

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the conditions described herein under "TAX MATTERS," (a) interest on the Series 2024 Bonds (as hereinafter defined) is excluded from gross income of the holders of such Series 2024 Bonds for federal income tax purposes, except that such exclusion shall not apply during any period such Series 2024 Bonds are held by a "substantial user" of the facilities financed or refinanced with proceeds of the Series 2024 Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), (b) interest on the Series 2024 Bonds is an item of tax preference for purposes of the federal alternative minimum tax and, (c) interest on the Series 2024 Bonds is taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the "adjusted financial statement income" of such corporations. Such interest may be subject to other federal income tax consequences referred to herein under "TAX MATTERS."



\$522,160,000
LEE COUNTY, FLORIDA
AIRPORT REVENUE BONDS,
SERIES 2024 (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 Bonds, Series 2024 (AMT) (the "Series 2024 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 System").

DTC will act as securities depository for the Series 2024 Bonds. Purchasers of the Series 2024 Bonds will not receive certificates representing their interests in the Series 2024 Bonds purchased. Ownership by the beneficial owners of the Series 2024 Bonds will be evidenced by book-entry only. Principal of, premium, if any, and interest on the Series 2024 Bonds will be paid by U.S. Bank Trust Company, 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 2024 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2024 Bonds will be made to such registered owner, and disbursement of such payments to beneficial owners will be the responsibility of DTC and its participants. See "DESCRIPTION OF THE SERIES 2024 BONDS - Book-Entry Only System" herein. Interest on the Series 2024 Bonds is payable on October 1 and April 1 of each year, with the first interest payment date being April 1, 2025.

The Series 2024 Bonds are subject to redemption prior to maturity, as more particularly described herein. See "DESCRIPTION OF THE SERIES 2024 BONDS - Redemption" herein.

The Series 2024 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 as further amended and restated in its entirety by Resolution No. 24-09-28, adopted by the Board on September 5, 2024 (the "Master Resolution"), particularly as supplemented by Resolution No. 24-09-27, adopted by the Board on September 5, 2024 (the "2024 Series Resolution" and together with the Master Resolution, the "Bond Resolution"). The Authority has adopted resolutions 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 2024 Bonds are being issued by the County to provide funds to (1) finance all or a portion of the costs of Series 2024 Project (as defined herein), (2) funding the incremental portion of the Reserve Requirement in the Reserve Account, and (3) to paying the costs of issuance of the Series 2024 Bonds. See "SERIES 2024 PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein for more information.

The County has adopted certain amendments to the Bond Resolution (the "Amendments"). At the time of issuance of the Series 2024 Bonds, the initial Holders of such Series 2024 Bonds, through their purchase of the Series 2024 Bonds, shall be deemed to have provided their irrevocable written consent to the Amendments in accordance with the requirements of the Bond Resolution and waived any irregularities in connection therewith. Such Amendments will be effective upon the issuance of the Series 2024 Bonds and shall be binding on all future Series 2024 Bondholders. See "SUMMARY OF CERTAIN AMENDMENTS TO THE BOND RESOLUTION" and "SECURITY FOR THE BONDS" herein, and "APPENDIX D-1 Copy of the Bond Resolution" and "APPENDIX D-2 Amendments to the Bond Resolution" attached hereto for a complete description of such Amendments.

The payment of principal of and interest on the Series 2024 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, (3) until expended, the amounts on deposit in the applicable Subaccounts of the Project Fund with respect to any particular Series of Bonds, and (4) any Available Revenues, if any, pledged to the payment thereof (collectively, the "Pledged Funds"). See "SECURITY FOR THE BONDS" herein. The Series 2024 Bonds will be issued on parity with the County's outstanding Airport Revenue Refunding Bonds, Series 2015 (Non-AMT) (the "Series 2015 Bonds"), Airport Revenue Refunding Bonds, Series 2021A (AMT) (the "Series 2021A Bonds"), and Airport Revenue Bonds, Series 2021B (AMT) (the "Series 2021B Bonds," and together with the Series 2015 Bonds, and the Series 2021A Bonds, the "Parity Bonds"). The Series 2024 Bonds, the Parity Bonds, and any Additional Parity Bonds subsequently issued pursuant to the Bond Resolution are herein referred to as the "Bonds." On September 5, 2024, the County adopted the Series 2024 Resolution which pledged the 2024 Pledged PFCs as additional security for the PFC 2024 Pledged Bonds.

Together with the Parity Bonds, the Series 2024 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 scheduled payment of principal of and interest on the Series 2024 Bonds maturing on (i) October 1, 2043, and (ii) October 1, 2054, with a yield of 4.270% (collectively, the "Insured Series 2024 Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Series 2024 Bonds by ASSURED GUARANTY INC.



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 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 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. 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 2024 Bonds.

The Series 2024 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 GrayRobinson, P.A., Tampa, Florida, Counsel to the Underwriters. It is expected that the Series 2024 Bonds will be available for delivery through the facilities of DTC on or about October 9, 2024.

BofA Securities

J.P. Morgan

Raymond James

Dated: September 24, 2024

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

**\$522,160,000
LEE COUNTY, FLORIDA
AIRPORT REVENUE BONDS,
SERIES 2024 (AMT)**

\$204,810,000 Serial Series 2024 Bonds

<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Initial CUSIP Numbers***</u>
2034	\$14,340,000	5.00%	111.381	3.63%	523470HK1
2035	15,055,000	5.00	110.851*	3.69*	523470HL9
2036	15,815,000	5.00	110.061*	3.78*	523470HM7
2037	16,600,000	5.00	109.712*	3.82*	523470HN5
2038	17,430,000	5.25	111.770*	3.82*	523470HP0
2039	18,350,000	5.25	111.507*	3.85*	523470HQ8
2040	19,305,000	5.25	110.720*	3.94*	523470HR6
2041	20,325,000	5.25	110.200*	4.00*	523470HS4
2042	21,385,000	5.25	109.854*	4.04*	523470HT2
2043**	22,510,000	5.25	110.113*	4.01*	523470HU9
2044	23,695,000	5.25	108.911*	4.15*	523470HV7

\$138,500,000 – 5.250% Term Series 2024 Bonds, Due October 1, 2049; Price – 107.724*,
Yield – 4.290%*; Initial CUSIP Number 523470HW5***

\$128,850,000 – 5.250% Term Series 2024 Bonds, Due October 1, 2054; Price – 107.221*,
Yield – 4.350%*; Initial CUSIP Number 523470HY1***

\$50,000,000 – 5.250% Term Series 2024 Bonds, Due October 1, 2054**; Price – 107.893*,
Yield – 4.270%*; Initial CUSIP Number 523470HX3***

* Yield and price calculated to first optional redemption date of October 1, 2034.

** Insured Series 2024 Bonds.

*** Neither the County, the Authority, nor the Underwriters are responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the County, the Authority or the Underwriters as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Official Statement.

LEE COUNTY, FLORIDA AND LEE COUNTY PORT AUTHORITY

**BOARD OF COUNTY COMMISSIONERS AND
BOARD OF PORT COMMISSIONERS**

Mike Greenwell, Chairman
Kevin Ruane, Vice Chairman
Brian Hamman
Cecil L. Pendergrass
Ray Sandelli

David Harner
County Manager

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

CLERK OF CIRCUIT COURT

Kevin C. Karnes

AIRPORT OFFICIALS

Steven C. Hennigan, C.M., A.C.E.
Executive Director, CEO

Brian W. McGonagle
Deputy Executive Director Administration, CFO

Emily Underhill, P.E., A.A.E.
Deputy Executive Director, Development

Mark R. Fisher
Senior Deputy Executive Director, Capital Programs & Strategic Planning
Senior 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 Lee County, Florida (the "County") or the Underwriters to give any information or to make any representations in connection with the offering of the Series 2024 Bonds, other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the County. 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 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the County, The Depository Trust Company ("DTC"), Assured Guaranty Inc. (the "Insurer"), 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.

The Insurer makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the heading "MUNICIPAL BOND INSURANCE" and "Appendix H - Specimen Municipal Bond Insurance Policy" attached hereto.

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 2024 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements. Any information, estimates, assumptions and matters of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof.

THE SERIES 2024 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2024 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2024 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2024 BONDS OR THE ACCURACY OR COMPLETENESS 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.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE COUNTY OR THE UNDERWRITERS AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2024 BONDS.

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OFFICIAL STATEMENT

\$522,160,000

**LEE COUNTY, FLORIDA
AIRPORT REVENUE BONDS,
SERIES 2024 (AMT)**

INTRODUCTION

This Official Statement is furnished by Lee County, Florida (the "County") to provide information regarding the Southwest Florida International Airport and the County's \$522,160,000 aggregate principal amount of Lee County, Florida Airport Revenue Bonds, Series 2024 (AMT) (the "Series 2024 Bonds"). The Series 2024 Bonds are being issued under the authority granted to the County pursuant to the Constitution and laws of the State of Florida, including Chapters 125, Part I, and 332, Florida Statutes, and other applicable laws. The Series 2024 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 as further amended and restated in its entirety by Resolution No. 24-09-28, adopted by the Board on September 5, 2024 (the "Master Resolution"), particularly as supplemented by Resolution No. 24-09-27, adopted by the Board on September 5, 2024 (the "2024 Series Resolution" and together with the Master Resolution, the "Bond Resolution"). For a complete description of the terms and conditions of the Series 2024 Bonds, reference is made to the Bond Resolution attached as APPENDIX D-1. All terms defined in the Bond Resolution shall have the same meanings in this Official Statement unless indicated to the contrary or the context expressly requires otherwise. All information included herein has been provided by the County, except where attributed to other sources. The description of the Series 2024 Bonds and the documents authorizing and securing the same and the information from the summaries of all reports, statutes, documents and other instruments referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such report, statute, document or instrument. All references to such documents are qualified in their entirety by reference to the definitive forms thereof. Definitive copies of all reports and documents not reproduced in this Official Statement and further information with regard to the County may be obtained from the Clerk at P.O. Box 398, 2115 Second Street, Fort Myers, Florida 33902, telephone (239) 533-2100.

The Series 2024 Bonds are being issued by the County to provide funds to (1) finance all or a portion of the costs of Series 2024 Project (as defined herein), (2) make a deposit to the Reserve Account, and (3) to pay the costs of issuance of the Series 2024 Bonds. See "SERIES 2024 PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein for more information.

The County is a political subdivision of the State of Florida ("State") and is governed by a five-member the 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 2023 had an estimated population of 750,493. The County owns and, through the Lee County Port Authority (the "Authority"), operates the Airport System. See "THE COUNTY, THE AUTHORITY AND THE AIRPORT SYSTEM" herein.

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 System and Page Field (described below). The Airport System currently does not include Page Field. 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.

The County owns, and through the Authority, operates certain aviation facilities and airports, including a commercial air carrier airport, which includes Page Field, an executive and general aviation airport. The Airport System, which began operations on May 14, 1983, is a commercial air carrier airport serving Southwest Florida. The Airport System 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. See "- Enplaned Passengers at the Airport System" herein for a description of historical enplanements at the Airport System.

"Airport System" is defined in the Bond Resolution to mean (i) the Southwest Florida International Airport owned by the County and operated by the Authority, including all improvements and facilities now in existence, as said Airport System may be hereafter added to, extended, improved or constructed and equipped, and (ii) any other aviation facility or airport acquired or constructed by the County; provided that, the Airport System shall not include Page Field or any additions, extensions or improvements thereto, unless (a) the County shall by Supplemental Resolution, expressly add Page Field to the Airport System, and (b) shall deliver to the Clerk (1) confirmation from each Rating Agency then maintaining a rating at the request of the Authority on any Bonds outstanding hereunder that adding Page Field to the Airport System will not result in a reduction or withdrawal of the credit ratings then assigned to the Bonds, and (2) the written consent of any bond insurers or other credit provider having in effect a bond insurance policy insuring, or other credit enhancement securing, payment of any Bonds outstanding hereunder. For purposes of utilizing proceeds of Bonds in accordance with Section 5.30 of the Bond Resolution, Page Field shall be considered part of the Airport System. Special Purpose Facilities shall not be part of the Airport System except as otherwise provided by Supplemental Resolution so long as Special Purpose Facility Debt is outstanding with respect to such Special Purpose Facilities. At the date hereof, the Airport System only consists of Southwest Florida International Airport.

For more information, see "THE COUNTY, THE AUTHORITY AND THE AIRPORT SYSTEM" herein.

The County has adopted certain amendments to the Bond Resolution (the "Amendments"). At the time of issuance of the Series 2024 Bonds, the initial Holders of such Series 2024 Bonds, through their purchase of the Series 2024 Bonds, shall be deemed to have provided their irrevocable written consent to the Amendments in accordance with the requirements of the Bond Resolution and waived any irregularities in connection therewith. Such Amendments will be effective upon the issuance of the Series 2024 Bonds and shall be binding on all future Series 2024 Bondholders. See "SUMMARY OF CERTAIN AMENDMENTS TO THE BOND RESOLUTION" and "SECURITY FOR THE BONDS" herein, and "APPENDIX D-1 Copy of the Bond Resolution" and "APPENDIX D-2 Amendments to the Bond Resolution" attached hereto for a complete description of such Amendments.

The statements contained in this Official Statement that purport to summarize provisions of the Bond Resolution contain summaries of the Bond Resolution as of the date of issuance of the Series 2024

Bonds, which take into account the implementation of such Amendments. See "APPENDIX D-2 Amendments to the Bond Resolution" attached hereto for a description of the Amendments.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The payment of principal of and interest on the Series 2024 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, (3) until expended, the amounts on deposit in the applicable Subaccounts of the Project Fund with respect to any particular Series of Bonds, and (4) Available Revenues, if any, pledged to the payment thereof (collectively, the "Pledged Funds").

On June 25, 2020, the County adopted Resolution No. 20-06-30 (the "PFC Resolution") which pledged the Passenger Facility Charges ("PFCs") received pursuant to PFC Application #03-05-C-01-RSW as additional security for a portion of the Airport Revenue Refunding Bonds, Series 2015 (Non-AMT) (the "Series 2015 Bonds"), and the Airport Revenue Refunding Bonds, Series 2021A (AMT) (the "Series 2021A Bonds") (collectively, the "2015/2021A Pledged PFCs"). The 2015/2021A Bonds Pledged PFCs are not pledged as security for the Airport Revenue Bonds, Series 2021B (AMT), (the "Series 2021B Bonds") or the Series 2024 Bonds. On September 21, 2021, the County adopted Resolution No. 00-03-04 (the "2021B Series Resolution") where the Authority pledged PFCs received by the County pursuant to PFC Application #19-10-C-00-RSW as additional security for a portion of the Series 2021B Bonds (the "2021B Pledged PFCs"). The 2021B Pledged PFCs are not pledged as security for the Series 2015 Bonds, the Series 2021A Bonds or the Series 2024 Bonds. Pursuant to the 2024 Series Resolution, the Authority pledged PFCs received by the County pursuant to PFC Application #24-11-C-00-RSW as additional security for a portion of the Series 2024 Bonds (the "2024 Pledged PFCs" and together with the 2015/2021A Pledged PFCs and the 2021B Pledged PFCs, the "Pledged PFCs"). The 2024 Pledged PFCs are not pledged as security for the Series 2015 Bonds, the Series 2021A Bonds or the Series 2021B Bonds. Certain PFCs received by the County may not be pledged and may not be treated as Revenues under the Bond Resolution. However, Pledged PFCs shall be treated as Revenues under the Bond Resolution and 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. See "INTRODUCTION – Passenger Facility Charges" and "SECURITY FOR THE BONDS" herein for more information regarding PFC Revenues. The Series 2024 Bonds will be issued on parity with the County's outstanding Series 2015 Bonds, Series 2021A Bonds, and Series 2021B Bonds (the "Parity Bonds"). The Series 2024 Bonds, the Parity Bonds and any Additional Parity Bonds subsequently issued pursuant to the Bond Resolution are herein referred to as the "Bonds."

Together with the Parity Bonds, the Series 2024 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. See "SECURITY FOR THE BONDS – Reserve Account" herein for more information.

The scheduled payment of principal of and interest on the Series 2024 Bonds maturing on (i) October 1, 2043, and (ii) October 1, 2054, with a yield of 4.270% (collectively, the "Insured Series 2024 Bonds"), when due will be guaranteed under an insurance policy (the "Policy") to be issued concurrently with the delivery of the Insured Series 2024 Bonds by Assured Guaranty Inc. (the "Insurer"). See "MUNICIPAL BOND INSURANCE – Municipal Bond Insurance Policy" herein and "APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" attached hereto.

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 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 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. SEE "SECURITY FOR THE BONDS" HEREIN.

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 System 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 System. The Authority is currently authorized to collect approximately \$1.3 billion in PFCs through December 1, 2060. Through March 31, 2024, the Authority has collected a total of approximately \$418.2 million and has expended approximately \$381 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 System'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.

The receipts from PFC Revenues shall be deposited into the related Special Passenger Facilities Charge Sub-Account created in the Revenue Fund and shall be applied, on a parity with Revenues not derived from PFC Revenues, 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 PFC Revenues may subsequently be released as provided in the Bond Resolution. In addition, the pledge of the PFC Revenues 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 SYSTEM – Passenger Facility Charges" herein and in "COPY OF THE BOND RESOLUTION" attached hereto as APPENDIX D-1.

In the future, the County may issue Additional Parity Bonds under the Bond Resolution on a parity with the Series 2024 Bonds and the Parity Bonds. See "FUTURE DEBT ISSUANCE" and "SECURITY FOR THE BONDS – Additional Parity Bonds" herein.

There is no provision under the Bond Resolution for acceleration of the maturities of the Series 2024 Bonds upon an Event of Default. See "APPENDIX D-1" attached hereto for a description of remedies in the Event of Default.

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 System 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 2024 Bonds are further qualified by references to the information with respect to them contained in the Bond Resolution. See "APPENDIX D-1" and "APPENDIX E" attached hereto.

THE SERIES 2024 PROJECT

The "Series 2024 Project" consists of portion of the costs of the design and construction of Phase 2 of the Airport System's Terminal Expansion project (Concourse E) which will involve a gate expansion and baggage handling system expansion at the Airport System. Design and construction of the Concourse E project including expansion of the Main Terminal building, to address existing passenger processing facility deficiencies and improve the passenger experience at the Airport System. Nine additional (Transportation Security Administration (TSA) security screening checkpoints (SSCPs) are required to meet TSA throughput requirements and will provide airside access to Concourse E, incorporating connectivity among the main terminal's three existing concourses. New Concourse E will be constructed immediately west of, and connected to, the proposed Main Terminal Expansion and will include 14 new gates and approximately 215,000 square feet over three levels (apron, departures, and mezzanine/mechanical).

