority's proportionate share of the total other postemployment benefit plan liability and schedules of the Authority's proportionate share of the net pension liability and of its contributions – pension plans on pages 1-8 and 45-47, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The letter of transmittal is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The letter of transmittal has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Honorable Board of County Commissioners
Lee County, Florida
and
Honorable Board of Port Commissioners
Lee County Port Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Fort Myers, Florida
March 22, 2021

Management's Discussion and Analysis
(Unaudited)

This discussion and analysis is intended to serve as an introduction to the Lee County Port Authority's (the Port) financial statements for fiscal years ending September 30, 2020 and 2019. The information here should be taken in conjunction with the financial statements, footnotes and supplementary information found in this report.

Financial Highlights and Summary

Table 1 reflects a summary of net position for 2020 and 2019.

Table 1
Summary of Net Position
September 30, 2020 and 2019
(000's)

	2020	2019
Current and other assets	$ 223,275	$ 257,445
Capital assets	749,627	723,623
Total assets	972,902	981,068
Deferred outflows of resources	27,829	29,179
Current liabilities	36,237	48,844
Non-current liabilities	340,779	336,499
Total liabilities	377,016	385,343
Deferred inflows of resources	11,177	12,762
Net investment in capital assets	525,617	483,927
Restricted	64,283	80,872
Unrestricted	22,638	47,343
Total net position	$ 612,538	$ 612,142

Summary of Net Position Analysis

In fiscal year 2020, activities for the Port decreased total assets by $8,166,000, decreased deferred outflows of resources by $1,350,000, decreased total liabilities by $8,327,000, decreased deferred inflows of resources by $1,585,000 and increased total net position by $396,000.

Net investment in capital assets is the largest portion of net position. This represents capital assets net of accumulated depreciation and the outstanding debt used to acquire the assets. The net investment in capital asset balance increased $41,690,000, or 8.6 percent, in comparison to prior year.

The restricted net position decreased $16,589,000, or 20.5 percent in comparison to prior year. This balance represents assets that are subject to external restrictions imposed by creditors, through bond covenants, by grantors, or by law on how they are used.

The unrestricted net position balance decreased $24,705,000, or 52.2 percent, in comparison to prior year. The unrestricted net position balance represents assets that are available for spending at the Port Authority's discretion.

Table 2 reflects a summary of revenues, expenses, and changes in net position for 2020 and 2019.

Table 2
Summary of Revenues, Expenses, and Changes in Net Position
For the Years Ended September 30, 2020 and 2019
(000's)

	2020	2019
Revenues, net:		
User fees	$ 44,408	$ 49,601
Rental cars	15,253	21,349
Parking	12,056	19,238
Other, net	14,331	13,172
Total revenues, net	86,048	103,360
Expenses:		
Salaries, wages and benefits	51,101	40,875
Contractual services, materials and supplies, utilities, repairs and maintenance, and insurance	31,549	36,771
Depreciation	25,433	24,969
Other	2,404	2,531
Total expenses	110,487	105,146
Operating loss	(24,439)	(1,786)
Non-operating revenues (expenses):		
Investment earnings	2,483	5,516
Interest expense	(12,920)	(13,574)
Grants	11,346	830
Passenger facility charges	13,514	19,742
Other revenues	42	7
Total non-operating revenues (expenses)	14,465	12,521
Income (loss) before capital contributions	(9,974)	10,735
Capital contributions	10,370	22,751
Increase in net position	396	33,486
Beginning net position	612,142	578,656
Ending net position	$ 612,538	$ 612,142

Summary of Revenues and Expenses Analysis

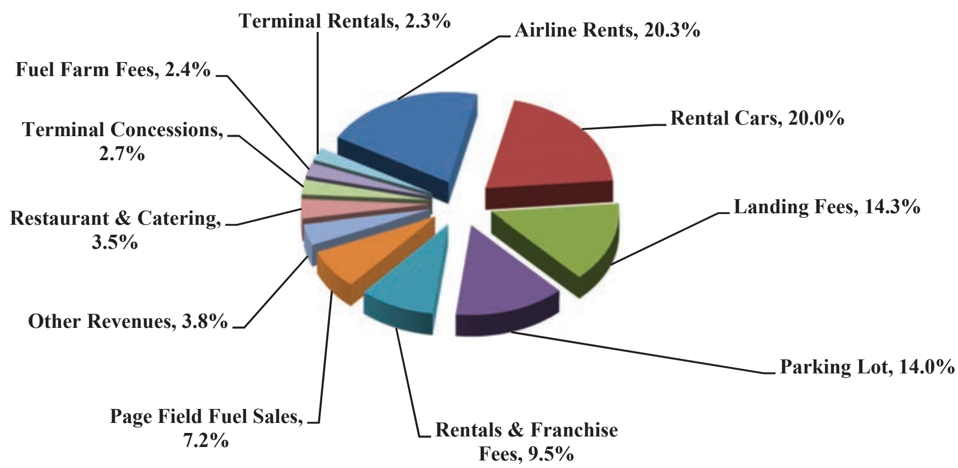
In fiscal year 2020, operating revenues were negatively impacted by the coronavirus pandemic that began to affect the travel industry starting in March 2020. Operating revenues decreased $17,312,000, or 16.7 percent, in comparison to prior year as a result of a decrease in user fee revenue of $5,193,000, rental car revenue of $6,096,000, parking revenue of $7,182,000, and an increase in other revenues of $1,159,000. Most decreases in operating revenues are due to fewer passengers as a result of the pandemic. Passenger traffic was on pace for a record year prior to the pandemic, but dropped off sharply in March and slowly improved each month to the end of the fiscal year. Overall, passenger traffic decreased 29.7 percent over the prior year. Total operating expenses increased $5,341,000 or 5.1 percent, in comparison to prior year. Salaries, wages and benefits increased primarily due to a plan change in other post employment benefits (OPEB) for post-retirement healthcare benefits, as well as inflationary and merit increases for salaries and wages. Refer to the OPEB footnote for more information on the plan change and the actuarially determined non-cash expense. These expense increases were partially offset by a decrease in contractual services as reductions were made to parking, janitorial and baggage system service contracts to better match passenger traffic during the pandemic.

Grants increased $10,516,000 in comparison to prior year due to $11,000,000 in Cares Act funding received for the COVID-19 pandemic.

Capital contributions totaled $10,370,000, a decrease of $12,381,000 in comparison to prior year. The reduction was mainly due to less grant funds received for large projects that were completed or mostly completed in the prior year, such as the design for rehabilitation of RSW taxiways, the RSW north properties utilities, and design for the RSW terminal expansion. Additionally, certain capital projects were delayed during the year as a result of the coronavirus pandemic. Major grants received this year include $4,626,000 for the RSW air traffic control tower, $3,249,000 for the RSW electric baggage screening, and $1,502,000 for the Page Field multi-use hangar.

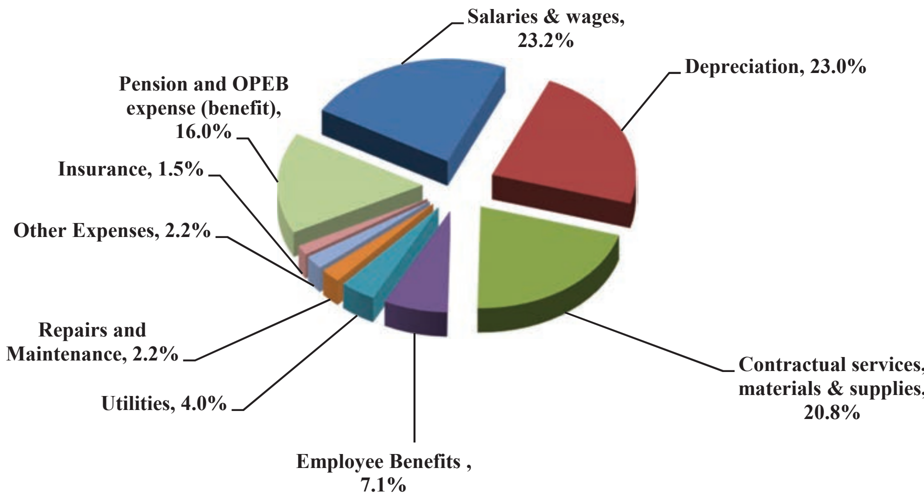
The following charts summarize the Net Revenues and Expenses for fiscal year 2020.

Operating Revenues for Fiscal Year 2020



Operating Revenues	2020	2019	2020 % of Total	Increase / (Decrease)	% Change
Airline Rents	$17,472,000	$16,873,000	20.3%	$599,000	3.6%
Rental Cars (w/ RAC rents)	17,243,000	23,984,000	20.0%	(6,741,000)	-28.1%
Landing Fees	12,349,000	12,947,000	14.3%	(598,000)	-4.6%
Parking Lot	12,056,000	19,238,000	14.0%	(7,182,000)	-37.3%
Rentals & Franchise Fees	8,133,000	7,538,000	9.5%	595,000	7.9%
Page Field Fuel Sales	6,168,000	6,928,000	7.2%	(760,000)	-11.0%
Other Revenues	3,313,000	3,664,000	3.8%	(351,000)	-9.6%
Restaurants & Catering	2,999,000	4,536,000	3.5%	(1,537,000)	-33.9%
Terminal Concessions	2,301,000	3,609,000	2.7%	(1,308,000)	-36.2%
Fuel Farm Fees	2,042,000	1,991,000	2.4%	51,000	2.6%
Terminal Rentals	1,972,000	2,052,000	2.3%	(80,000)	-3.9%
Total Net Operating Revenues	$86,048,000	$103,360,000	100.00%	($17,312,000)	-16.7%

Operating Expenses for Fiscal Year 2020



Operating Expenses	2020	2019	2020 % of Total	Increase / (Decrease)	% Change
Salaries & wages	$25,600,000	$24,453,000	23.2%	$1,147,000	4.7%
Depreciation	25,433,000	24,969,000	23.0%	464,000	1.9%
Contractual services, materials, & supplies	22,996,000	27,146,000	20.8%	(4,150,000)	(15.3%)
Pension & OPEB Expenses (Benefits)	17,639,000	8,795,000	16.0%	8,844,000	100.6%
Employee benefits	7,862,000	7,627,000	7.1%	235,000	3.1%
Utilities	4,386,000	4,586,000	4.0%	(200,000)	(4.4%)
Repairs & maintenance	2,480,000	3,332,000	2.2%	(852,000)	(25.6%)
Other Expenses	2,404,000	2,531,000	2.2%	(127,000)	(5.0%)
Insurance	1,687,000	1,707,000	1.5%	(20,000)	(1.2%)
Total Operating Expenses	$110,487,000	$105,146,000	100%	$5,341,000	5.1%

Passenger Facility Charges

In November 1992, the Port received approval from the Federal Aviation Administration (“FAA”) to impose a Passenger Facility Charge (PFC) of $3.00 per eligible enplaned passenger. In November 2003, the Port was granted the authority to raise the PFC level from $3.00 to $4.50. In August 2019, the FAA approved amendments to Application #8 and #9 for $115,194,000 and $65,063,000 respectively increasing the total collection authority to $522,185,000 as of September 30, 2019 with an estimated expiration date of June 1, 2028. In October 2019, the FAA approved Application #10 for $385,351,000 and a third amendment to Application # 9 for $758,000 increasing the total collection and use authority to $908,294,000 and concurrently revising the estimated charge expiration date to November 1, 2039.

Capital Assets

Capital assets, net of accumulated depreciation, increased by $26,004,000. Major capital spending in 2020 included the following:

Southwest Florida International Airport:		
New Air Traffic Control Tower	$	33,019,000
Maintenance Building Expansion	$	1,280,000
Terminal Expansion Design	$	4,025,000
Ticket Counter Modernization	$	7,563,000
Security Checkpoint	$	1,221,000
Page Field General Aviation Airport:		
New Corporate Hangar	$	125,000

Table 3 reflects a summary of capital assets for 2020 and 2019.

Table 3
Capital Assets
September 30, 2020 and 2019
(000's)

	2020	2019
Land	$132,659	$132,659
Easements & Right of Ways	103	103
Construction in progress	106,432	91,677
Buildings	361,587	357,732
Improvements	34,131	21,672
Equipment	94,092	89,291
Software	3,761	3,761
Artwork	293	293
Infrastructure	381,044	366,442
Subtotal	1,114,102	1,063,630
Less accumulated depreciation	(364,475)	(340,007)
Total	$749,627	$723,623

Additional information regarding the Port Authority's capital assets is found in note V to the financial statements.

Debt Administration

As of September 30, 2020, the Port had $245,585,000 in outstanding debt, a decrease of $8,900,000.

Table 4
Outstanding Debt
September 30, 2020 and 2019
(000's)

	2020	2019
2020 Line of Credit Note	$11,000	$ -
Series 2015 Airport Revenue Refunding Bonds	33,425	33,425
Series 2011A Airport Revenue Refunding Bonds	172,960	173,195
Series 2010A Airport Revenue Refunding Bonds	28,200	47,865
Total	$245,585	$254,485

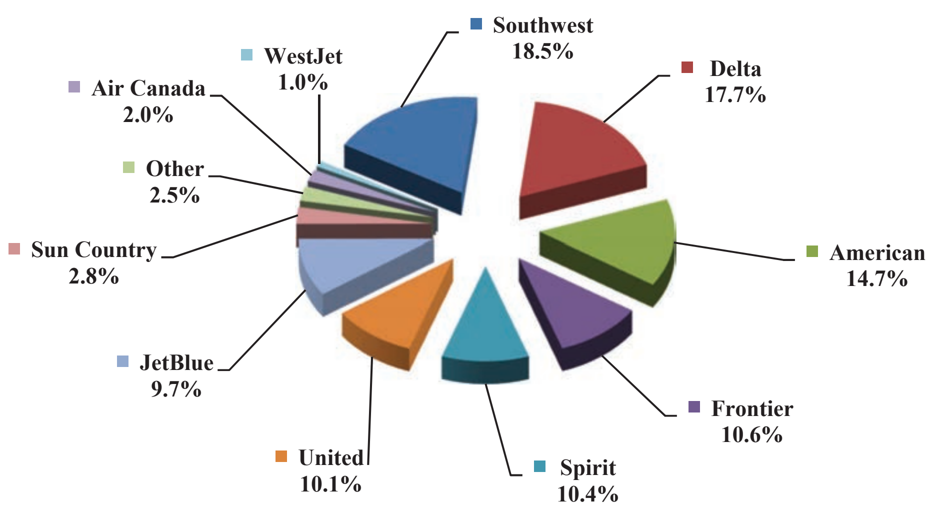
See additional information on the Port Authority's debt in note VI to the financial statements.

Airport Activities

The total passenger count for fiscal year 2020 was 7,006,000, a decrease of 29.7% percent over the prior year. Below is a summary of new and increased airline service to Southwest Florida International Airport over the past year.

- American: New York – LaGuardia
- Cubazul: Havana, Cuba
- JetBlue: New York - LaGuardia
- Spirit: Indianapolis and Newark
- United: Washington D.C. – Dulles, Cleveland and Denver

The following chart exhibits the Total Passenger Market Share for the Top Ten Airlines operating at Southwest Florida International Airport during Fiscal Year 2020.



Airline	FY 2020 Market Share	FY 2019 Market Share	Increase/ (Decrease)	% Change
Southwest	18.5%	17.7%	0.8%	4.7%
Delta	17.7%	20.1%	(2.5%)	-12.2%
American	14.7%	14.3%	0.4%	2.8%
Frontier	10.6%	9.3%	1.3%	13.8%
Spirit	10.4%	10.1%	0.3%	3.4%
United	10.1%	9.6%	0.5%	4.7%
JetBlue	9.7%	11.2%	(1.5%)	-13.6%
Sun Country	2.8%	2.7%	0.1%	4.4%
Other	2.5%	1.8%	0.7%	38.3%
Air Canada	2.0%	2.1%	(0.1%)	-3.8%
West Jet	1.0%	1.1%	(0.1%)	-6.4%

Airline Rates and Charges

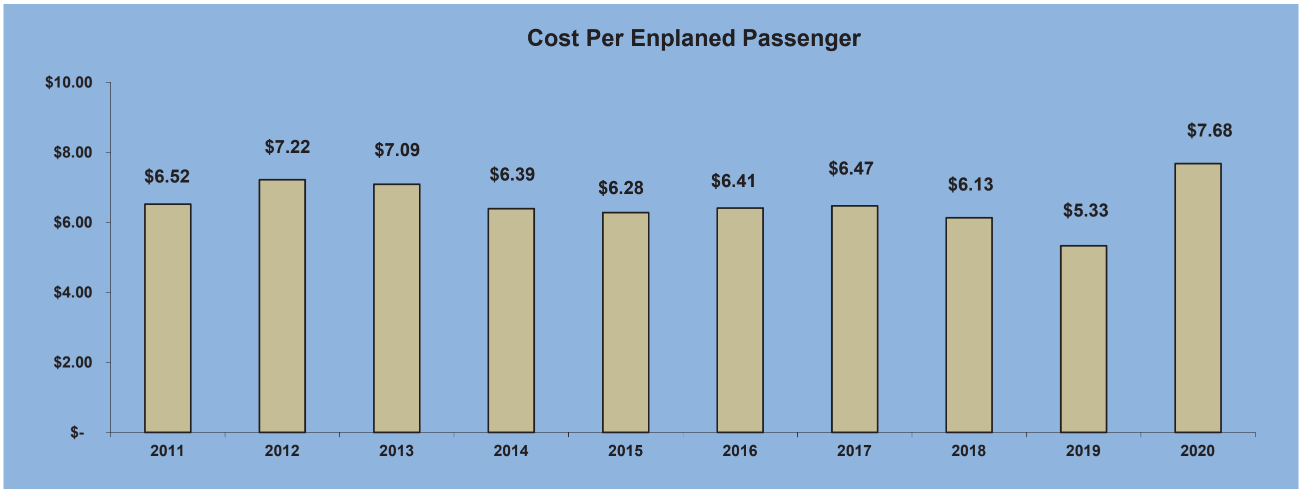
The Port negotiated a new airline use agreement (Airline Airport Lease & Use Agreement) with the Participating Airlines (now referred as Signatory Airlines) with the key terms of the agreement approved by the Board in May, 2008. The Agreement commenced on October 1, 2008, with a five-year term, expiring on September 30, 2013 and then a second five year extension expiring on September 30, 2018. The signatory airlines signed a three year extension to this agreement, expiring on September 30, 2021 with the most recent agreement signed by Frontier Airlines in June 2018. All the key terms of the agreement are the same.

The current agreement, commonly referred to as a hybrid compensatory agreement, has a revenue sharing component. In any year in which there are net remaining revenues generated at the airport, and all requirements of the Bond Resolution have been satisfied, the net remaining revenues shall be divided between the Port (60 percent) and the Signatory Airlines (40 percent). The agreement provides for better flexibility as there is no Majority in Interest approval required for capital projects.

Terminal premises are leased on an exclusive use, preferential use and joint use basis. The Port will lease certain terminal premises on a common use basis, as may be necessary. It is the intent of the Port to manage its terminal facilities in an efficient manner, while also respecting the schedules of its airline parties. Ticket counters, offices, operations areas, and baggage make-up facilities will be leased on an exclusive use basis. Gates/holdrooms and aircraft parking positions will be leased on a preferential use basis. Baggage claim will be leased on a joint use basis, with costs allocated to the Signatory Airlines based on twenty percent allocated to all Signatory Airlines equally, and eighty percent allocated to all Signatory Airlines based on the ratio of each Signatory Airline's enplaned passengers annually at the airport.

Landing Fees are calculated using a "residual" Airfield Cost Center approach and will be based upon the total landed weight for all airline groups (Signatory, non-Signatory, Cargo, Charter, and International). Terminal rents are calculated using a commercial compensatory method (i.e., rentable square foot divisor). Charges for the leasing of all terminal space will be assessed on a square-footage basis. In fiscal year 2020, the Signatory Airlines paid the Port $24,842,644. This amount is net of refunds of $3,159,000 and revenue sharing of $1,409,000.

It is typical for the airline industry to measure its costs by its cost per enplaned passenger. Airports use this as a management tool to assess how well they are doing compared to the industry and how effective they are in managing the airport. The following chart shows the cost per enplanement at Southwest Florida International Airport over the past 10 fiscal years.



Economic Factors and Next Year's Budget Rates

The following were factors considered when the 2021 budget was prepared:

- The total number of passengers is projected to be 6,001,735, a 39.2% decrease over the 2020 budget.
- The total operating budget is $110.5 million, a decrease of 15.4% percent or $20.1 million over the 2020 budget.
- Decreases in revenues were primarily attributed to a decrease in passenger activity. Decreases were realized in parking, rental cars, and terminal sales.
- Increases in personnel were a result of an average merit increase of 4 percent for all employees, health insurance and an increase in the Port Authority's contribution to the Florida Retirement System.
- Operating expenses include decreases in contracted services, janitorial services, parking lot management and repairs & maintenance.
- The budgeted rates for 2021 include $3.32 for the landing fee and a terminal rental rate of $92.08.

Financial Contact

Please refer to the Lee County Comprehensive Annual Financial Report for additional financial information related to the Port. If you should have any questions regarding this report or require additional information, please contact the Lee County Port Authority Finance Department, 11000 Terminal Access Road, Suite 8671, Fort Myers, Florida, 33913.

Financial Statements

Lee County Port Authority
Lee County, Florida
STATEMENT OF NET POSITION
As of September 30, 2020
(amounts expressed in thousands)

ASSETS		
Current assets:		
Cash, cash equivalents and investments	$	119,836
Restricted assets		18,177
Receivables:		
Accounts (net)		1,778
Grants		4,591
Due from other governments		63
Inventories		142
Other		1,188
Total current assets		145,775
Noncurrent assets:		
Restricted assets		77,500
Capital assets (net)		749,627
Total noncurrent assets		827,127
Total assets		972,902
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding of debt		4,806
Unamortized pension costs and subsequent contributions		12,311
Unamortized other postemployment benefits costs		10,712
Total deferred outflows of resources		27,829
LIABILITIES		
Current liabilities:		
Contracts and accounts payable		8,987
Accrued liabilities		734
Refunds and rebates		4,640
Due to other governments		396
Customer deposits		1,023
Unearned revenues		612
Compensated absences		1,588
Net pension liability		80
Current liabilities payable from restricted assets:		
Accrued liabilities		6,172
Revenue bonds payable		12,005
Total current liabilities		36,237

Lee County Port Authority
Lee County, Florida
STATEMENT OF NET POSITION (Continued)
As of September 30, 2019
(amounts expressed in thousands)

Noncurrent liabilities:	
Compensated absences	394
Notes payable	11,000
Revenue bonds payable	226,482
Net pension liability	40,759
Total other postemployment benefits liability	62,144
Total noncurrent liabilities	340,779
Total liabilities	377,016
DEFERRED INFLOWS OF RESOURCES	
Unamortized pension costs	587
Unamortized other postemployment benefits costs	10,590
Total deferred inflows of resources	11,177
NET POSITION	
Net investment in capital assets	525,617
Restricted	
Capital projects	51,776
Debt service	12,007
Renewal and replacement	500
Unrestricted	22,638
Total net position	$ 612,538

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

Lee County Port Authority
Lee County, Florida
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended September 30, 2020
(amounts expressed in thousands)

OPERATING REVENUES		
User fees	$	44,408
Rentals		8,133
Concessions		7,466
Parking revenues		12,056
Rental car revenues		15,253
Miscellaneous		213
Total operating revenues		87,529
Less: rebates		(1,481)
Net operating revenues		86,048
OPERATING EXPENSES		
Salaries and wages		25,600
Employee benefits		7,862
Pension and OPEB expense		17,639
Contractual services, materials and supplies		22,996
Utilities		4,386
Repairs and maintenance		2,480
Insurance		1,687
Other		2,404
Depreciation		25,433
Total operating expenses		110,487
Operating loss		(24,439)
NON-OPERATING REVENUES (EXPENSES):		
Investment earnings		2,483
Interest expense		(12,920)
Grants		11,346
Gain on disposal of capital assets		100
Passenger facility charges		13,514
Other revenues		3
Other expenses		(61)
Total non-operating revenues (expenses)		14,465
Loss before contributions		(9,974)
Capital grants and contributions		10,370
Change in net position		396
Total net position - beginning		612,142
Total net position - ending	$	612,538

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

Lee County Port Authority

Lee County, Florida

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2020

(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 84,156
Cash received from customer deposits	310
Cash returned from customer deposits	(82)
Payments to suppliers	(35,333)
Payments to employees	(30,669)
Payments for interfund services used	(6,536)
Net cash provided by operating activities	11,846
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Non-capital grants received	10,549
Net cash provided by noncapital financing activities	10,549
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	11,000
Proceeds from capital grants	11,665
Proceeds from passenger facilities charges	14,969
Capital asset purchases	(57,934)
Principal paid on bonds, loans, and leases	(20,280)
Interest paid on bonds, loans, and leases	(13,274)
Proceeds from sale of capital assets	224
Net cash used in capital and related financing activities	(53,630)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	2,483
Net cash provided by investing activities	2,483
Net decrease in cash and cash equivalents	(28,752)
Cash and equivalents at beginning of year	242,915
Cash and equivalents at end of year	$ 214,163
Classified as:	
Current assets	
Cash, cash equivalents, and investments	$ 119,836
Restricted assets	18,177
Non-current assets	
Restricted assets	76,150
Totals	$ 214,163

Lee County Port Authority
Lee County, Florida
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended September 30, 2020
(amounts expressed in thousands)

Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating (loss)	$ (24,439)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	25,433
Other revenues	3
Decrease in accounts receivable	3,404
Increase in due from other governments	(63)
Decrease in inventories	38
Decrease in other assets	86
Decrease in contracts and accounts payable	(1,556)
Increase in accrued liabilities	117
Decrease in refunds and rebates	(4,483)
Decrease in due to Board of County Commissioners	(336)
Increase in due to other governments	3
Increase in customer deposits	228
Decrease in unearned revenues	(373)
Increase in compensated absences	472
Increase in net pension liability	7,126
Increase in deferred outflows of resources related to pensions	(860)
Decrease in deferred inflows of resources related to pensions	(1,699)
Increase in total other postemployment benefits liability	7,177
Decrease in deferred outflows of resources related to other postemployment benefits	1,456
Increase in deferred inflows of resources related to other postemployment benefits	112
Total adjustments	36,285
Net cash provided by operating activities	$ 11,846

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Purchase of capital assets on account	$ 2,749
Loss on disposal of property, plant, and equipment	(125)

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

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Lee County (the "County") is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the "Board"), which is governed by state statutes and regulations. The Lee County Port Authority is a blended component unit of the County and is reported as an enterprise fund in the countywide primary government financial statements. In 1987, the Board authorized the creation of the Lee County Port Authority (the "Port Authority") transferring the management and administration of the County's Department of Airports (including Page Field General Aviation Airport and the Southwest Florida International Airport, the "SWFIA") to the Port Authority. Although the Board retained ownership of the Port Authority's assets and liabilities, all of the assets and liabilities used in the operations of the Port Authority are reflected in these financial statements since the Port Authority has the rights and responsibilities of ownership. The Port Authority was established under authority of Sections 125.01 and 332.08, *Florida Statutes*, Lee County Resolution Number 87-8-9, and subsequently, Lee County Ordinance Number 90-02, subsequently amended and restated as Lee County Ordinance Number 01-14.

The Board of Port Commissioners was established as the governing body for the Port Authority and consists of the members of the Board of County Commissioners. Also created was an Airports Special Management Committee, a citizen's advisory board, whose members were appointed by the Port Commissioners for the administration and management of the Lee County Airports ("Airports").

Fund Accounting

The Port Authority uses an enterprise fund to report its activities. Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where it is decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

As an enterprise fund, the Port Authority records both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the enterprise fund that include user fees, rental fees, and concessions. Non-operating revenues are not related to the operations of the enterprise fund and include interest earnings, grants, and passenger facility charges. Operating expenses represent the cost of operations, which includes depreciation. Non-operating expenses, such as interest expense, are not related to operations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Port Authority is accounted for on an "economic resources" measurement focus. Accordingly, all assets, deferred outflows/inflows of resources, and liabilities are included on the Statement of Net Position, and the reported fund net position (total reported assets plus total reported deferred outflows of resources less total reported liabilities less total reported deferred inflows of resources) provides an indication of the economic net worth of the Port Authority. The Statement of Revenues, Expenses, and Changes in Net Position report increases (revenues) and decreases (expenses) in total economic net worth.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Port Authority is accounted for using the accrual basis of accounting. Under this method, revenues are recognized when they are earned; expenses are recognized when they are incurred.

When both restricted and unrestricted resources are available, restricted resources will be used first for incurred expenses, and then unrestricted as needed.

Use of Estimates

The preparation of the financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the financial statements. Preparation of the financial statements also requires management to make a number of estimates and assumptions relating to the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash, Cash Equivalents and Investments

The Port Authority considers cash, cash equivalents and investments to be cash on hand, demand deposits, highly liquid investments, including those held as restricted assets, with original maturities of three months or less when purchased, and those included in the internal investment pool.

For accounting and investment purposes, the County maintains a cash and investment pool that the Port Authority participates in and is available for use by all funds except those whose cash and investments must be segregated due to legal or other restrictions. Investments within this pool are treated as a demand deposit account. Interest earned on investments in the pool is allocated to the various funds based upon each fund's equity balance in the pool during the allocation period.

For purposes of the Statements of Cash Flows, the Port Authority considers cash and equity in pooled cash and investments (restricted and unrestricted), and restricted cash and cash equivalents with fiscal agent to be cash and cash equivalents.

The Port Authority reports all investments at fair value, with the exception of: State Board of Administration's ("SBA") Florida Local Government Surplus Trust Fund Investment Pool (Florida PRIME) which is reported at amortized cost and approximates fair value. The Port Authority also participates in the Florida Cooperative Liquid Assets Securities System (FLCLASS) investment pool, the Florida Fixed Income Trust (FLFIT), and the Florida Surplus Asset Fund Trust (FLSAFE) investment pool which are measured at net asset value per share. The investment pools were created under sections 218.405 and 218.415, Florida Statutes and governed by Part IV of Chapter 218, Florida Statutes.

Accounts Receivable

The accounts receivable of the Port Authority are recorded net of an allowance for doubtful accounts. Management uses an estimate of five percent of the average accounts receivable balance plus any amounts to be submitted to the Board for write-off due to known uncollectible amounts to derive the allowance.

Inventory

Inventory, consisting of items for resale, is stated at cost that approximates market value. The “first - in, first - out” method of accounting is used to determine cost.

Prepaid Items

Some payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets

Capital assets include artwork, property, buildings, furniture, equipment, vehicles, software, easements and rights of way, and infrastructure assets. Infrastructure assets are defined as public domain capital assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, runways, and similar assets that are immovable and of value only to the government unit. The threshold for capitalizing capital assets is $1,000. The threshold for capitalizing software and infrastructure is $100,000. Capital assets are recorded at cost or estimated historical cost. Contributed assets are recorded at acquisition value at the time received. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The ranges of the useful lives are as follows:

Assets	Years
Buildings	30-50
Improvements other than buildings	6-50
Machinery and Equipment	3-35
Software	3-5
Infrastructure	20-50

Unearned Revenues

Unearned revenues represent revenues collected in advance of services performed and will be recognized when the services are rendered.

Compensated Absences

The Port Authority provides employees a bank of time for paid absences on an annual basis. The bank of time is referred to as Paid Time Off (“PTO”). Under this policy, employees receive a bank of PTO based on years of continuous service with the Port Authority. All unused time is bought back annually by the Port Authority.

The Port Authority also maintains a separate vacation policy for 33 members of the Southwest Florida Professional Fire Fighters, Local Chapter 1826, IAFF, Inc. Under this policy, the employees are able to accumulate earned but unused vacation and sick pay benefits, which will be paid to employees upon separation from service if certain criteria are met.

Benefits under both policies, plus their related tax, are classified as compensated absences and are accrued when incurred. This is pursuant to GASB Statement Number 16, *Accounting for Compensated Absences*.

Unamortized Bond Premiums and Discounts

Bond premiums and discounts related to long-term debt are amortized over the life of the debt, principally by the effective-interest method. Notes Payable and Revenue bonds payable are shown net of unamortized discounts and premiums.

Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources reported in the Port Authority's Statement of Net Position represents other postemployment benefit related balances for the difference between expected and actual experience and changes in actuarial assumptions; pension related balances for the difference between expected and actual experience, changes in actuarial assumptions, the net difference between projected and actual earnings on plan investments, changes in the proportion and differences between the Port Authority's contributions and proportionate share of contributions, and the Port Authority's contributions subsequent to the measurement date. These amounts will be recognized as increases in expense in future years. The Port Authority also reports a deferred outflow of resources for the loss on refunding that result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized using the effective-interest method over the shorter of the life of the old bond or the life of the new bond.

Deferred Inflows of Resources

Deferred inflows of resources represents acquisition of resources that applies to future reporting period(s) and will not be recognized as an inflow of resource (revenue) until then. The deferred inflows of resources reported in the Port Authority's Statement of Net Position represents other postemployment benefits related balances for the difference between expected and actual experience and changes in actuarial assumptions; pension related balances for the changes in the proportion and differences between the Port Authority's contributions and proportionate share of contributions relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as reductions in expense in future years.

Pensions

In the statement of net position, liabilities are recognized for the Port Authority's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contribution are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position is categorized as net investment in capital assets, restricted, and unrestricted. Restricted net position indicates amounts that have constraints on their use externally imposed by creditors, through debt covenants, by grantors, or by law. Restricted for debt service is used to segregate resources accumulated for current or future debt service payments.

User Fees

User fees are generated from airlines' signatory and non-signatory leases with the Port Authority and include landing fees and rents. Also in this category are gross fuel sales from Page Field.

Rentals

Revenues from this category include rental car revenues paid to the Airports, gross parking lot revenues, and terminal concession payments to the SWFIA.

Capital Contributions

Capital contributions consist mainly of grants from Federal and State agencies. As these grants are subject to annual approved appropriations by the Federal and State agencies, they are recognized as revenue when both the expenses are incurred and the appropriations are approved by the Federal and State agencies.

NOTE II. RECEIVABLES

At September 30, 2020 accounts receivable consisted of the following (dollars in thousands):

	Gross Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Unrestricted	$2,278	($500)	$1,778
Restricted	1,350	-	1,350
Total	$3,628	($500)	$3,128

NOTE III. RESTRICTED ASSETS

At September 30, 2020 restricted assets consisted of the following (dollars in thousands):

Cash, cash equivalents, and investments	$76,150
Cash and cash equivalents with fiscal agent	18,177
Receivables (net):	
Accounts	1,350
Total	$95,677

NOTE IV. CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of September 30, 2020 the Port Authority had the following deposits, investments, and maturities (dollars in thousands):

Investment	Maturities	Fair Value	Call Date	Call Frequency	Rating
Cash on hand	N/A	$ 25			N/A
Cash with fiscal agent	N/A	18,177			N/A
Demand deposits	N/A	38,501			N/A
Local Government Investment Pool					
FLSAFE	54 days	21,255			AAAm
SBA- Florida PRIME*	48 days	136,205			AAAm
Total		$ 214,163			

*$36 thousand of this balance is included within the Board's SBA-Local Government Surplus Funds Trust Fund Investment Pool-Florida PRIME investment pool account and represents funding for the Port Authority September 30, 2020 ACH payments.

Reconciliation of cash, cash equivalents and investments, from the schedule of deposits and investments to the basic financial statements (dollars in thousands):

Current:	
Cash, cash equivalents and investments	$ 119,836
Restricted:	
Restricted cash, cash equivalents and investments	18,177
Non-current:	
Restricted:	
Cash, cash equivalents and investments	76,150
Total	$ 214,163

Fair Value

The Port Authority categorizes its fair value measurements within the fair value hierarchy established in Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurements and Application*. The hierarchy is based on valuation inputs used to measure the fair value of the asset.

Level 1 – Valuation is based on quoted prices for identical instruments traded in active markets. At September 30, 2020, the Port Authority held no such assets.

Level 2 – Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. At September 30, 2020, the Port Authority held no such assets.

Level 3 – Valuation is based on model-based techniques that use significant inputs and assumptions not observable in the market. These unobservable inputs and assumptions reflect the Reserve Banks' estimates of inputs and assumptions that market participants would use in pricing the assets and liabilities. Valuation techniques include the use of option pricing models, discounted cash flow models, and similar techniques. At September 30, 2020, the Port Authority held no such assets.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The Port Authority has the following recurring fair value measurements as of September 30, 2020 (dollars in thousands):

Investments measured at net asset value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Redemption Restrictions
Florida Surplus Asset Fund Trust (FLSAFE)	21,255	-	Daily	1:00 p.m.EST (same day)	None
Total investments measured at the NAV	$ 21,255	$ -			

Additional information for investments measured at amortized cost:

The State Board of Administration's ("SBA") Florida Local Government Surplus Trust Fund Investment Pool (Florida PRIME) is reported at amortized cost and approximates fair value. Florida PRIME is considered a qualifying external investment pool that meets all of the necessary criteria to elect to measure all of the investments at amortized cost. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares. The Florida PRIME investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year, and as of September 30, 2020, Florida PRIME contained certain floating and adjustable rate securities. These investments represented 17.8 percent of Florida PRIME's portfolio at September 30, 2020.

With regard to redemption gates, Section 218.409(8)(a), *Florida Statutes*, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Section 218.409(4), *Florida Statutes* provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Credit Risk

The Port Authority adheres to the Board's Investment Policy ("the Policy"), which limits credit risk by restricting authorized investments for their investment portfolio to the following:

A.) Direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government.
B.) U.S. Government sponsored enterprises.
C.) U.S. Government Agencies.
D.) Florida Local Government Surplus Funds Trust Fund (Florida PRIME) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
E.) Interest-bearing time deposits or savings accounts in banks organized under the laws of Florida, in national banks organized under the laws of the United States and doing business and situated in Florida. Savings and loan associations which are under federal law and supervision, provided deposits are secured by collateral as may be prescribed by law. The institution must be fully insured by Federal Deposit Insurance Corporation, or Federal Savings and Loan Insurance Corporation, and are approved by the State Treasurer as a qualified public depository.
F.) Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided their portfolio is limited to United States Government obligations and repurchase agreements fully collateralized by such United States Government obligations.
G.) Term and overnight repurchase agreements with any primary brokers/dealers that are fully collateralized by direct obligations of United States, or United States government sponsored corporation/instrumentalities, or United States government agencies. Collateral for overnight and term repurchase agreements must maintain a minimum price of 101 percent on U.S. Treasuries and 102 percent on Agencies and Instrumentalities not to exceed five (5) years, and must be "marked to market" on a weekly basis. Bonds, notes or obligations of any state of the United States, any municipality, political subdivision, agency or authority of this state which are exempt from federal income taxation, and are rated by any nationally recognized rating agency for municipal bonds in any of the two highest classifications.
H.) SEC - registered, no-load money market mutual funds whose portfolios consist of tax exempt securities and repurchase agreements, whose shares of the mutual fund must be rated in the highest category by a nationally recognized rating service.

I.) Florida Local Government Investment Trust (FLGIT).
J.) SEC registered money market mutual funds with average portfolio maturities under 120 days, whose portfolios consist of United States Government securities and repurchase agreements secured by such securities.

The Board's Policy requires that the obligations of any state or municipality be rated by at least one of the nationally recognized rating agencies in any one of the two (2) highest classifications, and that investments in money market mutual funds must be rated in the highest category by a nationally recognized rating service.

Custodial Credit Risk

The Policy requires that bank deposits be secured as provided by Chapter 280, *Florida Statutes,* and that the banks must be fully insured by the Federal Deposit Insurance Corporation ("FDIC") or the Federal Savings and Loan Insurance Corporation ("FSLIC") and approved by the State Treasurer as a public depository. At September 30, 2020, all of the Port Authority's bank deposits were in qualified public depositories.

Interest Rate Risk

The Policy requires an average minimum dollar amount equivalent to eight weeks of expenditures shall be held in a liquid investment, and securities will not be directly invested in or accepted as collateral that have a maturity date greater than five (5) years from the settlement date.

Concentration of Credit Risk

The Policy establishes the following guidelines on portfolio composition in order to control concentration of credit risk:

United States Treasuries/Agencies	100%
Local Government Surplus Funds Trust Fund and other investment pools	50%
Term Repurchase agreements	20%
Money Market Mutual Funds (no individual fund family over 30%)	65%
CD's and Savings Accounts (10% per institution)	30%
FLGIT	5%

No more than 25 percent of the total portfolio can be invested with one investment company. The Port Authority did not have a portion invested in Federal instrumentalities at September 30, 2020.

NOTE V. CAPITAL ASSETS

Increases and decreases in capital asset activity include transfers. Capital asset activity for the fiscal year ended September 30, 2020 is as follows (dollars in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 132,659	$ -	$ -	$ 132,659
Artwork	293	-	-	293
Construction in progress	91,677	49,661	(34,906)	106,432
Easement & right of ways	103	-	-	103
Total capital assets not being depreciated	224,732	49,661	(34,906)	239,487
Capital assets being depreciated:				
Buildings	357,732	3,855	-	361,587
Improvements other than buildings	21,672	12,459	-	34,131
Machinery and equipment	89,291	5,872	(1,071)	94,092
Software	3,761	-	-	3,761
Infrastructure	366,442	14,602	-	381,044
Total capital assets being depreciated	838,898	36,788	(1,071)	874,615
Less accumulated depreciation for:				
Buildings	105,529	7,236	-	112,765
Improvements other than buildings	17,147	1,862	-	19,009
Machinery and equipment	51,515	6,815	(965)	57,365
Software	3,697	53	-	3,750
Infrastructure	162,119	9,467	-	171,586
Total accumulated depreciation	340,007	25,433	(965)	364,475
Total capital assets being depreciated, net	498,891	11,355	(106)	510,140
Capital assets, net	$ 723,623	$ 61,016	$ (35,012)	$ 749,627

NOTE V. CAPITAL ASSETS (continued)

Minimum Future Rentals

The Port Authority leases certain facilities to vendors at the Southwest Florida International Airport. Such agreements are short-term in nature and are accounted for as operating leases. Certain leases contain both fixed minimum rentals and contingent rentals based on the vendor's agreement. Contingent rental revenues arise from a percentage of the lessees' gross revenue.

At September 30, 2020, minimum future rentals of operating leases were as follows (dollars in thousands):

Fiscal Year(s)	Amount
2021	$51,667
2022	28,398
2023	28,421
2024	27,279
2025	12,486
Later years	79,674
Total minimum future revenue	$227,925

For the year ended September 30, 2020, $14,476,000 of contingent rentals were included in rentals, concessions, and rental car revenues on the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

Substantially all of the Port Authority's property is used in leasing activities with either airlines or other vendors.

NOTE VI. LONG-TERM DEBT

Revenue Bonds

The Airport Revenue Bonds were issued for various capital projects. The bonds are secured by a lien on and a pledge of net revenues of the Southwest Florida International Airport. Principal and interest paid for the current year and pledged revenues collected were $33,102,000 and $22,169,000, respectively. Principal paid includes early redemption of Airport Revenue Refunding Bonds, Series 2010A of $8,590,000 paid with moneys received from the CARES Act. Moneys received is not included in pledged revenue. The total principal and interest remaining to be paid is $333,925,000.

Issue	Maturity	Interest Rate	Effective Interest Rate	Amount Issued	Outstanding Balances
Airport Revenue Refunding Bonds, Series 2010A	2022	3.00% to 5.50%	5.25%	$ 119,350,000	$ 28,200,000
Airport Revenue Refunding Bonds, Series 2011A	2032	3.00% to 5.63%	5.53%	174,450,000	172,960,000
Airport Revenue Refunding Bonds, Series 2015	2033	5.00%	4.65%	33,425,000	33,425,000
					$ 234,585,000

The annual debt service requirements for revenue bonds at September 30, 2020, were as follows (dollars in thousands):

	Port Authority		
Fiscal Year(s)	Principal	Interest	Total
2021	$ 12,005	$ 12,050	$ 24,055
2022	3,835	11,659	15,494
2023	13,125	11,236	24,361
2024	14,305	10,515	24,820
2025	15,095	9,707	24,802
2026-2030	88,755	34,969	123,724
2031-2034	87,465	9,204	96,669
Total	$ 234,585	$ 99,340	$ 333,925

The following is a summary of bond activity of the Port Authority for the year ended September 30, 2020 (dollars in thousands):

Beginning balance	$ 254,485
Reductions	(19,900)
Bonds Payable at end of fiscal year	234,585
Plus unamortized premium	3,902
Bonds payable at end of fiscal year, net	$ 238,487

Bond Resolutions

The Airport Revenue Bonds, Series 2010A, the Airport Revenue Refunding Bonds, Series 2011A (AMT), and the Airport Revenue Refunding Bonds, Series 2015 are collateralized by a lien on and a pledge of the net revenues from the operation of SWFIA.

The Port Authority has agreed to maintain such fees and rates to provide revenues sufficient to pay all current expenses of SWFIA and the greater of 125 percent of the principal and interest payments due in the next succeeding fiscal year or 100 percent of the principal and interest payments due in the next succeeding fiscal year plus any other required payments under the bond resolutions.

The resolutions for the following bonds established certain accounts and determined the order in which certain revenues are to be deposited into those accounts. In addition, there are various other covenants established by the official statements and resolutions, including such items as debt service coverage, reporting requirements, and maintenance of facilities. Management believes that it has complied, in all material respects, with these covenants. All required balances at year-end were maintained on the following issues:

Revenue Bonds

Airport Revenue Refunding Bonds, Series 2010A
Airport Revenue Refunding Bonds, Series 2011A
Airport Revenue Refunding Bonds, Series 2015

Direct Borrowing - Variable Debt

The Port Authority entered into a $50,000,000 taxable subordinate revolving credit facility agreement on May 6, 2020 with a final maturity on May 6, 2025 with a commercial bank. The line of credit is to be used to finance certain airport-related capital projects at an interest rate of London Interbank Offered Rates ("LIBOR") plus 61 basis points. On September 30, 2020, the rate was .757 percent. The rate is variable based on the bond rating. Interest is payable monthly beginning June 1, 2020, on the unpaid balance until final maturity on May 6, 2025. The unused portion of the line of credit is subject to a non-refundable fee currently at .25 percent per annum for each day the line is unused. No fee will be issued on the days the advances are suspended or the outstanding principal is greater than 50 percent of the maximum principal amount. The applicable margins for the interest rate and credit facility fee is based on the table below.

Interest Applicable Margin and Applicable Credit Facility Fee Margin - rate per annum associated with the Level corresponding to the lowest long-term unenhanced debt rating assigned by:

Level	Moody's Rating	S&P Rating	Fitch Rating	Interest Rate Applicable Margin	Applicable Credit Facility Fee Margin
Level 1	A2	A	A	0.61%	0.25%
Level 2	A3	A-	A-	0.68%	0.30%
Level 3	Baa1	BBB+	BBB+	0.87%	0.35%
Level 4	Baa2	BBB+	BBB+	1.18%	0.45%
Level 5	Baa3 or below	BBB- or below	BBB- or below	Default Rate	Default Rate

Default rate is 4% per annum

Principal for all draws made against the line of credit is due on May 6, 2025. The line of credit is solely collateralized by a lien on and a pledge of the net revenues of Southwest Florida International Airport. The outstanding balance and unused line of credit as of September 30, 2020 was $11,000,000 and $39,000,000 respectively. Interest paid for the current year was $5,000.

If an event of default occurs, the notes shall bear interest at the applicable interest rate plus 4 percent per annum until the default is cured to the satisfaction of the lender. A late fee equal to 4 percent of the amount due will be accessed if the amount due is not paid within 15 days of the due date.

The annual debt service requirements for the direct borrowing - variable debt at September 30, 2020, were as follows (dollars in thousands):

	Business-type Activities	
Fiscal Year(s)	Principal	Interest
2021	$ -	$ 83
2022	-	83
2023	-	83
2024	-	83
2025	11,000	50
	$ 11,000	$ 382

Operating Leases

The Port Authority is currently committed to various operating leases with terms in excess of one year. The future minimum rental payments as of September 30, 2020 were as follows (dollars in thousands):

Fiscal Year(s)	Amount
2021	$97
2022	95
2023	48
2024	33
2025	29
2026-2030	87
Total	$389

The total rental expense for all operating leases, including those with terms of less than one year, for the years ended September 30, 2020 was $102,000.

Compensated Absences

The following is a summary of compensated absences activity for the Port Authority for the year ended September 30, 2020 (dollars in thousands):

	2020
Beginning balance	$ 1,510
Additions	2,981
Reductions	(2,509)
Compensated absences payable at end of fiscal year	$ 1,982

Of the $1,982,000 balance at September 30, 2020, $1,588,000 is due within one year.

NOTE VII: SEGMENT INFORMATION

The County has outstanding revenue bonds and an outstanding line of credit that are financed by Southwest Florida International Airport revenues. Both activities are accounted for in a single fund (Lee County Port Authority). Summary financial information for the Southwest Florida International Airport and Page Field General Aviation Airport are presented as follows (dollars in thousands).

	Southwest Florida International Airport	Page Field General Aviation Airport
Condensed Statements of Net Position		
Assets		
Current assets	$ 60,576	$ 9,979
Restricted assets	44,033	-
Capital assets (net)	677,754	67,154
Total assets	782,363	77,133
Deferred outflows of resources	25,801	2,028
Liabilities		
Current liabilities	17,619	420
Current liabilities payable from restricted assets	18,177	-
Noncurrent liabilities	331,559	9,221
Total liabilities	367,355	9,641
Deferred inflows of resources	10,136	1,040
Net position		
Net investment in capital assets	453,757	67,141
Restricted	12,640	-
Unrestricted (deficit)	(35,724)	1,339
Total net position	$ 430,673	$ 68,480

NOTE VII: SEGMENT INFORMATION (continued)

	Southwest Florida International Airport	Page Field General Aviation Airport
Condensed Statements of Revenues, Expenses, and Changes in Net Position		
Operating revenues		
User fees	$ 37,836	$ 6,572
Rentals	4,834	3,299
Concessions	34,563	212
Miscellaneous	188	12
Less: Rebates	(1,481)	-
Total operating revenues	75,940	10,095
Operating expenses		
Depreciation	21,722	3,711
Other operating expenses	74,359	10,124
Total operating expenses	96,081	13,835
Operating loss	(20,141)	(3,740)
Non-operating revenues (expenses)		
Investment earnings	$ 1,117	$ 90
Interest expense	(12,916)	-
Other non-operating	11,327	30
Total non-operating revenues (expenses)	(472)	120
(Loss) before capital contributions and transfers	(20,613)	(3,620)
Capital contributions	8,867	1,502
Transfers	20,283	(125)
Change in net position	8,537	(2,243)
Beginning net position	422,136	70,723
Ending net position	$ 430,673	$ 68,480
Condensed Statements of Cash Flows		
Net cash provided (used) by:		
Operating activities	$ 11,983	$ 347
Noncapital financing activities	29,877	1
Capital and related financing activities	(69,187)	1,116
Investing activities	1,117	90
Net increase (decrease)	(26,210)	1,554
Beginning cash and cash equivalents	123,405	8,108
Ending cash and cash equivalents	$ 97,195	$ 9,662

Certain funds that relate to activities at both the Southwest Florida International Airport and Page Field are not included in the segmented statements, including the K-9 donation fund and the discretionary fund. In addition, all of the funds related to the passenger facility charges are omitted from the segmented statements.

NOTE VIII. RETIREMENT PLAN

Defined Benefit Pension Plans

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

All regular Port Authority employees are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The Port Authority's pension expenses for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2020 totaled $7,680,000.

Florida Retirement System Pension Plan (FRS Plan)

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age / Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement. In 2017, Senate Bill 7022 made several changes to FRS. The bill provides for renewed membership in the investment plan to reemployed defined contribution plan retirees, as well as, In-Line-of Duty Death Benefits.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3 percent employee contributions on a pretax basis. The contribution rates attributable to the Port Authority, effective July 1, 2019, were applied to employee salaries as follows: regular employees 6.54 percent, county elected officials 46.98 percent, senior management 22.34 percent, and DROP participants 12.37 percent. The Port Authority's contributions to the FRS Plan were $2,818,000 for the year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2020, the Port Authority reported a liability of $33,634,000 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Port Authority's proportion of the net pension liability was based on the Port Authority's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2020, the Port Authority's proportion was 0.0776%, which was a decrease of 0.0014% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Port Authority recognized pension expense of $6,897,000 for its proportionate share of FRS's pension expense.

In addition, the Port Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 1,287,000	$ -
Changes in Actuarial Assumptions	6,089,000	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,003,000	-
Changes in Proportion and Differences Between Port Authority Contributions and Proportionate Share of Contributions	653,000	85,000
Port Authority Contributions Subsequent to the Measurement Date	779,000	-
Total	$ 10,811,000	$ 85,000

Deferred outflows of resources related to pensions included $779,000 from contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2021	$2,125,000
2022	3,154,000
2023	2,694,000
2024	1,611,000
2025	363,000

Actuarial Assumptions

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%, per year
Salary increases	3.25%, Average
Investment rate of return	6.80%

Mortality rates were based on the PUB2010 base tables which vary by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**Annual Arithmetic Return**	**Compound Annual Geometric Return**	**Standard Deviation**
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	16.5%
Real Estate (property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.8%
Strategic Investments	4.4%	5.5%	5.3%	6.7%
Totals	100.0%			
Assumed Inflation - Mean			2.4%	1.7%

Discount Rate

The discount rate used to measure the total pension liability changed from 6.90 to 6.80 percent for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the Port Authority's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	5.80%	6.80%	7.80%
Port Authority Proportionate Share of the FRS Plan Net Pension Liability	$ 53,708,000	$ 33,634,000	$ 16,868,000

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. The report may be obtained through the Florida Department of Management Services website: http://www.dms.myflorida.com.

Retiree Health Insurance Subsidy Program (HIS Plan)

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statues. The County contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Port Authority's contributions to the HIS Plan were $411,000 for the year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2020, the Port Authority reported a liability of $7,205,000 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Port Authority's proportion of the net pension liability was based on the Port Authority's contributions received during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all participating employers. At June 30, 2020, the Port Authority's proportion was 0.0590 percent, which was a increase of 0.0010 percent from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Port Authority recognized pension expense of $783,000 for its proportionate share of HIS's pension expense. In addition, the Port Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 295,000	$ 6,000
Changes in Actuarial Assumptions	775,000	419,000
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,000	-
Changes in Proportion and Differences Between Port Authority Contributions and Proportionate Share of Contributions	334,000	77,000
Port Authority Contributions Subsequent to the Measurement Date	90,000	-
Total	$ 1,500,000	$ 502,000

Deferred outflows of resources related to pensions included $90,000 resulting from Port Authority's contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase in pension expense as follows:

Year Ended September 30:	
2021	$254,000
2022	209,000
2023	81,000
2024	133,000
2025	133,000
Thereafter	98,000

Actuarial Assumptions

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 %, per year
Salary increases	3.25 %, avg with inflation
Investment rate of return	2.21 %

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability changed from 3.50 to 2.21 percent for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

The following presents the Port Authority's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	1.21%	2.21%	3.21%
Port Authority's Proportionate Share of the HIS Plan Net Pension Liability	$ 8,329,000	$ 7,205,000	$ 6,285,000

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website: http://www.dms.myflorida.com.

Summary

The aggregate amount of net pension liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the Port Authority's proportionate share of the defined benefit pension plans are summarized below.

Description	FRS Plan	HIS Plan	Total
Net Pension Liability	$ 33,634,000	$ 7,205,000	$ 40,839,000
Deferred outflows of resources related to pensions	10,811,000	1,500,000	12,311,000
Deferred inflows of resources related to pensions	85,000	502,000	587,000
Pension expense	6,897,000	783,000	7,680,000

Defined Contribution Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Port Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Port Authority.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Port Authority's Investment Plan pension expense totaled $195,000 for the year ended September 30, 2020.

Other Postemployment Benefits

Plan Description

The Port Authority provides post-retirement health care benefits, through participation in the Group Health Program for Lee County (GHPLC) Plan (the Plan), to all employees who retire from the Port Authority. The Group Health Program for Lee County provides medical, dental, vision and life insurance benefits (OPEB) to Port Authority retirees and their spouses. At October 1, 2019, the date of the latest actuarial valuation, plan participation consisted of 344 current active plan members, 140 retirees and 70 eligible dependents receiving postemployment health care benefits. In addition, Medicare eligible retirees and their Medicare eligible dependents may enroll in the Medicare Advantage Plan (MAP), a fully funded insurance plan administered by Aetna.

Funding Policy

The Port Authority subsidizes the premium rates paid by retirees by allowing them to participate at blended premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, retiree claims are expected to result in higher costs to the Plan on average than those of active employees. On January 1, 2020, the Port Authority reinstated the subsidy program that had been discontinued on October 1, 2008. The subsidy program offers retirees with six or more years of consecutive employment prior to retirement a direct subsidy of 60 percent for MAP participants and 50 percent for Aetna participants. A $96 discount is applied for plan members enrolled in Medicare Part B for the self-insurance plan. No discount is offered for MAP. The same subsidy is offered to the Constitutional Officers with the exception of the Clerk of Circuit Court who requires retirees to have eight or more years of consecutive employment prior to retirement. Vision and dental insurance are offered to retirees; however, they are not subsidized by the County. The Plan also allows retirees the option to continue to participate in the GHPLC life insurance policy. The life insurance is only available to the retiree, and has a face value of $5,000. The following table summarizes the retirees' monthly contribution rates for 2020. The Plan is funded on a pay-as-you-go basis.

	General Employee Retirees after subsidy		General Employee Retirees without subsidy	
	Aetna	MAP	Aetna	MAP
Medical/ Prescriptions:				
Retiree Only				
Pre 65 Years Old	$490	N/A	$980	N/A
Medicare Eligible	394	152	787	380
Retiree plus Spouse				
Pre 65 Years Old	888	N/A	1,775	N/A
Medicare Eligible	695	304	1,389	760
Retiree Plus dependent				
Pre 65 Years Old	873	N/A	1,745	N/A
Medicare Eligible	680	304	1,359	760
Retiree plus family				
Pre 65 Years Old	895	N/A	1,790	N/A
Medicare Eligible (3) (spouse + one dep)	702	456	1,404	1,139
Life:				
Individual Coverage	5		5	
Spouse	N/A		N/A	

Actuarial Methods and Assumptions

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation Rate	2.5%
Salary Increases	N/A
Discount Rate	2.21%
Healthcare Cost Trend Rate	7.90% pre 65
	8.80% at least 65
	9.60% MAP
Retirees' share of benefit cost, percent of premium:	
Subsidy Eligible	40% MAP
	50% Aetna

The discount rate was based on the 20 Year Municipal Bond Rate at September 30, 2020, in the Bond Buyer GO 20-Bond Municipal Bond Index. The discount rate changed from 2.66 percent at September 30, 2019.

Mortality rates were based on the PUBG.H-2010 and PUBS.H-2010 Tables for employees and retirees projected generationally with scale MP-2020 and PUBG.H-2010SB Tables for survivor beneficiaries projected generationally with Scale MP-2020.

Changes in assumptions also included the removal of excise tax trend adjustment and changes in retirement rates, termination rates and disability rates to reflect the 2019 FRS experience study.

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2019 through September 30, 2020.

The rationales for selecting each of the assumptions used in the financial accounting valuation and for the assumption changes summarized above are to best reflect the current market conditions and recent plan experience.

Total OPEB Liability

At September 30, 2020, the Port Authority reported a liability of $62,144,000 for its share of the County's GHPLC plan's other postemployment benefits liability. The liability was measured as of September 30, 2020 and determined by an actuarial valuation as of that date. The Port Authority's proportion was based on the Port Authority's number of eligible employees. At September 30, 2020, the Port Authority's proportion was 12.3054 percent, which was an increase of 0.8015 percent from its proportion measured at September 30, 2019.

Changes in the Total OPEB Liability

Balance at September 30, 2019	$54,966,000
Changes for the year:	
Service Cost	1,148,000
Interest	1,483,000
Changes of Benefit Terms	7,253,000
Difference between Expected and Actual Experience	(529,000)
Changes in Assumptions	(1,452,000
Benefit Payments	(725,000)
Net Changes	7,178,000
Balance at September 30, 2020	$62,144,000

The following presents the Port Authority's proportionate share of total OPEB liability as well as what the Port Authority's proportionate share of total OPEB liability would be if it were calculated using a discount rate that is 1 percent higher or 1 percent lower than the current discount rate.

Description	1% Decrease (1.21%)	Current Rate (2.21%)	1% Increase (3.21%)
OPEB Liability	$74,142,000	$62,144,000	$52,699,000

The following presents the Port Authority's proportionate share of total OPEB liability as well as what the Port Authority's proportionate share of total OPEB liability would be if it were calculated using healthcare trend rates that are 1 percent higher or 1 percent lower than the current healthcare cost trend rate.

Description	1% Decrease	Trend Rate	1% Increase
OPEB Liability	$ 51,163,000	$ 62,144,000	$ 76,710,000

For the year ended September 30, 2020, the Port Authority recognized an expense of $9,470,000 for its proportionate share of other postemployment benefits expense.

At September 30, 2020, the Port Authority reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 831,000	$ 473,000
Changes in Assumptions	9,881,000	10,117,000
Total	$ 10,712,000	$ 10,590,000

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

Year Ended September 30:	
2021	$(414,000)
2022	(414,000)
2023	(414,000)
2024	(414,000)
2025	(414,000)
Thereafter	2,192,000

NOTE IX. RISK MANAGEMENT

The Port Authority property and casualty insurance lines are written through their broker, Alliant Insurance Services. All lines of insurance costs for 2020 was $1,687,000. There have been no significant reductions in insurance coverage that have exceeded the amount of coverage in any of the past three years.

The Port Authority participates in the County's self-insurance program for group medical and group dental coverage. Funding for this program is generated by charges to the operating departments based on management's annual estimates of claim loss funding and administration/operating costs. For the fiscal year ended September 30, 2020 the Port Authority was charged $5,793,000 for the insurance program.

The Port Authority is exposed to other various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

NOTE X. COMMITMENTS AND CONTINGENCIES

At September 30, 2020 the Port Authority had in process various construction contracts totaling $113,681,000. Costs incurred on these contracts as of September 30, 2020 totaled $82,412,000 including retainage payable of $1,802,000.

The Port Authority is currently receiving, and has received in the past, grants that are subject to special compliance audits by the grantor agency, which may result in disallowed expense amounts. These amounts constitute a contingent liability of the Port Authority. The Port Authority does not believe any contingent liabilities to be material.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Port Authority, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the Port Authority is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

The Port Authority currently prepares rebate calculations on all debt subject to arbitrage per the United States Department of the Treasury Regulations, Section 1.148, and the Internal Revenue Service Code of 1986. Rebates, if any, are paid to the Internal Revenue Service every fifth year after the year of issuance. Within the five-year period, any positive arbitrage (liability) may be offset by any negative arbitrage (non-liability). These rebates constitute a liability of the Port Authority, which is reported as other noncurrent liabilities. The Port Authority did not have a rebate liability for the fiscal year ended September 30, 2020.

NOTE XI. PASSENGER FACILITY CHARGE

In November 1992, the Port Authority received approval from the Federal Aviation Administration (“FAA”) to impose a Passenger Facility Charge (PFC) of $3.00 per eligible enplaned passenger. In November 2003, the Port Authority was granted the authority to raise the PFC level from $3.00 to $4.50. In August 2019, the FAA approved amendments to Application #8 and #9 for $115,194,000 and $65,063,000 respectively increasing the total collection authority to $522,185,000 as of September 30, 2019 with an estimated expiration date of June 1, 2028. In October 2019, the FAA approved Application #10 for $385,351,000 and a third amendment to Application # 9 for $758,000 increasing the total collection and use authority to $908,294,000 and concurrently revising the estimated charge expiration date to November 1, 2039.

NOTE XII. AIRLINE USE AGREEMENTS

Signatory Airlines

The Port Authority negotiated a new airline use agreement (Airline Airport Lease & Use Agreement) with the Participating Airlines (now referred as Signatory Airlines) with the key terms of the agreement approved by the Board in May, 2008. The Agreement commenced on October 1, 2008, with a five-year term, expiring on September 30, 2013 and then a second five year extension expiring on September 30, 2018. The signatory airlines signed a three year extension to this agreement, expiring on September 30, 2021 with the most recent agreement signed by Frontier Airlines in June 2018. All the key terms of the agreement are the same.

The current agreement, commonly referred to as a hybrid compensatory agreement, has a revenue sharing component. In any year in which there are net remaining revenues generated at the Airport, and all requirements of the Bond Resolution have been satisfied, the net remaining revenues shall be divided between the Authority (60 percent) and the Signatory Airlines (40 percent). The agreement provides for better flexibility as there is no majority-in-interest approval required for capital projects.

Refunds/Rebates are generated from settlement with the Airlines and the revenue sharing component of the Airline Airport Lease & Use Agreement.

Terminal premises are leased on an exclusive use, preferential use, and joint use basis. The Authority will lease certain Terminal premises on a common use basis, as may be necessary. It is the intent of the Authority to manage its Terminal facilities in an efficient manner, while also respecting the schedules of its airline parties. Ticket counters, offices, operations areas, and baggage make-up facilities are leased on an exclusive use basis. Gates/holdrooms and aircraft parking positions are leased on a preferential use basis. Baggage claim is leased on a joint use basis, with costs allocated to the Signatory Airlines based on twenty percent allocated to all Signatory Airlines equally, and eighty percent allocated to all Signatory Airlines based on the ratio of each Signatory Airline's annual enplaned passengers at the Airport.

Landing Fees are calculated using a "residual" Airfield Cost Center approach and are based upon the total landed weight for all airline groups (Signatory, non-Signatory, Cargo, Charter, and International). Terminal Rents are calculated using a commercial compensatory method (i.e., rentable square foot divisor). Charges for the leasing of all Terminal space are assessed on a square-footage basis.

In fiscal year 2020, the Signatory Airlines paid the Port Authority $24,843,000. This amount is net of refunds of $3,159,000 and revenue sharing of $1,409,000.

Nonparticipating Airlines

The Port Authority has also entered into short- term use agreements or permits with the airlines serving the airport other than the Signatory Airlines. Nonparticipating airlines are assessed fees no less than those paid by the Signatory Airlines and do not share in any rebates.

NOTE XIII. OTHER

Litigation

The Port Authority is involved in ongoing litigation arising in the ordinary course of operations. It is the opinion of management and legal counsel that the outcome of this litigation will not materially affect the financial position of the Port Authority.

Required Supplementary Information

Lee County Port Authority
Required Supplementary Information
September 30, 2020

Other Postemployment Benefits Plan
(unaudited)

Group Health Program for Lee County Plan
Schedule of the Port Authority's Proportionate Share of Total OPEB Liability

	Measurement Date			
Total OPEB liability	**2017**	**2018**	**2019**	**2020**
Service cost	$ 1,829,000	$ 1,059,000	$ 975,000	$ 1,148,000
Interest	1,606,000	1,523,000	1,690,000	1,483,000
Difference between expected and actual experience	98,000	146,000	861,000	(529,000)
Changes in assumptions	(12,236,000)	(2,899,000)	12,556,000	(1,452,000)
Change in benefit terms	-	-	-	7,253,000
Benefit Payments	(1,204,000)	(1,193,000)	(1,113,000)	(725,000)
Net change in total OPEB liabilty	(9,907,000)	(1,364,000)	14,969,000	7,178,000
Total OPEB liability beginning	51,268,000	41,361,000	39,997,000	54,966,000
Total OPEB liability ending	$ 41,361,000	$ 39,997,000	$ 54,966,000	$ 62,144,000
Port Authority's Proportion of the total OPEB liability	13.6942%	11.3933%	11.5040%	12.3054%
Port Authority's Covered-employee Payroll	$ 23,211,000	$ 24,009,000	$ 24,365,000	$ 25,002,000
Port Authority's Proportion Share of the total OPEB liability as a percentage of covered payroll	178.20%	166.59%	225.59%	248.56%

Notes to Schedule

For the measurement date September 30, 2020, the amount reported as changes in assumptions resulted from the following:
- Effective January 1, 2020, employees of the Port Authority hired after December 31, 2007 became eligible for premium subsidies. The change increased the liability by $7,253,000 and was recognized in expense for the fiscal year ending September 30, 2020.
- The discount rate changed from 2.66% at September 30, 2019 to 2.21% at September 30, 2020.
- Change in the mortality assumption from the PUBG.H-2010 Tables and PUBS.H-2010 Tables for employees and retirees, both projected generationally with Scale MP-2018 to the PUBG.H-2010 Tables and PUBS. H-2010 Tables for employees and retirees, both projected generationally with Scale MP-2020.
- The removal of the excise tax trend adjustment.
- Change in retirement rates, termination rates and disability rates to reflect the 2019 FRS experience study.

For the measurement date September 30, 2019, the amount reported as changes in assumptions resulted from the following:
- The discount rate changed from 4.18% at September 30, 2018 to 2.66% at September 30, 2019.
- Change in the mortality assumption from the PUBG.H-2010 Tables and PUBS.H-2010 Tables for employees and retirees, both projected generationally with Scale MP-2017 to the PUBG.H-2010 Tables and PUBS. H-2010 Tables for employees and retirees, both projected generationally with Scale MP-2018.

For the measurement date September 30, 2018, the amount reported as changes in assumptions resulted from the following:
- The discount rate changed from 3.64% at September 30, 2017 to 4.18% at September 30, 2018.
- Change in the mortality assumption from the aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 using Scale MP-2017 to the PUBG.H-2010 Tables and PUBS.H-2010 Tables for employees and retirees, both projected generationally with Scale MP-2017.

For the measurement date September 30, 2017, the amount reported as changes in assumptions resulted from the following:
- The discount rate changed from 4.00% at September 30, 2016 under GASB 45 to 3.06% at September 30, 2016 under GASB 75 and to 3.64% at September 30, 2017.
- Change in the mortality assumption from the aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 using Scale MP-2016 to the aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 using Scale MP-2017.
- Change in the percentage of future Medicare eligible retirees assumed to enroll in the Aetna plan from 50% to 60%, and a change in the percentage assumed to enroll in the Medicare Advantage plan from 50% to 40%.
- Change in the percentage of subsidy eligible retirees assumed to enroll in pre-65 medical coverage from 70% to 65%, to enroll initially in post-65 coverage from 56% to 49%, and to continue coverage upon attaining Medicare eligibility from 80% to 75%.
- Change in the percentage of non-subsidy eligible retirees assumed to enroll in pre-65 medical coverage from 40% to 25%, to enroll initially in post-65 coverage from 30%to 18%, and to continue coverage upon attaining Medicare eligibility from 75% to 70%.
- Health care claims rates and trend rates were updated to reflect the latest available information.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is completed, the Port Authority will present information for only those years for which information is available.

Lee County Port Authority
Required Supplementary Information
September 30, 2020

Florida Retirement System Pension Plan

(unaudited)

Schedule of the Port Authority's Proportionate Share of the Net Pension Liability
Last 6 Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020
Port Authority's Proportion of the Net Pension Liability	0.0762%	0.0767%	0.0822%	0.0793%	0.0805%	0.0790%	0.0776%
Port Authority's Proportionate Share of the Net Pension Liability	$ 4,561,000	$ 9,905,000	$ 20,749,000	$ 23,467,000	$ 24,235,000	$ 27,217,000	$ 33,634,000
Port Authority's Covered Payroll**	$ 17,856,000	$ 20,871,000	$ 21,611,000	$ 22,841,000	$ 23,884,000	$ 24,192,000	$ 24,613,000
Port Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	25.54%	47.46%	96.01%	102.74%	101.47%	112.50%	136.65%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%

*The amounts presented for each fiscal year were determined as of June 30.
** For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

Schedule of Port Authority Contributions
Last 6 Fiscal Years

	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	$ 1,872,000	$ 2,049,000	$ 2,077,000	$ 2,265,000	$ 2,439,000	$ 2,641,000	$ 2,818,000
Contributions in Relation to the Contractually Required Contribution	(1,872,000)	(2,049,000)	(2,077,000)	(2,265,000)	(2,439,000)	(2,641,000)	(2,818,000)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 17,917,000	$ 21,765,000	$ 21,954,000	$ 23,139,000	$ 23,934,000	$ 24,322,000	$ 24,789,000
Contributions as a percentage of covered payroll	10.45%	9.41%	9.46%	9.79%	10.19%	10.86%	11.37%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Port Authority will present information for only those years for which information is available.

Retiree Health Insurance Subsidy Program

(unaudited)

Schedule of the Port Authority's Proportionate Share of the Net Pension Liability
Last 6 Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020
Port Authority's Proportion of the Net Pension Liability	0.0568%	0.0495%	0.0522%	0.0563%	0.0606%	0.0581%	0.0590%
Port Authority's Proportionate Share of the Net Pension Liability	$ 5,313,000	$ 5,044,000	$ 6,082,000	$ 6,017,000	$ 6,414,000	$ 6,496,000	$ 7,205,000
Port Authority's Covered Payroll	$ 20,339,000	$ 20,871,000	$ 21,611,000	$ 22,841,000	$ 23,884,000	$ 24,192,000	$ 24,613,000
Port Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	26.12%	24.17%	28.14%	26.34%	26.85%	26.85%	29.27%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%

*The amounts presented for each fiscal year were determined as of June 30.

Schedule of Port Authority Contributions
Last 6 Fiscal Years

	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	$ 258,000	$ 296,000	$ 364,000	$ 384,000	$ 397,000	$ 404,000	$ 411,000
Contributions in Relation to the Contractually Required Contribution	(258,000)	(296,000)	(364,000)	(384,000)	(397,000)	(404,000)	(411,000)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 20,496,000	$ 21,765,000	$ 21,954,000	$ 23,139,000	$ 23,934,000	$ 24,322,000	$ 24,789,000
Contributions as a percentage of covered payroll	1.26%	1.36%	1.66%	1.66%	1.66%	1.66%	1.66%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Port Authority will present information for only those years for which information is available.