The Series 2024 Project also includes 50 new airline ticket counter and bag drop stations, 40 airline check-in kiosk locations, a VIP lounge, administrative and support offices, restrooms and concessions; a new bag system that includes 4 new in-line automated explosive detection machines, 4 airline bag claim units, 6 airline bag make-up units, and connectivity to the existing bag system providing added capacity and redundancy; a new 90 foot wide Concourse E construction including concession areas, restrooms, passenger gate hold rooms, 14 passenger boarding bridges and operations support space; chiller replacement and expansion; airside improvements that include new taxiways, taxi lanes and aircraft parking apron capable of accommodating Group III and Group V aircraft, and an expanded aircraft hydrant fueling system; landside roadway and terminal curb modifications that include adding lanes infills on the upper departures level roadway, an expanded public pickup curb, converting the existing public curb into 3 commercial lanes and converting the existing commercial curb into 5 public lanes; with new automated security and access control systems, The Series 2024 also includes connectivity to the existing terminal at the main terminal lobby and existing Concourse D, and well as various vertical circulation elevators, escalators and stairs to satisfy life-safety and code requirements. A later element will also include three 3rd level pedestrian walkways connecting the terminal ticket lobby to the parking garage. The project follows the existing architectural theme of the Airport

System, portraying modern and aviation themes such as metal curved roofs, half-barrel shapes, and glass reflecting modern facilities with variations of an aircraft fuselage, an aircraft wing, and flight, all while creating a unique sense of place bringing the beauty of southwest Florida outside to inside with sunshine, nature and beach accents.

FUTURE DEBT ISSUANCE

The County expects to issue approximately \$450 million of Additional Parity Bonds in the third quarter of Fiscal Year 2026 (the "Series 2026 Bonds") which are expected to be used to fund the completion of the Airport System's Terminal Expansion Project (Concourse E). It is expected that the Series 2026 Bonds will be secured by the Pledged Funds but will not constitute PFC Pledged Bonds. See "THE COUNTY, THE AUTHORITY AND THE AIRPORT SYSTEM – Capital Improvement Program and Funding Sources" herein and APPENDIX C attached hereto for more information

DESCRIPTION OF THE SERIES 2024 BONDS

General

The Series 2024 Bonds will mature on October 1 of the years and in the amounts shown on the inside cover page hereof. The Series 2024 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 April 1, 2025 and semiannually after that date on October 1 and April 1 in each year, at the rates per annum set forth on the inside cover page hereof. U.S. Bank Trust Company, National Association, Fort Lauderdale, Florida, will serve as Bond Registrar and Paying Agent pursuant to the terms of the Bond Resolution.

The Series 2024 Bonds will be issued only as fully registered bonds in denominations of \$5,000 or any integral multiples thereof. The Series 2024 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 2024 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 2024 Bonds will not receive or have the right to receive physical delivery of Series 2024 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 2024 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 2024 Bonds. So long as DTC or its nominee is the registered owner of the Series 2024 Bonds, references herein to Series 2024 Bondholders or registered owners of such Series 2024 Bonds shall mean DTC or its nominee and shall not mean the beneficial owners of such Series 2024 Bonds.

Redemption

Optional Redemption. The Series 2024 Bonds maturing on or prior to October 1, 2034 are not subject to optional redemption prior to their respective maturities. The Series 2024 Bonds maturing on and after October 1, 2035 may be redeemed prior to their respective maturities, 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, 2034, at a redemption price equal to 100% of

the principal amount of the Series 2024 Bonds to be redeemed, plus accrued interest to the redemption date, without premium.

Mandatory Redemption. The Series 2024 Bonds maturing on October 1, 2049 are subject to mandatory redemption at the redemption price of par plus accrued interest on the dates and in the amount of Redemption Requirements set forth below:

Date (October 1)	Redemption Requirements
2045	\$24,945,000
2046	26,250,000
2047	27,630,000
2048	29,075,000
2049*	30,600,000

*Maturity

The Series 2024 Bonds maturing on October 1, 2054, with a yield of 4.350%, are subject to mandatory redemption at the redemption price of par plus accrued interest on the dates and in the amount of Redemption Requirements set forth below:

Date (October 1)	Redemption Requirements
2050	\$23,200,000
2051	24,420,000
2052	25,700,000
2053	27,055,000
2054*	28,475,000

*Maturity

The Series 2024 Bonds maturing on October 1, 2054, with a yield of 4.270%, are subject to mandatory redemption at the redemption price of par plus accrued interest on the dates and in the amount of Redemption Requirements set forth below:

Date (October 1)	Redemption Requirements
2050	\$9,005,000
2051	9,475,000
2052	9,975,000
2053	10,495,000
2054*	11,050,000

*Maturity

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 2024 Bonds or portions of Series 2024 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 2024 Bond, or any defect therein, shall not affect the validity of the proceedings for redemption of any Series 2024 Bond or portion thereof, with respect to which no such failure or defect occurred.

Conditional Redemption. Any optional redemption of the Series 2024 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. "Conditional Redemption" means a redemption with respect to which a notice of redemption has been given to Series 2024 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. If a redemption is a Conditional Redemption, such redemption shall be conditioned upon receipt by the Paying Agent for the Series 2024 Bonds or the escrow agent named by the County of sufficient moneys to redeem the Series 2024 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 2024 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.

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 2024 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2024 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2024 BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2024 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2024 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2024 BONDS TO DTC PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2024 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2024 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2024 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 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024 Bond certificate will be issued for each maturity of the Series 2024 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 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 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 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024

Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds within 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 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 2024 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 2024 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 2024 Bond certificates will be printed and delivered to DTC.

Negotiability and Registration of Series 2024 Bonds

So long as the Series 2024 Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to mutilated, destroyed, stolen or lost Series 2024 Bonds do not apply to the Series 2024 Bonds to the extent of a conflict with the DTC book-entry system.

The Series 2024 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 2024 Bonds shall be conclusively deemed to have agreed that the Series 2024 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 2024 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 2024 Bonds. The County, the Authority and the Bond Registrar may treat the Registered Owner of any Series 2024 Bond as the absolute owner thereof for all purposes, whether or not such Series 2024 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 2024 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 2024 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 2024 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 2024 Bonds shall be delivered.

The County and the Bond Registrar shall not be required (a) to issue, transfer or exchange any Series 2024 Bonds during a period beginning at the opening of business on the Record Date for such Series 2024 Bonds or any date of selection of Series 2024 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 2024 Bonds selected, called or being called for redemption in whole or in part.

New Series 2024 Bonds delivered upon any transfer or exchange shall be valid obligations of the County, evidencing the same debt as the Series 2024 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 2024 Bonds surrendered.

Whenever any Series 2024 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 2024 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

General

The Series 2024 Bonds are being issued as Additional Parity Bonds pursuant to the Bond Resolution. As such, the Series 2024 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 2024 Bonds and any Additional Parity Bonds subsequently 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; (iii) until expended, the amounts on deposit in the applicable subaccount of the Project Account with respect to any particular Series of Bonds, and (iv) any Available Revenues, provided such Available Revenues shall secure only the Series of Bonds to which they are pledged pursuant to a Supplemental Resolution. Additional Parity Bonds may be issued under the Bond Resolution on a parity with the Parity Bonds and the Series 2024 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

"Available Revenues" is defined in the Bond Resolution to mean, for any period of time, the amount of any income or revenue source not then included in the definition of "Revenues" and which the Authority designates as "Available Revenues" in a future Supplemental Resolution duly adopted by the Board in accordance with the Bond Resolution; provided, however that any such Supplemental Resolution shall also establish a corresponding account and other functional provisions for the receipt, deposit and application of such source of income.

"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 System 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 System (which currently does not include Page Field); (3) insurance premiums; (4) professional service expenses relating to maintenance, repair and operation of the Airport System; (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 System 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 System 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. "Current Expenses" shall not include any capital expense, depreciation expense, or any other operation or maintenance expense funded by Special Purpose Facility Debt or funded by any source other than Revenues.

"Customer Facility Charges" or "CFCs" is defined in the Bond Resolution to mean all amounts received from the charges imposed by car rental companies upon car rental customers arriving at the Airport System and renting a vehicle from a car rental company serving such Airport System, which charges are established by the Authority or County by resolution, as the same may be amended from time to time, and shall be collected by the car rental companies for the benefit of the Airport System, together with any interest earnings thereon.

"Net Revenues" of the Airport System 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 System, 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, (8) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the Airport System's benefit which are lawfully available for the payment of debt service with respect to any Bonds, Subordinated Indebtedness, or payment of Operation and Maintenance Expenses, (9) Special Purpose Facility Revenues, to the extent designated as Revenues by Supplemental Resolution, and (10) CFCs which are not Available Revenues, (11) PFCs which constitute Revenues pursuant to the Bond Resolution, and (11) any investment income which is required by the Bond Resolution to be deposited in the Revenue Fund (but shall exclude all other investment income); provided, however, that Revenues shall not include

- (a) any revenue or income from Page Field or any additions, extensions or improvements thereto unless Page Field is added to the Airport System as provided in the definition of "Airport System";
- (b) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the Airport System's benefit which are not lawfully available for the payment of Current Expenses or payment of debt service with respect to any Bonds or Subordinated Indebtedness;
- (c) insurance proceeds, to the extent used by the Authority to repair or replace damaged property or to the extent the use of such proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of Current Expenses or the payment of debt service with respect to Bonds and Subordinated Indebtedness;
- (d) any Transfers;
- (e) any Released Revenues;
- (f) any unrealized gains on securities held for investment by or on behalf of the Authority or County;
- (g) any gains resulting from changes in valuation of any Derivative Agreement;
- (h) any unrealized gains from the write-down, reappraisal or revaluation of assets;
- (i) the proceeds of Bonds and Subordinated Indebtedness;
- (j) Passenger Facility Charges except to the extent provided as Revenues pursuant to the Bond Resolution;
- (k) Any Available Revenues;
- (l) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Bonds or Subordinated Indebtedness;
- (m) cash subsidy payments or similar payments made by the U.S. Treasury or other federal or State governmental entity to or on behalf of the Authority or County for payment coming due on the Bonds or any portion thereof;
- (n) any arbitrage earnings which are required to be paid to the United States of America pursuant to Section 148 of the Code;
- (o) interest earnings or other investment earnings on any Account in the Project Fund established by any Supplemental Resolution unless otherwise provided in such Supplemental Resolution; and
- (p) Special Purpose Facility Revenues, except as otherwise provided by Supplemental Resolution.

The County may adopt a Passenger Facility Bond Resolution which pledges the "PFCs) as the primary source of payments of the Passenger Facility Charge Bonds. This has not yet occurred. Thus, the receipts from the PFC Revenues shall be treated as Revenues under the Bond Resolution with respect to the PFC Pledged Bonds.

"Passenger Facility Charge Bond Resolution" is defined in the Bond Resolution as a Resolution or Resolutions of the County pledging PFCs as the primary source of payment of Passenger Facility Charge Bonds.

"PFC Revenues" is defined in the Bond Resolution to mean moneys received by the Authority and/or the County from PFCs and pledged to the payment of Bonds pursuant to the Bond 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 System 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 Fiscal Year 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 SYSTEM - Historical Statement of Net Revenues" herein.

Additional Security for Certain Series

The County may provide in the Supplemental 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 any 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 under the Bond Resolution 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 Renewal, Replacement and Improvement 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 the Bond 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 Passenger Facilities Charge. PFCs may also be pledged pursuant to a Passenger Facility Charge Bond Resolution.

Covenants with Respect to the PFCs

The County and Authority covenanted and agreed in the Bond Resolution to file such applications, submit such reports and take any and all such other actions that may be necessary or desirable to preserve its rights to impose and collect PFCs from which PFC Revenues are derived, to enforce with reasonable diligence its right to receive PFCs from which PFC Revenues are derived and to use the proceeds of such PFC Revenues and amounts required to be deposited in the applicable

Passenger Facilities Charge Subaccount of the Revenue Fund in the manner provided in the Bond Resolution. Without limiting the generality of the foregoing, the County and Authority covenanted and agreed as follows:

- (a) To apply PFCs only to finance allowable costs of approved projects in accordance with the FAA Regulations and applicable FAA authorizations and approvals (including Bond Service Requirement with respect to that portion of the Bonds issued to finance Projects secured by PFCs);
- (b) To comply with the applicable requirements of Section 9304(e) and 9307 of the Airport Noise and Capacity Act of 1990 (Pub. L. 101-508, Title IX, Subtitle D);
- (c) To notify the air carriers and foreign air carriers required to collect PFCs with respect to the Airport System of the FAA's approval of the imposition of such PFCs in accordance with the requirements of the FAA Regulations and to take all actions reasonably necessary to insure the proper collection and remittance of the PFCs from which PFC Revenues are derived by the air carriers; and
- (d) To comply with all reporting, recordkeeping, and auditing requirements contained in the FAA Regulations.

Available Revenues

1. At any time and from time to time, the County and the Authority, without the consent of the Holder of any Bond and without the consent of any Credit Facility Issuer, may adopt a Supplemental Resolution that specifies Bonds that shall be secured by Available Revenues. Available Revenues may include PFCs, CFCs or other Revenue streams without the consent of any Bondholders or Credit Facility Issuer. More than one Series of Bonds may be secured by Available Revenues, and no consent from any Holder of any Bond or from any Credit Facility Issuer, shall be required as a condition to the issuance or incurring of any subsequently-issued Bonds that are secured by any Available Revenues.
2. An Account shall be established for each Available Revenue shall be held by the County.
3. The County shall, promptly upon receipt, deposit, or cause to be deposited, all Available Revenues in the related Account Unless otherwise provided in the Supplemental Resolution which specifies Available Revenues pledged for one or more Series of Bonds, simultaneously with the County's withdrawal of amounts from the Revenue Fund for deposit into the funds and accounts as set forth in the Bond Resolution, the County shall withdraw amounts on deposit in such account as has been established, as applicable, and shall transfer the amounts so withdrawn to the Sinking Fund for the applicable Series of Bonds, in such amounts as are specified or provided for in the corresponding Supplemental Resolution specifying Available Revenues for such Series of Bonds.
4. The Available Revenues, including any investment earnings thereon, on deposit in an Account shall be applied to the payment of such Bonds secured thereby and such amount shall be accounted for as a credit against the amounts required to be deposited in the Sinking Fund for such purpose pursuant to the provisions of the Bond Resolution.

Released Revenues

The County may cause a category of income, receipts or other revenues then included in the definition of "Revenues" in the Bond Resolution to be excluded from such definition for all purposes of the Bond Resolution, which exclusion shall be effective from the date the County satisfies the conditions of the Bond Resolution, by filing the following with the Clerk:

1. a written request from an Authority Representative to release such category of income, receipts and other revenues from the definition of Revenues contained in the Bond Resolution, accompanied by a written certificate of an Authority Representative certifying the County is not in default of the rate covenant calculation set forth in the Bond Resolution; and

2. a certificate of an Authority Representative or Airport Consultant to the effect that Net Revenues, excluding the category of Revenues proposed to become Released Revenues, for each of the two Fiscal Years for which audited financial statements are available immediately preceding the date of such certificate or report, were sufficient to satisfy the rate covenant set forth in the Bond Resolution for each of such two Fiscal Years, assuming that 110% (instead of 100%) was used in the Bond Resolution and 135% (instead of 125%) was used the Bond Resolution.

Page Field

Page Field is not currently part of the Airport System, but the County may add Page Field to the Airport System under certain conditions described in the Bond Resolution. The County may utilize proceeds of Bonds to pay for capital improvements to Page Field. The County may also issue Subordinated Indebtedness which can fund capital improvements to Page Field. In addition, the County may also agree to pay for capital improvements to Page Field from moneys in the Airport Fund.

Reserve Account

The Series 2024 Bonds shall be secured by the Reserve Account, including any Credit Facility on deposit therein. "Reserve Requirement" is defined in the Bond Resolution to 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, or (iii) such other amount as approved by Supplemental Resolution in accordance with the Bond Resolution.

The incremental Reserve Requirement for the Series 2024 Bonds will be funded from proceeds of the Series 2024 Bonds. The Series 2024 Bonds will be secured by the Reserve Account created under the Bond Resolution to the same extent as the Outstanding Parity Bonds.

Upon the issuance of the Series 2024 Bonds, the Reserve Account will have on deposit \$65,096,275.00, which is equal to the Reserve Requirement for the Parity Bonds and the Series 2024 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 System 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 System 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 System 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 the Bond Resolution including any deposits to the Reserve Account and Renewal, Replacement and Improvement Fund required in such Fiscal Year. 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 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 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 the Bond 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 the Bond Resolution if the Revenues shall be less than the amounts required in the Bond Resolution in the following Fiscal Year. The County covenants in the Bond Resolution that, to the extent permitted by applicable law and the provisions of any use agreement then in effect at the Airport System, 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.
- (6) The Project 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 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 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.

Application of Amounts Held in the Project Fund

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 in the Bond Resolution. 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 the 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 the Bond Resolution. Until paid out as provided in the Bond Resolution, 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.

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 provided in the Bond Resolution, shall be invested pursuant to the Bond Resolution.

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 provided in 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). The Supplemental 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 Supplemental 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 Parity Bonds, the County shall deposit into the Reserve Account any amount fixed by the Supplemental 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 Supplemental 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.

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 Account. In the event the Reserve Account 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 Account, such facilities shall be drawn on proportionately in relation to their respective stated amounts.

The County may also establish a separate subaccount in the Reserve Account for any Series of Bonds and such subaccount shall be pledged to the payment of such Series of Bonds apart from the pledge provided in the Bond Resolution. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Requirement applicable to such Series of Bonds secured by the subaccount; provided the Supplemental Resolution authorizing such Series of Bonds may establish the Reserve Account Requirement relating to such separate subaccount of the Reserve Account at such level as the County deems appropriate. In the event the County by Supplemental Resolution establishes the Reserve Requirement for a particular Series of Bonds to be zero (\$0.00) or it shall determine that such Series are not to be secured in any manner by the Reserve Account or a subaccount, then it shall not be required to establish a separate subaccount; provided, however, such Series of Bonds shall have no lien on or pledge of any moneys on deposit in the Reserve Account. Moneys used to replenish the Reserve Account shall be deposited in the separate subaccounts in the Reserve Account and in the Reserve Account on a pro-rata basis.

(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 System, 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 lawful purpose.

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 the Bond Resolution. Upon the issuance by the County of any Additional Parity Bonds under the terms, conditions and limitations provided in the Bond 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 described 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 the provisions of the Bond Resolution detailed above.

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, an Authority Representative or an Airport Consultant has provided a certificate stating that Net Revenues for either the most recent Fiscal Year for which audited financial statements of the Airport System are available or any 12 consecutive months out of the most recent 24 consecutive months immediately preceding the month of issuance of the proposed Additional Parity Bonds would be sufficient if the same amount were received over the next three full Fiscal Years, to satisfy the rate covenant set forth in the Bond Resolution, when considering the projected Bond Service Requirement on such proposed Additional Parity Bonds for each of the next three full Fiscal Years following issuance of the Additional Parity Bonds, or each of the next two full Fiscal Years from the issuance of the Additional Parity Bonds during which there is no Capitalized Interest funded from proceeds of such Additional Parity Bonds including the Bond Service Requirement during such Fiscal Years on such proposed Additional Parity Bonds; or

(b) An Airport Consultant has provided a certificate stating that, based upon assumptions the Airport Consultant deems reasonable, projected Net Revenues will be sufficient to satisfy the rate covenant set forth in the Bond Resolution, when considering the projected Bond Service Requirement on such proposed Additional Parity Bonds for each of the next three full Fiscal Years following issuance of the Additional Parity Bonds, or each of the next two full Fiscal Years from issuance of the Additional Parity Bonds during which there is no Capitalized Interest funded from proceeds of such Additional Parity Bonds, whichever is later, including Bond Service Requirement during such Fiscal Years on such proposed Additional Parity Bonds.

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

For purposes of Section (b) described above, in estimating Revenues, the Airport Consultant may take into account (i) Revenues from new Airport System facilities or other new capital improvements reasonably expected to become available during the period for which the estimates are provided, (ii) any increase in fees, rates, charges, rentals or other sources of Revenues which has been approved by the Board and will be in effect during the period for which the estimates are provided, or (iii) any other increases in Revenues which the Airport Consultant believes to be a reasonable assumption for such period. With respect to Current Expenses, the Airport Consultant shall use such assumptions as such Airport Consultant believes to be reasonable, taking into account: (a) historical Current Expenses, (b) Current Expenses associated with the capital improvements to be funded with the proceeds of the Additional Parity Bonds proposed to be issued and any other new Capital Improvements and Airport System facilities, and (c) such other factors, including inflation and changing operations or policies of the Authority, as the Airport Consultant believes to be appropriate. The Airport Consultant shall include in such certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Revenues and shall also set forth the calculations of Bond Service Requirement, which calculations may be based upon information provided by the Authority or County.

For purposes of preparing the certificate or certificates described above, the Authority Representative or Airport Consultant, as applicable, may rely upon financial statements prepared by the Authority which have not been subject to audit by an independent certified public accountant or firm of independent certified public accountants if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authority Representative shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles.

(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 Project (net of issuance costs and any discounts) will be not more than 10% of the original Costs such 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 shall have filed 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 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 Supplemental 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 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.

Additional Parity Bonds may be issued in any form authorized by the Supplemental 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 the Bond Resolution and for no other purpose of the Bond 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 Supplemental Resolution applicable to such Additional Parity Bonds.

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 Subordinated Indebtedness

The County issued its Subordinate Airport Revenue Note, Series 2020 as a revolving line of credit facility in the principal amount of \$50,000,000 to Bank of America, N.A. (the "Series 2020 Note") on May 6, 2020 with a final maturity on May 6, 2025. As of the date hereof, the Authority does not have any draws outstanding on the Series 2020 Note. Proceeds of the Series 2020 Note may be used to finance certain capital improvements at the Airport System. The Series 2020 Note is secured by a junior and subordinate pledge of Pledged Funds as authorized by the Bond Resolution. On November 4, 2022, the Series 2020 Note was amended to extend the maturity to November 4, 2027, and to change the interest rate basis from London Interbank Offered Rates ("LIBOR") to Bloomberg Short-Term Bank Yield index rate ("BSBY"). The rate is based on the bond rating and the current rate is the one-month BSBY rate plus 0.61 percent. Interest payments will be paid monthly on the unpaid balance until final maturity on November 4, 2027. 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. It is expected that in November, 2024, the Series 2020 Note will be amended to change the interest rate basis from BSBY to the Secured Overnight Financing Rate ("SOFR"), given the upcoming cessation of BSBY.

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 System (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 System, 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 System, 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 System or reduce the ability of the County to satisfy the provisions 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 System and the operations thereof to the Authority or other special district created for the purpose of owning and operating the Airport System, 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 System 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.

MUNICIPAL BOND INSURANCE

The following information is not complete and reference is made to APPENDIX H for a specimen of the Policy of the Insurer.

The Policy

Concurrently with the issuance of the Series 2024 Bonds, the Insurer will issue its Policy for the Insured Series 2024 Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Insured Series 2024 Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

The Insurer

The Insurer is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only the Insurer is obligated to pay claims under the insurance policies the Insurer has issued, and not AGL or any of its shareholders or other affiliates.

The Insurer's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of the Insurer should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of the Insurer in its sole discretion. In addition, the rating agencies may at any time change the Insurer's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by the Insurer. The Insurer only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by the Insurer on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the

securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of the Insurer ("AGM"), merged with and into the Insurer, with the Insurer as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of the Insurer.

Current Financial Strength Ratings

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed the Insurer's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed the Insurer's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in the Insurer's financial strength rating of "AA" (stable outlook).

On October 20, 2023, KBRA announced it had affirmed the Insurer's insurance financial strength rating of "AA+" (stable outlook). On August 1, 2024, KBRA commented that, following the closing of the Merger, the Insurer's insurance financial strength rating of "AA+" (stable outlook) remains unchanged.

The Insurer can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding the Insurer's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of the Insurer, AGM and Pro Forma Combined the Insurer

	As of June 30, 2024 (dollars in millions)		
	<u>Insurer (Actual)</u>	<u>AGM (Actual)</u>	<u>Insurer (Pro Forma Combined)</u>
Policyholders' surplus	\$1,649	\$2,599	\$3,960 ⁽¹⁾
Contingency reserve	\$421	\$910	\$1,331
Net unearned premium reserves and net deferred ceding commission income	\$355	\$2,078 ⁽²⁾	\$2,433 ⁽²⁾

⁽¹⁾ Net of intercompany eliminations.

⁽²⁾ Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined the Insurer, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to the Insurer and AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

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

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

Miscellaneous Matters

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

SUMMARY OF CERTAIN AMENDMENTS TO THE BOND RESOLUTION

On September 5, 2024, the Board approved the 2024 Series Resolution approving the Amendments which resolution is blacklined to show changes against the Resolution No. 00-03-04 and a copy of which is attached hereto as "APPENDIX D-2 – AMENDMENTS TO THE BOND RESOLUTION." The Amendments include, among other things, substantive changes to certain definitions, the additional bonds test, the addition of an Available Revenues concept and the addition of a Released Revenues concept, along with numerous other changes to improve the County's flexibility and clarify the County's rights and obligations in a manner consistent with many modern bond resolutions. **By purchasing the Series 2024 Bonds, the holders thereof shall be deemed to have provided their irrevocable written consent to the Amendments in accordance with the requirements of the Bond Resolution and waived any irregularities in connection therewith. Such Amendments will be effective upon the issuance of the Series 2024 Bonds and shall be binding on all future Series 2024 Bondholders. See "SECURITY FOR THE BONDS" herein, and "APPENDIX D-1 Copy of the Bonds Resolution" and "APPENDIX D-2 Amendments to the Bond Resolution" attached hereto for a complete description of such Amendments.**

The most significant Amendments are described briefly below alphabetically by subject area, but the following does not describe each and every Amendment and is subject in all respects to the actual text of the amendments shown by the blacklined changes contained in "APPENDIX D-2 – AMENDMENTS TO THE BOND RESOLUTION" attached hereto. Section references are to the specific section of the Bond Resolution attached hereto as APPENDIX D-1 where the particular Amendment may be found and all defined terms in the summary below shall have the definitions provided in the Bond Resolution.

- Additional Parity Bonds – Section 5.12
- The current requirements to issue Bonds for Additional Projects will be streamlined and simplified.
 - The revised additional bonds test will eliminate the need to satisfy both a historic and a prospective coverage test and, instead, will allow the County to satisfy either a historical coverage test (as certified by an Authority Representative or an Airport Consultant) or a prospective coverage test (as certified by an Airport Consultant) for the next three Fiscal Years, or if there is no Capitalized Interest funded from proceeds of the Additional Parity Bonds, for the next two Fiscal Years.
 - Under both the new historical and prospective test, the requirement will be that Net Revenues are sufficient to satisfy the rate covenant requirements (see Section 5.04 in the Bond Resolution attached hereto as APPENDIX D-1).
 - Additionally, the revised additional bonds test allows the Authority Representative or the Airport Consultant, as applicable, to (i) make certain adjustments to Net Revenues for increased fees, rates, charges, rentals or other sources of Revenues in certain situations and (ii) use unaudited financial statements if audited financial statements are not available provided that Authority

Representative certifies as to the accuracy of such unaudited statements and that they were prepared substantially in accordance with generally accepted accounting principles.

Airport System Definition – Section 1.02

- Neither a historical nor a prospective test is required for Additional Bonds the proceeds of which are used to complete the construction of an Additional Project if the amount of Additional Bonds is less than 10% of the principal amount of the Bonds originally issued for such Additional Project.
- Creates new concept of the "Airport System" allowing other County owned and Authority operated aviation facilities or airports, other than Page Field, to be part of the Airport System. Page Field may be added to the Airport System by Supplemental Resolution, and upon confirmation that the ratings on the Bonds will not be reduced or withdrawn and upon receipt of written consent on any bond insurer or credit enhancer then providing credit support to the Bonds. Notwithstanding the foregoing, proceeds of the Bonds or Subordinated Indebtedness may be used to finance improvements at Page Field in accordance with new Section 5.30 of the Bonds Resolution.

Available Revenues – Section 5.27

- A definition for "Available Revenues" will be added so that certain items not currently considered "Revenues" may be designated by the Authority by Supplemental Resolution in the future and used to pay principal and interest on Bonds.
- Available Revenues may consist of CFCs, PFCs and any other future income or revenue source not then included in the definition of "Revenues" and which the Authority designates as "Available Revenues" in a future Supplemental Resolution.
- Section 5.27 will be added to describe how the Authority may designate Available Revenues and also to provide other provisions for the receipt, deposit and application thereof into functionally similar accounts to be established by Supplemental Resolution and a credit against other amounts to be deposited to the Revenue Fund.

Bond Service Requirement – Section 1.02

- The definition of "Bond Service Requirement" will be revised to add rules for purposes of determining the amount of the Bond Service Requirement in any Fiscal Year in connection with (i) the treatment of Available Revenues or moneys other than Revenues irrevocably

committed or other amounts actually deposited with the Trustee for the purpose of paying debt service on Bonds, and (ii) the payment or expected payment of debt service on Bonds from cash subsidies or other similar payments made or expected to be made by the U.S. Treasury or other federal or state government entity to or on behalf of the County.

- Current Expenses – Section 1.02
 - The definition of "Current Expenses" will be revised to clarify that expenses will not include expenses funded by Special Purpose Facility Debt or sources other than Revenues.

- Funds and Accounts – Section 5.02
 - Provides for the creation of a separate subaccount in the Reserve Account for any Series of Bonds with its own Reserve Account Requirement, which may be zero (\$0.00), which Series of Bonds shall only be secured by such subaccount and not by any other moneys in the Reserve Account.
 - Allows for funds held in the Airport Fund to be used for capital improvements at Page Field.

- Federal Income Taxation Covenants – Section 5.15
 - New definitions of "Tax-Exempt Bonds" and "Taxable Bonds" will be added to distinguish between the potential federal income tax treatment of interest on such Bonds.

- Notice of Redemption – Section 2.11
 - Section 2.11 will be revised to (i) allow for a conditional notice of redemption and (ii) clarify that a published notice of redemption in a newspaper is no longer required.

- Pledged Funds – Section 1.02
 - A definition of "Pledged Funds" will be revised to include the term "Available Revenues" so that the County may designate certain funds to secure only the Series of Bonds to which they are pledged by Supplemental Resolution (see "Available Revenues" above and Section 5.27 in the Bond Resolution attached hereto as APPENDIX D-1).

- Released Revenues – Section 5.29
 - A definition for "Released Revenues" will be added so that certain categories of income, receipts and other revenues of the Airport System may be designated as such by Supplemental Resolution and excluded from the definition of "Revenues."
 - A new Section 5.29 will be added which allows the removal of certain revenues from the pledge of the Bond Resolution, provided that the following requirements are met: (i) a written request from an Authority Representative is filed with the Clerk certifying that the Authority is not currently in default under the rate covenant set forth in Section 5.04 of the Bond Resolution

attached hereto as APPENDIX D-1, and (ii) a certificate from an Authority Representative or Airport Consultant is filed with the Clerk to the effect that Net Revenues, excluding the proposed Released Revenues, for each of the two immediately prior Fiscal Years for which audited financial statements are available, were sufficient to satisfy the rate covenant set forth in Section 5.04 in the Bond Resolution attached hereto as APPENDIX D-1, assuming that 110% (instead of 100%) was used in Section 5.04(ii) and 135% (instead of 125%) was used in Section 5.04(i) in the Bond Resolution attached hereto as APPENDIX D-1.

Revenues – Section 1.02

- The definition of "Revenues" will be revised to include (i) gifts, grants, reimbursements, or payments received from governmental units or public agencies, which are lawfully available for certain purposes, (ii) Special Purpose Facility Revenues, to the extent designated as Revenues by Supplemental Resolution, (iii) CFCs which are not Available Revenues and (iv) PFCs which constitute Revenues pursuant to Section 3.02 of the Bond Resolution.
- The definition of "Revenues" will be revised to exclude: (i) revenues from Page Field, unless Page Field is added to the Airport System, (ii) gifts, grants, reimbursements, or payments received from governmental units or public agencies, which are not lawfully available for certain purposes, (iii) certain restricted insurance proceeds, (iv) Transfers, (v) Released Revenues, (vi) unrealized gains on securities, (vii) gains resulting from changes in valuations of Derivatives, (viii) unrealized gains from writer-down, reappraisal or revaluation of assets, (ix) proceeds of Bonds and Subordinated Indebtedness, (x) PFCs, except to the extent included as Revenues pursuant to Section 3.02 of the Bond Resolution, (xi) any Available Revenues, (xiii) certain investment income, cash subsidy payments, arbitrage earnings, certain Project Account interest earnings and (xiv) Special Purpose Facility Revenues, except as otherwise provided by Supplemental Resolution.

Special Purpose Facilities – Section 5.23

- New definitions of "Special Purpose Facilities," "Special Purpose Facility Debt" and "Special Purpose Facility Revenues" will be added to allow the authority to pledge specific revenues for projects with owners or operators of certain special facilities and designate by Supplemental Resolution whether or not such facilities constitute part of the Airport System and whether or not the revenues from such project will be included in "Revenues."

Supplemental Resolutions and
Amendments – Article X

- Section 5.23 will be revised to allow the County to issue Special Purpose Facility Debt provided that prior to its issuance the Authority Representative provides the Clerk with a certificate certifying to various requirements in accordance with the Bond Resolution (See Section 5.23 in the Bond Resolution attached hereto as APPENDIX D-1).
- The process by which the Bond Resolution may be amended with and without the consent of holders of the Bonds will be streamlined and simplified.
- Article IX will be modified to, among other things: (i) create a new categories of amendments which the County may make without Bondholder or Trustee consent; (ii) eliminate the need to publish notice of such amendments; (iii) eliminate the ability of subsequent holders of the Bonds to revoke prior consents; (iv) allow for the "deemed execution" of written consents by holders of the Bonds, underwriters and other agents; and (v) differentiate between outstanding Bonds which may or may not be insured for purposes of allowing a Credit Provider to provide consent in lieu of the holders of insured Bonds under certain conditions.

The County currently anticipates that the effective date of the Amendments will occur simultaneously with the issuance of the Series 2024 Bonds.

The statements contained in this Official Statement that purport to summarize provisions of the Bond Resolution contain summaries of the Bond Resolution as of the date of issuance of the Series 2024 Bonds, which take into account the implementation of such Amendments.

PROSPECTIVE PURCHASERS OF THE SERIES 2024 BONDS SHOULD REVIEW ALL OF THE AMENDMENTS IN "APPENDIX D-2 – AMENDMENTS TO THE BOND RESOLUTION" ATTACHED HERETO FOR THE COMPLETE TEXT THEREOF.

The Underwriters are not providing consent to or approval of the herein described Amendments and the County will not deem such Amendments to have been consented to or approved by the Underwriters as a result of the Underwriters' purchase of the Series 2024 Bonds in their capacity as underwriters as defined in Section 2(a)(11) of the Securities Act of 1933, as amended.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2024 Bonds are expected to be applied as follows:

SOURCES OF FUNDS

Par Amount of Series 2024 Bonds	\$522,160,000.00
Plus Original Issue Premium	<u>45,218,358.25</u>
TOTAL SOURCES OF FUNDS	<u>\$567,378,358.25</u>

USE OF FUNDS

Deposit to Project Fund	\$525,000,000.00
Debt Service Reserve Fund	39,043,783.59
Costs of Issuance ⁽¹⁾	<u>3,334,574.66</u>
TOTAL USES OF FUNDS	<u>\$567,378,358.25</u>

⁽¹⁾ Includes premium for the Policy, 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 2024 Bonds.

Period Ending (October 1)	Parity Bonds Debt Service	Series 2024 Bonds			Aggregate Debt Service
		Principal	Interest	Debt Service	
2025	\$34,977,650		\$26,653,122	\$26,653,122	\$61,630,772
2026	34,979,400		27,258,875	27,258,875	62,238,275
2027	34,976,150		27,258,875	27,258,875	62,235,025
2028	34,190,900		27,258,875	27,258,875	61,449,775
2029	34,025,400		27,258,875	27,258,875	61,284,275
2030	33,323,150		27,258,875	27,258,875	60,582,025
2031	32,618,900		27,258,875	27,258,875	59,877,775
2032	31,791,900		27,258,875	27,258,875	59,050,775
2033	37,837,400		27,258,875	27,258,875	65,096,275
2034	13,646,150	\$14,340,000	27,258,875	41,598,875	55,245,025
2035	13,647,150	15,055,000	26,541,875	41,596,875	55,244,025
2036	13,647,650	15,815,000	25,789,125	41,604,125	55,251,775
2037	13,645,050	16,600,000	24,998,375	41,598,375	55,243,425
2038	13,645,800	17,430,000	24,168,375	41,598,375	55,244,175
2039	13,648,200	18,350,000	23,253,300	41,603,300	55,251,500
2040	13,646,200	19,305,000	22,289,925	41,594,925	55,241,125
2041	13,651,200	20,325,000	21,276,413	41,601,413	55,252,613
2042	13,643,000	21,385,000	20,209,350	41,594,350	55,237,350
2043	13,648,750	22,510,000	19,086,638	41,596,638	55,245,388
2044	13,647,250	23,695,000	17,904,863	41,599,863	55,247,113
2045	13,642,750	24,945,000	16,660,875	41,605,875	55,248,625
2046	13,649,250	26,250,000	15,351,263	41,601,263	55,250,513
2047	13,645,000	27,630,000	13,973,138	41,603,138	55,248,138
2048	13,646,400	29,075,000	12,522,563	41,597,563	55,243,963
2049	13,644,800	30,600,000	10,996,125	41,596,125	55,240,925
2050	13,649,600	32,205,000	9,389,625	41,594,625	55,244,225
2051	13,644,800	33,895,000	7,698,863	41,593,863	55,238,663
2052		35,675,000	5,919,375	41,594,375	41,594,375
2053		37,550,000	4,046,438	41,596,438	41,596,438
2054		39,525,000	2,075,063	41,600,063	41,600,063
TOTAL⁽¹⁾	\$554,359,850	\$522,160,000	\$596,134,560	\$1,118,294,560	\$1,672,654,410

⁽¹⁾ Totals may not add due to rounding.