APPENDIX C

REPORT OF THE AIRPORT CONSULTANT

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June 3, 2021 APPENDIX C

Report of the Airport Consultant

Lee County, Florida

Airport Revenue Refunding Bonds, Series 2021A (AMT)

Prepared for:

Lee County Port Authority

Southwest Florida International Airport

Prepared by:

RICONDO

312 Walnut Street, Suite 3310

Cincinnati, OH 45202

513-651-4700 (phone)

RICONDO®

June 3, 2021

Mr. Brian McGonagle
Deputy Executive Director – Administration
Lee County Port Authority
Southwest Florida International Airport
11000 Terminal Access Road, Suite 8671
Fort Myers, FL 33913

RE: Report of the Airport Consultant for the Lee County, Florida, Airport Revenue Refunding Bonds, Series 2021A (AMT)

Dear Mr. McGonagle:

Ricondo & Associates, Inc. (Ricondo) is pleased to present this Report of the Airport Consultant (Report) for inclusion as Appendix C in the Official Statement for the Lee County (County) Airport Revenue Refunding Bonds, Series 2021A (AMT; 2021A Bonds). This Report also considers the issuance of Airport Revenue Bonds, Series 2021B and Series 2021C (collectively, the Additional Parity Bonds), which are anticipated to be issued on parity with existing Airport Revenue Bonds. We also acknowledge and agree that this June 2, 2021, Report may be used in the Official Statement for the Series 2021B and Series 2021C Bonds, provided no significant changes to the assumptions are necessary.

The 2021A Bonds will be issued pursuant to Resolution No. 00-03-04, adopted by the Board of County Commissioners of Lee County (Board) on March 13, 2000, as amended and supplemented from time to time, and as particularly supplemented by Resolution No. 21-06-02, adopted by the Board on June 1, 2021 (together, the Resolution). The 2021A Bonds are payable from the Net Revenues generated from the operation of Southwest Florida International Airport (the Airport).

This Report presents the analysis undertaken by Ricondo to demonstrate the ability of the County and the Lee County Port Authority (Authority) to comply with the requirements of the Resolution on a pro forma basis for Fiscal Year (FY) 2021 through FY 2028 (the Projection Period), which is based on the assumptions regarding the planned issuance of the 2021A Bonds, 2021B Bonds, and 2021C Bonds and the anticipated Capital Improvement Program provided by the Authority through consultation with its financial advisor and the underwriters. In developing its analysis, Ricondo reviewed historical trends and formulated projections, based on the assumptions put forth in this Report, which have been reviewed and agreed to by the Authority regarding the ability of the Airport to generate demand for air service, the trends in air service and passenger activity at the Airport, and the financial performance of the Airport.

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This Report is organized as follows:

- Summary of Findings
- Chapter 1: The 2021A Bonds
- Chapter 2: Southwest Florida International Airport
- Chapter 3: Capital Improvement Program and Funding Sources
- Chapter 4: Demographic and Economic Analysis
- Chapter 5: Passenger Demand and Air Service Analysis
- Chapter 6: Financial Analysis

Based on the analyses put forth in this Report, Ricondo is of the opinion that the Net Revenues of the Airport in each year of the Projection Period are expected to be sufficient to comply with the requirements of the rate covenant established in the Resolution. Ricondo is also of the opinion that throughout the Projection Period the Airport's airline rates and charges will remain reasonable on an airline cost per enplanement (CPE) basis, compared to other comparably sized US airports. Although summary information is provided in this letter, a complete understanding of the justification for our opinion cannot be achieved without reading this Report in its entirety.

Founded in 1989, Ricondo is a full-service aviation consulting firm that provides airport physical and financial planning services to airport owners and operators, airlines, and federal and state agencies. Ricondo has prepared Reports of the Airport Consultant in support of over $35 billion of airport-related revenue bonds since 1996. Ricondo is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934. Ricondo is not acting as a municipal advisor and has not been engaged by the County or the Authority to provide advice with respect to the structure, timing, terms, or other similar matters regarding the issuance of the 2021A Bonds. The assumptions about such matters included in this Report were provided by the County and the Authority or the Authority's financial advisor or underwriters, or, with the Authority's approval, were derived from general, publicly available data approved by the Authority. Ricondo owes no fiduciary duty to the Authority. Ricondo recommends that the County and the Authority discuss the information and analyses contained in this Report with internal and external advisors and experts that the Authority deems appropriate, before taking any action. Any opinions, assumptions, views, or information contained herein are not intended to be, and do not constitute, "advice" within the meaning set forth in Section 15B of the Securities Exchange Act of 1934.

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

Sincerely,

RICONDO & ASSOCIATES, INC.

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SUMMARY OF FINDINGS

The Lee County Port Authority (Authority) commissioned Ricondo & Associates, Inc. (Ricondo) to prepare this Report of the Airport Consultant (Report) to demonstrate Southwest Florida International Airport's (RSW's or the Airport's) compliance with the provisions set forth in Resolution No. 00-03-04 adopted by the Board of County Commissioners of Lee County on March 13, 2000, as amended and supplemented, regarding the issuance of Lee County's (County's) Airport Revenue Refunding Bonds, Series 2021A (AMT; 2021A Bonds).[1] The 2021A Bonds are being issued to currently refund the County's outstanding Series 2011A Bonds.

The Report also demonstrates the Airport's ability to generate Net Revenues sufficient to meet its obligations under the Resolution, including the rate covenant established in the Resolution (Rate Covenant), on a pro forma basis for Fiscal Years[2] (FY) 2021 through FY 2028 (referred to in this Report as the Projection Period). In developing the analysis, Ricondo reviewed the terms of the Resolution and the related documents that govern the County debt; the estimated terms of the 2021A Bonds, as provided by the Authority's financing team; the Authority's outstanding and anticipated future financial obligations; the capacity of the Airport's existing and planned facilities to accommodate current and anticipated demand; the Airport's Capital Improvement Program (CIP) and proposed funding sources; and the purpose, cost, schedule, and expected benefits of the Airport capital projects discussed herein. This Report also considers the Authority's future ability to meet its debt obligations associated with two additional bond series (collectively described as Additional Parity Bonds), anticipated to be issued in the third quarter of FY 2021: (1) approximately $140 million of Passenger Facility Charge (PFC)–pledged Airport Revenue Bonds (assumed to be described as Series 2021B Bonds) and (2) approximately $52 million of Airport Revenue Bonds without a pledge of PFCs (assumed to be described as Series 2021C Bonds). The Series 2021C Bonds would be secured by Net Revenues on parity with the 2021A Bonds, the Airport Revenue Refunding Bonds Series 2015 (Non-AMT), and the Airport Revenue Refunding Bonds Series 2010 (AMT). The Series 2021B and Series 2021C Bonds are the only additional parity bonds anticipated during the Projection Period.

To develop the pro forma analysis of the Authority's financial performance, Ricondo reviewed the agreements that establish the business arrangements between the Airport and its various tenants, including the commercial airlines serving the Airport. The Airport generates most of its operating revenues from commercial airlines and private aircraft operators through airfield usage fees and various rentals for terminal and other spaces; fees and rents assessed to concessionaires providing various goods and services to passengers and other users of Airport facilities; fees and rents assessed to rental car operators serving the Airport; and fees for public parking and commercial vehicle access to Airport facilities. These revenues are in large measure driven by passenger demand for air service from the Airport, which is a function of national and local economic conditions, and the ability and willingness of the commercial airlines to supply service at a level commensurate with this demand. Thus, Ricondo reviewed the historical relationships between economic activity and demand for air service and the financial performance of the

[1] Ricondo prepared this Report for the stated purpose as expressly set forth herein and for the sole use of the County and the Authority and their intended recipients. The techniques and methodologies used in preparing the analyses described in this Report are consistent with industry practices at the time of preparation, and this Report should be read in its entirety for an understanding of the analyses, underlying assumptions, and opinions presented. Ricondo is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934 and does not provide financial advisory services within the meaning of such Act.

[2] The Fiscal Year is 12 months ending September 30.

Airport based on forecast demand. In 2020, the airline industry and the Airport experienced significant changes resulting from the coronavirus disease of 2019 (COVID-19) pandemic and efforts to contain it. Ricondo's review of activity included considerations regarding the effect of the COVID-19 pandemic on airline travel and the airlines' provision of air service going forward after COVID-19. Based on this historical review, Ricondo developed assumptions regarding these factors and relationships through the Projection Period, which provide the basis for the forecasts of passenger activity and the projections of financial performance presented in this Report. The following sections summarize Ricondo's assumptions, projections, and findings that are detailed in the body of the Report, which should be read in its entirety. Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statement of the Resolution.

THE 2021A BONDS

The County is issuing the 2021A Bonds to refund its outstanding Airport Revenue Refunding Bonds, Series 2011A (AMT). Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statement for the 2021A Bonds, or the Resolution.

Table S-1 reflects the 2021A Bonds funding plan.

TABLE S-1 2021A BONDS FUNDING PLAN

REFUNDING BONDS SERIES DESIGNATION	REFUNDED BONDS SERIES	PAR AMOUNT OF REFUNDING BONDS[1]	TAX STATUS
2021A	2011A	$148,485,000	AMT

NOTE:
1 The par amount of refunding bonds is preliminary and subject to change.
SOURCE: Lee County Port Authority, March 2021.

SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

The Airport is operated by the Authority, which is authorized by the State of Florida and the County to construct, improve, operate, and maintain the Airport. The Airport includes one runway, an adjacent taxiway system, a terminal with three concourses, terminal curbside, automobile parking facilities, a rental car building, and surface parking area, as well as air cargo, general aviation, and support facilities. In addition to the Airport, the Authority operates one additional airport for the use of private and business aircraft, Page Field. The revenues and expenses of Page Field are not included for purposes of the Resolution.

THE CAPITAL IMPROVEMENT PROGRAM AND FUNDING SOURCES

Chapter 3 presents the Airport's CIP for FY 2021 through FY 2026, which consists of approximately $513.6 million of total project costs. The Terminal Expansion – Phase 1 project is the primary component of the Airport CIP, totaling approximately $262.6 million. The remaining $251.0 million of the CIP projects include other Airport renovation, rehabilitation, expansion, and replacement projects. Projects associated with Page Field are not included within the Airport's CIP and are not included within the financial analysis. Revenues and expenses associated with Page Field are not included within the definition of Net Revenues per the Resolution.

Airport CIP funding assumptions reflected in the financial analysis in this Report are described in Chapter 3, and the resulting financial impacts are discussed in Chapter 6.

DEMOGRAPHIC AND ECONOMIC ANALYSIS

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

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

TABLE S-2 SUMMARY OF DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

VARIABLE	CY 2019	CY 2028	CAGR CY 2019 – CY 2028
ATA Population	1,395,260	1,605,385	1.6%
Florida Population	21,548,397	23,878,360	1.1%
US Population	329,308,907	348,771,080	0.6%
ATA Per Capita Personal Income[1]	$57,264	$68,431	2.0%
Florida Per Capita Personal Income[1]	$47,427	$56,432	2.0%
US Per Capita Personal Income[1]	$51,323	$59,844	1.7%
ATA Gross Regional Product (GRP)[2]	$53,006	$69,343	3.0%
Florida Goss Regional Product (GRP)[2]	$994,892	$1,266,249	2.7%
US Gross Domestic Product (GDP)[2]	$19,390,940	$23,350,164	2.1%

NOTES:
In this table, ATA refers to the Airport's Air Trade Area.
CY – Calendar Year
CAGR – Compound Annual Growth Rate
1 Figures are in 2012 dollars.
2 Figures are displayed in millions of 2012 dollars.
SOURCE: Woods & Poole Economics, Inc., 2020 Complete Economic and Demographic Data Source, June 2020.

- The Airport primarily serves the counties of Charlotte, Collier, Glades, Hendry, and Lee (the Air Trade Area), which in calendar year (CY) 2019 had a total population of approximately 1,395,260 residents. Population growth in the Air Trade Area since 2010 has been faster than the population growth experienced by the state of Florida and the United States, and this trend is expected to continue throughout the Projection Period. Typically, a positive correlation exists between population growth in a local area and air travel demand.
- Average annual unemployment rates (non-seasonally adjusted) for the Air Trade Area and Florida have been consistently below the unemployment rates for the United States since CY 2017. The Air Trade Area's non-seasonally adjusted unemployment rate was 4.5 percent in March 2021, which is the most recent month of data available. This rate was below the unemployment rates experienced by Florida and the nation during the same period (5.3 and 6.2 percent, respectively).
- Approximately 30 private or public entities are in the Air Trade Area with nearly 1,000 or more employees. The largest employer in the Air Trade Area is Lee Health, with approximately 13,595 employees, followed by the Lee

County School Board (12,936 employees); the County (9,038 employees); Publix Super Markets (8,728 employees); and the NCH Healthcare System (7,017 employees).

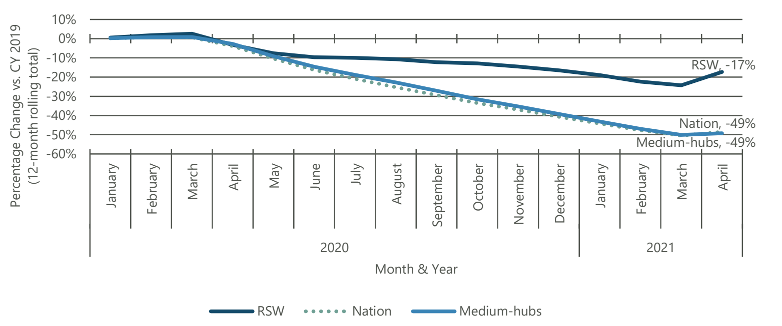
- As discussed in Chapter 4, the Air Trade Area is projected to outperform Florida and the United States over the Projection Period on a variety of demographic and economic indicators shown to have a correlation with air travel demand.

PASSENGER DEMAND AND AIR SERVICE ANALYSIS

As presented in Chapter 5, the Airport has had the benefit of a resilient passenger base served by a core of airlines. As of March 2021, passenger service is provided by 11 mainline airlines at the Airport. The Federal Aviation Administration (FAA) classifies RSW as a medium-hub airport based on its percentage of nationwide enplaned passengers, with approximately 5.0 million enplaned passengers in CY 2019. Other key points regarding historical and forecast aviation activities at the Airport are the following:

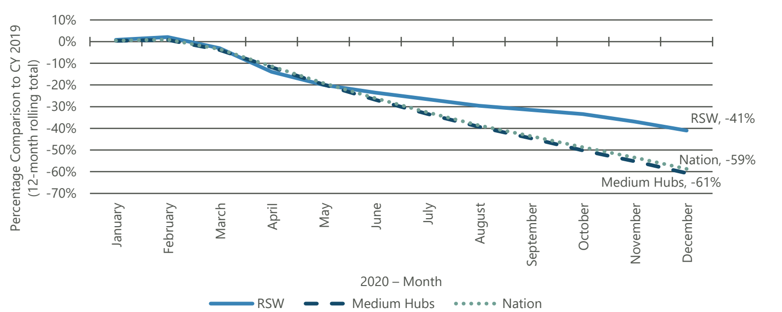
- From FY 2010 to FY 2019, the Airport experienced a 3.4 percent compound annual growth rate (CAGR) in enplaned passengers, compared to 2.9 percent growth for the nation. In FY 2020, the Airport experienced a 29.8 percent annual decrease in enplaned passengers, compared to an annual decrease of 44.5 percent for the nation due to the COVID-19 pandemic.
- The Airport's stable scheduled passenger airline service includes 10 airlines that have provided service each year between FY 2011 and FY 2021. In addition, Alaska Airlines initiated service at the Airport with nonstop service to Los Angeles International Airport (LAX) and Seattle-Tacoma International Airport (SEA) in FY 2021. In March 2021, airlines offered nonstop scheduled service to 42 destinations (41 domestic and 1 international) at the Airport compared to 51 destinations (48 domestic and 3 international) in March 2019.
- In FY 2020, Southwest Airlines represented the largest passenger airline at the Airport based on enplaned passengers (18.6 percent) and landed weight (19.8 percent).
- The Airport is an attractive leisure destination during the pandemic and benefits from restricted access to other competing leisure destinations in the Caribbean, Hawaii, and Mexico. As shown on **Exhibit S-1**, capacity reductions at the Airport were not as deep compared to the average for medium-hubs and all US airports, and the restoration of capacity has outpaced the average for both medium-hubs and all US airports.
- Based on historical monthly enplaned passenger data for the Airport, nation, and medium-hub airports, the Airport's CY 2020 decrease is less than that of the nation and of medium-hub airports, as shown on **Exhibit S-2**. For CY 2020, enplaned passengers at the Airport decreased 41 percent from CY 2019 activity levels, compared to 59 percent for the nation and 61 percent for medium-hub airports (excluding RSW).
- In FY 2020, from October 2019 to March 2020, monthly enplaned passengers remained above FY 2019 levels. As the pandemic spread and travel demand decreased, the 12-month rolling enplaned passenger totals from April 2020 to September 2020 remained below enplaned passenger volumes for FY 2019. Enplaned passengers continued to decrease the first quarter of FY 2021 (October 2020 to December 2020) as the nation experienced a surge in COVID-19 cases. Monthly seat capacity (compared to FY 2019) increased in March 2021 and is expected to continue to increase as air travel demand returns due to higher vaccination rates, stronger economic activity, and an assumed decreasing trend in new COVID-19 cases.
- Long-term enplaned passenger growth was informed by socioeconomic regression analyses. Enplaned passengers are modeled to increase at long-term growth rates once activity levels return to pre–COVID-19 levels in FY 2024 (i.e., FY 2019 activity levels).

EXHIBIT S-1 SCHEDULED DEPARTING SEAT CAPACITY COMPARISON OF 12-MONTH ROLLING TOTAL VS. CALENDAR YEAR 2019 TOTAL – AIRPORT, MEDIUM-HUB AIRPORTS AND NATION



NOTES:
CY – Calendar Year
RSW – Southwest Florida International Airport
Medium-hub airport totals exclude RSW.
SOURCES: Innovata, May 2021; Ricondo & Associates, Inc., May 2021.

EXHIBIT S-2 ENPLANED PASSENGERS COMPARISON OF 12-MONTH ROLLING TOTAL VS. CALENDAR YEAR 2019 TOTAL – AIRPORT, NATION, AND MEDIUM-HUB AIRPORTS



NOTES:
CY – Calendar Year
RSW – Southwest Florida International Airport
Percentage changes are based on revenue only onboard passengers as reported by the airlines.
Medium-hub airports are based on CY 2019 enplaned passenger totals, as classified by the Federal Aviation Administration.
SOURCES: Lee County Port Authority, March 2021; US Department of Transportation, Federal Aviation Administration, CY 2019 Passenger Boarding Data, September 2020; Innovata, March 2021; Ricondo & Associates, Inc., March 2021.

Table S-3 presents actual monthly FY 2020 and FYTD 2021 (October to March) enplaned passengers as a percentage to the corresponding month in FY 2019. As shown, in April 2020 enplaned passengers represented 6.0 percent of April 2019 activity levels, and in March 2021 (most current data available) enplaned passengers represented 75.6 percent of March 2019 activity levels. **Table S-4** summarizes the projection of enplaned passengers at the Airport through the Projection Period. Enplaned passenger volumes are projected to return to FY 2019 activity levels (5.0 million) in FY 2024 (5.4 million). Projections of enplaned passengers from FY 2025 to FY 2028 were based on an average of acceptable results produced in the regression analyses of local, state, and national socioeconomic and demographic factors, and enplaned passengers at the Airport are projected to increase from 5.4 million (FY 2024) to 6.1 million (FY 2028), a CAGR of 2.8 percent. From FY 2020 to FY 2028, enplaned passengers are projected to increase from 3.5 million to 6.1 million, a CAGR of 7.0 percent compared to a historical pre-pandemic CAGR (2010 – 2019) of 3.4 percent.

TABLE S-3 FISCAL YEAR-TO-DATE ENPLANED PASSENGER RECOVERY

MONTH	FISCAL YEAR 2019	FISCAL YEAR 2020	2020 VS. 2019	FISCAL YEAR 2021	2021 VS. 2019
October	271,412	301,511	111.1%	196,905	72.5%
November	404,957	436,243	107.7%	238,433	58.9%
December	456,013	512,420	112.4%	290,947	63.8%
January	529,581	571,428	107.9%	362,528	68.5%
February	548,463	610,381	111.3%	350,655	63.9%
March	745,324	483,206	64.8%	563,497	75.6%
April	601,658	35,897	6.0%	N/A	N/A
May	383,653	76,908	20.0%	N/A	N/A
June	298,690	124,389	41.6%	N/A	N/A
July	288,809	133,335	46.2%	N/A	N/A
August	272,874	117,851	43.2%	N/A	N/A
September	225,241	124,707	55.4%	N/A	N/A
Total	**5,026,675**	**3,528,276**	**70.2%**	**N/A**	**N/A**

NOTE:
N/A – Not Applicable
SOURCES: Lee County Port Authority, April 2021; Ricondo & Associates, Inc., April 2021.

TABLE S-4 ENPLANED PASSENGER PROJECTIONS

FISCAL YEAR	AIRPORT	
	TOTAL ENPLANED PASSENGERS	ANNUAL GROWTH
Historical		
2010	3,721,375	4.1%
2011	3,875,313	4.1%
2012	3,676,953	-5.1%
2013	3,856,646	4.9%
2014	3,989,316	3.4%
2015	4,155,189	4.2%
2016	4,332,997	4.3%
2017	4,421,668	2.0%
2018	4,662,213	5.4%
2019	5,026,675	7.8%
2020	3,528,376	-29.8%
FYTD 2020[1]	1,821,602	-
FYTD 2021[1]	1,088,813	-40.2%
Projected		
2021	3,211,000	-9.0%
2022	3,941,000	22.7%
2023	4,906,000	24.5%
2024	5,428,000	10.6%
2025	5,606,000	3.3%
2026	5,758,000	2.7%
2027	5,912,000	2.7%
2028	6,067,000	2.6%
Compound Annual Growth Rate		
2010 – 2019	3.4%	
2010 – 2020	-0.5%	
2020 – 2028	7.0%	
2024 – 2028	2.8%	

NOTES:
Fiscal Year ending September 30.
1 The Fiscal Year-to-date (FYTD) is for four months ending January 2020 and 2021, respectively (latest data available).
SOURCES: Lee County Port Authority, March 2021; Innovata, March 2021; Ricondo & Associates, Inc., March 2021.

FINANCIAL ANALYSIS

Chapter 6 presents the analysis undertaken by Ricondo to demonstrate the ability of the Authority and the County to comply with the requirements of the Resolution on a pro forma basis in each year of the Projection Period, which was based on the assumptions regarding the planned issuance of the 2021A Bonds and the anticipated future issuance of Series 2021B Bonds and Series 2021C Bonds.

Based on the analysis in this Report and the financial projections presented in Chapter 6, Ricondo is of the opinion that the Net Revenues generated by the Airport in each year of the Projection Period are expected to be sufficient to comply with the Rate Covenant. Ricondo is also of the opinion that the Airport's airline rates and charges should remain reasonable based on the expectation that these fees will not deter forecast demand for air traffic at the Airport as airlines continue to deploy capacity to airports based on available resources. The underlying strength of air traffic demand at the Airport is based on a combination of factors that are not materially affected by Airport rates and charges.

Results of the financial analysis presented herein can be summarized as follows:

- Current Expenses are projected to increase based on the type of expense, the incremental increases associated with the completion of capital projects, and the expectations of future inflation (assumed to be 3.0 percent annually), with total Current Expenses estimated to increase from approximately $66.6 million in FY 2021 to approximately $90.9 million in FY 2028, reflecting a CAGR of 4.5 percent.
- Concession revenues are estimated to be $34.9 million in FY 2021 and are projected to increase to approximately $66.9 million in FY 2028, reflecting a CAGR of 9.8 percent based on anticipated air traffic growth, inflation, and impacts from the anticipated Terminal Expansion – Phase 1 project in FY 2025. Total Non-Airline Revenues, including concessions, are estimated to be approximately $48.1 million in FY 2021. Total Non-Airline Revenues are projected to increase to approximately $82.8 million in FY 2028, reflecting a CAGR of 8.1 percent.
- After the issuance of the 2021A Bonds, total annual debt service is projected to be approximately $23.0 million in FY 2021 and increase to $33.0 million per year in FY 2022 through FY 2024 due to the Series 2021B debt service. In FY 2025 total annual debt service increases to approximately $36.2 million per year due to the Series 2021C Bonds debt service.
- Airline revenues calculated based on the terms of the Airline–Airport Use and Lease Agreement are estimated to increase from approximately $26.8 million in FY 2021 to approximately $39.4 million in FY 2028. The Airport's estimated average airline cost per enplanement (CPE) is estimated to decrease from approximately $8.89 in FY 2021 to approximately $6.91 in FY 2028. Calculated in accordance with the Resolution, debt service coverage is estimated to be 1.38x and 1.37x in FY 2022, the first full year of debt service on the 2021A Bonds, calculated according to the 1.25x and 1.00x tests, respectively. Debt service coverage is expected to exceed both debt service coverage requirements established in the Resolution in each year of the Projection Period.

1. THE 2021A BONDS

1.1 PLAN OF FINANCE

This chapter describes the 2021A Bonds, Additional Parity Bonds, and key provisions of the Resolution.

Lee County (County) is issuing the 2021A Bonds to refund its outstanding Airport Revenue Refunding Bonds, Series 2011A (AMT; the Refunded Bonds). Specifically, proceeds from the 2021A Bonds are anticipated to be used to:

i. currently refund all the County's outstanding Airport Revenue Refunding Bonds, Series 2011A (AMT); and
ii. pay certain costs of issuance incurred in connection with the issuance of the 2021A Bonds.

The County's Series 2000 Bonds were issued to provide approximately $256 million in funding for construction of the existing Midfield Terminal at Southwest Florida International Airport (RSW or the Airport). The Series 2000 Bonds were refunded in part by the Refunded Bonds, and the Refunded Bonds are being refunded by the 2021A Bonds.

The Series 2021A Bonds will be issued on parity with the County's outstanding Airport Revenue Refunding Bonds, Series 2010A (AMT) and Airport Revenue Refunding Bonds, Series 2015 (Non-AMT).

The County also anticipates issuing the Additional Parity Bonds later this year. For purpose of this Report of the Airport Consultant (Report), this includes the PFC–Pledged Airport Revenue Bonds, Series 2021B (2021B Bonds), and Airport Revenue Bonds, Series 2021C (2021C Bonds).

1.1.1 THE 2021A BONDS

Table 1-1 presents the estimated sources and uses for the 2021A Bonds.

TABLE 1-1 2021A BONDS ESTIMATED SOURCES AND USES

	2021A BONDS (AMT)
Sources	
Par Amount of Bonds	$148,485,000.00
Premium	26,952,749.05
Debt Service Fund	1,713,382.29
Total Sources of Funds at Closing	**$177,151,131.34**
Uses	
Refunding Escrow Deposits	$176,181,722.00
Cost of Issuance	371,212.50
Underwriters Discount	593,940.00
Additional Proceeds	4,256.84
Total Uses of Funds at Closing	**$177,151,131.34**

NOTE:
Numbers are preliminary and based on current market rates as of March 11, 2021, +75 Basis Points and are subject to change and may include a reserve release.
SOURCE: PFM Financial Advisors LLC, March 2021.

The 2021A Bonds are being issued pursuant to provisions of the Resolution. The Lee County Port Authority (Authority) adopted the Series Resolution, authorizing the issuance of the 2021A Bonds, on June 1, 2021 (the Series Resolution).

For the 2021A Bonds, the assumptions of the Authority's Financial Advisor are presented in **Table 1-2**.

TABLE 1-2 2021A BOND ASSUMPTIONS

	2021A BONDS
Delivery Date	6/30/2021
Last Maturity Date	10/1/2032
Average Life	6.881 years
Net Interest Cost	2.42%

NOTE:
Numbers are preliminary and based on current market rates as of March 11, 2021, +75 Basis Points and are subject to change.
SOURCE: PFM Financial Advisors LLC, March 2021.

1.1.2 THE ADDITIONAL PARITY BONDS

Table 1-3 presents the estimated sources and uses for the Additional Parity Bonds.

TABLE 1-3 ADDITIONAL PARITY BONDS ESTIMATED SOURCES AND USES

	2021B BONDS	2021C BONDS
Sources		
Par Amount of Bonds	$151,765,000.00	$67,165,000.00
Total Sources of Funds at Closing	**$151,765,000.00**	**$67,165,000.00**
Uses		
Project Fund	$140,276,792.00	$51,786,451.00
Debt Service Reserve Fund	10,016,573.19	4,432,926.81
Capitalized Interest Fund		10,289,304.86
Cost of Issuance	758,825.00	335,825.00
Underwriters Discount	712,036.25	318,435.00
Additional Proceeds	773.56	2,057.33
Total Uses of Funds at Closing	**$151,765,000.00**	**$67,165,000.00**

NOTE:
Numbers are preliminary and are based on a five percent interest rate assumption.
SOURCE: PFM Financial Advisors LLC, March 2021.

The Additional Parity Bonds are being issued pursuant to provisions of the Resolution.

For the 2021B and 2021C Bonds, the assumptions of the Authority's Financial Advisor are presented in **Table 1-4**.

TABLE 1-4 ADDITIONAL PARITY BOND ASSUMPTIONS

	2021B AND 2021C BONDS
Delivery Date	9/8/2021
Last Maturity Date	10/1/2051
Average Life	19.386 years
Net Interest Cost	5.024%

SOURCE: PFM Financial Advisors LLC, March 2021.

1.2 BOND RESOLUTION

1.2.1 SECURITY AND SOURCES OF PAYMENT

The 2021A Bonds shall have an irrevocable and nonexclusive first lien on the "Pledged Funds" as such term is defined in the Resolution on a parity with the Airport Revenue Refunding Bonds, Series 2010A (AMT), Series 2015 (Non-AMT), and any Additional Parity Bonds issued under the Resolution.

Upon issuance of the Series 2021A Bonds, the Series 2010A Bonds and the Series 2015 Bonds will be outstanding in the aggregate principal amounts of $16.4 million and $33.4 million, respectively. The 2021A Bonds and Additional Parity Bonds are secured by a lien upon and pledge of (i) Net Revenues; (ii) the amounts on deposit in the Sinking Fund and all Accounts therein except as expressly provided in the Resolution; the Subordinated Indebtedness Fund (other than the proceeds of Subordinated Indebtedness); the Renewal, Replacement, and Improvement Fund and the Airport Fund, each established by the Resolution; and (iii) until expended, the amounts on deposit in the applicable Subaccounts of the Project Fund with respect to any particular Series of Bonds (collectively, the Pledged Funds).

Net Revenues is defined in the Resolution to mean Revenues less the Current Expenses for such period. Revenues are defined in the Resolution to mean for any period all moneys paid or accrued for the use of and for services and facilities furnished by, or in connection with the ownership or operation of, the Airport, or any part thereof or the leasing or use thereof, including (1) rentals, (2) concession fees, (3) use charges, (4) landing fees, (5) license and permit fees, (6) service fees and charges, (7) moneys from the sale of fuel and/or other merchandise, and (8) any investment income that is required to be deposited in the Revenue Fund (but shall exclude all other investment income); provided, however, that Revenues shall not include (a) proceeds received from the sale of Bonds, Subordinated Indebtedness, or Special Purpose Facilities Bonds; (b) proceeds from the sale or taking by eminent domain of any part of the Airport; (c) gifts or Grant in Aid, or payments received in lieu of or replacement for Grant in Aid; (d) ad valorem tax revenues; (e) any insurance proceeds received by the County or the Authority (other than insurance proceeds paid as compensation for business interruption); (f) moneys paid or accrued to or in connection with any facilities not financed or refinanced by Bonds issued or from facilities not qualified as a Project under the Bond Resolution; (g) moneys paid or accrued as a repayment of an advance not constituting a Current Expense; (h) amounts received that are required to be paid to any other governmental body, including taxes and impact fees; (i) PFC Revenues (except to the extent provided in the Bond Resolution); and (j) any noise abatement charges received for disbursement to others.

PFCs are specifically excluded from "Revenues," unless otherwise provided for as an additional pledge in a Series Resolution. The Series Resolution for the 2021A Bonds includes a pledge of PFCs. It is anticipated that a Series Resolution for the 2021B Bonds will also include a pledge of PFCs.

1.2.2 PLEDGE OF PASSENGER FACILITY CHARGES

The Authority has received approval for the collection and use of PFC funds for the design and construction of the existing Midfield Terminal. The original source of funding associated with the Midfield Terminal is the Series 2000 Bonds, which were refunded in part by the Series 2011A Bonds, which will now be refunded by the 2021A Bonds. Therefore, a portion of the 2021A Bonds is eligible for reimbursement from PFC funds. The Authority imposes a $4.50 PFC per enplaned passenger.

The County passed Resolution 20-06-30, which assigns all debt service eligible PFC Revenues associated with the design and construction of the Midfield Terminal as Pledged Revenues beginning in FY 2020. The Authority has elected to reimburse eligible debt service with PFCs in the amount of $0.75 per enplaned passenger of PFC revenue.

The Series 2021B Bonds are anticipated to be issued with a pledge of PFC Revenues approved under a separate PFC application.

1.2.3 THE RATE COVENANT

The County and the Authority covenant in the Resolution to fix, establish, revise from time to time whenever necessary, maintain, and collect such rates, fees, rentals, and other charges for use of the services and facilities of the Airport. The rates, fees, rentals, and other charges each Fiscal Year (FY) will be at least equal to the greater of (1) Revenues, together with Transfers, in each FY sufficient to pay all Current Expenses of the Airport in such FY, and 125 percent of the Bond Service Requirements in such FY (excluding for purposes of this calculation, redemption premium and debt service reserve payments); and (2) Revenues, without taking into account Transfers, in each FY sufficient to pay all Current Expenses of the Airport in such FY, and 100 percent of the Bond Service Requirements (excluding for purposes of this calculation, redemption premium) in such FY and all other required payments under the Resolution.

Such rates, fees, rentals, or other charges shall not be reduced so as to be insufficient to provide Revenues for such purposes.

In the event that Revenues for any FY are less than the amount previously specified, the County, before the end of the second month following the completion of the audit for such FY, will cause the Consultant to make its recommendations as to a revision of such rates or charges, and copies of such request and of the recommendation of the Consultant shall be mailed to each Bond Holder who shall have filed with the Clerk for such purpose. The County covenants in the Resolution that, to the extent permitted by applicable law and the provisions of any use agreement then in effect at the Airport, it will comply with the recommendations of the Consultant.

1.2.4 DEBT SERVICE RESERVE

The County is required to maintain a Reserve Account within the Sinking Fund in an amount equal to the Reserve Requirement for the Bonds. The Reserve Requirement is an amount, as of any date of calculation, which is equal to the lesser of (i) the Maximum Bond Service Requirement, or (ii) the maximum amount permitted under the Code as a reasonably required reserve or replacement fund. Amounts in the Reserve Account are used to pay the principal, premium, if any, and interest on the Bonds at times when the moneys in the other Accounts within the Sinking Fund are insufficient. The County may, at any time, substitute a Credit Facility for all or a portion of the moneys in the Reserve Account.

1.2.5 ADDITIONAL BONDS TEST

The Resolution authorizes the issuance of Additional Parity Bonds subject to certain conditions and tests, including that as a condition to the issuance of any Series of Bonds, there shall first have been filed with the County:

(1) With respect to Improvement Bonds, (i) a certificate of the Authority Representative demonstrating that the requirements of Section 5.04 of the Resolution were met in the last complete FY for which the audited financial statements of the Authority are available; and (ii) a report of the Consultant setting forth for each of the three FYs following the FY in which the Authority Representative estimates the completion of an Improvement to be completed (October 2024 with respect to improvements to be financed with Series 2021B and Series 2021C Bonds); (l) estimates of Revenues to be received by the County and the Authority from the Airport, including the Project to be financed with the Additional Parity Bonds; (2) estimates of Current Expenses for such FYs; (3) estimates of Transfers, if any, to be made in such FYs; (4) the Maximum Bond Service Requirement, including the Additional Parity Bonds then proposed to be issued; and (5) that Revenues, together with Transfers, will be sufficient to pay all Current Expenses and 125 percent of the Maximum Bond Service Requirement, including the Additional Parity Bonds then proposed to be issued (excluding for purposes of this calculation, redemption premium and debt service reserve payments), in

each such FY.

(2) With respect to Completion Bonds, a certificate demonstrating that the proceeds of the Completion Bonds to be issued and all previously issued Completion Bonds relating to the Project (in each case net of issuance costs and any discounts) will be not more than 10 percent of the original Cost of the Project for the completion of which such Completion Bonds are then being issued.

(3) With respect to Refunding Bonds that are not Crossover Refunding Bonds, a certificate demonstrating either (a) the Maximum Bond Service Requirement will not increase after the issuance of the Refunding Bonds and the application of the proceeds thereof or (b) the total Bond Service Charges will not increase after the issuance of such Refunding Bonds and the application of the proceeds thereof.

(4) With respect to Refunding Bonds that are Crossover Refunding Bonds, a certificate demonstrating that the Maximum Bond Service Requirement immediately following the Crossover Date does not exceed the Maximum Bond Service Requirement immediately prior to the Crossover Date.

In addition, the Authority Representative shall have filed a certificate with the Clerk to the effect that neither the County nor the Authority is in default in performing any of the covenants and obligations assumed under the Resolution, and all payments required to have been made into the Funds and Accounts have been made to the full extent required.

Each Series Resolution authorizing the issuance of Additional Parity Bonds will recite that all the covenants in the Resolution will be applicable to such Additional Parity Bonds.

1.2.6 FLOW OF FUNDS

All Revenues of the Airport are deposited by the Authority as promptly as possible after receipt into the Revenue Fund, held and administered by the County. As shown on **Exhibit 1-1**, the moneys in the Revenue Fund are to be applied in the following order of priority:

- Working Capital Account
- Interest Account
- Principal Account
- Redemption Account
- Reserve Account
- Subordinated Indebtedness Fund
- Renewal, Replacement, and Improvement Fund
- Airport Fund

The Resolution authorizes the issuance of Airport Revenue Bonds by the County. The requirements of the Resolution were adhered to in developing the application of revenues included in these financial analyses. The principal funds and accounts established within the Resolution and their use are summarized as follows:

- **Revenue Fund**. This fund receives all Revenues derived by the Authority, which are deposited or transferred to the following funds and accounts in the order listed:
- **Working Capital Account**. After first paying the Current Expenses for the current month, the Working Capital Account is funded in an amount not in excess of the average monthly Current Expenses as shown on the Annual Budget times three. The Working Capital Account is used to pay monthly Current Expenses in the event that the monthly Current Expenses exceed the amount available in the Revenue Fund.

SOURCE: See Documentation Guide on proper sourcing.

EXHIBIT 1-1
BOND RESOLUTION FLOW OF FUNDS

NORTH 0 00,000 ft.

- **Interest Account**. Revenues are next used to deposit into the Interest Account an amount equal to the interest due on the Bonds on the next Interest Payment Date (and payments, other than termination payments, under Derivative Agreements), less amounts (including Capitalized Interest) already on deposit for this use, divided by the number of months remaining to such interest payment date.
- **Principal Account**. Revenues are next used to deposit into the Principal Account, during the 12 months preceding a Serial Bond maturity date, the amount necessary to pay the principal maturing on the Serial Bonds on the next maturity date, less amounts already on deposit for this use, divided by the number of months remaining to such maturity date.
- **Redemption Account**. Revenues are next used to deposit into the Redemption Account, during the 12 months preceding a Redemption Requirement due date, an amount equal to the Redemption Requirements for Term Bonds, which shall next become due and payable, plus the amount of the premium, if any, on a Principal amount of such Term Bonds equal to the amount of such Redemption Requirement, which would be payable on the next Redemption Requirement due date if such Principal amount of Term Bonds were to be redeemed prior to their maturity from money held in the Redemption Account, less amounts that have been deposited therein during such 12-month period and used for the purchase of Outstanding Term Bonds or are available for redemption of Term Bonds, divided by the number of months remaining to such due date. If, at the stated dates of maturity of any Term Bonds, the proceeds on deposit in the Redemption Account are insufficient to retire the principal amount of maturing Term Bonds remaining Outstanding, the County shall transfer from the Reserve Account to the Redemption Account sufficient money to make up such deficiency.

  Upon any purchase (and delivery to the Bond Registrar for cancellation) or optional redemption of Bonds of any Series and maturity for which Redemption Requirements shall have been established, which is made on or prior to the 40th day preceding the due date of the Redemption Requirements next due for the Bonds of such Series and maturity from any funds of the County or the Authority other than amounts deposited in the Redemption Account, there shall be credited toward such Redemption Requirements in such manner as may be determined by the Authority Representative the principal amount of such Bonds so purchased or redeemed upon delivery of such Bonds by the County to the Bond Registrar, such determination to be evidenced by a certificate filed with the Clerk. The portion of any such Redemption Requirements remaining after the deduction of any such amounts credited toward the same as described in (or the original amount of any such Redemption Requirements if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Redemption Requirements for the purpose of calculation of Redemption Requirements due on a future date.
- **Reserve Account**. Revenues are next applied to the Reserve Account, held within the Sinking Fund, in an amount equal to the Reserve Requirement, which includes amounts necessary to reinstate any credit facility credited to the Reserve Account.
- **Subordinated Indebtedness Fund**. Revenues are next deposited into the Subordinated Indebtedness Fund to meet any requirements of the County's resolution authorizing the issuance of any Subordinated Indebtedness.
- **Renewal, Replacement, and Improvement Fund**. Revenues are next deposited into the Renewal, Replacement, and Improvement Fund until the amount therein is equal to the amount recommended within the Authority's annual inspection report.
- **Airport Fund**. Revenues will next be deposited into the Airport Fund and any subaccounts as follows:
  - **Sinking Fund, the Subordinated Indebtedness Fund, and the Renewal, Replacement, and Improvement Fund** – The funds in the Airport Fund shall first be used to make up deficiencies in the Sinking

    Fund, the Subordinated Indebtedness Fund, and the Renewal, Replacement, and Improvement Fund in the priority for depositing moneys from the Revenue Fund, as previously described.
  - **Event of Default** – If an Event of Default has occurred, then the funds on deposit in the Airport Fund shall next be used to cure such Event of Default and to pay expenses of curing such Event of Default.
  - **Use or Lease Agreement** – If determined by the Authority Representative to be required pursuant to any use or lease agreement with any user of the Airport, to make transfers to such user or users but not in excess of the amounts required by such use or lease agreement.
  - **Transfers** – Periodically, transfers are used to make authorized Transfers to the Revenue fund.
  - Remaining moneys held for the credit of the Airport Fund may be used for any purpose authorized by the Act.

As a recipient of the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants, the Authority must comply with associated grant assurances that include, among others, a restriction regarding the use of revenue generated from the operation of the Airport solely to Airport purposes.

2. SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

This chapter describes the location of the Airport, Air Trade Area, and existing facilities at the Airport.

The Airport is operated by the Authority, a dependent special district of the County, which is governed by the Board of County Commissioners of Lee County (Board). The Airport covers approximately 6,400 acres of land and is located 15 miles southeast of the central business district of Fort Myers, Florida. The Airport is bordered by Daniels Parkway on the north side, the Wild Turkey Strand Preserve on the east side, Interstate 75 (I-75) on the west side, and the terminal Access Road on the south side. The FAA classifies RSW as a medium-hub airport, which is based on total enplaned passengers. In addition to the Airport, the Authority operates Page Field, a general aviation airport that the FAA designates as a regional reliever for the Airport. Page Field is excluded from the term "Airport" for purposes of the Resolution.

2.1 AIR TRADE AREA

The geographical area served by an airport is commonly known as the airport's Air Trade Area. The borders of an airport's Air Trade Area are influenced by the location of other metropolitan areas and their associated airport facilities. For purposes of these analyses, the Air Trade Area for the Airport consists of Lee County, in which the Airport is located, as well as the surrounding counties of Charlotte, Collier, Hendry, and Glades. **Exhibit 2-1** presents the geographical location of the Airport's Air Trade Area, as well as the Airport's proximity to other existing commercial service airports located within the Air Trade Area.

Surrounding Airports Within or Near the Air Trade Area

Based on location, accessibility, and services available at other commercial service airports within nearby areas, it is recognized that the area served by the Airport extends into the Air Trade Area of Punta Gorda Airport (PGD). Surrounding airports located near RSW's Air Trade Area include Fort Lauderdale–Hollywood International (FLL), Sarasota Bradenton International (SRQ), St. Pete–Clearwater International (PIE), and Tampa International (TPA) Airports. Additional information regarding these surrounding airports is provided in Chapter 5 of this Report.

2.2 EXISTING AIRPORT FACILITIES

This chapter describes the existing Airport facilities, including airfield, terminal, terminal curbside, automobile parking, rental car, air cargo, support, and general aviation facilities.

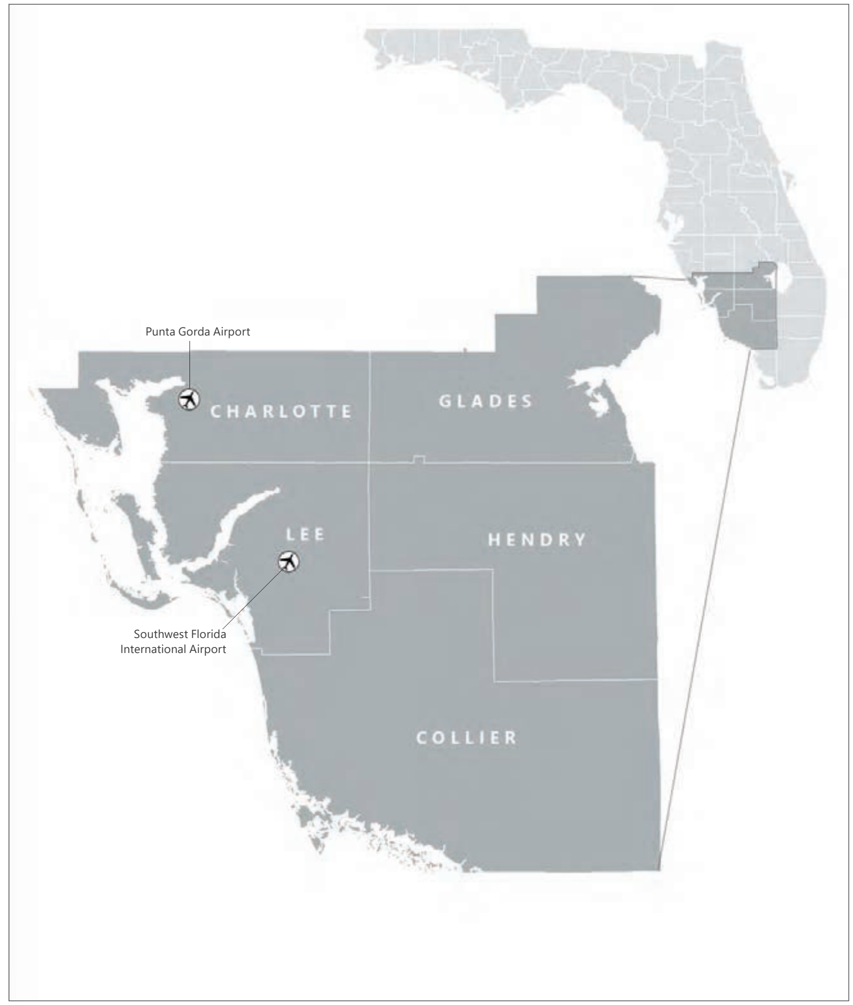
Exhibit 2-2 presents an aerial view of the Airport.

2.2.1 AIRFIELD

The airfield facilities at the Airport consist of a runway, taxiways, apron areas, aviation fuel services, and lighting systems.

2.2.1.1 RUNWAY AND LIGHTING

The airfield has one runway, Runway 6-24, oriented in a northeast–southwest configuration.



SOURCES: US Department of Transportation, Federal Aviation Administration, 2020 (airports); Esri, TomTom, 2010 (water polygon); US Census Bureau, Geography Division, TIGERLine/Shape les, 2019 (counties).

NORTH 0 00,000 ft.

EXHIBIT 2-1

AIR TRADE AREA AND EXISTING COMMERCIAL SERVICE AIRPORTS

ricondo:Shared:oDrive:Corporate:Creative Services:01 Projects:01 Client Projects:2021:RSW:19071109-05_AIR TRADE AREA_Exhibit:19071109-05_RSW_Exhibit_2-1.indd

SOURCES: Google Earth Pro, 2021; Landsat/Copernicus, 2019; Maxar Technologies, 2019 (aerial photography - for visual reference only, may not be to scale).

EXHIBIT 2-2

EXISTING AIRPORT FACILITIES

NORTH 0 Not To Scale

ricondo:Shared:oDrive:Corporate:Creative Services:01 Projects:01 Client Projects:2021:RSW:19071109-05_Exhibit_Aerial:19071109-05_RSW_Existing Airport Facilities.indd

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Runway 6-24 is 150-feet wide and 12,000-feet long. The runway pavement is grooved asphalt concrete with a weight-bearing capacity of 30,000 pounds for a single-wheel load, 190,000 pounds for a double-wheel load, 430,000 pounds for a double-tandem-wheel load, and 840,000 pounds for a dual-double-tandem-geared aircraft. Runway 6 is equipped with a Category I precision instrument landing system. In addition, nonprecision approaches are available to both ends of the runway. Runway 6-24 underwent a full-length rehabilitation in 2007. The rehabilitation is approaching the end of its useful life, and a future rehabilitation is planned within the Airport's Capital Improvement Program (CIP).

- Runway 6 includes a medium-intensity approach lighting system (MALSR), high-intensity edge lights, runway visual range equipment, and a 4-box visual approach slope indicator (VASI).
- Runway 24 includes high-intensity runway edge lights, runway end identifier lights, and a 6-box VASI system.

2.2.1.2 TAXIWAYS

Taxiways connect the passenger terminal, cargo, and general aviation aircraft parking areas to the runway. These taxiways primarily consist of parallel Taxiway A, providing access to and from the cargo and general aviation areas, and parallel Taxiway F, providing access to and from the runway to the remaining taxiways, which are adjacent to the terminal building.

2.2.1.3 TERMINAL

The Airport's Midfield Terminal opened on September 9, 2005. The terminal building has three levels (i.e., the apron, concourse, and administration levels), and it currently totals approximately 798,000 square feet of space.

The terminal building consists of three concourses (piers) connected to the main core of the terminal building: Concourse D on the west end, Concourse B on the east end, and Concourse C located off the central section of the terminal. The majority of the lower (apron) level is within the Secure Identification Display Area, and it generally contains airline operations offices, storage space, utility space, and covered unenclosed space. An international processing facility is also located on the lower level. The second (concourse) level principally contains the secure areas (post security screening checkpoints, gates, and passenger boarding bridges), including holdrooms, concession spaces, restrooms, and miscellaneous spaces. The three-level terminal building contains baggage facilities, public space, and restrooms on the lower level; passenger ticketing, airline offices, concessions, security pavilions, public space, and restrooms on the concourse level; and Authority offices on the third (administration) level.

An expansion to the terminal is planned to begin in 2021. The expansion will provide connectivity between the three existing concourses to allow for airline gate scheduling flexibility, to consolidate the Transportation Security Administration (TSA) security checkpoint operations, and to provide additional concessions and public space for Airport passengers.

The aircraft parking area is striped for 28 terminal aircraft parking positions and 32 remain overnight (RON) aircraft parking positions, not including any aircraft parking positions on the cargo ramp.

2.2.2 CURBSIDE, AUTOMOBILE PARKING, AND RENTAL CAR FACILITIES

This section describes the terminal curbside, automobile parking, and rental car facilities that serve the passenger terminal area.

2.2.2.1 TERMINAL CURBSIDE

The terminal curbside area comprises two levels that support the arrivals and departures areas of the terminal building. The upper level comprises five traffic lanes serving ticketing and check-in areas, and the lower level comprises seven traffic lanes serving baggage claim and ground transportation.

2.2.2.2 AUTOMOBILE PARKING FACILITIES

Two public parking facilities provide a total of 11,267 parking spaces for Airport patrons:

- Short-Term Parking Garage (located directly across from the terminal building) – The second and third floors of the garage are available for public parking, totaling 2,523 parking spaces for public use. The first floor of the garage accommodates rental cars.
- Long-Term Parking Lot (surface parking lot located adjacent to the Short-Term Parking Garage) – This lot has 8,744 parking spaces; a shuttle bus provides transportation from the lot to the terminal.

An employee parking lot is located southwest of the Long-Term Parking Lot. The employee lot includes 1,290 spaces, which are utilized by Airport tenants, Authority staff, and TSA staff.

Additional lots located on Airport property include a commercial staging lot, transportation network company (TNC) staging lot, and cell lot, providing 130, 35, and 75 spaces, respectively.

2.2.2.3 RENTAL CAR FACILITIES

Four companies operate 10 rental car brands on-site at the Airport: Hertz Corporation (Hertz, Dollar, and Thrifty), the Avis Budget Group (Avis, Budget, and Payless Car Rental), Enterprise Holdings (Enterprise, Alamo, and National), and Sixt. Hertz and its subsidiaries continue to operate at the Airport despite its bankruptcy filing in 2020.The on-site rental car companies are located on the first floor of the Airport's parking garage. Each brand has passenger-accessible counter space in the Rental Car Service Center, as well as ready/return spaces located in the adjoining lower level of the parking garage. Each rental car company also has a vehicle service and storage facility and administrative offices. In addition, the Fox Rent a Car and Easirent Car Rental brands currently provide off-Airport car rentals. Shuttles are available to transport passengers to the off-site locations.

2.2.3 AIR CARGO

Air cargo operations are supported at two separate locations at the Airport: the main air cargo facility and the passenger airline freight forwarding facility. The main air cargo facility, 24,000 square feet in size, accommodates the cargo processing areas for the all-cargo carriers and is adjacent to a 207,000-square-foot apron. The passenger airline freight forwarding facility, 13,500 square feet in size, is used to process belly-haul cargo for all airlines. Both facilities are located north of the terminal building.

2.2.4 GENERAL AVIATION

General aviation services at the Airport are provided by PrivateSky Aviation Services (PrivateSky), a fixed-base operator (FBO) located west of the terminal building. The FBO facilities consist of aircraft parking apron, a single multiuse hangar, and a general aviation facility building with approximately 51,500 square feet of space. The adjacent aircraft parking apron used by the FBO provides 23,000 square yards of aircraft parking area.

A second general facility building, 8,000 square feet in size, provides a terminal for additional general aviation activity for PrivateSky and is supported by a single multiuse hangar and an apron with an area of 39,000 square yards.

2.2.5 OTHER AREAS

Support facilities provide various critical functions at the Airport and support the airlines, airfield, and terminal operations. Activities conducted in these facilities directly impact the quality and safety of Airport operations and contribute to a well-run Airport. The following is a list of primary support facilities located within other areas of the Airport:

- The Aircraft Rescue and Fire Fighting (ARFF) Station is located south of the runway and east of the terminal building. The ARFF Station has a footprint of approximately 31,000 square feet and houses four crash trucks, two engines, six service vehicles, three trailers, and one all-terrain vehicle (ATV).
- The Airport's Airport Traffic Control Tower (ATCT) is currently being relocated. The new tower is under construction at a site located midfield between the existing runway and the future parallel runway.
- The Airport's 28 aircraft parking positions are supported by an in-pavement fuel hydrant system. The fueling system includes piping loops around the three concourses and branch service lines serving fueling pits at each gate.
- The Airport property includes 1,150 acres of land designated for commercial property development. Known as the Skyplex, the property is zoned for multiuse commercial, light industrial, and aviation development.
- The Airport's maintenance facility is located west of the terminal building and has a footprint of 19,560 square feet.

3. CAPITAL IMPROVEMENT PROGRAM AND FUNDING SOURCES

This chapter summarizes the Airport's CIP, including assumed funding sources and a description of the primary project components.

3.1 FISCAL YEAR 2021 THROUGH FISCAL YEAR 2026 CAPITAL IMPROVEMENT PROGRAM

The Airport's CIP has been developed by the Authority to address ongoing maintenance, capacity, and security needs at the Airport from FY 2021 through FY 2026. The largest component of the CIP is related to the Terminal Expansion – Phase 1 project, which will build a new connector to consolidate TSA security checkpoints and provide increased public space, the construction of which is to begin in 2021.

The 2021A Bonds are being issued as refunding bonds and therefore will not fund any ongoing or future projects within the Authority's planned CIP. However, the Series 2021B Bonds and Series 2021C Bonds (collectively, the Additional Parity Bonds) are currently anticipated to be issued in the third quarter of 2021 and will provide funding for the Authority's Terminal Expansion project.

3.1.1 ESTIMATED PROJECT COSTS AND TIMING

Table 3-1 summarizes the Authority's CIP for FY 2021 through FY 2026, including estimated total project costs and approximate annual funding requirements.

The Authority's CIP consists of approximately $551.6 million of total project costs over the period FY 2021 through FY 2026. In addition, there are two design projects in the CIP that are associated with demand-based construction projects for future consideration, some or all of which may be debt funded. The financial analysis in this Report does not include these construction projects or the related debt service. The Authority's CIP includes projects related solely to the Airport. Although the County owns and, through the Authority, operates Page Field as a reliever airport for RSW, its revenues and operating expenses are not included within nor payable from Pledged Funds, and projects at Page Field are not included in the Authority's CIP.

The financial analysis described in Chapter 6 of this Report includes a Projection Period through FY 2028. Beyond FY 2026, the planned capital improvements for the Airport are not included within the analysis, but there is a potential for additional CIP spend in FY 2027 and FY 2028. The five-year CIP is re-evaluated annually and projects could be included/excluded based on demand.

3.1.2 TERMINAL EXPANSION

3.1.2.1 TERMINAL EXPANSION – PHASE 1 ($263 MILLION)

The first phase of the Terminal Expansion project will consolidate the Airport's TSA checkpoints to provide more public space, and it is anticipated to be funded in part with proceeds of the Additional Parity Bonds. The total Terminal Expansion – Phase 1 project cost is approximately $279 million, and the estimated cost for FY 2021 through FY 2026 totals approximately $263 million, of which approximately $140 million is expected to be funded through PFC-pledged Airport Revenues Bonds, and approximately $52 million is expected to be funded through Airport Revenue Bonds without a Pledge of PFCs. The remaining portion of the project is anticipated to be funded using Florida Department of Transportation (FDOT) grant funding.

TABLE 3-1 AUTHORITY'S CAPITAL IMPROVEMENT PROGRAM (FISCAL YEAR 2021 – FISCAL YEAR 2026)

PROJECT NAME	TOTAL FUNDING SOURCES (FY 2021 – FY 2026)	AUTHORITY FUNDS	FEDERAL AND STATE GRANTS	PFC PAY-GO	CFC	2021A BONDS	ADDITIONAL PARITY BONDS 2021B[9]	ADDITIONAL PARITY BONDS 2021C[10]
RSW Terminal Expansion – Phase 1 [1]	$262,616,705	$0	$70,553,461	$0			$140,276,792	$51,786,451
RSW Terminal Expansion – Phase 2 [2]	$30,000,000	$0	$15,000,000	$15,000,000			$0	$0
RSW Airside Pavement Rehab [3]	$64,159,219	$251,866	$56,436,219	$7,471,134				
Rehab Runway 6-24	$46,000,000	$0	$40,250,000	$5,750,000				
RSW PBBs Replacement	$35,065,733	$0	$0	$35,065,733				
RSW ATCT/TRACON	$26,811,875	$0	$6,902,693	$19,909,183				
RSW Rehab Roads [4]	$25,855,296	$25,755,296	$0	$100,000				
Ground Transportation Improvements [5]	$17,200,000	$17,200,000	$0	$0				
Skyplex Improvements [6]	$12,500,000	$12,500,000	$0	$0				
Security Center	$8,800,000	$8,800,000	$0	$0				
Concourse Restroom Remodel	$3,622,957	$0	$1,811,479	$1,811,479				
FIS Reconfiguration	$2,532,593	$2,532,593	$0	$0				
Emergency Antenna (911) Relocation	$2,297,770	$2,297,770	$0	$0				
Other Capital Improvements [7]	$6,107,268	$2,073,756	$2,851,476	$1,182,036				
RSW Rental Car Relocation Expansion [8]	$8,000,000	$0	$0	$0	$8,000,000			
TOTAL CAPITAL PROGRAM INCLUDED IN FINANCIAL ANALYSIS	**$551,569,416**	**$71,411,281**	**$193,805,328**	**$86,289,564**	**$8,000,000**	**$0**	**$140,276,792**	**$51,786,451**

NOTES:
Totals may not add due to rounding.
ATCT – Air Traffic Control Tower
BHS – Baggage Handling System
FIS – Federal Inspection Station
FY – Fiscal Year
PBB – Passenger Boarding Bridge
PFC – Passenger Facility Charge
TRACON – Terminal Radar Approach Control Facility
1 Cost excludes prior expenditures.
2 The design of Terminal Expansion Phase 2 is anticipated to begin during construction for Terminal Phase 1. The construction of Terminal Expansion Phase 2 will occur based on demand and the results of the design effort. Therefore, funding for the construction of this project component is not included in the CIP.
3 Includes RSW Airside Pavement Rehab 1, 2, and 3.
4 Includes the rehab of all RSW roads, including Chamberlin Parkway.
5 Includes Expanded Employee Parking Lot, Parking Revenue Control System, and Expanded Terminal Curb Roadway.
6 Includes Skyplex Master US Corps of Engineers Permit, Greenway, and Infrastructure.
7 Includes RSW Master Plan Update, Aircraft Rescue and Fire Fighting 3,000-Gallon Crash Truck #906, RSW Gate 64 Relocation, and Corporate Hangar Site Improvement.
8 This project will occur when demand dictates. The CIP only includes funding for design which will be paid for by CFCs.
9 The 2021B Bonds will be issued as PFC-pledged Airport Revenue Bonds.
10 The 2021C Bonds will be issued as Airport Revenue Bonds.
SOURCE: Lee County Port Authority, May 2021.

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The Terminal Expansion project includes constructing a connector between the three existing concourses, thus offering more flexible Airport gate management operations and enhancing passenger throughput. It is anticipated to consolidate TSA security checkpoint operations to gain throughput efficiencies and shorter passenger wait times. In addition, the expansion is anticipated to increase the amount of public space available in holdrooms and public spaces post-passenger screening.

Construction is scheduled to begin in FY 2021, with completion estimated to occur in FY 2025.

3.1.2.2 TERMINAL EXPANSION – PHASE 2 ($30 MILLION)

Phase 2 of the Airport's Terminal Expansion project will involve a gate expansion and baggage handling system expansion at the Airport. The project is currently in its initial concept refinement and alternative analysis development stage, and the timeline for construction will be dependent upon passenger activity demand. Design for the Terminal Expansion Phase 2 project is anticipated to take place during the construction of Terminal Expansion Phase 1. With a total cost of $30 million, the design is anticipated to be funded with FDOT grants and PFC pay-go funds.

The total cost estimate for construction is currently undetermined given the uncertainty in timing for this project. The funding sources have not been assigned within the Airport's CIP for construction. A plan of finance will be determined once demand necessitates the project's implementation and the design has been completed. Therefore, the construction portion of this project is not included within the financial analysis associated with this Report.

3.1.3 ADDITIONAL CAPITAL IMPROVEMENT PROGRAM PROJECTS

3.1.3.1 AIRSIDE REHAB PHASES 1 THROUGH 3 ($64 MILLION)

The Authority has undertaken a comprehensive airside pavement rehabilitation program to address the condition of pavement throughout the taxiway system and aprons at the Airport. Phases 1 and 2 of the program consist of Taxiways A, F, and G2 Rehabilitation and the Cargo Ramp Rehabilitation, which are currently underway. Phase 3, planned to include the North Ramp, Taxiway A5, and Taxiway G and the expansion of the Terminal Ramp for Hot Spot 1 Mitigation, which is anticipated to begin in FY 2026, is estimated to cost approximately $39 million and is anticipated to be funded with AIP grants, PFC pay-as-you-go (pay-go), and FDOT grants.

3.1.3.2 REHAB RUNWAY 6-24 ($46 MILLION)

The Airport's runway was previously rehabilitated in 2007; as a result, the rehabilitation is approaching the end of its useful life. An upcoming milling and resurfacing of the runway is planned for FY 2023 through FY 2024 and is anticipated to be funded by a mix of AIP grants, FDOT grants, and PFC pay-go funds.

3.1.3.3 PASSENGER BOARDING BRIDGE REPLACEMENT ($35 MILLION)

The Authority has begun the replacement process for the 27 passenger boarding bridges at the Airport, which were part of the original construction of the Midfield Terminal. Total cost of replacement is approximately $35 million, excluding design, which has already occurred. The construction of the project began in January 2021 and is anticipated to be complete in FY 2022. The project is anticipated to be funded solely with PFCs on a pay-go basis.

3.1.3.4 AIRPORT TRAFFIC CONTROL TOWER AND TERMINAL RADAR APPROACH CONTROL FACILITY ($27 MILLION)

Construction is currently underway for a new ATCT and Terminal Radar Approach Control Facility (TRACON) located midfield between the existing runway and the planned future parallel runway at the Airport. The cost estimate for the total project, including design, permitting, environmental mitigation, and construction, is approximately $82

million. Most of the expenditures have occurred prior to FY 2021. The remaining expenditures, estimated at approximately $27 million, are scheduled to occur in FY 2021 and FY 2022 and are anticipated to be funded with FDOT and PFC pay-go funding.

3.1.3.5 REHAB ROADS ($26 MILLION)

The Authority's CIP includes the rehabilitation of the Airport's access roadways. The planned rehabilitation includes Chamberlin Parkway, connecting Daniels Parkway to the cargo and general aviation areas of the Airport, as well as the rehabilitation of additional access roadway components.

Chamberlin Parkway rehabilitation includes the rehabilitation, realignment, and construction of Chamberlin Parkway and Perimeter Road. The project is anticipated to cost approximately $20 million, is scheduled for FY 2023, and is expected to be funded with Authority funds, later to be reimbursed by PFCs.

The remaining roadway rehabilitations are planned for FY 2025 and are estimated to cost approximately $6 million. The remaining roadway rehabilitations would be funded with Authority funds.

3.1.3.6 GROUND TRANSPORTATION IMPROVEMENTS ($17 MILLION)

The Authority plans to implement additional ground transportation improvements in FY 2025 and FY 2026. With an estimated total cost of approximately $17 million, the improvements would include the expansion of the employee parking lot (approximately $2 million), the installation of a parking revenue control system (approximately $5 million), and the expansion of the terminal curb roadway (approximately $10 million). The projects would be funded entirely with Authority funds.

3.1.3.7 SKYPLEX IMPROVEMENTS ($12.5 MILLION)

The CIP also includes improvements to the Authority's Skyplex business park, totaling approximately $12.5 million. This project primarily consists of Skyplex infrastructure improvements related to the construction of communications network infrastructure, with an estimated cost of approximately $11 million. The Authority also has planned for a Skyplex Master US Corps of Engineers (USCOE) Permit and a Skyplex Greenway project component, with an estimated cost of $1.5 million. The project will occur between FY 2021 and FY 2025, and costs are anticipated to be funded entirely with Authority funds.

3.1.3.8 OTHER CAPITAL IMPROVEMENT PROGRAM PROJECTS ($23 MILLION)

The Authority's CIP also includes the Security Center, Concourse Restroom Remodel, the reconfiguration of the Federal Inspection Services Facility (FIS), Emergency Antenna Relocation, and additional capital improvements, as shown in Table 3-1. The total cost associated with these projects is approximately $23 million. Planned funding includes a mix of AIP, FDOT, PFC pay-go, and Authority funds.

3.1.3.9 RENTAL CAR RELOCATION EXPANSION ($8 MILLION)

The Authority has also planned for the design and relocation of the rental car facilities at the Airport. The CIP includes $8 million in design costs for the Rental Car Relocation Expansion which would be funded by Customer Facility Charges (CFCs). The construction portion of the project is anticipated to also be funded with CFCs; however, the construction is not included within the CIP or the financial analysis associated with this Report, given that the timing for the construction of this project is dependent upon passenger activity demand. It is anticipated that a CFC will be implemented at the Airport when demand necessitates, prior to the implementation of this project.

3.2 FUNDING SOURCES

Table 3-1 also summarizes the anticipated funding sources for CIP costs through FY 2026. Funding for the CIP includes Authority funds, federal and state grants, PFC funds, and Additional Parity Bonds.

3.2.1 AUTHORITY FUNDING

The Authority anticipates utilizing approximately $71.4 million of its unencumbered available cash to fund a portion of the CIP. Authority funds used to fund capital projects allocable to the Terminal, Airfield, or Apron cost centers may be amortized over the useful life of the project and included in the calculation of the Terminal Building Rental Rate, Landing Fee, or Apron Fee, as discussed in Chapter 6 of this Report.

3.2.2 FEDERAL AND STATE GRANTS

The projects contained in the Authority's CIP assume the use of a total of approximately $193.8 million of federal and state funds, consisting of future AIP entitlement funds, future discretionary funds, and grant funds from the State of Florida. For those projects anticipated to be eligible for FAA AIP funding, up to 75 percent of estimated project costs are expected to be funded from that source. Before federal approval of any AIP grant application can be given, eligible airport sponsors must provide written assurances that they will comply with a variety of statutorily specified conditions. For projects being partially funded with AIP funds, the remainder of the AIP-eligible project cost will be funded with a combination of PFCs, state, and Authority funds.

3.2.3 PASSENGER FACILITY CHARGE FUNDING

The Authority anticipates utilizing approximately $86.3 million in PFC pay-go funding for projects within its CIP. The Authority is currently authorized to collect approximately $908.3 million in PFC funds through November 1, 2039. As of December 31, 2020, the Authority had expended approximately $300 million in PFCs. The remaining approvals include both PFC pay-go and PFC financed projects. Projects that have received FAA approval to date include the Terminal Expansion project, Airside Pavement Rehab Phase 1, ATCT / TRACON, and the passenger boarding bridge replacement project. The remaining projects associated with PFC pay-go funding in the CIP will be included in an upcoming PFC Application.

Also included in the CIP is approximately $140 million in PFC debt associated with Terminal Expansion – Phase 1, which received approval from the FAA within the Authority's most recent PFC Application 19-10-C-00-RSW.

3.2.4 CUSTOMER FACILITY CHARGE FUNDING

The Authority plans to impose a CFC prior to the implementation of the Rental Car Relocation Expansion project. The CIP for FY 2021 through FY 2026 includes approximately $8 million in CFC funding associated with the design portion of the project.

3.2.5 ADDITIONAL PARITY BONDS

Two Additional Parity Bond series are anticipated to be issued within the Projection Period to fund the Airport's CIP. As described in Section 3.1.1, the Authority's CIP includes demand-based projects for future consideration, some or all of which may be debt funded. The financial analysis in this Report does not include these projects or the debt service.

The Additional Parity Bonds, anticipated to be issued in the third quarter of FY 2021, will include approximately $140 million of PFC-pledged Airport Revenue Bonds (assumed to be described as Series 2021B Bonds) and approximately $52 million of Airport Revenue Bonds (assumed to be described as Series 2021C Bonds). The 2021B Bonds and 2021C Bonds would be used to fund a portion of the Terminal Expansion – Phase 1 project.

Additional discussion of the 2021A Bonds, the Additional Parity Bonds, and the associated debt service is included in Chapter 6.

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4. DEMOGRAPHIC AND ECONOMIC ANALYSIS

To a large degree, the demand for air transportation at an airport is dependent upon the demographic and economic characteristics of the airport's air trade area. This relationship is particularly true for origin and destination (O&D) passenger traffic, which has historically been the largest component of demand at the Airport.[1] Therefore, the major portion of demand for air travel at the Airport is influenced more by the local socioeconomic characteristics of the area served than by individual air carrier decisions regarding service patterns in support of connecting activity. This chapter presents data indicating the Airport's Air Trade Area (as defined in Chapter 2) has an economic base capable of supporting increased demand for air travel during the Projection Period.

This Report utilizes Woods & Poole Economics, Inc.'s (Woods & Poole's) historical data and projections published in June 2020, with calendar year (CY) 2019 as a baseline year and CY 2019 to CY 2028 as the Projection Period. Woods & Poole is an independent firm specializing in long-term county economic data and demographic data projections. Woods & Poole did not incorporate the immediate impact of the coronavirus disease of 2019 (COVID-19) pandemic into its updated projections released in June 2020, noting in its technical description that "the data were unclear about what the estimate should be and because the long-term impact of an estimate could not be made reliably."[2] With respect to the long-term economic impact of COVID-19, Woods & Poole takes the position that "despite significant 2020 impact, COVID-19 itself does not appear to have made a quantifiable long-term economic impact that would affect forecasts: productive land area in the United States is still usable, productive capital (i.e., factories) are still in place, and the size of labor force has not been reduced significantly."[3]

4.1 DEMOGRAPHIC ANALYSIS

4.1.1 POPULATION

There is typically a positive correlation between population growth in a local area and air travel demand. **Table 4-1** presents historical population data for the Air Trade Area, Florida, and the United States. As shown, population in the Air Trade Area increased from 887,426 people in CY 2000 to 1,154,799 people in CY 2010 and to 1,395,260 people in CY 2019. As also shown, population growth in the Air Trade Area between CY 2000 and CY 2019 (2.4 percent compound annual growth rate (CAGR) was greater than that experienced by Florida (1.6 percent CAGR) and the nation (0.8 percent CAGR) during this period.