THE COUNTY, THE AUTHORITY AND THE AIRPORT SYSTEM

General

The County is a political subdivision of the 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 2023 had an estimated population of 750,493. The County owns and, through the Lee County Port Authority (the "Authority"), operates the Airport System.

The Authority

The Authority was first established by Special Act of the Florida Legislature on May 10, 1963, Chapter 63-1541, Laws of Florida. The Authority 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 System and Page Field (described below). Page Field is not currently part of the Airport System. 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.

The County owns, and through the Authority, operates the Airport System, a commercial air carrier airport, and Page Field, an executive and general aviation airport. The Airport System, which began operations on May 14, 1983, is a commercial air carrier airport serving Southwest Florida. The Airport System 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 2024 Bonds are not payable from, or secured by a pledge and lien on, any net revenues or funds derived from the operation of Page Field. See "- Enplaned Passengers at the Airport System" herein for a description of historical enplanements at the Airport System.

Air Trade Area

The geographical area served by the Airport System primarily consists of the five Florida Counties of Lee (the county in which the Airport System is located), Charlotte, Collier, Glades, and Hendry (the "Air Trade Area") and includes a population of approximately 1.5 million. Although the Airport System'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 System. 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 System 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 System 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.

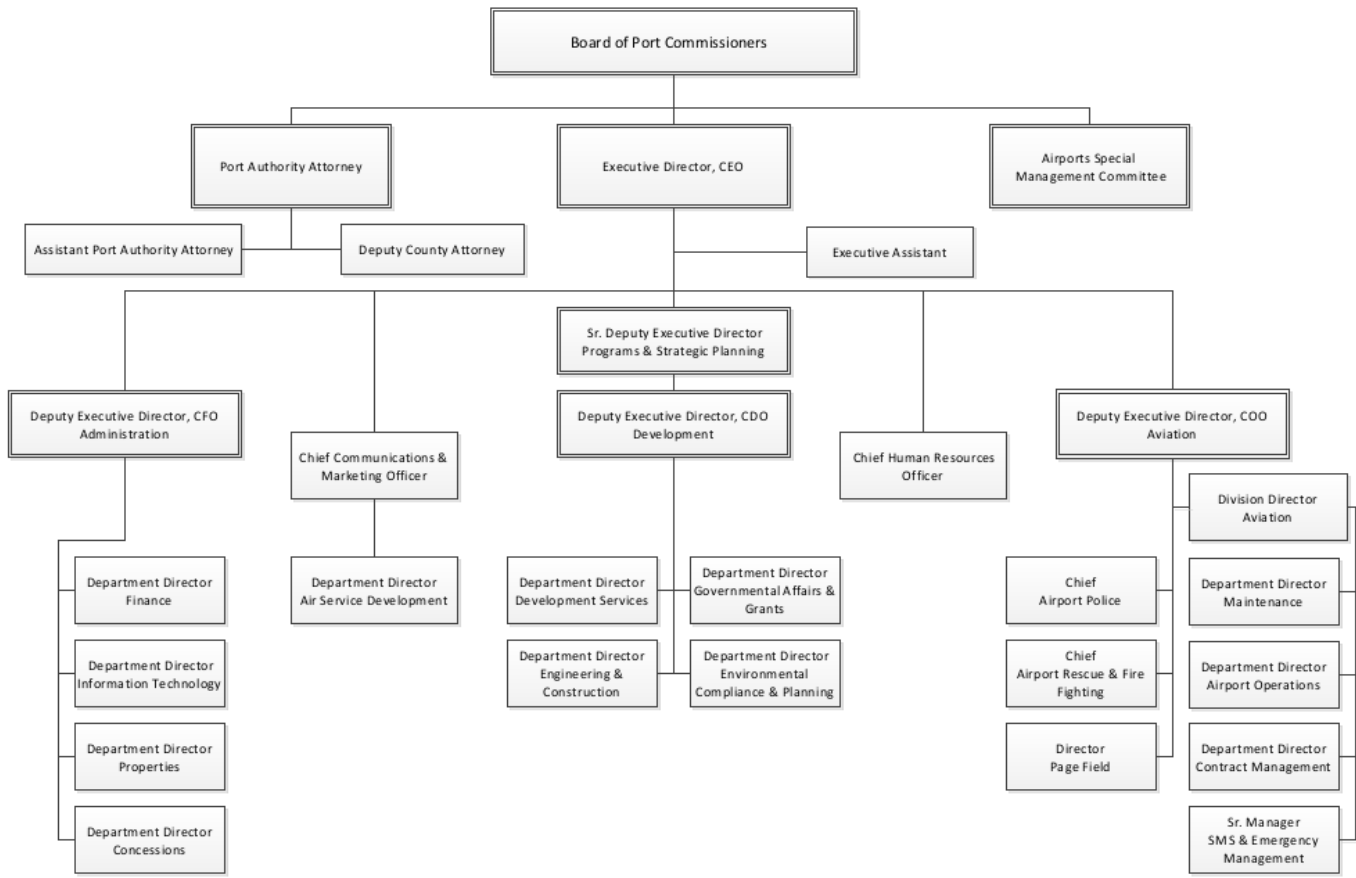
Each of the five members of the County's Board is, by virtue of such status, a member of the Port Authority Board. Each member of the Port Authority Board appoints a County resident as a member of the Airport System's Special Management Committee, an advisory panel which provides recommendations with 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 System Special Management Committee and the senior management of the Authority.

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LEE COUNTY PORT AUTHORITY



The Airport System is managed by an Executive Director who is appointed by the Port Authority Board and, as of September 30, 2023, oversees a budgeted staff of 409 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.

Steven C. Hennigan, Executive Director, CEO. As the Executive Director, CEO of the Authority. Mr. Hennigan directs the operation of the Airport System and Page Field. He was appointed Interim Executive Director in January 2024. Prior to assuming his current position, Mr. Hennigan served as the Deputy Executive Director, Aviation. Mr. Hennigan has been employed by the Authority since 2021. He 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.

Mark R. Fisher, Senior Deputy Executive Director - Capital Programs & Strategic Planning (also serving as Senior Deputy Executive Director- Aviation). Mr. Fisher, as Senior Deputy Executive Director, is responsible for managing the 5 and 10 Year Capital Improvement Plan and Programs for the Airport System and Page Field. In addition, he assists with the overall airport development process including project planning, permitting, grant funding, legislative compliance, and engineering and construction. Mr. Fisher also assists the Executive Director's office with the general administration of the Authority, including pay plan studies, revenue support land development, internal and external strategic initiatives, etc. He also oversees the administrative functions of the Aviation Division which includes the areas of police, fire, maintenance, operations, security, service contracts, and Page Field. Prior to assuming his current position in 2022, Mr. Fisher held numerous managerial positions within the areas of government affairs, construction and engineering with the Authority. He 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. He 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 CFO. Mr. McGonagle, as Deputy Executive Director Administration, CFO, 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.

Emily Underhill, Deputy Executive Director, Development. Ms. Underhill, as Deputy Executive Director, Development, has oversight of engineering and construction, planning and environmental compliance, governmental affairs and grants. The development division is responsible for managing consulting and contracting efforts associated with all development projects at the Airport System and Page Field. She has been employed by the Authority since 1996. Prior to joining the Authority, Ms. Underhill worked for over seven years as an aviation consultant on projects in New England and Florida. She holds a Bachelor of Science degree in civil engineering from the University of Maine and is a registered professional engineer in both Maine and Florida. Ms. Underhill is also accredited by the American Association of Airport Executives and is former past chair of Airports Council International

(ACI) Operations and Technical Affairs Committee and has served as a North American representative of ACI's World Standing Technical Committee.

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. He 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. He 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 System's Existing Facilities

The Airport System 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 System are described below.

Land. 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 System 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 is a three-story structure which, together with three concourses, totals 791,000 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.

The first phase of the Terminal Expansion project was funded with proceeds from the Series 2021B Bonds and will consolidate the Airport's TSA checkpoints to provide more public space. The total Terminal Expansion – Phase 1 project cost was initially estimated to cost approximately \$332 million, and the estimated cost for Fiscal Year 2024 through Fiscal Year 2031 was originally estimated to total approximately \$146 million, of which approximately \$70 million was to be funded through PFC-pledged Airport Revenues Bonds, and approximately \$46 million was to be funded through Airport Revenue Bonds without a pledge of PFCs. The remaining portion of the project was originally anticipated to be funded using Florida Department of Transportation ("FDOT") grant funding. For more information about

additional costs and delays, see "Capital Improvement Program and Funding Sources--Terminal Project—Terminal Expansion-Phase 1" below.

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 System is provided by an Interstate 75 connector that provides northbound and southbound travelers direct access into the Airport System. 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 System 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 System 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 FAA certified airport rescue and firefighting building, an airport maintenance facility, a centralized receiving and distribution center facility and service buildings including a staff training facility.

Airlines Serving the Airport System

As of January 1, 2024, scheduled passenger service at the Airport System was provided by eleven domestic air carrier airlines, five regional/commuter airlines and five international charter air carriers. In addition to these airlines, a number of other domestic and international charter airlines also operate at the

Airport System during the peak winter months. Two cargo carriers also operate at the Airport System. The following table lists the airlines serving the Airport System, including all airlines operating passenger service into the Airport System 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 System**

Domestic Air Carriers

Alaska Airlines
 American Airlines^{*(1)}
 Avelo Airlines⁽²⁾
 Breeze Airlines⁽³⁾
 Delta Air Lines*
 Frontier Airlines*
 JetBlue Airways^{*(5)}
 Southwest Airlines^{*(6)}
 Spirit Airlines^{*(7)}
 Sun Country^{*(8)}
 United Airlines*

Regional/Commuters

Endeavor Air
 Envoy
 PSA Airlines
 Republic
 Mesa⁽¹⁰⁾

International Air Carriers⁽⁶⁾

Air Canada
 Discover-(formerly Eurowings Discover)
 Porter Air⁽⁴⁾
 Westjet
 Eastern Air Express⁽⁹⁾

All Cargo Carriers

FedEx
 United Parcel Service
 Western Global

-
- * Denotes Signatory Airline as defined in the Use Agreements.
 - ** During the peak winter months, a number of other domestic and international charter airlines also operate at the Airport System.
 - (1) New Service to New York-LaGuardia (LGA)
 - (2) New Airlines: Avelo Airlines started service as a new carrier at the Airport System in November 2021 and currently has service to New Haven (HVN), Raleigh/Durham (RDU), and Wilmington (ILG).
 - (3) New Airline: Breeze Airways started service as a new carrier at the Airport System in June 2022 and currently has or has announced service to Akron-Canton (CAK) – seasonal, Bangor (BGR) (starting October 2024), Charleston (CHS), Columbus (CMH) – seasonal, Hartford (BDL), Lansing (LAN) (starting October 2024), Las Vegas (LAS), Louisville (SDF) – seasonal, Manchester (MHT) (starting October 2024), Burlington, Vermont (BVT), Islip-Long Island (ISP), Portsmouth, (PSM), South Bend, (SBN), Stewart/Newburgh (SWF), Wilkes-Barre/Scranton (AVP), Wilmington (ILM) New Orleans (MSY) – seasonal, Norfolk (ORF), Pittsburgh (PIT) – seasonal, Portland, Maine (PWM) – seasonal, Providence (PVD), and Raleigh-Durham (RDU) – seasonal.
 - (4) New Airline: Porter Airlines started service as a new carrier at the Airport System in November 2023 and currently has service to Toronto, Canada (YXZ), Montreal, Canada (YUL), and Ottawa Canada (YOW).
 - (5) New market added since October 2021 includes Worcester (ORH), new service to Islip-Long Island (ISP) and Manchester (MHT).
 - (6) New market added since October 2021 includes Albany (ALB).
 - (7) New markets added since October 2021 include Louisville (SDF), Norfolk (ORF), San Juan (SJU), and Charleston (CHS).
 - (8) New markets added since October 2021 include Green Bay (GRB), Eau Claire (EAU), and Duluth (DLH).
 - (9) Operates scheduled charter flights to Havana, Cuba (HAV), Santa Clara, Cuba (SNU), and Camaguey, Cuba (CMW).
 - (10) Mesa flies on behalf of United Airlines, but has not had any flights in Fiscal Year 2024.

Source: Lee County Port Authority.

Total Passenger Market Share for Airlines

The total market share for airlines at the Airport System on the basis of enplaned passengers from October 1, 2023 to date is as follows:

Fiscal Year 2024 - Year to Date

Delta Air Lines	19.2%
Southwest Airlines	16.3
United Airlines	13.9
American Airlines	13.3
Jet Blue	8.5
Frontier Airlines	8.4
Spirit Airlines	7.8
Other	4.4
SunCountry	3.8
Breeze	2.8
Air Canada	1.6

Source: Lee County Port Authority

Enplaned Passengers at the Airport System

The Airport System is primarily a domestic origin and destination airport, with 100% of the traffic being origin and destination traffic. Passenger enplanements increased steadily between Fiscal Years ended September 30, 2014 and 2023 with the exceptions of Fiscal Years ended September 30, 2020 and September 30, 2023. 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 System in March, 2020. Traffic also declined in the Fiscal Year ended September 30, 2023 as a result of Hurricane Ian impacting destination travel the first half of that Fiscal Year. The compounded annual growth rate for the eleven year period of 2014 -2023 is 1.89% and the compounded growth rate for the ten year historical period of 2014-2024 is 3.41%. See "AIRPORT FINANCIAL FACTORS - Management Discussion and Analysis" herein. The following tables set forth the historical enplanements for the Airport System by air carrier type for Fiscal Years ended September 30, 2014 through 2023, as well as the compound annual growth rate in enplaned passengers for the Fiscal Years ended September 30, 2014 through 2023 and through management's projected 2024 forecast and a monthly comparison of enplanements by carrier type for the Fiscal Years ended September 30, 2021 through and including 2023.

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Historical Enplanements by Carrier Type

Fiscal Year Ended September 30	Commercial Air Carriers	International Air Carriers	Domestic Charters	Airport Total	Percent Change
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⁾	3,406,616	121,469	191	3,528,276	(29.8)
2021	4,429,578	7,601	389	4,534,976	28.5
2022	5,421,160	112,492	353	5,571,537	22.9
2023 ⁽²⁾	4,569,380	144,022	0 ⁽⁴⁾	4,721,401	(15.3)
2024 ⁽³⁾⁽⁴⁾	N/A	N/A	0 ⁽⁴⁾	5,532,000	17.2

⁽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.

⁽²⁾ Due to the impact of Hurricane Ian enplanements sharply declined beginning September 28, 2022. See "CERTAIN INVESTMENT CONSIDERATIONS – Climate change" herein for more information.

⁽³⁾ See Report of the Airport Consultant attached hereto as APPENDIX C.

⁽⁴⁾ These numbers reflect estimates for Fiscal Year 2024.

⁽⁵⁾ Domestic charters on various small air carriers has been reduced, eliminated and/or reclassified.

Source: Lee County Port Authority.

**Monthly Comparison of Enplanements
Fiscal Year ending September 30,**

Month	2021			2022			% Change from 2021	2023			% Change from 2022 ⁽¹⁾	2024 YTD			% Change from 2023 ⁽¹⁾
	Domestic	Inter- national	Total	Domestic	Inter- national	Total		Domestic	Inter- national	Total		Domestic	Inter- national	Total	
October	196,736	169	196,905	361,697	2,969	364,666	85%	194,912	5,516	200,428	-45%	340,951	8,423	349,374	74%
November	237,458	975	238,433	486,102	8,036	494,138	107%	391,079	13,299	404,378	-18%	456,403	17,218	473,621	17%
December	289,672	1,275	290,947	509,648	11,027	520,675	79%	400,673	14,029	414,702	-20%	516,299	21,045	537,344	30%
January	360,546	1,982	362,528	524,712	9,305	534,017	47%	450,198	19,847	470,045	-12%	541,358	23,903	565,261	20%
February	350,258	397	350,655	549,359	8,932	558,291	59%	455,444	16,029	471,473	-16%	573,364	21,611	594,975	26%
March	563,416	81	563,497	740,051	19,827	759,878	35%	563,598	20,264	583,862	-23%	720,376	29,565	749,941	28%
April	594,004	159	594,163	625,376	21,309	646,685	9%	508,406	20,454	528,860	-18%	595,799	23,291	619,090	17%
May	499,049	158	499,207	435,202	8,377	443,579	-11%	397,076	6,893	403,969	-9%	434,908	6,494	441,402	9%
June	426,743	59	426,802	331,498	5,239	336,737	-21%	319,536	7,063	326,599	-3%	346,646	6,607	353,253	8%
July	408,810	5	408,815	329,063	7,019	336,082	-18%	329,076	7,880	336,956	0%	334,340	6,728	341,340	1%
August	335,492	1,266	336,758	309,678	6,347	316,025	-6%	298,271	7,179	305,450	-3%	N/A	N/A	N/A	N/A
September	265,191	1,075	266,266	256,659	4,105	260,764	-2%	269,110	5,569	274,679	5%	N/A	N/A	N/A	N/A
	4,527,375	7,601	4,534,976	5,459,045	112,492	5,571,537		4,577,379	144,022	4,721,401		4,860,444	164,885	5,025,329	

⁽¹⁾ Decline and subsequent recovery in enplanements due to the impact of Hurricane Ian. See "CERTAIN INVESTMENT CONSIDERATIONS – Climate change" herein for more information

Source: Lee County Port Authority.

Historical Enplanements by Airline⁽¹⁾

Airline	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
Southwest	887,332	17.65%	657,913	18.65%	1,036,785	22.86%	1,005,145	18.04%	862,473	18.27%
Delta	1,009,698	20.09%	620,041	17.57%	838,146	18.48%	1,165,759	20.92%	1,020,041	21.60%
American	723,527	14.39%	517,114	14.66%	647,720	14.28%	790,635	14.19%	703,414	14.90%
Frontier	463,201	9.21%	370,515	10.50%	331,561	7.31%	430,042	7.72%	267,430	5.66%
Spirit Airlines	505,642	10.06%	366,618	10.39%	417,004	9.20%	483,302	8.67%	290,267	6.15%
JetBlue	566,923	11.28%	351,503	9.96%	421,140	9.29%	580,793	10.42%	499,406	10.58%
United	486,043	9.67%	349,831	9.92%	601,524	13.26%	745,055	13.37%	674,761	14.29%
Sun Country	133,342	2.65%	98,764	2.80%	124,641	2.75%	159,423	2.86%	139,484	2.95%
Republic	25,577	0.51%	41,003	1.16%	79,939	1.76%	24,015	0.43%	1,874	0.04%
Mesa	4,800	0.10%	22,913	0.65%	6,079	0.13%	11,135	0.20%	-	0.00%
Endeavor Air	28,845	0.57%	10,154	0.29%	3,978	0.09%	227	0.00%	-	-
Skywest	993	0.02%	247	0.01%	3,690	0.08%	-	-	-	-
Domestic Total	275	0.01%	191	0.01%	389	0.01%	353	0.01%	-	-
Alaska	-	-	-	-	11,057	0.24%	26,994	0.48%	19,942	0.42%
Atlantic	-	-	-	-	-	-	-	-	-	-
Southeast	160	0.00%	-	-	-	-	-	-	-	-
Envoy Air	-	-	-	-	1,082	0.02%	1,125	0.02%	5,239	0.11%
GoJet	564	0.01%	-	-	-	-	-	-	-	-
PSA	-	-	-	-	2,640	0.06%	1,030	0.02%	886	0.02%
Avelo	-	-	-	-	-	-	30,118	0.54%	68,861	1.61%
Silver	1,232	0.02%	-	-	-	-	-	-	-	-
Breeze	-	-	-	-	-	-	3,894	0.07%	23,301	0.49%
Domestic Total	4,838,154	96.25%	3,406,807	96.56%	4,527,375	99.83%	5,459,045	97.98%	4,577,379	96.95%
Air Canada	104,325	2.08%	71,817	2.04%	5,530	0.12%	62,316	1.12%	72,022	1.53%
Air Transat	-	-	-	-	-	-	252	0.00%	-	-
Eurowings	29,538	0.59%	12,321	0.35%	-	-	14,510	0.26%	18,865	0.40%
PASS Charters	-	-	-	-	-	-	-	-	-	-
Silver	-	-	-	-	-	-	-	-	-	-
Sun Country	-	-	-	-	-	-	-	-	-	-
Swift Air	-	-	1,614	0.05%	-	-	2,188	0.04%	4,712	0.10%
Westjet	54,658	1.09%	35,717	1.01%	2,071	0.05%	33,226	0.60%	48,423	1.03%
World Atlantic	-	-	-	-	-	-	-	-	-	-
International Total	188,521	3.75%	121,469	3.44%	7,601	0.17%	112,492	2.02%	144,022	3.05%
Airport Total	5,026,675	100%	3,528,276	100%	4,534,976	100%	5,571,537	100%	4,721,401	100%

⁽¹⁾ Airline service at the Airport System is reasonably balanced among carriers. The top four carriers in the Fiscal Year ended September 30, 2023 were Delta: 21.7%, Southwest: 18.1%, American: 14.9% and United: 14.3%.

Source: Lee County Port Authority.

Historical Landed Weight

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

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

Airline	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share
Southwest	908,526	16.44%	934,512	19.76%	1,275,605	21.59%	1,043,275	16.95%	975,341	18.26%
Delta	1,064,948	19.28%	795,213	16.82%	1,280,542	21.67%	1,224,346	19.90%	1,075,794	20.14%
American	786,599	14.24%	642,674	13.59%	753,052	12.74%	823,052	13.38%	773,468	14.48%
JetBlue	621,492	11.25%	479,433	10.14%	538,435	9.11%	629,481	10.23%	533,564	9.99%
United	506,866	9.17%	455,571	9.63%	738,974	12.51%	823,656	13.39%	719,977	13.48%
Spirit Airlines	518,010	9.38%	449,373	9.50%	459,746	7.78%	520,044	8.45%	315,401	5.91%
Frontier	427,905	7.74%	397,054	8.40%	361,461	6.12%	448,704	7.29%	267,693	5.01%
Cargo	214,692	3.89%	208,029	4.40%	197,448	3.34%	192,128	3.12%	220,004	4.12%
Alaska Airlines					24,370	0.41%	31,760	0.52%	22,002	0.41%
Sun Country	136,763	2.48%	101,797	2.15%	126,829	2.15%	151,831	2.47%	133,353	2.50%
Republic Airline	33,041	0.60%	56,868	1.20%	99,256	1.68%	29,272	0.48%	2,761	0.05%
Mesa	5,397	0.10%	31,002	0.66%	7,346	0.12%	12,293	0.20%	320	0.01%
Endeavor Air	33,795	0.61%	11,265	0.24%	6,668	0.11%	225	0.00%		0.00%
Domestic										
Charters	2,630	0.05%	1,873	0.04%	5,717	0.10%	19,247	0.31%	242	0.00%
SkyWest	1,096	0.02%	284	0.01%	4,498	0.08%	-	0.00%	-	0.00%
Silver Airways	1,995	0.04%	175	0.00%	99			0.00%		0.00%
PSA Airlines	-	-	75	0.00%	3,815	0.06%	1,051	0.02%	979	0.02%
Atlantic										
Southeast	155	0.00%	44	0.00%	-	-	-	-	-	-
Envoy Air	1,403	0.03%	44	0.00%	2,330	0.04%	3,748	0.06%	8,991	0.17%
US Airways	-	-	-	-	-	-	-	-	-	-
Avelo						0.00%	30,354	0.49%	70,093	1.31%
GoJet	804	0.01%	-	-	-	-	-	-	-	-
Breeze							8,045	0.13%	36,245	0.68%
Domestic Total	5,266,117	95.32%	4,565,287	96.55%	5,886,188	99.61%	5,992,511	97.39%	5,156,227	96.55%
Air Berlin										
Air Canada	138,782	2.51%	90,326	1.91%	14,705	0.25%	81,022	1.32%	78,305	1.47%
Air Transat	166	0.00%	-	-	-	0.00%	1,028	0.02%	-	0.00%
Aruba	-	-	-	-	-	-	-	-	-	-
Cayman	-	-	-	-	-	-	-	-	-	-
Comlux	1,968	0.04%	2,856	0.06%	984	0.02%	1,380	0.02%	-	0.00%
Dynamic	-	-	-	-	-	-	-	-	-	-
Eurowings	62,814	1.14%	27,622	0.58%			32,062	0.52%	39,494	0.74%
LATAM	-	-	824	0.02%	320	0.01%	-	0.00%	1,061	0.02%
PASS Charters	-	-	-	-	-	-	-	-	-	-
Silver	-	-	-	-	-	-	-	-	-	-
Sun Country	-	-	-	-	-	-	-	-	-	-
Swift Air	480	0.01%	3,663	0.08%	-	0.00%	5,264	0.09%	14,288	0.27%
Taca	146	0.00%	-	-	-	-	-	-	-	-
TAME	-	-	-	-	-	-	-	-	-	-
TAP Portugal	421	0.01%	421	0.01%	-	-	-	-	-	-
Westjet	53,926	0.98%	37,431	0.79%	6,675	0.11%	40,029	0.65%	51,374	0.96%
World Atlantic	130	0.00%	-	-	140	0.00%	-	-	-	-
International										
Total	258,833	4.68%	-	-	22,823	0.39%	-	-	184,522	3.45%
Airport Total	5,524,950	100%	4,728,429	100%	5,909,012	100%	6,153,295	100%	5,340,749	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 System's available nonstop service. The following table presents data on the Airport System's top 30 O&D airports for the Fiscal Year ended September 30, 2023.

Primary Domestic Origin and Destination Passenger Airports

<u>Rank</u>	<u>Market</u>	<u>Nonstop Service</u>	<u>Total O&D Passengers</u>	<u>Percent of Total</u>
1	Chicago (O'Hare)	ORD •	748,830	7.97%
2	Boston	BOS •	722,475	7.69%
3	Minneapolis	MSP •	662,091	7.05%
4	Detroit	DTW •	633,160	6.74%
5	New York (Newark)	EWR •	605,155	6.44%
6	Philadelphia	PHL •	407,598	4.34%
7	Cleveland	CLE •	366,014	3.90%
8	New York (JFK)	JFK •	361,892	3.85%
9	Chicago (Midway)	MDW •	331,233	3.53%
10	New York (La Guardia)	LGA •	323,814	3.45%
11	Cincinnati	CVG •	280,898	2.99%
12	Indianapolis	IND •	275,339	2.93%
13	Atlanta	ATL •	273,321	2.91%
14	Denver	DEN •	265,224	2.82%
15	Baltimore	BWI •	242,093	2.58%
16	Columbus	CMH •	221,826	2.36%
17	Pittsburg	PIT •	216,153	2.30%
18	St. Louis	STL •	202,308	2.15%
19	Washington (National)	DCA •	197,788	2.11%
20	Milwaukee	MKE •	173,032	1.84%
21	Dallas/Ft. Worth	DFW •	165,382	1.76%
22	Hartford	BDL •	148,239	1.58%
23	Westchester County	HPN •	145,643	1.55%
24	Nashville International	BNA •	129,709	1.38%
25	Atlantic City	ACY •	129,092	1.37%
26	Dulles	IAD •	122,439	1.30%
27	Charlotte	CLT •	117,583	1.25%
28	New Haven	HVN •	112,011	1.19%
29	Kansas City	MCI •	106,078	1.13%
30	Houston	IAH •	101,678	1.08%
	Total- Top 30 Markets		8,788,098	93.57%
	Total - All Other Domestic Airports		315,453	3.36%
	Total – International		288,293	3.07%
	Domestic City Total		9,103,551	
	Total Domestic & International		9,391,844	

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 Summary Report.

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 System'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
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
2021	74,318	3,336	288	50	14,641	1,546	1,263	95,442
2022	77,608	1,254	1,846	98	13,798	1,528	1,081	97,213
2023	65,872	348	2,144	4	12,248	1,622	1,090	83,328

⁽¹⁾ Also includes activity by miscellaneous air taxis.

Source: Lee County Port Authority.

Rates, Fees and Charges

General

The Authority has entered into a new Use Agreements with the Signatory Airlines with an initial term that commences on October 1, 2024 and terminates September 30, 2034, unless sooner terminated as provided therein (the current Airline-Airport Use and Lease Agreements expire on September 30, 2024). The Use Agreements establish the rate-setting methodology for levying airline rentals, fees, and charges at the Airport System. See "APPENDIX E – FORM OF THE USE AGREEMENTS" attached hereto. Current Signatory Airlines (and their share of Fiscal Year 2023 enplaned passengers) include Delta (21.6%), Southwest (18.3%), American (15.1%), United (14.3%), JetBlue (10.6%), Spirit (6.1%), Frontier (5.7%), and Sun Country (3.0%) (including their respective affiliates). Together, Signatory Airlines accounted for 94.6 percent of total enplaned passengers at the Airport System in Fiscal Year 2023. Key provisions of the Use Agreements include the following:

1. 10-Year Term: The Use Agreements includes a 10-year term, effective through September 30, 2034. This term covers the assumed completion date of Concourse E plus an additional six years.

2. Extraordinary Coverage: Pursuant to the Use Agreements, the Authority projects, for any Fiscal Year, that the amount of Revenues, less O&M Expenses, and less the O&M Reserve Requirement, will be less than one hundred twenty percent (125%) of that Fiscal Year's Debt Service, the Authority may, in its sole discretion, increase the rents, fees, and charges payable under the New Agreement for the remainder of the Fiscal Year, by allocating to the Airfield Cost Center and Terminal Cost Center any additional amounts (Extraordinary Coverage) that must be collected to eliminate such a deficit in the projected Revenues.

3. Additional Concourse E Protection: Pursuant to the New Agreement, in addition to any Extraordinary Coverage charge imposed, the Authority projects that, as a result of the costs associated with the Concourse E project, for any Fiscal Year, the amount of Revenues, less O&M Expenses, will be less than one hundred forty percent (140%) of that Fiscal Year's Debt Service, the Authority may, in its sole discretion, increase the rents, fees, and charges payable under the New Agreement for the remainder of the Fiscal Year, by allocating to the Terminal Cost Center any additional amounts that must be collected to eliminate such a deficit in the projected Revenues.

Beginning in Fiscal Year 2025, airline rates and charges will be calculated according to the Use Agreements. The rate-setting methodology is expected to remain materially unchanged throughout the Projection Period hereinafter defined.

For more information about the Use Agreements, see the Report of the Airport Consultant attached hereto as APPENDIX C.

Differences Between Bond Resolution and Use Agreements

Various definitions in the Bond Resolution differ from those contained in the Use Agreements. For example, the definition of "Current Expenses" provided in the Bond Resolution are not identical to those of "O&M Expenses" 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 "FORM OF THE USE AGREEMENTS," included as Appendix E attached hereto. 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.

Financial Information

Non-Signatory Airlines. Non-signatory passenger airlines operate at the Airport System 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 System are required to pay landing fees and cargo ramp aircraft parking fees to the Authority. Landing fees are based upon the estimated amounts calculated for the Signatory Airlines.

PFCs. The Airport System also receives PFCs from certain Collecting Carriers as defined herein, at a rate of \$4.50 per enplaned passenger at the Airport System. PFC Revenues are restricted to certain authorized amounts and uses. See "INTRODUCTION – Passenger Facility Charges" and "THE COUNTY, THE AUTHORITY AND THE AIRPORT SYSTEM – Passenger Facility Charges" herein. The PFC Revenues are a source of security for the PFC Pledged 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 System 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 System. 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 System. 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. In addition, rental car operators pay for all operating, utility, maintenance, and service management expenses. The most recent rental car agreement was with TURO Peer to Peer rental services ("TURO") and was effective August 2022. TURO pays 8% of gross receipts as a privilege fee.

Revenues received by the Authority from its parking facilities are the second largest source of nonairline revenue at the Airport System. The parking facilities at the Airport System 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 ABM Aviation Corporation (the "Parking Manager") with respect to its parking facilities. The management contract with the Parking Manager was effective October 2023, with a five-year contract term. 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 October 1, 2023 with a \$6 increase to the two-level parking garage. The last increase to the long-term surface parking lot was October 2023 with an increase of the weekly rate to \$60 from \$28 after the first week. There is two competing parking operators 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 System. The Airport System 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 a 13-year concession agreement effective December 2022, with a minimum annual concession fee of \$0.55 per departing passenger. News and gifts facilities in the terminal are operated under a 13-year concession agreement effective November 2022, with a minimum annual concession fee of \$0.58 per departing passenger. Additionally, all such facilities pay the Authority storage area rent and building service fees including fees related to the operating of a consolidated receiving and distribution center.

The Airport System 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 System negotiated licenses with Uber and Lyft. There is also an on-demand taxicab concession agreement with

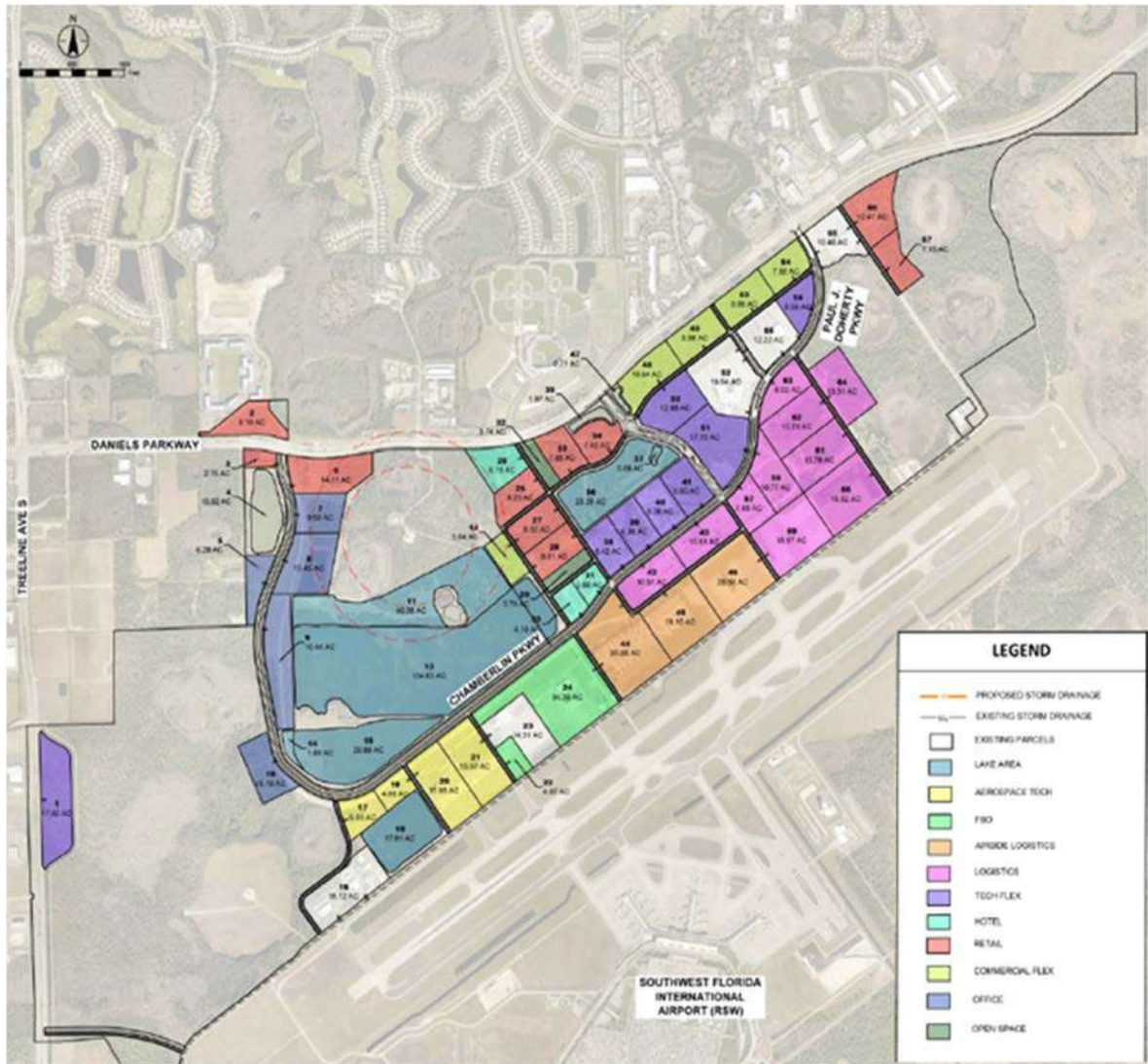
MBA Air Transportation. The Airport System receives \$3.00 per passenger pickup from TNCs at the Airport System, increased from \$2.00 in December 2020. The fee charged to TNCs is established under the Ground Transportation Policy contained in the Authority's Policy Manual and is subject to adjustment by the Airport System upon thirty (30) days' written notice, as provided in the policy manual. There is currently no drop-off fee. Total trip fees collected in 2022 and 2023 were approximately \$1,235,000 and \$1,115,000. Total trips in 2022 and 2023 were approximately 412,000 and 372,000.