Table 4-1 also presents population projections from Woods & Poole for the Air Trade Area, Florida, and the United States for CY 2028. Population in the Air Trade Area is expected to increase at CAGR of 1.6 percent between CY 2019 and CY 2028, from 1,395,260 people in CY 2019 to 1,605,385 in CY 2028. Projected population growth for the Air Trade Area is expected to be more rapid than that experienced by Florida and the nation (1.1 percent CAGR and 0.6 percent CAGR, respectively) during this period. Between CY 2019 and CY 2028, the Air Trade Area population is expected to grow most rapidly in Lee County (1.7 percent annually). The long-term impacts from the COVID-19

1 Based on reconciled US Department of Transportation ticket sample data, O&D passengers accounted for approximately 97.7 percent of total passengers at the Airport in FY 2020.

2 Woods & Poole Economics, Inc., *Technical Description of the Woods & Poole Economics, Inc. 2020 Regional Projections and Database*, June 2020.

3 Ibid.

pandemic are largely unknown, and actual CY 2028 data for population could be materially different than what was projected by Woods & Poole in June 2020.

TABLE 4-1 HISTORICAL AND PROJECTED POPULATION

					COMPOUND ANNUAL GROWTH RATE			
	HISTORICAL			PROJECTED	HISTORICAL			PROJECTED
AREA	CY 2000	CY 2010	CY 2019	CY 2028	CY 2000 – CY 2010	CY 2010 – CY 2019	CY 2000 – CY 2019	CY 2019 – CY 2028
Charlotte County	142,266	159,867	186,959	205,570	1.2%	1.8%	1.4%	1.1%
Collier County	254,015	322,595	384,661	443,697	2.4%	2.0%	2.2%	1.6%
Glades County	10,579	12,870	13,867	15,222	2.0%	0.8%	1.4%	1.0%
Hendry County	36,255	39,013	41,838	44,464	0.7%	0.8%	0.8%	0.7%
Lee County	444,311	620,454	767,935	896,432	3.4%	2.4%	2.9%	1.7%
Air Trade Area	887,426	1,154,799	1,395,260	1,605,385	2.7%	2.1%	2.4%	1.6%
Florida	16,047,515	18,845,785	21,548,397	23,878,360	1.6%	1.5%	1.6%	1.1%
United States	282,162,374	309,326,026	329,308,907	348,771,080	0.9%	0.7%	0.8%	0.6%

NOTE:
CY – Calendar Year
SOURCE: Woods & Poole Economics, Inc., 2020 Complete Economic and Demographic Data Source, June 2020.

4.1.2 AGE DISTRIBUTION AND EDUCATION

The Air Trade Area population is older than the national average, due to the area's general attractiveness to retirees. In CY 2019, the most recent data available from the US Census Bureau, the Air Trade Area had a median age of 50.1[4] compared with 42.0 for Florida and 38.1 for the United States, respectively.[5] Additionally, the Air Trade Area population has completed a lower level of education than the national average. In CY 2019, according to US Census Bureau data, 29.1 percent of citizens in the Air Trade Area age 25 and older had a bachelor's degree or higher compared with 29.9 percent for Florida and 32.1 percent for the United States, respectively.

4.1.3 PER CAPITA PERSONAL INCOME AND HOUSEHOLD INCOME

One measure of the relative income of an area is personal income, defined as the sum of wages and salaries, other labor income, proprietors' income, rental income of persons, dividend income, personal interest income, and transfer payments less personal contributions for social insurance. Personal income is a composite measurement of market potential, and it indicates the general level of affluence of residents, which typically correlates with an area's propensity to utilize air travel, as well as an area's attractiveness to business and leisure travelers.

Table 4-2 presents historical per capita personal income for the Air Trade Area, Florida, and the United States between CY 2010 and CY 2019, as expressed in 2012 dollars. As shown, per capita personal income for the Air Trade Area was higher than equivalent measures for both Florida and the nation each year between CY 2010 and CY 2019. As also shown, per capita personal income for the Air Trade Area increased at a CAGR of 2.5 percent between CY

4 This refers to a weighted average of the median age of population for the five counties in the Air Trade Area. A median age for the Air Trade Area is not available.

5 US Census Bureau, *2015-2019 American Community Survey 5-Year Estimates*, March 10, 2021.

2010 and CY 2019, higher than the 1.9 percent growth rate for Florida and the 2.2 percent growth rate for the nation over this same period.

TABLE 4-2 PER CAPITA PERSONAL INCOME

YEAR	PER CAPITA PERSONAL INCOME: AIR TRADE AREA	FLORIDA	UNITED STATES	PER CAPITA PERSONAL INCOME DIFFERENTIAL: BETWEEN AIR TRADE AREA AND FLORIDA	BETWEEN AIR TRADE AREA AND UNITED STATES
Historical					
CY 2010	$45,989	$40,201	$42,366	$5,788	$3,623
CY 2011	$46,995	$40,810	$43,549	$6,185	$3,446
CY 2012	$48,445	$41,055	$44,599	$7,390	$3,846
CY 2013	$47,043	$40,119	$44,255	$6,924	$2,788
CY 2014	$50,518	$41,923	$45,763	$8,595	$4,755
CY 2015	$53,264	$43,949	$47,530	$9,315	$5,734
CY 2016	$53,465	$43,889	$47,910	$9,576	$5,555
CY 2017	$54,192	$45,190	$48,980	$9,002	$5,212
CY 2018	$55,940	$46,299	$50,346	$9,641	$5,594
CY 2019	$57,264	$47,427	$51,323	$9,837	$5,941
Projected					
CY 2028	$68,431	$56,432	$59,844	$12,000	$8,587
Compound Annual Growth Rate					
2010 – 2019	2.5%	1.9%	2.2%		
2019 – 2028	2.0%	2.0%	1.7%		

PERCENTAGE OF HOUSEHOLDS IN INCOME CATEGORIES (CY 2020[1])

INCOME CATEGORY (IN 2009 DOLLARS)	AIR TRADE AREA	FLORIDA	UNITED STATES
Less than $29,999	26.6%	29.4%	27.4%
$30,000 to $59,999	29.6%	28.8%	26.1%
$60,000 to $74,999	11.8%	11.4%	10.9%
$75,000 to $99,999	12.7%	12.4%	13.3%
$100,000 or More	19.3%	18.1%	22.2%

NOTES:
Per capita personal income is in 2012 dollars. Income bracket is in 2009 dollars.
CY – Calendar Year
1 The 2020 percentage of households in income categories is projected as of June 2020 by Woods & Poole.
SOURCE: Woods & Poole Economics, Inc., 2020 Complete Economic and Demographic Data Source, June 2020.

Table 4-2 also presents projections of per capita personal income for CY 2028. According to projections from Woods & Poole, per capita personal income for the Air Trade Area is projected to increase from $57,264 in CY 2019 to $68,431 in CY 2028. This increase represents a CAGR of 2.0 percent during this period, compared to a similar 2.0 percent growth rate projected for Florida and 1.7 percent growth rate projected for the nation. The long-term impacts from the COVID-19 pandemic are largely unknown, and actual CY 2028 data for per capita personal income could be materially different than what was projected by Woods & Poole in June 2020.

An additional indicator of the market potential for air transportation demand is the percentage of households in the higher income categories. An examination of this indicator is important; as income increases, air transportation becomes more affordable and, therefore, is generally used more frequently. Table 4-2 also presents percentages of

households in selected per capita personal income categories for projected CY 2020 (income brackets in 2009 dollars). As presented, 32.0 percent of households in the Air Trade Area had personal income of $75,000 or more in 2020, which was higher than the percentage of households in these income categories for Florida (30.5 percent), but lower than the equivalent percentage for the nation (35.5 percent).

4.2 ECONOMIC ANALYSIS

4.2.1 GROSS REGIONAL/DOMESTIC PRODUCT

Gross domestic product (GDP) for the United States and its state and Metropolitan Statistical Area (MSA) equivalent, gross regional product (GRP), are a measure of the market value of all final goods and services produced within a particular area for a specific period. These indicators are one of the broadest measures of the economic health of a particular area and, consequently, the area's potential air travel demand.

Table 4-3 presents historical GRP and GDP for the Air Trade Area, Florida, and the United States between CY 2010 and CY 2019, as expressed in 2012 dollars. As shown, the Air Trade Area's GRP increased from $39,749 million in CY 2010 to $53,006 million in CY 2019, a CAGR of 3.2 percent. In comparison, the GRP for Florida and the nation increased at a CAGR of 2.9 percent and 2.5 percent, respectively, between CY 2010 and CY 2019.

TABLE 4-3 GROSS REGIONAL PRODUCT / GROSS DOMESTIC PRODUCT

YEAR	GROSS REGIONAL PRODUCT (GRP) OR GROSS DOMESTIC PRODUCT (GDP): AIR TRADE AREA (GRP)	FLORIDA (GRP)	UNITED STATES (GDP)
Historical			
CY 2010	$39,749	$770,901	$15,556,281
CY 2011	$39,029	$761,011	$15,725,298
CY 2012	$39,453	$769,309	$16,083,776
CY 2013	$40,307	$790,070	$16,450,116
CY 2014	$42,500	$816,380	$16,934,250
CY 2015	$45,599	$868,694	$17,577,651
CY 2016	$48,225	$901,878	$17,870,993
CY 2017	$49,383	$930,496	$18,319,763
CY 2018	$51,061	$960,984	$18,922,590
CY 2019	$53,006	$994,892	$19,390,940
Projected			
CY 2028	$69,343	$1,266,249	$23,350,164
Compound Annual Growth Rate			
CY 2010 – CY 2019	3.2%	2.9%	2.5%
CY 2019 – CY 2028	3.0%	2.7%	2.1%

NOTES:
In millions of 2012 dollars.
CY – Calendar Year
SOURCE: Woods & Poole Economics, Inc., 2020 Complete Economic and Demographic Data Source, June 2020.

Table 4-3 also presents projections of GRP/GDP for CY 2019 to CY 2028. According to data from Woods & Poole, GRP for the Air Trade Area is projected to increase from $53,006 million in CY 2019 to $69,343 million in CY 2028. This increase represents a projected CAGR of 3.0 percent for the Air Trade Area during this period, compared to 2.7 percent for Florida and 2.1 percent for the nation for its equivalent measure. The long-term impacts from the COVID-

19 pandemic are largely unknown, and actual CY 2028 data for GRP/GDP could be materially different than what was projected by Woods & Poole in June 2020.

4.2.2 EMPLOYMENT TRENDS

Table 4-4 presents recent employment trends for the Air Trade Area, Florida, and the United States. As shown, the Air Trade Area's civilian labor force[6] increased from approximately 514,000 workers in CY 2010 to approximately 622,000 workers in CY 2019. This increase represents a CAGR of 2.1 percent in the Air Trade Area's civilian labor force during this period, compared to a 1.4 percent increase for Florida and a 0.7 percent increase for the United States. The Air Trade Area's civilian labor force declined by 1.2 percent in CY 2020, similar to the decline in the civilian labor force of Florida and the United States in CY 2020 by 2.1 percent and 1.7 percent, respectively, as workers leave the labor force due to childcare duties, fear of getting COVID-19 in the workplace, and other reasons related to the COVID-19 pandemic.

As also shown in Table 4-4, average annual unemployment rates (non-seasonally adjusted) for both the Air Trade Area and Florida were consistently above the unemployment rates for the United States between CY 2010 and CY 2015, but since CY 2016 the relationship has reversed, and the Air Trade Area and Florida rates have been equal to or below the average annual unemployment rate for the United States. The average annual unemployment rate for CY 2020 for the Air Trade Area was 7.2 percent; in Florida and the United States, unemployment rates increased to 7.7 percent and 8.1 percent, respectively, in CY 2020. As of March 2021, the non-seasonally adjusted unemployment rates for the Air Trade Area, Florida, and the nation were 4.5 percent, 5.3 percent, and 6.2 percent, respectively.

Table 4-5 presents an analysis of nonagricultural employment trends by major industry sector; the Air Trade Area's employment trends are compared to those for the nation in CY 2010, CY 2019, and CY 2020. As shown, nonagricultural employment in the Air Trade Area increased from approximately 350,800 workers in CY 2010 to approximately 484,300 workers in CY 2019, before decreasing to 463,900 workers in CY 2020, because of the COVID-19 pandemic. Factoring in the negative growth rates for the Air Trade Area and the nation in CY 2020, the increase represents a CAGR of 2.8 percent during this period (CY 2010 to CY 2020), compared to a 0.9 percent CAGR nationwide. In CY 2020, Air Trade Area nonagricultural employment was affected less by the COVID-19 pandemic than the nation, with nonagricultural employment in the Air Trade Area decreasing at a slower rate (4.2 percent between CY 2019 and CY 2020) than the nation (5.8 percent between CY 2019 and CY 2020).

Except for the information sector, each of the major industry groups in the Air Trade Area experienced positive employment growth between CY 2010 and CY 2020, with the highest growth occurring in the construction sector. Along with the construction sector, the financial, manufacturing, and transportation and utilities sectors led employment growth in the Air Trade Area. All four sectors had higher growth than what was experienced in the nation between CY 2010 and CY 2020, and three of those four sectors had growth in CY 2020, despite the COVID-19 pandemic. The most significant impact on employment from the COVID-19 pandemic is undoubtedly in the leisure and hospitality sector, where employment declined by 15.5 percent and 19.6 percent, respectively, in the Air Trade Area and the nation between CY 2019 and CY 2020. As shown in the bar chart in Table 4-5, employment in the Air Trade Area in CY 2020 is significantly more concentrated in the leisure and hospitality, trade, and construction sectors than it is in the nation. Contrarily, employment in manufacturing, transportation and utilities, and education and health services is less concentrated in the Air Trade Area than it is in the nation.

[6] The civilian labor force is defined as all persons in the civilian noninstitutional population classified as either employed or unemployed.

TABLE 4-4 CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATES

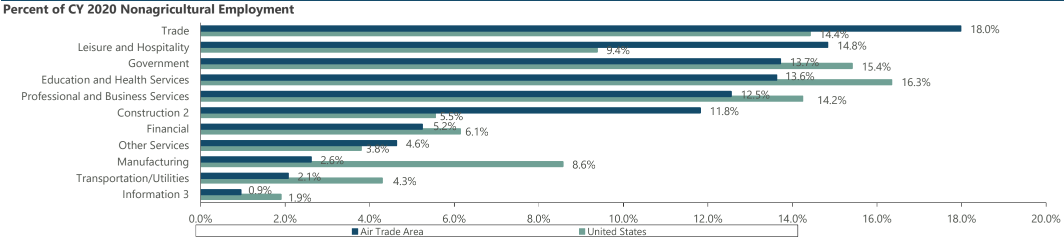
	CIVILIAN LABOR FORCE		
YEAR	AIR TRADE AREA	FLORIDA	UNITED STATES
CY 2010	514	9,147	153,889
CY 2011	522	9,260	153,617
CY 2012	530	9,336	154,975
CY 2013	542	9,415	155,389
CY 2014	557	9,546	155,922
CY 2015	573	9,640	157,130
CY 2016	590	9,841	159,187
CY 2017	599	10,032	160,320
CY 2018	610	10,166	162,075
CY 2019	622	10,330	163,539
CY 2020	615	10,114	160,742
Compound Annual Growth Rate			
CY 2010 – CY 2019	2.1%	1.4%	0.7%
CY 2019 – CY 2020	-1.2%	-2.1%	-1.7%
CY 2010 – CY 2020	1.8%	1.0%	0.4%
	UNEMPLOYMENT RATES		
YEAR	AIR TRADE AREA	FLORIDA	UNITED STATES
CY 2010	11.9%	10.8%	9.6%
CY 2011	10.8%	10.0%	8.9%
CY 2012	9.2%	8.6%	8.1%
CY 2013	7.8%	7.5%	7.4%
CY 2014	6.5%	6.4%	6.2%
CY 2015	5.5%	5.5%	5.3%
CY 2016	4.9%	4.9%	4.9%
CY 2017	4.3%	4.2%	4.4%
CY 2018	3.7%	3.6%	3.9%
CY 2019	3.5%	3.3%	3.7%
CY 2020	7.2%	7.7%	8.1%
March 2021	4.5%	5.3%	6.2%

NOTES:
The civilian labor force is in thousands.
CY – Calendar Year
SOURCE: US Department of Labor, Bureau of Labor Statistics, May 2021.

TABLE 4-5 EMPLOYMENT TRENDS BY MAJOR INDUSTRY SECTOR (EMPLOYMENT IN THOUSANDS)

	AIR TRADE AREA NONAGRICULTURAL EMPLOYMENT[1]					UNITED STATES NONAGRICULTURAL EMPLOYMENT				
SECTOR	CY 2010	CY 2019	CY 2020	COMPOUND ANNUAL GROWTH RATE CY 2010 – CY 2020	COMPOUND ANNUAL GROWTH RATE CY 2019 – CY 2020	CY 2010	CY 2019	CY 2020	COMPOUND ANNUAL GROWTH RATE CY 2010 – CY 2020	COMPOUND ANNUAL GROWTH RATE CY 2019 – CY 2020
Trade	66.8	86.5	83.4	2.2%	(3.6%)	19,833	21,509	20,493	0.3%	(4.7%)
Leisure and Hospitality	56.9	81.4	68.8	1.9%	(15.5%)	13,049	16,586	13,327	0.2%	(19.6%)
Government	56.5	64.0	63.6	1.2%	(0.6%)	22,490	22,613	21,909	(0.3%)	(3.1%)
Education and Health Services	49.1	64.5	63.2	2.6%	(2.0%)	19,975	24,163	23,235	1.5%	(3.8%)
Professional and Business Services	38.9	59.3	58.2	4.1%	(1.9%)	16,783	21,274	20,246	1.9%	(4.8%)
Construction [2]	27.8	54.6	54.8	7.0%	0.4%	6,223	8,220	7,888	2.4%	(4.0%)
Financial	19.1	25.1	24.3	2.4%	(3.2%)	7,695	8,754	8,724	1.3%	(0.3%)
Other Services	18.1	23.1	21.5	1.7%	(6.9%)	5,331	5,891	5,394	0.1%	(8.4%)
Manufacturing	7.2	12.0	12.1	5.3%	0.8%	11,528	12,817	12,179	0.6%	(5.0%)
Transportation and Utilities	5.5	9.2	9.6	5.7%	4.3%	4,732	6,214	6,097	2.6%	(1.9%)
Information [3]	4.9	4.6	4.4	(1.1%)	(4.3%)	2,707	2,864	2,694	(0.0%)	(5.9%)
Total	**350.8**	**484.3**	**463.9**	**2.8%**	**(4.2%)**	**130,346**	**150,905**	**142,186**	**0.9%**	**(5.8%)**

Percent of CY 2020 Nonagricultural Employment



NOTES:
CY – Calendar Year
1 Does not include Hendry County and Glades County employment.
2 Includes mining and logging employment.
3 The information sector includes communications, publishing, motion picture and sound recording, and online services.
SOURCE: US Department of Labor, Bureau of Labor Statistics, March 2021.

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Changes in the Air Trade Area's nonagricultural employment sector makeup differ from the national trends that occurred between CY 2010 and CY 2020. In the Air Trade Area during that period, it was primarily government, leisure and hospitality, and trade employment that lost part of their share of employment to the construction and professional and business services sectors, as employment in the latter increased at faster CAGRs than the former. Financial, education and health services, other services, and information employment as a percent of total employment decreased minimally (by less than 1 percent) in the Air Trade Area, and transportation and utilities and manufacturing employment increased minimally (by less than 1 percent). In the nation, the changes in employment makeup by sector were not as significant as the Air Trade Area, with only the professional services sector increasing by more than a percentage point of total employment and only the government sector decreasing by more than a percentage point of total employment between CY 2010 and CY 2020.

As mentioned previously, the Air Trade Area nonagricultural employment was less affected by the COVID-19 pandemic in CY 2020 than the national nonagricultural employment, despite the relatively more concentrated employment in leisure and hospitality and trade sectors that have been disproportionately impacted by the pandemic in the Air Trade Area than in the nation.

4.2.3 BUSINESS CLIMATE

The business climate in the Air Trade Area offers advantages to new, expanding, and relocating companies. These advantages include support for small businesses; a state "right-to-work" law; competitive local/state tax and incentive structures; and no state personal income tax. Florida ranked fourth in the Tax Foundation's 2021 State Business Tax Climate Index, an indicator of which states' tax systems are the most hospitable to business and economic growth.[7] Florida has the fourth largest state GDP and the third largest state workforce size, which can support business operations. In 2018, a study conducted by the Mercatus Center at George Mason University ranked the state as fifth for fiscal solvency.[8] According to the Milken Institute, the Punta Gorda, Florida, MSA (Charlotte County) ranked 11th out of 200 small US metropolitan areas based on how well an area creates and sustains employment and economic growth.[9] The Punta Gorda, Florida, MSA ranked highest in the 1-year wage growth category (8th of 200) and short-term jobs growth category (4th of 200) and was one of only a handful of cities to see positive year-over-year jobs growth in 2020.[10]

Table 4-6 presents the major employers in the Air Trade Area, as measured by the number of employees. As shown, there are approximately 30 private or public entities in the Air Trade Area with 1,000 or more employees. The largest employer in the Air Trade Area is Lee Health, with approximately 13,595 employees, followed by the Lee County School District (12,936 employees); the County (9,038 employees); Publix Super Markets (8,728 employees); and the NCH Healthcare System (7,017 employees). In addition, The Hertz Corporation (car rental), Hertz Equipment Rental Corporation (industrial and construction rental services), Chico's FAS (apparel), and Arthrex, Inc. (medical devices) all have their corporate headquarters located in the Air Trade Area.

[7] Tax Foundation, "2021 State Business Tax Climate Index," https://taxfoundation.org/2021-state-business-tax-climate-index/ (accessed March 8, 2021).

[8] Mercatus Center, George Mason University, "State Fiscal Rankings," https://www.mercatus.org/publications/urban-economics/state-fiscal-rankings (accessed March 8, 2021).

[9] Milken Institute, "Best-Performing Cities 2021: Foundations for Growth and Recovery," https://milkeninstitute.org/reports/best-performing-cities-2021 (accessed March 8, 2021).

[10] The job growth is from October 2019 to October 2020.

TABLE 4-6 MAJOR EMPLOYERS IN THE AIR TRADE AREA

EMPLOYER	DESCRIPTION	# OF EMPLOYEES
Lee Health [1]	Hospital	13,595
Lee County School District	Education/public schools	12,936
Lee County Local Government [2]	Local government	9,038
Publix Super Market	Retail grocery stores	8,728
NCH Healthcare System [1]	Hospital	7,017
Walmart	Retail grocery stores	6,516
Collier County School District	Education/public schools	5,604
Collier County Local Government [2]	Local government	5,119
Florida Gulf Coast University	Post-secondary education	3,430
Bayfront Health	Hospital	3,060
Charlotte County School District	Education/public schools	2,553
Arthrex, Inc. [1]	Medical device company	2,500
Charlotte County Local Government [2]	Local government	2,464
McDonald's	Restaurant chain	2,447
City of Cape Coral	Local government	2,253
US Sugar	Agricultural business	2,100
Home Depot	Retail store chain	2,040
Winn-Dixie	Retail grocery stores	1,994
Hope Hospice	Healthcare network	1,768
Ritz Carlton–Naples	Hotel chain	1,450
Florida SouthWestern State College [1]	Post-secondary education	1,441
Gartner, Inc. [1]	Research and advisory	1,200
Walgreens	Retail store chain	1,191
City of Naples	Local government	1,169
Target	Retail store chain	1,150
Chico's FAS, Inc. [1]	Retail store chain	1,147
Lowe's Home Improvement	Retail store chain	1,135
Hertz [1]	Rental car company	1,110
Shell Point Retirement Community	Healthcare network	1,100
Radiology Regional Center	Hospital	1,031

NOTES:
All data are current as of 2019, unless noted otherwise.
1 Data as recent as 2017.
2 Data as recent as 2018 Quarter 3.
SOURCES: Southwest Florida Economic Development Alliance and the Regional Economic Research Institute, 2019.

4.2.4 EMPLOYMENT BY MAJOR INDUSTRIAL SECTOR

While once considered "a three-legged stool," propped up by tourism, agriculture, and construction, the Air Trade Area's economy is now relatively diverse. Sources of economic diversity in the region are discussed in this section by focusing on the following nonagricultural employment sectors, listed in order of their contribution to the Air Trade Area's employment base (see Table 4-5): trade, leisure and hospitality, government, education and health services, professional and business services, construction, financial, other services, manufacturing, transportation/utilities, and information.[11]

4.2.4.1 TRADE

In CY 2020, the trade sector accounted for approximately 83,400 employees in the Air Trade Area, the highest employment level among all sectors; 84.1 percent of trade employment in the Air Trade Area was in retail trade, with the remaining 15.9 percent being in wholesale trade. In contrast, 72.5 percent of trade employment in the United States was in retail trade, with the remaining 27.5 percent in wholesale trade. It is the higher levels of retail trade employment that makes the trade sector as a whole play a relatively larger role in the Air Trade Area's employment base than the trade sector does in the nation. The trade sector accounted for 18.0 percent of total nonagricultural employment in CY 2020 in the Air Trade Area, compared to 14.4 percent in the nation.

Trade employment in the Air Trade Area increased at a CAGR of 2.2 percent between CY 2010 and CY 2020, compared to a 0.3 percent increase for the nation over the same period. Trade employment in the Air Trade Area was slightly less affected in CY 2020 by the COVID-19 pandemic than trade employment in the nation, with the Air Trade Area trade employment decreasing 3.6 percent compared to a 4.7 percent decrease in national trade employment.

Major retailers are well represented in the Air Trade Area, with 18 different malls, shopping districts, outlets, and town centers.[12] Waterside Shops, Coconut Point, and Edison Mall, among others, provide major retailers, such as Saks Fifth Avenue, Ralph Lauren, and Louis Vuitton, residency within the Air Trade Area.

4.2.4.2 LEISURE AND HOSPITALITY

In 2020, the leisure and hospitality sector accounted for approximately 68,800 employees in the Air Trade Area. Unsurprisingly, employment in the leisure and hospitality sector plays a significantly large role in the Air Trade Area than in the nation. The leisure and hospitality sector accounted for 14.8 percent of total nonagricultural employment in CY 2020 in the Air Trade Area, compared to 9.4 percent in the nation.

Leisure and hospitality employment in the Air Trade Area increased at a CAGR of 1.9 percent between CY 2010 and CY 2020, compared to a 0.2 percent increase for the nation over the same period. Leisure and hospitality employment in the Air Trade Area was slightly less affected in CY 2020 by the COVID-19 pandemic than leisure and hospitality employment in the nation, with the Air Trade Area leisure and hospitality employment decreasing 15.5 percent compared to a 19.6 percent decrease in national leisure and hospitality employment.

According to the Southwest Florida Economic Development Alliance, nearly 6.8 million tourists visit Southwest

[11] The 10 industry sectors discussed in this section and displayed in Table 4-5 correspond to the 11 "supersectors" defined by the US Bureau of Labor Statistics' grouping by North American Industry Classification System code, with one exception; due to low employment in the mining and logging supersector, it is included in the construction sector in this Report.

[12] Southwest Florida Economic Development Alliance, https://swfleda.com/shopping-entertainment/ (accessed March 18, 2021).

Florida annually, accounting for a roughly $8.4 billion economic impact in the Air Trade Area.[13] Seasonally adjusted tourist tax revenues were down 8 percent in December 2020, as compared to pre-pandemic December 2019, at $6.1 million for the three coastal counties in the Air Trade Area (Collier, Charlotte, and Lee) that see the most tourism.[14]

The Air Trade Area includes cities closely associated with travel and leisure, including Naples, Punta Gorda, Marco Island, Cape Coral, Bonita Springs, and Fort Myers. These cities include diverse arts communities with several theatres, museums, galleries, and festivals.

The Air Trade Area offers fine dining and historical sights. Many tourists visit downtown Naples, including Fifth Avenue, Third Street, and the "Old Naples" district. Historical sites and attractions include Old Florida at the Marco Historical Society Museum, Sanibel Historical Museum and Village, the Edison and Ford Winter Estates, and the Calusa and Mound House.

The Air Trade Area has more than 50 miles of publicly accessible coastline on the Gulf of Mexico. Other destinations include Marco Island waterways, which support outdoor sporting, boating, fishing, shelling, snorkeling, and windsurfing. The area south of Naples is surrounded by some of the state's wildlife sanctuaries, including Everglades National Park, Big Cypress National Preserve, and the Florida Panther National Refuge. In Charlotte County, the Charlotte Harbor includes one of the world's largest protected marine estuaries.

The Air Trade Area includes golf and sporting event opportunities. Lee County is home to more than 150 golf courses. Fort Myers is also the spring training home of the Boston Red Sox and Minnesota Twins baseball teams.

4.2.4.3 GOVERNMENT

In CY 2020, the government sector accounted for approximately 63,600 employees in the Air Trade Area, which accounted for 13.7 percent of total nonagricultural employment. Government employment in the Air Trade Area is slightly less concentrated than it is in the nation. Government employment in the Air Trade Area increased at a CAGR of 1.2 percent between CY 2010 and CY 2020, compared to a decrease at a CAGR of 0.3 percent for the nation over the same period.

As shown in Table 4-6, numerous governmental organizations are among the major employers in the Air Trade Area. Multiple local governments and school districts are located within the Air Trade Area that provide a significant number of jobs. The largest government employer, and second largest employer in the Air Trade Area overall, is the Lee County School District (12,936 employees). The Lee County School District operates and oversees a total of 119 schools that educate over 95,000 students a year.[15] Lee County is not only the largest public primary/secondary educational employer, but also the largest local government employer in the Air Trade Area (9,038 employees). Lee County has six incorporated cities within it: Fort Myers, Cape Coral, Bonita Springs, Sanibel, Fort Myers Beach, and Estero.[16]

Collier County also provides a significant number of government jobs for the Air Trade Area. It is both the second

[13] Rockport Analytics, *A Banner Year for Florida Tourism Performance*, https://www.visitflorida.org/media/71465/2017-contribution-of-travel-tourism-to-the-florida-economy.pdf (accessed March 18, 2021).

[14] Regional Economic Research Institute, Florida Gulf Coast University, *Southwest Florida Regional Economic Indicators*, https://www.fgcu.edu/cob/reri/rei/indicators_current.pdf (accessed March 18, 2021).

[15] The School District of Lee County, https://www.leeschools.net/our_district/fast_facts (accessed March 18, 2021).

[16] Lee County, http://www.leegov.com/ (accessed March 18, 2021).

largest public primary/secondary educational employer with the Collier County School District (5,604 employees) and the second largest local government employer with the Collier County Local Government (5,119 employees). Charlotte County follows with the Charlotte County School District (2,553 employees) and Charlotte County Local Government (2,464 employees).

4.2.4.4 EDUCATION AND HEALTH SERVICES

In CY 2020, this sector accounted for approximately 63,200 employees in the Air Trade Area, which accounted for 13.6 percent of total nonagricultural employment. Education and health services employment as a whole is less concentrated in the Air Trade Area than it is in the nation, due to the relatively lower concentration of higher education in the Air Trade Area.

Education and health services employment in the Air Trade Area increased at a CAGR of 2.6 percent between CY 2010 and CY 2020, compared to a 1.5 percent CAGR increase for the nation over the same period. The impact of the COVID-19 pandemic on employment in the education and health services sector in CY 2020 was affected less in the Air Trade Area than in the nation.

Lee Health is the largest employer in the Air Trade Area, with more than 13,500 employees. It consists of six total hospitals: four acute care hospitals (Lee Memorial Hospital, HealthPark Medical Center, Gulf Coast Medical Center, and Cape Coral Hospital) and two specialty hospitals (Golisano Children's Hospital of Southwest Florida and The Rehabilitation Hospital). The Lee Health system provides 1,426 beds and has over one million patient contacts each year. Lee Health is the largest not-for-profit public health system that receives no local tax support in the state of Florida.[17] Four Lee Health hospitals were ranked among "America's Best Hospitals" in February 2021 by Healthgrades, a leading online resource for information about physicians and hospitals. This award places the four Lee Health hospitals in the top 5 percent of hospitals nationwide for consistently exhibiting comprehensive, quality care across all clinical areas.

Also located in the Air Trade Area is the NCH Healthcare System and Bayfront Health. NCH Healthcare System has a broad range of services in different medical, surgical, diagnostic, and rehabilitation specialties. The system is an alliance of approximately 700 physicians in various facilities located throughout Collier County and Southwest Florida. It currently employs over 7,000 people and provides 716 beds in two hospitals. Bayfront Health employs over 3,000 individuals within its two-hospital system. Together, Bayfront Health Port Charlotte and Bayfront Health Punta Gorda provide 462 beds for patients. Shell Point Retirement Community is also an employer within the Air Trade Area. Its organization of assisted living and skilled nursing facilities consists of over 1,100 employees to care for its approximately 2,400 residents.

While not as concentrated as in the nation, the Air Trade Area has several college and university campuses that provide access to higher educational opportunities, and they enroll more than 35,000 students per year.[18] These educational institutions generate demand for airline travel through academic meetings and conferences, visiting professorships, study abroad programs, and individual student and faculty travel. The three largest higher educational institutions, excluding vocational training and associates-level education, include two public institutions, Florida Gulf Coast University (which employs approximately 3,430 people in the Air Trade Area and has 14,000 enrolled students) and Florida SouthWestern State College (which has approximately 16,500 enrolled students); and

[17] Lee Health, http://www.leehealth.org/about/fast-facts.asp (accessed March 19, 2021).

[18] The information included in this section is from the various colleges' websites, as well as from Southwest Florida Economic Development Alliance data.

the private institution Hodges University (which has approximately 1,600 enrolled students). Other higher educational institutions with campuses in the Air Trade Area include Ava Maria University, Nova Southeastern University, Rasmussen College, Keiser University, and Southwest Florida College.

4.2.4.5 PROFESSIONAL AND BUSINESS SERVICES

Professional and business services employment in the Air Trade Area increased at a CAGR of 4.1 percent between CY 2010 and CY 2020, compared to a 1.9 percent increase for the nation over the same period. In CY 2020, this sector accounted for approximately 58,200 employees in the Air Trade Area, which accounted for 12.5 percent of total nonagricultural employment.

The Air Trade Area's increased growth in professional and business services employment over the 10-year period is in part due to professional and business services employment in the Air Trade Area not being as affected by the COVID-19 pandemic as the nation in CY 2020. In that year professional and business services employment in the Air Trade Area decreased by 1.9 percent, compared to a 4.8 percent decrease in professional and business services employment in the nation.

Professional services providers, while large in number, primarily employ smaller numbers of employees per firm. However, one notable example of a larger professional services provider in the Air Trade Area is Gartner, Inc. (1,200 employees), an information technology (IT) research and advisory company that delivers technology-related insight for consumers.

4.2.4.6 CONSTRUCTION

In CY 2020, the construction sector accounted for approximately 54,800 employees in the Air Trade Area, which accounted for 11.8 percent of total nonagricultural employment. Employment in the construction sector is highly concentrated in the Air Trade Area; construction sector employment in the nation accounted only for 5.5 percent of total nonagricultural employment, less than half the construction sector employment concentration in the Air Trade Area.

Construction employment in the Air Trade Area increased at a CAGR of 7.0 percent between CY 2010 and CY 2020, compared to an increase of 2.4 percent for the nation over the same period. While the COVID-19 pandemic slowed growth in the construction sector, it was one of the three sectors where growth remained positive in the Air Trade Area in CY 2020.

Both building permits and housing sales and prices are indirect indicators of employment in the construction sector. As shown in **Table 4-7**, Air Trade Area residential building permits and valuation experienced a greater increase than what was experienced by the United States over the CY 2010 to CY 2020 period. The Air Trade Area's residential building permit units rebounded in CY 2010 from the bottom of the most recent residential real estate building cycle in CY 2009 and have continued that growth, showing a significant CAGR increase of 19.5 percent from CY 2010 (compared to an increase of 15.4 percent for Florida and 9.2 percent for the United States). Building permit valuation increased at a CAGR of 18.5 percent (compared to a lesser increase of 16.7 percent for Florida and 11.6 percent for the United States).

TABLE 4-7 RESIDENTIAL BUILDING PERMITS AND VALUATION

	AIR TRADE AREA		FLORIDA		UNITED STATES	
YEAR	UNITS	VALUATION	UNITS	VALUATION	UNITS	VALUATION
CY 2010	2,960	$670,138	38,679	$7,823,544	604,610	$101,943,061
CY 2011	3,219	$791,372	42,360	$8,814,610	624,061	$105,268,541
CY 2012	3,984	$1,067,761	64,810	$13,201,491	829,658	$140,425,307
CY 2013	6,407	$1,602,830	86,752	$18,161,486	990,822	$177,655,914
CY 2014	8,315	$2,186,470	84,084	$19,550,711	1,052,124	$194,349,701
CY 2015	12,068	$2,902,898	109,924	$23,439,129	1,182,582	$223,611,322
CY 2016	9,911	$2,405,223	116,240	$25,863,502	1,206,642	$237,101,605
CY 2017	12,445	$2,802,332	122,719	$28,095,289	1,281,977	$258,505,419
CY 2018	16,175	$3,737,572	144,427	$31,543,714	1,317,900	$271,119,544
CY 2019	15,425	$3,486,082	154,302	$33,210,471	1,386,048	$280,534,195
CY 2020	17,578	$3,670,379	162,592	$36,730,417	1,451,579	$304,253,199
Compound Annual Growth Rate						
CY 2010 – CY 2020	19.5%	18.5%	15.4%	16.7%	9.2%	11.6%

NOTES:
Dollar amounts in thousands.
The Air Trade Area residential building permits and valuation data do not include data for Hendry and Glades Counties.
CY – Calendar Year
SOURCE: US Department of Commerce, Bureau of the Census, March 2021.

Air Trade Area home sales,[19] including single-family homes and townhouse and condos, grew 14.5 percent in CY 2020 with 43,116 closed sales during the year.[20] The most populous county in the Air Trade Area, Lee County, had somewhat slower valuation growth than the Air Trade Area as a whole: the median sale price for a single-family home in Lee County rose 11.7 percent to $289,000 in CY 2020, and the median sale price for townhouses and condos rose 9.3 percent to $209,900.[21] Median home prices for Collier County are significantly higher ($498,500 for a single-family home in CY 2020, a 14.6 percent increase over 2019), whereas prices for Charlotte County are somewhat lower ($252,000 for a single-family home in CY 2020, a 9.6 percent increase over CY 2019).

4.2.4.7 FINANCIAL

Financial, insurance, and real estate services comprise the financial sector. In CY 2020, the financial sector accounted for approximately 24,300 employees in the Air Trade Area, which accounted for 5.2 percent of total nonagricultural employment. Financial employment in the Air Trade Area increased at a CAGR of 2.4 percent between CY 2010 and CY 2020, compared to an increase of 1.3 percent for the nation over the same period. The financial sector is the only sector in which employment in the Air Trade Area was more affected in CY 2020 by the COVID-19 pandemic than in the nation, with financial sector employment decreasing by 3.2 percent between CY 2019 and CY 2020, while financial sector employment nationwide only decreased by 0.3 percent.

[19] Air Trade Area home sales do not include Hendry County and Glades County; 2020 Hendry County and Glades County home sales data are not publicly available.

[20] Florida Realtors, https://archive.floridarealtors.org/ResearchAndStatistics/Florida-Market-Reports/Index.cfm (accessed March 25, 2021).

[21] Median home sales for the Air Trade Area as a whole and median home sales for Hendry and Glades Counties are not publicly available.

The financial sector plays a relatively smaller role in the Air Trade Area's employment base than in the nation overall. No financial sector employers are included in the Air Trade Area's major employers shown in Table 4-6. Orion Bank, the largest independent community bank in Southwest Florida with assets of more than $2 billion, is headquartered in Naples. According to the most recent Federal Deposit Insurance Corporation statistics, the Air Trade Area has 77 commercial banks with 380 offices.

Table 4-8 presents total bank deposits for the Air Trade Area, Florida, and the United States between the year ending June 30, 2010, and the year ending June 30, 2020. Total bank deposits are an indication of the economic activity of the financial sector. As shown, total bank deposits in the Air Trade Area increased from approximately $26.4 billion in 2010 to approximately $41.5 billion in 2020. This increase represents a CAGR of 4.6 percent during this period, which was lower than that for Florida and the nation (CAGRs of 5.6 and 7.3 percent, respectively) during this same period. There was a surge in bank deposits in the first few months of the pandemic, which can be seen in a significant increase in bank deposits between 2019 and 2020 in Table 4-8. Numerous factors contributed to the surge, including the billions of dollars the government provided to small businesses via Paycheck Protection Program loans and individuals via stimulus checks and unemployment benefits; the Federal Reserve's efforts to support financial markets, including an unlimited bond-buying program; and the uncertainty that prompted everyone from households to large corporations to hoard cash.[22]

TABLE 4-8 TOTAL BANK DEPOSITS

	TOTAL BANK DEPOSITS		
	AIR TRADE AREA	FLORIDA	UNITED STATES
Historical			
2010	$26,372	$409,894	$7,676,878
2011	$24,850	$411,157	$8,249,403
2012	$25,946	$423,908	$8,947,244
2013	$26,776	$441,108	$9,433,522
2014	$28,845	$462,364	$10,112,724
2015	$31,841	$502,930	$10,657,721
2016	$34,494	$541,660	$11,280,518
2017	$36,583	$563,793	$11,859,860
2018	$37,745	$585,832	$12,307,880
2019	$38,072	$603,555	$12,813,120
2020	$41,505	$708,385	$15,588,510
Compound Annual Growth Rate			
2010 – 2019	4.2%	4.4%	5.9%
2019 – 2020	9.0%	17.4%	21.7%
2010 – 2020	4.6%	5.6%	7.3%

NOTE:
Year ending June 30; dollar amounts in millions.
SOURCE: Federal Deposit Insurance Corporation, *Summary of Deposits Report*, February 2021.

[22] Son, Hugh, "U.S. banks are 'swimming in money' as deposits increase by $2 trillion amid the coronavirus," *CNBC*, June 21, 2020.

4.2.4.8 OTHER SERVICES

In CY 2020, the other services sector accounted for approximately 21,500 employees in the Air Trade Area, which accounted for 4.6 percent of total nonagricultural employment. Other services employment in the Air Trade Area increased at a CAGR of 1.7 percent between CY 2010 and CY 2020, compared to an increase of 0.1 percent for the nation over the same period.

Other services employment includes personal services (e.g., assisting the elderly with activities of daily living); dry cleaning and laundry services; repair and maintenance services; religion, grant making, civic, professional, and similar organizations; and private household employment. Because the demand for these services is on an individual or household level, trends in other services employment do not independently drive economic growth, but rather tend to reflect growth in other industry sectors, which results in an increased demand for other services by individuals and households.

4.2.4.9 MANUFACTURING

In CY 2020, the manufacturing sector accounted for approximately 12,100 employees in the Air Trade Area, representing 2.6 percent of total nonagricultural employment. Manufacturing employment in the Air Trade Area is significantly less concentrated than that in the nation, where it represents 8.6 percent of total employment. Manufacturing employment in the Air Trade Area increased at a CAGR of 5.3 percent between CY 2010 and CY 2020 (the third-fastest rate of increase of any Air Trade Area industry sector between CY 2010 and CY 2020), compared to an increase of 0.6 percent for the nation over the same period. Manufacturers in the Air Trade Area include Arthrex, Inc., a medical device manufacturer, and Global Tech LED, a light-emitting diode (LED) lighting manufacturer.

4.2.4.10 TRANSPORTATION AND UTILITIES

In CY 2020, the transportation and utilities sector accounted for approximately 9,600 employees in the Air Trade Area, which accounted for 2.1 percent of total nonagricultural employment. The transportation and utilities sector plays a relatively smaller role in the Air Trade Area's employment base than in the nation overall. Transportation and utilities employment in the Air Trade Area increased at a CAGR of 5.7 percent between CY 2010 and CY 2020, compared to an increase of 2.6 percent for the nation over the same period.

Air transportation demand in the Air Trade Area is primarily serviced by the Airport, as well as PGD, a small-hub airport located in Charlotte County. The Air Trade Area is also supported by additional transportation infrastructure, providing both passenger and freight access.

The major artery for the Air Trade Area is I-75. A parallel thoroughfare is Highway 41 or Tamiami Trail. There is not a major seaport in the Air Trade Area, but four major seaports are within a 2- to 3-hour drive: Port Miami, Port Everglades, Port of Manatee, and Port Tampa Bay. Seminole Gulf is the provider of freight rail service in the Air Trade Area; it owns and operates over 100 miles of track in Florida from a connection with the national rail system at Arcadia between North Naples and between Oneco (Bradenton) and Sarasota.

There is no passenger rail service in the Air Trade Area. Public transit in Lee County is provided by LeeTRAN. LeeTRAN offers a variety of bus and trolley transit services. The trolley system runs along the beach and river district but does not take passengers downtown. Greyhound Bus Lines provides regularly scheduled bus service to and from the Air Trade Area out of a Greyhound bus station in Fort Myers.

4.2.4.11 INFORMATION

The information sector combines telecommunications service providers, traditional publishing, motion picture and sound recording, broadcasting, software, online services, and data processing. In CY 2020, the information sector accounted for approximately 4,400 employees in the Air Trade Area, which accounted for 0.9 percent of total nonagricultural employment. The information sector plays a relatively smaller role in the Air Trade Area's employment base than in the nation overall. Information employment in the Air Trade Area decreased at a CAGR of 1.1 percent between CY 2010 and CY 2020, compared to no change for the nation over the same period.

Information sector employers in the Air Trade Area include Allen Systems Group, Inc., a provider of applications, content, cloud, data protection, IT infrastructure, and operations management with worldwide headquarters in Naples, and Position Logic, a provider of enterprise asset management, in-house asset tracking solutions, and Global Positioning System (GPS) asset tracking, also located in Naples.

4.3 ECONOMIC OUTLOOK

4.3.1 SHORT-TERM ECONOMIC OUTLOOK

It is expected that the Air Trade Area and US economies will recover from the impacts of the COVID-19 pandemic in the near-term (1 to 3 years). Both the International Monetary Fund (IMF) and Congressional Budget Office (CBO) project real US GDP returning to or exceeding CY 2019 levels in CY 2021. In projections released in February 2021, the CBO projects a further decline of the national unemployment rate to 5.3 percent by the fourth quarter of 2021.[23] This represents a significant decline in unemployment from April 2020, when the national unemployment rate was 14.4 percent, but it is still higher than the 3.8 percent US unemployment rate in February 2020, the last month before impacts from COVID-19 were experienced in the United States. According to the CBO, US employment is not projected to recover to pre-pandemic levels until 2023.[24]

4.3.2 LONG-TERM ECONOMIC ASSUMPTIONS INCORPORATED IN PASSENGER DEMAND FORECASTS

As described in more detail in Chapter 5, the methodologies used in developing forecasts of enplaned passengers at the Airport included (among other methodologies) statistical linear regression modeling, with local, state, and national socioeconomics and demographics as independent variables and enplaned passengers as the dependent variable. Independent variables considered for this analysis included population, employment, earnings, personal income (per capita and total), and GRP/GDP. For each socioeconomic and demographic variable, regression modeling produced a coefficient that is applied to the corresponding variable projection developed by Woods & Poole to provide a forecast of enplaned passengers. **Table 4-9** presents the CY 2019 and CY 2028 figures used in the modeling, as well as the CAGR for each independent variable between CY 2019 and CY 2028. In addition to the Air Trade Area, Florida, and the United States, the forecast included analysis of the Cape Coral–Fort Myers–Naples, Florida, Combined Statistical Area (CSA), a subset of the Air Trade Area that includes the counties of Lee, Collier, and Hendry. As previously stated, the demand for air transportation at an airport is, to a large degree, dependent upon the demographic and economic characteristics of an airport's Air Trade Area. The projected growth in the economic indicators in Table 4-9 support the underlying assumptions that drive the airline activity forecasts discussed in Chapter 5.

[23] Congressional Budget Office, *An Overview of the Economic Outlook: 2021 to 2031*, February 2021.

[24] Ibid.

TABLE 4-9 PROJECTION OF ECONOMIC VARIABLES USED IN PASSENGER DEMAND FORECASTS

VARIABLE	CY 2019	CY 2028	CAGR CY 2019 – CY 2028
Cape Coral–Fort Myers–Naples, Florida, CSA Population	1,194,434	1,384,593	1.7%
ATA Population	1,395,260	1,605,385	1.6%
Florida Population	21,548,397	23,878,360	1.1%
US Population	329,308,907	348,771,080	0.6%
Cape Coral–Fort Myers–Naples, Florida, CSA Employment	654,580	781,027	2.0%
ATA Total Employment	733,002	872,603	2.0%
Florida Total Employment	12,713,932	14,886,842	1.8%
US Total Employment	204,075,432	229,400,901	1.3%
Cape Coral–Fort Myers–Naples, Florida, CSA Total Earnings[1]	$30,916	$40,413	3.0%
ATA Total Earnings[1]	$33,833	$44,121	3.0%
Florida Total Earnings[1]	$606,831	$771,375	2.7%
US Total Earnings[1]	$11,852,106	$14,319,908	2.1%
Cape Coral–Fort Myers–Naples, Florida, CSA Personal Income[1]	$72,242	$99,987	3.7%
ATA Total Personal Income[1]	$79,898	$117,547	3.6%
Florida Personal Income[1]	$1,021,976	$1,347,495	3.1%
US Total Personal Income[1]	$16,901,121	$21,813,790	2.3%
Cape Coral–Fort Myers–Naples, Florida, CSA Per Capita Personal Income[2]	$60,482	$72,214	2.0%
ATA Per Capita Personal Income[2]	$57,264	$68,431	2.0%
Florida Per Capita Personal Income[2]	$47,427	$56,432	2.0%
US Per Capita Personal Income[2]	$51,323	$59,844	1.7%
Cape Coral–Fort Myers–Naples, Florida, CSA Gross Regional Product[1]	$47,823	$62,738	3.1%
ATA Gross Regional Product (GRP)[1]	$53,006	$69,343	3.0%
Florida Gross Regional Product (GRP)[1]	$994,892	$1,266,249	2.7%
US Gross Domestic Product (GDP)[1]	$19,390,940	$23,350,164	2.1%

NOTES:
In this table, ATA refers to the Airport's Air Trade Area.
CY – Calendar Year
CAGR – Compound Annual Growth Rate
CSA – Combined Statistical Area
1 Figures displayed in millions of 2012 dollars.
2 Figures in 2012 dollars.
SOURCE: Woods & Poole Economics, Inc., 2020 Complete Economic and Demographic Data Source, June 2020.

4.3.3 CONCLUSIONS

The Air Trade Area population was 1,395,260 in CY 2019, and it is projected by Woods & Poole to increase to 1,605,385 by CY 2028. This represents a 1.6 percent CAGR for the Air Trade Area, which is higher than Florida and the United States during the same period (1.1 percent and 0.6 percent, respectively).

Per capita personal income in the Air Trade Area was higher than in the United States between CY 2010 and CY 2019. The Air Trade Area's per capita personal income in CY 2019 ($57,264) was 11.6 percent higher than per capita personal income in the United States ($51,323) and 20.7 percent higher than personal income in Florida ($47,427).

Per capita personal income in the Air Trade Area is projected by Woods & Poole to increase at a CAGR of 2.0 percent between CY 2019 and CY 2028, which is comparable to the projected CAGR of 1.9 percent for the United States and 1.7 percent for Florida.[25] The long-term impacts from the COVID-19 pandemic are largely unknown, and actual CY 2028 data for per capita personal income could be materially different than what was projected by Woods & Poole in June 2020.

Between CY 2010 and CY 2019, the Air Trade Area's GRP grew at a CAGR of approximately 3.2 percent; this is higher than Florida and the United States during the same period, which grew at CAGRs of 2.9 percent and 2.5 percent, respectively. GRP in the Air Trade Area is projected by Woods & Poole to increase at a CAGR of 3.0 percent between CY 2019 and CY 2028; Florida GRP and US GDP are projected to increase at CAGRs of 2.7 percent and 2.1 percent, respectively, over the same period. The long-term impacts from the COVID-19 pandemic are largely unknown, and actual CY 2028 data for GRP/GDP could be materially different than what was projected by Woods & Poole in June 2020.

Between CY 2010 and CY 2019, the Air Trade Area's labor force grew at a CAGR of approximately 2.1 percent; this is higher than Florida and the United States during the same period, which grew at CAGRs of 1.4 percent and 0.7 percent, respectively.

In terms of percentages of industry sector shares, CY 2020 employment in the following industry sectors in the Air Trade Area exceeded employment in the United States: trade; leisure and hospitality; construction; and other services.

The data cited in this chapter support the conclusion that the Air Trade Area has a large and diverse economy with projected growth that is anticipated to increase the demand for airline travel at the Airport through the Projection Period (ending FY 2028).

[25] Amounts are in 2012 dollars.

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5. PASSENGER DEMAND AND AIR SERVICE ANALYSIS

This chapter describes historical aviation and air service activities at the Airport, discusses key factors affecting trends in these activities, and presents projections of future air passenger demand at the Airport.

5.1 AIRLINES SERVING THE AIRPORT

As of March 2021, 15 scheduled passenger airlines operate at the Airport. As listed in **Table 5-1**, in addition to the 11 mainline airlines, 4 additional regional airlines provide service as affiliates of various legacy/mainline airlines (Delta Air Lines [Delta], American Airlines [American], and United Airlines [United]) on a contract basis. Two all-cargo airlines also operate at the Airport.

TABLE 5-1 AIRLINES SERVING THE AIRPORT

MAINLINE AIRLINES (11)	REGIONAL AIRLINES (4)	ALL-CARGO AIRLINES (2)
Air Canada [1]	Endeavor Air (Delta)	Federal Express (FedEx)
Alaska Airlines [2]	Mesa Airlines (United)	UPS
American Airlines	Republic Airlines (American, Delta, United)	
Delta Air Lines	SkyWest Airlines (United)	
Frontier Airlines		
JetBlue Airways		
Southwest Airlines		
Spirit Airlines		
Sun Country Airlines		
United Airlines		
WestJet Airlines		

NOTES:
The airlines serving the Airport are those scheduled as of June 2021.
1 Scheduled to resume in October 2021.
2 Seasonal winter service (November through April).
SOURCE: Innovata, June 2021.

Table 5-2 presents the scheduled passenger airline base at the Airport since FY 2011. Key points include the following:

- The Airport has had the benefit of a stable scheduled passenger airline base during the years shown. Delta, United, and American, inclusive of their regional airline affiliates currently serving the Airport, have operated at the Airport throughout the entire period, in addition to Southwest Airlines (Southwest), JetBlue Airways (JetBlue), Air Canada, Frontier Airlines (Frontier), Spirit Airlines (Spirit), WestJet Airlines (WestJet), and Sun Country Airlines (Sun Country).

- Alaska Airlines (Alaska) initiated service in FY 2021 with nonstop service to Los Angeles International Airport (LAX) and Seattle-Tacoma International Airport (SEA).
- Due to COVID-19 international travel restrictions, Eurowings ceased service to Düesseldorf, Germany, in March 2020. This service (or similar) is assumed to return and is incorporated into the projections in Section 5.4.

TABLE 5-2 HISTORICAL SCHEDULED PASSENGER AIRLINE BASE

AIRLINE [1]	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Delta Air Lines Carriers	●	●	●	●	●	●	●	●	●	●	●
United Airlines Carriers	●	●	●	●	●	●	●	●	●	●	●
American Airlines Carriers	●	●	●	●	●	●	●	●	●	●	●
Southwest Airlines	●	●	●	●	●	●	●	●	●	●	●
JetBlue Airways	●	●	●	●	●	●	●	●	●	●	●
Air Canada	●	●	●	●	●	●	●	●	●	●	●
Frontier Airlines	●	●	●	●	●	●	●	●	●	●	●
Spirit Airlines	●	●	●	●	●	●	●	●	●	●	●
WestJet Airlines	●	●	●	●	●	●	●	●	●	●	●
Sun Country Airlines	●	●	●	●	●	●	●	●	●	●	●
Alaska Airlines											●
Airlines No Longer Serving the Airport											
Air Berlin [2]	●	●	●	●	●	●	●				
Cape Air [3]	●	●	●								
Silver Airways [4]			●	●	●	●	●	●			
Eurowings [5]								●	●	●	

NOTES:
Fiscal Years ended September 30.
1 Where applicable, includes affiliated and merged carriers.
2 Air Berlin ceased service in October 2017.
3 Cape Air ceased service in November 2013.
4 Silver Airways ceased service in November 2018.
5 Eurowings ceased service in March 2020.
SOURCE: Innovata, February 2021.

5.2 AIR SERVICE ANALYSIS

5.2.1 HISTORICAL AIRLINE MARKET SHARES

Table 5-3 presents the historical share of enplaned passengers by airline at the Airport between FY 2016 and FY 2020. Delta held the largest market share through FY 2019, serving at least 20.8 percent of total enplaned passengers, with a peak of 22.9 percent in FY 2016. In FY 2020, Southwest surpassed Delta accounting for 18.6 percent of total enplaned passengers compared to Delta's 18.4 percent. From FY 2016 to FY 2019, Southwest represented the second-highest enplaned passenger market share. Prior to FY 2020, Southwest's market share peaked in FY 2017 at 21.7 percent. The top two airlines in FY 2020 (Southwest and Delta) accounted for 37.0 percent of total Airport enplaned passengers. Domestic LCCs (Frontier, JetBlue, Southwest, Spirit, and Sun Country) share of enplaned passengers increased from 48.4 percent in FY 2016 to 52.3 percent in FY 2020.

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TABLE 5-3 HISTORICAL TOTAL ENPLANED PASSENGERS BY AIRLINE

	2016		2017		2018		2019		2020	
AIRLINE [1]	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE
Southwest Airlines	891,773	20.6%	958,463	21.7%	897,880	19.3%	887,332	17.7%	657,913	18.6%
Delta Air Lines	991,080	22.9%	990,018	22.4%	994,881	21.3%	1,043,696	20.8%	649,185	18.4%
American Airlines	678,716	15.7%	668,343	15.1%	704,182	15.1%	743,170	14.8%	528,768	15.0%
United Airlines	367,440	8.5%	387,795	8.8%	413,897	8.9%	493,341	9.8%	383,450	10.9%
Frontier Airlines	239,071	5.5%	188,548	4.3%	387,352	8.3%	463,201	9.2%	370,515	10.5%
Spirit Airlines	334,597	7.7%	380,380	8.6%	419,183	9.0%	505,642	10.1%	366,618	10.4%
JetBlue Airways	556,246	12.8%	564,379	12.8%	576,062	12.4%	566,923	11.3%	351,503	10.0%
Sun Country Airlines	74,104	1.7%	79,059	1.8%	81,320	1.7%	133,342	2.7%	98,764	2.8%
Air Canada	95,653	2.2%	100,529	2.3%	102,384	2.2%	104,325	2.1%	71,817	2.0%
WestJet Airlines	49,362	1.1%	47,124	1.1%	52,124	1.1%	54,658	1.1%	35,717	1.0%
Eurowings					14,854	0.3%	29,538	0.6%	12,321	0.3%
Others [2]	54,955	1.3%	57,030	1.3%	18,094	0.4%	1,507	0.0%	1,805	0.1%
Airport Total	**4,332,997**	**100.0%**	**4,421,668**	**100.0%**	**4,662,213**	**100.0%**	**5,026,675**	**100.0%**	**3,528,376**	**100.0%**

NOTES:
Fiscal Years ended September 30.
1 Includes regional/commuter affiliates.
2 Includes airlines with minimal market share or that may not have operated at the Airport in Fiscal Year 2020.
SOURCE: Lee County Port Authority, March 2021.

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From FY 2016 to FY 2020, American ranked as the third largest airline at the Airport with an enplaned passenger share range from 14.8 percent (FY 2019) to 15.7 percent (FY 2016). In FY 2020, United ranked as the fourth largest airline, serving 10.9 percent of enplaned passengers, while Frontier ranked fifth, serving 10.5 percent of enplaned passengers (an increase from 5.5 percent in FY 2016).

5.2.2 NONSTOP MARKETS

The existence of nonstop airline service to the Airport's largest markets is an indication of robust air travel demand. **Table 5-4** presents historical data on the Airport's top 20 domestic O&D markets in FY 2020. The top 20 markets accounted for approximately 74 percent of domestic O&D passengers at the Airport. As of March 2021, all top 20 markets had nonstop service from the Airport. Nineteen of the top 20 domestic O&D markets are medium-haul markets, or markets between 601 and 1,800 miles from the Airport, and Atlanta, a short-haul market, is within 600 miles of the Airport. As shown in Table 5-4, the top domestic O&D market is Chicago, followed by New York and Minneapolis. The average fare across all domestic markets served from the Airport is $158, which is lower than the national average fare of $182.

TABLE 5-4 TOP 20 DOMESTIC ORIGIN AND DESTINATION MARKETS

RANK	MARKET	STAGE LENGTH [1]	TOTAL O&D PASSENGERS	FISCAL YEAR 2020 AVERAGE GROSS FARE	NONSTOP SERVICE [2]	NUMBER OF AIRLINES PROVIDING NONSTOP SERVICE
1	Chicago [3]	MH	339,086	$112	●	5
2	New York [4]	MH	286,898	$142	●	4
3	Minneapolis	MH	215,718	$130	●	5
4	Boston	MH	214,332	$136	●	3
5	Detroit	MH	201,715	$122	●	2
6	Philadelphia	MH	125,715	$102	●	4
7	Cleveland	MH	122,626	$69	●	4
8	Indianapolis	MH	98,706	$104	●	3
9	Baltimore	MH	90,756	$110	●	1
10	Columbus	MH	80,820	$107	●	3
11	Hartford	MH	78,422	$107	●	2
12	Denver	MH	72,990	$132	●	3
13	Cincinnati	MH	71,519	$85	●	2
14	Milwaukee	MH	69,706	$113	●	3
15	Washington [5]	MH	68,456	$149	●	4
16	St. Louis	MH	66,336	$120	●	2
17	Atlanta	SH	66,189	$141	●	2
18	Pittsburgh	MH	61,536	$110	●	3
19	Atlantic City	MH	48,838	$33	●	1
20	Dallas [6]	MH	43,799	$202	●	2
Total Top 20 Airports			**2,424,163**	**$141**		
Other O&D Markets			**1,186,554**			
Total O&D Passengers			**3,271,631**	**$158**		

NOTES:
O&D – Origin and Destination
1 Short Haul (SH) = 0 to 600 miles; Medium Haul (MH) = 601 to 1,800 miles; Long Haul (LH) = over 1,800 miles.
2 Nonstop service in FY 2020.
3 Includes Chicago O'Hare (ORD) and Chicago Midway (MDW).
4 Includes John F. Kennedy (JFK), LaGuardia (LGA), and Newark Liberty (EWR).
5 Includes Ronald Reagan Washington National (DCA) and Washington Dulles (IAD).
6 Includes Dallas Love Field (DAL) and Dallas Fort Worth (DFW).
SOURCES: US Department of Transportation, *Origin & Destination Survey*, February 2021; Innovata, February 2021.

Table 5-5 presents data on the Airport's scheduled nonstop destination airports on March 27, 2021. As shown, daily nonstop service is provided to 47 airports, with 190 daily departures on March 27. In addition, departures not scheduled on March 27, but operating in March 2021, are noted in Table 5-5. Destinations with a significant number of daily nonstop flights include the following: Minneapolis–St. Paul International Airport (MSP) with 15 departures (excluding nondaily service from Frontier), Chicago O'Hare International Airport (ORD) with 14 departures (excluding nondaily service from Frontier), Hartsfield-Jackson Atlanta International Airport (ATL) with 12 departures, and Detroit Metropolitan Wayne County Airport (DTW) and Indianapolis International Airport (IND) with 11 departures each. The largest O&D market, Chicago, has 23 nonstop departures (ORD and Chicago Midway International Airport [MDW] combined [excluding nondaily Frontier service to ORD]). As shown in Table 5-5, two or more airlines provide nonstop service to 22 airports, including 17 of the Airport's top 20 domestic O&D markets, resulting in competitive airfares to numerous markets.

5.2.3 HISTORICAL ENPLANED PASSENGER AND PASSENGER AIRLINE ACTIVITY AT THE AIRPORT

Table 5-6 and **Exhibit 5-1** present historical enplaned passenger activity at the Airport. As shown in Table 5-6, the Airport's historical share of nationwide enplaned passengers remained stable between FY 2010 and FY 2019. The data show that, while passenger activity trends at the Airport have fluctuated year to year, passenger activity at the Airport has generally moved in line with passenger activity for the nation, except for FY 2020, which was impacted by the COVID-19 pandemic. From FY 2010 to FY 2020, enplaned passengers at the Airport decreased at a CAGR of 0.5 percent, compared to a decrease of 3.2 percent nationwide. Prior to the outbreak of the COVID-19 pandemic, the Airport and nation experienced long-term increases in enplaned passengers from FY 2010 to FY 2019, with enplaned passengers increasing at a CAGR of 3.4 percent at the Airport and 2.9 percent for the nation. The Airport has experienced periods of strong passenger growth that have exceeded passenger growth nationwide in the period depicted in Table 5-6, except for FY 2012, FY 2016, and FY 2017. The FAA classifies RSW as a medium-hub airport based on its percentage of nationwide passenger activity.[1] The Airport ranked 43rd in the United States in CY 2019 with just over 5.0 million enplaned passengers.[2] As shown on Exhibit 5-1, domestic enplaned passengers represent 96 to 97 percent of total enplaned passengers at the Airport.

Specific details concerning passenger activity at the Airport between FY 2010 and FY-to-date (FYTD) 2021 are as follows:

- **FY 2010 – FY 2011**. Enplaned passengers increased to 3.9 million or 4.1 percent. AirTran Airways increased service to Milwaukee Mitchell International Airport (MKE) and introduced seasonal service to Greater Rochester International Airport (ROC), Quad City International Airport (MLI), and Central Illinois Regional Airport at Bloomington-Normal (BMI). Frontier initiated a second nonstop market (MKE), which more than doubled Frontier's enplaned passengers. Sun Country introduced seasonal service to Capital Region International Airport (LAN).
- **FY 2011 – FY 2012**. Passenger activity at the Airport decreased 5.1 percent in FY 2012 to approximately 3.7 million enplaned passengers. The year-over-year decrease can be attributed to American's reduction of service to Miami International Airport (MIA) and overall reduction in service from JetBlue and Spirit.

1 As defined by the FAA, a medium-hub airport enplanes between 0.25 percent and 1.0 percent of total US enplaned passengers during a CY. This percentage range of nationwide enplaned passengers equates to 2,375,868 to 8,935,654 enplaned passengers in CY 2019, the latest CY for determining airport size. The Airport enplaned 5,044,024 passengers in CY 2019.

2 US Department of Transportation, Federal Aviation Administration, *CY 2019 Passenger Boarding Data*, September 2020.

TABLE 5-5 NONSTOP MARKETS

DESTINATION	DAILY NONSTOPS	NUMBER OF AIRLINES	AIRLINE (OPERATING AIRLINE) – AVERAGE DAILY DEPARTURES (AIRPORT)
Akron (CAN) [1]	1	1	Spirit
Atlanta (ATL)	12	2	Delta (9), Southwest (3)
Atlantic City (ACY)	2	1	Spirit
Baltimore (BWI)	7	1	Southwest
Boston (BOS)	6	3	JetBlue (4), Spirit (1), United (1)
Buffalo (BUF)	2	2	Frontier (1), Southwest (1)
Charlotte-Douglas (CLT)	7	1	American
Chicago-Midway (MDW)	9	1	Southwest
Chicago-O'Hare (ORD) [2]	15	4	American (3), Frontier (1), Spirit (3), United (8)
Cincinnati (CVG)	4	2	Delta (3), Frontier (1)
Cleveland (CLE)	5	4	Frontier (2), Spirit (1), United (1), Southwest (1)
Columbus (CMH)	8	3	Spirit (1), Southwest (6), United (1)
Dallas–Fort Worth (DFW)	5	1	American
Dallas-Love (DAL)	1	1	Southwest
Denver (DEN)	6	3	Frontier (1), Southwest (1), United (4)
Detroit (DTW)	11	2	Delta (7), Spirit (4)
Grand Rapids (GRR) [2]	3	2	Frontier (1), Southwest (2)
Hartford (BDL)	2	2	JetBlue (1), Southwest (1), Spirit (1)
Houston-Hobby (HOU)	1	1	Southwest
Houston-Intercontinental (IAH)	3	1	United
Indianapolis (IND)	11	3	Spirit (1), Southwest (9), United (1)
Islip (ISP)	1	1	Frontier
Kansas City (MCI)	2	1	Southwest
Latrobe (LBE) [1]	1	1	Spirit
Los Angeles (LAX)	1	1	Alaska
Louisville (SDF)	1	1	Southwest
Madison (MSN) [3]	1	1	Sun Country
Milwaukee (MKE)	8	3	Frontier (1), Southwest (6), United (1)
Minneapolis–St. Paul (MSP) [2]	16	5	Delta (7), Frontier (1), Spirit (1), Southwest (2), Sun Country (5)
Nashville (BNA)	3	1	Southwest
New York–JFK (JFK)	5	2	JetBlue (3), Delta (2)
New York–LaGuardia (LGA)	3	2	Delta (2), JetBlue (1)
Newark (EWR) [1]	7	3	JetBlue (2), United (4), Spirit (1)
Orlando (MCO)	1	1	Southwest
Philadelphia (PHL) [2]	6	4	American (3), Frontier (1), JetBlue (1), Spirit (1)
Pittsburgh (PIT)	4	3	Spirit (1), Southwest (2), United (1)
Portland, Maine (PWM) [2]	1	1	Frontier
Providence (PVD)	3	3	Frontier (1), JetBlue (1), Southwest (1)
Raleigh-Durham (RDU) [4]	1	1	JetBlue
Seattle (SEA) 5	1	1	Alaska
St. Louis (STL) [3]	6	2	Southwest (5), Sun Country (1)
Syracuse (SYR) [2]	1	1	Frontier
Toronto (YYZ)	1	1	WestJet
Trenton (TTN)	1	1	Frontier
Washington-Dulles (IAD)	2	1	United
Washington-National (DCA)	3	3	American (1), JetBlue (1), Southwest (1)
White Plains (HPN)	2	1	JetBlue
Total	**190**		

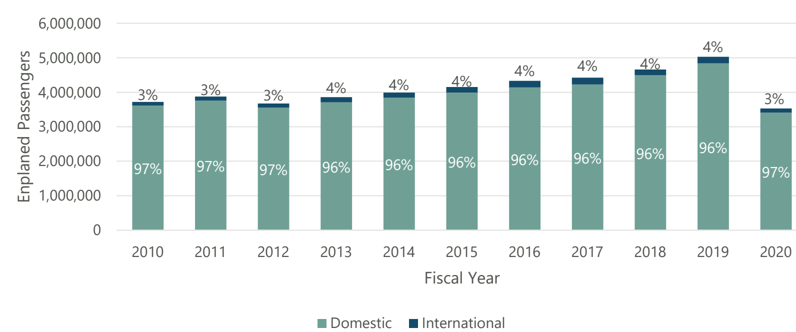
NOTES:
Nonstop service on March 27, 2021.
1 Nondaily service provided by Spirit Airlines and excluded from total.
2 Nondaily service provided by Frontier Airlines and excluded from total.
3 Nondaily service provided by Sun Country Airlines and excluded from total.
4 Nondaily service provided by JetBlue Airways and excluded from total.
5 Nondaily service provided by Alaska Airlines and excluded from total.
SOURCE: Innovata, April 2021.

TABLE 5-6 HISTORICAL ENPLANED PASSENGERS – AIRPORT AND NATION

FISCAL YEAR	ENPLANED PASSENGERS	ANNUAL GROWTH	US TOTAL ENPLANED PASSENGERS [1]	ANNUAL GROWTH	AIRPORT MARKET SHARE
2010	3,721,375	4.1%	711,882,646	4.1%	0.52%
2011	3,875,313	4.1%	731,057,035	4.1%	0.53%
2012	3,676,953	-5.1%	737,540,968	0.9%	0.50%
2013	3,856,646	4.9%	739,144,576	0.2%	0.52%
2014	3,989,316	3.4%	757,623,386	2.5%	0.53%
2015	4,155,189	4.2%	788,472,773	4.1%	0.53%
2016	4,332,997	4.3%	823,037,149	4.4%	0.53%
2017	4,421,668	2.0%	847,413,137	3.0%	0.52%
2018	4,662,213	5.4%	889,107,817	4.9%	0.52%
2019	5,026,675	7.8%	923,145,029	3.8%	0.54%
2020	3,528,376	-29.8%	512,266,826	-44.5%	0.69%
FYTD 2020 [2]	2,915,189	-			
FYTD 2021 [2]	2,002,965	-31.3%			
Compound Annual Growth Rate					
2010 – 2015	2.2%		2.1%		
2010 – 2019	3.4%		2.9%		
2010 – 2020	-0.5%		-3.2%		

NOTES:
Fiscal Years ended September 30.
1 Data represent onboard revenue passengers only as reported in T100.
2 The Fiscal Year-to-date (FYTD) is for six months ending March 2020 and 2021 (latest data available).
SOURCES: Lee County Port Authority, May 2021; Innovata, March 2021.

EXHIBIT 5-1 HISTORICAL ENPLANED PASSENGERS



SOURCE: Lee County Port Authority, March 2021.