In the Fiscal Years ended September 30, 2022 and 2023, Revenues derived from rental cars were \$34.1 million and \$25.6 million, automobile parking totaled \$21.9 million and \$24.2 million and total revenues from terminal concessions and restaurant and catering were \$9.7 million and \$8.1 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, 2022 and 2023.

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 Gartner, Inc ranging from 20 to 40 years, with options to extend for up to a maximum of 50 years. In addition to the Publix shopping center that opened in 2017, on a ten-acre site north of the Southwest Florida International Airport, other developments include the Gartner office building, with 250,000 square feet of class A office space that opened in 2018 and 19 acres leased (currently in discussion to increase footprint by as much as 13 additional acres), and the Alta 90,000 square foot office building that is leased on 13.5 acres that opened in early 2021. In order to further showcase the Skyplex area, the Authority issued a Request for Proposal in 2021 to hire a consultant and brokerage expert to assist in the strategy and implementation of the planning, marketing and development of the Skyplex area, including large industrial, office parks, retail, hotel development and other commercial. In early 2022, the Board chose Commercial Property Southwest Florida and approved a five-year professional service agreement to promote and market the area.

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Below is a depiction of the Skyplex commercial property:



Historical Operating Results. The Audited financial statement of the Authority for the Fiscal Year ended September 30, 2023 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, 2019 through and including September 30, 2023.

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Historical Statement of Net Revenues⁽¹⁾
Fiscal Years Ended September 30, 2019-2023
(In Thousands)

	2019	2020	2021	2022 ⁽¹²⁾	2023 ⁽¹²⁾
REVENUES:					
User fees	\$42,310	\$37,836	\$41,367	\$44,246	\$50,303
Rentals and franchise fees	4,592	4,834	4,982	5,831	5,643
Concessions	51,773	34,563	48,857	68,297	61,475
Pledged PFCs ⁽²⁾	0	2,557	2,915	10,941	10,878
Interest revenue	3,700	1,625	219	4,006	19,114
Miscellaneous ⁽³⁾	217	74	1,246	311	522
Total Revenues	<u>\$102,592</u>	<u>\$81,489⁽⁴⁾</u>	<u>\$99,586</u>	<u>\$133,632</u>	<u>\$147,935</u>
CURRENT EXPENSES ⁽⁵⁾ :					
Salaries and wages ⁽⁶⁾	\$22,241	\$23,250	\$24,186	\$26,265	\$26,644
Employee benefits	10,341	11,066	12,272	13,432	15,198
Contractual services, materials and supplies ⁽⁷⁾	20,592	15,413	15,466	17,960	20,696
Utilities	4,184	3,990	4,128	5,008	5,546
Repairs and maintenance	2,960	2,178	2,710	2,779	3,412
Insurance	1,576	1,595	1,772	2,243	3,077
Other	1,896	2,067	1,470	1,780	2,081
Total Current Expenses	<u>\$63,790</u>	<u>\$59,559</u>	<u>\$62,004</u>	<u>\$69,467</u>	<u>\$76,654</u>
NET REVENUES:	\$38,802	\$21,930	\$37,582	\$64,165	\$71,281
Transfers in	3,306	0	0	0	0
Transfers in (Other) ⁽⁸⁾	370	239	31	224	289
Debt service interest	13,374	12,694	11,279	14,289	14,405
Principal ⁽⁹⁾	11,310	3,340	3,580	5,135	14,750
TOTAL DEBT SERVICE:	<u>\$24,684</u>	<u>\$16,034</u>	<u>\$14,859</u>	<u>\$19,424</u>	<u>\$29,155</u>
BOND SERVICE REQUIREMENT COVERAGE ⁽¹⁰⁾	1.57x	1.37x	2.53x	3.30x	2.44x
BOND SERVICE REQUIREMENT COVERAGE AFTER TRANSFERS ⁽¹¹⁾	1.72x	1.38x	2.53x	3.31x	2.45x

[Footnotes on following page]

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- (1) Net Revenues are determined in accordance with the Bond Resolution.
 - (2) The County has pledged the Pledged PFCs as additional security for the PFC Pledged Bonds. Therefore, receipts from the PFC Revenues are 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 2019 and 2020, such revenue from the sale of disposed property amounted to approximately \$15 thousand and \$117 thousand, respectively. For the Fiscal Years 2021 through 2023, this revenue was excluded.
 - (4) Revenues decreased in Fiscal Year 2020 primarily due to impacts from the COVID-19 pandemic.
 - (5) Current Expenses do not include depreciation, amortization, and unpaid pension and other postemployment benefits expense in accordance with the Bond Resolution.
 - (6) Salaries and wages reduced with moneys received from the American Rescue Plan of 2021 ("ARP Act") by \$3.8 million in Fiscal Year 2023.
 - (7) Contractual services reduced with moneys from the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") and ARP Act by \$2.3 million, \$3.5 million, \$4.7 million, \$7.4 million in Fiscal Year 2020, Fiscal Year 2021, Fiscal Year 2022 and Fiscal Year 2023, respectively.
 - (8) Other transfers include a Federal Inspection Station user fee of \$2.00 per deplaned passenger.
 - (9) Principal reduced by early redemption of Airport Revenue Refunding Bonds, Series 2010A paid with moneys received from the CARES Act by approximately \$8.6 million in Fiscal Year 2020, approximately \$8.7 million in Fiscal Year 2021, and approximately \$9.6 million in Fiscal Year 2022.
 - (10) 1.00x required.
 - (11) 1.25x required.
 - (12) Principal and interest paid on the Series 2020 Note were \$9.8 million and \$0.2 million, respectively, in Fiscal Year 2022 \$12.9 million and \$0.3 million, respectively, in Fiscal Year 2023. While the reductions in principal were paid with moneys received from grants, excess Revenues after payment of debt service on the Bonds was sufficient to cover these payments.

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 System. 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 2019 through and including 2023 were seen in parking, rental cars, terminal concessions and restaurants, land rents and airline fees. Current Expenses for the same period increased from \$63.8 million in the Fiscal Year 2019 to \$76.6 million in Fiscal Year 2023. Increases were primarily in salaries and wages, benefits, and insurance, repairs and maintenance including our on-going preventative maintenance items and contractual services. The decrease in

Revenues in Fiscal Year 2020 is due to a 29.8% decrease in passengers compared to the previous year as a result of the COVID-19 pandemic.

The Airport System’s budget for Fiscal Year 2024 reflected total budgeted Revenues (excluding Page Field) of approximately \$139.6 million compared to budgeted Current Revenues (excluding Page Field) of approximately \$123.3 million in Fiscal Year 2023. Budgeted Expenses (excluding Page Field) are approximately \$90 million in Fiscal Year 2024 compared to budgeted Current Expenses (excluding Page Field) of approximately \$81 million in Fiscal Year 2023. The budgeted net cost per enplaned passenger for Fiscal Year 2023 is \$7.35 compared to a budgeted amount of \$7.31 in Fiscal Year 2022. The actual net cost per enplaned passenger for Fiscal Year 2023 was \$7.07. The actual net cost per enplaned passenger for Fiscal Years 2019 through and including 2023 is shown in the table below.

	Fiscal Years Ended September 30,				
	<u>2019</u>	<u>2020⁽¹⁾</u>	<u>2021⁽¹⁾</u>	<u>2022</u>	<u>2023</u>
Net Cost per Enplaned Passenger	\$5.33	\$7.68	\$4.94	\$4.00	\$7.07

⁽¹⁾ The cost per enplaned passenger decreased primarily due to COVID relief.
Source: Lee County Port Authority.

For Fiscal Year 2023, the Airport System received \$10 million in COVID Relief grant funding that was applied to offset Current Expenses and debt service costs. All remaining COVID Relief grant funds obligated to the Authority are planned to be expended by September 30, 2024.

Non-airline revenues increased from 23% of overall revenues in 2019 to 24% in 2023. The table below outlines the percentage of airline revenues versus non-airline revenues for Fiscal Years 2019 through and including 2023.

	Fiscal Years Ended September 30,				
	<u>2019</u>	<u>2020⁽¹⁾</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Airline Revenue	37%	41%	37%	32%	30%
Non-Airline Revenue	63%	59%	63%	68%	70%

⁽¹⁾ There was an increase in airline revenues as a percentage of total Revenues at the Airport System and a corresponding decrease in non-airline revenues as a percentage of total Revenues at the Airport System as a result of the impacts of COVID-19. See "CERTAIN INVESTMENT CONSIDERATIONS – Coronavirus (COVID-19)" herein.
Source: Lee County Port Authority.

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The following table sets forth a statement of Revenues and Current Expenses (unaudited) for the seven-months ended April 30, 2024 and the seven-months ended April 30, 2023.

**Statement of Revenues & Expenses
Seven-Months Ended
(Unaudited)**

	7-Months Ended April <u>2024</u>	7-Months Ended April <u>2023</u>
REVENUES		
Signatory Airline Revenue	\$25,394,997	\$21,573,288
Rental Cars	19,187,892	16,779,043
Parking	18,432,206	13,957,770
Non Signatory Airline Revenue	6,249,412	4,333,722
Rental Income & Privilege Fees	6,768,427	5,657,364
Restaurants, Concessions & Advertising	7,865,453	2,130,711
Fuel Systems	1,935,147	1,585,913
Miscellaneous Revenue	612,369	504,345
Ground Transportation	<u>1,152,381</u>	<u>861,217</u>
Total Revenues	\$87,598,282	\$67,383,373
CURRENT EXPENSES		
Salaries and wages	\$18,399,140	\$18,228,454
Employee benefits	5,844,600	5,670,670
Pension and OPEB Expense (Benefit) ⁽¹⁾	4,166,907	3,711,678
Contractual services, materials and supplies	14,132,157	11,832,922
Utilities	3,735,183	3,136,564
Repairs and maintenance	1,814,773	1,472,367
Insurance	4,889,761	2,868,345
Other	<u>\$1,343,534</u>	<u>\$1,315,954</u>
Total Current Expenses	\$54,326,055	\$48,236,954
Operating income (loss)	<u>\$33,272,228</u>	<u>\$19,146,419</u>

⁽¹⁾ 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 Port Authority.

The table below shows all funds available for operations, including days cash on hand, for Fiscal Years 2019 through and including 2023.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Operating Fund	\$36,568,424	\$19,869,173	\$47,750,403	\$54,048,863	\$32,978,489
Self Insurance Fund	205,172	202,388	200,436	201,665	209,692
Discretionary Fund	44,972,921	54,091,794	58,811,197	71,962,262	92,128,295
Other Unrestricted Cash	47,290,146	45,646,542	57,341,683	58,218,206	45,263,537
Total	\$129,036,663	\$119,809,897	\$164,103,719	\$184,430,996	\$170,580,012
Days Cash On Hand	669	594	889	871	648

* As of August, 2024, total funds available for operations was \$191,160,829 (751 days cash on hand).

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 System, subject to a deductible of 5% of total insured value for named storms and a \$50,000 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 System. 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 X in "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023" 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 System within its Airport Master Plan. As part of the Program, the Authority formulates a 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 System.

The Authority's Program for Fiscal Years 2024 through and including 2031 (the "Forecast Period") includes approximately \$1.5756 billion of total project costs.

Authority FY 2024-2031 Program Projects (Billions)

Terminal	Airfield	Landside	Other	Total
\$1.2133	\$0.0709	\$0.2339	\$0.0575	\$1.5756

Although the County owns and, through the Authority, operates Page Field, 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 Capital Improvement Program, even though the Authority may fund capital improvements to Page Field in accordance with the Bond Resolution. The Program does not take into account the delays and the additional costs associated with the delivery of the Terminal Expansion Phase 1, as described below, but does not include any additional costs. The Program presented herein and in the Report attached hereto as APPENDIX C includes projects related solely to the Airport System. Although the County owns and, through the Authority, operates Page Field as a reliever airport for the Airport System, 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 Program. Key components of the Authority's Program expected to be undertaken during the Forecast Period and the estimated costs of such key components are as follows:

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AUTHORITY'S CAPITAL IMPROVEMENT PROGRAM - FORECAST PERIOD

PROJECT NAME	TOTAL FUNDING SOURCES (FY 2024 - 2031)	AUTHORITY FUNDS	FEDERAL AND STATE GRANTS	CFC FUNDS	PFC PAY-GO	EXISTING PFC BONDS	EXISTING BONDS	2024 BONDS (PFC)	FUTURE BONDS
RSW ATCT/TRACON	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$0	\$0	\$0	\$0
RSW Terminal Expansion 1 (Design & Construction)	\$145,791,032	\$0	\$29,483,059	\$0	\$0	\$70,482,581	\$45,825,392	\$0	\$0
RSW Terminal Expansion 2 (Design and Construction)	\$1,042,429,233	\$16,500,000	\$63,000,000	\$0	\$10,000,000	\$0	\$0	\$525,000,000	\$427,929,233
Concourse Rest Room Remodel ¹	\$3,022,404	\$0	\$0	\$0	\$3,022,404	\$0	\$0	\$0	\$0
FIS Upgrades (CBP Request)	\$2,067,610	\$516,902	\$0	\$0	\$1,550,708	\$0	\$0	\$0	\$0
FIS Upgrades (LCPA Enhancements)	\$3,838,996	\$959,749	\$0	\$0	\$2,879,247	\$0	\$0	\$0	\$0
RSW Rehab Roads 1 - Rehab/Realign Cham Pkwy	\$12,712,060	\$0	\$12,712,060	\$0	\$0	\$0	\$0	\$0	\$0
Skyplex Program Enabling Work (Placeholder for greenway, permitting, Etc.)	\$222,308	\$222,308	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Rehab Roads 2 - Cargo Ln, Fuel Farm Rd, and North Side Roads	\$4,057,308	\$2,028,654	\$2,028,654	\$0	\$0	\$0	\$0	\$0	\$0
Rental Car & Parking Expansion	\$210,000,000	\$0	\$0	\$210,000,000	\$0	\$0	\$0	\$0	\$0
Public Safety Building	\$14,949,575	\$14,949,575	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Training Facility Upgrades	\$2,347,868	\$2,347,868	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Rehab Runway 6-24	\$46,000,000	\$7,350,000	\$38,650,000	\$0	\$0	\$0	\$0	\$0	\$0
Expand Employee Parking Lot	\$3,200,000	\$3,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Consolidated North Maintenance Bldg. & Midfield Shop	\$27,090,000	\$17,090,000	\$10,000,000	\$0	\$0	\$0	\$0	\$0	\$0
Parallel Runway	\$400,000	\$400,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BHS Upgrades	\$3,486,865	\$3,486,865	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replace Hold Room Seating	\$4,200,000	\$0	\$0	\$0	\$4,200,000	\$0	\$0	\$0	\$0
Replace Terrazzo	\$10,500,000	\$0	\$0	\$0	\$10,500,000	\$0	\$0	\$0	\$0
New Cell Phone Lot	\$2,200,000	\$2,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ARFF Truck (E-93 - Crash) New Add	\$1,500,000	\$1,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ARFF Truck (Ladder Truck)	\$1,700,000	\$1,700,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ARFF Truck (Replace 905)	\$2,000,000	\$250,000	\$1,750,000	\$0	\$0	\$0	\$0	\$0	\$0
ARFF Truck (Replace 907)	\$2,000,000	\$250,000	\$1,750,000	\$0	\$0	\$0	\$0	\$0	\$0
ARFF Training Area	\$10,000,000	\$10,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Mitigation Park Compliance	\$12,666,505	\$12,666,505	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW North Ramp Environmental Remediation	\$3,298,887	\$3,298,887	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Gravel/Shell Parking Lot	\$1,250,000	\$1,250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW TAR Overhead Sign Refurb	\$467,371	\$467,371	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Demo Air Freight Bldg.	\$250,000	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Bollards Replacement	\$1,000,000	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CAPITAL PROGRAM INCLUDED IN FINANCIAL ANALYSIS	\$1,575,648,022	\$103,884,684	\$159,373,773	\$210,000,000	\$33,152,359	\$70,482,581	\$45,825,392	\$525,000,000	\$427,929,233

Totals may not add due to rounding.

Note: Potential for additional project expenditures beyond the hereinafter defined Projection Period.

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

Terminal Projects

Terminal Expansion – Phase 1

The first phase of the Terminal Expansion project consolidates the Airport System's TSA checkpoints to provide more public space was funded with process from the Series 2021B Bonds and will consolidate the Airport System's TSA checkpoints to provide more public space. The original total Terminal Expansion – Phase 1 project cost is approximately \$332 million, and the original estimated cost for Fiscal Year 2024 through Fiscal Year 2031 totaled approximately \$146 million, of which approximately \$70 million is expected to be funded through PFC Pledged Bonds, and approximately \$46 million is expected to be funded through Bonds which are not PFC Pledged Bonds. Additional funding of the project is anticipated to be contributed by FDOT grant funding.

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 concession space, as well as the amount of public space available in holdrooms and public spaces post-passenger screening.

Construction began in Fiscal Year 2021, with original completion initially was estimated to occur in Fiscal Year 2025. However, the completion date will likely be delayed at least one year past Fiscal Year 2024 due to necessary redesigning.