- **FY 2012 – FY 2013**. Passenger traffic increased 4.9 percent in FY 2013. JetBlue expanded service to LaGuardia Airport (LGA) from twice weekly to daily service; Delta initiated twice-weekly service to John F. Kennedy International Airport (JFK); and Spirit initiated approximately three-times weekly service to Boston Logan International Airport (BOS) and MSP.
- **FY 2013 – FY 2014**. Passenger traffic increased 3.4 percent in FY 2014. JetBlue initiated four-times weekly service to Bradley International Airport (BDL), while United initiated three-times weekly service to Denver International Airport (DEN). Southwest initiated service to numerous markets with varying levels of service, including ATL, John Glenn Columbus International Airport (CMH), IND, MKE, and Pittsburgh International Airport (PIT).
- **FY 2014 – FY 2015**. In FY 2015 passenger traffic increased 4.2 percent. American initiated daily service to Charlotte Douglas International Airport (CLT), as well as three weekly flights to Philadelphia International Airport (PHL). JetBlue ceased service to Buffalo Niagara International Airport (BUF) but initiated daily service to Ronald Reagan Washington National Airport (DCA). Frontier commenced daily flights to Cleveland Hopkins International Airport (CLE) and three-times weekly flights to Cincinnati/Northern Kentucky International Airport (CVG). Southwest increased service to ATL from approximately four-times weekly flights to twice daily.
- **FY 2015 – FY 2016**. In FY 2016 passenger traffic increased 4.3 percent, while seat capacity increased 5.0 percent. American expanded its daily CLT service to five daily flights, increased DCA service to twice daily, and PHL service from three-times weekly to twice daily.
- **FY 2016 – FY 2017**. In FY 2017 passenger traffic increased 2.0 percent. JetBlue expanded its service to Newark Liberty International Airport (EWR) with three daily departures, while eliminating its service to LGA. Spirit commenced service to Baltimore/Washington International Thurgood Marshall Airport (BWI), while Southwest increased its service to BWI from four to five daily flights.
- **FY 2017 – FY 2018**. In FY 2018 passenger traffic increased 5.4 percent. Most of the Airport's capacity growth was driven by continued increases in service to existing destinations from all airlines. Frontier initiated four-times weekly flights to Long Island MacArthur Airport (ISP), while Spirt started service to BDL and PIT with three-times weekly flights.
- **FY 2018 – FY 2019**. In FY 2019 passenger traffic increased 7.8 percent. American increased its service from three to four daily flights to Dallas Fort Worth International Airport (DFW), while United enhanced its service to DEN (daily flights), EWR (four daily flights), George Bush Intercontinental Airport (IAH) (two daily flights), and ORD (three daily flights). JetBlue reduced service to BOS, EWR, and JFK.
- **FY 2020**. Enplaned passenger traffic decreased 29.8 percent. All airlines reduced capacity and experienced steep decreases in passenger demand due to the onset of the global COVID-19 pandemic. Eurowings eliminated service to the Airport, and Air Canada and WestJet suspended service to Canadian markets due to border restrictions.

5.2.4 AIRCRAFT OPERATIONS

Table 5-7 presents the number of aircraft operations (takeoffs and landings) at the Airport by user groups between FY 2016 and FY 2020. Passenger airline operations (the largest user group) increased from 67,526 operations in FY 2016 to 70,830 operations in FY 2019, a CAGR of 1.6 percent, followed by a decrease of 14.9 percent to 62,256 operations in FY 2020. Cargo airline operations increased from 1,162 operations in FY 2016 to 1,458 operations in FY 2019, a CAGR of 7.9 percent, followed by a decrease of 3.2 percent to 1,454 operations in FY 2020. Other air taxi/general aviation operations increased from 9,550 operations in FY 2016 to 11,225 operations in FY 2020, a CAGR of 4.1 percent, while military operations increased from 1,206 operations to 1,625 operations, a CAGR of 7.7 percent

over the same period. Total Airport operations increased from 79,444 operations in FY 2016 to 83,787 operations in FY 2019, a CAGR of 1.8 percent, followed by a decrease of 8.6 percent to 76,560 operations in FY 2020.

TABLE 5-7 HISTORICAL AIRCRAFT OPERATIONS

FISCAL YEAR	PASSENGER AIRLINES	CARGO AIRLINES	OTHER AIR TAXI / GENERAL AVIATION	MILITARY	TOTAL	ANNUAL PERCENTAGE CHANGE
2016	67,526	1,162	9,550	1,206	79,444	1.3%
2017	68,426	1,258	11,311	1,284	82,279	3.6%
2018	69,088	1,368	9,976	1,205	81,637	-0.8%
2019	70,830	1,458	10,295	1,204	83,787	2.6%
2020	62,256	1,454	11,225	1,625	76,560	-8.6%
Compound Annual Growth Rate						
2016 – 2019	1.6%	7.9%	2.5%	-0.1%	1.8%	
2016 – 2020	-2.0%	5.8%	4.1%	7.7%	-0.9%	

NOTE:
Fiscal Years ended September 30.
SOURCES: US Department of Transportation, Federal Aviation Administration, Operations Network, February 2021; Innovata, March 2021.

5.2.5 LANDED WEIGHT

Table 5-8 presents the shares of landed weight for the passenger airlines serving the Airport from FY 2016 through FY 2020. Landed weight shares by airline generally follow the airline's share of enplaned passengers at the Airport. Delta and Southwest are the two largest airlines at the Airport based on landed weight. In FY 2020, passenger airlines represented 95.6 percent and cargo airlines represented 4.4 percent of total Airport landed weight.

5.3 FACTORS AFFECTING AVIATION DEMAND AT THE AIRPORT

This section discusses the qualitative factors that may influence future aviation activity at the Airport. These factors were considered, either directly or indirectly, in developing the aviation activity projections for the Airport.

5.3.1 IMPACT OF THE COVID-19 PANDEMIC

The outbreak and spread of the COVID-19 pandemic have severely curbed global aviation demand. Airlines are estimated to experience an operating loss of $118.5 billion in 2020 and are projected to lose an additional $38.7 billion in 2021. **Exhibit 5-2** shows the airline profitability for North America and for the rest of the world from 2009 to 2021 (as forecast). The impact to air travel began in East Asia in December 2019 and rapidly accelerated to other regions of the world in March and April 2020. Airlines have responded by reducing capacity across their networks due to decrease demand, travel restrictions, and border closures. Several large international foreign-flag airlines suspended all operations for a period in March and April 2020. By May 2020, which represented the low point in terms of passenger airline capacity offered, scheduled departing seats decreased to 24.0 percent of May 2019 capacity for all US airports and 36.6 percent of May 2019 capacity at RSW. Airline capacity started to recover in June, and by December 2020 departing seat capacity increased to 51.6 percent of December 2019 capacity. For the Airport, March 2021 scheduled departing seats represented 91.9 percent (26.1 percent higher than the nation) of March 2019 departing seats.

TABLE 5-8 HISTORICAL LANDED WEIGHT BY AIRLINE (000'S POUNDS)

	2016		2017		2018		2019		2020	
AIRLINE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE
Southwest Airlines	881,816	18.2%	973,401	19.6%	914,958	17.7%	908,526	16.4%	934,512	19.8%
Delta Air Lines [1]	1,100,742	22.7%	1,074,922	21.6%	1,057,818	20.4%	1,111,186	20.1%	830,568	17.6%
American Airlines [1]	741,699	15.3%	740,005	14.9%	757,674	14.6%	799,017	14.5%	658,308	13.9%
United Airlines [1]	398,942	8.2%	411,182	8.3%	429,809	8.3%	523,902	9.5%	504,164	10.7%
JetBlue Airways	620,730	12.8%	629,027	12.7%	659,640	12.7%	621,492	11.2%	479,433	10.1%
Spirit Airlines	345,203	7.1%	399,903	8.0%	453,078	8.8%	518,010	9.4%	449,373	9.5%
Frontier Airlines	244,952	5.1%	185,449	3.7%	371,944	7.2%	427,905	7.7%	397,054	8.4%
Sun Country Airlines	110,617	2.3%	101,698	2.0%	91,136	1.8%	136,763	2.5%	101,797	2.2%
Air Canada [2]	107,682	2.2%	121,601	2.4%	116,861	2.3%	138,782	2.5%	90,326	1.9%
WestJet Airlines	59,316	1.2%	51,870	1.0%	50,774	1.0%	53,926	1.0%	37,431	0.8%
Eurowings	0	0.0%	0	0.0%	37,518	0.7%	62,814	1.1%	27,622	0.6%
All Cargo	135,527	2.8%	176,752	3.6%	205,185	4.0%	214,890	3.9%	208,029	4.4%
All Others [3]	93,873	1.9%	105,981	2.1%	29,674	0.6%	7,937	0.1%	9,813	0.2%
Total Airlines	**4,841,099**	**100.0%**	**4,971,790**	**100.0%**	**5,176,068**	**100.0%**	**5,525,148**	**100.0%**	**4,728,429**	**100.0%**

NOTES:
Fiscal Years ended September 30.
1 Includes regional airlines.
2 Annual totals combine the landed weights of Air Canada and Air Canada Rouge.
3 Consists of airlines no longer serving the Airport, charter airlines, and/or other airlines.
SOURCE: Lee County Port Authority, March 2021.

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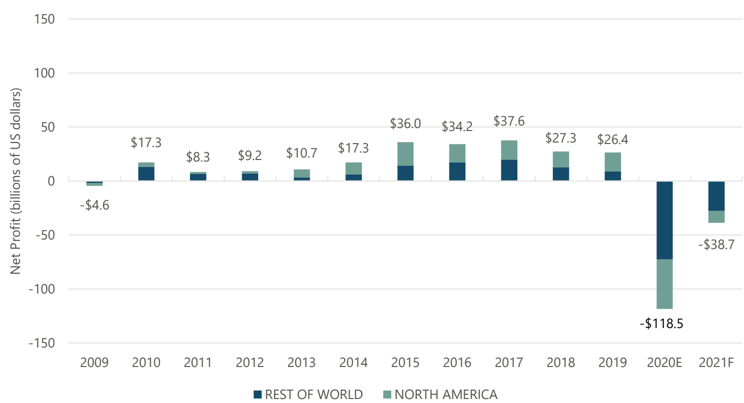
EXHIBIT 5-2 NET PROFIT OF COMMERCIAL AIRLINES WORLDWIDE (2009 – 2021)



NOTES:
E – Estimate of 2020 Net Profit
F – Forecast of 2021 Net Profit
SOURCE: International Air Transport Association, *Airline Industry Economic Performance Data Tables*, December 2020.

Published airline schedules do not necessarily represent actual flown capacity, as airlines may cancel scheduled flights or change aircraft types with different seat capacities on the day of departure. Flight cancellation rates increased at the onset of the pandemic as airlines adjusted to the rapidly changing demand environment. As such, the decrease in capacity actually flown may be greater than what the published schedules indicate. While flight cancellation rates have decreased since May 2020, future published schedules are generally reliable for up to six months into the future. However, future published schedules remain volatile as far as six months in advanced and are generally reliable only one month into the future. It is expected that future schedules will remain volatile until the demand environment stabilizes. The pandemic and lasting impact on demand and airline profitability may result in increased uncertainty in future activity at RSW.

5.3.2 MERGERS AND ACQUISITIONS

US airlines have merged or acquired competitors to achieve operational and commercial synergies and to improve their financial performance. A wave of consolidation began in 2005 when America West Airlines merged with US Airways, retaining the US Airways brand for the consolidated airline. In 2009, Delta acquired Northwest Airlines. In 2010, United acquired Continental Airlines. In 2011, Southwest acquired AirTran Airways. In 2013, US Airways and American merged, with the consolidated airline retaining the American brand. The most recent consolidation occurred in 2016 when Alaska acquired Virgin America. The two airlines completed their integration in 2018. Consolidation across the industry has resulted in the realignment of several airline route networks as airlines have sought efficiencies in their service. Further consolidation of the US airline industry could affect the amount of capacity offered at the Airport and could alter the competitive landscape.

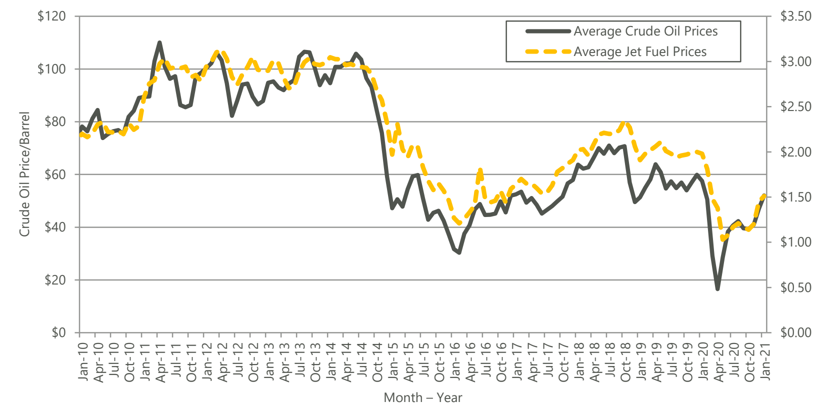
5.3.3 COST OF AVIATION FUEL

The cost of aviation fuel has historically been one of the largest and most volatile components of airline operating expenses. Historically, fuel has been the first or second largest operating expense for the airline industry, alternating with labor expense. According to the International Air Transport Association, fuel accounted for 12.7 percent of airline operating costs in CY 2020, a decrease from 23.7 percent in CY 2019.[3]

Exhibit 5-3 depicts monthly average jet fuel and crude oil prices from January 2010 through January 2021. The average price of jet fuel increased from $2.20 per gallon in January 2010 to maintain levels above $2.50 between January 2011 and November 2014, peaking at $3.13 in April 2012. Prices subsequently declined as demand significantly decreased at the onset of the pandemic, reaching a low of $1.03 per gallon in May 2020. The average price of jet fuel increased to $1.51 per gallon in January 2021.

Fluctuating fuel costs will continue to affect airline profitability, and this could lead to changes in air service as airlines adjust air service to address increases or decreases in the cost of fuel.

EXHIBIT 5-3 PRICE OF OIL (PER BARREL) AND JET FUEL (PER GALLON)



SOURCES: US Department of Transportation, Bureau of Transportation Statistics, March 2021; US Department of Energy, US Energy Information Administration, March 2021.

[3] International Air Transport Association, *Fact Sheet – Fuel*, November 2020.

5.3.4 THREAT OF TERRORISM

Since September 11, 2001, the recurrence of terrorism incidents against either domestic or world aviation has remained a risk to achieving projected levels of activity. Tighter security measures have restored the public's confidence in the integrity of the US and global aviation security systems. However, any terrorist incident targeting aviation could have an immediate and significant impact on the demand for air travel.

5.3.5 OTHER AIRPORTS IN THE REGION

In general, an airport's potential service area is limited by the distance of passenger demand from an airport and is further affected by the availability and quality of air service at surrounding airports. Airports evaluated as competitors for this analysis are FLL, PGD, SRQ, PIE, and TPA. All five airports are within a 120-mile radius of the Airport; FLL is located to the east/southeast of the Airport, and PGD, SRQ, PIE, and TPA are located along the Gulf Coast to the north. These airports are included in **Table 5-9**, which summarizes the domestic and international destinations served by the Airport and its competitors. **Exhibit 5-4** depicts these airports and their proximity to RSW.

At FLL, 24 airlines provided an average of 308 daily departures to 72 domestic destinations and 38 international destinations in March 2021. FLL provides service to 37 of the 42 destinations served from the Airport. The average gross domestic fare for FY 2020 (most recent data available) at FLL was approximately $142, which was 10 percent lower compared to the Airport's average gross domestic fare.

At PGD, one airline provided an average of 27 daily departures to 47 domestic destinations in March 2021. PGD provides service to 27 of the 42 destinations served from the Airport. The average gross domestic fare for FY 2020 at PGD was approximately $84, which was 47 percent lower compared to the Airport's average gross domestic fare. Most destinations at PGD do not have daily service.

At SRQ, nine airlines provided an average of 50 daily departures to 33 domestic destinations in March 2021. SRQ provides service to 14 of the 42 destinations served from the Airport. The average gross domestic fare for FY 2020 at SRQ was approximately $168, which was 6 percent higher compared to the Airport's average gross domestic fare.

At PIE, one airline provided an average of 27 daily departures to 49 domestic destinations in March 2021. PIE provides service to 10 of the 42 destinations served from the Airport. The average gross domestic fare for FY 2020 at PIE was approximately $71, which was 55 percent lower compared to the Airport's average gross domestic fare. From November 2019 through April 2020, Sunwing Airlines provided nondaily nonstop service to Canada's Toronto Pearson International Airport (YYZ). Similar to PGD, most destinations at PIE do not have daily service.

At TPA, 20 airlines provided an average of 203 daily departures to 59 domestic destinations and 5 international destinations in March 2021. TPA provides service to 37 of the 42 destinations served from the Airport. The average gross domestic fare for FY 2020 at TPA was approximately $152, which was 4 percent lower compared to the Airport's average gross domestic fare.

While the average domestic fare is lower at PGD and PIE, the selection of nonstop and one-stop connecting destinations and daily service remains limited when compared to the Airport. While FLL and TPA provide service to most of the Airport's destinations, both are located over 100 miles from the Airport. Due to additional international destinations served at FLL and TPA, these Airports may draw international passengers from the Air Trade Area who might otherwise use the Airport. The increase in low-cost carrier (LCC) and ultra-low-cost carrier (ULCC) seat capacity at SRQ may reduce SRQ's average domestic fares, stimulate area demand, and draw a limited number of domestic passengers from the Airport's Air Trade Area; however, the Airport's airlines have the potential to add seat capacity to accommodate and recapture demand with lower fares.

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TABLE 5-9 COMPETING AIRPORT MARKETS SERVED

MARKET	FY 2020 ENPLANED PASSENGERS [1]	NUMBER OF AIRLINES (LARGEST) [2]	NUMBER OF MARKETS SERVED: DOMESTIC [3]	NUMBER OF MARKETS SERVED: INTERNATIONAL [4]	NUMBER OF MARKETS SERVED: TOTAL	AVERAGE DAILY DEPARTURES [5]	AVERAGE GROSS DOMESTIC FARE [6]	DISTANCE TO RSW (IN MILES)
Fort Myers (RSW)	3,415,103	11 (Southwest)	41	1	42	151	$158	-
Fort Lauderdale (FLL)	10,231,787	24 (Spirit)	72	38	110	308	$142	104
Punta Gorda (PGD)	673,232	1 (Allegiant)	47	0	47	27	$84	30
Sarasota (SRQ)	722,156	9 (Allegiant)	33	0	33	50	$168	77
St. Pete–Clearwater (PIE) [7]	788,893	2 (Allegiant)	49	0	49	27	$71	111
Tampa (TPA)	6,439,312	20 (Southwest)	59	5	64	203	$152	110

NOTES:
FY – Fiscal Year
1 Enplaned passenger data are based on a 12-month period ending September 30. Data are from US Department of Transportation T100 onboard revenue passengers.
2 Scheduled marketing airline service in FY 2020. Airline count does not include regional/commuter affiliates. Largest airline based on enplaned passenger volumes.
3 Nonstop service to cities within the United States in March 2021.
4 Nonstop service to cities outside the United States in March 2021.
5 Average daily departures in March 2021.
6 Average domestic gross fare for FY 2020.
7 Sunwing Airlines provided seasonal service in FY 2020 (November to April) and has not resumed service as of March 2021.
SOURCE: Innovata, April 2021.

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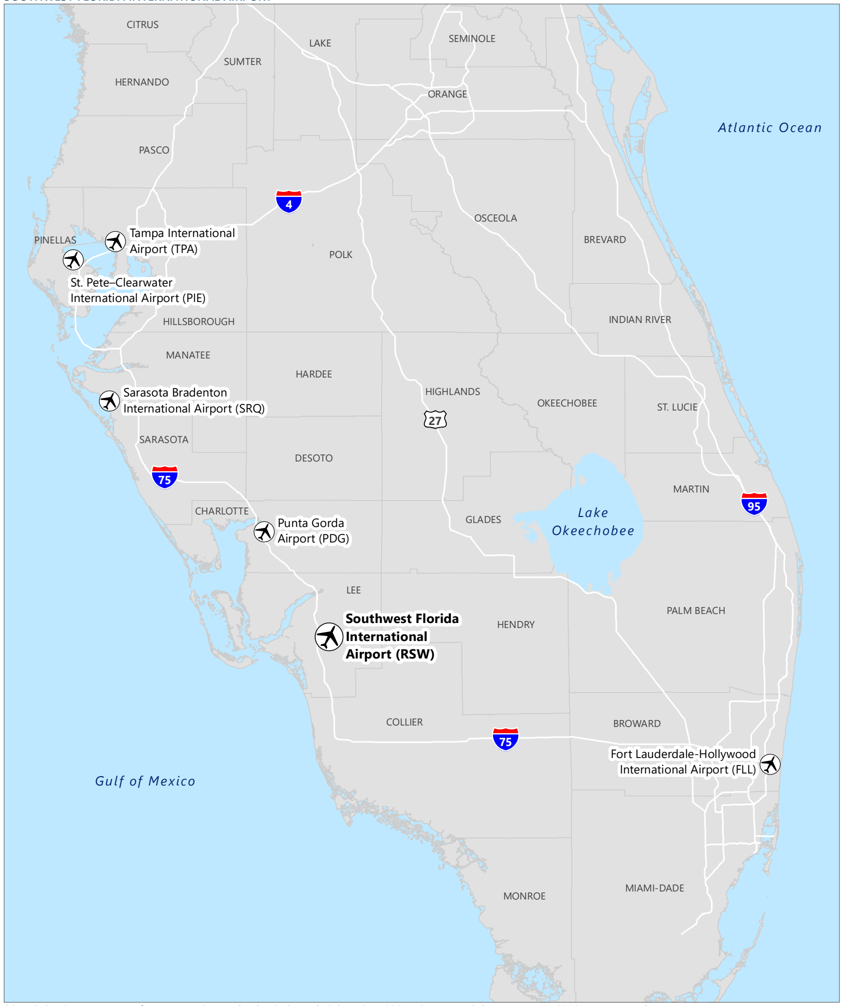

SOURCES: US Department of Transportation, Federal Aviation Administration, 2021 (airports); US Census Bureau, 2019 (county, road, water).

EXHIBIT 5-4

COMPETING AIRPORTS

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5.4 PROJECTIONS OF AVIATION ACTIVITY

Projections of aviation activity were developed considering historical activity, including passenger trends at the Airport and across the industry; historical trends and projections of local, state, and national socioeconomic factors; and anticipated trends in the use of the Airport by airlines. In addition, recent pandemic effects and trends on the aviation industry were considered. This section describes the methodologies used in projecting aviation activity at the Airport and the projected results through 2028

5.4.1 ASSUMPTIONS UNDERLYING THE PROJECTIONS

The projections of enplaned passengers and aircraft operations were based on several underlying assumptions, including the following:

- Activity at the Airport will not be constrained by facilities, or lack thereof.
- A prolonged contraction of demand for air travel increases the likelihood of structural changes to the airline industry. These structural changes may include airline bankruptcies and failures, consolidations, and hub closures or other network changes. No bankruptcies, or consolidations are incorporated into the projections. New airline alliances, should they develop, would be restricted to code-sharing and joint frequent flyer programs, and they would not reduce airline competition at the Airport.
- For these analyses, and like the FAA's nationwide forecasts, it was assumed that there will be no terrorist incidents during the projection period that would have significant, negative, or prolonged effects on aviation activity at the Airport or nationwide.
- Additional economic disturbances will occur during the projection period, causing year-to-year variations in airline traffic. However, traffic at the Airport and nationwide is projected to increase over the long-term.
- It is assumed that no additional major "acts of God" that may disrupt the national or global airspace system or negatively affect aviation activity will occur during the projection period.
- Long-term growth was modeled on pre–COVID-19 socioeconomic variables, with long-term economic growth estimates assumed to return to projected socioeconomic performance as enplaned passengers return to pre–COVID-19 activity levels (i.e., FY 2019).

Many of the factors influencing aviation activity cannot be quantified, and any projection is subject to uncertainties. As a result, the process should not be viewed as precise. Actual airline traffic at the Airport may differ from the projections presented herein, because events and circumstances may not occur as expected. Differences between projected and actual activity may be material, particularly in the short-term due to airline schedule volatility, vaccine distribution logistics, and the possibility of additional virus mutation and outbreaks.

5.4.2 ENPLANED PASSENGERS PROJECTIONS

Projections were developed using a two-step approach. The first approach modeled the Airport's recovery of passengers to pre–COVID-19 levels (FY 2021 to FY 2024) using a bottom-up methodology considering trends in published airline schedule data with assumed monthly increases in load factors and assumed scheduled seat capacity. The second approach modeled activity beyond the recovery (FY 2025 to FY 2028) using more traditional socioeconomic predictors of demand.

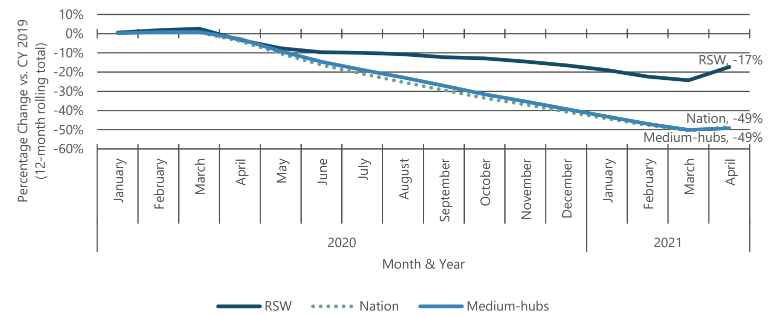
5.4.2.1 COVID-19 RECOVERY

The severity and duration of the downturn in air travel demand, as well as the timing, pace, and length of the recovery, are uncertain. The recovery projections were prepared in consideration of the uncertainty surrounding passenger demand timelines (recovery is defined as a return to FY 2019 activity levels). The development of the recovery projections incorporated the following assumptions and factors:

- A full recovery to pre–COVID-19 activity levels will likely require widescale deployment of a vaccine to prevent the disease or development of an effective therapy to treat it. The projections development assumes vaccines/treatments will continue and be distributed to most individuals providing increased public confidence in the safety of air travel; however, some individuals may choose not to get vaccinated and are assumed to be the minority of the population. The projections did not incorporate additional "waves" of the pandemic or increased restrictions affecting FY 2021 activity levels. The recovery is modeled assuming monthly increases in load factors and seat capacity as a percentage of the same month in FY 2019.
- Airlines have announced the retirement of certain aircraft types from their operating fleets, which in some cases represents an accelerated timeline for retiring older aircraft that airlines were already planning to retire in the next few years. Changes in fleet mix and average aircraft size could change the number of operations required to accommodate passenger demand. Published data of known retirements and new aircraft are incorporated into the projections of aircraft operations.
- National governments, including the United States, have imposed short-term regulatory changes or other rules, including the requirement that airlines maintain service to certain destinations, and have banned certain international travel. The extension of these temporary changes, or the introduction of additional regulatory requirements (e.g., government-coordinated scheduling and fare pricing), would impact demand for air travel and patterns of activity. No prolonged lockdowns (i.e., border closures) for domestic and international destinations, or other similar restrictions, are incorporated into the projections. The recovery of domestic passengers (the primary passenger type at the Airport) is expected to outpace that of international passengers. Domestic passengers are modeled to recover to FY 2019 activity levels in FY 2024 (December 2023), and international passengers are modeled to recover to FY 2019 activity levels in March 2024.
- Growth by ULCCs at nearby smaller airports may provide lower average fares that can stimulate demand for the area; however, the ULCCs offer a limited number of destinations and daily services. As a result, the Airport may experience a quicker enplaned passenger recovery when compared to the nation and most US airports. The Airport is expected to remain the largest (based on enplaned passengers) in the Air Trade Area by providing the largest selection of nonstop and connecting destinations and the most daily departures through the recovery and continuing through the Projection Period.

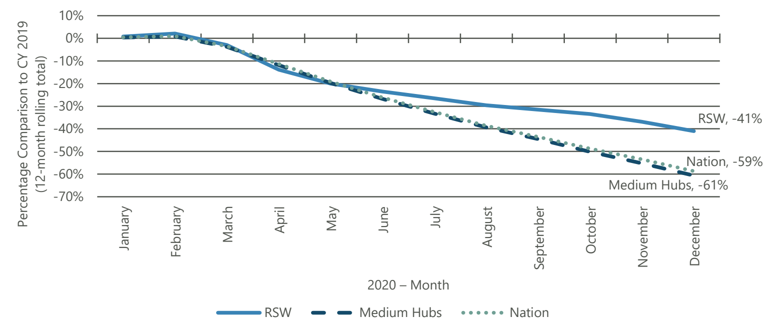
The Airport has been an attractive leisure destination during the pandemic, and it benefits from restricted access to other competing leisure destinations in the Caribbean, Hawaii, and Mexico. As shown on **Exhibit 5-5**, capacity reductions at the Airport were not as deep compared to the average for medium-hub airports and all US airports, and the restoration of capacity has outpaced the average for both medium-hub airports and all US airports. Based on historical monthly enplaned passenger data for the Airport, nation, and medium-hub airports, the Airport's CY 2020 decrease is less than that of the nation and of medium-hub airports, as shown on **Exhibit 5-6**. For CY 2020, enplaned passengers at the Airport decreased 41 percent from CY 2019 activity levels compared to 59 percent for the nation and 61 percent for medium-hub airports (excluding RSW). **Table 5-10** presents March 2021 Transportation Security Administration (TSA) throughput counts (i.e., passengers, employees, etc.) as a comparison to March 2019 for the top 50 domestic large and medium-hub airports. As shown, the Airport's throughput in March 2021 was 75.2 percent of March 2019 levels and ranked second (based on percentage) among the top 50 domestic large and medium-hub airports in the nation, exceeded only by Luis Muñoz Marín International Airport in Puerto Rico.

EXHIBIT 5-5 SCHEDULED DEPARTING SEAT CAPACITY COMPARISON OF 12-MONTH ROLLING TOTAL VS. CALENDAR YEAR 2019 TOTAL – AIRPORT, MEDIUM-HUB AIRPORTS AND NATION



NOTES:
CY – Calendar Year
RSW – Southwest Florida International Airport
Medium-hub airport totals exclude RSW.
SOURCES: Innovata, May 2021; Ricondo & Associates, Inc., May 2021.

EXHIBIT 5-6 ENPLANED PASSENGERS COMPARISON OF 12-MONTH ROLLING TOTAL VS. CALENDAR YEAR 2019 TOTAL – AIRPORT, NATION, AND MEDIUM-HUB AIRPORTS



NOTES:
CY – Calendar Year
RSW – Southwest Florida International Airport
Percentage changes are based on revenue only onboard passengers as reported by the airlines.
Medium-hub airports are based on CY 2019 enplaned passenger totals, as classified by the Federal Aviation Administration.
SOURCES: Lee County Port Authority, March 2021; US Department of Transportation, Federal Aviation Administration, *CY 2019 Passenger Boarding Data*, September 2020; Innovata, March 2021; Ricondo & Associates, Inc., March 2021.

TABLE 5-10 (1 OF 2) TRANSPORTATION SECURITY ADMINISTRATION PASSENGER THROUGHPUT FOR MARCH 2021 – TOP 50 LARGE AND MEDIUM HUB AIRPORTS

AIRPORT	HUB CATEGORY	MONTHLY THROUGHPUT	PERCENT OF 2019 SAME MONTH
SJU - Luis Munoz Marin International	Medium	423,649	89.5%
RSW - Southwest Florida International	**Medium**	**588,856**	**75.2%**
PHX - Phoenix Sky Harbor International	Large	1,242,932	68.7%
ANC - Ted Stevens Anchorage International	Medium	114,258	68.2%
HOU - Houston Hobby	Medium	296,710	66.8%
DFW - Dallas/Fort Worth International	Large	1,168,462	66.7%
FLL - Ft. Lauderdale-Hollywood International	Large	1,170,204	65.7%
SLC - Salt Lake City International	Large	537,104	65.1%
MCO - Orlando International	Large	1,464,027	64.3%
DEN - Denver International	Large	1,217,720	63.0%
DAL - Dallas Love Field	Medium	310,315	62.4%
TPA - Tampa International	Large	714,051	62.2%
LAS - McCarran International	Large	1,202,765	60.8%
BNA - Nashville International	Medium	407,640	60.6%
ONT - Ontario International	Medium	140,605	60.4%
MDW - Chicago Midway	Large	386,886	60.2%
CLT - Charlotte/Douglas International	Large	458,592	59.4%
OMA - Eppley Airfield	Medium	137,404	59.2%
IND - Indianapolis International	Medium	278,169	58.7%
OGG - Kahului	Medium	183,682	58.4%
CLE - Cleveland Hopkins International	Medium	254,447	57.4%
MIA - Miami International	Large	1,130,665	57.4%
SMF - Sacramento International Airport	Medium	294,194	56.9%
IAH - Houston Intercontinental	Large	770,627	56.6%
CHS - Charleston County International/AFB	Medium	115,611	55.8%
PBI - West Palm Beach International	Medium	262,118	55.3%
CVG - Cincinnati/Northern Kentucky International	Medium	219,487	55.3%
DTW - Detroit Metro Wayne County	Large	654,349	55.2%
MKE - General Mitchell International	Medium	189,209	54.1%
STL - St. Louis Lambert International	Medium	296,305	54.0%
MSP - Minneapolis-St. Paul International	Large	687,237	53.9%
SAT - San Antonio International	Medium	245,528	52.7%
ATL - Hartsfield Atlanta International	Large	1,132,299	52.1%
PHL - Philadelphia International	Large	522,831	52.1%
MCI - Kansas City International	Medium	255,295	52.0%
CMH - Port Columbus International	Medium	207,135	51.5%
BWI - Baltimore-Washington International	Large	443,534	51.1%
AUS - Austin Bergstrom International	Medium	363,259	50.5%

TABLE 5-10 (2 OF 2) TRANSPORTATION SECURITY ADMINISTRATION PASSENGER THROUGHPUT FOR MARCH 2021 – TOP 50 LARGE AND MEDIUM HUB AIRPORTS

AIRPORT	HUB CATEGORY	MONTHLY THROUGHPUT	PERCENT OF 2019 SAME MONTH
JAX - Jacksonville International	Medium	165,358	49.8%
ORD - Chicago-O'Hare International	Large	1,231,429	49.0%
RDU - Raleigh-Durham International	Medium	288,216	48.3%
EWR - Newark International	Large	900,879	47.8%
SEA - Seattle-Tacoma International	Large	718,860	47.4%
PIT - Pittsburgh International	Medium	200,580	45.6%
BDL - Bradley International	Medium	134,336	45.4%
PDX - Portland International Airport	Large	345,537	45.2%
ABQ - Albuquerque International Sunport	Medium	100,113	44.5%
MSY - New Orleans International	Medium	291,315	43.5%
OAK - Metropolitan Oakland International	Medium	214,176	42.2%
SAN - San Diego Intl-Lindbergh Field	Large	458,868	41.6%

NOTE: Monthly throughput includes nontraveling public (i.e., employees, staff, etc.).
SOURCE: Transportation Security Administration, *TSA Throughput Data*, https://www.tsa.gov/foia/readingroom (May 2021).

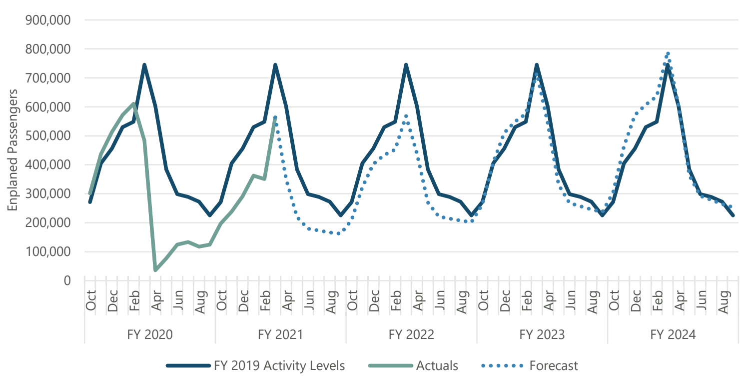
The recovery projections were developed monthly through FY 2024 and were informed by a bottom-up methodology considering trends in published airline schedule data with assumed monthly increases in load factors and estimated scheduled seat capacity. **Table 5-11** presents actual monthly FY 2020 and FYTD 2021 (October to March) enplaned passengers as a percentage to the corresponding month in FY 2019. As shown, in April 2020 enplaned passengers represented 6.0 percent of April 2019 activity levels, and in March 2021 (most current data available) enplaned passengers represented 75.6 percent of March 2019 activity levels. **Exhibit 5-7** presents actual monthly enplaned passengers for FY 2020 (October 2019 to January 2020) and projected monthly enplaned passengers through FY 2024 as a comparison to actual monthly enplaned passengers in FY 2019. **Exhibit 5-8** compares FY 2019 enplaned passengers (domestic, international, and total) and total departing seats to actual FY 2020 and FYTD 2021 levels and projected FY 2022 to FY 2024 activity during the recovery. In FY 2020, from October 2019 to March 2020, monthly enplaned passengers remained above FY 2019 levels. As the pandemic spread and travel demand decreased, the 12-month rolling enplaned passenger totals from April 2020 to September 2020 remained below enplaned passenger volumes for FY 2019. Enplaned passengers continued to decrease in the first quarter of FY 2021 (October 2020 to December 2020) as the nation experienced a surge in COVID-19 cases. Monthly seat capacity (compared to FY 2019) increased in March 2021 and is expected to continue to increase as demand returns, supported by higher vaccination rates, a strengthening economy, and an assumed decrease in new COVID-19 cases. As shown on Exhibit 5-8, departing seat capacity is projected to return to FY 2019 activity levels in February 2023, prior to enplaned passenger volumes. Load factors are projected to continue to increase monthly through the recovery and return to averages experienced prior to the COVID-19 pandemic. As a result, enplaned passenger volumes (based on a 12-month rolling total) are projected to return to FY 2019 activity levels in December 2023 (FY 2024).

TABLE 5-11 FISCAL YEAR-TO-DATE ENPLANED PASSENGER RECOVERY

MONTH	FISCAL YEAR 2019	FISCAL YEAR 2020	2020 VS. 2019	FISCAL YEAR 2021	2021 VS. 2019
October	271,412	301,511	111.1%	196,905	72.5%
November	404,957	436,243	107.7%	238,433	58.9%
December	456,013	512,420	112.4%	290,947	63.8%
January	529,581	571,428	107.9%	362,528	68.5%
February	548,463	610,381	111.3%	350,655	63.9%
March	745,324	483,206	64.8%	563,497	75.6%
April	601,658	35,897	6.0%	N/A	N/A
May	383,653	76,908	20.0%	N/A	N/A
June	298,690	124,389	41.6%	N/A	N/A
July	288,809	133,335	46.2%	N/A	N/A
August	272,874	117,851	43.2%	N/A	N/A
September	225,241	124,707	55.4%	N/A	N/A
Total	5,026,675	3,528,276	70.2%	N/A	N/A

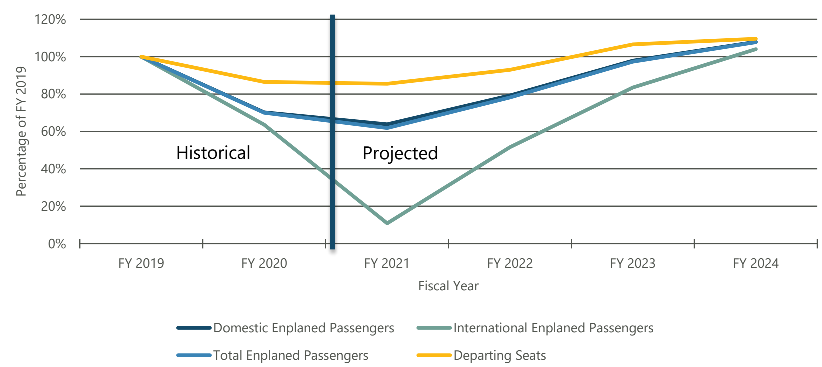
NOTE:
N/A – Not Applicable
SOURCES: Lee County Port Authority, April 2021; Ricondo & Associates, Inc., April 2021.

EXHIBIT 5-7 MONTHLY ENPLANED PASSENGERS COMPARISON (FY 2020 – FY 2024 VS. FY 2019)



NOTE:
FY – Fiscal Year
SOURCES: Lee County Port Authority, April 2021; Innovata, March 2021; Ricondo & Associates, Inc., April 2021.

EXHIBIT 5-8 HISTORICAL AND PROJECTED PERCENTAGE OF ENPLANED PASSENGERS AND DEPARTING SEATS COMPARED TO FISCAL YEAR 2019 ACTIVITY LEVELS



NOTE:
FY – Fiscal Year
SOURCES: Lee County Port Authority, March 2021; Innovata, March 2021; Ricondo & Associates, Inc., May 2021.

5.4.2.2 POST–COVID-19 PERIOD

Long-term enplaned passenger growth was informed by socioeconomic regression analyses. Enplaned passengers are modeled to increase in relationship with socioeconomic drivers of growth once activity levels return to pre–COVID-19 levels (i.e., FY 2019 activity levels).

5.4.2.3 SOCIOECONOMIC REGRESSION ANALYSIS

Historical enplaned passenger volumes were analyzed to identify their relationship with socioeconomic variables at the national and state level, as well as for the Cape Coral–Fort Myers, Florida, CSA. Socioeconomic variables, such as GRP, per capita personal income, earnings, employment, and population, are traditionally considered to be good indicators of passenger demand and were analyzed to identify relationships with enplaned passenger activity. Regression analysis was used to identify predictive relationships between passenger demand at the Airport and these socioeconomic variables. Historical and projected socioeconomic data were obtained from Woods & Poole.

A standard measure of how well each variable explains passenger demand is the regression model's coefficient of determination, or R-squared value. A result of 100 percent is the maximum value possible and represents a perfect fit between the variables analyzed. For purposes of this analysis, an R-squared value of 80 percent or better was incorporated.

The Airport's enplaned passenger relationship with local, state, and nationwide socioeconomic data provided reasonable results, with several variables within an acceptable range of 80 percent to 89 percent R-squared values, producing long-term growth rates with a range from 6.0 percent to 7.9 percent. The results for the post–COVID-19 recovery ranged from 1.9 percent to 3.2 percent. From FY 2025 through FY 2028, all acceptable enplaned passenger results produced by the analysis were averaged for the corresponding year and represent the enplaned passenger projections. The approach for the enplaned passenger projections results in a long-term CAGR of 7.0 percent (FY 2020 to FY 2028) and a post–COVID-19 recovery CAGR of 2.8 percent (FY 2024 to FY 2028), both of which fall within the range of acceptable results.

5.4.2.4 ENPLANED PASSENGERS PROJECTION RESULTS

Table 5-12 presents the Airport's historical and projected enplaned passengers. Enplaned passengers are projected to increase from 3,528,376 passengers (FY 2020) to 6,067,000 passengers (FY 2028), a CAGR of 7.0 percent. After a decrease of 29.8 percent in FY 2020 and a decrease of 9.0 percent in FY 2021, enplaned passengers are projected to increase year-over-year and return to or above pre–COVID-19 levels (i.e., FY 2019 activity levels) in FY 2024, with 5,428,000 enplaned passengers. During the post–COVID-19 period, enplaned passengers are projected to increase from 5,428,000 passengers (FY 2024) to 6,067,000 passengers (FY 2028), a CAGR of 2.8 percent.

TABLE 5-12 HISTORICAL AND PROJECTED ENPLANED PASSENGERS

	AIRPORT		
FISCAL YEAR	TOTAL ENPLANED PASSENGERS	ANNUAL PERCENTAGE CHANGE	PERCENTAGE OF 2019 ENPLANEMENTS
Historical			
2010	3,721,375	-0.4%	74%
2011	3,875,313	4.1%	77%
2012	3,676,953	-5.1%	73%
2013	3,856,646	4.9%	77%
2014	3,989,316	3.4%	79%
2015	4,155,189	4.2%	83%
2016	4,332,997	4.3%	86%
2017	4,421,668	2.0%	88%
2018	4,662,213	5.4%	93%
2019	5,026,675	7.8%	100%
2020	3,528,376	-29.8%	70%
Projected			
2021	3,211,000	-9.0%	64%
2022	3,941,000	22.7%	78%
2023	4,906,000	24.5%	98%
2024	5,428,000	10.6%	108%
2025	5,606,000	3.3%	112%
2026	5,758,000	2.7%	115%
2027	5,912,000	2.7%	118%
2028	6,067,000	2.6%	121%
Compound Annual Growth Rate			
2010 – 2019	3.4%		
2010 – 2020	-0.5%		
2020 – 2028	7.0%		
2024 – 2028	2.8%		

NOTE:
The Fiscal Year is October to September.
SOURCES: Lee County Port Authority, March 2021; Innovata, March 2021; Ricondo & Associates, Inc., March 2021.

5.4.3 AIRCRAFT OPERATIONS PROJECTIONS

Projections of Airport operations are provided for passenger airlines, cargo airlines, other air taxi (i.e., for-hire operations) and general aviation operations. Due to no insight into US Department of Defense decisions, military operations are estimated for FY 2021 and held constant over the projection period.

5.4.3.1 PASSENGER AIRLINE OPERATIONS

Table 5-13 presents the passenger airline operations and operational metrics. The passenger airline operations projections were developed using the enplaned passenger projections and an analysis of historical and projected trends in load factors and average seats per departure and future airline fleet plans. Passenger growth is projected to be accommodated by a combination of increased operations, higher load factors, and increased average seats per departure. Historical load factors increased from 85.1 percent (FY 2016) to 85.8 percent (FY 2019), followed by a decrease to 69.5 percent in FY 2020. As part of the COVID-19 recovery, load factors are expected to return to close to the historical 10-year average of 85.0 percent in FY 2025, while average seats per departure are expected to return to FY 2019 levels in FY 2024. From FY 2025 through FY 2028, load factors are assumed to remain at the historical 10-year average (85.0 percent), while average seats per departure are expected to slightly increase to an average of 166.5 seats in FY 2028.

TABLE 5-13 HISTORICAL AND PROJECTED PASSENGER AIRLINE OPERATIONAL METRICS

FISCAL YEAR	PASSENGER AIRLINE OPERATIONS	TOTAL ENPLANED PASSENGERS	DEPARTING SEATS	LOAD FACTOR	DEPARTURES	SEATS PER DEPARTURE
Historical						
2016	67,526	4,332,997	5,089,348	85.1%	33,763	150.7
2017	68,426	4,421,668	5,226,720	84.6%	34,213	152.8
2018	69,088	4,662,213	5,493,571	84.9%	34,544	159.0
2019	70,830	5,026,675	5,861,671	85.8%	35,415	165.5
2020	62,256	3,528,376	5,075,675	69.5%	31,128	163.1
Projected						
2021	63,260	3,211,000	5,007,010	64.1%	31,630	158.3
2022	67,290	3,941,000	5,443,669	72.4%	33,645	161.8
2023	75,510	4,906,000	6,240,802	78.6%	37,755	165.3
2024	77,510	5,428,000	6,415,648	84.6%	38,755	165.5
2025	79,560	5,606,000	6,595,393	85.0%	39,780	165.8
2026	81,590	5,758,000	6,773,669	85.0%	40,795	166.0
2027	83,640	5,912,000	6,954,833	85.0%	41,820	166.3
2028	85,710	6,067,000	7,137,174	85.0%	42,855	166.5
Compound Annual Growth Rate						
2016 – 2019	1.6%	5.1%	4.8%		1.6%	
2016 – 2020	-2.0%	-5.0%	-0.1%		-2.0%	
2020 – 2028	4.1%	7.0%	4.4%		4.1%	
2024 – 2028	2.5%	2.8%	2.7%		2.5%	

NOTE:
The Fiscal Year is October to September.
SOURCES: Lee County Port Authority, March 2021; Innovata, March 2021; US Department of Transportation, Federal Aviation Administration, Operations Network, March 2021; Ricondo & Associates, Inc., March 2021.

5.4.3.2 CARGO AIRLINE OPERATIONS

Projections of cargo airline operations were developed based on a relationship of cargo volumes to cargo airline operations. The projections of future cargo airline cargo volumes were developed using socioeconomic regression analysis. Similar to enplaned passengers, historical cargo volumes for cargo airlines at the Airport were analyzed to identify their relationship with socioeconomic variables at the local, state, and national levels. Growth rates ranged from 2.1 percent to 3.1 percent, with all R-squared values above 80 percent, as shown in **Table 5-14**. From FY 2020 to FY 2028, the CSA's socioeconomic regression results for cargo volumes were averaged across all variables and represent the cargo airlines cargo volume projections. The approach for cargo volumes results in a long-term CAGR of 2.7 percent, which falls within the range of long-term growth rates produced by the MSA's regression analysis.

TABLE 5-14 REGRESSION AND LINEAR TREND ANALYSIS SUMMARY – CARGO AIRLINES CARGO VOLUMES

GEOGRAPHIC AREA / DEPENDENT VARIABLE AND TREND ANALYSIS	R-SQUARED	LONG-TERM GROWTH RATES (CAGR 2020 – 2028)
United States		
Population	86%	3.0%
Employment	87%	2.5%
Earnings	88%	3.1%
Per Capita Personal Income	91%	3.0%
GDP	89%	3.0%
State of Florida		
Population	88%	2.6%
Employment	87%	2.2%
Earnings	90%	2.9%
Per Capita Personal Income	93%	3.3%
GRP	90%	3.0%
Cape Coral–Fort Myers CSA		
Population	86%	2.6%
Employment	83%	2.1%
Earnings	88%	2.7%
Per Capita Personal Income	88%	2.8%
GRP	89%	3.0%
Linear Trend	87%	3.1%

NOTES:
CAGR – Compound Annual Growth Rate
GDP – Gross Domestic Product
GRP – Gross Regional Product
CSA – Combined Statistical Area
SOURCES: Woods & Poole Economics, Inc., May 2020; Ricondo & Associates, Inc., March 2021.

Table 5-15 presents the cargo airline operations, cargo airline cargo volumes, and average cargo volumes per operation results. The projected increase in average cargo volumes per operation is based on 10 years of historical data, which represent an average annual increase of approximately 90 pounds per year. As a result, cargo airline operations are projected to increase from 1,454 operations (FY 2020) to 1,770 operations (FY 2028), a CAGR of 2.5 percent.

TABLE 5-15 HISTORICAL AND PROJECTED CARGO AIRCRAFT OPERATIONS

FISCAL YEAR	CARGO AIRLINE OPERATIONS	ANNUAL PERCENTAGE CHANGE IN OPERATIONS	CARGO AIRLINES CARGO VOLUMES (POUNDS)	AVERAGE POUNDS OF CARGO VOLUMES PER OPERATION
Historical				
2010	1,158	-21.2%	26,573,879	22,948
2011	1,081	-6.6%	25,803,155	23,870
2012	1,086	0.5%	25,696,099	23,661
2013	1,087	0.1%	24,739,188	22,759
2014	1,081	-0.6%	26,772,717	24,767
2015	1,112	2.9%	27,839,733	25,036
2016	1,162	4.5%	28,857,130	24,834
2017	1,258	8.3%	29,212,476	23,221
2018	1,368	8.7%	31,972,577	23,372
2019	1,458	6.6%	35,768,878	24,533
2020	1,454	-0.3%	34,672,869	23,847
Projected				
2021	1,500	3.2%	35,706,622	23,936
2022	1,540	2.7%	36,742,602	24,026
2023	1,570	1.9%	37,786,920	24,116
2024	1,610	2.5%	38,842,719	24,206
2025	1,650	2.5%	39,911,837	24,296
2026	1,690	2.4%	40,994,968	24,386
2027	1,730	2.4%	42,092,633	24,475
2028	1,770	2.3%	43,205,096	24,565
Compound Annual Growth Rate				
2010 – 2019	2.6%		3.4%	
2010 – 2020	2.3%		2.7%	
2020 – 2028	2.5%		2.7%	

NOTE:
The Fiscal Year is October to September.
The forecast cargo airline operations calculation is rounded to the nearest tenth.
SOURCES: Lee County Port Authority, March 2021; Innovata, March 2021; US Department of Transportation, Federal Aviation Administration, Operations Network, March 2021; Ricondo & Associates, Inc., March 2021.

5.4.3.3 OTHER AIRPORT OPERATIONS

As shown in **Table 5-16**, other air taxi/general aviation aircraft operations at the Airport are projected to increase from 11,225 operations (FY 2020) to 11,780 operations (FY 2028), a CAGR of 0.6 percent. Based on four months of actual data and assumed historical averages for the remaining eight months of operations, FY 2021 other air taxi/general aviation operations were estimated to increase 2.2 percent from FY 2020 activity levels to 11,470 operations. From FY 2021 to FY 2028, other air taxi/general aviation operations are projected to increase at rates projected in the Airport's 2019 FAA Terminal Area Forecast. Based on four months of actual data and assumed historical averages for the remaining eight months of operations, FY 2021 military operations were estimated to decrease 5.8 percent from FY 2020 activity levels to 1,530 operations. These operations are held constant through FY 2028.

TABLE 5-16 HISTORICAL AND PROJECTED AIRCRAFT OPERATIONS

FISCAL YEAR	PASSENGER AIRLINES	CARGO AIRLINES	OTHER AIR TAXI / GENERAL AVIATION	MILITARY	TOTAL	ANNUAL PERCENTAGE CHANGE
Historical						
2016	67,526	1,162	9,550	1,206	79,444	1.3%
2017	68,426	1,258	11,311	1,284	82,279	3.6%
2018	69,088	1,368	9,976	1,205	81,637	-0.8%
2019	70,830	1,458	10,295	1,204	83,787	2.6%
2020	62,256	1,454	11,225	1,625	76,560	-8.6%
Projected						
2021	63,260	1,500	11,470	1,530	77,760	1.6%
2022	67,290	1,540	11,510	1,530	81,870	5.3%
2023	75,510	1,570	11,560	1,530	90,170	10.1%
2024	77,510	1,610	11,600	1,530	92,250	2.3%
2025	79,560	1,650	11,640	1,530	94,380	2.3%
2026	81,590	1,690	11,690	1,530	96,500	2.2%
2027	83,640	1,730	11,730	1,530	98,630	2.2%
2028	85,710	1,770	11,780	1,530	100,790	2.2%
Compound Annual Growth Rate						
2016 – 2019	1.6%	7.9%	2.5%	-0.1%	1.8%	
2016 – 2020	-2.0%	5.8%	4.1%	7.7%	-0.9%	
2020 – 2028	4.1%	2.5%	0.6%	-0.8%	3.5%	
2024 – 2028	2.5%	2.4%	0.4%	0.0%	2.2%	

NOTE:
The Fiscal Year is October to September.
SOURCES: Lee County Port Authority, March 2021; Innovata, March 2021; US Department of Transportation, Federal Aviation Administration, Operations Network, March 2021; Ricondo & Associates, Inc., March 2021.

5.4.3.4 TOTAL AIRPORT OPERATIONS

As presented in Table 5-16, total Airport operations at RSW are projected to increase from 76,560 operations in FY 2020 to 100,790 operations in FY 2028, a CAGR of 3.5 percent. Total Airport operations are projected to return to pre–COVID-19 activity levels in FY 2023.

5.4.4 TOTAL AIRPORT LANDED WEIGHT PROJECTIONS

Table 5-17 presents the Airport's historical and projected landed weight. Passenger airline landed weight is projected to increase from approximately 4.5 million (thousand-pound units) in FY 2020 to approximately 6.2 million (thousand-pound units) in FY 2028, a CAGR of 4.0 percent. Cargo airline landed weight is projected to increase from 208,029 (thousand-pound units) in FY 2020 to 253,196 (thousand-pound units) in FY 2028, a CAGR of 2.5 percent. Total landed weight is projected to increase from approximately 4.7 million (thousand-pound units) in FY 2020 to approximately 6.4 million (thousand-pound units) in FY 2028, a CAGR of 3.9 percent.

TABLE 5-17 HISTORICAL AND PROJECTED LANDED WEIGHT

FISCAL YEAR	PASSENGER AIRLINES	CARGO AIRLINES	TOTAL
Historical			
2016	4,705,572	135,527	4,841,099
2017	4,795,038	176,752	4,971,790
2018	4,970,883	205,185	5,176,068
2019	5,310,258	214,890	5,525,148
2020	4,520,400	208,029	4,728,429
Projected			
2021	4,539,853	213,382	4,753,234
2022	4,823,703	218,872	5,042,576
2023	5,407,016	224,504	5,631,520
2024	5,556,745	230,281	5,787,026
2025	5,710,611	236,038	5,946,649
2026	5,863,140	241,703	6,104,843
2027	6,019,743	247,504	6,267,246
2028	6,180,528	253,196	6,433,725
Compound Annual Growth Rate			
2016 – 2019	4.1%	16.6%	4.5%
2019 – 2020	-1.0%	11.3%	-0.6%
2020 – 2028	4.0%	2.5%	3.9%
2024 – 2028	2.7%	2.4%	2.7%

NOTES:
Total may not match due to rounding.
The Fiscal Year is October to September.
SOURCES: Lee County Port Authority, March 2021; Ricondo & Associates, Inc., March 2021.

6. FINANCIAL ANALYSIS

Chapter 6 examines the financial framework of the Airport, as well as the costs and other financial implications following the issuance of the 2021A Bonds and the funding of the Airport CIP described in Chapter 3. This chapter presents the following projections: Current Expenses, Non-Airline Revenues, PFCs, amortization of Authority funds, debt service, airline revenues, cost per enplaned passenger, and debt service coverage. Financial projection tables are included in **Appendix A** of this Report.

6.1 FINANCIAL FRAMEWORK

This section discusses the Airport's accounting practices, and it summarizes the Airline–Airport Use and Lease Agreement (the Agreement), which establishes the airline rate-making methodology, as well as operating requirements at the Airport.

6.1.1 ACCOUNTING PRACTICES

Airport-related revenues and expenses are categorized into Airport Cost Centers, as defined in the Agreement. The calculation of certain rates, fees, and charges described later in this section are based on the Airport Cost Centers.

Operating expenses are allocated to the following seven Airport Cost Centers that are categorized by area:

- **Airfield** means those portions of the Airport, excluding the Terminal Aircraft Aprons and Air Cargo Area aircraft parking aprons, provided for the landing, taking off, and taxiing of aircraft, including, without limitation, approach and turning zones, 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.
- **Terminal Aircraft Aprons** mean those areas of the Airport that are designated for the parking of passenger aircraft and support vehicles, as well as the loading and unloading of passenger aircraft.
- **Terminal** means the passenger terminal building.
- **Ground Transportation Area** means portions of the Airport related to vehicular movement and parking, including roadways, shuttles, rental car areas, and parking garages.
- **Aviation Area** means those areas and facilities related to general aviation, including any general aviation terminal facilities, FBO facilities, fueling facilities, hangars, flight kitchens, and any other facilities for the purposes of supporting aviation-related activities.
- **Nonaviation Area** means those areas and facilities not directly related to aviation purposes, including commercial buildings, US Postal Service facilities, and various ground leases and facilities.
- **Air Cargo Area** means those areas and facilities that are related to the air cargo activities at the Airport, including the air cargo aircraft parking apron.

6.1.2 AGREEMENT

The Agreement establishes the rate-setting methodology for levying Airline rentals, fees, and charges at the Airport. Executed in 2018, the current Agreement will remain in effect until September 30, 2021. A 2-year extension to the existing Agreement is anticipated to be in place once the current Agreement expires. It is assumed that the rate-

setting methodology will remain materially unchanged throughout the Projection Period. Airlines that have executed the Agreement are defined as Signatory Airlines, and airlines that have not executed the Agreement are defined as Non-Signatory Airlines. Current Signatory Airlines include American, Delta, Frontier, JetBlue, Southwest, Spirit, and United. The methodologies for calculating the terminal rate, landing fee, and apron fee on an annual basis are as follows:

- The total terminal requirement is equal to the sum of the investment service, direct and indirect operating expenses, operating expense reserve, and amortization attributable to the Terminal Cost Center. The net terminal requirement is equal to the total terminal requirement less (1) PFC revenues eligible for the repayment of eligible debt service in the Terminal Cost Center and (2) a credit for FIS based on annual international Non-Signatory deplaned passengers multiplied by $2.00 per deplaned passenger. The average annual Terminal Rental Rate is equal to the net terminal requirement divided by the total rentable space available for lease or use by Air Transportation Companies, concessionaires, and other tenants. The Terminal Rental Rate is multiplied by the sum of airline preferential and joint-use space to yield total Terminal Rental Revenues; 20 percent of the joint-use space requirement is allocated equally among each Signatory Airline, and 80 percent of the joint-use space requirement is allocated to each Signatory Airline on its proportionate share of total enplaned passengers.
- The total airfield requirement is equal to the sum of the investment service, direct and indirect operating expenses, operating expense reserve, and amortization attributable to the Airfield Cost Center. The net airfield requirement is equal to the total airfield requirement less any nonairline revenues attributed to the Airfield Cost Center. The Landing Fee per 1,000 pounds of maximum gross landed weight is equal to the net airfield requirement divided by total landed weight of all Signatory and Non-Signatory airlines using the Airport.
- The total apron requirement is equal to the sum of the investment service, direct and indirect operating expenses, operating expense reserve, and amortization attributable to the Apron Cost Center. The Apron Fee per gate is equal to the total apron requirement divided by the total number of leasable gates in the terminal.

The Agreement includes a provision for Extraordinary Coverage Protection, which ensures the Authority collects net revenues equal to at least 1.25 times the annual Debt Service as required by the Resolution. If Revenues less Operating Expenses are projected to be less than 1.25 times the annual Debt Service in any budget year, the Signatory Airlines will be assessed Extraordinary Coverage Protection payments to cover the shortfall. The payments are allocated to the Airfield and Terminal Cost Centers based on the Net Requirement of the Airfield Cost Center and the Terminal Cost Center.

Also included in the Agreement is a provision to share 40 percent of net remaining revenues with the Signatory Airlines, allocated to each Signatory Airline on its respective share of total Signatory enplaned passengers.

6.2 COVID-19 MITIGATION

The Authority has taken steps to mitigate the financial impact caused by the significant decrease in passenger activity at the Airport starting in March 2020 due to COVID-19. These near-term actions in FYs 2020, 2021, and 2022 have included (or will include) allocation of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to offset Current Expenses and debt service costs. The financial analysis included within this chapter reflects the allocation of approximately $36 million in CARES Act funds, as shown in **Table 6-1**.

In December 2020, Congress passed the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), which is estimated to provide $8.5 million in airport relief and $1.1 million in concession relief for RSW. Additionally, the American Rescue Plan Act (ARPA) of 2021 was recently passed by Congress in March 2021, which is estimated to provide $33.1 million in airport relief and $4.3 million in concession relief for RSW.

TABLE 6-1 USE OF CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT FUNDING

	FY 2020	FY 2021	FY 2022	TOTAL
Current Expenses – Ground Transportation Cost Center (thousands)	$2,273	$5,500	$2,000	$9,773
GARB Debt Service[1] (thousands)	$8,727	$9,100	$9,003	$26,830
Total (thousands)	**$11,000**	**$14,600**	**$11,003**	**$36,603**

NOTES:
Dollars in thousands for Fiscal Years ended September 30.
FY – Fiscal Year
GARB – General Airport Revenue Bond
1 The distribution by cost center for CARES Act funding applied to debt is determined based on the percentage distribution of total GARB debt at the Airport.
SOURCES: Lee County Port Authority, March 2021; Ricondo & Associates, Inc., March 2021.

It is anticipated that the additional relief funding associated with CRRSAA and ARPA will further offset Current Expenses and/or debt service obligations. However, the application of CRRSAA and ARPA funds was not included within the financial analysis described in this Report. It is anticipated that the Authority will apply the additional relief funds during the Projection Period, which will further increase the Authority's Net Revenues and Debt Service Coverage.

6.3 CURRENT EXPENSES

Current Expenses include expenses associated with operating and maintaining the Airport, including the airfield, terminal, and landside facilities. Current Expenses are classified into the following categories:

- Salaries and Wages
- Employee Benefits
- Contractual Services, Materials, and Supplies
- Utilities
- Repairs and Maintenance
- Insurance
- Other Current Expenses

These expenses are further allocated to the various Airport Cost Centers for rate-setting purposes.

Table 6-2 presents the historical Current Expenses and enplaned passengers at the Airport for FY 2016 through FY 2020, along with the resulting historical Current Expenses per enplaned passenger. The Current Expenses described in this section are gross expenses before the application of CARES Act or other relief funding.

Current Expenses increased at a CAGR of 1.4 percent from $60.2 million in FY 2016 to $63.7 million in FY 2020. Growth in Current Expenses can be attributed primarily to increases in personnel costs due to estimated personnel changes, merit wage increases, and increased benefits expenses. However, Current Expenses declined 3.3 percent from FY 2019 to FY 2020 because of the Authority's effort to control operating costs during the COVID-19 pandemic.

TABLE 6-2 HISTORICAL CURRENT EXPENSES (FY 2016 – FY 2020)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020[1]	COMPOUND ANNUAL GROWTH RATE
Total Current Expenses (thousands)	$60,207	$62,827	$64,672	$65,888	$63,713	1.4%
Current Expenses Annual Growth Rate		4.4%	2.9%	1.9%	-3.3%	
Enplaned Passengers (thousands)	4,333	4,422	4,662	5,027	3,528	-5.0%
Enplaned Passengers Annual Growth Rate		2.0%	5.4%	7.8%	-29.8%	
Total Current Expenses per Enplaned Passenger	$13.89	$14.21	$13.87	$13.11	$18.06	6.8%

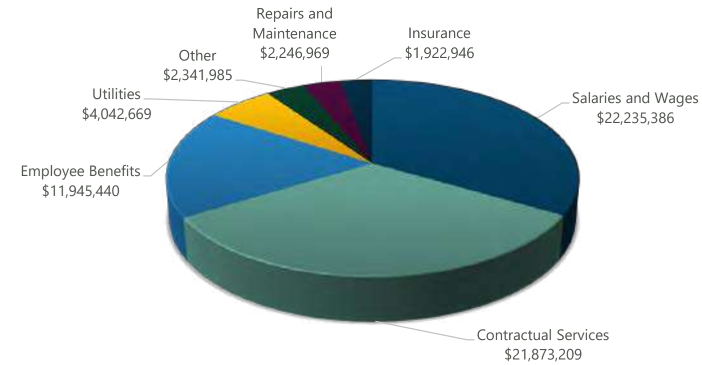
NOTES:
Dollars in thousands for Fiscal Years ended September 30.
FY – Fiscal Year
1 FY 2020 reflects current expenses before the application of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds.
SOURCE: Lee County Port Authority, *Actual Rates and Fees Settlement, Southwest Florida International Airport, Fiscal Year 2016-2020.*

The Airport's Current Expenses per enplaned passenger decreased from $13.89 in FY 2016 to $13.11 in FY 2019, as enplaned passenger growth outpaced the growth in Current Expenses during that time; however, it then increased to $18.06 in FY 2020 because of the decline in passenger activity in FY 2020. The overall CAGR of Current Expenses from FY 2016 to FY 2020 is 1.4 percent.

The Airport's projected FY 2021 Current Expenses, totaling $66.6 million, serves as the base year from which Current Expenses are projected. The increase over estimated FY 2020 is primarily attributable to additional estimated increases in personnel expenses, as well as continued airline traffic growth.

Exhibit 6-1 presents the projected FY 2021 Current Expenses by cost category.

EXHIBIT 6-1 FISCAL YEAR 2021 CURRENT EXPENSES BY COST CATEGORY



SOURCE: Lee County Port Authority, *FY 2021 Estimate, Southwest Florida International Airport*, April 2021.

6.3.1 SALARIES AND WAGES

Personnel expenses includes Airport staff compensation. Expenses for salaries and wages, which account for 33.4 percent of total operating expenses in FY 2021, are projected to increase at a CAGR of 4.1 percent through FY 2028. This is primarily attributable to anticipated salary increases, as well as new salary expenses from anticipated future staffing requirements.

6.3.2 EMPLOYEE BENEFITS

Expenses for employee benefits, which account for 17.9 percent of total operating expenses in FY 2021, are projected to increase at a CAGR of 4.1 percent through FY 2028. This is primarily attributable to expected pension and benefit increases due to expected future staffing requirements and inflation.

6.3.3 CONTRACTUAL SERVICES

Contractual services expenses at the Airport include the cost of outside contractors, including materials and supplies. Contractual services expenses account for 32.8 percent of total operating expenses in FY 2021, and they are projected to increase at a CAGR of 4.9 percent through FY 2028, primarily reflecting inflation and anticipated current expense costs associated with Terminal Expansion – Phase 1, which will provide a larger terminal footprint.

6.3.4 UTILITIES

Utility costs include electricity, telecommunications, water, and gas required to operate the Airport. Utility costs account for 6.1 percent of total operating expenses in FY 2021, and they are projected to increase at a CAGR of 5.3 percent through FY 2028, primarily attributable to inflation and anticipated increases to utility expenses associated with the Terminal Expansion – Phase 1.

6.3.5 REPAIRS AND MAINTENANCE

Repairs and maintenance costs include repairs, reconstruction, or replacement of affected area and/or equipment to restore it to its previous condition as required to operate the Airport. Repairs and maintenance costs account for 3.4 percent of total operating expenses in FY 2021, and they are projected to increase at a CAGR of 4.8 percent through FY 2028, primarily attributable to inflation and expected increases in maintenance expenses associated with the Terminal Expansion – Phase 1.

6.3.6 INSURANCE

Expenses for employee insurance costs, which account for 2.9 percent of total operating expenses in FY 2021, are projected to increase at a CAGR of 5.5 percent through FY 2028. This is primarily attributable to expected escalation of insurance premiums.

6.3.7 OTHER CURRENT EXPENSES

Other operating expenses include travel, freight, office equipment leases, printing, promotional activity, indirect costs, reference materials, memberships, education, and seminars. Other operating expenses account for 3.5 percent of total operating expenses in FY 2021, and they are projected to increase at a CAGR of 4.4 percent through FY 2028, reflecting inflation and anticipated increases to indirect costs.

6.3.8 CURRENT EXPENSE IMPACTS ASSOCIATED WITH CAPITAL PROJECTS

The completion of the Terminal Expansion – Phase 1 project is expected to result in incremental increases to Current Expenses. For purposes of this analysis, Terminal Current Expenses related to contractual services, materials, and

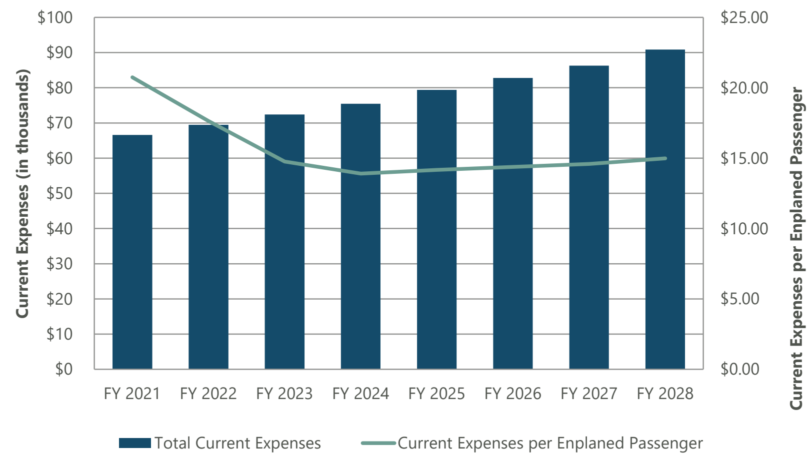
supplies; utilities; repairs and maintenance; and insurance are assumed to increase 10 percent in FY 2025, reflecting an increase due to the anticipated completion of the project in addition to anticipated inflationary impacts. See **Table A-1** in Appendix A for additional information regarding projected Current Expenses.

6.3.9 PROJECTED CURRENT EXPENSES

As described in Sections 6.3.1 through 6.3.8, Current Expenses are projected to increase based on the type of expense, expectations of future inflation rates (assumed to be 3.5 percent for personnel expenses and 5.0 percent for other Current Expenses from FY 2023 to FY 2028), and impacts associated with the completion of the Airport CIP. **Exhibit 6-2** presents the projection of total Current Expenses. As shown, total Current Expenses are projected to increase from $66.6 million in FY 2021 to $90.9 million in FY 2028, representing a CAGR of 4.5 percent. Current Expenses per enplaned passenger are projected to decrease as a result of enplaned passenger recovery partially offset by an increase in total Current Expenses.

Table A-1, in Appendix A of this Report, presents projected Current Expenses from FY 2021 through FY 2028, including the allocation of Current Expenses to the Airport Cost Centers.

EXHIBIT 6-2 PROJECTED CURRENT EXPENSES



NOTES:
FY – Fiscal Year
SOURCES: Lee County Port Authority, *FY 2021 Estimate, Southwest Florida International Airport*, March 2021; Ricondo & Associates, Inc., April 2021.

6.4 NON-AIRLINE REVENUES

Non-Airline Revenues include all Revenues generated at the Airport except for Terminal Rental Rate, Landing Fee, and Apron Revenues. Concessions, which primarily include rental car, parking, terminal concessions, and ground transportation revenues, provide most of the Non-Airline Revenues. Additional sources of Non-Airline Revenue include additional terminal fees and charges, general aviation and air car revenues, airfield and apron Non-Airline Revenue, investment income, and other miscellaneous revenues. **Table A-2**, in Appendix A of this Report, presents actual Non-Airline Revenues from FY 2019 and FY 2020 and projected Non-Airline Revenues from FY 2021 to FY 2028.

Most of the Airport's Non-Airline Revenues are generated from automobile parking and rental cars (55 percent in FY 2020), with rental cars as the largest single source of Non-Airline Revenue. **Table 6-3** presents concession revenues and enplaned passengers from FY 2016 through FY 2020.

TABLE 6-3 HISTORICAL PARKING AND CONCESSION REVENUES (FY 2016 – FY 2020)

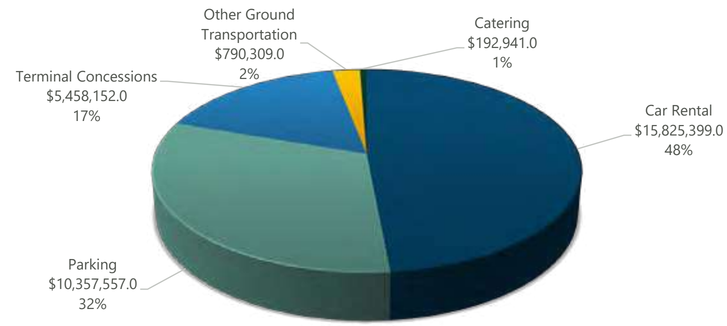
CONCESSION REVENUES	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	CAGR FY 2016 - 2019	PERCENTAGE CHANGE FY 2019 - 2020
Rental Cars [1]	$19,487	$19,742	$21,077	$22,469	$15,656	4.9%	-30.3%
Parking [2]	$15,798	$16,757	$17,554	$18,799	$11,735	6.0%	-37.6%
Terminal Concessions [3]	$7,299	$7,485	$7,830	$8,808	$5,963	6.5%	-32.3%
Other Ground Transportation [4]	$900	$1,007	$1,246	$1,383	$1,011	15.4%	-26.9%
Other [5]	$255	$299	$264	$314	$198		
Total Concession Revenues	$43,739	$45,291	$47,971	$51,773	$34,563	5.8%	-33.2%
Total Concession Revenues annual growth rate	5.7%	3.5%	5.9%	7.9%	-33.2%		
Enplaned Passengers (thousands)	4,333	4,422	4,662	5,027	3,528	5.1%	-29.8%
Total Concession Revenues per Enplaned Passenger	$10.09	$10.24	$10.29	$10.30	$9.80	0.7%	-4.9%

NOTES:
Dollars in thousands for Fiscal Years ended September 30.
Totals may not add due to rounding.
CAGR – Compound Annual Growth Rate
FY – Fiscal Year
1 Includes rental car privilege fees and off-airport rental cars.
2 Includes on- and off-parking revenues.
3 Includes terminal concessions, restaurants, and advertising.
4 Includes taxi permit/trip, courtesy permit/trip, provider permit fees, bus fees, and employee parking.
5 Includes catering and pay telephones.
SOURCE: Lee County Port Authority, *Actual Rates and Fees Settlement, Southwest Florida International Airport, Fiscal Year 2016-2020.*

Total concession revenues increased from $43.7 million in FY 2016 to $51.8 million in FY 2019, reflecting a CAGR of 5.8 percent. The increase is primarily the result of enplaned passenger growth. The decrease in concession revenues in FY 2020 of 33.2 percent is a result of the decrease in enplaned passengers over this period. Concession revenues per enplaned passenger remained relatively flat from FY 2016 through FY 2020.

The Airport's estimated Non-Airline Revenues for FY 2021 serve as the base from which Non-Airline Revenues are projected. **Exhibit 6-3** presents the breakdown of estimated FY 2021 parking and concession revenues.

EXHIBIT 6-3 FISCAL YEAR 2021 PARKING AND CONCESSION REVENUES BY CATEGORY



NOTE:
Car Rental includes rental car privilege fees and off-Airport rental cars. Parking includes on- and off-Airport parking revenues. Terminal Concessions includes terminal concessions, restaurants, and advertising. Other Ground Transportation taxi permit/trip, courtesy permit/trip, provider permit fees, bus fees, and employee parking.
SOURCES: Lee County Port Authority, *FY 2021 Estimate, Southwest Florida International Airport*, April 2021; Ricondo & Associates, Inc., April 2021.

6.4.1 CONCESSIONS

Concession revenues include those derived from the concessionaires in the terminal, such as restaurants and news and gift shops, as well as the Airport's landside operations, such as automobile parking and automobile rentals.

Total concession revenues are projected to increase from $32.6 million in FY 2021 to $64.6 million in FY 2028, reflecting a CAGR of 10.2 percent, which is largely attributable to the anticipated recovery of enplaned passenger activity. Concession revenues per enplaned passenger are projected to remain relatively stable, increasing from $10.16 in FY 2021 to $10.65 in FY 2028, which reflects a CAGR of 0.7 percent.

The following subsections describe the revenues generated by automobile rentals, automobile parking, terminal concessions, and other ground transportation at the Airport. Projections of those revenues through FY 2028 are also discussed.

6.4.1.1 AUTOMOBILE RENTAL

The following 12 rental car brands operate on-Airport: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless Car Rental, Sixt, Thrifty, Fox Rent A Car, and Easirent Car Rental. Hertz and its subsidiaries continue to operate at the Airport despite its bankruptcy filing in 2020 and are current in their payments. Fox Rent A Car and Easirent Car Rental currently provide off-Airport car rental operations. Rental car revenues include privilege fees and building rent for both on- and off-Airport rental car operations. Estimated automobile rental revenues for FY 2021 are $17.4 million, or 50.0 percent of concession revenues. Automobile rental revenues are projected to increase from approximately $17.4 million in FY 2021 to approximately $28.9 million in FY 2028, reflecting a CAGR of 7.5 percent. This increase is attributed to anticipated enplaned passenger growth.

6.4.1.2 AUTOMOBILE PARKING

Parking revenues are derived from Short-Term Parking Garage and Long-Term Parking Lot fees, as well as from off-Airport parking. Estimated parking revenues for FY 2021 are $10.4 million, or 29.7 percent of concession revenues. Based on the projected increase in enplaned passengers and half of assumed future inflation, parking revenues are projected to increase from approximately $10.4 million in FY 2021 to approximately $29.0 million in FY 2028, reflecting a CAGR of 12.7 percent. This analysis does not include specific rate increases above those reflecting an average annual increase of half of the rate of assumed future inflation throughout the Projection Period.

The current short-term parking rates range from $2 after the initial free first 20 minutes to $3 an hour until the maximum daily rate of $18 is reached. Long-term parking rates range from $2 an hour with a daily maximum of $11, a weekly maximum of $60 for the first week, and a $4 daily rate after the first week.

A shift in Airport access during the Projection Period may occur; however, due to the uncertainty of future changes to ground transportation, revenue projections developed for the financial analysis included in this Report assume no impact on parking and car rental demand from TNCs during the Projection Period. For purposes of this analysis, parking and rental car transactions per O&D passenger are assumed to remain level throughout the Projection Period.

6.4.1.3 TERMINAL CONCESSIONS

Concessionaires operate a total of 35 businesses at the Airport. Of the 35 locations, 30 are currently open for business, with the remaining 5 temporarily closed because of the FY 2020 to FY 2021 passenger activity drop. Estimated terminal concessions, commercial space rent, and restaurant revenues for FY 2021 are $5.8 million, or 16.8 percent of concession revenues. Total terminal concession revenues are estimated to increase based on a combination of forecast passenger growth and half of the projected rate of inflation from $5.8 million in FY 2021 to $11.7 million in FY 2028, reflecting a CAGR of 10.4 percent. Projected terminal concessions were assumed to increase by 10 percent in FY 2025 after the opening of the Terminal Expansion – Phase 1 project.

6.4.1.4 OTHER GROUND TRANSPORTATION

Other ground transportation revenues include taxi and courtesy vehicle permit and trip fees, provider permit fees, bus fees, land rent and fuel flowage fees for the gas station on Airport property, employee parking, and rental car fueling system revenues. Also included in other ground transportation revenues are TNC trip fees. In 2017, the Authority negotiated licenses with Uber and Lyft. The Airport receives $3.00 per passenger pickup at the Airport. There is currently no drop off fee charged at the Airport. TNC trip fees in 2020 totaled approximately $494,000. The TNC fee is assumed to remain unchanged during the Projection Period.

Other ground transportation revenues are estimated to total $1.2 million in FY 2021 and are projected to increase to approximately $2.3 million by FY 2028, reflecting a CAGR of 9.6 percent. The growth rate for this category is based on the anticipated change in enplaned passengers in addition to half of the anticipated rate of inflation.

6.4.2 ADDITIONAL TERMINAL FEES AND CHARGES

Additional Terminal Fees and Charges include Airport facility charges, which represent revenues from Non-Signatory joint-use space; facility use fees associated with common-use terminal equipment; terminal space rent for non-

Airline tenants, such as the TSA; equipment use charges for the use of passenger loading bridges; and per-turn charges for the use of non-preferential gates. The Airport facility and equipment use charges are projected to increase based on the rate of growth of enplaned passengers and half the rate of inflation. The remaining fees and charges are projected based on half of the projected rate of inflation and are not impacted by increases or decreases in scheduled aviation activity. Additional Terminal Fees and Charges are estimated to total approximately $3.8 million in FY 2021 and are projected to increase at a CAGR of 4.4 percent through FY 2028.

6.4.3 GENERAL AVIATION AND AIR CARGO REVENUES

General aviation revenues include FBO land rent and privilege fees. General aviation revenues for FY 2021 are estimated to total approximately $3.2 million and are anticipated to increase at a CAGR of 2.0 percent through FY 2028.

Air cargo Non-Airline Revenues primarily comprise cargo ramp user fees, commercial cargo building rental, and third-party cargo fees. Total air cargo Non-Airline Revenues are estimated at $491,000 in FY 2021 and are projected to increase at a CAGR of 1.5 percent through the Projection Period.

6.4.4 AIRFIELD AND APRON NON-AIRLINE REVENUES

Non-Airline Revenues associated with the airfield and apron consist primarily of fuel systems and apron use charges, respectively. Fuel system revenues for FY 2021 are estimated to be approximately $2.2 million, and fuel system revenues are anticipated to increase at a CAGR of 2.3 percent, based on the forecast change in landed weight in addition to half of the rate of inflation. Non-Airline apron use charges, estimated at $300,000 in FY 2021, include per-turn charges for the use of non-preferential aprons.

6.4.5 INVESTMENT INCOME AND OTHER NON-AIRLINE REVENUES

Other Revenues include investment income and other miscellaneous revenues. Projections of these revenue items are not impacted by increases or decreases in aviation activity. Investment income is anticipated to increase at a CAGR of 1.0 percent. The remaining miscellaneous revenues are projected to increases based on the rate of inflation or are assumed to remain constant over the Projection Period, as shown in Table A-2.

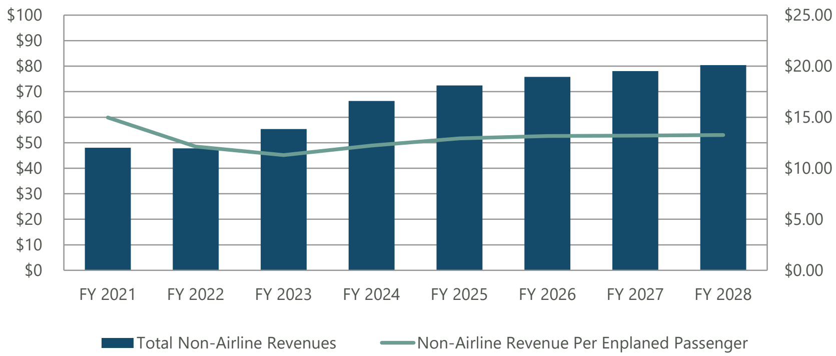
Exhibit 6-4 presents projections of Non-Airline Revenues. Revenues were projected based on a review of historical trends, forecast activity levels, impacts from the Terminal Expansion – Phase 1 project, and inflation. As shown, Non-Airline Revenues are projected to increase from $48.1 million in FY 2021 to $80.4 million in FY 2028, at a CAGR of 7.6 percent.

6.5 PASSENGER FACILITY CHARGES

As described in Section 3.2.3 of this Report, the Authority is currently authorized to collect approximately $908.3 million in PFCs through November 1, 2039. Through December 2020, the Authority has collected a total of approximately $350 million in PFC revenue. Appendix A presents the projected annual PFC collections, which are based on existing FAA approvals, forecast enplaned passengers, an assumed PFC level of $4.50 per enplaned passenger through the end of the Projection Period, and an assumed PFC collection eligibility of 91.3 percent of enplaned passengers.

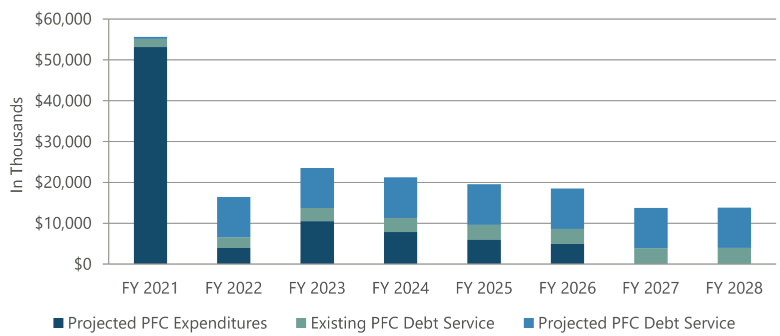
Projected PFC collections, as shown on **Exhibit 6-5**, are expected to be sufficient to cover all debt service to be paid with PFCs at the current PFC collection level.

EXHIBIT 6-4 PROJECTED NON-AIRLINE REVENUES



NOTES:
Dollars are in millions.
FY – Fiscal Year
SOURCES: Lee County Port Authority, *FY 2021 Estimate, Southwest Florida International Airport*, April 2021; Ricondo & Associates, Inc., April 2021.

EXHIBIT 6-5 PROJECTED PASSENGER FACILITY CHARGE EXPENDITURES



NOTES:
Dollars in thousands.
FY – Fiscal Year
PFC – Passenger Facility Charge
SOURCES: Lee County Port Authority, *FY 2021 Estimate, Southwest Florida International Airport*, April 2021; Ricondo & Associates, Inc., April 2021.

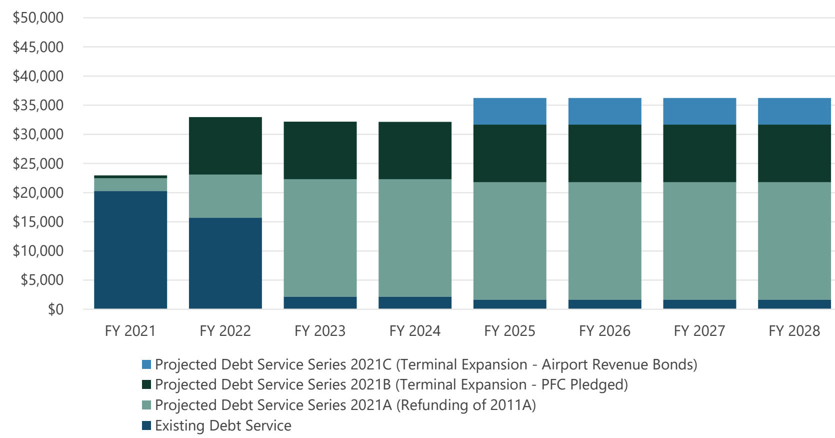
6.6 AMORTIZATION OF AUTHORITY FUNDS

As reflected in Chapter 3, the Airport CIP assumes the Authority will use unencumbered discretionary cash to fund certain capital projects. Approximately $71.4 million of Authority funds are anticipated to be used to fund the CIP, which, for purposes of this financial analysis, are assumed to be amortized over the useful life of the projects. Authority funds used for projects related to the Airfield and Terminal Cost Centers are recovered through the calculated Landing Fee and Terminal Rental Rate, respectively.

6.7 DEBT SERVICE

Exhibit 6-6 presents the Authority's projected annual debt service requirements. The Authority's debt service requirements include existing debt service, Series 2021A Bonds, and Additional Parity Bonds anticipated to be issued during the Projection Period, which are further discussed in the following subsections.

EXHIBIT 6-6 DEBT SERVICE



NOTES:
Dollars in thousands.
FY – Fiscal Year
PFC – Passenger Facility Charge
2021C Bonds includes capitalized interest.
Does not include CARES, CRRSAA, or ARPA funds.
Debt service payments are shown before the application of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds.
SOURCES: Lee County Port Authority, *FY 2021 Estimate, Southwest Florida International Airport*, April 2021; Ricondo & Associates, Inc., April 2021.

6.7.1 DEBT SERVICE ON EXISTING BONDS

As shown on Exhibit 6-6, existing debt service is approximately $20.3 million in FY 2021. The existing debt service includes the Series 2010A Bonds, the remaining interest payment on the Series 2011A Bonds, and the Series 2015 Bonds, as well as short-term financing in the amount of approximately $504,000 in FY 2021. The final payment for the Series 2010A Bonds, in the amount of $13.5 million, will occur in FY 2022. Given that the Series 2011A Bonds are being refunded by the 2021A Bonds, the only remaining payments on the existing bonds beyond FY 2022 will be approximately $1.7 million annually for the Series 2015 Bonds.

PFCs are anticipated to be applied to PFC-eligible portions of debt service on the Series 2010A, Series 2011A, Series 2015, and 2021A Bonds in an amount approved by the FAA under the PFC Application approved for the Midfield Terminal Construction.

6.7.2 DEBT SERVICE ON THE 2021A BONDS

The 2021A Bonds are assumed to have a term of 11 years; for purposes of this Report, interest on the 2021A Bonds is assumed at market interest rates as of March 11, 2021, plus credit spreads and 75 basis points. The 2021A Bonds debt service is estimated to be approximately $2.2 million beginning in FY 2021, increasing to approximately $7.4 million in FY 2022, and then increasing to approximately $20.1 million in FY 2023 and remaining level through the remainder of the Projection Period.

6.7.3 DEBT SERVICE ON THE ADDITIONAL PARITY BONDS

In addition to the 2021A Bonds, the Authority intends to issue two subsequent bond series to support the Airport's CIP—Series 2021B Bonds and Series 2021C Bonds—both of which will support the funding of Terminal Expansion – Phase 1.

It is anticipated that the 2021B and 2021C Bonds will be issued in September 2021. As PFC-pledged Airport Revenue Bonds, the Series 2021B Bonds would provide funding for approximately $140 million in PFC-eligible project costs, with no capitalized interest. Series 2021C Bonds would be Airport Revenue Bonds without a pledge of PFCs and would provide funding for approximately $52 million in project costs, with a capitalized interest period of four years. Financial projections in this Report assume a 5 percent interest rate for both series of Additional Parity Bonds.

Total debt service, including the 2021A, 2021B, and 2021C Bonds (net of the application of CARES Act funds), and excluding PFC-pledged debt, is estimated to be approximately $13.4 million in FY 2021, $14.1 million in FY 2022, and $22.3 million in FY 2023. It is estimated to increase to $26.4 million in FY 2025 and remain level through the Projection Period.

The Authority may also elect to issue debt to fund the Terminal Expansion – Phase 2, BHS Expansion, and Rental Car Relocation projects described in Chapter 3 when demand necessitates. Due to the uncertainty of project timing and funding, debt service associated with these projects is not included in this financial analysis. It is anticipated that most of the debt to be issued for these projects will be funded by PFCs for the Terminal Expansion – Phase 2 and BHS Expansion projects. The Rental Car Relocation project debt would be entirely funded by CFCs.

6.8 AIRLINE REVENUES

Airline terminal rental, landing fee, and apron revenues are described in the following subsections. The Authority has received $36 million in CARES Act funding, which has been applied to Current Expenses and debt service, as described in Section 6.2. The airline revenues shown in the following subsections and included within the attached appendix tables are calculated net of CARES Act funding.

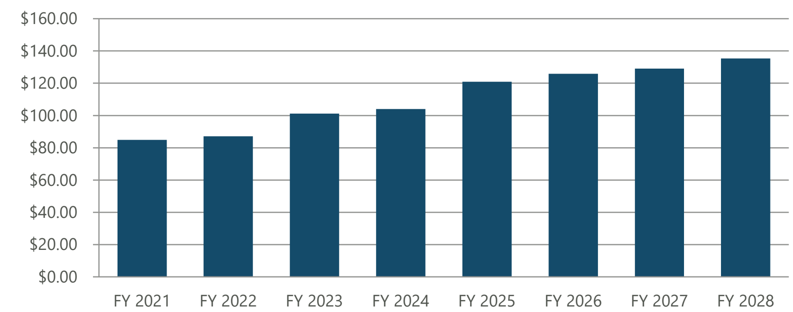
In addition, the Authority is expecting to receive approximately $8.5 million in CRRSAA funding and approximately $33.1 million in ARPA funding, as previously mentioned in Section 6.2. Although these additional relief monies are not included within the financial projections in this Report, the application of these funds will further offset Current

Expenses and/or debt service, thereby strengthening the Authority's financial position and increasing projected debt service coverage ratios.

6.8.1 TERMINAL RENTAL RATES

Exhibit 6-7 presents the projected Terminal Rental Rate, as calculated by the methodology described in Section 6.1.2. This charge is estimated at $84.86 per square foot in FY 2021 for Signatory Airlines, and it is projected to increase to $135.40 per square foot in FY 2028. The projected increase in Terminal Rental Rates is primarily due to anticipated increases in Current Expenses and investment service attributable to the Terminal Expansion – Phase 1 project allocated to the Terminal Cost Center.

EXHIBIT 6-7 TERMINAL RENTAL RATE



NOTES:
FY – Fiscal Year
Numbers are net of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds for FY 2021 and FY 2022.
SOURCES: Lee County Port Authority, *FY 2021 Estimate, Southwest Florida International Airport*, April 2021; Ricondo & Associates, Inc., April 2021.

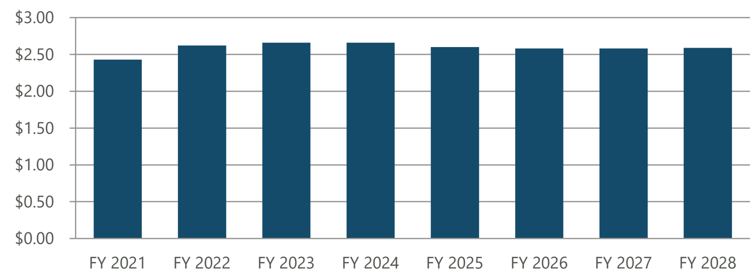
No increases to rentable or leased airline space are assumed during the Projection Period, given that the Terminal Expansion – Phase 1 project is associated with the consolidation of TSA screening and the addition of public space. Phase 2 of the Terminal Expansion would include added gate square footage, but it is not included within the financial analysis given uncertainties in project timing and funding.

Extraordinary protection is not anticipated to be required for any years within the Projection Period.

6.8.2 LANDING FEES

The Landing Fee Rate per 1,000 pounds of maximum gross landed weight was $2.61 per 1,000 pounds of maximum gross landed weight in FY 2020. As shown on **Exhibit 6-8**, the Landing Fee for FY 2021 is estimated to be $2.43, and it is projected to increase to $2.59 by FY 2028. The projected increase in the Landing Fee Rate is attributable to anticipated increase in airfield operating expenses.

EXHIBIT 6-8 LANDING FEE RATE



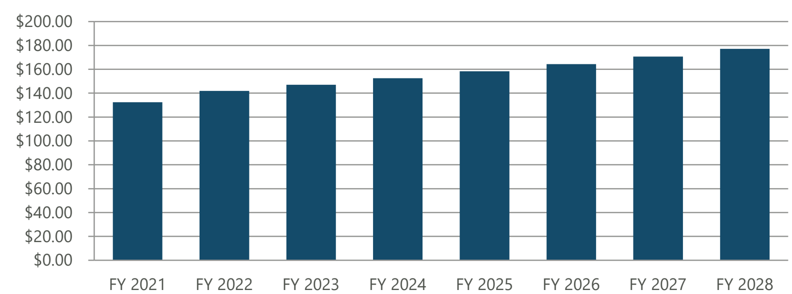
NOTES:
FY – Fiscal Year
Numbers are net of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds for FY 2021 and FY 2022.
SOURCES: Lee County Port Authority, *FY 2021 Estimate, Southwest Florida International Airport*, April 2021; Ricondo & Associates, Inc., April 2021.

Extraordinary protection is not anticipated to be required for any years within the Projection Period.

6.8.3 APRON FEES

Exhibit 6-9 presents the projected Apron Fee, as calculated by the methodology described in Section 6.1.2. This charge is estimated at $132,365 per gate in FY 2021, and it is projected to increase to $177,108 per gate through the Projection Period.

EXHIBIT 6-9 APRON FEES

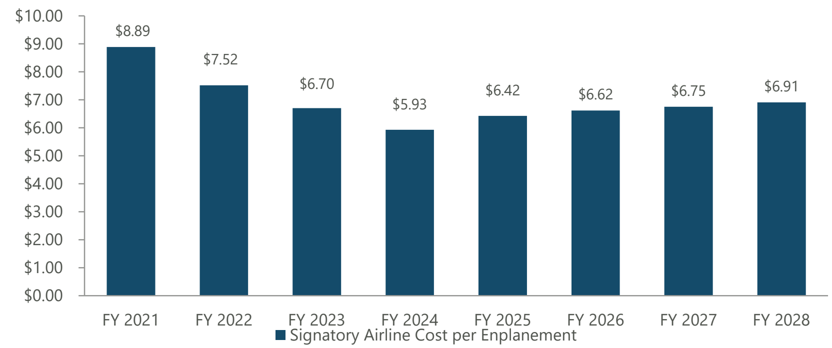


NOTES:
Numbers are in thousands.
FY – Fiscal Year
Numbers are net of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds for FY 2021 and FY 2022.
SOURCES: Lee County Port Authority, *FY 2021 Estimate, Southwest Florida International Airport*, April 2021; Ricondo & Associates, Inc., April 2021.

6.9 AIRLINE COST PER ENPLANEMENT

Exhibit 6-10 presents the airline cost per enplanement (CPE) for the Projection Period. The CPE includes Signatory landing fees, terminal rentals, and apron revenues, less any anticipated revenue sharing. As stated previously, all Airline Revenues are calculated net of CARES Act funding, and no CRRSAA or ARPA funding has been included in this analysis. The CPE calculation for each year in the Projection Period can be found in **Table A-8**.

EXHIBIT 6-10 AVERAGE AIRLINE COST PER ENPLANEMENT



NOTE:
FY – Fiscal Year
SOURCES: Lee County Port Authority, *FY 2021 Estimate, Southwest Florida International Airport*, April 2021; Ricondo & Associates, Inc., April 2021.

As presented, the Airline CPE at the Airport is estimated to be $8.89 in FY 2021, and it is projected to decrease to $6.91 by the end of the Projection Period in FY 2028. The decrease in CPE is attributable to projected increases in enplaned passengers as the Airport activity recovers from COVID-19 impacts, which outpace passenger airline revenue.

The projected CPE shown on Exhibit 6-10 is evaluated in this analysis to be reasonable based on the expectation that these fees will not deter forecast demand for air traffic at the Airport as airlines continue to deploy capacity to airports based on available resources. The projected Airport user fees in this analysis are deemed to be reasonable based on the following combination of factors:

- **Strong economic base**. The Air Trade Area has a large and diverse economy with projected growth that is anticipated to increase the demand for airline travel at the Airport through the Projection Period (ending FY 2028).
- **Attractive geographical location**. The Airport is located within close proximity to the leisure and hospitality industry destinations, which are the largest service categories in the Air Trade Area.
- **Capital projects that enable growth.** Airport user fees during the Projection Period are calculated to recover debt service and operating costs partially attributable to capital projects designed to increase operational

efficiencies and enhance passenger throughput at the Airport. These projects support forecast long-term growth at the Airport.

6.10 FINANCIAL PERFORMANCE AND DEBT SERVICE COVERAGE

As contained in Section 5.04 of the Resolution,

> "The County and the Authority hereby covenant to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the services and facilities of the Airport which will be at least equal to the greater of (i) Revenues, together with Transfers, in each Fiscal Year sufficient to pay all Current Expenses of the Airport in such Fiscal Year, and one hundred twenty-five per centum (125%) of the Bond Service Requirements in such Fiscal Year (excluding for purposes of this calculation, redemption premiums and Reserve Requirements), and (ii) Revenues, without taking into account Transfers, in each Fiscal Year sufficient to pay all Current Expenses of the Airport in such Fiscal Year, and one hundred per centum (100%) of the Bond Service Requirements (excluding for purposes of this calculation, redemption premiums) in such Fiscal Year and all other required payments under this Resolution."

The debt service coverage ratio is projected to exceed both the 1.25 times and 1.00 times the minimum requirements in each year of the Projection Period. As described in Chapter 1, PFC Revenues used for debt service are defined as pledged PFCs and are therefore included as Revenues in both calculations. **Table A-9** in Appendix A presents the actual and projected Debt Service coverage ratio for all Bonds Outstanding, from FY 2019 through FY 2028. The ratio accounts for existing debt, as well as the 2021A Bonds and the Additional Parity Bonds anticipated to be issued during the Projection Period.

In addition to the Rate Covenant previously described, the Resolution includes a requirement for an Additional Bonds Test. As current refunding bonds without crossover, the 2021A Bonds are subject to the following requirement:

"With respect to Refunding Bonds that are not Cross-over Refunding Bonds, a certificate must be filed demonstrating either (a) the Maximum Bond Service Requirement will not increase after the issuance of the Refunding Bonds and the application of the proceeds thereof or (b) the total Bond Service Charges will not increase after the issuance of such Refunding Bonds and the application of the proceeds thereof."

Without the issuance of the 2021A Bonds, the total Bond Service Charges would total approximately $24.7 million in FY 2021. After the issuance of the 2021A Bonds, the total Bond Service Charges in FY 2021 are estimated to total approximately $22.0 million. The total Bond Services Charges in FY 2022 and beyond will also decrease, given that the annual debt service for the Series 2011A Bonds will be replaced by the annual debt service for the Series 2021A Bonds as follows: (1) debt service of approximately $9.5 million for the Series 2011A Bonds in FY 2022 will be replaced by debt service of approximately $7.4 million for the Series 2021A Bonds in FY 2022, and (2) annual debt service in FY 2023 and beyond of approximately $23.5 million for the Series 2011A Bonds will be replaced by annual debt service of approximately $20.1 million for the Series 2021A Bonds. Therefore, the Additional Bonds Test for this issuance will be met.

6.11 ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS

The techniques and methodologies used in preparing this financial analysis are consistent with industry practices for similar studies in connection with airport revenue bond sales. While Ricondo believes the approach and assumptions used are reasonable, some assumptions regarding future trends and events presented in this Report, including the implementation schedule and enplaned passenger forecasts, may not materialize. Therefore, achievement of the projections presented in this Report is dependent upon the occurrence of future events, which cannot be assured, and the variations may be material.

APPENDIX A

Financial Projection Tables

TABLE A-1 CURRENT EXPENSES AND RESERVE REQUIREMENT

(For Fiscal Years Ending September 30)

	ACTUALS		ESTIMATE	PROJECTED							COMPOUND ANNUAL GROWTH RATE (2021 - 2028)
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
Current Expenses by Type											
Salaries & Wages	$22,149,400	$22,859,156	$22,235,386	$23,985,311	$24,824,797	$25,693,665	$26,592,943	$27,523,696	$28,487,025	$29,484,071	4.1%
Employee Benefits	$10,341,461	$11,066,397	$11,945,440	$12,885,546	$13,336,540	$13,803,319	$14,286,435	$14,786,461	$15,303,987	$15,839,626	4.1%
Contractual Services, Materials & Supplies	$20,975,778	$18,127,265	$21,873,209	$22,004,448	$23,104,671	$24,259,904	$25,971,279	$27,269,843	$28,633,336	$30,669,413	4.9%
Utilities	$4,194,146	$4,001,032	$4,042,669	$4,066,925	$4,270,271	$4,483,785	$4,854,424	$5,097,145	$5,352,002	$5,797,209	5.3%
Repairs & Maintenance	$2,959,623	$2,177,428	$2,246,969	$2,260,451	$2,373,473	$2,492,147	$2,658,180	$2,791,089	$2,930,643	$3,127,415	4.8%
Insurance	$1,575,931	$1,594,811	$1,922,946	$1,934,484	$2,031,208	$2,132,768	$2,328,983	$2,445,432	$2,567,704	$2,804,723	5.5%
Other	$3,691,832	$3,886,678	$2,341,985	$2,356,037	$2,473,839	$2,597,531	$2,727,407	$2,863,778	$3,006,966	$3,157,315	4.4%
Total Net Current Expenses	**$65,888,171**	**$63,712,767**	**$66,608,604**	**$69,493,202**	**$72,414,799**	**$75,463,119**	**$79,419,651**	**$82,777,443**	**$86,281,663**	**$90,879,771**	**4.5%**
Current Expenses by Cost Center											
Airfield	$11,056,096	$11,328,259	$11,301,014	$11,945,890	$12,414,749	$12,902,555	$13,410,100	$13,938,206	$14,487,733	$15,059,579	4.2%
Apron	$3,391,727	$3,584,666	$3,672,797	$3,898,484	$4,048,083	$4,203,575	$4,365,200	$4,533,207	$4,707,855	$4,889,416	4.2%
Terminal	$27,967,912	$26,282,261	$28,423,973	$29,538,298	$30,805,160	$32,128,013	$34,285,231	$35,766,603	$37,313,892	$39,870,999	5.0%
Ground Transportation	$19,083,313	$17,833,447	$18,668,889	$19,336,134	$20,179,365	$21,060,433	$21,981,078	$22,943,121	$23,948,472	$24,999,127	4.3%
Aviation	$2,786,527	$2,988,943	$2,755,044	$2,897,945	$3,014,717	$3,136,342	$3,263,031	$3,394,999	$3,532,474	$3,675,693	4.2%
Nonaviation	$626,814	$663,624	$706,928	$742,862	$772,952	$804,299	$836,957	$870,985	$906,439	$943,384	4.2%
Air Cargo	$975,782	$1,031,567	$1,079,959	$1,133,589	$1,179,774	$1,227,902	$1,278,055	$1,330,323	$1,384,798	$1,441,574	4.2%
Total Net Current Expenses	**$65,888,171**	**$63,712,768**	**$66,608,604**	**$69,493,202**	**$72,414,799**	**$75,463,119**	**$79,419,652**	**$82,777,444**	**$86,281,664**	**$90,879,771**	**4.5%**
Current Expenses by Cost Center Net of Cares											
Airfield	$11,056,096	$11,328,259	$11,301,014	$11,945,890	$12,414,749	$12,902,555	$13,410,100	$13,938,206	$14,487,733	$15,059,579	4.2%
Apron	$3,391,727	$3,584,666	3,672,797	3,898,484	4,048,083	4,203,575	4,365,200	4,533,207	4,707,855	4,889,416	4.2%
Terminal	$27,967,912	$26,282,261	28,423,973	29,538,298	30,805,160	32,128,013	34,285,231	35,766,603	37,313,892	39,870,999	5.0%
Ground Transportation	$19,083,313	$15,560,341	$13,168,889	$17,336,134	$20,179,365	$21,060,433	$21,981,078	$22,943,121	$23,948,472	$24,999,127	9.6%
Aviation	$2,786,527	$2,988,943	$2,755,044	$2,897,945	$3,014,717	$3,136,342	$3,263,031	$3,394,999	$3,532,474	$3,675,693	4.2%
Nonaviation	$626,814	$663,624	$706,928	$742,862	$772,952	$804,299	$836,957	$870,985	$906,439	$943,384	4.2%
Air Cargo	$975,782	$1,031,567	$1,079,959	$1,133,589	$1,179,774	$1,227,902	$1,278,055	$1,330,323	$1,384,798	$1,441,574	4.2%
Total Net Current Expenses Net of CARES	**$65,888,171**	**$61,439,662**	**$61,108,604**	**$67,493,202**	**$72,414,799**	**$75,463,119**	**$79,419,652**	**$82,777,444**	**$86,281,664**	**$90,879,771**	**5.8%**

NOTE:
Totals may not add due to rounding.

SOURCES: Lee County Port Authority Department, April 2021 (FY 2021 Estimate); Ricondo & Associates, Inc., April 2021 (projections).

TABLE A-2 NON-AIRLINE REVENUES

(For Fiscal Years Ending September 30)

	ACTUAL		ESTIMATE	PROJECTED							COMPOUND ANNUAL GROWTH RATE (2021-2028)
	2019	2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
Airfield											
Fuel Systems	$2,287,479	$1,942,264	$2,186,564	$1,793,423	$2,142,739	$2,223,335	$2,306,895	$2,391,332	$2,478,861	$2,569,495	2.3%
Other Airfield Non-airline Revenues [1]	$684,237	$696,537	$606,887	$614,871	$694,329	$713,024	$732,292	$751,686	$771,728	$792,386	3.9%
Total Airfield Non-Airline Revenues	**$2,971,716**	**$2,638,801**	**$2,793,451**	**$2,408,294**	**$2,837,068**	**$2,936,359**	**$3,039,186**	**$3,143,018**	**$3,250,588**	**$3,361,881**	**2.7%**
Apron											
Apron Use Charge	$389,746	$415,437	$300,400	$300,400	$300,400	$300,400	$300,400	$300,400	$300,400	$300,400	0.0%
Other Apron Non-airline Revenues [2]	$200	$549	$0	$0	$0	$0	$0	$0	$0	$0	0.0%
Total Apron Non-Airline Revenues	**$389,946**	**$415,986**	**$300,400**	**$300,400**	**$300,400**	**$300,400**	**$300,400**	**$300,400**	**$300,400**	**$300,400**	**0.0%**
Terminal											
Terminal Concessions[3]	$9,171,685	$6,311,407	$5,838,176	$6,834,526	$8,406,147	$9,309,912	$10,545,123	$10,917,071	$11,298,874	$11,688,938	10.4%
Additional Terminal Fees and Charges	$5,275,559	$4,942,058	$3,817,564	$3,978,952	$4,418,211	$4,680,215	$4,801,965	$4,914,605	$5,029,859	$5,147,342	4.4%
Other Terminal Non-airline Revenues [4]	$535,345	$551,851	$411,189	$411,189	$411,189	$411,189	$411,189	$411,189	$411,189	$411,189	0.0%
Total Terminal Non-Airline Revenues	**$14,982,589**	**$11,805,316**	**$10,066,929**	**$11,224,667**	**$13,235,547**	**$14,401,317**	**$15,758,278**	**$16,242,865**	**$16,739,922**	**$17,247,469**	**8.0%**
Ground Transportation											
Rental Cars[5]	23,816,030	17,038,788	17,442,215	19,249,328	23,589,320	25,952,902	26,780,146	27,492,209	28,214,336	28,942,076	7.5%
Parking[6]	18,798,544	11,734,695	10,357,557	14,738,383	18,494,633	20,647,414	21,530,977	22,330,074	23,150,601	23,989,066	12.7%
Other Ground Transportation Non-airline Revenues [7]	1,861,905	1,783,237	1,213,764	1,493,816	1,818,021	2,004,837	2,082,910	2,153,767	2,226,485	2,300,764	9.6%
Total Ground Transportation Non-Airline Revenues	**$44,476,479**	**$30,556,720**	**$29,013,536**	**$35,481,528**	**$43,901,973**	**$48,605,154**	**$50,394,032**	**$51,976,050**	**$53,591,422**	**$55,231,906**	**9.6%**
Aviation											
General Aviation Revenues	$3,629,686	$3,895,845	$3,178,659	$3,242,232	$3,307,077	$3,373,218	$3,440,683	$3,509,496	$3,579,686	$3,651,280	2.0%
Other Aviation Non-airline Revenues [8]	$819,863	$430,259	$465,062	$474,363	$483,851	$493,528	$503,398	$513,466	$523,735	$534,210	2.0%
Total Aviation Non-Airline Revenues	**$4,449,549**	**$4,326,104**	**$3,643,721**	**$3,716,595**	**$3,790,927**	**$3,866,746**	**$3,944,081**	**$4,022,962**	**$4,103,422**	**$4,185,490**	**2.0%**
Air Cargo											
Cargo Fees and Building Rental	$571,536	$476,468	$483,662	$448,094	$459,624	$471,452	$483,238	$494,836	$506,712	$518,365	1.0%
Other Cargo Non-airline Revenues [9]	$30,600	$31,122	$7,575	$23,756	$24,367	$24,994	$25,619	$26,234	$26,863	$27,481	20.2%
Total Air Cargo Non-Airline Revenues	**$602,136**	**$507,590**	**$491,237**	**$471,850**	**$483,991**	**$496,446**	**$508,857**	**$521,069**	**$533,575**	**$545,846**	**1.5%**
Investment Income	**$3,696,422**	**$1,623,748**	**$1,757,449**	**$1,775,023**	**$1,792,774**	**$1,810,701**	**$1,828,808**	**$1,847,097**	**$1,865,568**	**$1,884,223**	**1.0%**
Total Non-Airline Revenues	**$71,568,837**	**$51,874,265**	**$48,066,723**	**$55,378,358**	**$66,342,681**	**$72,417,123**	**$75,773,642**	**$78,053,461**	**$80,384,897**	**$82,757,216**	**8.1%**
Concessions Revenues per Enplanement	**$ 10.67**	**$ 10.45**	**$ 10.85**	**$ 10.74**	**$ 10.66**	**$ 10.67**	**$ 10.87**	**$ 10.92**	**$ 10.98**	**$ 11.03**	**0.2%**

NOTES:
Totals may not add due to rounding.

1 Includes miscellaneous revenue, utility income, cargo ramp user fees, insurance proceeds, and FBO landing fees.
2 Includes miscellaneous revenue and insurance proceeds.
3 Includes terminal concessions, commercial space rent, restaurants, and advertising.
4 Includes miscellaneous revenue and insurance proceeds.
5 Includes rental cars, building rent RAC, building rent RAC Frontage Road, and off airport rental cars.
6 Includes parking lot fee and off-Airport parking.
7 Includes miscellaneous revenue, privilege fees, flow flowage fees, employee parking, charter bus fees, and land rent.
8 Includes miscellaneous revenue, cell phone tower charges, and building RAC service facility.
9 Includes miscellaneous revenue.

SOURCES: Lee County Port Authority Department, April 2021 (FY 2021 Estimate); Ricondo & Associates, Inc., April 2021 (projections).

TABLE A-3 PROJECTED PFC REVENUE COLLECTIONS

(For Fiscal Years Ending September 30)

	ACTUAL		ESTIMATED	PROJECTED						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Enplanements	5,026,675	3,528,276	3,211,000	3,941,000	4,906,000	5,428,000	5,606,000	5,758,000	5,912,000	6,067,000
Calculation of PFCs										
91.3% Eligibility of Enplaned Passengers	4,589,354	3,221,316	2,931,643	3,598,133	4,479,178	4,955,764	5,118,278	5,257,054	5,397,656	5,539,171
PFC Collection Level	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50
Less: Administrative Fee	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)
Net PFC Level	**$4.39**	**$4.39**	**$4.39**	**$4.39**	**$4.39**	**$4.39**	**$4.39**	**$4.39**	**$4.39**	**$4.39**
Total PFC Revenue	**$20,147,265**	**$14,141,577**	**$12,869,913**	**$15,795,804**	**$19,663,591**	**$21,755,804**	**$22,469,240**	**$23,078,467**	**$23,695,710**	**$24,316,961**

SOURCES: Lee County Port Authority Department, April 2021 (FY 2021 Estimate); Ricondo & Associates, Inc., April 2021 (projections).

TABLE A-4 (1 of 2) DEBT SERVICE

(For Fiscal Years Ending September 30)

	ACTUAL		ESTIMATE	PROJECTED						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Outstanding Bond Debt Service										
Series 2010A	$13,498,721	$13,500,095	$13,500,905	$13,503,000	$0	$0	$0	$0	$0	$0
Series 2011A	$9,514,839	$9,515,439	$4,630,147	$0	$0	$0	$0	$0	$0	$0
Series 2015	$1,671,653	$1,671,653	$1,672,005	$1,671,250	$1,671,250	$1,671,250	$1,671,250	$1,671,250	$1,671,250	$1,671,250
Short-Term Financing	$0	$68,611	$504,375	$504,375	$504,375	$504,375	$0	$0	$0	$0
Total Outstanding Debt Service[1]	**$24,685,213**	**$24,755,798**	**$20,307,432**	**$15,678,625**	**$2,175,625**	**$2,175,625**	**$1,671,250**	**$1,671,250**	**$1,671,250**	**$1,671,250**
Estimated Series 2021A Bonds										
Series 2021A (Refunding 2011A)	$0	$0	$2,165,406	$7,424,250	$20,124,250	$20,124,250	$20,127,500	$20,132,250	$20,121,750	$20,125,000
Future Anticipated Bonds										
Series 2021B (Terminal Expansion - PFC Pledged Airport Revenue Bonds)	$0	$0	$484,805	$9,863,250	$9,864,500	$9,860,000	$9,859,750	$9,863,250	$9,860,000	$9,860,000
Series 2021C (Terminal Expansion - Airport Revenue Bonds)	$0	$0	$0	$0	$0	$0	$4,588,250	$4,586,750	$4,587,250	$4,584,500
Total Anticipated Future Bond Debt Service	**$0**	**$0**	**$484,805**	**$9,863,250**	**$9,864,500**	**$9,860,000**	**$14,448,000**	**$14,450,000**	**$14,447,250**	**$14,444,500**
Total Existing and Future Bond Debt Service	**$24,685,213**	**$24,755,798**	**$22,957,643**	**$32,966,125**	**$32,164,375**	**$32,159,875**	**$36,246,750**	**$36,253,500**	**$36,240,250**	**$36,240,750**

TABLE A-4 (2 of 2) DEBT SERVICE

(For Fiscal Years Ending September 30)

	ACTUAL		ESTIMATE	PROJECTED						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total Existing and Future Bond Debt Service	**$24,685,213**	**$24,755,798**	**$22,957,643**	**$32,966,125**	**$32,164,375**	**$32,159,875**	**$36,246,750**	**$36,253,500**	**$36,240,250**	**$36,240,750**
Less: PFC Pledged Debt - Anticipated	$0	$0	($484,805)	($9,863,250)	($9,864,500)	($9,860,000)	($9,859,750)	($9,863,250)	($9,860,000)	($9,860,000)
Less: CARES Funding	$0	$ (8,727,329)	$ (9,100,000)	$ (9,002,777)	$0	$0	$0	$0	$0	$0
Total Debt Service Allocated to Cost Centers (after CARES)	**$24,685,213**	**$16,028,469**	**$13,372,838**	**$14,100,098**	**$22,299,875**	**$22,299,875**	**$26,387,000**	**$26,390,250**	**$26,380,250**	**$26,380,750**
Plus: Debt Service Coverage	$6,171,303	$ 4,007,117	$ 3,343,210	$ 3,525,025	$ 5,574,969	$ 5,574,969	$ 6,596,750	$ 6,597,563	$ 6,595,063	$ 6,595,188
Total Investment Service Allocated to Cost Centers	**$30,856,516**	**$20,035,586**	**$16,716,048**	**$17,625,123**	**$27,874,844**	**$27,874,844**	**$32,983,750**	**$32,987,813**	**$32,975,313**	**$32,975,938**
Allocation of Airport Revenue Bonds to Cost Centers (Net of CARES)										
Airfield	$5,646,742	$ 3,666,512	$ 3,059,037	$ 3,410,125	$ 5,285,824	$ 5,285,824	$ 4,986,464	$ 4,987,551	$ 4,985,149	$ 4,985,892
Apron	$61,713	$40,071	$ 33,432	$33,989	$54,489	$54,489	$54,497	$54,509	$54,483	$54,491
Terminal	$16,168,815	$10,498,647	$ 8,759,209	$9,235,564	$14,606,418	$14,606,418	$20,013,494	$20,014,730	$20,008,478	$20,007,169
Ground Transportation	$8,701,538	$5,650,035	$ 4,713,925	$4,792,492	$7,682,914	$7,682,914	$7,684,059	$7,685,734	$7,682,033	$7,683,178
Aviation	$185,139	$120,214	$ 100,296	$101,968	$163,466	$163,466	$163,491	$163,526	$163,448	$163,472
Nonaviation	$0	$0	$ -	$0	$0	$0	$0	$0	$0	$0
Air Cargo	$92,570	$60,107	$ 50,148	$50,984	$81,733	$81,733	$81,745	$81,763	$81,724	$81,736
Total Existing and Future Bond Debt Service	**$30,856,516**	**$20,035,586**	**$ 16,716,048**	**$17,625,123**	**$27,874,844**	**$27,874,844**	**$32,983,750**	**$32,987,813**	**$32,975,313**	**$32,975,938**

NOTES:

Net of CARES Act Funds. Does not include CRRSAA or ARPA Funds.

1 Total outstanding debt service is eligible for 75 cents per enplaned eligible passenger reimbursement

SOURCES: Lee County Port Authority Department, April 2021 (FY 2021 Estimate); Ricondo & Associates, Inc., April 2021 (projections).

TABLE A-5 LANDING FEE RATE CALCULATION

(For Fiscal Years Ending September 30)

	ACTUAL		ESTIMATE	PROJECTED						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Net Airfield Requirement Calculation										
Airfield Investment Service	$5,646,742	$ 3,666,512	$ 3,059,037	$ 3,410,125	$ 5,285,824	$ 5,285,824	$ 4,986,464	$ 4,987,551	$ 4,985,149	$ 4,985,892
Airfield Operating Expenses	$11,056,096	$11,328,259	$11,301,014	$11,945,890	$12,414,749	$12,902,555	$13,410,100	$13,938,206	$14,487,733	$15,059,579
Airfield Operating Expense Reserve	$0	$7	$0	$294,309	$117,215	$121,952	$126,886	$132,027	$137,382	$142,961
Airfield Amortization	198,357	283,061	283,061	283,061	337,885	337,885	337,885	177,349	177,349	177,349
Total Airfield Requirement	**$16,901,195**	**$15,277,840**	**$ 14,643,112**	**$15,933,385**	**$18,155,672**	**$18,648,216**	**$18,861,335**	**$19,235,132**	**$19,787,613**	**$20,365,781**
<u>Less:</u>										
Airfield Nonairline Revenue	$2,971,716	$2,638,801	$3,115,064	$2,733,123	$3,165,145	$3,267,718	$3,373,858	$3,481,037	$3,591,987	$3,706,694
Net Airfield Requirement	**$13,929,479**	**$12,639,039**	**$11,528,048**	**$13,200,262**	**$14,990,527**	**$15,380,498**	**$15,487,477**	**$15,754,095**	**$16,195,625**	**$16,659,087**
Signatory Landed Weight (000's)	4,834,344	4,153,831	4,259,134	4,525,432	5,072,676	5,213,147	5,357,499	5,500,596	5,647,516	5,798,359
Non-Signatory Airline Landed Weight (000's)	690,804	574,600	494,101	517,143	558,844	573,879	589,150	604,247	619,731	635,365
Total Airline Landed Weight (1,000 lb units)	5,525,148	4,728,430	4,753,235	5,042,575	5,631,520	5,787,026	5,946,649	6,104,843	6,267,247	6,433,724
Landing Fee Rate	**$2.41**	**$2.61**	**$2.43**	**$2.62**	**$2.66**	**$2.66**	**$2.60**	**$2.58**	**$2.58**	**$2.59**
Non-Signatory Landing Fee Rate	**$2.58**	**$2.49**	**$2.43**	**$2.62**	**$2.66**	**$2.66**	**$2.60**	**$2.58**	**$2.58**	**$2.59**
Signatory Landing Fee Revenue	$11,650,770	$10,842,103	$10,349,695	$11,856,632	$13,493,319	$13,866,971	$13,929,497	$14,191,538	$14,570,591	$15,017,749
Non-Signatory Landing Fee Revenue	$1,782,275	$1,430,754	$1,200,666	$1,354,914	$1,486,524	$1,526,518	$1,531,791	$1,558,957	$1,598,906	$1,645,596
Total Landing Fee Revenue	**$13,433,044**	**$12,272,857**	**$11,550,361**	**$13,211,547**	**$14,979,843**	**$15,393,489**	**$15,461,287**	**$15,750,495**	**$16,169,497**	**$16,663,345**

NOTE:

Totals may not add due to rounding.

SOURCES: Lee County Port Authority Department, April 2021 (FY 2021 Estimate); Ricondo & Associates, Inc., April 2021 (projections).

TABLE A-6 TERMINAL BUILDING RENTAL RATES

(For Fiscal Years Ending September 30)

	ACTUAL		ESTIMATE	PROJECTED						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Net Signatory Airline Terminal Requirement Calculation										
Terminal Investment Service	$16,168,815	10,498,647	8,759,209	9,235,564	14,606,418	14,606,418	20,013,494	20,014,730	20,008,478	20,007,169
Terminal Operating Expenses	$27,967,912	$26,282,261	$28,423,973	$29,538,298	$30,805,160	$32,128,013	$34,285,231	$35,766,603	$37,313,892	$39,870,999
Terminal Operating Expense Reserve	$0	$0	$0	($72,507)	$316,715	$330,713	$539,305	$370,343	$386,822	$639,277
Terminal Amortization	$477,478	$998,117	$1,112,539	$1,112,539	$757,656	$961,748	$528,423	$1,453,018	$1,365,705	$1,365,705
Total Terminal Requirement	**$44,614,204**	**$37,779,024**	**$38,295,721**	**$39,813,895**	**$46,485,949**	**$48,026,893**	**$55,366,452**	**$57,604,694**	**$59,074,897**	**$61,883,150**
Less:										
Pledged PFC Revenue (Existing)	$3,305,783	$2,557,377	$1,991,100	$2,571,503	$3,201,165	$3,541,770	$3,657,915	$3,757,095	$3,857,580	$3,958,718
FIS Credit	$370,462	$239,358	$0	$0	$0	$0	$0	$0	$0	$0
Net Requirement	**$40,937,959**	**$34,982,289**	**$36,304,621**	**$37,242,392**	**$43,284,784**	**$44,485,122**	**$51,708,537**	**$53,847,599**	**$55,217,317**	**$57,924,432**
Total Rentable Space	427,798	427,798	427,798	427,798	427,798	427,798	427,798	427,798	427,798	427,798
Terminal Rental Rate	$95.69	$81.77	$84.86	$87.06	$101.18	$103.99	$120.87	$125.87	$129.07	$135.40
Total Leased Airline Space	181,978	163,543	185,138	185,138	185,138	185,138	185,138	185,138	185,138	185,138
Net Airline Requirement	**$17,413,475**	**$13,373,388**	**$15,710,768**	**$16,118,071**	**$18,732,212**	**$19,252,449**	**$22,377,570**	**$23,303,257**	**$23,895,697**	**$25,067,618**
Total Leased Airline Space	181,978	163,543	185,138	185,138	185,138	185,138	185,138	185,138	185,138	185,138
Signatory Airline Terminal Rental Rate	$95.69	$81.77	$84.86	$87.06	$101.18	$103.99	$120.87	$125.87	$129.07	$135.40
Non-Signatory Terminal Rental Rate (110%)	105.259	$121.59	$93.35	$95.77	$111.30	$114.39	$132.96	$138.46	$141.98	$148.94
Signatory Leased Airline Space	176,529	162,911	184,449	184,449	184,449	184,449	184,449	184,449	184,449	184,449
Non-Signatory Leased Airline Space	1,327	632	689	689	689	689	689	689	689	689
Total Leased Airline Space	**177,856**	**163,543**	**185,138**	**185,138**	**185,138**	**185,138**	**185,138**	**185,138**	**185,138**	**185,138**
Signatory Airline Terminal Rental Revenue	$16,892,060	$13,321,707	$15,652,300	$16,058,086	$18,662,499	$19,180,800	$22,294,290	$23,216,533	$23,806,768	$24,974,327
Non-Signatory Terminal Rental Revenue	$139,679	$76,845	$64,315	$65,983	$76,684	$78,814	$91,607	$95,397	$97,822	$102,620
Total Terminal Rental Revenue	**$17,031,739**	**$13,398,552**	**$15,716,615**	**$16,124,069**	**$18,739,184**	**$19,259,614**	**$22,385,898**	**$23,311,930**	**$23,904,590**	**$25,076,947**

NOTE:

Totals may not add due to rounding.

SOURCES: Lee County Port Authority Department, April 2021 (FY 2021 Estimate); Ricondo & Associates, Inc., April 2021 (projections).

TABLE A-7 APRON FEE RATE CALCULATION

(For Fiscal Years Ending September 30)

	ACTUAL		ESTIMATE	PROJECTED						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Net Airfield Requirement Calculation										
Apron Investment Service	$61,713	40,071	33,432	33,989	54,489	54,489	54,497	54,509	54,483	54,491
Apron Operating Expenses	3,391,727	3,584,666	3,672,797	3,898,484	4,048,083	4,203,575	4,365,200	4,533,207	4,707,855	4,889,416
Apron Operating Expense Reserve	$0	$15,483	$0	$42,801	$12,467	$12,958	$13,469	$14,001	$14,554	$15,130
Apron Amortization	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Apron Requirement	**$3,453,440**	**$3,640,220**	**$3,706,229**	**$3,975,275**	**$4,115,038**	**$4,271,022**	**$4,433,166**	**$4,601,716**	**$4,776,892**	**$4,959,036**
Total Gates	28	28	28	28	28	28	28	28	28	28
Apron Fee (per gate)	**$123,337**	**$130,008**	**$132,365**	**$141,974**	**$146,966**	**$152,536**	**$158,327**	**$164,347**	**$170,603**	**$177,108**
Leased Gates	18	16	18	18	18	18	18	18	18	18
Apron Fee Revenue	**$2,220,069**	**$2,089,227**	**$2,382,576**	**$2,555,534**	**$2,645,382**	**$2,745,657**	**$2,849,892**	**$2,958,246**	**$3,070,859**	**$3,187,952**

NOTE:

Totals may not add due to rounding.

SOURCES: Lee County Port Authority Department, April 2021 (FY 2021 Estimate); Ricondo & Associates, Inc., April 2021 (projections).

TABLE A-8 SIGNATORY AIRLINE COST PER ENPLANEMENT

(For Fiscal Years Ending September 30)

	ACTUAL		ESTIMATED	PROJECTED						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Signatory Airline Cost per Enplanement										
Signatory Landing Fee Revenue	$11,650,770	$10,842,103	$10,349,695	$11,856,632	$13,493,319	$13,866,971	$13,929,497	$14,191,538	$14,570,591	$15,017,749
Signatory Terminal Rental Revenue	$16,892,060	$13,321,707	$15,652,300	$16,058,086	$18,662,499	$19,180,800	$22,294,290	$23,216,533	$23,806,768	$24,974,327
Signatory Apron Revenues	2,220,069	2,089,227	2,382,576	2,555,534	2,645,382	2,745,657	2,849,892	2,958,246	3,070,859	3,187,952
Total Signatory Airline Revenue	**$30,762,898**	**$26,253,037**	**$28,384,571**	**$30,470,253**	**$34,801,200**	**$35,793,427**	**$39,073,679**	**$40,366,317**	**$41,448,218**	**$43,180,028**
Less: Total Revenue Sharing Distribution	5,942,414	1,409,177	1,535,049	2,595,025	3,883,474	5,539,086	5,198,825	4,522,879	3,916,380	3,771,699
Less: Extraordinary Coverage	0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Signatory Passenger Airline Revenue	**$36,705,312**	**$24,843,860**	**$26,849,522**	**$27,875,228**	**$30,917,726**	**$30,254,342**	**$33,874,854**	**$35,843,438**	**$37,531,838**	**$39,408,329**
Total Signatory Airline Enplanements	4,642,366	3,233,535	3,020,141	3,706,751	4,614,392	5,105,365	5,272,785	5,415,750	5,560,596	5,706,383
Signatory Airline Cost per Enplanement	**$7.91**	**$7.68**	**$8.89**	**$7.52**	**$6.70**	**$5.93**	**$6.42**	**$6.62**	**$6.75**	**$6.91**

NOTE:

Totals may not add due to rounding.

SOURCES: Lee County Port Authority Department, April 2021 (FY 2021 Estimate); Ricondo & Associates, Inc., April 2021 (projections).

TABLE A-9 CALCULATION OF NET REVENUE AND DEBT SERVICE COVERAGE

(For Fiscal Years Ending September 30)

	ACTUAL		ESTIMATE	PROJECTED						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues										
Terminal Rental Revenue[1]	$17,046,974	$13,398,080	$15,716,615	$16,124,069	$18,739,184	$19,259,614	$22,385,898	$23,311,930	$23,904,590	$25,076,947
Landing Fee Revenue[1]	$13,433,044	$12,272,857	$11,550,361	$13,211,547	$14,979,843	$15,393,489	$15,461,287	$15,750,495	$16,169,497	$16,663,345
Apron Fee Revenue	$2,220,069	$2,089,227	$2,382,576	$2,555,534	$2,645,382	$2,745,657	$2,849,892	$2,958,246	$3,070,859	$3,187,952
Nonairline Operating Revenue[2]	$71,568,837	$51,874,265	$48,066,723	$55,378,358	$66,342,681	$72,417,123	$75,773,642	$78,053,461	$80,384,897	$82,757,216
Pledged PFC Revenue (Existing)[3]	$0	$2,557,377	$1,991,100	$2,571,503	$3,201,165	$3,541,770	$3,657,915	$3,757,095	$3,857,580	$3,958,718
PFC Revenue Applied to Future Debt Service	$0	$0	$484,805	$9,863,250	$9,864,500	$9,860,000	$9,859,750	$9,863,250	$9,860,000	$9,860,000
Total Revenue	**$104,268,924**	**$82,191,805**	**$80,192,180**	**$99,704,260**	**$115,772,755**	**$123,217,652**	**$129,988,385**	**$133,694,477**	**$137,247,424**	**$141,504,177**
Transfers										
PFC Revenue	$3,305,783	$0	$0	$0	$0	$0	$0	$0	$0	$0
FIS Fee	$370,462	$239,358	$166,202	$167,864	$169,543	$171,238	$172,950	$174,680	$176,427	$178,191
Total Revenue, Including Transfers	**$107,945,169**	**$82,431,163**	**$80,358,382**	**$99,872,124**	**$115,942,298**	**$123,388,891**	**$130,161,335**	**$133,869,157**	**$137,423,850**	**$141,682,368**
Less:										
Current Expenses[4]	$65,888,171	$63,712,767	$66,608,604	$69,493,202	$72,414,799	$75,463,119	$79,419,651	$82,777,443	$86,281,663	$90,879,771
CARES Funds for Operating Expense	$0	($2,273,106)	($5,500,000)	($2,000,000)	$0	$0	$0	$0	$0	$0
Current Expenses, net of CARES	$65,888,171	$61,439,661	$61,108,604	$67,493,202	$72,414,799	$75,463,119	$79,419,651	$82,777,443	$86,281,663	$90,879,771
Total Net Revenue Available for Debt Service	**$42,056,998**	**$20,991,502**	**$19,249,778**	**$32,378,922**	**$43,527,499**	**$47,925,772**	**$50,741,684**	**$51,091,714**	**$51,142,187**	**$50,802,597**
Net Funds Remaining, before Extraordinary Protection	$17,371,785	$4,963,033	$5,392,135	$8,158,056	$11,079,121	$15,469,439	$14,185,460	$14,515,136	$14,567,390	$14,205,689
Less:										
Amortization of Port Authority Investment	$1,815,560	$1,440,090	$1,554,513	$1,670,494	$1,370,436	$1,621,726	$1,188,397	$3,207,938	$4,776,441	$4,776,441
Airport Fund Deficit	$700,190	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Funds to be Shared	**$14,856,035**	**$3,522,943**	**$3,837,622**	**$6,487,562**	**$9,708,686**	**$13,847,714**	**$12,997,063**	**$11,307,198**	**$9,790,949**	**$9,429,247**
LCPA Share (60%)	$8,913,621	$2,113,766	$2,302,573	$3,892,537	$5,825,211	$8,308,628	$7,798,238	$6,784,319	$5,874,570	$5,657,548
Airline Share (40%)	$5,942,414	$1,409,177	$1,535,049	$2,595,025	$3,883,474	$5,539,086	$5,198,825	$4,522,879	$3,916,380	$3,771,699
Total	**$14,856,035**	**$3,522,943**	**$3,837,622**	**$6,487,562**	**$9,708,686**	**$13,847,714**	**$12,997,063**	**$11,307,198**	**$9,790,949**	**$9,429,247**
1.25x Revenue Bond Coverage Calculation										
Net Revenue, net of CARES	$42,056,998	$20,991,502	$19,249,778	$32,378,922	$43,527,499	$47,925,772	$50,741,684	$51,091,714	$51,142,187	$50,802,597
Extraordinary protection	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Series 2010A Airport Revenue Bonds	$13,498,721	$13,500,095	$13,500,905	$13,503,000	$0	$0	$0	$0	$0	$0
Series 2011A Airport Revenue Bonds	$9,514,839	$9,515,439	$4,630,147	$0	$0	$0	$0	$0	$0	$0
Series 2015	$1,671,653	$1,671,653	$1,672,005	$1,671,250	$1,671,250	$1,671,250	$1,671,250	$1,671,250	$1,671,250	$1,671,250
Series 2021 (Refunding 2011A)	$0	$0	$2,165,406	$7,424,250	$20,124,250	$20,124,250	$20,127,500	$20,132,250	$20,121,750	$20,125,000
Series 2021B (Terminal Expansion - PFC Pledged)	$0	$0	$484,805	$9,863,250	$9,864,500	$9,860,000	$9,859,750	$9,863,250	$9,860,000	$9,860,000
Series 2021C (Terminal Expansion - Airport Revenue Bonds)	$0	$0	$0	$0	$0	$0	$4,588,250	$4,586,750	$4,584,500	$4,588,500
CARES Funds for Debt Service	$0	($8,727,329)	($9,100,000)	($9,002,777)	$0	$0	$0	$0	$0	$0
Net Series Debt Service	$24,685,212	$15,959,858	$13,353,268	$23,458,973	$31,660,000	$31,655,500	$36,246,750	$36,253,500	$36,237,500	$36,244,750
1.25x Debt Service Coverage Before Extraordinary Protection	**1.70**	**1.32**	**1.44**	**1.38**	**1.37**	**1.51**	**1.40**	**1.41**	**1.41**	**1.40**
1.25x Debt Service Coverage After Extraordinary Protection	**1.70**	**1.32**	**1.44**	**1.38**	**1.37**	**1.51**	**1.40**	**1.41**	**1.41**	**1.40**
1.0x Revenue Bond Coverage Calculation (Excludes Transfers)										
Net Revenue, net of CARES	$42,056,998	$20,991,502	$19,249,778	$32,378,922	$43,527,499	$47,925,772	$50,741,684	$51,091,714	$51,142,187	$50,802,597
Less: Transfers										
PFC Revenue	($3,305,783)									
FIS Fee[5]	($370,462)	($239,358)	($166,202)	($167,864)	($169,543)	($171,238)	($172,950)	($174,680)	($176,427)	($178,191)
Net Revenue, net of CARES and less Transfers	$38,380,753	$20,752,144	$19,083,576	$32,211,058	$43,357,956	$47,754,534	$50,568,733	$50,917,034	$50,965,760	$50,624,406
Net Series Debt Service	$24,685,212	$15,959,858	$13,353,268	$23,458,973	$31,660,000	$31,655,500	$36,246,750	$36,253,500	$36,237,500	$36,244,750
1.0x Debt Service Coverage Test	**1.55**	**1.30**	**1.43**	**1.37**	**1.37**	**1.51**	**1.40**	**1.40**	**1.41**	**1.40**

NOTES:

1 Includes airline incentives in FY 2019 and FY 2020.

2 Includes insurance proceeds, Hurricane Irma reimbursement, and TSA LEO grant. Excludes sale of equipment.

3 The Airport has elected to use $0.75 per enplanement of PFC revenue for debt service.

4 Includes minor capital equipment and capital lease. Excludes compensated absences.

5 Paid by prior reserves on behalf of international airlines.

SOURCES: Lee County Port Authority Department, April 2021 (FY 2021 Estimate); Ricondo & Associates, Inc., April 2021 (projections).

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APPENDIX D

COPY OF THE BOND RESOLUTION

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BOND RESOLUTION OF THE
BOARD OF COUNTY COMMISSIONERS OF
LEE COUNTY, FLORIDA
Adopted March 13, 2000
Amending and Restating Resolution No. 00-02-45
Adopted February 16, 2000

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RESOLUTION NO. 00-03-__

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF LEE COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE OF AIRPORT REVENUE BONDS IN MULTIPLE SERIES FROM TIME TO TIME TO FINANCE OR REFINANCE THE COST OF CERTAIN IMPROVEMENTS AT THE SOUTHWEST FLORIDA INTERNATIONAL AIRPORT; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH BONDS; PROVIDING FOR THE PAYMENT THEREOF FROM THE NET REVENUES (AS HEREINAFTER DEFINED) OF THE SOUTHWEST FLORIDA INTERNATIONAL AIRPORT AND THE PROCEEDS OF BONDS (TO THE EXTENT PROVIDED HEREIN); AND MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF LEE COUNTY, FLORIDA (hereinafter called "Board"), as follows:

ARTICLE I

AUTHORITY; DEFINITIONS; FINDINGS

Section 1.01. AUTHORITY FOR THIS RESOLUTION. This resolution is adopted pursuant to the provisions of Chapter 125, Part I, and Chapter 332, Florida Statutes, and other applicable provisions of law.

Section 1.02. DEFINITIONS. The following terms shall have the following meanings herein, unless the text otherwise expressly requires. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing gender shall include both genders.

"Accounting Principles" shall mean generally accepted accounting principles applicable to governmental entities consistently applied.

"Accounts" and "Subaccounts" shall mean the Accounts and Subaccounts created or permitted to be created by this Resolution with respect to Funds created or permitted to be created under this Resolution.

"Accreted Value" shall mean, with respect to any Capital Appreciation Bonds, the original principal amount thereof plus interest accrued thereon on the basis of a 360-day year consisting of twelve 30-day months compounded semi-annually on each Interest Payment Date commencing on the Interest Payment Date next succeeding the dated date of such Capital Appreciation Bonds to the date of maturity or redemption prior to maturity of such Capital Appreciation Bonds to the date of determination. The Accreted Value with respect to any date other than an Interest Payment Date is the Accreted Value on the next preceding Interest Payment Date (or the dated date of such Capital Appreciation Bonds for the period between such dated date and the initial Interest Payment Date for such Bonds) plus the percentage of the Accreted Value on the next succeeding Interest Payment Date derived by dividing (i) the number of days from the next preceding Interest Payment Date (or the dated date of such Capital Appreciation Bonds for the period between such dated date and the initial Interest Payment Date for such Bonds) to the date of determination, by (ii) the total number of days from the next preceding Interest Payment Date (or the dated date for the period between such dated date and the initial Interest Payment Date for such Bonds) to the next succeeding Interest Payment Date.

"Act" shall mean Chapter 125, Part I, and Chapter 332, Florida Statutes, and any amendment thereof or supplement thereto hereinafter enacted, and other applicable provisions of law.

"Additional Parity Bonds" shall mean additional obligations issued or indebtedness incurred in compliance with the terms, conditions and limitations contained herein and which shall have an equal lien on the Pledged Funds and rank equally in all respects with all Bonds issued or incurred and Outstanding hereunder.

"Airport" or "Airport Properties" shall mean (i) the Southwest Florida International Airport, (ii) the Series 2000 Project; (iii) any Project or Improvements as shall be financed or refinanced with the proceeds of Bonds issued hereunder, and (iv) any Project or Improvement that the Board or the Authority Board determines by resolution supplemental hereto to be a part of the Airport Properties, regardless of the method of financing such Project or Improvement and less any portion of such property transferred as permitted herein.

"Airport Consultant" or "Consultant" shall mean a Person having a favorable national repute for skill in estimating and establishing rates, fees and charges for the use of airports and aviation facilities similar to the Airport retained from time to time to perform and carry out the duties imposed on the Airport Consultant by this Resolution.

"Airport Fund" shall mean the Fund so designated created pursuant to Section 5.02 hereof.

"Annual Budget" shall mean the budget adopted or in effect for each Fiscal Year and all amendments thereto as provided in Section 5.06(b) hereof.

"Assumed Amortization Period" shall mean with respect to any Series of Bonds the principal requirements of which are to be recast as provided in clause (i) of the definition of "Bond Service Requirement" herein contained, the period of time determined at the election of the Authority Representative, pursuant to either paragraph (i) or paragraph (ii), below:

(i) thirty (30) years; or

(ii) the period of time, exceeding thirty (30) years, set forth in a report delivered to the County of an investment or commercial banker, selected by the Authority Representative and experienced in underwriting bonds and indebtedness of airports, as being not longer than the maximum period of time over which indebtedness having terms and security comparable to such Series of Bonds issued or incurred by issuers similar to the County of comparable credit standing would, if then being offered, be marketable on reasonable and customary terms.

"Audited Financial Statements" shall mean the financial statements of the Airport for any 12-month period or other period covered by such statements prepared in accordance with the Accounting Principles and reported upon by an independent certified public accountant.

"Authenticating Agent" shall mean when used with respect to any Series of Bonds, the Bond Registrar for such Series and any bank, trust company or other Person designated as an Authenticating Agent for such Series by or in accordance with Section 2.03 hereof, each of which (other than the County or an official or employee of the County) shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

"Authority" shall mean the Lee County Port Authority, a body politic and corporate created by County Ordinance No. 90-02, enacted by the governing body of the County on January 3, 1990, and effective on January 11, 1990, pursuant to Chapter 63-1541, Laws of Florida, and Chapters 125 and 332, Florida Statutes. The Authority is responsible for the operations, management and development of all properties, facilities, systems and personnel associated with air and sea transportation and commerce within the County, including the Airport.

"Authority Board" shall mean the governing body of the Authority duly constituted in accordance with Florida law.

"Authority Representative" shall mean the Executive Director and such other officials or employees of the Authority as shall be designated by the Authority from time to time.

"Authorized Investments" shall mean any investment permitted by Florida law for the investment of public or Authority funds, as the same may be amended, supplemented or replaced from time to time.

"Balloon Indebtedness" shall mean a series of Bonds or other indebtedness 20% or more of the principal of which is due in a single year, which portion of the principal is not required by the documents authorizing such Bonds or indebtedness to be amortized by redemption prior to such date of maturity.

"Board" shall mean the Board of County Commissioners of Lee County, Florida, the governing body of the County.