The Series 2021B Bonds financed a portion of the cost of Terminal Expansion Phase 1. When the Series 2021B Bonds were issued on October 26, 2021, the then estimated cost of such project was \$332 million and the then estimated completion time was not later than September 30, 2025, both as noted above. Such project has experienced challenges in terms of the pandemic, labor shortages and supply change issues. In addition, during the early stages of construction, the General Contractor, Manhattan Construction Group, identified structural steel design engineering issues to AtkinsRéalis, the design architect on such project, and to the Authority. Working with Manhattan Construction Group and the Authority, AtkinsRéalis changed to Thornton Tomasetti Inc. to provide a revised design of the structural steel and perform a review of such project in its entirety. Manhattan Construction Group and the Authority are each currently having the design reviewed by different engineering firms. The Authority is also having the revised design reviewed by Florida Structural Design LLC. Construction of such project's critical path is expected to resume in November 2024, following a delay of just over one year. As a result of the delays attendant to the redesign process, the County anticipates significant additional costs of such project in terms of higher construction costs in a high inflationary environment and lost revenue opportunities. The Authority has not been able to estimate the additional costs or the new estimated completion date of the Terminal Expansion Phase 1 at this time.

On May 16, 2024, the Port Authority Board accepted the offer by AtkinsRéalis, as a measure of good faith, of \$3.3 million to go towards resolution of the claims associated with alleged (but disputed) errors and omissions, subject to adjustment up or down, following a settlement or non appealable final judgment between the Authority and Manhattan Construction Group, which includes an allocation of AtkinsRéalis' responsibility for errors and omissions, and which follows a settlement or litigation process in which AtkinsRéalis participated as a party or otherwise (and in the event of a settlement agrees to the allocation). AtkinsRéalis has not admitted liability. The County and the Authority intend to seek to

recover, through settlement negotiation and/or potential litigation, all or a portion of the additional costs and damages associated with the redesign from the party or parties at fault. Whether any such costs are ultimately recovered, the County and the Authority must nevertheless meet the rate covenant under the Bond Resolution and the County and Authority has some flexibility in terms of the timing of other components of the Program.

Also on May 16, 2024, the Port Authority Board (which also serves at the Board of County Commission of the County) voted to dedicate County staff and resources to support Authority staff on construction management activities going forward. At the present time, the County and the Authority intend to proceed forward with AtkinsRéalis as the design architect on the Series 2024 Project which is being financed with proceeds of the Series 2024 Bonds. In light of issues related to Phase 1, AtkinsRéalis retained Thornton Tomasetti Inc. and Florida Structural Design LLC as the structural engineering firms to design the structural portion of the Series 2024 Project. Additionally, the Suffolk Construction Company, the General Contractor for the Series 2024 Project, is having the design reviewed by their own structural engineer. For more information, see "THE SERIES 2024 PROJECT," "SECURITY FOR THE BONDS-Issuance of Additional Parity Bonds" and "SECURITY FOR THE BONDS—Rate Covenant" herein.

Notwithstanding any potential delays and additional costs, the County does not expect such circumstances to impact its ability to pay debt service on the Series 2024 Bonds.

The Authority uses a variety of strategies to mitigate risk associated with the implementation of the projects in its Program. The Authority competitively selects all of its planners, designers, and construction managers and competitively bids all construction work to ensure the lowest responsive price is awarded. All contracts are awarded using a lump sum payment method whereby project scope equals the corresponding fee and paid only after work is successfully completed to eliminate time-and-material overage claims. Contracts for planning, design and construction generally have legal protections including indemnifications, no damages for delay, no rights for payment of any work not successfully completed, no rights for assumed future work, no lobbying, no collusion, the right to assign contract work, and contract termination clauses that benefit the Authority. All contracts include language whereby any cost estimates that are exceeded by more than 5% must be re-designed and re-bid at no cost to the Authority. For all its large Program projects, the Authority assigns a total project budget to control expenditures whereby no costs can be incurred in excess of the total project budget without Port Authority Board approval after public comment. The total project budget provides a cap on authorized funding with transparent controls. For more than three decades, no Authority total project budget for any project (large or small) has been exceeded with one exception. The Authority's midfield passenger terminal complex was under construction when 9/11 occurred, causing the need to install an additional automated inline baggage handling system. Contract language for all Program projects is generally owner leaning. In the last three decades, except as described above, all projects have been accomplished under budget and all claims and disputes have been settled, and no project has been subject to any form of litigation. All contract cost changes are processed at a weekly document execution and routing meeting, attended by various representatives of the Authority including Engineering/Construction, Finance, Grants, DBE, Legal and Contracts. Contract change documents are executed at these meetings to offer a higher level of transparency and control. In addition, the Authority has partnered with the Clerk's Office to have a dedicated auditor assigned to the Authority. This auditor develops annual audit plans for Authority operations that include audit of projects. In the last two decades, no unresolved material discrepancies have been noted. In developing and implementing the Program, the Authority has prepared an Airport Master Plan that outlines demand projections and capacity limitations and developed a timeline of recommended improvements. The latest Airport Master Plan was a two-year

effort with extensive public and stakeholder input and was endorsed by the FAA in 2024. The Authority works closely with all stakeholders, including airlines, tenants, TSA, FAA FDOT, and other agencies on the development and implementation of the Program.

Specific to the Terminal Expansion – Phase 1 project, is 30% complete. The redesign described above is under way and the structural work is expected to be reinitiated soon. In an abundance of caution, critical path elements of the project were halted, and other items of work were advanced to keep the project continuing towards completion. While the initial total project budget of \$331 million, it is anticipated that additional costs will be incurred to complete the redesigned project. The Authority believes that it can manage the operation of the Airport System and implementation of its Program notwithstanding further delays and additional costs.

Terminal Expansion Phase 2 (Concourse E)

Phase 2 of the Airport System’s Terminal Expansion project will involve a gate expansion and Baggage Handling System ("BHS") expansion at the Airport System. The Concourse E project includes expansion of the Main Terminal building, helping to address existing passenger processing facility deficiencies and improve the passenger experience at the Airport System. Nine additional TSA SSCPS are required to meet TSA throughput requirements and will provide airside access to Concourse E, incorporating connectivity among the main terminal’s three existing concourses.

New Concourse E will be constructed immediately west of, and connected to, the proposed Main Terminal Expansion and will include 14 new gates and approximately 215,000 square feet over three levels (apron, departures, and mezzanine/mechanical). With a total cost of \$1.042 billion, the project is anticipated to be funded in part with the Series 2024 Bonds as well as future Additional Parity Bonds, federal grants, Authority funds, and PFC pay-go funds. Assumed federal grant funding includes Airport Infrastructure Grant ("AIG") entitlement funding, Bipartisan Infrastructure Law (BIL) discretionary Airport Terminals Program ("ATP") funding, and funding from an FAA Community Grant.

Construction is scheduled to begin in Fiscal Year 2025, with completion estimated to occur in Fiscal Year 2028.

Additional Capital Improvement Projects

Rehab Roads 1 – Rehab Roads (\$13 million) - The Authority’s Program includes the rehabilitation of the Airport System’s access roadways. The planned rehabilitation includes Chamberlin Parkway, connecting Daniels Parkway to the cargo and general aviation areas of the Airport System, 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. The project began in Fiscal Year 2023 and is expected to be funded with FAA grants and other grant funding. As of July 2024, the project is substantially complete, with the remaining construction expected to be completed by the end of Fiscal Year 2024.

Rental Car and Parking Expansion (\$210 million) - The Authority has also planned for the design and relocation of the rental car facilities at the Airport System. The Program includes \$210 million in design and construction costs for the Rental Car Relocation Expansion which is anticipated to be funded by Customer Facility Charge revenue ("CFC") on a pay-as-you-go basis, as well as Additional Parity

Bonds. The Authority expects to select a design firm in Fiscal Year 2025 and construction is expected to begin in Fiscal Year 2027. This remains subject to Board approval.

Public Safety Building (\$15 million) - The design of the Public Safety Building is near completion. Subject to funding and Board approval bidding is expected to commence in Fiscal Year 2025. The Public Safety Building at the Airport System to primarily accommodate the Airport System Police Department ("APD"), with supplemental accommodations for the Authority Airport Emergency Operations Center ("AEOC") and Airport Incident Command Center (AirComm) as emergency operational support for the Airport System. The building is expected to be approximately 19,000 square feet. It is anticipated that the site will be designed and prepared for future building expansion. The project is anticipated to cost approximately \$15 million. The project is expected to be completed in Fiscal Year 2026 and be funded with Authority funds.

Rehab Runway 6-24 (\$46 million) - The Airport System'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 are planned for Fiscal Year 2024 through Fiscal Year 2028 and is anticipated to be funded by a mix of Airport Improvement Program ("AIP") grants, FDOT grants, and Authority funds. The Authority has selected a design firm and construction is estimated to begin in Fiscal Year 2026 which remains subject to funding and Board approval.

Consolidated North Maintenance Building and Midfield Shop (\$27 million) - The maintenance facility for the Airport System (the Airport System) was constructed in 1999. Due to continued activity and growth at the Airport System, preliminary studies have shown the need for a new 45,000 SF facility to accommodate future growth at the Airport System from 2023 to 2045. This new building will also consolidate various maintenance operations that are currently located at various remote locations within the Airport System campus and therefore improving efficiency within the maintenance department. Construction is estimated to begin in Fiscal Year 2027, subject to Board approval.

BHS (\$3 million) The Baggage Handling System (BHS) is in need of improvement in order to keep up with the growth of the Airport System and increased baggage volumes. This project looks at implementing some key improvements to extend the life of the existing BHS and handle the increased baggage volumes until a new system is built as part of the Concourse E project.

Other Capital Improvement Program Projects (\$73 million) - The Authority's Program also includes Airport Traffic Control Tower and a Terminal Radar Approach Control Facility, Concourse Restroom Remodel, FIS Upgrades, Skyplex Program Enabling Work, Rehab Roads 2, Training Facility Upgrades, Expand Employee Parking Lot, Replace Holdroom Seating, Replace Terrazzo, New Cell Phone Lot, ARFF Truck (E-93 – Crash) New Add, ARFF Truck (Ladder Truck), ARFF Truck (Replace 905), ARFF Truck (Replace 907), ARFF Training Area, Mitigation Park Compliance, North Ramp Environmental Remediation, Gravel/ Shell Parking Lot, TAR Overhead Sign Refurb, Demo Air Freight Building, and Bollards Replacement. The total cost associated with these projects is approximately \$73 million. Planned funding includes a mix of AIP, FDOT, PFC Pay-Go, CFCs, and Authority Funds.

Funding for Program

The Program is anticipated to be funded through (1) grant awards from the Airport System 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 SYSTEM – Capital Improvement Program and Funding Sources" and "FUTURE DEBT ISSUANCE" herein for more information.

Authority Funding

The Authority anticipates using \$103.9 million of its unencumbered available cash to fund a portion of the Program, including the use of \$16.5 million which have been applied to design of the Concourse E project as of July 2024. See "—CAPITAL IMPROVEMENT PROGRAM AND FUNDING SOURCES" above.

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 System 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 System 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 System has imposed PFCs since November 1992. The Authority is currently authorized to collect approximately \$1.3 billion in PFCs through December 1, 2060. As of March 31, 2024, the Authority had collected approximately \$418.2 million and expended approximately \$381 million in PFCs. The Authority anticipates utilizing approximately \$33.2 million in PFCs pay-go funding for projects within its Program. The remaining approval includes PFC pay-go funding for the FIS Upgrades project. The

TCT/TRACON project has received FAA approval as part of PFC Application 13-08-C-00-RSW. PFC pay-go funding for the Concourse E project was approved by the FAA as part of the Authority's PFC Application 24-11-C-00-RSW. PFC pay-go funding for the FIS Upgrades project will be included in an upcoming PFC Application.

Also included in the Program is approximately \$70 million in airlines serving PFC-supported debt associated with Terminal Expansion – Phase 1, which received approval from the FAA within the Authority's PFC Application 19-10-C-00-RSW, and approximately \$175 million in PFC-supported debt associated with Terminal Expansion – Phase 2 (Concourse E), which received approval from the FAA within the Authority's most recent PFC Application 24-11-C-00-RSW.

The Authority is currently authorized to collect PFCs at a rate of \$4.50 per enplaned passenger at the Airport System. 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 System'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 System 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 Passenger Facility Charges ("PFCs") received pursuant to PFC Application #03-05-C-01-RSW as additional security for a portion of the Series 2015 Bonds and the Series 2021A Bonds (the "2015/2021A Pledged PFCs"). The 2015/2021A Bonds Pledged PFCs are not pledged as security for the Series 2021B Bonds or the Series 2024 Bonds. Pursuant to the 2021B Series Resolution, the Authority pledged PFCs received by the County pursuant to PFC Application #19-10-C-00-RSW as additional security for a portion of the Series 2021B Bonds (the "2021B Pledged PFCs"). The 2021B Pledged PFCs are not pledged as security for the Series 2015 Bonds, the Series 2021A Bonds or the Series 2024 Bonds. Pursuant to the 2024 Series Resolution, the Authority pledged PFCs received by the County pursuant to PFC Application #24-11-C-00-RSW as additional security for a portion of the Series 2024 Bonds (the "2024 Pledged PFCs") The 2024 Pledged PFCs are not pledged as security for the Series 2015 Bonds, the Series 2021A Bonds or the Series 2021B Bonds. Certain PFCs received by the County may not be pledged and may not be treated as Revenues under the Bond Resolution. However, Pledged PFCs shall be treated as Revenues under the Bond Resolution and 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 pledge of the PFC Revenues may subsequently be released as provided in the Bond Resolution. In addition, PFCs may be pledged to secure future Additional Parity Bonds or Passenger Facility Charge Bonds issued by the County in accordance with the terms of the Bond Resolution. See "THE COUNTY, THE AUTHORITY AND THE AIRPORT SYSTEM – Passenger Facility Charges" herein.

The following table sets forth the PFCs collected at the Airport System in Fiscal Years 2019 through and including 2023:

Passenger Facility Charges

Fiscal Year Ended September 30	PFCs Collected ⁽¹⁾
2019	\$21,356,398
2020 ⁽²⁾	14,256,762
2021	18,444,156
2022	21,445,923
2023 ⁽³⁾	19,487,062

- ⁽¹⁾ Includes interest income. Pledged PFCs only include a portion of the \$4.50 collected per enplaned passenger by the Authority. In Fiscal Year 2023, Pledged PFCs used for debt service were approximately \$10.9 million.
- ⁽²⁾ Decline a result of COVID-19. See "CERTAIN INVESTMENT CONSIDERATIONS – Coronavirus (COVID-19)" herein for more information.
- ⁽³⁾ Decline a result of Hurricane Ian. See "CERTAIN INVESTMENT CONSIDERATIONS – Climate Change and Environmental Issues" herein for more information.

Source: Lee County Port Authority.

Customer Facility Charge Funding

Customer Facility Charge revenue is used to fund ground access-related projects, including the construction of new or improvements to existing rental car facilities; operations and maintenance of existing rental car facilities; debt service on rental car facilities; or costs associated with supporting facilities. Currently, a CFC of \$5.00 per transaction is collected. The Authority anticipates using approximately \$210 million in CFC funding for the Rental Car and Parking Expansion project included in the Program that is estimated to begin in Fiscal Year 2027 subject to Board approval.

Federal Budget and Sequestration

Another factor that has affected the 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 Fiscal Responsibility Act of 2023 (the "FRA"), which set spending caps for federal Fiscal Years 2024 and 2025 and should prevent automatic discretionary sequester cuts for these two years.

Per the Congressional Budget Office, federal agencies will not have to cut their spending because of sequestration in Fiscal Year 2024. Should sequestration be triggered in Fiscal Year 2025 (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 System. 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.

Federal and State Grants

The Authority also receives funds pursuant to Federal and State grants. Such grant funds are generally restricted to specific uses. The projects contained in the Authority's Program assume the use of a total of approximately \$159.4 million of federal and state funds, consisting of future AIP entitlement funds, future discretionary funds, and grant funds from the State of Florida. The Authority's plan of finance for the Concourse E project includes \$48 million in federal Airport Infrastructure Grants entitlement funds, \$8 million in federal discretionary funds through the Bipartisan Infrastructure Law Airport Terminal Program and \$7 million in funding from an FAA community grant. See Report of the Airport Consultant attached hereto as APPENDIX C.

INFORMATION CONCERNING THE SIGNATORY AIRLINES

Each Signatory Airline (or its respective parent corporation) serving the Airport System 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: USDOT 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. 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 (and their share of Fiscal Year 2023 enplaned passengers) include Delta (21.6%), Southwest (18.3%), American (15.1%), United (14.3%), JetBlue (10.6%), Spirit (6.1%), Frontier (5.7%), and Sun Country (3.0%) (including their respective affiliates). The New Agreement was signed by all current Signatory Airlines. The Signatory Airlines represented 94.6% of enplanements at the Airport System in Fiscal Year 2023 and accounted for approximately 30% of total Revenues (excluding

PFC Revenues) for the Fiscal Year 2023. For a description of the terms and conditions of the Use Agreements, see "FORM OF 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 agreed to with the existing Signatory Airlines, that expired on September 30, 2023. The Authority agreed to extend the terms of the existing agreement through September 30, 2024. Thereafter, a new long-term agreement will go into effect on October 1, 2024 and will continue for term of ten years, until September 30, 2034. 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 System, 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%). Under the new Use Agreement, the first three years shall be divided 70% to the Authority and 30% to the Signatory Airlines. For the remaining seven years of the new agreement, the allocation will then revert back to 60% Authority and 40% Signatory Airlines. 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. Offices and operations areas are leased on an exclusive use basis. Ticket counters, baggage make-up facilities, 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 System.

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 "FORM OF THE 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 Fiscal Years 2024 through and including 2031 (the "Projection Period") which is based on the assumptions regarding the planned issuance of the Series 2024 Bonds, and the anticipated Program 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 System to generate demand for air service, the trends in air service and passenger activity at the Airport System, and the financial performance of the Airport System.

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 System and its various tenants, including but not limited to the commercial airlines serving the Airport System. The Airport System 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 System; 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 System, 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 System based on forecasted demand. In 2020, the airline industry and the Airport System 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. The activity assumptions within the Report also include considerations regarding the impact of Hurricane Ian on activity levels at the Airport System. 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 2031. Beyond Fiscal Year 2031, the planned capital improvements for the Airport System are not included within the analysis. The five-year Program 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 the implementation schedule of the 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 the Report, and the variations may be material. In developing their analyses, the Airport Consultant 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 the Report. Airport Consultant believes these sources to be reliable but has not audited the data and does not warrant their accuracy. The analyses in the Report are based on conditions known as of the date of the Report. The Airport Consultant has no obligation to update the Report on an ongoing basis. See APPENDIX C attached hereto.