"Bonds" shall mean, collectively, the Series 1992A Bonds, the Series 1992B Bonds, the Series 2000 Bonds and any Additional Parity Bonds issued hereunder.

"Bond Counsel" shall mean counsel selected by the County and nationally recognized on the subject of and qualified to render approving legal opinions on the issuance of local government debt obligations.

"Bond Registrar" shall mean such bank or trust company, located within or without the State of Florida, or such duly designated officer of the County, who shall maintain the registration books of the County and who shall be responsible for the registration and transfer of the Bonds from time to time. The Bond Registrar may also be the Paying Agent.

"Bond Resolution" or "Resolution" shall mean this resolution and all resolutions amendatory of or supplemental thereto, including each Series Resolution subsequently adopted by the Board with respect to each Series of Bonds issued hereunder.

"Bond Service Charges" shall mean at any time or for any period of time, the principal of (and Accreted Value, if such amounts are payable) and interest and any premium due on the Outstanding Bonds or Series of Bonds specified, as the case may be, for the period specified or payable at that time specified, as the case may be, net of Capitalized Interest.

"Bond Service Requirement" for any Bond Year, as applied to the Bonds of any Series, shall mean the sum of the following amounts required to be deposited in the Sinking Fund in such Bond Year:

(a) The amount required to pay the interest coming due and payable on Outstanding Bonds of such Series during that Bond Year, except to the extent that such interest is to be paid from the Capitalized Interest Subaccount or with accrued interest received upon the sale of such Series of Bonds;

(b) The amount required to pay the principal (and Accreted Value) coming due and payable on Outstanding Serial Bonds of such Series during that Bond Year;

(c) The Redemption Requirement (and Accreted Value) coming due and payable on Outstanding Term Bonds of such Series during that Bond Year;

(d) The premium, if any, payable on Outstanding Bonds of such Series required to be redeemed in that Bond Year; and

(e) The amount necessary to maintain the Reserve Account at an amount equal to the Reserve Requirement;

provided, however, for purposes of determining the amount of the Bond Service Requirement, the following provisions shall apply:

(i) with respect to Balloon Indebtedness, the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of not to exceed the Assumed Amortization Period, on a level debt service basis at an interest rate equal to the rate borne by such indebtedness on the date calculated, except that if the date of calculation is within twelve (12) months of the actual maturity of such indebtedness, the full amount of principal payable at maturity shall be included in such calculation unless one of the following provisions shall apply;

(a) the principal amount of Balloon Indebtedness secured or supported by a Credit Facility the provider (or its long term debt) of which is rated in either of the three highest long-term rating categories or the two highest short-term rating categories, in each case without regard to gradations within such categories, by any of Moody's, S&P or Fitch, nominally due in the last Fiscal Year in which such Indebtedness matures may, at the option of the Authority Representative, be treated as if such principal payments or deposits were due as specified in any loan agreement issued in connection with such Credit Facility or pursuant to the repayment provisions of such Credit Facility, and interest on such Balloon Indebtedness after such Fiscal Year shall be assumed to be payable pursuant to the terms of the agreement with respect to repayments of funds under such Credit Facility; or

(b) if the Authority files with the County (1) an amortization schedule for Balloon Indebtedness with annual payments of principal sufficient, if made, to retire such Balloon Indebtedness at its maturity (an "Amortization Schedule"), (2) a resolution of the Authority Board agreeing to deposit the amount shown on the Amortization Schedule in each year covered thereby and (3) an opinion of counsel to the Authority that the amount set forth on the Amortization Schedule is permitted to be included in the rate base under any lease and use agreement between the Authority and an airline authorizing that airline to use the Airport (a "lease and use agreement") then in effect, then the amount shown on the Amortization Schedule for each year covered thereby will be the amount included in the Bond Service Requirement in each such year; or

(c) if, within twelve months of the maturity date of any Balloon Indebtedness, the Authority shall have executed an agreement with an investment banking firm it determines to have a favorable reputation for underwriting bonds for airports (the "banking firm") under which the banking firm agrees to underwrite or use its best efforts to underwrite a principal amount of Bonds the proceeds of which will be sufficient to retire the Balloon Indebtedness maturing within twelve months (the "Refinancing Bonds"), then the amount of the principal due in such year on the Refinancing Bonds may be included in the Bond Service Requirement;

(ii) the interest on Variable Rate Bonds shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for such twelve-month period), except that with respect to new Variable Rate Bonds (and the issuance thereof) the interest rate for such Variable Rate Bonds for the initial interest rate period shall be the initial rate at which such Variable Rate Bonds were issued and thereafter shall be calculated as set forth above;

(iii) with respect to any Credit Facility, to the extent that such Credit Facility has not been used or drawn upon, the principal and interest relating to such Credit Facility shall not be included in the Bond Service Requirement;

(iv) with respect to any Derivative Indebtedness, the provider of which is rated at least "A" by Moody's and S&P, the interest on such Indebtedness during any Derivative Period, for so long as the Derivative Agreement remains in full force and effect, shall be calculated by adding (x) the amount of interest payable by the County on such Derivative Indebtedness pursuant to its terms and (y) the amount of interest payable by the County under the Derivative Agreement and subtracting (z) the amount of interest payable by the provider of the Derivative Agreement at the rate specified in the Derivative Agreement; provided, however, that from and after the termination of any Derivative Agreement, the amount of interest payable by the County shall be the interest calculated as if such Derivative Agreement had not been executed; and

(v) Escrowed Interest and Escrowed Principal shall not be included in the determination of the Bond Service Requirement.

"Bond Year" shall mean the period commencing October 2 of a calendar year and ending on October 1 of the following calendar year.

"Book Entry Form" or "Book Entry System" shall mean a form or system under which physical bond certificates in fully registered form are issued only to a Depository or its nominee as registered owner, with the certificated bonds held by and "immobilized" in the custody of the Depository, and the Book Entry System, maintained by and the responsibility of Persons other than the County or the Registrar, is the record that identifies, and records the transfer of the interests of, the owners of book entry interests in those bonds.

"Capital Appreciation Bonds" shall mean the Bonds of a Series, the interest on which (1) is compounded periodically; (2) is payable at maturity or upon earlier redemption thereof; and (3) is determined by reference to the Accreted Value; provided, however, that it shall not be required that the redemption price of Capital Appreciation Bonds be determined based upon Accreted Value.

"Capitalized Interest" shall mean as to any Series of Bonds that portion of the proceeds of such Series of Bonds, exclusive of accrued interest received upon the sale of such Series of Bonds, which are required by a Series Resolution authorizing the issue or sale of such Series to be deposited into the Capitalized Interest Subaccount of the Account created for such Series in the Project Fund.

"Capitalized Interest Subaccount" shall mean the subaccount designated as such in the Project Fund.

"Clerk" shall mean the Clerk of the Circuit Court in and for Lee County, Florida, who, as a matter of law, serves as ex officio Clerk of the Board of County Commissioners of Lee County, Florida.

"Code" shall mean the Internal Revenue Code of 1986, as amended or any successor Internal Revenue Code, as amended, as applicable, and the regulations promulgated thereunder.

"Costs" shall mean in addition to the cost of the items set forth in the plans and specifications with respect to any particular Project, including but not limited to: the cost of any lands or interest therein or any other properties deemed necessary or convenient therefor; architectural, engineering, legal and financing expenses; expenses for estimates of costs, Revenues and rates for use of the Airport Properties; expenses for plans, specifications and surveys; the fees of fiscal agents, financial advisors or consultants; administrative expenses relating solely to the construction and acquisition of the Project; Capitalized Interest in an amount designated by the County on the respective Series of Bonds financing such Project; and such other costs and expenses as may be necessary or incidental to the financing herein authorized and the construction and acquisition of the Project and the placing of same in operation.

"County" shall mean Lee County, Florida.

"Credit Facility" shall mean a liquidity facility or credit enhancement such as a policy of municipal bond insurance, a letter of credit, line of credit or other insurance or financial product issued by a Credit Facility Issuer which, subject to the termination provisions thereof, assures prompt payment of the principal of, interest on or purchase price of all or a portion of a Series of Bonds or provides an amount equal to all or a portion of the Reserve Requirement for the Bonds.

"Credit Facility Issuer" shall mean the company issuing or with which the County or the Authority contracts for a Credit Facility.

"Cross-over Date" means, with respect to Cross-over Refunding Bonds, the last date on which the principal portion of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

"Cross-over Refunded Bonds" means the portion of Bonds refunded by Cross-over Refunding Bonds.

"Cross-over Refunding Bonds" means Bonds issued for the purpose of refunding Cross-over Refunded Bonds if the proceeds of such Cross-over Refunding Bonds are irrevocably deposited in escrow to secure the payment on the applicable redemption date or dates or maturity date of the Cross-over Refunded Bonds, and if the earnings on such escrow deposit are required to be applied to pay interest on such Cross-over Refunding Bonds until the Cross-over Date.

"Current Expenses" shall mean for any period all reasonable and necessary expenses paid or accrued by the County or Authority on a consistent basis in accordance with Accounting Principles for the maintenance, repair and operation of the Airport and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair and operation; all administrative expenses and any reasonable payments to pension or retirement funds properly chargeable to the Airport; insurance premiums; professional service expenses relating to maintenance, repair and operation of the Airport; fees and expenses of the Paying Agents; legal and other professional fees and expenses; fees of consultants; fees, expenses and other amounts payable to any bank or other financial institution for the issuance of a letter of credit, stand-by purchase agreement or any other Credit Facility, and to any indexing agent, Depository, remarketing agent or any other person or institution whose services are required with respect to the issuance of Bonds; any taxes which may be lawfully imposed on the Airport or the income therefrom and reserves for such taxes; deposits required hereunder to be made to any Account in the Tax Rebate Fund to fund the County's accrued, but unpaid, liability to make payments to the United States of America imposed by Section 148(f) of the Code; and other reasonable Current Expenses authorized by law; provided, however, Current Expenses shall not include any allowance for amortization or depreciation or any reserves for extraordinary maintenance and repair of the Airport except to the extent the County or the Authority receives payment or reimbursement therefor and includes such payment or reimbursement in Revenues; any other expenses for which (or to the extent to which) the County or the Authority is or will be paid or reimbursed from or through any source and such payment or reimbursement is not included as Revenues; any extraordinary items arising from the early extinguishment of debt; and any prior period or retroactive adjustments which are required by a change in accounting principles or standards.

"Current Interest Paying Bonds" shall mean the Bonds of a Series, the interest on which shall be payable on a semiannual basis.

"Defeasance Obligations" shall mean, unless modified by the terms of a particular resolution supplementing the Bond Resolution with respect to a Series of Bonds, (i) noncallable, nonprepayable Government Obligations; (ii) evidences of ownership of a proportionate interest in specified noncallable, nonprepayable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, and, to the extent such obligations constitute "defeasance obligations" under the criteria of S&P at the time such obligations are acquired; (iii) Defeased Municipal Obligations; (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian; and (v) the obligations of (A) Federal Home Loan Mortgage Corp., (B) Farm Credit System, (C) Federal Home Loan Banks, (D) Federal National Mortgage Association, (E) Student Loan Marketing Association, (F) Financing Corp., (G) Resolution Funding Corp., and (H) U.S. Agency for International Development.

"Defeased Bonds" shall mean Bonds issued under the Bond Resolution that have been defeased in accordance with Article VII of the Bond Resolution.

"Defeased Municipal Obligations" shall mean obligations of state or local government municipal bond issuers, provision for the payment of the principal of and interest on which shall have been made or provided for by irrevocable deposit with a trustee or escrow agent of (i) noncallable, nonprepayable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable, nonprepayable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian, or (iii) the obligations of (A) Federal Home Loan Mortgage Corp., (B) Farm Credit System, (C) Federal Home Loan Banks, (D) Federal National Mortgage Association, (E) Student Loan Marketing Association, (F) Financing Corp., (G) Resolution Funding Corp., and (H) U.S. Agency for International Development, the maturing principal of and interest on such obligations listed in (i) to (iii) above, when due and payable without any reinvestment thereof, shall provide sufficient money to pay the principal of, redemption premium, if any, and interest on such obligations of state or local government municipal bond issuers, and for which Defeased Municipal Obligations a specific call date has been established or for which the issuer has waived the ability to call such Defeased Municipal Obligations prior to a date certain.

"Depository" shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of book entry interests in Bonds, and to effect transfers of book entry interests in Bonds.

"Derivative Agreement" shall mean, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and (v) any other type of contract or arrangement that the County determines is to be used, or is intended to be used, to manage or reduce the cost of Bonds, to convert any element of Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

"Derivative Indebtedness" shall mean Bonds for which the County shall have entered into a Derivative Agreement in respect of all, a portion or any component of such Bonds.

"Derivative Period" shall mean the period during which a Derivative Agreement is in effect.

"Escrowed Interest" shall mean amounts of interest on long-term indebtedness for which moneys or Defeasance Obligations have been deposited in escrow (the "Escrowed Interest Deposit") which Escrowed Interest Deposit has been determined by an independent accounting firm to be sufficient to pay such Escrowed Interest.

"Escrowed Principal" shall mean amounts of principal on long-term indebtedness for which moneys or Defeasance Obligations have been deposited in escrow (the "Escrowed Principal Deposit") which Escrowed Principal Deposit has been determined by an independent accounting firm to be sufficient to pay such Escrowed Principal.

"Events of Default" shall mean those events set forth in Section 6.01 of this Resolution.

"Existing Resolution" means the Bond Resolution of the County adopted August 26, 1992 providing for the issuance of the Series 1992B Bonds, which Existing Resolution is amended and restated in its entirety by this Bond Resolution.

"Executive Director" shall mean the official charged by the Authority to administer the affairs of the Airport.

"Fitch" means shall mean Fitch IBCA, Inc., its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority Representative by notice to the County.

"Fiscal Year" shall mean the period commencing on October 1 of each year and ending on the succeeding September 30 or such other period of twelve (12) consecutive months permitted by the laws of the State of Florida and designated by the County as its fiscal year.

"Fixed Rate" shall mean, when used with respect to any Bond, that the rate of interest thereon is not subject to change at any time during the term of such Bond.

"Fund" shall mean a Fund created hereunder or created pursuant to the terms of this Resolution.

"Funds Trustee" shall mean any bank or trust company designated by resolution of the County to hold, in a fiduciary capacity (and not merely as a depository), any Fund or Account created hereunder.

"Future Passenger Facility Charge" shall mean any Passenger Facility Charge imposed at the Airport pursuant to the PFC Act, the PFC Regulations and the Future PFC Approvals.

"Future PFC Approvals" shall mean the Records of Decision of the Federal Aviation Administration (including any amendments and supplements thereto) approving the imposition of a Future Passenger Facility Charge, i.e., any Passenger Facility Charge other than the Passenger Facility Charge currently being imposed at the Airport.

"Government Obligations" shall mean direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, including interest strips of obligations issued by the Resolution Funding Corporation, but excluding unit investment trusts and mutual funds.

"Grant in Aid" shall mean any grant moneys received by the County or the Authority for the Airport from the federal government or the State of Florida or any other Person, but not including an Interest Subsidy.

"Holder of Bonds" or "Bond Holder" or "Holders" or any similar term shall mean any Person who shall be the Registered Owner of any Bond or Bonds.

"Improvement" or "Capital Improvement" shall mean such buildings, structures, equipment, and land or interests in land and such renewals, replacements, additions, extensions and betterments, other than ordinary maintenance and repairs, as may be deemed necessary by the Authority to develop or maintain the safe, secure, competitive, efficient operation of the Airport.

"Initial Purchaser" shall mean, as to any Series of Bonds, the Person or Persons identified in the Purchase Contract (or accepted bid at public sale) relating thereto as the purchaser or purchasers of such Bonds.

"Insurance Consultant" shall mean (i) such person, firm or organization recognized and qualified in surveying risks and recommending insurance coverage for such facilities as the Airport and for organizations engaged in such operations as those to be conducted by the Authority at the Airport, at the time retained by the Authority or the County to perform the acts and carry out the duties as herein provided for such Insurance Consultant or (ii) the risk management department or officer of the County if the County determines by resolution that such department or officer meets the criteria set forth in (i) above, which resolution shall remain in effect until repealed.

"Interest" or "interest" shall mean the interest on the specified Bonds; in the case of Capital Appreciation Bonds the interest component included in the Accreted Value thereof shall be deemed to constitute principal (except that for purposes of any limitation on the principal amount of Bonds which may be issued and Outstanding hereunder, the principal amount thereof shall be the principal amount thereof on the date of delivery thereof to the Initial Purchaser).

"Interest Payment Date" shall mean April 1 and October 1 of each year unless different interest payment dates for a particular Series of Bonds are specified in a Series Resolution.

"Interest Subsidy" shall mean any amount received by the County or the Authority from any governmental entity designated for the purpose of paying interest on Bonds.

"Maximum Bond Service Requirement" shall mean, as of any particular date of determination, the Bond Service Requirement for the then current or any future Bond Year which is greatest in dollar amount with respect to the Bonds.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority Representative by notice to the County.

"Net Revenues" shall mean the Revenues minus the Current Expenses.

"Outstanding" shall mean all Bonds issued pursuant to this Bond Resolution, except:

(i) Bonds acquired by the County and cancelled by the Authenticating Agent upon request by the County;

(ii) Bonds which have become due at maturity or by call for redemption or otherwise for the payment of which there has been deposited with the Paying Agent or an escrow agent or otherwise irrevocably committed thereto, the amount in cash or Government Obligations (including the interest thereon due prior to such date of payment or redemption) needed to provide for the payment of all principal thereof, any premium, and unpaid interest thereon when due and payable;

(iii) Bonds which are deemed paid, discharged and no longer Outstanding pursuant to Section 7.01 hereof;

(iv) Bonds issued under any Series Resolution which, under the provisions of such Series Resolution, are deemed to be paid, defeased or otherwise not Outstanding;

(v) Bonds for which other Bonds have been issued under Section 2.04, Section 2.06 or Section 2.07 hereof; and

(vi) Bonds held by the County, or by an agent of the County (i) for purposes of voting, giving of directions and granting consents and (ii) held by the County, or an agent of the County for more than 30 days unless there shall be delivered to the County an opinion of Bond Counsel to the effect that such Bonds may be resold to the public and that the interest thereon continues to be excluded from the gross income of the recipients thereof.

"Passenger Facility Charge" shall mean the charge imposed at the Airport pursuant to the PFC Act, the PFC Regulations and the PFC Approvals.

"Passenger Facility Charge Bonds" shall mean the Passenger Facility Charge Revenue and Refunding Bonds, Series 1998, and any additional parity bonds issued pursuant to the Passenger Facility Charge Bond Resolution.

"Passenger Facility Charge Bond Resolution" shall mean Resolution No. 98-04-02, adopted by the Board on April 7, 1998, as amended and restated by Resolution 98-04-25, adopted by the Board on April 29, 1998, and any amendments and supplements thereto.

"Paying Agent" shall mean such bank or trust company, located within or without the State of Florida, or such duly designated officer of the County who shall be responsible for the payment of the principal of and interest on the Bonds to the Registered Owners of the Bonds.

"Person" or words importing persons shall mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"PFC Act" shall mean the Aviation Safety and Capacity Expansion Act of 1990, Pub.L. 101-508, Title IX, Subtitle B §§ 9110 and 9111, recodified as 49 U.S.C. § 40117, as amended from time to time.

"PFC Approvals" shall mean the Records of Decision dated August 31, 1992, May 10, 1993, November 4, 1994 and February 27, 1997, of the Federal Aviation Administration (including amendments dated December 16, 1993 and October 12, 1995) and any future Record of Decision (and amendments and supplements to any or all of the foregoing) relating to the Passenger Facility Charge.

"PFC Regulations" shall mean Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended from time to time, and any other regulation issued with respect to the PFC Act.

"PFC Revenues" shall mean (i) all moneys received by the Authority and/or the County from the Passenger Facility Charge, (ii) all moneys and investment held in the Revenue Fund, the Sinking Fund, the PFC Capital Fund and the Project Fund under the Passenger Facility Charge Bond Resolution, and (iii) the investment income earned on amounts in such Funds (including the accounts therein).

"Pledged Funds" shall mean (i) Net Revenues; (ii) the amounts on deposit in the Sinking Fund and all Accounts therein except as expressly provided herein; the Subordinated Indebtedness Fund (other than the proceeds of Subordinated Indebtedness); the Renewal, Replacement and Improvement Fund, and the Airport Fund, and (iii) until expended, the amounts on deposit in the applicable Subaccounts of the Project Fund with respect to any particular Series of Bonds.

"Principal" or "principal" shall mean the stated principal of the Bonds specified and in the case of Capital Appreciation Bonds means the principal component included in the Accreted Value (except that for purposes of any limitations on the principal amount of Bonds which may be issued and Outstanding hereunder, the principal amount thereof shall be the principal amount thereof on the date of delivery thereof to the Initial Purchaser).

"Prior Bonds" shall mean the Airport Refunding Revenue Bonds, Series 1984, issued under the Prior Resolution, a portion of which were refunded by the issuance of the Series 1992A Bonds and the remaining portion of which were refunded by the issuance of the Series 1992B Bonds.

"Prior Resolution" shall mean Resolution No. 83-11-16 of the Board, as amended and restated by Resolution No. 84-10-11 of the Board, as further amended and restated by Resolution No. 90-01-48 of the Board, authorizing the issuance of the Prior Bonds, as amended and supplemented, and particularly as amended and supplemented to authorize the issuance of the Series 1992A Bonds.

"Project" shall mean any Capital Improvement authorized by the Act or as provided for herein, which relates to the Airport or its operations or services and which is identified or described by the County as a "Project" within the meaning of this Resolution as such Project description may be amended or modified from time to time; provided, however, that such description may not be materially amended or modified unless the County receives the opinion of Bond Counsel to the effect that such modification will not adversely effect the exclusion from gross income for federal income tax purpose of interest on the Bonds or any particular Series of Bonds (excluding Taxable Bonds). "Project" shall include specifically the Series 2000 Project.

"Project Certificate" shall mean that certificate of the Authority Representative filed with the County at or prior to the date of delivery of any Series of Bonds and setting forth the estimated total cost of the Project to be financed (in whole or in part) with the proceeds of such Series of Bonds.

"Project Fund" means the Project Fund created under Section 4.02 of this Resolution.

"Purchase Agreement" or "Purchase Contract" shall mean, as to any Series of Bonds, the agreement or contract for the sale thereof between the County and the Initial Purchaser of such Series.

"Record Date" shall mean, when used with respect to any Bond, if the Interest Payment Date is the first day of a month, the fifteenth day, whether or not a business day, of the calendar month next preceding the Interest Payment Date applicable to that Bond, and, if the Interest Payment Date is the fifteenth day of a month, the first day of such month, or such other day as is specified for a particular Series of Bonds in the Series Resolution.

"Redemption Requirement", with respect to any Term Bonds of a Series, shall mean the amount or amounts of principal established by the County in the resolution awarding such Term Bonds to the Initial Purchaser thereof required to be redeemed, the total of such amounts to equal the principal amount of such Term Bonds.

"Registered Owner" shall mean the owner of any Bond or Bonds as shown on the registration books maintained by the Bond Registrar.

"Renewal, Replacement and Improvement Fund" shall mean the Fund for the deposit of certain Net Revenues during the Fiscal Year in the amount and for the purposes determined by the Authority, as provided for in Section 5.21 of this Resolution.

"Reserve Requirement" shall mean, as of any date of calculation, an amount which is the lesser of (i) the Maximum Bond Service Requirement, or (ii) the maximum amount permitted under the Code as a reasonably required reserve or replacement fund.

"Revenues" shall mean for any period all moneys paid or accrued for the use of and for services and facilities furnished by, or in connection with the ownership or operation of, the Airport, or any part thereof or the leasing or use thereof, including, but not limited to (i) rentals, (ii) concession fees, (iii) use charges, (iv) landing fees, (v) license and permit fees, (vi) service fees and charges, (vii) moneys from the sale of fuel, and or other merchandise and (viii) any investment income which is required hereby to be deposited in the Revenue Fund (but shall exclude all other investment income), provided, however, that Revenues shall not include (i) proceeds received from the sale of Bonds, Subordinated Indebtedness or Special Purpose Facilities Bonds, (ii) proceeds from the sale or taking by eminent domain of any part of the Airport, (iii) gifts or Grant in Aid, or payments received in lieu of or replacement for Grant in Aid, (iv) ad valorem tax revenues, (v) any insurance proceeds received by the County or the Authority (other than insurance proceeds paid as compensation for business interruption), (vi) moneys paid or accrued to or in connection with any facilities not financed or refinanced by Bonds issued or from facilities not qualified as a Project under this Resolution, (vii) moneys paid or accrued as a repayment of an advance not constituting a Current Expense, (viii) amounts received which are required to be paid to any other governmental body, including, but not limited to taxes and impact fees, (ix) PFC Revenues (except to the extent provided in Section 3.02 hereof), and (x) any noise abatement charges received for disbursement to others.

"S&P" shall mean Standard and Poor's Rating Service, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S & P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority Representative by notice to the County.

"Serial Bonds" shall mean any Bonds for the payment of the principal of which, at the maturity thereof, no fixed mandatory sinking fund or bond redemption deposits are required to be made prior to the twelve month period immediately preceding the stated date of maturity of such Serial Bonds.

"Series" shall mean any Bonds issued, authenticated and delivered in a single transaction and identified as a single series pursuant to the resolution providing for the sale and issuance of such Bonds regardless of variations in maturity, interest rate, Redemption Requirements or other provisions.

"Series 1992A Bonds" shall mean the Lee County, Florida Airport Revenue Bonds, Series 1992A, issued under the Prior Resolution to finance the cost of refunding a portion of the Prior Bonds.

"Series 1992B Bonds" shall mean the Lee County, Florida Taxable Airport Revenue Bonds, Series 1992B issued under the Existing Resolution.

"Series 2000 Bonds" shall mean collectively the Lee County, Florida Airport Revenue Bonds, Series 2000A (AMT) and Series 2000B (Non-AMT), authorized to be issued as Additional Parity Bonds under the Existing Resolution, as more particularly described in the Series Resolution related thereto.

"Series 2000 Project" shall mean the Improvements at the Airport, previously approved by resolutions of the County and the Authority, including, but not limited to, a new terminal building, parking garage and other surface parking, access roads, taxiway, airline cargo building, rental car facilities, expanded hydrant fueling system and other functionally related and subordinate facilities.

"Series Resolution" shall mean, when used with reference to any Series of Bonds issued hereunder, the resolution of the Board awarding such Series of Bonds to the Initial Purchasers of such Series and establishing therein the terms of such Series of Bonds as provided in Section 2.02 hereof.

"Special Purpose Facilities" shall mean any projects, improvements or facilities determined by the County and the Authority to be useful in the conduct of the operations of the Airport that are financed with the proceeds of Special Purpose Facilities Bonds as permitted by the terms of this Bond Resolution.

"Special Purpose Facilities Bonds" shall mean bonds issued for the purpose of paying the cost of Special Purpose Facilities or refunding bonds previously issued for such purpose which bonds shall not be payable from the Pledged Funds, as permitted by Section 5.23 of this Bond Resolution.

"Subordinated Indebtedness" shall mean bonds, indebtedness or other obligations of the County payable exclusively from moneys from time to time on deposit to the credit of the Subordinated Indebtedness Fund and issued pursuant to Section 5.11 of this Bond Resolution.

"Subordinated Indebtedness Fund" shall mean the Fund with that name created by Section 5.02 hereof.

"Tax Compliance Certificate" shall mean, with respect to each Series of Bonds other than Taxable Bonds, the certificate executed by the County and the Authority in connection with the issuance and delivery of such Series establishing the expectations of the County and the Authority as to the expenditure of the proceeds of such Series and other facts and circumstances, covenants and restrictions which may be applicable to such Series under the Code (and the Regulations).

"Tax Rebate" or "Tax Rebate payment" shall mean a payment to the United States of America required to be made by any Tax Rebate Requirement.

"Tax Rebate Bonds" shall mean any Series of Bonds issued hereunder which are subject to a Tax Rebate Requirement.

"Tax Rebate Fund" shall mean the Fund with that name created by Section 5.20 hereof.

"Tax Rebate Requirement" shall mean any requirement imposed upon the County by Section 148(f) of the Code to make any payment to the United States of America as a condition to the interest on Bonds of a Series being excluded from the gross income of the Holder for federal income tax purposes (excluding, however, a Holder who is a "substantial user" (as defined in the Code) of the particular Project financed with the proceeds of the Series of Bonds in question).

"Taxable Bond" shall mean any Bond which states, in the body thereof, that the interest income thereon is includable in the gross income of the Holder thereof for federal income tax purposes (provided that a Bond which states that interest thereon is not so excluded while the Bond is held by a "substantial user," as such term is used in the Code, shall not solely thereby be deemed to be a Taxable Bond).

"Term Bonds" shall mean the Current Interest Paying Bonds and the Capital Appreciation Bonds of a Series which shall be subject to mandatory redemption by operation of the Redemption Account.

"Transfers" shall mean amounts from unencumbered moneys in the Airport Fund or any other source which are deposited in the Revenue Fund (other than amounts which are Revenues accrued or received in the Fiscal Year such deposit is made).

"Variable Rate Bonds" shall mean a Series of Bonds or other form of indebtedness, the interest rate on which is not established at a fixed or constant rate to maturity.

Section 1.03. SECTION 1.03. FINDINGS. It is hereby ascertained, determined and declared that:

A. The County now owns, operates and derives Revenues from the Airport.

B. The County has previously issued the Prior Bonds pursuant to the Prior Resolution, and pursuant to the Existing Resolution, has previously issued the Series 1992A Bonds as additional parity obligations under the Prior Resolution to advance refund a portion of the Prior Bonds. The provisions and covenants of the Prior Resolution have been defeased and are no longer of any force and effect and the Series 1992A Bonds are deemed to have been issued pursuant to the Existing Resolution.

C. The County has previously issued the Series 1992B Bonds pursuant to the Existing Resolution to refund the remaining portion of the Prior Bonds.

D. The County has authorized the Series 2000 Bonds to be issued as Additional Parity Bonds under the Existing Resolution to provide funds, which, together with others funds now or hereafter to be available to the County or the Authority, will be sufficient to pay the Costs of the Series 2000 Project.

E. In order to include in the Existing Resolution certain additional provisions and to modify certain existing provisions thereof and to take into account the Passenger Facility Charge Bonds, it is in the best interests of the County and the Authority to adopt this Bond Resolution amending and restating the Existing Resolution.

F. Section 9.12 of the Existing Resolution permits such resolution to be amended with the consent of the holders of not less than 51% in principal amount of the Outstanding Bonds, except as provided therein. Simultaneously with the issuance of the Series 2000 Bonds, the Initial Purchaser of the Series 2000 Bonds, as the holder thereof, will consent to the amendments contained in this Bond Resolution. The Series 2000 Bonds will constitute more than 51% of the principal amount of the Outstanding Bonds. None of the amendments contained in this Bond Resolution will require the consent of the holders of 100% of the principal amount of the Outstanding Bonds, as set forth in Section 9.12 of the Existing Resolution.

G. It is in the best interests of the County, the Authority, the citizens of the area served by the Airport, including Lee County, Florida, and all patrons of the Airport for the Series 2000 Project to be acquired, constructed and equipped and to issue the Series 2000 Bonds to provide funds which, together with others funds now or hereafter to be available to the County or the Authority, will be sufficient to pay the costs of the Series 2000 Project.

H. Section 5.12 of the Existing Resolution permits the County to issue Additional Parity Bonds upon compliance with the provisions of Section 5.12. The County has received from the Authority a report of an Airport Consultant demonstrating compliance with Section 5.12 of the Existing Resolution with respect to the Series 2000 Bonds.

I. The County has the power and authority under the Act and the Existing Resolution to authorize the issuance of and to issue and sell the Series 2000 Bonds and to use the proceeds thereof to pay the Costs of the Series 2000 Project.

J. The authorization, issuance and sale of the Series 2000 Bonds and the use of the proceeds thereof as provided in this Bond Resolution and in the Series Resolution will serve a proper and valid public purpose.

K. The County may, from time to time, find it necessary and desirable to issue Additional Parity Bonds payable from and secured by a lien upon the Pledged Funds on a parity with the Bonds in order to finance the Costs of Projects, to refund obligations theretofore issued, or for other purposes authorized herein, and it is in the best interests of the County and the Authority to provide for the issuance of such Additional Parity Bonds pursuant to this Resolution.

L. The Net Revenues to be received by the County and the Authority are expected to be sufficient to pay all of the Bond Service Charges with respect to the Bonds and all other amounts payable under this Bond Resolution as the same become due and payable in accordance with the terms hereof.

M. All Bonds issued from time to time shall be equally and ratably secured by an irrevocable lien on, pledge of, and security interest in the Pledged Funds without priority for number, date of sale, date of execution, or date of delivery, except as expressly provided herein or permitted hereby. Each Series of Bonds shall be further payable from and secured by amounts derived from the proceeds of the Bonds of such Series and Pledged Funds which may be on deposit in an Account or Subaccount, as the case may be, for such Series in the Sinking Fund and Reserve Account therein (hereinafter described). Any Series of Bonds may be further secured or supported by a Credit Facility. The Bonds shall be payable solely from the sources permitted hereby. The County shall never be required to levy ad valorem taxes on any property to pay the Bonds and the Bonds shall not constitute a lien on any property owned by the County or the Authority except proceeds of Bonds, Pledged Funds and the PFC Revenues (to the extent provided in Section 3.02).

N. The PFC Revenues may secure the Bonds only to the extent approved by the County and then only to the extent permitted by the Passenger Facility Charge Bond Resolution, the PFC Act, the PFC Approvals and the PFC Regulations.

Section 1.04. RESOLUTION CONSTITUTES CONTRACT. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time this Bond Resolution shall be deemed to be and shall constitute a contract between the County and such Holders. The covenants and agreements herein set forth to be performed by the County or the Authority shall be for the equal benefit, protection and security of the legal Holders of any and all Bonds all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION AND DESCRIPTION OF BONDS; TERMS AND PROVISIONS

Section 2.01. AUTHORIZATION OF BONDS. Subject and pursuant to the provisions hereof, Bonds of the County to be known as "Airport Revenue Bonds" or "Airport Refunding Revenue Bonds," as the case may be, are authorized to be issued in one or more installments and may be designated as to Series as provided by the County in a Series Resolution. The Series 1992A Bonds, pursuant to the resolution authorizing the issuance thereof, are hereby deemed to be the first Series of Bonds issued hereunder.

Section 2.02. DESCRIPTION OF BONDS. The Bonds shall be numbered; shall be in the denominations or maturity amount of as provided in a subsequent Series Resolution supplemental hereto; shall be dated as of the date of their delivery or such other date prior to the date of their delivery as provided in such Series Resolution or other resolution supplemental hereto adopted in connection with the issuance of a Series of Bonds; shall bear interest at a rate not exceeding the maximum rate allowed by law; payable on such dates; shall mature on the day, in such years, not to exceed forty (40) years from the date of issuance thereof, and in such amounts; and shall be issued as Current Interest Paying Bonds, Capital Appreciation Bonds, Variable Rate Bonds, Balloon Indebtedness, short-term bonds or notes, Serial Bonds, Term Bonds, or other forms authorized by the County, or any combination thereof; all the foregoing as shall be determined by a Series Resolution or other subsequent resolution of the County adopted at or prior to the time of sale of the respective Series of Bonds.

The Bonds may be issued all at one time or in installments from time to time. Different installments and Series of the Bonds may have such characteristics as shall be provided herein and by subsequent resolution of the County and shall bear a designation to distinguish such Series or installment from other Series or installments of the Bonds.

The Bonds shall be issued in fully registered form, except as provided in Section 2.05 hereof; shall be payable with respect to principal at the office of the Bond Registrar, as paying agent, or such other paying agent as shall be subsequently determined by the County; shall be payable in lawful money of the United States of America; and shall bear interest from their date, or from the most recent date to which interest has been paid, payable, in the case of Current Interest Paying Bonds, by check or draft mailed to the Registered Owner at its address as it appears upon the books of the Bond Registrar as of 5:00 P.M. Eastern Time on the Record Date, and in the case of Capital Appreciation Bonds, at maturity upon presentation at the office of the Bond Registrar; provided that, for any Registered Owner of one million dollars or more in principal amount of Bonds, such payment shall, at the written request of such Registered Owner, be by wire transfer to any designated financial institution located within the continental United States or other medium acceptable to the County and to such Registered Owner.

The County shall, by Series Resolution, provide for the sale and issuance of each Series of Bonds and shall specify therein (or provide for) the following with respect to such Series:

(a) The aggregate principal amount of such Series;

(b) The Project or phase thereof (if any) to be financed with the proceeds thereof and the use of the proceeds thereof;

(c) The complete name and Series designation of such Series;

(d) The date or dates Bonds of such Series are to bear;

(e) The maturity or maturities of the Bonds of such Series;

(f) The interest rate or rates the Bonds of such Series shall bear, which may include variable, adjustable, convertible or other similar rates, stepped coupons or other method of determination of the interest rate or rates thereon;

(g) The dates on which interest is payable;

(h) The numbering and lettering of Bonds of such Series;

(i) The Bond Registrar, Authenticating Agent, and Paying Agent for such Bonds;

(j) The terms of redemption for such Series of Bonds (which may include scheduled mandatory sinking fund redemption (payable as Redemption Requirements), redemption at the option of the County or mandatory redemption at the election of the Holder thereof, and such other provisions for redemption as the County deems desirable);

(k) In the case of Bonds issued to refund or advance refund any Bonds, Subordinated Indebtedness or other obligations, the identification of the obligations to be refunded, the amount to be deposited in any escrow fund relating thereto (or shall delegate to the Authority Representative, the authority to calculate such amount);

(l) The denominations of Bonds of such Series (if the denominations thereof are to be other than $5,000 or integral multiples thereof or, in the case of Capital Appreciation Bonds of such Series if the Accreted Value at maturity shall be other than $5,000 or integral multiples thereof);

(m) The amount of the Reserve Requirement, if any, with respect to such Series and the amount of proceeds (or other available funding including a Credit Facility if so provided and subject to subsequent substitution as provided herein) to be deposited into the Reserve Account upon the issuance of such Series of Bonds;

(n) Any special provisions relating to the purchase of Bonds of such Series, the remarketing of such Bonds, the provision of Credit Facilities to be provided with respect thereto, provisions for the modification of interest calculation periods, interest payment periods, interest rates or the conversion of the Bonds of such Series from one Variable Rate mode to another or from a Variable Rate mode to a fixed rate mode or from a fixed rate mode to a Variable Rate mode;

(o) The minimum price or prices to be paid for such Bonds and any original issue discount or premium; and

(p) Any other terms or provisions applicable to the Series of Bonds, not inconsistent with the provisions of this Resolution, the Act or any applicable laws of the United States of America.

Section 2.03. EXECUTION AND AUTHENTICATION OF BONDS. The Bonds shall be executed in the name of the County by the Chairman, Vice Chairman or other authorized official of the Board and the seal of the County shall be imprinted, reproduced or lithographed thereon and attested to by the Clerk or Deputy Clerk or other authorized official of the County. The signatures of said officers thereon may be by facsimile, but one such officer shall sign his manual signature thereon unless the County appoints an Authenticating Agent who shall be authorized and directed to authenticate such Bonds. If any Bond shall not bear the manual signature of at least one such officer, such Bond shall not be valid or become obligatory for any purpose or entitled to any security or benefit hereunder unless and until a certificate of authentication, substantially in form prescribed by the form of such Bond, shall have been signed by the Authenticating Agent for the Bonds of that Series. The authentication by the Authenticating Agent upon any Bond shall be conclusive evidence that the Bond so authenticated is entitled to the security and benefit hereof. The certificate of the Authenticating Agent on the Bonds of any Series may be executed by any individual who is an Authenticating Agent for such Series or by any Person authorized by any corporate Authenticating Agent, but it shall not be necessary that the same authorized Person sign the certificates of authentication on all of the Bonds of a Series. If any officer of the County whose signature appears on the Bonds ceases to hold office before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes. In addition, any Bond may bear the signature of, or may be signed by, such Persons who at the actual time of execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond or the date of delivery thereof such Persons may not have been such officers.

Section 2.04. NEGOTIABILITY AND REGISTRATION OF BONDS. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Laws of the State of Florida, and each successive Registered Owner, in accepting any of said Bonds shall be conclusively deemed to have agreed that the Bonds shall be and have all of the qualities and incidents of such negotiable instruments.

Except as in hereinafter provided, there shall be a Bond Registrar, who may also be the paying agent for the Bonds, which shall be a bank or trust company located within or without the State of Florida. The Bond Registrar shall be responsible for maintaining the books for the registration of the transfer and exchange of the Bonds. The County, the Authority and the Bond Registrar may treat the Registered Owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary. Anything hereinabove to the contrary notwithstanding, in the event that all of any Series of Bonds are deposited with and registered in the name of a securities depository or its nominee, the County shall be permitted to act as Bond Registrar.

All Bonds presented for transfer, exchange, redemption or payment (if so required by the County or the Bond Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the County or the Bond Registrar, duly executed by the Registered Owner or by his duly authorized attorney.

The Bond Registrar may charge the Registered Owner a sum sufficient to reimburse it for any expenses incurred in making any exchange or transfer following the initial delivery of the Bonds. The Bond Registrar or the County may also require payment from the Registered Owner or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Bonds shall be delivered.

The County and the Bond Registrar shall not be required (a) to issue, transfer or exchange any Bonds during a period beginning at the opening of business on the Record Date for such Bonds or any date of selection of Bonds or parts thereof to be redeemed and ending at the close of business on the subsequent Interest Payment Date or day on which the applicable notice of redemption is given, or (b) to transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the County, evidencing the same debt as the Bonds surrendered, shall be secured by this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The County may elect to use a Book Entry System for issuance and registration of the Bonds, and the details of any such system shall be as fixed by the Series Resolution adopted prior to the time of issuance of the Bonds.

Whenever any Bond shall be delivered to the Bond Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Bond shall be cancelled and destroyed by the Bond Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the County.

Section 2.05. BONDS TO BE IN REGISTERED FORM; EXCEPTIONS.

(a) Unless coupon Bonds, the interest on which is excluded from the gross income of the Holder for federal income tax purposes, may again be issued under Section 103 of the Code, or any successor to such Code section, all Bonds issued hereunder shall be in registered form, except as provided in subsection (c) of this Section.

(b) To the extent the County under then applicable law may issue any Series of Bonds in coupon form, the interest on which, in the opinion of Bond Counsel, is excludable from the gross income of the Holder for federal income tax purposes or should the County determine to issue Taxable Bonds in coupon form, the County may amend this Resolution or any supplemental resolution (including the form of any Bonds), to authorize and provide for the issuance of Bonds in coupon form and for the exchange of registered Bonds for coupon Bonds and vice versa.

(c) The provisions of subsection (a) above, shall not be applicable to any Taxable Bond.

Section 2.06. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Bond Registrar may in its discretion issue and deliver a new Bond, of like tenor as the Bond, so mutilated, destroyed, stolen or lost, either in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon the Registered Owner's furnishing the Bond Registrar proof of ownership thereof, furnishing satisfactory indemnity in favor of both the County and the Bond Registrar, complying with such other reasonable regulations and conditions as the Bond Registrar and County may prescribe, and paying such expenses as the County may incur. All Bonds so surrendered shall be cancelled. If any such shall have been matured or be about to mature, instead of issuing a substitute Bond, the Bond Registrar may pay the same, upon compliance with the foregoing conditions and requirements.

Any such duplicate Bonds issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the County, whether or not any lost, stolen or destroyed Bonds are found and shall be entitled to equal and proportionate benefits and rights with all other Bonds issued hereunder as to lien on and source and security for payment from the Pledged Funds.

Section 2.07. TEMPORARY BONDS. Until Bonds in definitive form of any Series are ready for delivery, the County may execute, and upon its request in writing, the Bond Registrar shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described and with appropriate omissions, variations and insertions. The Bonds in temporary form will be in such principal amounts as the County shall determine.

Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Resolution. The County shall, without unreasonable delay, prepare, execute and deliver to the Bond Registrar and thereupon, upon the presentation and surrender of the Bonds in temporary form to the Bond Registrar, the Bond Registrar shall authenticate and deliver, in exchange therefor, a Bond of the same maturity, in definitive form in the authorized denominations, and for the same aggregate principal amount, as the Bonds in temporary form surrendered. The expense of such exchange shall be paid by the County and there shall be made no charge therefor to any Registered Owner.

Section 2.08. BOND ANTICIPATION NOTES. The County may issue bond anticipation notes to the extent permitted by the laws of the State of Florida. Provisions regarding the security, form, maturity dates, interest rates (which may be fixed, variable or a combination thereof) and other details of such bond anticipation notes and the security for any bond anticipation notes shall be set forth in a separate resolution of the County adopted at or prior to the time of sale of such bond anticipation notes.

Section 2.09. PROVISIONS FOR REDEMPTION OF BONDS. Each Series of Bonds shall be subject to redemption prior to the maturity thereof upon the terms and conditions and at such times, in such manner and at such redemption price or premium as shall be established by the Series Resolution of the County adopted with respect to such Series of Bonds on or before the time of delivery of those Bonds. Unless otherwise provided in the Series Resolution providing for the issuance of Bonds of a particular Series, the County may select the particular maturities of such Series or portions thereof it elects to redeem. Prior to any redemption date, the County shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date, taking into account any credit against such redemption as provided in Section 5.02(g)(3) hereof.

Section 2.10. REDEMPTION OF PORTION OF ANY BOND. In case part, but not all, of any Outstanding Bond shall be selected for redemption, the Holder thereof shall present and surrender such Bond to the designated Paying Agent for payment of the redemption price of the portion so called for redemption, and the County shall execute and deliver to or upon the order of such Holder, without charge therefor, for the unredeemed balance of the principal amount (or unredeemed portion of the Accreted Value, as appropriate) of the Bond so surrendered, a Bond or Bonds of the same Series, maturity and interest rate.

Section 2.11. NOTICE OF REDEMPTION; EFFECT OF NOTICE OF REDEMPTION.

(a) Notice of redemption shall be mailed by registered or certified mail, postage prepaid, at least thirty (30) and not more than sixty (60) days before the redemption date to all Registered Owners of the Bonds or portions of Bonds to be redeemed at their addresses as they appear on the Register to be maintained in accordance with provisions hereof. Failure to mail any such notice to a registered owner of a Bond, or any defect therein, shall not affect the validity of the proceedings for redemption of any Bond or portion thereof, with respect to which no failure or defect occurred.

Each notice shall be dated and shall state: (i) the date fixed for redemption; (ii) the redemption price (principal, interest and any premium or Accreted Value and any premium, as appropriate) to be paid; (iii) if less than all of the Bonds of any Series then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed; (iv) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date, the redemption price will become due and payable upon each Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; (vi) that the Bonds to be redeemed, whether as a whole or a part, are to be surrendered for payment of the redemption price at the principal office of the Bond Registrar, and (vii) if any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall also state that on or after the redemption date, upon surrender of such Bond, a new Bond or Bonds, as the case may be, having the same terms and in an aggregate principal amount equal to the unredeemed portion of such Bond will be issued to the Holder of the surrendered Bond.

In any Series Resolution providing for the issuance of any Series of Bonds the County may provide alternative means and times for giving notice of the redemption of Bonds of such Series.

Notwithstanding the foregoing, for any Registered Owner of one million dollars or more in principal amount of Bonds, such notice of redemption shall, at the written request of such Registered Owner be by overnight delivery, or other method of delivery acceptable to the County and such Registered Owner.

Any notice given as provided or permitted in this subsection (a) shall be conclusively presumed to have been duly given, whether or not the owner of such Bond receives such notice or otherwise has actual notice of such call for redemption.

(b) In addition to the foregoing official notice, further notice shall by 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 official notice thereof is given as above prescribed.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers, if any, of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed as of the date of notice; (iv) the maturity date of each Bond being redeemed; (v) the complete official name of the Bond issue, including Series designation; (vi) the name, address, and telephone number of the contact person at the Bond

Registrar or other designated Paying Agent; and (vii) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail with return receipt requested or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to at least two national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) If moneys (or Government Obligations which, together with the interest payable thereon on or prior to the redemption date), are sufficient for the redemption of all of the Bonds and portions thereof to be redeemed, together with interest accrued thereon to the redemption date, are held in trust for the Holders thereof on the redemption date, so as to be available therefore on that date, and if official notice of redemption shall have been given as provided in (a) above, then from and after the redemption date those Bonds and portions thereof called for redemption shall cease to bear interest (and in the case of Capital Appreciation Bonds the interest component shall cease to accrue) and no longer shall be considered to be Outstanding hereunder and shall cease to be entitled to any lien, benefit or security hereunder except to receive the payment of the redemption price plus interest accrued (or in the case of Capital Appreciation Bonds, the Accreted Value and any premium) to the redemption date on or after the designated date of redemption from moneys deposited with or held in the Redemption Account for such redemption and, to the extent provided in Section 2.10, to receive Bonds for any unredeemed portions of the Bonds. If those moneys shall not be so available on the redemption date, or that notice shall not have been given as aforesaid, those Bonds and portions thereof so called for redemption shall continue to bear interest, remain Outstanding and be entitled to the lien hereof until they are paid or deemed to be paid, as herein provided.

Section 2.12. FORM OF BONDS. The text of the Bonds shall be in substantially the form attached to the particular Series Resolution with respect to any Series, with such omissions, insertions, and variations as may be necessary and desirable, and as may be authorized or permitted by this Resolution or by subsequent resolution amendatory of or supplemental to this Resolution or the pertinent Series Resolution adopted prior to the issuance thereof.

Section 2.13. TAXABLE BONDS. The County may, if it so elects, issue one or more Series of Taxable Bonds provided that the County has obtained an opinion of Bond Counsel that the issuance thereof will not cause the interest on any Bonds (other than other Taxable Bonds) theretofore issued hereunder to be or become includable in the gross income of the Holders thereof for federal income tax purposes. The covenants set forth in Section 5.15 hereof shall not apply to any Taxable Bonds described in this paragraph.

Section 2.14. PROVISIONS APPLICABLE TO SUBSEQUENT SERIES. The provisions of this Article II shall apply to each Series of Bonds issued hereunder, except as may be provided in the Series Resolution relating to such Series of Bonds; provided, however, that no Series Resolution for any subsequent Series may provide for a preference in payment or security for such Series over the remaining Bonds, except as provided herein.

Section 2.15. SECURITIES DEPOSITORIES. Anything hereinabove in this Article II to the contrary notwithstanding, if all of any Series of Bonds is deposited with a securities depository under a Book Entry System, to the extent that the procedures of such depository are inconsistent with the provisions of this Article II, the provisions required by the securities depository shall control.

ARTICLE III

SECURITY FOR BONDS

Section 3.01. SECURITY FOR BONDS. The Bonds and the interest thereon shall not be or constitute a general obligation or indebtedness of the County or the Authority within the meaning of the Constitution of the State of Florida, but shall be special and limited obligations of the County payable and secured as provided herein. No Holder of any Bond shall ever have the right to compel the exercise of any taxing power of the County or the Authority or taxation in any form on any real or personal property to pay Bond Service Charges or any other obligations herein set forth, nor shall any Holder be entitled to payment of any Bond Service Charges or any other obligations herein set forth from any funds of the County or the Authority other than the sources herein specified.

The payment of the principal of and interest on the Bonds issued hereunder shall be secured equally and ratably by a first lien upon, security interest in and pledge of the Pledged Funds. The Pledged Funds in an amount sufficient both to pay the principal of and interest on the Bonds herein authorized and to make the payments into the Reserve Account and Sinking Fund and all other payments provided for in this Resolution are hereby irrevocably pledged in the manner stated herein and therein to the payment of the principal of and interest on the Bonds herein authorized as the same become due; provided that said pledge and lien may be released and extinguished by defeasance as provided in Section 7.01 hereof. If so provided by the Series Resolution, a Series of Bonds may also be secured or supported by a Credit Facility, and the County may determine, at any time, to provide all or any portion of the Reserve Requirement for any portion of the Bonds by obtaining a Credit Facility. Each Series of Bonds shall also be payable from and secured from other revenues, property or collateral provided for in the Series Resolution providing for the issuance of such Series of Additional Parity Bonds.

The County and the Authority covenant that they will prepare and file any and all financing statements or amendments to, continuations of or terminations of existing financing statements as shall, in the opinion of legal counsel to the County, be necessary for the security interest granted hereunder to comply with applicable law to preserve the perfection or the priority of such security interest or as required due to changes in the Airport Properties. In particular, the County and the Authority covenant that they will, at least thirty (30) days prior to the expiration of any financing statement, prepare and file such continuation statements of existing financing statements as shall, in the opinion of legal counsel to the County, be necessary for the security interest granted hereunder to comply with applicable law.

Section 3.02. ADDITIONAL SECURITY FOR CERTAIN SERIES; RELEASE OF ADDITIONAL SECURITY. The County may provide in the Series Resolutions for one or more Series of Bonds that such Bonds will be additionally secured by a pledge of all or a portion of the receipts of any Passenger Facilities Charge, except as the use of the Passenger Facility Charge is limited by the PFC Act, the PFC Regulations, the PFC Approvals and the Passenger Facility Charge Bond Resolution; provided, however, that the restrictions relating to the Passenger Facility Charge shall not apply to any Future Passenger Facility Charge, which shall be governed by the Future PFC Approvals. Thereafter the receipts from the Passenger Facility Charge so pledged shall be treated as Revenues hereunder and shall be deposited into a special Passenger Facilities Charge Subaccount in the Revenue Fund (such Subaccount, together with corresponding Subaccounts in the Sinking Fund, the Reserve Maintenance Fund and the Airport Fund to be created by the applicable Series Resolution). Moneys in such Passenger Facilities Charge Subaccount shall be applied, on a parity with Revenues not derived from Passenger Facility Charge, in the manner and with the order of priority set forth in Section 5.02(c) hereof, to the extent permitted by law, provided that such moneys shall only be applied for deposit to the applicable Subaccounts created for Bonds additionally secured by a pledge of such Passenger Facilities Charge.

The pledge of the Passenger Facilities Charge may subsequently be released and extinguished with respect to any Series of Bonds additionally secured by the Passenger Facility Charge by resolution of the County only upon the following conditions:

(a) The County shall have received written evidence from each rating agency that then maintains a rating on the Series of Bonds with respect to which the County wishes to release the lien on the Passenger Facility Charge, that the release of the pledge of the Passenger Facility Charge receipts as additional security for such applicable Series of Outstanding Bonds and the termination of the treatment of such receipts as Revenues will not adversely affect the rating maintained by such rating agency with respect to such applicable Series of Outstanding Bonds; provided, however, that if the long term ratings on the Series of Bonds with respect to which the County wishes to release the lien on the Passenger Facility Charge are based upon the existence of a Credit Facility, release of the lien on the Passenger Facility Charge will require only the consent of the issuer of the Credit Facility.

(b) Notice of said release of extinguishment shall have been mailed, postage prepaid, to the all nationally recognized municipal information repositories then designated under Rule 15c2-12 of the Securities and Exchange Commission (the "Information Repositories").

Section 3.03. BONDS SECURED OR SUPPORTED BY CREDIT FACILITIES. In the Series Resolution with respect to any Series of Bonds that are to be secured or supported by a Credit Facility the County may make such provisions as may be required by the issuer of such Credit Facility provided that the County may not grant to the issuer of such Credit Facility a priority position with respect to payment or security with respect to any Outstanding Bonds.

ARTICLE IV

APPLICATION OF BOND PROCEEDS; PROJECT FUND

Section 4.01. APPLICATION OF BOND PROCEEDS. All moneys received from the sale of any Series of Bonds issued pursuant to this Bond Resolution, shall be disbursed as follows unless otherwise provided in the applicable Series Resolution:

(a) Accrued interest received upon the delivery of the particular Series of Bonds shall be deposited in the Sinking Fund established for such Series and applied to the interest coming due on the particular Series of Bonds on the first interest payment date with respect to such Series.

(b) Any net original issue premium received upon the delivery of the particular Series of Bonds shall be deposited in either the Sinking Fund or the Project Fund for such Series as directed by the County at or prior to the time of issuance of such Series.

(c) The amount determined by the County to be sufficient to pay the costs of issuing such Series of Bonds shall be deposited to the credit of the Cost of Issuance Subaccount in the Account in the Project Fund created for the Series of Bonds which were issued to pay the Costs of such Project or phase.

(d) The amount necessary to make the amount therein equal to the Reserve Requirement shall be deposited into the Reserve Account in the Sinking Fund; provided that this requirement may be satisfied by the establishment of a Credit Facility for the purpose of such Reserve Account subject to substitution as provided herein.

(e) The balance of such proceeds of the sale of the Bonds shall be deposited in the Project Fund to be used to pay Project Costs including Capitalized Interest on and the costs of issuance of the particular Series of Bonds to the extent provided or limited by the Series Resolution; or, in the event all or a portion of the proceeds of Bonds are to be used to refund, redeem, or provide for the redemption of Bonds or other obligations of the County, shall be deposited with an escrow holder or otherwise applied to such purpose and the payment of the costs of issuance of the Bonds as provided in a Series Resolution adopted prior to the issuance of such Bonds.

Section 4.02. CREATION OF PROJECT FUND. There is hereby created and established by the County, a special fund to be called the "Lee County, Florida County Airport Project Fund" (the "Project Fund"). A separate Project Account and Cost of Issuance Account shall be established in the Project Fund for each Series of Bonds. If any Series of Bonds includes Capitalized Interest, a Capitalized Interest Account may be established therein.

Section 4.03. APPLICATION OF AMOUNTS HELD IN THE PROJECT FUND.

(a) The Project Fund and Accounts therein shall be accounted for separately from all other Funds, Accounts and Subaccounts of the County, and the moneys on deposit therein shall be withdrawn, used and applied by the County solely for the purposes specified herein. Withdrawals shall be made from the Accounts and Subaccounts in the Project Fund only upon written approval of the Authority Representative which approval shall constitute a certification by the Authority Representative that the cost to be paid with such withdrawal is a Cost permitted under this Bond Resolution. All such funds shall be and constitute trust funds for such purposes, and shall be administered by the Authority Representative, as agent of the County, who shall act as trustee of such funds for the purposes of this Resolution. Until paid out as provided herein, the moneys in the Project Fund shall be subject to a lien and charge in favor of the holders of the Bonds the proceeds of which provided such funds.

(b) Any moneys on deposit in the Project Fund and Accounts therein that, in the opinion of the Authority, are not immediately necessary for expenditure, as hereinabove provided, shall be invested pursuant to Section 5.02(d) hereof.

(c) Any surety bond payments and any liquidated damages or settlement payments received by the County or the Authority as a result of the breach by any contractor, subcontractor or supplier, manufacturer or consultant working on, supplying or providing goods for any Project or phase thereof, of any representation, warranty or performance guaranty shall be used first to pay any costs and legal fees and expenses incurred by the County and the Authority in collecting the same and the balance thereof shall be deposited into the Account in the Project Fund created for the Series of Bonds which were issued to pay Costs of such Project or phase.

(d) Upon substantial completion of each Project or phase thereof (as determined by the Authority Representative evidenced by a certificate filed with the Clerk), or upon the abandonment thereof, any proceeds of any Series of Bonds or other amounts held to pay the Costs of such Project or phase thereof or to expand the scope of such Project or phase thereof then remaining in the separate Account in the Project Fund and not reserved by the County in the Capitalized Interest Subaccount for the payment of Capitalized Interest on Bonds of such Series or for the payment of any remaining part of the Cost of such Project or such phase, shall be utilized as follows:

(1) If no Trustee has been appointed on account of the occurrence of an Event of Default hereunder, the County shall use such amount to make up any deficiencies in the Reserve Account and any remaining moneys may, at its option (so long as such use, in the opinion of Bond Counsel, will not adversely affect the federal income tax status of interest on the Bonds of such Series) use such amounts:

(A) To pay the Costs of any other Capital Improvements to the Airport not inconsistent with the Tax Compliance Certificate entered into with respect to the particular Series of Bonds; or

(B) Such amounts may be deposited in the Principal Account for such Series in the Sinking Fund.

(2) If a Trustee has been appointed because an Event of Default has occurred and is then continuing hereunder, such amounts shall be applied in the manner specified by any Trustee appointed as herein provided.

The foregoing shall be subject, however, to the right of the County, if it be found at the time of the substantial completion of any of the Projects herein authorized or authorized by Series Resolution that less than the amounts deposited to the respective Subaccounts within the Project Fund is needed for the completion of such Projects, to transfer such excess to the Subaccounts for other Projects.

(e) The proceeds of each Series of Bonds (other than Taxable Bonds) and investment proceeds thereon on deposit in any Account of the Project Fund shall be used, invested and expended (including the provision for any Tax Rebate) at such time and in such manner as shall be necessary to comply with all applicable provisions of the Code in order to prevent the interest on the Bonds of such Series from becoming includable in the gross income of the Holder for federal income tax purposes and in order not to affect adversely the federal income tax status of interest on Bonds of such Series. The Authority Representative shall obtain such advice from Bond Counsel as the Authority Representative deems necessary to comply with Code and applicable regulations thereunder.

(f) If the proceeds of any Series of Bonds shall include any Capitalized Interest, the same shall be deposited in a Capitalized Interest Account in the Account in the Project Fund created for such Series. On the dates deposits are to be made to the Account in the Sinking Fund for such Series to provide for the payment of interest thereon pursuant to Section 5.02(c) hereof, such deposits shall be made from amounts in such Capitalized Interest Account to the extent such deposit for interest has been capitalized, provided that if the Bonds of such Series are "private activity bonds" (as defined in the Code) and interest has been capitalized for any period following the completion of construction of the Project or phase for which such Series was issued, then such interest shall be paid with Capitalized Interest only if, in the opinion of Bond Counsel, such use will not adversely affect the federal income tax status of interest on the Bonds of such Series. Amounts in any Capitalized Interest Account may be used, alternatively, to pay Costs of the respective Project to the extent such funds are not necessary or permitted to pay Capitalized Interest on the Series for which such funds were deposited.

(g) The Authority and the County shall be permitted to change any Project if: (i) the Authority Representative shall file with the County a certificate demonstrating that the moneys on deposit in the Account of the Project Fund created for such Project are sufficient to pay all remaining Costs of the Project as modified; and (ii) an opinion of Bond Counsel is provided to the County to the effect that the modifications to the Project proposed by the Authority and the County will not have an adverse effect on the exclusion, if any, from gross income of the interest on any Bonds.

ARTICLE V

FUNDS AND ACCOUNTS; FLOW OF FUNDS; RATE COVENANT; ADDITIONAL BONDS TEST; PASSENGER FACILITY CHARGES; OTHER COVENANTS

Section 5.01. COVENANTS OF THE COUNTY AND THE AUTHORITY. For as long as any of the Bonds shall be Outstanding and unpaid, the County and the Authority covenants with the holders of any and all Bonds to comply with the requirements of this Resolution and all other documents relating to the Bonds, including, but not limited to, the Tax Compliance Certificates.

Section 5.02. FUNDS AND ACCOUNTS.

(a) CREATION OF FUNDS AND ACCOUNTS. The following Funds and Accounts are hereby created for the Bonds: the Revenue Fund, including a Working Capital Account therein (to the extent set forth below); the Sinking Fund, including an Interest Account, a Principal Account, a Reserve Account, and a Redemption Account therein; the Subordinated Indebtedness Fund; the Renewal, Replacement and Improvement Fund; and the Airport Fund.

(b) DEPOSIT OF REVENUES TO REVENUE FUND. All Revenues shall, upon receipt thereof, be deposited by the Authority into the Revenue Fund and applied by the County as provided in Subsection (c) below.

(c) DISPOSITION OF REVENUES. All Revenues on deposit in the Revenue Fund shall be applied monthly, not later than the twenty-fifth day of each month after issuance of the Bonds, in the following manner and in the following order of priority:

(1) Revenues shall first be used to pay the Current Expenses for the current month. The Authority shall be permitted to establish a Working Capital Account within the Revenue Fund and to deposit thereto in each Fiscal Year an amount not in excess of the average monthly Current Expenses as shown on the Annual Budget for such Fiscal Year times three. Money on deposit in the Working Capital Account shall be used to pay Current Expenses whenever moneys in the Revenue Fund are insufficient for such purpose. Any moneys withdrawn from the Working Capital Account may not be replaced in the then current Fiscal Year.

(2) Revenues shall next be used for deposit into the Interest Account the sum necessary to pay the interest becoming due on the Bonds on the next Interest Payment Date (and, in accordance with the last paragraph of this subsection (c), payments (other than termination payments) under Derivative Agreements), less amounts (including Capitalized Interest) already on deposit therein and available for such purpose, divided by the number of months remaining to such interest payment date.

(3) Revenues shall next be used for deposit of the required amount into the Principal Account, during the twelve month period immediately before a Serial Bond maturity date, necessary to pay the principal maturing on Serial Bonds on the next maturity date, less amounts already on deposit therein and available for such purpose, divided by the number of months remaining to such maturity date.

(4) (i) Revenues shall next be used for deposit of the required amount into the Redemption Account, on a parity with the payments into the Principal Account provided in Subsection (c)(3) above (during the twelve month period immediately preceding a Redemption Requirement due date), a sum equal to the Redemption Requirements for Term Bonds which shall next become due and payable, plus the amount of the premium, if any, on a Principal amount of such Term Bonds equal to the amount of such Redemption Requirement which would be payable on the next Redemption Requirement due date if such Principal amount of Term Bonds were to be redeemed prior to their maturity from money held in the Redemption Account, less amounts which have been deposited therein during such twelve month period and used for the purchase of Outstanding Term Bonds or are available for redemption of Term Bonds, divided by the number of months remaining to such due date. If, at the stated dates of maturity of any Term Bonds, the proceeds on deposit in the Redemption Account are insufficient to retire the principal amount of maturing Term Bonds remaining Outstanding, the County shall transfer from the Reserve Account to the Redemption Account sufficient money to make up such deficiency.

(ii) Upon any purchase (and delivery to the Bond Registrar for cancellation) or optional redemption of Bonds of any Series and maturity for which Redemption Requirements shall have been established, which is made on or prior to the 40th day preceding the due date of the Redemption Requirements next due for the Bonds of such Series and maturity from any funds of the County or the Authority other than amounts deposited in the Redemption Account, there shall be credited toward such Redemption Requirements in such manner as may be determined by the Authority Representative the principal amount of such Bonds so purchased or redeemed upon delivery of such Bonds by the County to the Bond Registrar, such determination to be evidenced by a certificate filed with the Clerk. The portion of any such Redemption Requirements remaining after the deduction of any such amounts credited toward the same pursuant to this paragraph (or the original amount of any such Redemption Requirements if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Redemption Requirements for the purpose of calculation of Redemption Requirements due on a future date.

(5) Revenues shall next be applied by the County to maintain the Reserve Account (including any subaccounts therein) in the Sinking Fund, in an amount equal to the Reserve Requirement. The Series Resolution for each Series of Bonds shall specify the incremental Reserve Requirement for such Series of Bonds. All or a portion of such sum may be initially provided from the proceeds of the sale of any Series of Bonds and/or other moneys of the County or the Authority, or, if provided by the Series Resolution with respect to any particular Series of Bonds, deposited in the form of a Credit Facility. Thereafter, if the full amount of the incremental Reserve Requirement is not funded at the time of issuance of such Additional Bonds, the County shall deposit into the Reserve Account any amount fixed by the Series Resolution prior to the sale of each Series of Bonds, but not less than one-twelfth (1/12) of twenty percent (20%) of the difference, if any, between the amount, if any, so deposited upon delivery of such Series of Bonds and the amount of the Reserve Requirement. No further payments shall be required to be made into the Reserve Account when there has been deposited therein and as long as there shall remain on deposit therein an amount equal to the Reserve Requirement.

A Credit Facility may be substituted for any cash, investments or Credit Facility then on deposit in the Reserve Account subject to the conditions established therefor by the Credit Facility for any Bonds secured by the Reserve Account and subject to the provisions in the Series Resolution for the Series of Bonds secured by the Reserve Account. Amounts on deposit in the Reserve Account at any time in excess of the aggregate of the Reserve Requirement (including upon substitution with a Credit Facility) may be withdrawn and deposited in the Project Fund or deposited in the Airport Fund, at the option of the Authority Representative, subject to Section 5.15 hereof.

Money in the Reserve Account shall be used only for the purpose of the payment of maturing principal of, interest on, or Redemption Requirements with respect to the Bonds when the money in the other accounts in the Sinking Fund is insufficient therefor and for no other purpose, except that such money may be invested and reinvested as provided herein.

In the event the County obtains a Credit Facility to satisfy all or a portion of the Reserve Requirement, the County reimbursements and other payments due the issuer of such Credit Facility shall be paid from the Reserve Fund. In the event the Reserve Fund is funded with both cash and a Credit Facility, the cash therein shall be applied first before any draws are made under the Credit Facility, and , if the County determines to reinstate such Credit Facility (as opposed to funding the entire Reserve Requirement in cash), all payments necessary to reinstate the Credit Facility shall be made prior to any cash deposits to the Reserve Account. If more than one Credit Facility is credited to the Reserve Fund, such facilities shall be drawn on proportionately in relation to their respective stated amounts.

(6) Revenues shall next be deposited into the Subordinated Indebtedness Fund to meet any requirements of the County's resolution authorizing and awarding the issuance of any Subordinated Indebtedness described in Section 5.11 hereof.

(7) Revenues shall next be deposited into the Renewal, Replacement and Improvement Fund until the amount therein is equal to the amount required by Section 5.21 hereof.

(8) Revenues shall next be used for deposit into the Airport Fund and any subaccounts created by the County therein and applied as follows:

(i) the funds in the Airport Fund shall first be used to make up deficiencies in the Sinking Fund, the Subordinated Indebtedness Fund and the Renewal, Replacement and Improvement Fund in the priority for depositing moneys from the Revenue Fund as provided in this Subsection;

(ii) if an Event of Default has occurred, the funds on deposit in the Airport Fund shall next be used to cure such Event of Default and to pay expenses of curing such Event of Default;

(iii) if determined by the Authority Representative to be required pursuant to any use or lease agreement with any user of the Airport, to make transfers to such user or users but not in excess of the amounts required by such use or lease agreement;

(iv) periodically, to make any Transfers the County authorizes to be made to the Revenue Fund; and

(v) remaining moneys held for the credit of the Airport Fund may be used for any purpose authorized by the Act.

Notwithstanding the foregoing, unobligated moneys held for the credit of the Airport Fund shall always be used to pay maturing principal of, interest on, or Redemption Requirements with respect to Bonds whenever moneys in the Sinking Fund are insufficient therefor.

When there is any deficiency in the Sinking Fund, the deficiency shall be made up at the time any deposit is made to such Fund as required in this Section. Upon the issuance by the County of any Additional Parity Bonds under the terms, conditions and limitations provided in this Resolution, the payments into the Interest Account, Principal Account and Redemption Account in the Sinking Fund shall be increased in amounts sufficient to pay principal of, interest on and Redemption Requirements with respect to such Additional Parity Bonds. The Reserve Account shall be funded, at the option of the County, either from proceeds of the Additional Parity Bonds or from monthly deposits of Revenues over a period not exceeding sixty months, or a combination of both methods, or by a Credit Facility as provided in Subsection (5) above.

The County shall not be required to make any further deposits into the Sinking Fund when the money in the Sinking Fund is at least equal to the aggregate principal amount of Bonds then Outstanding, plus the amount of interest then due or thereafter to become due on the Bonds then Outstanding.

In determining the timing and amount of deposits to the credit of the Interest Account, the Principal Account and the Redemption Account of the Sinking Fund, the provisions with respect to Balloon Indebtedness, Credit Facilities and Derivative Indebtedness contained in the definition of Bond Service Requirement shall apply; provided, however, the provisions in such definition relating to Variable Rate Bonds shall not apply for the purposes of this Section.

The County shall be permitted (but is not required) to pay regularly-scheduled payments it owes under any Derivative Agreement relating to interest on Bonds from the Interest Account on a parity with payment of interest on Bonds. The County shall also be permitted (but is not required) to direct payments it receives under any Derivative Agreement to be deposited in the Interest Account and receive a credit for such deposits against the amount that would otherwise be required to be deposited under Section 5.02(c)(2) hereof. However, any termination, penalty or similar payment required under any Derivative Agreement may be paid only from the Subordinated Indebtedness Fund or the Airport Fund, at the option of the County.

(d) TRUST FUNDS; INVESTMENT. The Revenue Fund (including the Working Capital Account therein), the Project Fund, the Sinking Fund (including all Accounts and Subaccounts therein), the Renewal, Replacement and Improvement Fund, the Subordinated Indebtedness Fund (except for proceeds of Subordinated Indebtedness on deposit therein), the Tax Rebate Fund (subject to Section 5.20 hereof), and the Airport Fund shall be held in trust and expended exclusively for the purposes set forth herein, and, until paid out as required by this Bond Resolution, shall be subject to a lien and charge in favor of the holders of the Series of Bonds (or all Bonds, as appropriate) that provided such funds or with respect to which such Funds and Accounts were created. All such funds shall be continuously secured in the same manner as county deposits are required to be secured by the laws of the State of Florida. Except as hereinafter provided, the moneys on deposit in each of the Funds and Accounts and Subaccounts established herein may be invested and reinvested in Authorized Investments. Investments in the various Funds and Accounts and Subaccounts, except the Reserve Account, must mature not later than the dates on which the moneys on deposit in each of the various Funds and Accounts will be needed for the purposes of such Funds and Accounts. Investments of moneys in the Reserve Account must mature not later than the latest maturity date of any Bonds secured by the Reserve Account.

Except as otherwise specifically set forth herein, all income and earnings received from the investment of moneys on deposit in the various Funds and Accounts shall remain in the various Funds and Accounts until the amount required to be on deposit in each such Fund and Account for the Fiscal Year is on deposit therein; thereafter, such income and earnings shall be deposited into the Revenue Fund.

Prior to the completion date of any Project which is financed by any Series of the Bonds, the investment income earned on the Account created for such Series in the Project Fund, the investment income earned on the Account for such Series in the Sinking Fund and the investment income allocable to such Series in the Reserve Account shall be deposited upon receipt in the Account for such Series in the Project Fund. Following the completion date and prior to total completion and payment of all Costs of the Project or such phase thereof, the Authority Representative or the Authority Representative's designee shall determine the extent to which investment income from the foregoing sources is to be deposited in the Account for such Series in the Project Fund or is to be deposited in the Revenue Fund in accordance with the applicable Tax Compliance Certificate for such Series or is to be deposited into the Airport Fund. The foregoing shall be applicable to each Series of Bonds issued hereunder provided that as to any Series of Bonds, the Series Resolution authorizing such Series may provide for a different use of investment earnings on the Accounts for such Series in the Sinking Fund, the Reserve Account and the Project Fund.

Notwithstanding the foregoing, the County may, by agreement with any Person or by Series or supplemental resolution, limit the types and maturities of Authorized Investments in which it is permitted to invest funds hereunder. No investment shall be made which is prohibited by applicable law, by the applicable Series Resolution, or by any agreement with the provider of any Credit Facility or with any rating agency.

Not earlier than October 1 and not later than October 19 of each year, the County shall determine the fair market value of all Authorized Investments, having a maturity greater than five years (5) years from the date of purchase, in each Subaccount in the Reserve Account as of the close of business on the last Business Day prior to such October 1. The fair market value of Authorized Investments having a maturity less than five (5) years from the date of purchase shall be deemed to be the actual cost thereof. If the fair market value of Authorized Investments plus cash on deposit in any Fund (other than the Project Fund) or Account shall be less than the amount required to be on deposit therein, the deficiency, shall be required to be restored immediately except for any deficiency in the Reserve Account due to a withdrawal to pay Bond Service Charges which deficiency is required to be restored in accordance with Section 5.02(c)(5) hereof. If the net fair market value of Authorized Investments in any such Fund (other than the Project Fund) or Account exceeds their cost, such excess shall be transferred to the Fund or Account designated by the Authority Representative, subject to any restrictions contained in any applicable Tax Compliance Certificate.

The amounts held in the Funds, Accounts and Subaccounts created hereby or pursuant hereto shall be administered by the County or its designated agent; provided that the County, by supplemental resolution, may appoint a Funds Trustee to hold any Fund or Account or Subaccount. Amounts in such Funds and Accounts may be deposited in a single bank account, and may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted application of the cash and investments on deposit therein for the various purposes of such Funds and Accounts as herein provided, and provided, further, that no cash and investments in the Funds and Accounts established in this Resolution shall be commingled with any other moneys of the County or the Authority. Except as above provided, the designation and establishment of the various Funds, Accounts and Subaccounts by and pursuant to this Resolution shall not be construed to require the establishment of any completely independent, self-balancing accounts as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain moneys and investments of the County for certain purposes and to establish certain priorities for the application of such moneys and investments as herein provided.

(e) APPLICATION OF MONEYS IN THE INTEREST ACCOUNT. On the second business day immediately preceding each Interest Payment Date, the County shall withdraw from the Interest Account and deposit in trust with the Paying Agent (or the applicable securities depository) the amount necessary to pay the interest due on the Bonds on the next Interest Payment Date. As set forth in clause (c) of this Section 5.02, the County is also permitted to make regularly-scheduled payments (but not termination, penalty or other similar payments) owed by the County under Derivative Agreements relating to interest on Bonds.

(f) APPLICATION OF MONEYS IN THE PRINCIPAL ACCOUNT. On the second business day immediately preceding each date on which the principal of Serial Bonds is to be paid, the County shall withdraw from the Principal Account and deposit in trust with the Paying Agent (or the applicable securities depository), the amounts required for paying the principal of all Serial Bonds as such principal becomes due and payable.

(g) APPLICATION OF MONEYS IN THE REDEMPTION ACCOUNT.

(1) The County may at any time at its option purchase Term Bonds of each issue then Outstanding from funds resulting from payments made pursuant to Redemption Requirements of such issue at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal of such Term Bonds plus the amount of the premium, if any, which would be payable on the next Redemption Requirement due date established in the Series Resolution for such Series if such Term Bonds should be called for redemption on such date from money in the Redemption Account. No such purchase shall be made by the County within the period of 45 days immediately preceding any date on which Term Bonds are required to be redeemed in satisfaction of the Redemption Requirements.

(2) Money in the Redemption Account shall be applied by the County in each Fiscal Year to redeem at the redemption price established in the Series Resolution and on the date on which Term Bonds are required to be redeemed in satisfaction of the Redemption Requirements a principal amount of Term Bonds equal to the Redemption Requirement less the principal amount of any Term Bonds purchased pursuant to Paragraph (1) above and not theretofore credited towards a Redemption Requirement. If the amount available in any Fiscal Year shall not be sufficient to satisfy the Redemption Requirements of all Series and issues, the amount available shall be allocated among Series and issues in proportion to the Redemption Requirement for such Fiscal Year for the Term Bonds of each Series and issues then Outstanding, plus the applicable premium, if any. On the second business day immediately preceding each date on which the Term Bonds are required to be redeemed in satisfaction of the Redemption Requirements, the County shall withdraw from the Redemption Account and deposit in trust with the Paying Agent (or the applicable securities depository), the amounts required for redeeming such Term Bonds in the amount of the Redemption Requirements.

(3) Any balance remaining (i) attributable to investment earnings on payments made pursuant to Redemption Requirements, (ii) attributable to purchases of Term Bonds at less than par or (iii) otherwise attributable directly or indirectly to payments made pursuant to Redemption Requirements, shall remain in the Redemption Account, shall be credited towards the Redemption Requirement for the following year, and shall be used for purchases pursuant to Paragraph (1) or redemptions pursuant to Paragraph (2).

(4) Any balance in the Redemption Account resulting from a payment pursuant to Subsection 5.07 otherwise than directly or indirectly from a payment made pursuant to a Redemption Requirement shall be held and accounted for separately and may be applied to the purchase of either Term or Serial Bonds at a price not in excess of the then applicable redemption price as set forth in the Series Resolution for such Bonds or to the redemption of Term Bonds at the then applicable redemption price as established by the Resolution authorizing the issuance of such Bonds. Redemptions and purchases pursuant to this Paragraph (4) shall be applied among issues and Series in any order of maturity designated by the Authority Representative. If the County shall at any time be unable to exhaust the money in the Redemption Account pursuant to this Paragraph (4), such money shall be retained in the Redemption Account and as soon as it is feasible applied to purchases or redemptions hereunder. To the extent that redemptions and purchases pursuant to this Paragraph (4) reduce the Outstanding amounts of Term Bonds of any Series or issues below the amount redeemable by the then applicable Redemption Requirement, such Redemption Requirement and subsequent Redemption Requirements for such Series or issue shall be reduced.

(5) Interest on all Bonds redeemed or purchased pursuant to the Redemption Account shall be withdrawn from the Interest Account in the Sinking Fund and all expenses in connection with any such purchase or redemption shall be paid from the Revenue Fund.

(6) All purchases or redemptions of Bonds made pursuant to this Subsection 5.02(g) shall be made only in such amounts and on such terms as may be provided in the Series Resolutions of the various Series and issues of Bonds.

(h) APPLICATION OF MONEYS IN THE SUBORDINATED INDEBTEDNESS FUND. Moneys on deposit to the credit of the Subordinated Indebtedness Fund shall be applied by the County on the dates and in the manner provided in the resolution or resolutions providing for the issuance of Subordinated Indebtedness; provided, however, if any deficiency in any Fund or Account (other than the Project Fund and the Renewal, Replacement and Improvement Fund) exists, moneys in the Subordinated Indebtedness Fund shall be first used to remedy such deficiency.

(i) APPLICATION OF MONEYS IN THE RENEWAL, REPLACEMENT AND IMPROVEMENT FUND. Moneys in the Renewal, Replacement and Improvement Fund shall be applied to the payment of the cost of renewals and replacements of and unusual or extraordinary repairs to the Airport and capital improvements to the Airport and of engineering and other expenses incurred in connection therewith; provided that this shall not authorize such funds to be used in a manner that would violate any then applicable lease and use agreement. All disbursements of money in the Renewal, Replacement and Improvement Fund shall be made in accordance with procedures established by the County and the Authority from time to time. At its option, the County may create accounts and subaccounts within the Renewal, Replacement and Improvement Fund.

The County shall, prior to any application of moneys in the Renewal, Replacement and Improvement Fund in accordance with the provisions of the first paragraph hereof, use amounts in the Renewal, Replacement and Improvement Fund to make transfers, in the following order of priority: (i) to pay Current Expenses, whenever and to the extent that the amount on deposit in the Revenue Fund and the Working Capital Account, if any, together with transfers thereto from the other Funds and Accounts herein, is insufficient for such purpose; (ii) the appropriate Interest Account, Principal Account and Redemption Account in that order, to remedy any deficiency therein, whenever and to the extent that the transfers from the other Funds and Accounts is insufficient for such purpose; and (iii) the Reserve Account to cure any deficiency therein, whenever and to the extent that the transfers from the other Funds and Accounts are insufficient for such purpose.

If at any time the amount held for the credit of the Renewal, Replacement and Improvement Fund exceeds the amount recommended therefor by the Authority Representative, the County shall withdraw the amount of such excess and deposit the same to the Airport Fund.

Section 5.03. OPERATION AND MAINTENANCE. The County and the Authority will maintain the Airport and all parts thereof in good condition and will operate the same in an efficient and economical manner making such expenditures for equipment and for repair and replacements as may be proper for the economical operation and maintenance thereof.

Section 5.04. RATES AND CHARGES. The County and the Authority hereby covenant to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the services and facilities of the Airport which will be at least equal to the greater of (i) Revenues, together with Transfers, in each Fiscal Year sufficient to pay all Current Expenses of the Airport in such Fiscal Year, and one hundred twenty-five per centum (125%) of the Bond Service Requirements in such Fiscal Year (excluding for purposes of this calculation, amounts identified under paragraphs (d) and (e) of the definition of "Bond Service Requirements"), and (ii) Revenues, without taking into account Transfers, in each Fiscal Year sufficient to pay all Current Expenses of the Airport in such Fiscal Year, and one hundred per centum (100%) of the Bond Service Requirements (excluding for purposes of this calculation, amounts identified under paragraph (d) of the definition of "Bond Service Requirements") in such Fiscal Year and all other required payments under this Resolution. Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide Revenues for such purposes.

If the Revenues for any Fiscal Year are less than the amounts herein required, the County, before the end of the second month following the completion of the audit for such Fiscal Year, will cause the Consultant to make its recommendations as to a revision of such rates or charges, and copies of such request and of the recommendations of the Consultant, as the case may be, shall be filed with the Clerk and mailed to each Bond Holder who shall have filed with the Clerk for such purpose. Anything in this Resolution to the contrary notwithstanding, if the County shall comply with all the recommendations of the Consultant, as the case may be, in respect of such rates, rents, fees or other charges, it will not constitute an Event of Default under this Resolution if the Revenues shall be less than the amounts required herein in the following Fiscal Year. The County covenants that, to the extent permitted by applicable law and the provisions of any use agreement then in effect at the Airport, it will comply with the recommendations of the Consultant.

Section 5.05. BOOKS AND RECORDS. The County shall also keep books and records of the Current Expenses, Revenues, assets, liabilities and changes in financial position of the Airport, which shall be kept separate and apart from all other books, records and accounts of the County, and the Holders of the Bonds and the respective agents thereof shall have the right at all reasonable times to inspect all records, accounts and data of the County or the Authority relating thereto.

Section 5.06. ANNUAL AUDIT AND BUDGET. (a) The County shall also, at least once a year after the close of its Fiscal Year, cause the books, records and accounts relating to the Airport to be audited by a recognized independent firm of certified public accountants and shall make generally available the report of such audit to any Holder or Holders of Bonds who shall have filed their names with the Bond Registrar for such purpose. Such audits shall contain a complete balance sheet and report of operations of the Airport prepared in accordance with the Accounting Principles. The auditors selected may be changed by the County at any time.

(b) The County and the Authority covenant that on or before the 31st day of July in each year, they will prepare a preliminary budget of Current Expenses and Revenues and a preliminary budget for proposed Capital Improvements indicating those Projects planned to be funded, if any, during the next five years and the source of such funding. The County and the Authority further covenant that any such preliminary budget for Capital Improvements will show the amount to be obligated and expended in the Renewal, Replacement and Improvement Fund in such Fiscal Year.

The County and the Authority further covenant to comply with law in the preparation of the budget and promptly on or before the first day of the next ensuing Fiscal Year the County and the Authority will adopt the final Annual Budget for such Fiscal Year (herein called the "Annual Budget").

If for any reason the County and the Authority shall not have adopted the Annual Budget before the first day of any fiscal year, the preliminary budget for such Fiscal Year, or, if there is none, the budget for the preceding Fiscal Year, shall, until the adoption of the Annual Budget, be deemed to be in force and shall be treated as the Annual Budget under the provisions of this Section.

The County and the Authority may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current Fiscal Year, and such Annual Budget as so amended or supplemented shall be treated as the Annual Budget under the provisions of this Resolution.

Section 5.07. NO MORTGAGE OR SALE OF LAND. The County will not sell, mortgage, pledge or otherwise encumber the land or other real property which is a part of the Airport (hereinafter referred to as "Land"), or any substantial part thereof, except as herein provided.

The County shall have and hereby reserves the right to sell or otherwise dispose of any of the Land which the County shall hereafter determine, in the manner provided herein, to be no longer necessary, useful or profitable in the operation of the Airport, such determination to be based upon a recommendation of the Authority Representative. Prior to any such sale or other disposition of such Land, if the amount to be received therefor is not in excess of $250,000, the Authority Representative or other duly authorized officer in charge thereof shall make a finding in writing determining that such Land is no longer necessary, useful or profitable in the operation thereof.

If the amount to be received from such sale or other disposition of such Land shall be in excess of $250,000, the Authority Representative shall first make a finding in writing determining that such Land is no longer necessary, useful or profitable in the operation of the Airport, and the Board shall, by resolution duly adopted, approve and concur in the finding of Authority Representative, and authorize such sale or other disposition of the Land.

The proceeds derived from any such sale or other disposition of such Land shall be applied, at the option of the Authority evidenced by a certificate of the Authority Representative filed with the Clerk, (i) to pay all or any portion of the Cost of any Project or Improvements; (ii) to deposit to the credit of the Redemption Account (but any such deposit shall not reduce the amount otherwise required to be on deposit therein); (iii) to deposit to the credit of the Renewal, Replacement and Improvement Fund; and (iv) to pay the principal of the Series Bonds or Redemption Requirements for Term Bonds then due and payable.

The County will have the right to sell or dispose of any machinery, fixtures, apparatus, tools, instruments or other personal property, or any materials used in connection therewith if the Authority Representative determines that such articles are no longer necessary, useful or profitable in the operation of the Airport or reduce the ability of the County to satisfy the provisions of Section 5.04 hereof.

Notwithstanding anything herein to the contrary, the County, without the consent of or notice to the Holders of any Bonds, may transfer all of the Airport and the operations thereof to the Authority or other special district created for the purpose of owning and operating the Airport, provided that such authority or special district assumes all of the obligations and agrees to perform and comply with all of the covenants of the County hereunder, and the County obtains an opinion of Bond Counsel to the effect that such transfer will not adversely affect the exclusion from gross income of interest on the Bonds (other than Taxable Bonds).

In addition to the requirements of this Section, all transfers of Land or other assets shall be required to comply with the laws of the State of Florida.

Section 5.08. INSURANCE CONSULTANT. Annually, the County or the Authority will cause the Insurance Consultant to prepare a report on the insurance types, coverages, liability limits and deductible and co-pay amounts with respect to the Airport and the operation thereof. In determining its recommendations, the Insurance Consultant shall consider the coverages maintained by publicly-owned aviation facilities of similar size to the Airport. In addition to any coverages recommended by the Insurance Consultant, the County or the Authority shall carry insurance for fire and windstorm damage to all buildings and structures and the contents thereof owned by the

County or the Authority in the amount of the insurable value thereof, and public liability insurance in amounts and deductible and co-pay provisions recommended by the Insurance Consultant.

If at any time the Insurance Consultant shall determine that the County or the Authority is unable reasonably to obtain such insurance to the extent required above, either as to the amount of such insurance or as to the risks covered thereby or the deductible or co-pay provisions thereof, it will not constitute an Event of Default hereunder if the County or the Authority shall carry or cause to be carried only such insurance as in the opinion of the Insurance Consultant is reasonably obtainable.

Additionally, if the County (or other entities with operations similar in scope to the County) shall insure similar properties by self-insurance, the County may provide the insurance required hereunder, partially or wholly by means of an adequate self-insurance fund or pool set aside and maintained out of its earnings, or in conjunction with other companies or public bodies through an insurance trust or other arrangement; provided, that the Insurance Consultant certifies in its annual report that such self-insurance and the reserves associated therewith are adequate for the purposes established in order to comply with the provisions hereof; provided further, however, that the institution of such self-insurance does not prevent the County from meeting the requirements of Section 5.04 hereof.

Section 5.09. ENFORCEMENT OF COLLECTIONS. The County and the Authority will reasonably enforce and collect the rates, fees and other charges for the services and facilities of the Airport herein pledged; will take all reasonable steps, actions and proceedings for the enforcement and collection of such rates, charges and fees as shall become delinquent, to the full extent permitted or authorized by law; and will maintain accurate records with respect thereof. All such fees, rates, charges and revenues herein pledged shall, as collected, be held in trust to be applied as herein provided and not otherwise.

Section 5.10. [RESERVED].

Section 5.11. ISSUANCE OF SUBORDINATED INDEBTEDNESS. The County will not issue any other obligations payable from the Pledged Funds, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the Bonds, and the interest thereon, upon such Pledged Funds except Additional Parity Bonds described in Section 5.12 below. Any obligations issued by the County other than Bonds and Additional Parity Bonds provided for in Section 5.12 below, payable from such Pledged Funds, shall be issued in compliance with the requirements of Section 5.24 and shall contain an express statement that such obligations are junior and subordinate in all respects to the Bonds herein authorized, as to lien on and source and security for payment from such Pledged Funds.

Section 5.12. ISSUANCE OF ADDITIONAL PARITY BONDS. Additional Parity Bonds, payable on a parity from the Pledged Funds with the Bonds then outstanding shall be issued only for the purposes of (1) refunding or redeeming any Bonds issued and outstanding under this Bond Resolution ("Refunding Bonds"), (2) financing all or a part of the Costs of Improvements ("Improvement Bonds"), and (3) completing the payment of Costs of the Series 2000 Project or any other Project financed with the proceeds of Bonds issued under this Bond Resolution ("Completion Bonds"). Additional Parity Bonds shall be issued only upon compliance with all of the following conditions:

(a) With respect to Improvement Bonds, there shall have been filed with the County (i) a certificate of the Authority Representative demonstrating that the requirements of Section 5.04 were met in the last complete Fiscal Year for which the audited financial statements of the Authority are available; and (ii) a report of the Consultant setting forth for each of the three Fiscal Years following the Fiscal Year in which the Authority Representative estimates the completion of the Series 2000 Project or any Improvement to be completed (I) estimates of Revenues to be received by the County and the Authority from the Airport including the Project to be financed with the Additional Parity Bonds; (2) estimates of Current Expenses for such Fiscal Years; (3) estimates of Transfers, if any, to be made in such Fiscal Years; (4) the Maximum Bond Service Requirement including the Additional Parity Bonds then proposed to be issued; and (5) that Revenues, together with Transfers, will be sufficient to pay all Current Expenses and one hundred twenty-five per centum (125%) of the Maximum Bond Service Requirement including the Additional Parity Bonds then proposed to be issued (excluding for purposes of this calculation, amounts identified under paragraphs (d) and (e) of the definition of "Bond Service Requirement"), in each such Fiscal Year.

(b) With respect to Additional Parity Bonds that are Completion Bonds, the Authority Representative shall have filed with the Clerk a certificate demonstrating that the proceeds of the Completion Bonds to be issued and all previously issued Completion Bonds relating to the Series 2000 Project or any other Project (in each case net of issuance costs and any discounts) will be not more than 10% of the original Cost of the Series 2000 Project or any other Project for the completion of which such Completion Bonds are then being issued.

(c) With respect to Additional Parity Bonds that are Refunding Bonds, (i) if the Refunding Bonds are not Cross-over Refunding Bonds, the Authority Representative shall have filed with the Clerk a certificate demonstrating either (a) the Maximum Bond Service Requirement will not increase after the issuance of the Refunding Bonds and the application of the proceeds thereof or (b) the total Bond Service Charges will not increase after the issuance of such Refunding Bonds and the application of the proceeds thereof; and (ii) if the Refunding Bonds are Cross-over Refunding Bonds, the Authority Representative shall have filed with the Clerk a certificate demonstrating that the Maximum Bond Service Requirement immediately following the Cross-over Date does not exceed the Maximum Bond Service Requirement immediately prior to the Cross-over Date.

(d) Each Series Resolution authorizing the issuance of Additional Parity Bonds will recite that all of the covenants herein contained will be applicable to such Additional Parity Bonds.

(e) The Authority Representative shall have filed a certificate with the Clerk to the effect that neither the County nor the Authority is in default in performing any of the covenants and obligations assumed hereunder, and all payments herein required to have been made into the Funds and Accounts, as provided hereunder have been made to the full extent required.

Additional Parity Bonds may be issued in any form authorized by the Series Resolution, including Serial or Term Bonds, Current Interest Paying or Capital Appreciation Bonds or Variable Rate Bonds, and may have such Derivative Agreements and Credit Facilities relating thereto as the County shall determine. For the purpose of demonstrating compliance with the tests set forth in this Section 5.12 and for no other purpose of this Resolution, the existence of any Derivative Agreement shall be ignored. To the fullest extent permitted by law, the County is authorized to enter into any Derivative Agreement or Credit Facility as it shall deem to be in its best interests.

Interest on and principal of the Additional Parity Bonds shall mature on such dates as may be provided by the Series Resolution applicable to such Additional Parity Bonds.

Additionally, notwithstanding anything in this Section to the contrary, the County may enter into Derivative Agreements relating to the Bonds and provide that its obligations payable under such Derivative Agreements (other than any obligation with respect to termination payments) are secured on a parity with the Outstanding Bonds, without having to satisfy any of the foregoing requirements for the issuance of Additional Parity Bonds. If the County so determines to secure its payment obligations under a Derivative Agreement, the payment obligations under such Derivative Agreement (other than termination payments) shall be treated as additional interest payable under this Resolution for all purposes, except as otherwise expressly provided herein.

Section 5.13. NO COMPETING FACILITIES. To the full extent of the law, neither the County nor the Authority will grant, or cause, consent to, or allow the granting of any franchise or permit to conduct aeronautical services, or provide access to the Airport to conduct aeronautical services to any Person, firm, corporation or body, agency or instrumentality whatsoever, or undertake any aviation project not made a part of the Airport which will materially compete with the Airport, as determined by the Authority Representative.

Section 5.14. CONSULTANTS. The County will, for the purpose of performing and carrying out the duties imposed on the Airport Consultants and Insurance Consultant by this Resolution, employ one or more Persons (or other persons permitted to act as Insurance Consultant), having a favorable reputation for skill and experience in such work. The cost of employing such Consultants as provided by this Resolution shall be treated as a part of the Current Expenses of the Airport or as a Project Cost as appropriate.

Section 5.15. FEDERAL INCOME TAX COVENANTS. The covenants contained in this subsection shall not apply to any Taxable Bonds. The County and Authority covenant that they will restrict the use of the proceeds of Bonds of each Series in such manner and to such extent, if any, as may be necessary so that the Bonds of such Series will not constitute arbitrage bonds under Section 148 of the Code. The appropriate official of the County shall execute and deliver a Tax Compliance Certificate of the County, setting forth the reasonable expectations of the County regarding the amount and use of all the proceeds of such Series of Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Bonds of such Series.

Section 5.16. POWER AND AUTHORITY. The County represents and covenants that it is duly authorized under the laws of the State of Florida, including particularly the Act, to adopt this Resolution and to pledge and grant a lien on the Pledged Funds and in the manner and to the extent herein set forth, and the County has the power and authority to issue Bonds hereunder; and that all action on the County's part for the adoption of this Resolution has been duly and effectively taken.

Section 5.17. COPIES. All documents required to be prepared and filed in any office with any official shall be mailed, postage prepaid, to any owner of Bonds who shall have filed with the Bond Registrar for such purpose.

Section 5.18. DAMAGE, DESTRUCTION AND EMINENT DOMAIN.

(1) So long as any Bonds remain Outstanding under this Bond Resolution, if any part of the Airport shall be (a) destroyed or damaged by any casualty, or (b) taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority (or sold under threat of condemnation), the net proceeds of any casualty insurance and the net proceeds of any eminent domain award (including net proceeds of any sale under threat of condemnation) (being, in each case the gross proceeds less costs of recovering such proceeds) received by the County or the Authority for any such losses, taking or threatened taking (the "Net Proceeds") shall, upon receipt, be held by the County or the Authority within a separate account in the Project Fund pending the making, by the County, of a determination as to how such moneys shall be used pursuant to the provisions of this Section.

(2) Net Proceeds, at the option of the Authority Representative, shall be applied in one of the following ways:

(A) to repair, rebuild or restore such destroyed, damaged or condemned property with such changes, alterations and modifications (including the substitution and addition of any other property) as may be designated by the Authority Representative for the administration and operation of the Airport and as shall, in the judgment of the Authority Representative and confirmed by the Consultant, restore the Airport to the same or better condition existing prior to such damage, destruction or condemnation;

(B) to construct or acquire other property determined by the Authority Representative and confirmed by the Consultant to be of equal value, usefulness or revenue-generating capacity as the property damaged, destroyed or condemned;

(C) to redeem Bonds, if the Bonds are then otherwise subject to optional redemption, to pay the principal of Serial Bonds or the Redemption Requirements for Term Bonds then due and payable or to provide for such payment or redemption; or

(D) if the amount of Net Proceeds is less than $500,000, for any lawful purpose determined by the Authority Representative.

The Authority Representative may determine to use the Net Proceeds in any of the ways set forth above or any combination of such uses. The Authority Representative shall make its determination of the use or uses of the Net Proceeds within 180 days of the final determination of the amount of such Net Proceeds.

Section 5.19. DEPOSIT OF FEDERAL AND STATE REIMBURSEMENT FUNDS. Except as otherwise required by the last sentence of this Section, the County and the Authority covenant that any funds or disbursements received from federal or state governmental sources that constitute or represent reimbursements of capital expenditures on the Airport made by the County or the Authority from amounts withdrawn from the Pledged Funds shall (unless such use is prohibited by the state or federal government) be deposited, at the option of the Authority Representative, in the Project Fund or the Airport Fund, as appropriate. All moneys, such as Grants in Aid and Interest Subsidies, shall be deposited to the appropriate Fund, Account or Subaccount hereunder based upon the uses permitted for such moneys by the grantor of such funds.

Section 5.20. CREATION OF TAX REBATE FUND; INVESTMENT; AND APPLICATION. There is hereby created and established by the County a special fund to be called the "Lee County, Florida, Airport Revenue Bonds--Tax Rebate Fund" (the "Tax Rebate Fund"). Upon the issuance of any Series of Bonds, other than Taxable Bonds, which are (or may become) subject to a Tax Rebate Requirement, a separate Account for such Series to be called the "Tax Rebate Account" shall be established in the Rebate Fund. Subaccounts may be established in such Account to facilitate compliance with Section 148(f) of the Code. Except as hereinafter provided, cash and Authorized Investments and investment income therefrom on deposit in any Account in the Tax Rebate Fund created with respect to any Series of Bonds shall, upon deposit therein, be pledged to the United States of America until withdrawn and paid to the United States or, if not required to be paid to the United States, until transferred to the Airport Fund or the Revenue Fund as provided herein. Moneys in the Tax Rebate Fund, or any account therein, shall not be pledged to the Holders of the Bonds.

At the times and in the manner required by Section 148(f) of the Code, applicable regulations and the Tax Compliance Certificate, and at such other times as the Authority Representative shall elect, the Executive Director shall (i) make or cause to be made such calculations as are necessary to determine the amount of the County's accrued but unpaid liability to make rebate payments to the United States with respect to such Series of Tax Rebate Bonds and (ii) create an Account in the Tax Rebate Fund for such Series of Bonds; if the amount described in clause (i) exceeds the amount, if any, then on deposit in such Account, the County shall transfer from the Revenue Fund, or if it elects, from the Airport Fund, or other Pledged Funds, the amount of such deficiency so that the amount on deposit in the Tax Rebate Fund equals the amount of such accrued but unpaid liability to make Tax Rebate payments with respect to such Series of Tax Rebate Bonds; if the amount, if any, then on deposit in such Account, exceeds the amount described in clause (i), the excess in such Account shall be transferred to the Airport Fund.

The County shall seek and obtain such advice from Bond Counsel or other professionals as shall be necessary to comply with the requirements of Section 148(f) of the Code. The expense of such compliance shall be an item of Current Expense. The County shall keep such records of the computations and determinations made pursuant to this Section as are required under Section 148(f). The County and any Funds Trustee or other trustee, if any, shall keep such records concerning the investment of the "gross proceeds" (as used in Section 148(f) of the Code) under their respective control of each Series of Tax Rebate Bonds and the investment of earnings from those investments as may be required in order to enable the aforesaid computations to be made.

Amounts on deposit in each Account of the Tax Rebate Fund shall be held in trust by the County and used (except to the extent that excess amounts may be transferred to the Airport Fund, as above provided) solely to make Tax Rebate payments to the United States of America with respect to the Series of Tax Rebate Bonds for which such Account was created and the Bondholders shall have no right to have the same applied to the payment of Bond Service Charges.

If, after establishing any Account in the Tax Rebate Fund for any Series of Bonds, an opinion of Bond Counsel is obtained to the effect that the Tax Rebate Requirement is not or is no longer applicable to such Series of Bonds, then any amounts on deposit in the applicable Account which will not be needed to make any required Tax Rebate payments to the United States shall be deposited in the Airport Fund. Amounts on deposit in each Account in the Tax Rebate Fund may be invested in Government Obligations (or otherwise as required or permitted by Section 148(f) of the Code and applicable regulations) pending their use, as aforesaid, and all such investment income shall be deposited, upon receipt, in such Account. The County shall at all times comply with the requirements of Section 148(f) and applicable regulations thereunder with respect to each Series of Tax Rebate Bonds, and shall, by resolution supplemental hereto, amend the provisions of this Section (without Bondholder's consent) to the extent necessary to achieve or facilitate such compliance.

Section 5.21. ANNUAL INSPECTION. The County covenants that it will cause the Authority Representative, among such other duties as may be imposed upon them by the County or by this Resolution, to make or cause to be made an inspection at least once a year of the Airport and, on or before the 1st day of July in each year, to submit to the County a report setting forth the following:

(a) recommendations as to the amount that should be deposited during the ensuing Fiscal Year to the credit of the Renewal, Replacement and Improvement Fund, and

(b) findings whether the Airport has been maintained in good repair and sound operating condition, and estimates of the amount, if any, required to be expended to place the Airport in such condition and the details of such expenditures and the approximate time required therefor.

The County covenants that if such report indicates that the Airport has not been maintained in good repair and sound operating condition, it will promptly restore, replace or renew such facilities so that the Airport shall be in good repair and sound operating condition with all expedition practicable and will make adequate provision therefor in the Annual Budget for necessary Improvements required by State or federal law applicable to the Airport, in both cases from (and to the extent of) funds legally available therefor which are derived from the operation of the Airport. Nothing herein shall be construed to require the County to expend any funds other than funds derived from the operation of the Airport.

Section 5.22. LIMITATION ON CURRENT EXPENSES. The County covenants that Current Expenses incurred in any Fiscal Year will not exceed the reasonable and necessary amount thereof, and that it will not expend any amount or incur any obligations, except amounts payable from casualty insurance, the Renewal, Replacement and Improvement Fund or the Airport Fund, for maintenance, repair and operation in excess of the amounts provided for in the Annual Budget.

Section 5.23. ISSUANCE OF OBLIGATIONS NOT SECURED HEREUNDER -SPECIAL PURPOSE FACILITIES BONDS. The County shall be permitted to issue Special Purpose Facilities Bonds for the purpose of financing the cost of such Special Purpose Facilities as it and the Authority shall deem necessary or desirable in the operation of the Airport Properties. Special Purpose Facilities may consist of (i) Special Purpose Facilities that are owned and/or operated by private companies and the Special Purpose Facilities Bonds are payable from and secured exclusively by payments to be made by such private companies ("Private Special Purpose Facilities") and (ii) Special Purpose Facilities that are owned by the County or the Authority and payable from any source other than the Pledged Funds ("Public Special Purpose Facilities"). The County and the Authority shall determine the terms and conditions under which Special Purpose Facilities Bonds may be issued without regard to any test, financial or otherwise, contained in this Resolution.

The County may cause any Special Purpose Facilities to become a part of the Airport Properties by resolution of the Board, if there shall be filed with the Clerk a report of the Airport Consultant containing its forecast of (i) the Net Revenues of the Airport for the five (5) full Fiscal Years following the Fiscal Year in which such Special Purpose Facilities are to be included in the Airport Properties (the "forecast period"); (ii) the Maximum Bond Service Charges for each Fiscal Year in the forecast period, including Special Purpose Facilities Bonds assumed by the County in connection with inclusion; and (iii) demonstrating that the amounts in (i) divided by the amount or amounts in (ii) is not less than 1.25 in each Fiscal Year during the forecast period.

Section 5.24. USE OF REVENUES. The County and the Authority covenant and agree that none of the Revenues of the Airport will be used for any purpose other than as provided in this Bond Resolution, that neither the County or the Authority will construct, or consent to the construction of, any aviation project other than such Projects as shall be financed by Bonds issued under the provisions of this Resolution unless there shall be filed with the Clerk a statement, signed by the Authority Representative, certifying that the operation of such project will not adversely affect the Net Revenues or impair the operating efficiency of the Airport, and that no contract or contracts will be entered into or any action taken by which the rights of the Holders of the Bonds hereunder would be adversely impaired. The Authority further covenants that it will adopt such resolutions and such rules and regulations as may be necessary or appropriate to carry out the obligations of the County and the Authority under the provisions of this Bond Resolution and the Act. If the requirements of this Section are not met, nothing in this Resolution shall prevent the County and the Authority from expending moneys generated at the Airport that are otherwise unencumbered at any aviation-related facility owned by the County or the Authority.

Section 5.25. DEPOSIT OF MONEYS NOT CONSTITUTING REVENUES. Subject to Section 5.26 below, there may also be deposited to the credit of the Airport Fund or any Project Fund, Sinking Fund or the Subordinated Indebtedness Fund, at the sole option of the County, any moneys received by the County or the Authority which do not constitute Revenues under this Resolution or any moneys received by the County or the Authority from any property or facilities owned or operated by the County but which do not constitute a part of the Airport.

Section 5.26. PASSENGER FACILITY CHARGE. The County may by supplemental resolution provide for the transfer and deposit into the Revenue Fund of Passenger Facility Charge in the amount, manner, duration and for the use as set forth in such supplemental resolution. To the extent provided in Section 3.02, such Passenger Facility Charge deposited in the Revenue Fund shall then be deemed to be Revenues hereunder, subject to the PFC Act, the PFC Regulations, the PFC Approvals and the Passenger Facility Charge Bond Resolution with respect to the Passenger Facility Charge and the Future PFC Approvals with respect to the Future Passenger Facility Charge.

Section 5.27. ESTABLISHMENT OF ADDITIONAL ACCOUNTS AND SUBACCOUNTS. The County may, at its option, establish such additional Accounts or Subaccounts, as the case may be, within any Fund or Account, and the Accounts therein, to provide for special Improvement accounts, special bond redemption accounts, or interest rate swap agreements or other financial arrangements, and such other Accounts and/or Subaccounts as may be necessary or desirable to carry out the terms and provisions of this or any Series Resolution.

ARTICLE VI

EVENTS OF DEFAULT, WAIVERS; RESTRICTIONS ON ACTIONS

Section 6.01. EVENTS OF DEFAULT. Each of the following events is hereby declared an "Event of Default":

(a) Payment of the principal of or premium on any Bond shall not be made when the same shall become due and payable, either at maturity or on required payment dates by proceedings for redemption or otherwise; or

(b) Payment of any installment of interest on any Bond shall not be made when the same shall become due and payable; or

(c) The County or the Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder or any supplemental resolution to the extent that the payment of or security for the Bonds would be materially adversely affected, and such condition shall continue unremedied for a period of thirty (30) days after the County or the Authority becomes aware of such condition; or

(d) An order or decree shall be entered, with the consent or acquiescence of the County or the Authority, appointing a receiver or receivers of the County or the Authority, the Airport or any of the Pledged Funds, or any part thereof or the filing of a petition by the County or the Authority for relief under federal bankruptcy laws or any other applicable law or statute of the United States of America or the State, which shall not be dismissed, vacated or discharged within thirty (30) days after the filing thereof; or

(e) Any proceedings shall be instituted, with the consent or acquiescence of the County or the Authority, for the purpose of effecting a composition between the County or the Authority and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statutes now or hereafter enacted, if the claims of such creditors are under any circumstances payable from any of the Pledged Funds; or

(f) The entry of a final judgment or judgments for the payment of money against the County or the Authority which subjects any of the Pledged Funds to a lien for the payment thereof in contravention of the provisions hereof for which there does not exist adequate insurance, reserves or appropriate surety or indemnity bonds for the timely payment thereof, and any such judgment shall not be discharged within ninety (90) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(g) The County or the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained herein or in any supplemental resolution or in any of the Bonds on the part of the County or the Authority to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the County and the Authority by the registered owners of not less than ten percent (10%) in aggregate principal amount of any Series of Bonds then Outstanding.

(h) The County or the Authority shall default in the due and punctual performance of any covenant, condition, agreement or provision contained in any agreement pursuant to which a Credit Facility shall have been issued and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the County or the Authority by the other party to such agreement.

Notwithstanding the foregoing, the occurrence of any event described in clauses (c), (g) and (h) shall not be deemed to be an Event of Default hereunder if such default can be cured within a reasonable period of time and if the County or the Authority, as appropriate, in good faith institutes appropriate curative action and diligently pursues such action until the default has been corrected; provided, however, that so long as the Series 2000 Bonds are Outstanding and the Credit Facility Issuer for the Series 2000 Bonds is not then in default, such cure period shall not exceed 60 days without the Series 2000 Bonds Credit Facility Issuer's consent.

Section 6.02. NOTICE OF DEFAULT. If an Event of Default shall occur, the County or the Authority shall give written notice of the Event of Default, by registered or certified mail, to the Bond Registrar, each Paying Agent, Authenticating Agent, Funds Trustee, the Initial Purchasers of the Outstanding Bonds, to any Person who is then providing a Credit Facility for any of the Bonds and to each nationally recognized municipal securities information repository within five days after the County or the Authority has knowledge of the Event of Default unless such Event of Default shall have been cured. If an Event of Default occurs (and has not been cured) of which the County or the Authority has failed to give notice, then any of the foregoing or any Holder of any of the Bonds may give written notice thereof to the others. Within thirty (30) days after the giving of notice of its occurrence as aforesaid, notice shall also be given by the County or the Authority to the Holders of all Bonds then Outstanding as shown by the Bond Register at the close of business fifteen (15) days prior to the mailing of that notice and to each rating agency which has issued a rating with respect to any Outstanding Bonds, provided that except in the case of an Event of Default described in clauses (a) or (b) of Section 6.01, the County or the Authority may withhold such notice if and so long as the County or the Authority has cured such Event of Default within such thirty (30) day period.

Section 6.03. ENFORCEMENT OF REMEDIES; APPOINTMENT OF TRUSTEE. Upon the happening and continuance of any Event of Default specified in this Resolution, then and in every such case the owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding or any Credit Facility Issuer so long as such issuer is not in default under such Credit Facility may appoint any state bank, national bank, trust company or national banking association qualified to transact business in Florida to serve as trustee for the benefit of the Holders of all Outstanding Bonds (the "Trustee"). Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and the trust instrument under which the Trustee shall have agreed to serve shall be filed with the County, the Authority and the Trustee and notice of such appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first Trustee with regard to any default hereunder, no further Trustees may be appointed with regard to such default; however, the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding or the Credit Facility Issuer (if not in default) may remove the Trustee initially appointed and appoint a successor and subsequent successors at any time. If the default for which the Trustee was appointed is cured or waived pursuant to this Article, the appointment of the Trustee shall terminate.

Nothing herein, however, shall be construed to grant to any Holder of the Bonds any lien on any real property of or within the boundaries of the County.

After a Trustee has been appointed pursuant to the foregoing, the Trustee may proceed, and upon the written request of Holders of twenty-five percent (25%) of the principal amount of all Bonds Outstanding or Credit Facility Issuer (if not then in default) shall proceed, subject to the provisions hereof, to protect and enforce the rights of the Holders of the Bonds under the laws of the State of Florida, including the Act, and under this Resolution, by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, all as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy against the County or the Authority under this Resolution, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then due, or becoming due during the continuance of such Event of Default, and at any time remaining, from the County for the principal of, premium, if any, or interest on the Bonds or otherwise becoming due under any provisions hereof with interest on overdue payments of principal and premium, if any, and, to the extent permitted by law, on overdue payments of interest at the rate or rates of interest specified in such Bonds together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds including reasonable fees and expenses of the Trustee and its counsel (which shall be Current Expenses) without prejudice to any other right or remedy of the Trustee or of the Holders of Bonds and to recover and enforce any judgment or decree against the County and the Authority, but solely as provided herein and in such Bonds for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect solely from the Pledged Funds, in any manner provided by law, the moneys adjudged or decreed to be payable provided that (i) the County's and Authority's liability for such fees and expenses shall be limited to and payable from amounts on deposit in the Revenue Fund and the Airport Fund and (ii) if such judgment is for principal or interest due on Bonds of a particular Series, such amounts may be paid from any amounts on deposit in the Accounts in the Sinking Fund and Reserve Account created for Bonds of that Series.

Section 6.04. EFFECT OF DISCONTINUING PROCEEDINGS. In case any proceeding taken by the Trustee or any Holder of Bonds on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Holder, then and in every such case the County, the Authority, the Trustee and Holders of Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 6.05. DIRECTIONS TO TRUSTEE AS TO REMEDIAL PROCEEDINGS. The Holders of a majority in principal amount of the Bonds then Outstanding or a Credit Facility Issuer have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

Section 6.06. APPLICATION OF MONEYS. After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of moneys pursuant to any right given or action taken under the provisions of Sections 6.02 through 6.05 (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under said sections), all Net Revenues received by the Trustee shall be allocated among the Accounts in the Sinking Fund as provided herein. Any amounts on deposit in the Subaccounts in the Reserve Account for any Series of Bonds, any additional collateral pledged therefor or credit enhancement therefor shall not be taken into account in the allocation of Net Revenues among the Accounts in the Sinking Fund except as provided below. Amounts in each Account in the Sinking Fund shall be applied as follows:

First -- To the payment to the Holders entitled thereto of interest due on the Bonds of the applicable Series and, if the amount available is not sufficient when added to amounts, if any, in the Subaccount in the Reserve Account for such Series to pay all interest in full, then to the payment thereof ratably, according to the amounts due, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest on the Bonds; and

Second -- To the payment to the Holders of Bonds of such Series entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions hereof), whether at stated maturity, by redemption or pursuant to any mandatory Redemption Requirements, and if the amount available when added to amounts, if any, in the Subaccount in the Reserve Account for such Series is not sufficient to pay in full the principal, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, those moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amount of principal, if any, to be paid on that date, provided the moneys are available therefor (and Accreted Value for Capital Appreciation Bonds shall not thereafter increase). The Trustee shall give notice of the deposit with the Paying Agent of any moneys and of the fixing of that date, and for giving notice with respect to, a Record Date for the payment of overdue interest. The Paying Agent shall not be required to make payment of principal of or any premium on a Bond to the Holder thereof, until the Bond shall be presented to the County for appropriate endorsement or for cancellation if it is paid fully.

Section 6.07. WAIVERS OF EVENTS OF DEFAULT. Except as hereinafter provided, at any time, in its discretion, the Trustee may waive any Event of Default hereunder and its consequences. The Trustee shall do so upon the written request of the Holders of,

(a) at least a majority in aggregate principal amount of all Bonds then Outstanding in respect of which an Event of Default in the payment of Bond Service Charges exists, or

(b) at least 25 percent (25%) in aggregate principal amount of all Bonds then Outstanding, in the case of any other Event of Default, or

(c) in all events, by a Credit Facility Issuer not then in default under its Credit Facility.

There shall not be so waived, however, any Event of Default described in clauses (a) or (b) of Section 6.01 hereof unless at the time of that waiver said amounts have been paid. In the case of the waiver, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the County, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively. No waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 6.08. NO ACCELERATION. Neither the Trustee nor any Holder of any Bonds shall have any right to accelerate or declare immediately due and payable the principal, premium, if any, or interest on the Bonds whether or not an Event of Default shall have occurred.

Section 6.09. RESTRICTIONS ON ACTIONS BY HOLDERS OF BONDS. No Holder of Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless:

(a) A Trustee shall have been appointed as provided in Section 6.03 hereof;

(b) Such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be taken;

(c) The Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee to exercise such powers or right of action, as the case may be, after such right shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, provided, however, where the request is a request by a Holder of a Series of Bonds for which a Subaccount in the Reserve Account has been created and the request relates to the use of moneys in such Account to prevent or cure a payment default on Bonds of such Series, said twenty-five percent (25%) requirement shall relate to the Holders of twenty-five percent (25%) in principal amount of the Outstanding Bonds of such Series rather than the Holders of twenty-five percent (25%) in principal amount of all Outstanding Bonds;

(d) There shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, including the reasonable fees of its attorneys (including fees on appeal); and

(e) The Trustee shall have refused or neglected to comply with such request within a reasonable time.

Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Resolution or for any remedy hereunder. No one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his, her, its or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder, except in the manner herein provided. All proceedings at law or in equity shall be instituted, had and maintained, in the manner herein provided, for the benefit of all Holders of Bonds as their interest may appear. Any individual rights of action or any other right given to one or more of such Holders by law are restricted by this Resolution to the rights and remedies herein provided.

Nothing contained herein, however, shall affect or impair the right of any Holder of any Bond, individually, to enforce the payment of the principal of and interest on such Bond at and after the maturity thereof, at the time, place, from the source and in the manner provided in this Resolution. Nothing herein shall affect or impair the rights of any Funds Trustee.

ARTICLE VII

DEFEASANCE

Section 7.01. DEFEASANCE. If, at any time, the County shall have paid or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to one or more of the Bonds, then, and in that event, the covenants contained herein and the pledge of and lien on the Pledged Funds in favor of the Holders of such Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit of Defeasance Obligations in irrevocable trust with a banking institution or trust company, for the sole benefit of the Holders of such Bonds, the principal of and interest on which Defeasance Obligations have been determined by an independent public accounting firm to be sufficient to make timely payment of the principal, interest, Redemption Requirements, and redemption premiums, if any, on such Bonds, shall be considered "provision for payment". Nothing herein shall be deemed to require the County to call any of such Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the County in determining whether to exercise any such option for early redemption.

In the event, by subsequent resolution, the County shall provide for the issuance of Additional Parity Bonds having a variable or floating rate, the County may establish one or more other methods by which such particular Series of Additional Parity Bonds, or any part thereof, shall be deemed to have been paid and discharged.

Notwithstanding the foregoing, amounts due by the County under a Credit Facility shall be discharged only (i) by actual payment or (ii) as otherwise may be provided under the instruments and documents under which such payment obligations arise.

Section 7.02. SURVIVAL OF CERTAIN PROVISIONS. Notwithstanding the foregoing, any provisions hereof which relate to the maturity of Bonds, the interest payments thereon and dates thereof, the optional and mandatory redemption provisions, the credit against Redemption Requirements, the exchange, transfer and registration of Bonds, the replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, the non-presentment of Bonds, the holding of moneys in trust, repayments to the County from the Sinking Fund, or Reserve Account and the duties of the Bond Registrar, Authenticating Agents and Paying Agents in connection with all of the foregoing and the covenants set forth in Sections 5.15 shall remain in effect and be binding upon the County and the Authority, the Bond Registrar, the Authenticating Agents, Paying Agents and the Holders of Bonds notwithstanding the release and discharge of the lien on and pledge of the Pledged Funds pledged hereunder. The provisions of this Section and the immediately preceding Section shall survive such release, discharge and satisfaction.

ARTICLE VIII

BOND REGISTRARS; AGENTS

Section 8.01. APPOINTMENT OF BOND REGISTRARS, AUTHENTICATING AGENTS, PAYING AGENTS AND OTHER AGENTS. In each Series Resolution, supplemental hereto, providing for the issuance of any Series of Bonds hereunder, the County may appoint a Bond Registrar and one or more Paying Agents for such Series and if such Bonds are to bear the facsimile signatures of both the Chairman (or Vice Chairman) and Clerk (or Acting Clerk) of the County, the County shall appoint an Authenticating Agent for such Series. The County or any officer or employee of the County may serve as Bond Registrar, or Paying Agent if all of the Bonds of any Series are deposited with a Securities Depository under a full Book Entry System. If any Bonds are to be advance refunded, the County shall enter into an escrow deposit agreement with an escrow agent for the Bonds to be refunded under which the escrow agent shall hold moneys in trust for the payment of the Bonds to be refunded. The County may appoint a Funds Trustee or such other agents, including indexing agents and remarketing agents, as it deems necessary or desirable.

Section 8.02. FEES AND EXPENSES. The County or the Authority may pay the Bond Registrar and any Paying Agents, Authenticating Agents, any Funds Trustee and other agents fees for their services and for all expenses reasonably and necessarily paid or incurred by them in connection therewith and other expenses of the County and the Authority pertaining to the Bonds including, but not limited to any bond insurance premium, letter of credit fees, guarantee fee, surety bond fee, indexing agent's fee, remarketing agents' fees and professional fees and expenses. Such payment may be made out of any legally available funds of the County or the Authority, but neither the County nor the Authority may be compelled to pay such fees and expenses except from the Revenue Fund or the Airport Fund or from the proceeds of any Series of Bonds on deposit in an Account created for such Series in the Project Fund, but only if such fees and expenses constitute Costs payable from the proceeds of such Series under Section 4.01 hereof.

Section 8.03. OTHER MATTERS RELATING TO AGENTS. The County may provide, by separate agreement with its agent or by supplemental resolution providing for the appointment of such agent, for the succession, resignation, removal, replacement of and appointment of successor to any such agent; provided, however, that nothing herein shall be deemed to prohibit the County from entering into agreements with any such agent which prohibits or precludes resignation or removal or prohibits the County from providing covenants in any resolution providing for the issuance of any Series of Bonds for the benefit of the Holder thereof that vary from the provisions of this Resolution so long as such covenants have no material adverse effect on the Holders of Bonds of any other Series.

Section 8.04. DEALING IN BONDS. Any Bond Registrar, Authenticating Agent, Paying Agent, Funds Trustee or other agent, their affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owners of Bonds secured hereby with the same rights which it would have hereunder if such Bond Registrar, Authenticating Agent, Paying Agent, Funds Trustee, or other agent did not serve in those capacities.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.01. SALE OF BONDS. Each Series of Bonds shall be issued and sold at public sale, private placement, or negotiated sale at one time or in installments from time to time and at such price or prices consistent with the provisions of the Act and the requirements of this Resolution.

Section 9.02. CREDIT FACILITY ISSUER. Notwithstanding anything herein to the contrary, so long as the issuer of any Credit Facility is not then in default in the performance of its obligations under its Credit Facility and any documents relating thereto, the issuer of such Credit Facility shall be entitled (i) to vote, give consents and take all other actions otherwise permitted or required to be taken by the holders of the Bonds to which such Credit Facility relates; and (ii) to direct all proceedings from and after an Event of Default shall have occurred. The issuer of a Credit Facility shall be entitled to receive all notices and reports which are required by this Resolution and shall be considered and is hereby acknowledged to be a third party beneficiary under this Resolution.

Section 9.03. LIMITATION OF RIGHTS. With the exception of rights conferred expressly herein, nothing expressed or mentioned in or to be implied from this Resolution or the Bonds is intended or shall be construed to give to any Person other than the County, the Authority, the Holders of the Bonds, and any Bond Registrar, Authenticating Agent, Paying Agent, Funds Trustee, or other agent or Persons providing any Credit Facility, any legal or equitable right, remedy, power or claim under or with respect to this Resolution or any covenants, agreements, conditions and provisions contained herein.

Section 9.04. SUSPENSION OF MAIL. If because of the suspension of delivery of first class mail or, for any other reason, any person shall be unable to mail by the required class of mail any notice required to be mailed by the provisions of this Resolution, such notice shall be given in such other manner as in the judgment of the Person giving such notice shall most effectively approximate mailing or publication, as the case may be, thereof, and the giving of that notice in that manner for all purposes of this Resolution shall be deemed to be in compliance with the requirement for the giving thereof. Except as otherwise provided herein, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail and the giving of any notice by any other means of delivery shall be deemed complete upon receipt of the notice.

Section 9.05. PAYMENTS DUE ON SATURDAYS, SUNDAYS AND HOLIDAYS. If any interest payment date, date of maturity of the principal of any Bonds or date fixed for redemption of any Bonds is a Saturday, Sunday or a day on which the Paying Agent is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of interest, principal and any redemption premium may be made on the next succeeding business day on which the Paying Agent is open for business with the same force and effect as if that payment were made on the interest payment date, date of maturity or date fixed for redemption, and no interest shall accrue for the period after that date.

Section 9.06. INSTRUMENTS OF HOLDERS. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Resolution to be executed by any Holder may be in any number of concurrent writings of similar tenor and may be executed by that Holder in person or by an agent or attorney appointed in writing. Proof of (i) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (ii) the execution of any writing appointing any agent or attorney, and (iii) the ownership of Bonds shall be sufficient for any of the purposes of this Resolution if made in the following manner and, if so made, shall be conclusive in favor of the County, the Authority, the Bond Registrar and any Paying Agent and any Trustee appointed pursuant hereto with regard to any action taken thereunder, namely:

(a) The fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has power by law to take acknowledgments within that jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and

(b) The fact of ownership of Bonds shall be proved by the register maintained by the Bond Registrar.

Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, of the Holder of any Obligation shall bind every future Holder of the same Obligation with respect to anything done or suffered to be done by the County, the Authority, the Funds Trustee, if any, the Bond Registrar or any Paying Agent or Authenticating Agent pursuant to that writing.

Section 9.07. NOTICES. Any notices required to be given hereunder shall be given in writing, mailed by registered or certified mail, postage prepaid and addressed to the Person to whom notice is to be given at the "notice address" of such Person or in such other manner as is generally approved by the Securities and Exchange Commission for the giving of like notice. Any Funds Trustee, Bond Registrar, Authenticating Agent, Escrow Agent, Paying Agent, or Trustee appointed pursuant to Section 8.01 or 6.03 hereof, shall file a certificate with the County setting forth its initial notice address or of any change in its notice address. The initial notice address of the County shall be:

Lee County, Florida
2115 Second Street
Fort Myers, Florida 33901
Attention: Chairman, Board of County Commissioners

with a copy to:

Lee County Port Authority
16000 Chamberlin Parkway
Fort Myers, Florida 33913
Attention: Executive Director

The County shall give written notice to any Bond Registrar, Authenticating Agent, Escrow Agent, Paying Agent, Funds Trustee or other agent and to any Trustee appointed pursuant to Section 6.03 hereof or 8.01 and to any Credit Facility Issuer for any Bonds of any change in its notice address or of any change in its notice address of any of the foregoing.

Section 9.08. EXTENT OF COVENANTS; NO PERSONAL LIABILITY. All covenants, stipulations, obligations and agreements of the County or the Authority contained in this Resolution are and shall be deemed to be covenants, stipulations, obligations and agreements of the County or the Authority to the full extent authorized by the Act and permitted by the Constitution of the State. No covenant, stipulation, obligation or agreement of the County or the Authority contained in this Resolution shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the County or the Authority in other than their official capacity. Neither the members of the County or the Authority nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance or execution thereof.

Section 9.09. NO RECOURSE. No recourse shall be had for the payment of the principal of, premium, if any, and interest on the Bonds, or for any claim based thereon or on this Resolution, against any present or former member or officer of the County or the Authority or any person executing the Bonds.

Section 9.10. NON-PRESENTMENT OF BONDS. In the event that any Bonds shall not be presented for payment when the principal thereof, and premium, if any, becomes due in whole or in part, either at stated maturity, by redemption or otherwise in the event a check or draft for interest is uncashed, and if moneys sufficient to pay the principal, and premium, if any, then due on that Bond or to pay such check or draft shall have been made available to any Paying Agent for the benefit of the Holder thereof, then all liability of the County to that Holder for such payment of the principal, and premium, if any, then due on the Bond or on such check or draft thereupon shall, except as hereafter provided, cease and be discharged completely. Thereupon, it shall be the duty of the Paying Agent to hold those moneys, without liability for interest thereon, for the exclusive benefit of the Person entitled thereto, who shall be restricted thereafter exclusively to those moneys for any claim of whatever nature on its part hereunder or under the Bond or with respect to, the principal, and premium, if any, then due on that Bond or on such check or draft.

Any of those moneys which shall be so held by any Paying Agent, and which remain unclaimed by the Holder of a Bond not presented for payment or check or draft not cashed for a period of five (5) years after the due date of such Bond or the date of such check or draft, as the case may be, shall be applied as provided in Chapter 717, Florida Statutes, as amended. Thereafter, the Holder of that Bond or check or draft shall have only such rights as are provided under Chapter 717, Florida Statutes as amended, and neither the Paying Agent nor the County shall have any responsibility with respect to those moneys.

Section 9.11. PREEMPTION OF RIGHTS AND REMEDIES. If any Series of Bonds are secured by a Credit Facility, the Series Resolution may preempt unto the Credit Facility Issuer (and to the exclusion of the Holders of Bonds of such Series, whether or not any amounts are owed to such Credit Facility Issuer with respect to such Series) one or more rights and remedies of the Holders of Bonds of such Series, including but not limited to rights to vote at meetings of Holders, rights to participate in the selection of a Trustee, rights to consent to supplemental resolutions and amendments, rights to exercise or participate in directing the exercise of remedies, and to waive or participate in the waiver of Events of Default. Such preemption and its duration may be subject to express conditions. For all purposes hereof the exercise or non-exercise by a Credit Facility Issuer for any Bonds of rights and remedies of the Holders of such Bonds which have been so preempted to it, shall be deemed to constitute the exercise or non-exercise of such rights and remedies by the Holders of such Bonds.

Section 9.12. MODIFICATION OR AMENDMENT. No material adverse modification or amendment of this Resolution or of any resolution amendatory hereof or supplemental hereto may be made without the consent in writing of the holders of fifty-one per centum (51%) or more in principal amount of the Bonds then Outstanding or the Credit Facility Issuer not then in default; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon (except by their terms) or in the amount of the principal obligation thereof, or affect the promise of the County to pay the principal of and interest on the Bonds as the same shall come due from the Pledged Funds, or reduce the percentage of the Holders of the Bonds required to consent to any material adverse modification or amendment hereof, without the consent of the Holder or Holders of all such Bonds, and provided further, however, that the County may at any time amend this Resolution without the consent of any Holders of Bonds then Outstanding to provide for the issuance or exchange of Bonds in bearer form with coupons attached thereto if and to the extent that doing so will not affect the tax exempt status of the interest on the Bonds.

Additionally, the County, from time to time and at any time and without the consent or concurrence of any Registered Owners of any Bonds, may adopt a resolution amendatory hereof or supplemental hereto, if the provisions of such supplemental resolution shall not materially adversely affect the rights of the Registered Owners of the Bonds then Outstanding, for any one or more of the following purposes:

(a) to make any changes or corrections in this Resolution which the County shall have been advised by Bond Counsel are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or omission or mistake or manifest error contained herein, or to insert in this Resolution such provisions clarifying matters or questions arising hereunder as are necessary or desirable;

(b) to add additional covenants and agreements of the County or the Authority for the purpose of further securing the payment of one or more Series of Bonds;

(c) to surrender any right, power or privilege reserved to or conferred upon the County or the Authority by the terms hereof;

(d) to confirm by further assurance any lien, pledge or charge created or to be created by the provisions hereof;

(e) to grant to or confer upon the Registered Owners any additional right, remedies, powers, authority or security that lawfully may be granted to or conferred upon them;

(f) to assure compliance with the Code;

(g) to provide such changes which, in the opinion of the County, based upon such certificates and opinions of the Consultant, Bond Counsel, Financial Advisor or other appropriate advisors as the County may deem necessary or appropriate, will not materially adversely affect the security of the Registered Owners, including, but not limited to, such changes as may be necessary in order to adjust the terms hereof so as to facilitate the issuance of other types of obligations, including, but not limited to, bonds, notes, certificates, warrants or other evidences of indebtedness, which are Subordinated Indebtedness;

(h) To obtain or maintain an investment grade rating on the Bonds from a nationally recognized rating agency; or

(i) to modify any of the provisions of this Resolution in any other respects, provided that such modification shall not be effective (a) with respect to the Bonds Outstanding at the time such amendatory or supplemental resolution is adopted or (b) shall not be effective (i) until the Bonds Outstanding at the time such amendatory or supplemental resolution is adopted shall cease to be Outstanding, or (ii) until the Registered Owners thereof consent thereto.

The foregoing provisions notwithstanding, (1) no consent of any Registered Owners shall be required with respect to modification or amendment, other than a modification or amendment to permit a change in the maturity or a reduction in the rate of interest on or in the amount of the principal obligation of any of the Bonds, with respect to Bonds as to which a Credit Facility (other than a Credit Facility deposited in the Reserve Account) is in place and to which modification or amendment the Credit Facility Issuer has provided its prior written consent and (2) no modification or amendment shall be effective with respect to any Bonds as to which a Credit Facility (other than a Credit Facility deposited in the Reserve Account) is effective without the prior written consent to such modification or amendment of the Credit Facility Issuer.

Section 9.13. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

Section 9.14. REPEALING CLAUSE. All ordinances and resolutions or parts thereof of the County in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed; provided that the resolutions supplemental to the Prior Resolution and the Existing Resolution shall not be affected to the extent necessary to preserve any authorization of and fiscal details for the Series 1992A Bonds and the Series 1992B Bonds.

Section 9.15. EFFECTIVE DATE. This resolution shall take effect simultaneously with the delivery of the Series 2000 Bonds.

[Signatures and Exhibits Intentionally Omitted]

RESOLUTION NO. 21-
(AIRPORT REVENUE REFUNDING BONDS, SERIES 2021A (AMT))

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 00-03-04 OF LEE COUNTY, FLORIDA, ADOPTED ON MARCH 13, 2000, AUTHORIZING THE REFUNDING OF ALL OR A PORTION OF THE COUNTY'S OUTSTANDING AIRPORT REVENUE REFUNDING BONDS, SERIES 2011A (AMT); PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING $175,000,000 AIRPORT REVENUE REFUNDING BONDS, SERIES 2021A (AMT), TO FINANCE THE COST OF SUCH REFUNDING; PROVIDING FOR THE PAYMENT OF THE BONDS FROM THE NET REVENUES OF THE AIRPORT, INCLUDING CERTAIN PASSENGER FACILITY CHARGES; PROVIDING FOR THE NEGOTIATED SALE OF SUCH BONDS; AUTHORIZING THE CHAIRMAN OF THE BOARD TO DETERMINE DATE OF SALE, DETAILS OF THE BONDS AND EXECUTE SALE DOCUMENTS; PROVIDING FOR THE CONDITIONS OF SALE; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE AND DELIVERY OF THE BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, A FINAL OFFICIAL STATEMENT, A BOND PURCHASE CONTRACT AND A CONTINUING DISCLOSURE CERTIFICATE, ALL IN CONNECTION WITH THE MARKETING AND SALE OF THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND THE TAKING OF ALL OTHER NECESSARY ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF LEE COUNTY, FLORIDA, as follows:

ARTICLE I

AUTHORITY, DEFINITIONS AND FINDINGS

SECTION 1.01 AUTHORITY FOR THIS RESOLUTION. This resolution is adopted pursuant to the provisions of Chapter 125, Part I, and Chapter 332, Florida Statutes, and other applicable provisions of law, and Resolution No. 92-08-48, adopted by the Board on August 26, 1992, as amended and supplemented from time to time and amended and restated pursuant to Resolution No. 00-02-45 adopted by the Board on February 16, 2000, as amended and restated pursuant to Resolution No. 00-03-04 adopted by the Board on March 13, 2000 (collectively, the "Master Resolution"), and is supplemental to the Master Resolution.

SECTION 1.02 DEFINITIONS. Unless the context otherwise requires, the capitalized terms used in this resolution shall have the meanings specified in this Section. Capitalized terms not otherwise defined in this Section shall have the meanings specified in the Master Resolution. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

"Bond Purchase Contract" means the Bond Purchase Agreement between the County and the Underwriter presented simultaneously with the consideration of this resolution and setting forth the conditions upon which the Series 2021A Bonds will be sold by the County and purchased by the Underwriter and the details of the Series 2021A Bonds, in substantially the form attached hereto as Exhibit B, with the advice of the County Attorney and Bond Counsel, and acknowledged by the Authority.

"Bond Resolution" means, collectively, the Master Resolution, this resolution and all resolutions amendatory hereof or supplemental hereto.

"Conditional Redemption" means a redemption with respect to which a notice of redemption has been given to Refunded Bondholders and in which notice it is stated, among other things, that the redemption is conditional upon a deposit of funds and/or certain other conditions as may be provided therein.

"Chairman" means, the Chairman or Chairwoman of the Board of County Commissioners of the County, or in the absence of the Chairman or Chairwoman, the Vice Chair or other designee.

"Escrow Deposit Agreement" means the agreement by and between the County and the Escrow Holder providing for the holding in trust of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds to the date set for redemption or maturity thereof, as the same shall become due and payable and in substantially the form attached hereto as Exhibit F.

"Escrow Holder" means U.S. Bank National Association, or any other bank or trust company, which may be located within or without the State, to hold a portion of the proceeds of the sale of the Series 2021A Bonds and other available moneys in trust pursuant to the provisions of the Escrow Deposit Agreement.

"Outstanding Parity Bonds" means the County's outstanding (i) Airport Revenue Refunding Bonds, Series 2010A (AMT) (the "Series 2010A Bonds"), (ii) Airport Revenue Refunding Bonds, Series 2015 (Non-AMT) (the "Series 2015 Bonds"), and (iii) any Unrefunded Bonds.

"Refunding" means the program for refinancing the Refunded Bonds through the issuance of the Series 2021A Bonds authorized by the Bond Resolution and the deposit of a portion of the proceeds thereof together with other available moneys of the County, if any, with the Escrow Holder to be utilized pursuant to the provisions of the Escrow Deposit Agreement to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds.

"Refunded Bonds" means all or a portion of the County's outstanding Series 2011A Bonds, the portion to be refunded shall be identified and set forth in the Escrow Deposit Agreement.

"Refunding Costs" means but shall not necessarily be limited to: the cost of payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds; expenses for estimates of costs; the fees of fiscal agents, financial advisors, attorneys and consultants; administrative expenses; the establishment of reasonable reserves for the payment of debt service on the Series 2021A Bonds; discount upon the sale of the Series 2021A Bonds; the expenses and costs of issuance of the Series 2021A Bonds; the cost of purchasing a municipal bond insurance policy, if any, with respect to the Series 2021A Bonds; such other expenses as may be necessary or incidental to the financing authorized by the Bond Resolution, to the Refunding, and to the accomplishing thereof, and reimbursement to the County for any sums expended for the foregoing purposes to the extent permitted under the applicable provisions of the Code.

"Series 2011A Bonds" means the Airport Revenue Refunding Bonds, Series 2011A (AMT).

"Series 2021A Bonds" means the Airport Revenue Refunding Bonds, Series 2021A (AMT), authorized to be issued herein.

"Series 2021A Subaccounts" means the separate accounts established and maintained pursuant to the provisions of this resolution for the benefit of the Registered Owners of the Series 2021A Bonds.

"Underwriter" means BofA Securities, Inc., as the underwriter for the Series 2021A Bonds.

"Unrefunded Bonds" means the portion of the Series 2011A Bonds, if any, remaining outstanding after the issuance of the Series 2021A Bonds.

SECTION 1.03 FINDINGS. It is hereby ascertained, determined and declared that:

A. It is necessary and in the best interests of the health, safety, and welfare of the County and its inhabitants that the County undertake the Refunding. The County is authorized pursuant to the provisions of the Act and the Bond Resolution to undertake the Refunding.

B. The County is advised that it can achieve debt service savings if it proceeds with the Refunding, however, the County is without adequate, currently available funds to pay the Refunding Costs. It is necessary and desirable and in the best interests of the County that it borrow the moneys necessary to accomplish the Refunding. The County is authorized pursuant to the provisions of the Act and the Bond Resolution to borrow moneys necessary to pay the cost of the Refunding.

C. The County anticipates receiving the Pledged Funds, and the Pledged Funds are not pledged or encumbered to pay any other debts or obligations of the County on a senior basis except the County's Outstanding Parity Bonds, which pledge of and lien on will be on a parity with the Series 2021A Bonds.

D. The Pledged Funds are estimated to be sufficient to pay the Bond Service Requirement on the Series 2021A Bonds and to make all other payments required to be made by the provisions of the Bond Resolution.

E. The principal of and interest on the Series 2021A Bonds, and all required payments into the Series 2021A Subaccounts, shall be payable from and secured solely by a pledge of and lien on the Pledged Funds. Neither the County, the Authority nor the State of Florida or any political subdivision thereof or governmental authority or body therein, shall ever be required to levy ad valorem taxes to pay the principal of and interest on the Series 2021A Bonds or to make any of the required payments into the Series 2021A Subaccounts, and the Series 2021A Bonds shall not be secured by a lien upon any property owned by or situated within the corporate limits of the County other than the Pledged Funds in the manner provided herein.

F. Section 5.12 of the Master Resolution provides for the issuance of Additional Parity Bonds under the terms, limitations and conditions provided therein. Prior to the issuance of the Series 2021A Bonds, the County shall demonstrate compliance with the provisions of Section 5.12 of the Master Resolution. Upon the issuance of the Series 2021A Bonds, the Series 2021A Bonds and the Outstanding Parity Bonds shall be on a parity and rank equally as to lien on and source and security for payment from the Pledged Funds.

G. In order to enable the Underwriter for the Series 2021A Bonds to comply with Rule 15c2-l 2 under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of the Series 2021A Bonds, it is necessary that the County's Preliminary Official Statement with respect to the Series 2021A Bonds be "deemed final" (except for permitted omissions). The Board hereby delegates to the Chairman the authority to certify the Preliminary Official Statement as "deemed final" under the Rule, and to execute and deliver the final Official Statement.

H. The County may solicit one or more proposals for a Credit Facility in connection with the issuance of the Series 2021A Bonds and, depending upon market conditions at the time of sale of the Series 2021A Bonds, it may be in the best interests of the County to purchase a policy of municipal bond insurance in order to reduce the aggregate debt service requirements with respect to the Series 2021A Bonds.

I. The County expects to receive from certain nationally recognized rating agencies, prior to issuance of the Series 2021A Bonds, bond ratings.

J. A negotiated sale of the Series 2021A Bonds is in the best interests of the County and is found to be necessary because the volatility and sensitivity of interest rates has increased the risk of sale upon advertisement, and it is more likely that the County will achieve better market timing and therefore, a lower interest rate by sale through negotiation.

K. In order to enable the timely sale and award of the Series 2021A Bonds the County hereby determines that it is in the best interests of the County to authorize the Chairman to execute the Bond Purchase Contract for the sale of the Series 2021A Bonds on behalf of the County, and deliver it to the Underwriter, subject to certain conditions set forth herein.

L. It is necessary and desirable to establish the book-entry registration system provisions for the Series 2021A Bonds; to designate the Bond Registrar and Paying Agent for the Series 2021A Bonds, and to authorize the taking of all other actions in connection with the issuance and delivery of the Series 2021A Bonds.

SECTION 1.04 RESOLUTION AND MASTER RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2021A Bonds authorized to be issued hereunder by those who shall be the Registered Owners of the same from time to time, this resolution and the Master Resolution shall be deemed to be and shall constitute a contract between the County and such Registered Owners. The covenants and agreements in the Master Resolution and herein set forth to be performed by the County shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2021A Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Series 2021A Bonds over any other thereof, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING;
AUTHORIZATION OF ISSUANCE OF SERIES 2021A BONDS;
DESCRIPTION, DETAILS
AND FORM OF SERIES 2021A BONDS

SECTION 2.01 AUTHORIZATION OF REFUNDING. The Board hereby specifically authorizes the Refunding. The Board hereby specifically ratifies and affirms all actions previously taken in furtherance of the Refunding.

SECTION 2.02 AUTHORIZATION AND SALE OF SERIES 2021A BONDS. Subject and pursuant to the provisions of this resolution and the Master Resolution, obligations of the County, to be known as "Airport Revenue Refunding Bonds, Series 2021A (AMT)" are hereby authorized to be issued in one or more series in the aggregate principal amount of not exceeding $175,000,000 for the purpose of financing the Refunding Costs, and are hereby authorized to be awarded and sold to the Underwriter, pursuant to the conditions stated herein.

SECTION 2.03 DESCRIPTION OF SERIES 2021A BONDS; AUTHORITY TO DETERMINE DETAILS OF BONDS AND TO EXECUTE BOND PURCHASE CONTRACT; CONDITIONS TO EXERCISE OF AUTHORITY; AWARD CERTIFICATE. The Series 2021A Bonds shall be numbered; shall be in such denominations or maturity amounts; shall be in fully-registered form, payable to "Cede & Co.", as nominee for The Depository Trust Company, New York, New York; shall be issued in book-entry only form; shall be dated; shall bear interest at not exceeding the maximum rate allowed by law payable on such dates; shall mature on such date, in such years, and such amounts; shall be issued as Current Interest Paying Bonds, Serial Bonds, Term Bonds, or any combination thereof; shall be issued in such number of series or installments, all as shall be determined by the Chairman, conditioned upon the parameters set forth below.

Subject to the conditions hereinafter set forth, the Chairman is hereby authorized and empowered to determine for the Series 2021A Bonds, the Credit Facility Issuer (if any), the date of sale, principal amount, maturity dates, interest rates, dated date, redemption provisions, series designation, and other details of the Series 2021A Bonds, and to execute the Bond Purchase Contract on behalf of the County and to deliver an executed copy thereof to the Underwriter and the Authority. This delegation of authority is expressly made subject to the following conditions. The Bond Purchase Contract, in substantially the form attached hereto as Exhibit B, shall be executed on behalf of the County by the Chairman, with such amendments and omissions as the Chairman, upon the advice of the Authority's Financial Advisor and Bond Counsel, deems reasonable and customary for purchase contracts. The execution of the Bond Purchase Contract by the

Chairman shall be conclusive evidence of the approval of such amendments and omissions. The conditions to exercise the authority to execute the Bond Purchase Contract are:

A. The aggregate principal amount of the Series 2021A Bonds to be sold shall not exceed $175,000,000.

B. The Underwriter's discount (including management fee and expenses) shall not exceed 1.0% of the par amount of the Series 2021A Bonds.

C. The Series 2021A Bonds have a final maturity date that is not later than the last maturity date of the Refunded Bonds.

D. The County and the Authority shall have received a disclosure statement from the Underwriter, setting forth the information required by Section 218.385, Florida Statutes.

E. The anticipated net present value debt service savings to be realized shall be at least 3% of the par amount of the Refunded Bonds.

F. The Series 2021A Bonds shall be callable for redemption prior to maturity by the County not later than October 1, 2031 and at a redemption price not higher than 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

If it shall be demonstrated to the satisfaction of the Chairman, with the advice of the Authority's Financial Advisor, that the estimated present value of the interest savings to be achieved due to the purchase of bond insurance is greater than the premium for purchase of such insurance, the Chairman is authorized to determine to purchase such bond insurance. If so determined, the Chairman is further authorized to select the municipal bond insurance provider from the bids received by the County, based upon the premium bid, estimated trading levels, and the additional conditions set forth in such provider's bid. Any additional covenants or modifications to the covenants in the Master Resolution may be set forth in an Insurance Agreement among the bond insurer, the County and the Authority, such Agreement to be in substantially the form attached hereto as Exhibit G, with such changes and additions as are acceptable to the Chairman, upon advice of the County Attorney and the Authority's Bond Counsel. Execution of the Insurance Agreement by the Chairman shall constitute conclusive evidence of the approval of such changes and additions by the Chairman. The execution and delivery of an Insurance Agreement by the Chairman and Clerk is hereby authorized if the purchase of municipal bond insurance is determined beneficial by the Chairman.

Upon satisfaction of all of the requirements set forth above in this Section 2.03, the Chairman is authorized to execute and deliver the Bond Purchase Contract containing terms that comply with the provisions of this Section 2.03, and the Series 2021A Bonds shall be sold to the Underwriter pursuant to the provisions of such Bond Purchase Contract. The Chairman shall also execute and file with the Clerk an Award Certificate containing the actual fiscal terms of the Series 2021A Bonds, including but not limited to, any incremental Reserve Requirement for the Series 2021A Bonds, if any. The Chairman may rely upon the advice of the Authority's Financial Advisor as to the satisfaction of the aforementioned conditions. Upon execution of the Bond Purchase Contract, no further action shall be required on the part of the County or the Authority under this resolution to effect the sale of the Series 2021A Bonds to the Underwriter.

If the Chairman determines, based upon the advice of the Authority's Financial Advisor, that the sale of the Series 2021A Bonds in multiple series or installments would be beneficial to the County, then the foregoing provisions with regard to the award and sale of the Series 2021A Bonds shall apply to each series or installment separately, provided that the aggregate principal amount of all series shall not exceed $175,000,000. Separate Bond Purchase Contracts may be entered into for each series of Series 2021A Bonds. If more than one series of Series 2021A Bonds shall be issued, then references to "Series 2021A Bonds" herein shall be deemed to be references to each series of Series 2021A Bonds, individually and/or collectively, as the context requires.

SECTION 2.04 BOOK-ENTRY SYSTEM OF REGISTRATION. The Series 2021A Bonds shall be issued in book-entry only form pursuant to the County's Blanket Letter of Representations dated October 1, 2019, with The Depository Trust Company ("DTC") (the "Letter of Representation"). The Series 2021A Bonds shall be registered to Cede & Co. ("Cede"), as nominee for DTC, and immobilized in the custody of DTC.

All payments for the principal of, and interest and redemption premiums, if any, on, the Series 2021A Bonds shall be paid by check, draft or wire transfer by the Paying Agent to Cede, without prior presentation or surrender of any Series 2021A Bonds (except for final payment thereof); and such payment to Cede shall constitute payment thereof pursuant to, and for all purposes, of the Master Resolution.

To the extent permitted by the provisions of the Letter of Representations and compliance with any applicable DTC rules and procedures, the County shall issue Series 2021A Bonds directly to beneficial owners of the Series 2021A Bonds other than DTC, or its nominee, in the event that:

(a) DTC determines not to continue to act as securities depository for the Series 2021A Bonds; or

(b) the County has advised DTC of its determination that DTC is incapable of discharging its duties; or

(c) the County determines that it is in the best interests of the County not to continue the book-entry system or that the interests of the beneficial owners of the Series 2021A Bonds might be adversely affected if the book-entry system is continued.

Upon occurrence of the events described in (a) or (b) above, the County shall attempt to locate another qualified securities depository, and shall notify beneficial owners of the Series 2021A Bonds through DTC if successful. If the County fails to locate another qualified securities depository to replace DTC, the County shall cause the Bond Registrar to authenticate and deliver replacement Series 2021A Bonds in certificated form to the beneficial owners of the Series 2021A Bonds.

In the event the County makes the determination noted in (c) above (the County undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the County to make any such determination), or if the County fails to locate another qualified securities depository to replace DTC upon occurrence of the events described in (a) or (b) above, the County shall mail a notice to DTC for distribution to the beneficial owners of the Series 2021A Bonds stating that DTC will no longer serve as securities depository, the procedures for obtaining such Series 2021A Bonds in certificated form and the provisions which govern the Series 2021A Bonds including, but not limited to, provisions regarding authorized denominations, provisions for transfer and exchange, provisions for principal and interest payments, and provisions as to other related matters.

SECTION 2.05 FORM OF SERIES 2021A BONDS. The text of the Series 2021A Bonds shall be in substantially the form of Exhibit A attached hereto, with such omissions, insertions, and variations as may be necessary and desirable, and as may be authorized or permitted by this resolution or by subsequent resolution or resolutions adopted prior to the issuance thereof, and as may be necessary to reflect the characteristics of any particular Series of Series 2021A Bonds.

SECTION 2.06 CONDITIONAL REDEMPTION. Any optional redemption of the Series 2021A Bonds may be a Conditional Redemption and in such case, the notice of redemption shall state that the redemption is conditioned upon the conditions set forth therein, and such notice and optional redemption shall be of no effect (i) if by no later than the scheduled redemption date, the conditions set forth therein have not been satisfied, or (ii) the County rescinds such notice on or prior to the scheduled redemption date. If a redemption is a Conditional Redemption, such redemption shall be conditioned upon receipt by the Paying Agent for the Series 2021A Bonds or the escrow agent named by the County of sufficient moneys to redeem the Series 2021A Bonds and any redemption premium and the satisfaction of such other conditions set forth in the notice of redemption. A Conditional Redemption shall be deemed canceled once the County has given notice of rescission. The County shall give notice of rescission of a Conditional Redemption by the same means as is provided for the giving of notice of redemption. Any Series 2021 Bond subject to a Conditional Redemption which has been canceled shall remain Outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the proposed redemption date shall constitute an Event of Default.

ARTICLE III

APPLICATION OF PROVISIONS OF MASTER RESOLUTION

SECTION 3.01 APPLICATION OF PROVISIONS OF THE MASTER RESOLUTION. The Series 2021A Bonds shall for all purposes be considered to be Bonds issued under the authority of the Master Resolution and shall be entitled to all the protection and security provided therein for Bonds. The covenants and pledges contained in the Master Resolution shall be applicable to the Series 2021A Bonds herein authorized.

SECTION 3.02 SECURITY FOR SERIES 2021A BONDS. (A) PLEDGE AND LIEN. The Series 2021A Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds on a parity with the Outstanding Parity Bonds. The Series 2021A Bonds shall not be or constitute general obligations or an indebtedness of the County as "bonds" within the meaning of the Constitution of Florida, but shall be payable from and secured solely by a lien upon and pledge of the Pledged Funds as provided herein and in the Master Resolution. No Registered Owner of any Series 2021A Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the County or taxation in any form of property therein to pay the Bond Service Requirement on the Series 2021A Bonds. The Series 2021A Bonds shall not constitute a lien upon any property of or in the County or the Authority except the Pledged Funds in the manner provided herein and in the Master Resolution.

(B) SERIES SUBACCOUNTS. There are hereby created and established in the Funds and Accounts created and established pursuant to Section 5.02(a) of the Master Resolution the following Series Subaccounts, hereinbefore defined as the "Series 2021A Subaccounts": in the Sinking Fund, the "Series 2021A Bonds Subaccount," which includes (a) the "Series 2021A Bonds Principal Subaccount," (b) the "Series 2021A Bonds Interest Subaccount," and (c) the "Series 2021A Bonds Redemption Account."

(C) USE OF PLEDGED FUNDS. All Pledged Funds and Investment Earnings thereon shall be applied and deposited in the manner provided in Section 5.02 of the Master Resolution. Moneys and Authorized Investments on deposit at any time in the Series 2021A Subaccounts may be used and applied only in the manner provided in Section 5.02 of the Master Resolution. Moneys on deposit in the Series 2021A Subaccounts may be invested and reinvested only in Authorized Investments in the manner provided in Section 5.02(d) of the Master Resolution.

(D) INCREMENTAL RESERVE REQUIREMENT. Because of the debt service savings resulting from the Refunding, the incremental Reserve Requirement for the Series 2021A Bonds is expected to be zero. The Series 2021A Bonds will be secured by the Reserve Account created under the Master Resolution to the same extent as the Outstanding Parity Bonds.

(E) PASSENGER FACILITY CHARGES. The County adopted Resolution No. 20-06-30 which pledged certain Passenger Facility Charges (the "Pledged PFCs") as additional security for the Series 2010A Bonds, the Series 2011A Bonds and the Series 2015 Bonds (collectively, the "PFC Pledged Bonds"). The receipts from the Pledged PFCs shall be treated as Revenues and shall be deposited into a special Passenger Facilities Charge Subaccount in the Revenue Fund and shall be applied, on a parity with Revenues not derived from Passenger Facilities Charges, in the manner and order of priority set forth in the Bond Resolution, provided such moneys shall only be applied for deposits for the applicable Subaccounts created for the PFC Pledged Bonds. The Series 2021A Bonds which refund Refunded Bonds shall be PFC Pledged Bonds. The pledge of the Pledged PFCs may subsequently be released and extinguished as provided in the Bond Resolution. In addition, the pledge of the Pledged PFCs may include future Bonds issued by the County in accordance with the terms of the Bond Resolution.

(F) EXCESS MONEYS. Any excess moneys in the Funds and Accounts established by the Bond Resolution for payment of debt service on the Refunded Bonds may be used as part of the Refunding.

SECTION 3.03 REMEDIES. Any Registered Owner of, or any Credit Facility Issuer for, Series 2021A Bonds shall have available the remedies specified in the Master Resolution.

SECTION 3.04 FEDERAL INCOME TAXATION COVENANTS. The County covenants with the Holders of the Series 2021A Bonds that it shall not use the proceeds of such Series 2021A Bonds in any manner which would cause the interest on such Series 2021A Bonds to be or become included in gross income for purposes of federal taxation income.

The County covenants with the Holders of the Series 2021A Bonds that neither the County nor any Person under its control or direction will make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series 2021A Bonds to be "arbitrage bonds" within the meaning of the Code and neither the County nor any other Person shall do any act or fail to do any act which would cause the interest on any Series 2021A Bonds to become subject to inclusion within gross income for purposes of federal income taxation.

The County hereby covenants with the Holder of each Series 2021A Bonds that it will comply with all provisions of the Code necessary to maintain the exclusion from gross income of interest on such Series 2021A Bonds for purposes of federal income taxation, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

ARTICLE IV

APPLICATION OF PROCEEDS

SECTION 4.01 APPLICATION OF PROCEEDS OF THE SERIES 2021A BONDS. The proceeds, including any accrued interest and premium, if any, received from the sale of any or all of the Series 2021A Bonds shall be applied by the County in the following manner and order of priority, simultaneously with their delivery to the Underwriter as follows:

A. To the extent not otherwise paid and subject to federal income tax rules and regulations, the County shall pay all costs and expenses in connection with the preparation, issuance and sale of the Series 2021A Bonds, including the premium for an insurance policy, if obtained.

B. The amount necessary to pay the principal, premium, and interest on the Refunded Bonds on the date of redemption in accordance with the terms thereof shall be deposited with the Escrow Holder to be applied pursuant to the Escrow Deposit Agreement.

C. Any remaining amounts shall be deposited into the Series 2021A Bonds Interest Subaccount in the Sinking Fund.

SECTION 4.02 PURCHASE OF ESCROW SECURITIES. The proceeds of the Series 2021A Bonds together with other available moneys, if any, deposited to the escrow account established by the Escrow Deposit Agreement shall be invested pursuant to the Escrow Deposit Agreement in Defeasance Obligations. Upon advice of the County's Financial Advisor, the Chairman may determine to keep moneys held under the Escrow Deposit Agreement uninvested. The Clerk of the Circuit Court, or her designee, is authorized to execute such certificates and instruments as shall be necessary to provide for the purchase of such investments.

ARTICLE V

MISCELLANEOUS PROVISIONS

SECTION 5.01 SALE OF SERIES 2021A Bonds. The Series 2021A Bonds shall be issued and sold at negotiated sale at such price or prices consistent with the provisions of the Act, the laws of the State, and the requirements of this resolution and the Master Resolution.

SECTION 5.02 CONTINUING DISCLOSURE. The County will execute and deliver a Continuing Disclosure Certificate satisfying the requirements of the Rule at or prior to the time of sale of the Series 2021A Bonds in substantially the form attached hereto as Exhibit C. The Chairman is authorized to execute the Continuing Disclosure Certificate.

SECTION 5.03 BOND REGISTRAR AND PAYING AGENT AND AGREEMENT THEREFOR; ESCROW DEPOSIT AGREEMENT. U.S. Bank National Association (the "Bank"), is hereby designated Bond Registrar and Paying Agent for the Series 2021A Bonds and Escrow Holder for the benefit of the Refunded Bonds, and shall perform such duties as are more fully described in the Bond Resolution, the Series 2021A Bonds, a Paying Agent and Registrar Agreement and an Escrow Deposit Agreement between the County and such Bank in substantially the forms set forth in Exhibits E and F with such changes and additions as are acceptable by the Chairman upon advice of the County Attorney and Bond Counsel. The Chairman or Vice Chairman and Clerk to the Board are hereby authorized to execute the Paying Agent and Registrar Agreement and the Escrow Deposit Agreement each between the County and the Bank. Execution of such Agreements by the Chairman shall constitute conclusive evidence of the approval of such changes and additions by the Chairman.

SECTION 5.04 DELEGATION OF AUTHORITY TO DEEM PRELIMINARY OFFICIAL STATEMENT FINAL; APPROVAL OF FINAL OFFICIAL STATEMENT. The Chairman, in consultation with and upon the advice of the County's Disclosure Counsel and County Attorney, is authorized to proceed to draft and develop, or cause to be drafted and developed, all documents necessary to facilitate and proceed with the offering for sale of the Series 2021A Bonds, including a Preliminary Official Statement, the form of which is attached hereto as Exhibit D.

No Preliminary Official Statement shall be distributed on behalf of the County to prospective purchasers of the Series 2021A Bonds unless it is "deemed final" (except for permitted omissions) in accordance with the Rule. The Chairman, upon the advice of the Disclosure Counsel, is hereby authorized to certify or otherwise represent when such Preliminary Official Statement shall be "deemed final" by the County as of its date (except for permitted omissions), in accordance with the Rule.

The Chairman is authorized to sign and deliver on behalf of the County, in his official capacity, the final Official Statement in substantially the form of the Preliminary

Official Statement, with such changes as are necessary to reflect the final pricing terms of the Series 2021A Bonds and such certificates in connection with the accuracy of the final Official Statement and any amendment thereto as may, in the judgment of Disclosure Counsel and Bond Counsel, be necessary or appropriate, to the Underwriter. The distribution and use of the final Official Statement by the Underwriter in connection with the original issuance and sale of the Series 2021A Bonds is further approved.

SECTION 5.05 AUTHORIZATION FOR EXECUTION OF SERIES 2021A BONDS AND OF ADDITIONAL DOCUMENTS AND CERTIFICATES IN CONNECTION WITH THE DELIVERY THEREOF; APPROVAL OF THE NECESSARY ACTION. The Chairman, Clerk to the Board, and Executive Director, on the advice of the County Attorney and Bond Counsel to the County, are hereby authorized and empowered, collectively and individually, to take all action and steps and to execute and deliver, on behalf of the County, and in their official capacities, the Series 2021A Bonds, and any and all instruments, documents, or certificates, including temporary Series 2021A Bonds, if necessary, a tax compliance certificate and, if applicable, an Insurance Agreement as described in Section 2.03 hereof, which are necessary or desirable in connection with the issuance and delivery of the Series 2021A Bonds.

The approval of various documents and certificates hereby authorized is declared to be of such documents in substantially the form attached hereto as exhibits or as subsequently prepared, upon the advice of Bond Counsel, with such insertions, deletions, and variations thereto as shall be approved by the officers executing such documents and certificates on behalf of the County, and in their official capacities, upon the advice of Bond Counsel, such officers' approval thereof to be presumed by their execution.

SECTION 5.06 SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this resolution should be held to be contrary to any express provision of law or to be contrary to the policy of express law, though not expressly prohibited, or to be against public policy, or should for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements, or provisions of, and in no way affect the validity of, all the other provisions of the Master Resolution or this resolution or of the Series 2021A Bonds.

SECTION 5.07 REPEALING CLAUSE. All resolutions of the County, or parts thereof, in conflict with the provisions of this resolution are to the extent of such conflict hereby superseded and repealed.

(Signatures and Exhibits Intentionally Omitted)

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE USE AND LEASE AGREEMENTS

The Lease and Use Agreements with the Signatory Airlines are substantially similar, differing primarily with respect to the amount of rented space and the dollar amount of certain fees and charges payable thereunder.

The following is a summary of certain provisions of each Lease and Use Agreement. The summary is subject in all respects to the detailed provisions of the Lease and Use Agreements.

Definitions

The capitalization of any word or phrase which is not defined herein or elsewhere in this Appendix D indicates that such word or phrase is defined in or used in capitalized form in the Lease and Use Agreements.

"Affiliate" shall mean an Air Transportation Company that is (i) a parent or subsidiary of Airline; or (ii) shares an International Air Transport Association (IATA) code with Airline at the Airport (code-sharing partner); or (iii) otherwise operates under essentially the same trade name as Airline at the Airport and uses essentially the same livery as Airline; provided that no "major" airline (as defined by the FAA) shall be classified as an Affiliate of another "major" airline, unless either clause (i) or (iii) above defines the relationship between such airlines at the Airport. A Signatory Airline must designate in writing to the Authority any Air Transportation Company that will be an Affiliate of that Signatory Airline at the Airport. Affiliates shall have the rights afforded Airline without payment of any additional charges or premiums, provided Airline (a) remains a Signatory Airline to the Agreement; (b) agrees and shall be obligated to serve as a financial guarantor for all rentals, fees, and charges incurred by any Affiliate of Airline at the Airport. Airline shall be responsible for any and all unpaid rentals, fees, and charges of any such Affiliate while such Affiliate operates at the Airport.

"Agreement" means the Airline-Airport Use and Lease Agreement between the Authority and Airline, as the same may be amended, modified or altered from time to time pursuant to the terms of the Agreement.

"Air Transportation Business" means that business operated by Airline at the Airport for the commercial transportation by air of persons, property, mail, parcels and/or cargo.

"Air Transportation Company" means a legal entity engaged in the business of scheduled or non-scheduled commercial transportation by air of persons, property, mail, parcels and/or cargo.

"Airfield" means those portions of the Airport, excluding the Terminal Aircraft Aprons and the Cargo Aircraft Aprons, provided for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, 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, as may be revised from time to time.

"Airfield Cost Center" means all Investment Service (allocated by its proportional share of Recognized Net Investment), all direct and indirect O&M Expenses, Amortization, required reserves, and operating Revenues for the Airfield.

"Airline" means the Air Transportation Company executing the Agreement.

"Airline Premises" means those areas in the Terminal assigned to Airline as Exclusive Use Premises, Preferential Use Premises, or Joint Use Premises.

"Airport" means Southwest Florida International Airport, owned by Lee County, Florida and operated by the Authority, under grant of authority by legislative act of Lee County, Florida, including all real property easements or any other interest therein as well as all improvements and appurtenances thereto, structures, buildings, fixtures, and all tangible personal property or interest in any of the foregoing, now or hereafter owned leased or operated by the Authority.

"Airport Affairs Committee" or **"AAC"** means collectively the authorized representatives of each Signatory Airline which shall meet from time to time with representatives of Authority to receive information and provide input with regard to selected operation and development matters of the Airport.

"Airport System" shall mean all real property or any interest therein, including improvements thereto, structures, buildings, fixtures, and other personal property, which are located on the Airport, Page Field, Mitigation Park, or any airport hereafter owned, leased or operated by Authority.

"Amortization" shall mean the return on Recognized Net Investment made by Authority after September 30, 2008 with its own Authority funds (excluding Bond proceeds; proceeds from insurance resulting from casualty damage to or destruction of improvements on the Airport System; federal or state grant funds; and PFC's) for new capital improvements or acquisitions on the Airport System equal to the total of the annual amortization of the amount of each item of Recognized Net Investment over its useful life in principal and interest amounts which together represent equal annual payments, with interest computed at Authority's interest cost. Amortization will commence in the Fiscal Year immediately following the date of beneficial occupancy.

"Authority" means the Lee County Port Authority, a body politic and corporate, created by Special Act of the Legislature, Chapters 63-1541, Laws of Florida, and Chapters 125 and 332, Florida Statutes, and further implemented and authorized to exercise the powers outlined in those acts in 1990 by Lee County Ordinance No. 90-02, as amended and later codified and restated as Lee County Ordinance No. 01-014, adopted on September 10, 2001. The Authority is responsible for operations, management, and development of properties, facilities, and systems and personnel associated with air or sea transportation or commerce located in Lee County.

"Board" means the Board of Port Commissioners of Lee County, Florida.

"Bond Resolution" means Resolution No. 92-08-48 adopted by the Board on August 26, 1992, as amended, restated, and supplemented.

"Bonds" means the Lee County, Florida Airport Revenue Bonds issued pursuant to the Bond Resolution.

"Cargo Aircraft Aprons" shall mean those areas of the Airport that are designated for the parking of cargo aircraft and support vehicles, and the loading and unloading of cargo aircraft.

"Common Use Premises" means those non-exclusive areas of the Airport (excluding Public Space), used in common by the Airline, along with other authorized users of the Airport, along with all facilities, improvements, equipment and services which are, or hereafter may be, provided for such common-use.

"Coverage" means twenty-five percent (25%) of the Debt Service payable on Bonds in each Fiscal Year.

"Debt Service" means any principal, interest, premium, and other fees and amounts either paid or accrued for Bonds, and such other accounts which may be established for payment of principal, interest, premium and other fees and amounts associated with Subordinated Indebtedness.

"Debt Service Reserve Fund" means the fund created by the Bond Resolution for maintaining a balance equal to the maximum annual Debt Service on all outstanding Bonds.

"Deplaned Passenger" means any passenger disembarking an aircraft at the Terminal, including any such passenger that shall subsequently board another aircraft of the same or a different Air Transportation Company or the same aircraft, previously operating under a different flight number.

"Enplaned Passenger" means any passenger boarding an aircraft at the Terminal, including any such passenger that previously disembarked from another aircraft of the same or a different Air Transportation Company or from the same aircraft, previously operating under a different flight number.

"Exclusive Use Premises" means those portions of the Terminal assigned exclusively to the Airline.

"Extraordinary Coverage Protection" means those payments in the rentals, fees, and charges for Signatory Airlines at the Airport in any Fiscal Year in which the amount of Revenues, less O&M Expenses is projected to be less than the one hundred twenty-five percent (125%) of the annual Debt Service, as required by the Bond Resolution. Any amounts which must be collected for such Extraordinary Coverage Protection payments will be allocated to the Airfield Cost Center and the Terminal Cost Center on the basis of the Net Requirement of the Airfield Cost Center and the Terminal Cost Center.

"Fiscal Year" means the annual accounting period of the Authority for its general accounting purposes which, at the time of entering into the Agreement, is the period of twelve consecutive months, ending with the last day of September of any year.

"Investment Service" shall mean, with respect to any Fiscal Year, the sum of (1) Debt Service (exclusive of capitalized interest) and Other Debt Service payable by Authority in that Fiscal Year; plus (2) Coverage.

"Joint Use Formula" means that formula which prorates twenty percent (20%) of the cost of a service or space equally to all Signatory Airlines, and eighty percent (80%) allocated to all Signatory Airlines, based on the ratio of each Signatory Airline's Enplaned Passengers annually at the Airport. When determining the number of Scheduled Air Carriers sharing in the twenty percent (20%) portion of the Joint Use Formula, all individual Scheduled Air Carriers that are affiliates of a Signatory Airline shall be combined and considered a single Signatory Airline.

"Joint Use Premises" means those Terminal areas which may be assigned to two or more Scheduled Air Carriers.

"Landing Fee" means a fee expressed in tenths of a cent per thousand pounds of the Maximum Gross Landed Weight of each type of Airline's aircraft and shall be multiplied by the total of all Maximum Gross Landed Weight for all Chargeable Landings of each type of aircraft landed at the Airport by Airline.

"Maximum Gross Landed Weight" means the maximum gross certificated landing weight in one thousand pound units for which each aircraft operated at the Airport by Airline as certificated by the FAA or its successor.

"Net Requirement" means, with respect to the Terminal, the direct and indirect O&M Expenses for the Terminal and reserves therefore, plus its proportional share of Investment Service, plus Amortization, less reimbursements; with respect to the Airfield, the direct and indirect O&M Expenses for the Airfield and reserves therefore, plus its proportional share of Investment Service, plus Amortization, less Non-Airline Revenues of the Airfield Cost Center.

"Non-Airline Revenues" means those rentals, fees and charges received by Authority from Airport System lessees, permittees, concessionaires, users, and patrons other than Scheduled Air Carriers.

"Non-Revenue Landing" means any aircraft landing by Airline at the Airport for a flight for which Airline receives no revenue, and shall include irregular and occasional ferry or emergency flights, which shall include any flight, that after having taken off from the Airport and without making a landing at any other airport, returns to land at the Airport because of meteorological conditions, mechanical or operating causes, or any other reason of emergency or precaution.

"Operating Expenditure Reserve Requirement" or **"O&M Reserve Requirement"** means the Bond Resolution requirement that a reserve be created and maintained at an amount not more than one-fourth (1/4) of the annual budget then in effect for O&M Expenses.

"Operating Expenses" or **"O&M Expenses"** means the current expenses, paid or accrued, for operation, maintenance, and ordinary current repairs of said Airport System and shall include, without limiting the generality of the foregoing, insurance premiums, administrative expenses of the Authority relating solely to the Airport System, including engineering, architectural, legal, airport consultants, and accounting fees and expenses, and fees and expenses of the Trustee, and such other reasonable current expenses as shall be in accordance with sound accounting practice. O&M Expenses shall not include any allowance for depreciation or renewals or replacements or obsolescence of capital assets of the Airport System, or any operating expenses of Special Purpose Facilities buildings where the lessees thereof are obligated to pay such operating expenses.

"Other Debt Service" means any principal, interest, premium, and other fees and amounts, either paid or accrued, on Other Indebtedness of Authority.

"Other Indebtedness" means any debt incurred by Authority for Airport System purposes which is outstanding and not authenticated and delivered under and pursuant to the Bond Resolution, or any Subordinated Bond Resolution.

"Passenger Facility Charge" or "PFC" means the fees authorized by 49 USC 40117 and regulated by 14 CFR Part 158 as such statute and regulations currently exist or as they may be amended during the term of the Agreement.

"Preferential Use Premises" means those portions of the Terminal and Terminal Aircraft Aprons assigned to Airline, to which Airline shall have priority over other users.

"Public Space" means all utility rooms, ductways, janitorial rooms and closets, stairways, hallways, elevators, escalators, entrance-ways, public or common use lobbies and areas, public toilet areas and other areas used for the operation, maintenance or security of the Terminal, even if used solely by Authority.

"Recognized Net Investment" shall mean Authority's cost of an improvement, equal to or greater than $100,000, or an acquisition made on or for the Airport System (including without limitation the cost of construction, testing, architects' and engineers' fees, consultants' fees, construction management fees, inspection and surveillance by Authority engineer, condemnation, relocation expenses, brokers' fees), reduced by the amount of any federal or state grant or PFC received by Authority therefore, shall be considered Recognized Net Investment beginning in the Fiscal Year in which the improvement or acquisition is completed.

"Rentable Square Feet" with respect to the Terminal means the number of square feet of space in the Terminal that is rentable to tenants, including office and administrative space used by Authority.

"Revenue Fund" means that fund for the deposit of Revenues, as defined under the Bond Resolution, derived from the operation of the Airport System.

"Revenue Landing" means any aircraft landing by Airline at the Airport for which Airline receives revenue, including flights diverted from another airport to the Airport due to meteorological reasons.

"Revenues" means income accrued by Authority in accordance with generally accepted accounting practices, including investment earnings, from or in connection with the ownership or operation of the Airport System or any part thereof, or the leasing or use thereof.

"Scheduled Air Carrier" shall mean any Air Transportation Company performing or desiring to perform, pursuant to published schedules, seasonal or non-seasonal commercial air transportation services over specified routes to and from the

Airport and holding the necessary authority from the appropriate federal or state agencies to provide such transportation.

"Signatory Airline" means an Air Transportation Company that leases a minimum of one (1) gate, one (1) ticket counter position, and other space in the Terminal deemed sufficient by the Executive Director to support its operation, provided that the total of Terminal space is at least 4,000 square feet, and has an agreement with Authority substantially similar to the Agreement. An Affiliate of a Signatory Airline will be treated as a Signatory Airline for the purposes of the Agreement, subject to certain restrictions and requirements.

"Subordinated Bond Resolution" means a bond resolution subordinated to the Bond Resolution authorizing the issuance by Authority of Subordinated Indebtedness, as such may be supplemented or amended from time to time.

"Subordinated Indebtedness" means any bonds or other financing instrument or obligation subordinate to the Bonds, issued pursuant to any Subordinated Bond Resolution.

"Substantial Completion" means the date on which Authority's architects and/or engineers certify any premises at the Airport to be substantially complete as to permit use and occupancy by Airline, or the date Airline actually takes occupancy of the premises, whichever comes first.

"Surplus Fund" means that fund created by the Bond Resolution.

"Terminal" means the passenger terminal building.

"Terminal Aircraft Aprons" shall mean those areas of the Airport that are designated for the parking of passenger aircraft and support vehicles, and the loading and unloading of passenger aircraft.

"Terminal Cost Center" shall mean all Investment Service (allocated by its proportional share of Recognized Net Investment), all direct and indirect O&M Expenses, Amortization, required reserves, and operating Revenues for all passenger Terminal facilities, and other related and appurtenant facilities, whether owned, operated, or maintained by the Authority, an airline, or another tenant; and a portion of the enplanement and deplanement roadways in front of the Terminal.

Term

Each Agreement and the various fees and charges thereunder became effective on October 1, 2008. The Lease and Use Agreements terminate on September 30, 2021, unless terminated earlier as provided in the Agreement.

Use of Airport Facilities

Pursuant to the Agreement, the Authority leases and demises to the Airline, and the Airline leases and accepts from the Authority, the Exclusive Use Premises, Preferential Use Premises, and Joint Use Premises, as more particularly described in each Agreement. Terminal equipment owned or acquired by Authority for use by Airline shall remain the property and under the control of Authority.

In addition to all rights granted elsewhere in the Agreement, Airline shall have the right to use, in common with others so authorized by Authority, areas, other than areas leased exclusively or preferentially to others, facilities, equipment, and improvements at the Airport for the operation of Airline's Air Transportation Business and all activities reasonably necessary to such operations.

Transfer of Operations

In the event new or expanded facilities are developed at the Airport, Authority shall give notice to affected Air Transportation Company of the estimated Substantial Completion date at least one hundred and eighty (180) days prior thereto. The affected Air Transportation Company shall have the right to install in its Exclusive Use Premises and Preferential Use Premises its own equipment and furnishings sixty (60) days prior to the estimated date of Substantial Completion or such other date as may be agreed to by the parties subject to the provisions of the Agreement; provided, however, no such equipment and furnishings shall be installed in Preferential Use Premises without the written consent of Authority, which consent will not be unreasonably withheld. The affected Air Transportation Company shall begin its operations from its new or expanded Airline Premises on the date of Substantial Completion thereof.

Operation and Maintenance of the Airport

Authority Obligations. Authority shall, with reasonable diligence, prudently develop, improve, and at all times maintain and operate the Airport in a first class manner consistent with airports of similar size with qualified personnel and keep the Airport in an orderly, clean, neat and sanitary condition, and good repair, unless such maintenance, operation, or repair shall be Airline's obligation pursuant to the Agreement.

Authority shall not be liable to Airline for temporary failure to furnish all or any of such services to be provided in accordance with this section when such failure is due to mechanical breakdown or loss of electrical power not caused by Authority's negligence or any other cause beyond the reasonable control of Authority.

Authority shall maintain (i) loading bridges owned by Authority; (ii) preconditioned air systems owned by Authority; (iii) associated aircraft ground power units owned by Authority; (iv) potable water cabinets owned by Authority, provided however that Airline shall be responsible for maintaining water hoses associated with the potable water cabinets; (v) baggage conveyors owned and installed by Authority; (vi) lightning detection systems; and (vii) other systems that may be acquired by Authority in the future. Authority shall, in the operation of the Airport, comply with all local, state and federal laws, rules and regulations.

Airline Obligations. Airline shall, at all times, preserve and keep Airline Premises in an orderly, clean, neat, and sanitary condition, free from trash and debris resulting from Airline's operations, provided, however, this requirement shall not be construed to mean Airline shall have janitorial responsibilities designated to be those of Authority pursuant to the Agreement. Airline shall keep, at its own expense, its preferentially assigned Terminal Aircraft Aprons free of fuel, oil, debris, and other foreign objects. Airline shall operate and maintain at its own expense any improvements and/or equipment installed by Airline for the exclusive use of Airline.

Should Airline fail to perform its material obligations under the Agreement, Authority shall have the right to enter the Airline Premises and perform such activities; provided, however, other than in a case of emergency, Authority shall give Airline reasonable advance written notice of noncompliance, not to exceed ten (10) days, prior to the exercise of this right. If such right is exercised, Airline shall pay Authority, upon receipt of invoice, the cost of such services plus ten percent (10%). Nonpayment of such invoice shall be deemed a default of the Agreement.

Rentals, Fees, and Charges

Airline shall pay the Authority rentals for use of Airline Premises, and fees and charges for the other rights, licenses, and privileges granted under the Agreement during the term of the Agreement. The rentals, fees, and charges payable by all Signatory Airlines for the Airfield and, with respect to the Terminal, the rentals, fees, and charges payable by Signatory Airlines leasing space in the Terminal, shall be equal to the Signatory Airlines' share of the Net Requirement in each respective area of the Airport.

Landing Fees. Airline shall pay monthly to Authority fees for Revenue Landings for the preceding month. Airline's Landing Fees shall be determined as the product of the Landing Fee rate for the period and Airline's total landed weight for the month. Airline's landed weight for the month shall be determined as the sum of the products obtained by multiplying the Maximum Gross Landed Weight of each type of Airline's aircraft by the number of Revenue Landings of each said aircraft during such month.

Terminal Rentals. For the term of the Agreement, Airline's Terminal rentals shall be determined as the sum of Airline's rentals for Exclusive Use Premises, Preferential Use Premises, and Joint Use Premises. Airline's rental payment for Exclusive Use Premises and Preferential Use Premises shall be determined as the sum of the products obtained by multiplying the rental rate for the period, by the amount of the corresponding type of space leased by Airline as Exclusive Use Premises and Preferential Use Premises.

Total Terminal rentals for Joint Use Premises shall be calculated as the product of the appropriate differential Terminal rental rates for the period and the amount of each category of Joint Use Premises. Airline's share of the total Terminal rentals due each month for Joint Use Premises shall be determined in accordance with the Joint Use Formula.

For inclusion in the Joint Use Formula, Airline shall include in its monthly report of Enplaned Passengers and Deplaned Passengers the total number of Enplaned Passengers and Deplaned Passengers handled or otherwise accommodated by Airline for other Air Transportation Companies not having an agreement with Authority that provides for the direct payment to Authority of appropriate charges for the use of Joint Use Premises.

Extraordinary Service Charges. Throughout the term of the Agreement, Airline shall pay extraordinary service charges, if applicable as evidenced by extraordinary service charge authorizations executed by Airline for such extraordinary additional equipment and services provided by Authority for Airline's use. Airline's charges for Authority purchased Terminal equipment shall be as set forth in a separate agreement with Authority.

Aircraft Parking Charges. Airline shall pay reasonable and non-discriminatory aircraft parking charges for aircraft remotely parked for extended periods of time on areas other than the Terminal Aircraft Aprons.

Other Fees and Charges. Authority expressly reserves the right to assess and collect the following:

(1) Reasonable and non-discriminatory fees for services provided by Airline for any other Air Transportation Companies, or for Airline by any other Air Transportation Companies, if such services or concessions would otherwise be available from a concessionaire, licensee, or permittee of Authority; provided, however, if such other Air Transportation Company is an Affiliate of Airline, such fees for services shall not apply. Fees for the provision of such services are identified in the Authority's Ground Handling Agreements for service providers.

(2) Reasonable and non-discriminatory fees and charges for services or facilities not enumerated in the Agreement, but provided by Authority or its contractors and utilized by Airline, including, but not limited to, special maintenance of Airline Premises, equipment, vehicle storage and service areas, Federal Inspection Services facility fees, and remote ramp aircraft parking fee.

(3) Pro rata shares of any charges for the provision of any services or facilities which Authority is required or mandated to provide by any governmental entity (other than Authority acting within its proprietary capacity) having jurisdiction over the Airport.

Authority reserves the right to charge Airline or its employees a reasonable and nondiscriminatory fee based on Authority's cost of providing services and facilities for the employee parking area(s) provided at the Airport. Should Authority elect to charge such a fee for employee parking, it may do so by first notifying Airline in writing and without formal amendment to the Agreement.

Extraordinary Coverage Protection. Airline shall pay Extraordinary Coverage Protection payments in the rates for rentals, fees, and charges at the Airport in any Fiscal Year in which the amount of Revenues less O&M Expenses and the O&M Reserve Requirement is projected to be less than one hundred twenty-five percent (125%) of the Debt Service requirement. Any amounts which must be collected for such Extraordinary Coverage Protection payments will be allocated to the Airfield Cost Center and the Terminal Cost Center on the basis of the Net Requirement of the Airfield Cost Center and the Terminal Cost Center.

Payments. Payments of one-twelfth (1/12) of the total annual rentals for Airline's Exclusive Use Premises, and Preferential Use Premises shall be due in advance, without demand or invoice, on the first day of each month. Said rentals and charges shall be deemed delinquent if payment is not received by the tenth (10) day of the month.

Payment of Airline's Landing Fees shall be due fifteen (15) days from Authority's issuance of invoice, and shall be deemed delinquent if not received within ten (10) days of the due date. Payment for all other fees and charges due under the Agreement shall be due as of the due date stated on Authority's invoice. Said fees and charges shall be deemed delinquent if payment is not received within thirty (30) days of the stated date of such invoice.

Authority shall provide notice of any and all payment delinquencies, including payments of any deficiencies which may be due as a result of Authority's estimates of activity pursuant to the paragraph below, or due to an audit performed pursuant to the Agreement; provided, however, interest at the rate of eighteen percent (18%) per annum shall accrue against any and all delinquent payment(s) from the due date until the date payments are received by Authority. This provision shall not preclude Authority from canceling the Agreement for default in the payment of rentals, fees, or charges, as provided for in the Agreement, or from exercising any other rights contained in the Agreement or provided by law.

In the event Airline fails to submit its monthly activity reports, Authority shall estimate the rentals, fees, and charges based upon the highest month of the previous twelve (12) month's activity reported by Airline and issue an invoice to Airline for same.

If no activity data is available, Authority shall reasonably estimate such activity and invoice Airline for same. Airline shall be liable for any deficiencies in payments based on estimates made under this provision; payment for said deficiencies shall be deemed due as of the date such rental fee or charge was due and payable.

In the event Airline's obligations with respect to Airline Premises or rights, licenses, or privileges granted under the Agreement shall commence or terminate on any date other than the first or last day of the month, Airline's rentals, fees, and charges shall be prorated on the basis of the number of days such premises, facilities, rights, licenses, services, or privileges were enjoyed during that month.

No Further Charges. Except as provided in the Agreement, or as may be permitted by any governmental entity (other than Authority, acting within its proprietary capacity) having jurisdiction over the Airport, no further rentals, fees, or charges shall be charged against or collected from Airline, its passengers, its shippers and receivers of freight, its suppliers of material, its contractors or furnisher of services, by Authority, acting in its capacity as Airport proprietor, for the premises, facilities, rights, licenses, and privileges granted to Airline in the Agreement.

Changes in Rates for Rentals, Fees, and Charges

Annual Rate Changes. No later than sixty (60) days prior to the end of each Fiscal Year, Authority shall notify Airline of the proposed schedule of rates for rentals, fees, and charges for the ensuing Fiscal Year. Said rates shall be determined and presented to Airline substantially in conformance with the methods and format set forth in the Agreement.

The Signatory Airlines through its AAC shall have the right to review and comment upon the proposed operating and capital budget. No later than thirty (30) days after the forwarding of the proposed schedule of rates for rentals, fees, and charges, Authority agrees to meet with the AAC at a mutually convenient time for the purpose of discussing such rentals, fees, and charges. In advance of said meeting, Authority shall make available to the AAC any reasonably requested additional information relating to the determination of the proposed rates. Authority agrees to fully consider the comments and recommendations of the Signatory Airlines prior to finalizing its schedule of rates for rentals, fees, and charges for the ensuing Fiscal Year.

Following said meeting, and prior to the end of the then current Fiscal Year, Authority shall notify Airline of the rates for rentals, fees, and charges to be established for the ensuing Fiscal Year.

If calculation of the new rates for rentals, fees, and charges is not completed by Authority and the notice provided in the Agreement is not given on or prior to the end of the then current Fiscal Year, the rates for rentals, fees, and charges then in effect shall continue to be paid by Airline until such calculations are concluded and such notice is given. Upon the completion of such calculations and the giving of such notice, Authority shall determine the difference(s), if any, between the actual rentals, fees, and charges paid by Airline to date for the then current Fiscal Year and the rates for rentals, fees, and charges that would have been paid by Airline if said rates had been in effect beginning on the first day of the Fiscal Year. Said differences shall be applied to the particular rentals, fees, or charges for which a difference(s) in rates resulted in an overpayment or underpayment, and shall be remitted by Airline or credited or refunded by Authority in the month immediately following the calculation of the new Fiscal Year rates and the giving of written notice to Airline by Authority.

Other Rate Changes. Rates for rentals, fees, and charges may be changed at any other time that unaudited monthly Authority financial data indicates that total rentals, fees, and charges payable pursuant to the then current rate schedules are reasonably estimated and anticipated by Authority to increase or decrease by more than ten percent (10%) from the total rentals, fees, and charges that would be payable based upon the use of the monthly financial data then available for said Fiscal Year. Rates for rentals, fees, and charges may also be changed whenever required by the terms and provisions of the Bond Resolution; provided, however, that Signatory Airlines' total rentals, fees, and charges payable to Authority shall be allocated to Airline in accordance with the Agreement.

Settlement. Authority shall use its best efforts such that within one hundred twenty (120) days following the close of each Fiscal Year, or as soon as unaudited financial data for said Fiscal Year is available, rates for rentals, fees, and charges for the preceding Fiscal Year shall be recalculated using unaudited financial data and the methods set forth in the Agreement. Airline shall have reasonable access to the records of Authority, and shall have the right to audit the financial data used in connection with such recalculation. Upon the determination of any difference(s) between the actual rentals, fees, and charges paid by Signatory Airlines during the preceding Fiscal Year and the rentals, fees, and charges that would have been paid by Signatory Airlines using said recalculated rates, Authority shall, in the event of overpayment, promptly refund to Airline the amount of such overpayment within 30 days, and in the event of underpayment, invoice Airline for the amount of such underpayment. Said invoiced amount shall be due within thirty (30) days of the invoice mailing date.

Use of Airport Fund. Authority may use the amounts remaining in the Airport Fund at the end of each Fiscal Year after determination of Revenue Sharing, if available, for the following purposes and in the order of priority as determined by Authority: (i) for Authority to satisfy its obligations under the determination of any Settlement pursuant to the prior paragraph hereof; (ii) for improvements on, additions to, and acquisitions for the Airport System; (iii) for Debt Service on Bonds; (iv) for the purchase and retirement of Bonds; and (v) for any lawful Airport System Purpose.

Revenue Sharing. At the end of each Fiscal Year, after determination of Settlement in accordance with the Agreement, Authority will share with the passenger Signatory Airlines a portion of net remaining Revenues, if available. Availability of revenue sharing will be based on Authority's ability to satisfy its obligations and meet all Bond Resolution requirements in each Fiscal Year.

Authority Covenants. Among other things, the Authority shall use Revenues of the Airport System in accordance with the provisions of the Bond Resolution and applicable law.

Insurance

During the term of the Agreement, Airline shall provide, pay for and maintain with companies, reasonably satisfactory to Authority, the types of insurance described in the Agreement. All insurance shall be issued by responsible insurance companies eligible to do business in the State of Florida. All liability policies shall provide that Authority is an Additional Insured to the extent of Airline's contractual obligations under the Agreement. The required policies of insurance shall be construed in accordance with the laws of the State of Florida. No operations shall either commence or continue at the Airport unless and until the required certificates of insurance are in effect and approved by Authority.

Airline and Authority understand and agree that the limits of the insurance required in the Agreement may from time to time become inadequate, and Airline agrees that it will increase such limits upon receipt of written notice. Airline shall furnish Authority, within sixty (60) days of the effective date thereof, a certificate of insurance evidencing such insurance is in force.

Should at any time Airline not, in the opinion of Authority, provide or maintain the insurance coverages required in the Agreement, Airline must discontinue operations at the Airport, and Authority may terminate or suspend the Agreement.

The amounts and types of insurance shall conform to the following minimum requirements with policies, forms and endorsements that are comparable to Insurance Service Office (ISO) requirements. Notwithstanding the foregoing, at a minimum, the wording of all policies, forms and endorsements must be reasonably acceptable to Authority.

(1) Workers Compensation and Employer's Liability Insurance shall be maintained in force by Airline during the term of the Agreement for all employees engaged in the operations under the Agreement. The limits of coverage shall not be less than:

Workers' Compensation	Florida Statutory
Employer's Liability	$1,000,000 Limit Each Accident
	$1,000,000 Limit Disease Aggregate
	$1,000,000 Limit Disease Each Employee

(2) Airport Liability Insurance shall be maintained by Airline for the life of the Agreement. Coverage shall include, but not be limited to, Premises and Operations, Personal Injury, Contractual for the Agreement, Independent Contractors, Broad Form Property Damage, Products and completed Operations Coverage and shall not exclude the (XCU) Explosion, Collapse and Underground Property Damage Liability Coverage. Coverage shall be applicable to the operation of all mobile and ground equipment at the Airport. The limits of coverage shall not be less than:

<u>Airlines Operating Aircraft with fifty (50) or more seats</u>:

Bodily & Personal Injury & Property Damage Liability	$100,000,000 Combined Single Limit Each Occurrence & Aggregate

<u>Airlines Operating Aircraft with less than fifty (50) seats</u>:

Bodily & Personal Injury & Property Damage Liability	$50,000,000 Combined Single Limit Each Occurrence & Aggregate

(3) Aircraft Liability Insurance shall be maintained by Airline during the term of the Agreement for all owned, non-owned, leased or hired aircraft, including passenger coverage. The limits of coverage shall not be less than:

Bodily & Personal Injury & Property Damage Liability	$100,000,000 Combined Single Limit Each Occurrence & Aggregate

(4) Business Automobile Liability Insurance shall be maintained by Airline during the term of the Agreement as to the ownership, maintenance, and use of all owned, non-owned, leased or hired vehicles. The limits of coverage shall not be less than:

Bodily & Personal Injury & Property Damage Liability	$5,000,000 Combined Single Limit Each Occurrence & Aggregate

(5) Umbrella Liability Insurance or Excess Liability Insurance may be used to reach the limits of liability required for the Airport Liability Policy, Aircraft Liability and the Business Automobile Policy. The limits of coverage shall not be less than:

Umbrella or Excess Liability Policy	$100,000,000 Combined Single Limit Each Occurrence & Aggregate - Specific for the Agreement $200,000,000 Combined Single Limit Each Occurrence & Aggregate - Not Specific for the Agreement

Primary Liability Limits for the underlying Airport General Liability Coverage:

Bodily & Personal Injury & Property Damage Liability	$10,000,000 Combined Single Limit Each Occurrence & Aggregate

Cancellation by Authority

Events of Default. The events described below shall be deemed events of default by Airline under the Agreement.

Upon the occurrence of the following event of default, Authority shall immediately give written notice of default:

A. The conduct of any business or performance of any acts at the Airport not specifically authorized in the Agreement or by other agreements between Authority and Airline, and said business or acts do not cease within thirty (30) days of receipt of Authority's written notice to cease said business or acts.

B. Upon the occurrence of any one of the following events of default, Authority shall immediately give written notice of default. Upon receiving notice of any default listed in this section, Airline shall cure the default within thirty (30) days of receiving the notice.

(1) The failure by Airline to pay any part of the rentals, fees, and charges due under the Agreement and the continued failure to pay said amounts in full within thirty (30) days of Authority's written notice of payments past due. Provided, however, if a dispute arises between Authority and Airline with respect to any obligation or alleged obligation of Airline to make payments to Authority, payments under protest by Airline of the amount due shall not waive any of Airline's rights to contest the validity or amount of such payment. In the event any court or other body having jurisdiction determines all or any part of the protested payment shall not be due, then Authority shall promptly reimburse Airline any amount determined as not due plus interest on such amount at one and one-half percent (1-1/2%) per month.

(2) The failure by Airline to provide and keep in force Contract Security in accordance with the Agreement.

(3) The failure by Airline to maintain and keep in force insurance coverage in accordance with the Agreement. Notwithstanding any other provisions of this paragraph, Airline must immediately discontinue operations at the Airport in accordance with the Agreement until such time as insurance coverage is in force.

C. Upon the occurrence of any one of the following events of default, Authority may give written notice of default. Upon receiving notice of any default listed in this section, Airline shall: (1) cure the default within thirty (30) days of receiving the notice; or (2) if by reason of the nature of such default, the same cannot be remedied within thirty (30) days, Airline shall commence the remedying of such default within said thirty (30) days following such written notice, and having so commenced, continue with diligence the curing thereof until the default is remedied. Airline shall have the burden of proof to demonstrate (i) that the default cannot be cured within thirty (30) days, and (ii) that it is proceeding with diligence to cure said default, and that such default will be cured within a reasonable period of time.

(1) The failure by Airline to remit PFCs in accordance with the Agreement.

(2) The appointment of a trustee, custodian, or receiver of all or a substantial portion of Airline's assets.

(3) The divestiture of Airline's estate in the Agreement by operation of law, by dissolution, or by liquidation, (not including a merger or sale of assets).

(4) The insolvency of Airline; or if Airline shall take the benefit of any present or future insolvency statute, shall make a general assignment for the benefit of creditors, or shall seek a reorganization or the readjustment of its indebtedness under any law or statute of the United States or of any state thereof including the filing by Airline of a voluntary petition of bankruptcy or the institution of proceedings against Airline the adjudication of Airline as a bankrupt pursuant thereto.

(5) The abandonment by Airline of the Airline Premises, or its conduct of business at the Airport; and, in this connection, suspension of operations for a period of sixty (60) days will be considered abandonment in the absence of a labor dispute or other governmental action in which Airline is directly involved.

(6) Failure by Airline to make under-utilized PFC-funded Airline Premises available for use by other Air Transportation Companies in accordance with the Agreement.

Continuing Responsibilities of Airline. Notwithstanding the occurrence of any event of default, Airline shall remain liable to Authority for all rentals, fees, and charges payable under the Agreement and for all preceding breaches of any covenant of the Agreement. Furthermore, unless Authority elects to cancel the Agreement, Airline shall remain liable for and promptly pay all rentals, fees, and charges accruing under the Agreement until termination of the Agreement or until the Agreement is canceled by Airline.

Authority's Remedies. Upon the occurrence of any event enumerated in paragraphs A or B above, including applicable notice and cure periods, the following remedies shall be available to Authority:

1. Authority may exercise any remedy provided by law or in equity, including but not limited to the remedies hereinafter specified.

2. Authority may cancel the Agreement, effective upon the date specified in the notice of cancellation upon such date, Airline shall be deemed to have no further rights under the Agreement and Authority shall have the right to take immediate possession of Airline's Airline Premises.

3. Authority may reenter the Airline Premises and may remove all Airline personal property from same upon the date of reentry specified in Authority's written notice of reentry to Airline. For the event enumerated in paragraph A, reentry shall be not less than fifteen (15) days from the date of notice of reentry. Upon any removal of Airline property by Authority under the Agreement, Airline property may be stored at a public warehouse or elsewhere at Airline's sole cost and expense.

4. Authority may relet Airline Premises and any improvements thereon or any part thereof at such rentals, fees, and charges and upon such other terms and conditions as Authority, in its sole discretion, may deem advisable, with the right to make alterations, repairs of improvements on said Airline Premises. In reletting the Airline Premises, Authority shall be obligated to make a good faith effort to obtain terms comparable than those contained in the Agreement and otherwise seek to mitigate any damages it may suffer as a result of Airline's event of default.

5. In the event that Authority relets Airline Premises, rentals, fees, and charges received by Authority from such reelecting shall be applied: (i) to the payment of any indebtedness other than rentals, fees, and charges due under the

Agreement from Airline to Authority; (ii) to the payment of any cost of such reletting; and (iii) to the payment of rentals, fees, and charges due and unpaid under the Agreement. The residue, if any, shall be held by Authority and applied in payment of future rentals, fees, and charges as the same may become due and payable under the Agreement. If that portion of such rentals, fees, and charges received from such reletting and applied to the payment of rentals, fees, and charges under the Agreement is less than the rentals, fees, and charges as would have been payable during applicable periods by Airline under the Agreement, then Airline shall pay such deficiency to Authority. Airline shall also pay to Authority, as soon as ascertained, any reasonable costs and expenses incurred by Authority in such reletting not covered by the rentals, fees, and charges received from such reletting.

6. No reentry or reletting of Airline Premises by Authority shall be construed as an election on Authority's part to cancel the Agreement unless a written notice of cancellation is given to Airline.

7. Airline shall pay to Authority all other costs, incurred by Authority in the exercise of any remedy in the Agreement, including, but not limited to, reasonable attorney fees, disbursements, court costs, and expert fees.

Remedies Under Federal Bankruptcy Laws. Notwithstanding the foregoing, upon the filing by or against Airline of any proceeding under Federal bankruptcy laws, if Airline has defaulted in the performance of any provision of the Agreement within the six (6) months preceding such filing, Authority shall have the right to cancel the Agreement, in addition to other remedies provided under provisions of the Federal Bankruptcy Rules and Regulations and Federal Judgeship Act of 1984, as such may be subsequently amended, supplemented, or replaced. Such cancellation shall be by written notice to Airline within sixty (60) days from the date of Airline's initial filing in bankruptcy court.

Cancellation by Airline

Events of Default. The events described below shall be deemed events of default by Authority under the Agreement:

Authority fails to keep, perform, or observe any material term, covenant, or condition contained in the Agreement, to be kept, performed, or observed by Authority and such failure continues for sixty (60) days after receipt of written notice from Airline; or, if by its nature such default cannot be cured within such sixty (60) day period, Authority shall not commence to cure or remove such default within said sixty (60) days and to cure or remove the same as promptly as reasonably practicable; provided, however, Authority's performance under this paragraph shall be subject to the provisions of the Agreement with respect to Force Majeure.

Airport is closed to flights in general or to the flights of Airline, for reasons other than those circumstances within Airline's control, and Airport fails to be reopened to such flights within sixty (60) consecutive days from such closure.

The Airport is permanently closed as an air carrier airport by act of any federal, state, or local government agency having competent jurisdiction; or Airline is unable to use Airport for a period of at least sixty (60) consecutive days due to any law or any order, rule or regulation of any governmental authority having jurisdiction over the operations of the Airport; or any court of competent jurisdiction issues an injunction preventing Authority or Airline from using Airport for airport purposes, for reasons other than those circumstances within Airline's control, and such injunction remains in force for a period of at least sixty (60) consecutive days.

The United States Government or any authorized agency of the same (by executive order or otherwise) assumes the operation, control, or use of the Airport in such a manner as to substantially restrict Airline from conducting its operations, if such restriction be continued for a period of sixty (60) consecutive days or more.

Airline's Remedy. So long as Airline is not in default as set forth in the Agreement, including but not limited to payments due to Authority under the Agreement, Airline may cancel the Agreement upon the occurrence of an event of default, and Authority's failure to cure or remove the same within the time periods set forth in that section. In such event, Airline shall serve fifteen (15) day advance written notice of cancellation to Authority. All rentals, fees, and charges payable by Airline shall cease as of the date of such cancellation and Airline shall surrender the Airline Premises in accordance with the Agreement.

General Provisions

Subordination to Bond Resolution. The Agreement and all rights granted to Airline under the Agreement are expressly subordinated and subject to the lien, covenants (including the rate covenants), and provisions of the pledges, transfer, hypothecation, or assignment made by Authority in the Bond Resolution. Authority and Airline agree that to the extent required by the Bond Resolution or law, the holders of the Bonds or their designated representatives shall have the right to exercise any and all rights of Authority under the Agreement.

Authority shall notify Airline in advance of any amendments or supplements to the Bond Resolution that would materially alter the terms and provisions of the Agreement or materially impact the levels of rentals, fees, and charges paid by Airline (herein referred to as Material Amendments).

For any Material Amendments or supplements desired solely by Authority for its own purposes, Authority and Airline shall use their best efforts to agree on the implementation. However, in the event Authority and Airline cannot agree on the implementation of any Material Amendments or supplements desired solely by Authority for its own purposes, Airline, in addition to cancellation rights provided elsewhere in the Agreement, shall have the right to cancel the Agreement upon thirty (30) days advance written notice.

Airline agrees to execute all instruments, certificates, or other documents reasonably requested by Authority to assist Authority and bond counsel in determining and assuring that Bonds are issued in compliance with applicable rules and regulations of the Internal Revenue Service and the Securities and Exchange Commission and Airline shall provide whatever additional relevant information is reasonably requested by Authority initially or on an ongoing basis in connection with complying with any of those rules and regulations.

Nonwaiver. No waiver of default by either party of any of the terms, covenants, or conditions of the Agreement to be performed, kept, and observed by the other party shall be construed to be or act as a waiver of any subsequent default of any of the terms, covenants, and conditions to be performed, kept, and observed by the other party and shall not be deemed a waiver of any right on the part of the other party to cancel the Agreement.

Passenger Facility Charge. Authority reserves the right to assess and collect PFC's subject to the terms and conditions set forth in the Aviation Safety and Capacity Expansion Act of 1990, Section 9110 (the "PFC Act") and implementing regulations as may be supplemented or amended from time to time. Airline shall collect and pay all PFC's for which it is responsible under the provisions of 14 CFR Part 158. Failure by Airline to remit PFCs within the time frame required by 14 CFR Part 158 shall be grounds for termination of the Agreement.

Rights Non-Exclusive. Notwithstanding anything contained in the Agreement that may be or appear to the contrary, the rights, privileges, and licenses granted under the Agreement, are "non-exclusive" and Authority reserves the right to grant similar privileges to others.

Force Majeure. Except as provided in the Agreement, neither Authority nor Airline shall be deemed to be in default under the Agreement if either party is prevented from performing any of the obligations, other than the payment of rentals, fees, and charges under the Agreement, by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of God, acts of the public enemy, weather conditions, riots, rebellion, or sabotage, or any other circumstances for which it is not responsible or which are not within its control.

Civil Rights and Title VI

General Civil Rights Provisions. Airline agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefitting from Federal assistance. If the Airline transfers its obligation to another, the transferee is obligated in the same manner as the Airline. This provision obligates the Airline for the period during which the property is owned, used or possessed by the Airline and the airport remains obligated to the Federal Aviation Administration. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

Compliance with Nondiscrimination Requirements. During the performance of this contract, Airline, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor"), agrees as follows:

A. Compliance with Regulations: The Contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

B. Nondiscrimination: The Contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.

C. Solicitations for Subcontracts, including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the Contractor of the contractor's obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

D. Information and Reports: The Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Port Authority or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the Contractor will so certify to the Port Authority or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

E. <u>Sanctions for Noncompliance</u>: In the event of a Contractor's noncompliance with the non-discrimination provisions of this contract, the Port Authority will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

1. Withholding payments to the Contractor under the contract until the Contractor complies; and/or

2. Cancelling, terminating, or suspending a contract, in whole or in part.

F. <u>Incorporation of Provisions</u>: The Contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. The Contractor will take action with respect to any subcontract or procurement as the Port Authority or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Contractor may request the Port Authority to enter into any litigation to protect the interests of the Port Authority. In addition, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

<u>*Transfer of Real Property Acquired or Improved Under the Airport Improvement Program.*</u>

A. Airline, for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained, or otherwise operated on the property described in this lease for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, the Airline will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Pertinent List of Nondiscrimination Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

B. In the event of breach of any of the above Nondiscrimination covenants, Authority will have the right to terminate the lease and to enter, re-enter, and repossess said lands and facilities thereon.

APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX F

FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A., WITH RESPECT TO THE SERIES 2021A BONDS

Upon delivery of the Series 2021A Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to such Series 2021A Bonds in substantially the following form:

(Date of Delivery)

Board of County Commissioners
of Lee County, Florida
Fort Myers, Florida

Commissioners:

We have examined a record of proceedings relating to the issuance of $139,560,000 aggregate principal amount of Lee County, Florida Airport Revenue Refunding Bonds, Series 2021A (AMT) (the "Series 2021A Bonds"). The Series 2021A Bonds are issued under and pursuant to the Laws of the State of Florida, including, particularly, Chapter 125, Part I, and Chapter 332, Florida Statutes, and Resolution No. 92-08-48, adopted by the Board of County Commissioners (the "Board") on August 26, 1992, as amended and restated by Resolution No. 00-02-45, adopted by the Board on February 16, 2000, as amended and restated by Resolution No. 00-03-04 adopted by the Board on March 13, 2000, as amended and supplemented from time to time, particularly as supplemented by Resolution No. 21-06-02, adopted by the Board on June 1, 2021 (hereinafter collectively called the "Resolution") and Resolution No. PA 21-06-09 adopted by the Lee County Port Authority (the "Port Authority") on June 1, 2021 (the "PA Resolution").

The Series 2021A Bonds are dated and shall bear interest from their date of delivery, except as otherwise provided in the Resolution. The Series 2021A Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, as provided in the Resolution. Interest shall be payable on each April 1 and October 1, commencing on October 1, 2021. The Series 2021A Bonds shall be subject to redemption prior to maturity by the County as provided in the Resolution.

The Series 2021A Bonds are being issued for the principal purpose of providing moneys to current refund all of the County's outstanding Airport Revenue Refunding Bonds, Series 2011A (AMT) (the "Refunded Bonds"), as more particularly described in the Resolution. Certain proceeds of the Series 2021A Bonds, together with other legally available funds, shall be deposited into an escrow deposit trust fund (the "Escrow Fund") established pursuant to the Escrow Deposit Agreement, dated as of the date of delivery of the Series 2021A Bonds (the "Escrow Deposit Agreement"), between the County and U.S. Bank National Association, and, other than a cash deposit, invested in United States Treasury obligations (the "Escrow Securities"), such that the principal of and interest on said Escrow Securities, together with the cash deposit, shall be sufficient to pay the principal of and interest on the Refunded Bonds, as the same become due or are redeemed prior to maturity.

As to questions of fact material to our opinion, we have relied upon the representations contained in the Resolution and the PA Resolution and in the certified proceedings relating thereto and to the issuance of the Series 2021A Bonds and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Resolution, the PA Resolution and the Escrow Deposit Agreement. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any agreements, documents, certificates, representations and opinions relating to the Series 2021A Bonds, and have relied solely on the facts, estimates and circumstances described and set forth therein. In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based upon the foregoing, under existing law, we are of the opinion that:

1. The County is a duly created and validly existing political subdivision of the State of Florida.

2. The County has the right and power under the Constitution and Laws of the State of Florida to adopt the Resolution, the Resolution has been duly and lawfully adopted by the County, is in full force and effect and is valid and binding upon the County in accordance with its terms, and no other authorization for the Resolution is required. The Port Authority has the right and power under the Constitution and Laws of the State of Florida to adopt the PA Resolution, the PA Resolution has been duly and lawfully adopted by the Port Authority, is in full force and effect and is valid and binding upon the Port Authority in accordance with its terms, and no other authorization for the PA Resolution is required. The Resolution creates the valid pledge which it purports to create of the Pledged Funds (as such term is defined in the Resolution), subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The County is duly authorized and entitled to issue the Series 2021A Bonds and the Series 2021A Bonds have been duly and validly authorized and issued by the County in accordance with the Constitution and laws of the State of Florida and the Resolution. The Series 2021A Bonds constitute valid and binding obligations of the County as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolution and the laws pursuant to which they are issued. The County may issue additional indebtedness on parity with the Series 2021A Bonds in accordance with the terms of the Resolution. The Series 2021A Bonds do not constitute a general indebtedness of the County or the State of Florida or any agency, department or political subdivision thereof, or a pledge of the faith and credit of such entities, but are payable from the Pledged Funds in the manner and to the extent provided in the Resolution. No holder of the Series 2021A Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the County or the State of Florida or any political subdivision, agency or department thereof to pay the Series 2021A Bonds.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes, except for any period during which a Series 2021A Bond is held by a "substantial user" of the facilities refinanced with proceeds of the Series 2021A Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Such interest on the Series 2021A Bonds is an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth above are subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2021A Bonds in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2021A Bonds to be so included in gross income retroactive to the date of issuance of the Series 2021A Bonds. The County has covenanted to comply with all such requirements. Ownership of the Series 2021A Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Series 2021A Bonds.

In rendering the opinions set forth above, we are relying upon (a) the arithmetical accuracy of certain computations included in schedules provided by BofA Securities, Inc. relating to the computations of projected receipts of the Escrow Securities and any other amounts deposited in the Escrow Fund, and of the adequacy of such projected receipts and other amounts to pay the principal of and interest on the Refunded Bonds, as the same become due or are redeemed prior to maturity, and (b) the verification of the arithmetical accuracy of such computations by Robert Thomas CPA, LLC.

It should be noted that (1) except as may expressly be set forth in an opinion delivered by us to the underwriters (on which opinion only they may rely) for the Series 2021A Bonds on the date hereof, we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2021A Bonds and we express no opinion relating thereto, and (2) we have not been engaged or undertaken to review the compliance with any federal or state law with regard to the sale or distribution of the Series 2021A Bonds and we express no opinion relating thereto.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Resolution and the Series 2021A Bonds may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income taxation laws of the United States of America. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

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 and circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the form of the Series 2021A Bonds and, in our opinion, the form of the Series 2021A Bonds is regular and proper.

Respectfully submitted,

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") dated June 30, 2021 is executed and delivered by Lee County, Florida (the "Issuer") in connection with the issuance by the Issuer of its $139,560,000 Airport Revenue Refunding Bonds, Series 2021A (AMT) (the "Bonds"). The Bonds are being issued pursuant to Resolution No. 00-03-04, adopted by the Board of County Commissioners of Lee County, Florida (the "Board"), on March 13, 2000, as amended and supplemented, particularly as supplemented by Resolution No. 21-06-02, adopted by the Board on June 1, 2021 (collectively, the "Resolution").

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners (defined below) of the Bonds and in order to assist the Participating Underwriters in complying with the continuing disclosure requirements of the Rule (defined below).

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially, Digital Assurance Certification LLC, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access web portal of the MSRB, located at http://www.emma.msrb.org.

"Event of Bankruptcy" shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" shall mean any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity or credit facilities).

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the MSRB, which currently accepts continuing disclosure submissions through EMMA.

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, by not later than April 30th following the end of the Issuer's previous fiscal year, commencing with the report for the fiscal year ended September 30, 2021, provide to any Repository in electronic format as prescribed by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If on the fifteenth (15th) day prior to the annual filing date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 3(a). Upon such reminder, the Issuer shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report by no later than the annual filing date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Certificate, state the date by which the Annual Report for such year will be provided and instruct the Dissemination Agent that a failure to file has occurred and to immediately send a notice to the Repository in substantially the form attached as Exhibit A, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository;

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing any Repository to which it was provided; and

(iii) if the Dissemination Agent has not received an Annual Report by 6:00 p.m. Eastern time on the annual filing date (or, if such annual filing date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a failure to file shall have occurred and the Issuer irrevocably directs the Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated June 17, 2021 (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates of the following tabular historical financial and operating data set forth in the Official Statement in the tables entitled:

(i) Airlines Serving the Airport,
(ii) Historical Enplanements by Carrier Type,
(iii) Historical Enplanements by Airline,
(iv) Historical Landed Weight by Airline,
(v) Primary Domestic Origin and Destination Passenger Airports,
(vi) Historical Aircraft Operations,
(vii) Historical Statement of Net Revenues, and
(viii) Passenger Facility Charges.

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the Repository's Internet website or filed with the Securities and Exchange Commission.

The Issuer reserves the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 17 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

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

7. modifications to rights of the holders of the Bonds, if material;

8. Bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the Bonds, if material;

11. ratings changes;

12. an Event of Bankruptcy or similar event of an Obligated Person;

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

14. appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material;

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties; and

17. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

(a) the category of information being provided;
(b) the period covered by any annual financial information, financial statement or other financial information or operation data;
(c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
(d) the name of any Obligated Person other than the Issuer;
(e) the name and date of the document being submitted; and
(f) contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, so long as there is no remaining liability of the Issuer, or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C.

SECTION 9. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the Issuer shall have the right to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. 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 under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. The continuing disclosure obligations of the Issuer set forth herein constitute a contract with the holders of the Bonds. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Certificate. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Certificate. The Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Certificate shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

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SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: June 30, 2021

LEE COUNTY, FLORIDA

By:____________________________________
Vice Chairman, Board of County Commissioners

ACKNOWLEDGED BY:

DIGITAL ASSURANCE CERTIFICATION L.L.C., as Dissemination Agent

By:____________________________________
Name:__________________________________
Title:___________________________________

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Issuer: Lee County, Florida

Obligated Person: ______________________________

Name(s) of Bond Issue(s): Airport Revenue Refunding Bonds, Series 2021A (AMT)

Date(s) of Issuance: June 30, 2021

Date(s) of Disclosure Certificate: ______________________________

CUSIP Number: ______________________________

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate between the Issuer and Digital Assurance Certification, L.L.C., as Dissemination Agent. [The Issuer has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by______________].

Dated:______________________________

Digital Assurance Certification, L.L.C., as Dissemination Agent, on behalf of the Issuer

____

cc:

EXHIBIT B
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

____

Issuer's Six-Digit CUSIP Number:

____

____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

____

Number of pages attached: _____

____ Description of Notice Events (Check One):

1.______"Principal and interest payment delinquencies;"
2.______"Non-Payment related defaults, if material;"
3.______"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4.______"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5.______"Substitution of credit or liquidity providers, or their failure to perform;"
6.______"Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;"
7.______"Modifications to rights of securities holders, if material;"
8.______"Bond calls, if material, and tender offers;"
9.______"Defeasances;"
10._____"Release, substitution, or sale of property securing repayment of the Bonds, if material;"
11._____"Rating changes;"
12._____"An Event of Bankruptcy or similar event of an Obligated Person;"
13._____"The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;"
14._____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material."
15._____"Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material;"

16._____"Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties;" and

17._____"Failure to provide annual financial information as required."

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature:

____

Name: __________________________ Title: ______________________________

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, Florida 32801
407-515-1100

Date:

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LEE COUNTY, FLORIDA • AIRPORT REVENUE REFUNDING BONDS,SERIES 2021A (AMT)

Lee County
Southwest Florida

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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