Summary of Financial Analysis and Assumptions

Certain of the assumptions and results of the financial analysis presented in the Report are summarized below:

- Current Expenses are projected to increase on the basis on the type of expense, the incremental increases associated with the completion of capital projects, and the expectations of future inflation (assumed to be 2.0% annually), with total Current Expenses estimated to increase from

approximately \$110.9 million in Fiscal Year 2025 to approximately \$141.3 million in Fiscal Year 2031. Parking and concession revenues are budgeted to be \$75.0 million in the Fiscal Year 2025 and are projected to increase to approximately \$90.4 million in the Fiscal Year 2031, based on anticipated air traffic growth, inflation, and impacts from the anticipated Terminal Expansion – Phase 1 project in Fiscal Year 2026 and Concourse E project in Fiscal Year 2028. Total Non-Airline Revenues, including concessions, are budgeted to be approximately \$99.9 million in Fiscal Year 2025. Total Non-Airline Revenues are projected to increase to approximately \$117.7 million in Fiscal Year 2031.

- After the Series 2024 Bonds are issued, total annual debt service is projected to be approximately \$64.6 million in Fiscal Year 2025 and increase to \$76.4 million per year in Fiscal Year 2027 due to the Series 2026 Bonds debt service. In Fiscal Year 2026 total annual debt service increases to approximately \$87.6 million per year due to the first full debt service payment on the Series 2026 Bonds.
- Airline revenues calculated according to on the terms of the Use Agreement are estimated to increase from approximately \$86.1 million in Fiscal Year 2025 to approximately \$124.9 million in Fiscal Year 2031. The Airport System’s estimated average airline cost per enplanement (CPE) is estimated to increase from approximately \$13.64 in Fiscal Year 2025 to approximately \$17.93 in Fiscal Year 2031 as a result of increased capital costs associated with the Concourse E project. Calculated in accordance with the Bond Resolution, debt service coverage is estimated to be 1.60x and 1.60x in Fiscal Year 2025, the first full year of debt service on the Series 2024 Bonds, calculated according to both 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.
- Additional Concourse E Protection, as defined and described in the Report attached hereto as APPENDIX C is projected to be required in Fiscal Year 2026 through the end of the Projection Period and is projected to increase from \$4.3 million in Fiscal Year 2026 to \$11.1 million in Fiscal Year 2027. Additional Concourse E Protection is projected to remain relatively flat from Fiscal Year 2027 through the end of the Projection Period.
- Calculated in accordance with the Resolution, debt service coverage is estimated to be 1.60x in Fiscal Year 2025, the first full year of debt service on the 2024 Bonds, calculated according to both the 1.25x and 1.00x tests. Debt service coverage is expected to exceed both debt service coverage requirements established in the 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 System will not be constrained by facilities, or lack thereof.
- Airlines will continue their trend of upgauging to larger average aircraft sizes that can accommodate more passengers per operation at the Airport System, resulting in operations growing at a slower rate than enplaned passengers.
- It is assumed that current ongoing constraints resulting from fleet availability and labor shortages will ease over time, with lessening impact in the longer-term portion of the Projection Period.

- Additional economic disturbances will occur during the Projection Period, causing year-to-year variations in airline traffic. However, traffic at the Airport System and nationwide is projected to increase over the long-term.
- It is assumed that no additional major "acts of God" such as a hurricane or other natural disaster that may disrupt the national or global airspace system or negatively affect aviation activity will occur during the Projection Period.
- For these analyses, and as with the FAA's assumptions for its nationwide forecasts, it is assumed neither terrorist incidents that materially impact US air traffic demand during the Projection Period will occur, nor will variants of COVID-19 emerge that would result in a similar reduction in air service as experienced at the onset of the pandemic. COVID-19 Recovery.

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 System could differ from the projections presented herein, because events and circumstances might not occur as expected.

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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 projection does not consider the delays and the additional costs associated with the delivery of the Terminal Expansion Phase 1, as described above. The table below shows debt service coverage for such Projection Period:

	2024	2025	2026	2027	2028	2029	2030	2031
Revenues	\$151,905,643	\$207,049,321	\$222,189,518	\$242,790,008	\$247,587,622	\$252,121,257	\$256,083,741	\$260,224,625
Current Expenses	\$87,299,983	\$105,499,765	\$110,651,505	\$114,802,463	\$120,467,372	\$124,991,370	\$129,686,014	\$134,557,768
Net Revenues	\$64,605,660	\$101,549,556	\$111,538,013	\$127,987,545	\$127,120,250	\$127,129,887	\$126,397,728	\$125,666,858
Transfers in	\$355,043	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$29,158,400	\$63,443,316	\$75,685,550	\$87,275,838	\$86,490,588	\$86,325,088	\$85,622,838	\$84,914,338
BOND SERVICE REQUIREMENT COVERAGE (1X REQUIRED)	2.23x	1.60x	1.47x	1.47x	1.47x	1.47x	1.48x	1.48x
BOND SERVICE REQUIREMENT COVERAGE AFTER TRANSFERS (1.25X REQUIRED)	2.22x	1.60x	1.47x	1.47x	1.47x	1.47x	1.48x	1.48x

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 System in each year of the Projection Period are expected to be sufficient to comply with the requirements of the rate covenant established in the Bond Resolution.

2. The Airport Consultant is also of the opinion that throughout the Projection Period the Airport System's airline's 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 for the Airport System is based on a combination of factors that are not materially affected by Airport rates and charges.

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 2024 Bonds and the sufficiency of the Pledged Funds expected to be generated by the Airport System. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2024 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 2024 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 2024 Bonds. There can be no assurance that other investment considerations not discussed herein will not become material in the future.

The Series 2024 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 System or any lien thereon or security interest therein has been given. The Series 2024 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 2024 Bonds. See "SECURITY FOR THE BONDS" in this document.

The following are some of the factors affecting the airline industry including price and availability of aviation fuel, terrorism and geopolitical concerns, labor shortages and other labor disruptions, aviation security concerns, the impact of Boeing 737 MAX grounding, structural changes in the travel market, technological innovations in ground transportation, and airline bankruptcies.

Uncertainties of the Aviation Industry

General. There are key factors that affect economic and financial condition of the airlines, and, therefore, the amount of Revenue available for payment of the Bonds. The key factors include, but are not limited to: unfavorable local, regional, national and international economic conditions, including international trade volume, extensive governmental regulation of the airline industry, political conditions, including wars, other hostilities and acts of terrorism, competition from other airports, airline service and route networks, the capacity of the national air transportation system and the Airport System,

passenger reaction to disruptions and delays arising from security concerns and government shutdowns, airline operating and capital expenses, including security, labor and fuel costs, availability of fuel and the ability to hedge fuel costs, environmental factors and regulations, currency values and world-wide infectious diseases (e.g., Ebola, SARS and COVID-19), aviation security concerns, airline mergers, and airline bankruptcies. The airline industry also faces competition from surface transportation and technological alternatives such as virtual meetings, teleconferencing or videoconferencing. Increased competition from these sectors in both the domestic and international markets may have a material adverse effect on the Airport System's business, financial condition and results of operations. If aviation and enplaned passenger traffic at the Airport System do not meet forecast levels, a corresponding reduction could occur in forecasted Revenues.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorist attacks of September 11, 2001, the economic recession that occurred in 2008 and 2009, the COVID-19 pandemic, and Hurricane Ian impacts. Business decisions by airlines, such as the reduction or elimination of service to unprofitable markets, increasing the use of smaller, regional jets, airline mergers or consolidations and changing hubbing strategies have also affected air traffic at the Airport System and could have a more pronounced effect in the future.

Price and Availability of Aviation Fuel. The price and availability of aviation fuel are critical and there are numerous uncertain factors affecting airline industry. Historically, the volatility in jet fuel prices, which track just above crude oil prices, has significantly affected airlines' operating costs. According to the International Air Transport Association, fuel accounts for 30% of airline operating costs in 2024, a decrease from 36% in 2023. 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 increase or decrease in the cost of fuel. As of the third quarter of calendar year 2024, jet fuel accounted for 20.8% of total airline operating costs, second only to labor, according to Airlines for America. The average price of jet fuel peaked in June 2022 at \$4.04 per gallon, having grown steadily since April 2020, which represented the lowest price observed during the historical period. Fluctuating fuel costs affect airline profitability, which could lead to air service changes as airlines adjust capacity and pricing to address changes in the cost of fuel.

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

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.

Terrorism and Geopolitical Concerns. Potential terrorist attacks, geopolitical conflict or security events, could have a significant adverse effect on the airline industry's financial performance. Although airports and airlines have implemented governmental and private security to monitor terrorist threats, the airline industry remains a high-profile target for terrorist groups. In addition, the impact on the airline industry's operations of avoiding areas of the world, including airspace, in which there are geopolitical conflicts and the targeting of commercial aircraft by parties to those conflicts can be significant. The Russian invasion of Ukraine, which began in February 2022, is still ongoing. Additionally, an escalation of conflict between Israel and Hamas, which began in October 2023, remains an evolving situation. While there are no flights from the Airport System to these regions, further developments in these conflicts could exacerbate geopolitical and economic uncertainty and potentially impact demand for travel to certain regions which could indirectly impact enplanements at the Airport System. These events could include random acts of violence and could occur in public areas that the Authority cannot control.

Labor Shortages and Other Labor Related Disruptions. The airline industry is labor intensive and has experienced and may experience labor shortages that affect and could continue to affect the airline industry and the Airport System. Several major airlines have announced reduced schedules and cancelling flights as a result of reported labor shortages and staffing challenges. Labor shortages have been attributed to growing travel demand after thousands of workers in the airline industry opted for buyouts or otherwise terminated their employment during the COVID-19 pandemic. In addition to the impact of labor shortages and staffing challenges on the airlines, the Airport System and its concessionaires also may have their operations and finances impacted adversely by labor shortages and staffing challenges. This was particularly the case in the several weeks following Hurricane Ian.

Moreover, a large percentage of the workforce is unionized. Relations between air carriers and labor unions in the United States are governed by the Railway Labor Act, which provides that a collective bargaining agreement between an airline and a labor union does not expire, but instead becomes amendable as of a stated date. The Railway Labor Act generally prohibits strikes or other types of self-help actions both before and after a collective bargaining agreement becomes amendable, unless and until the collective bargaining processes required by the Railway Labor Act have been exhausted.

If an airline is unable to reach agreement with a union work group in a future negotiations the airline may be subject to work interruptions or stoppages, subject to the requirements of the Railway Labor Act or the National Labor Relations Act, as the case may be. Strikes or labor disputes with unionized employees may have a material adverse effect on an airline's ability to conduct business. Likewise, if third-party regional carriers with which an airline has a contract carrier agreement, and the airline is unable to reach agreement with their unionized work groups in current or future negotiations regarding the terms of their collective bargaining agreements, those carriers may be subject to work interruptions or stoppages, subject to the requirements of the Railway Labor Act, which could have a material adverse effect on the airline.

Aviation Security Concerns. Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities, terrorist attacks, increased threat levels declared by the Department of Homeland Security ("DHS") and geopolitical conflicts could have a significant adverse effect on passenger travel behavior and air travel demand leading to decreased

Revenues, the ability to pay Bondholders and financial condition of the airline industry. In addition, travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Impact of Boeing 737 MAX Grounding

On March 13, 2019, following two deadly aircraft crashes involving the Boeing 737 MAX airplane, the FAA 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 System. Airlines, such as Southwest, replaced the Boeing 737 MAX with another aircraft and no service was lost as a result.

On January 10, 2024, the FAA notified the Boeing Company ("Boeing") that it has initiated an investigation into their quality control system. The FAA announced that it would increase oversight of Boeing, including conducting (1) an audit involving the 737-9 production line and suppliers to evaluate compliance with approved quality procedures, (2) increased monitoring of 737-9 in-service events, and (3) an assessment of safety risks around delegated authority and quality oversight, and examination of options to move these functions under independent third parties. On January 24, 2024, the FAA stated that it would not approve production rate increases or additional production lines for the 737 MAX until found that Boeing maintained full compliance with required quality control procedures. Future safety issues (or the perception thereof) with respect to aircraft which serve the Airport System could result in reduced passenger traffic. On March 4, 2024, the FAA halted production expansion of the Boeing 737 MAX and continued its increased onsite presence at Boeing's facility and Spirit AeroSystems' facility. Future safety issues (or the perception thereof) with respect to aircraft which serve the Airport System could result in reduced passenger traffic.

In July 2024, Boeing agreed to plead guilty to a felony charge of conspiring to defraud the federal government over two fatal crashes on the 737 Max in 2018 and 2019. As a result, Boeing will be put on probation for three years and the U.S. Department of Justice will appoint an independent compliance monitor who will make sure that safety measures are in place and followed and will submit annual reports to the government. As a result, Boeing has had a production slowdown as a result of the issues described above. At this time, it is uncertain what the long-term impact will be for airlines and airports.

On April 8, 2024, Spirit Airlines announced an agreement to defer deliveries of Airbus SE aircraft scheduled from the second quarter of 2025 through 2026 to 2030 through 2031. Defects in Pratt & Whitney geared turbine engines also forced Spirit Airlines and JetBlue Airways to ground some of their A320neo aircraft as a result of mandatory inspections.

Additionally, Spirit Airlines furloughed 186 pilots beginning on September 1, 2024. For the Fiscal Year 2023, Spirit Airlines accounted for 6.1% of total passengers at the Airport System. At this time, the Authority cannot predict what impacts, if any, the above will have on operations at the Airport System, however, the Authority does not expect there to be an impact on its ability to pay debt service on the Series 2024 Bonds.

Aviation industry supply chain issues are also impacting the airline industry, including, but not limited to, engines, airframes and other parts. At this time, it is uncertain when such supply chain issues will resolve.

Structural Changes in the Travel Market. Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. As a result, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price-sensitive. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfare. In addition, the availability of fully transparent price information on the Internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. In addition, smaller corporate travel budgets, combined with the higher time costs of travel, have made business customers more amenable to communications substitutes such as tele- and video-conferencing.

Technological Innovations in Ground Transportation. One significant category of non-airline revenues is from ground transportation activity, which the Airport System includes in its commercial landside classification of Revenues. This includes use of Airport parking garages, car rentals, ground transportation fees paid by taxis, limousines and TNCs, and hotel concession revenues. While passenger levels are increasing at the Airport System, the relative market share of ground transportation sources of revenue is shifting. As one example, the popularity of TNCs has increased as a result of a variety of factors including the increasing number of cities where TNCs may operate, other technological innovations in ground transportation, convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing.

Sustainability. In accordance with the FAA's Memorandum of Guidance of Airport Recycling, Reuse and Waste Reduction Plans dated September 30, 2014, the Authority began the process of developing a Sustainability Plan in 2019 and is committed to advancing sustainability goals and furthering efforts to reduce economic, social and environmental risk. The Authority is using the framework based on the FDOT's Airport Sustainability Guidebook. Phase 1 consists of developing a mission, statement, goals and objective. Phase 2 consists of a baseline assessment. Phase 1 and Phase 2 have been completed. The Authority is working on Phase 3, to establish framework for a formal sustainability plan, and the sustainability plan is expected to be completed in Fiscal Year 2026.

Airline Bankruptcies. Airlines using the Airport System 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 Use Agreements, 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 System 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 System, the airline will likely reject all contracts, including a Use Agreement, with the Airport System, and the Airport System'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 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 Fiscal Responsibility Act of 2023 (the "FRA"), which set spending caps for federal Fiscal Years 2024 and 2025 and should prevent automatic discretionary sequester cuts for these two years.

Per the Congressional Budget Office, federal agencies will not have to cut their spending because of sequestration in fiscal 2024. Should sequestration be triggered in fiscal 2025 (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 System. 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.

Passenger Facility Charges

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. The FAA may terminate the Authority's authority to impose PFCs, subject to informal and formal procedural safeguards, if (a) PFC Revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the PFC Regulations, or (b) the Authority otherwise violates the PFC Act or the PFC Regulations. 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 the Airport Noise and Capacity Act of 1990 (the "ANCA") and its implementing regulations relating to the implementation of noise and access restrictions for certain types of aircraft. The regulations under ANCA also contain procedural safeguards to ensure that the Authority's ability to impose a PFC would not be summarily terminated.

No assurance can be given that the Authority's ability to impose a PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC Revenues available to the Authority or that the Authority will not seek to decrease the amount of PFCs to be collected, provided such decrease does not violate the Authority's covenant in the PFC Resolution. Further, the current PFC Charge Expiration Date for PFC collections is currently estimated to occur on December 1, 2060. A shortfall in PFC Revenues may cause the Authority to increase rates and charges at the Airport System to meet the debt service requirements PFC Bonds that the Authority plans to pay from PFCs, and/or require the Authority to identify other sources of funding for

its capital program, including issuing Additional Parity Bonds and/or additional Subordinated Indebtedness, to finance the pay-as-you-go projects currently expected to be paid with PFC Revenues.

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 System by the Authority, the use of the Airport System 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 System. 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. The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Authority) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. Airlines are permitted to commingle PFC collections with other revenues. Airlines that have filed for Chapter 7 or 11 bankruptcy protection, however, are required to segregate PFC revenue in a separate account for the benefit of the Airport System and cannot grant a third party any security or other interest in PFC revenue. The airlines are entitled to retain interest earned on PFC collections until such PFC collections are remitted. This procedure was followed by Delta, United and Northwest during their respective bankruptcies. PFCs collected by those airlines were required by the bankruptcy court to be placed in accounts separate from other airline revenue accounts and be paid to airports monthly in accordance with the PFC regulations. However, the Authority cannot predict whether an airline that files for bankruptcy protection will properly account for the PFCs or whether the bankruptcy estate will have sufficient moneys to pay the Authority in full for the PFCs owed by such airline. The Authority has recovered all of its PFCs from each of the airlines that filed for Chapter 11 bankruptcy protection to date.

Federal Legislation

Federal legislation affects the Airport System Improvement Program (the "AIP") grant funding that the Authority received 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.

On May 16, 2024, the FAA Reauthorization Act of 2024 (the "2024 Reauthorization Act") was signed into law which reauthorizes the FAA and related revenue authorities through September 30, 2028, and reauthorizes the National Transportation Safety Board through September 30, 2028. The legislation authorizes AIP funding of \$3.35 billion per year in Fiscal Year 2024 and increases to \$4 billion per year for Fiscal Years 2025 through 2028. The Act includes several AIP formula changes. For example, the measure

reduces the AIP turnback for large and medium hubs from 75 to 60 percent. In addition, the 2024 Reauthorization Act contains initiatives to improve aviation safety, grow and support the aviation workforce, improve consumer protections and standards for a better flying experience, improve aircraft accessibility, expand air travel service, upgrade airports, and continue research and development for innovative aviation technologies.

There is no assurance that the FAA will receive spending authorization. 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 System and its airlines. The most significant ones are discussed below.

Federal legislation created the TSA, an agency within 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.

TSA 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 System, (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 System to control access at the TSA passenger screening checkpoint exit lanes during TSA non-operational hours and on 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 System. Thus far, the Airport System 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 System 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 System currently is actively participating in the CCSP program.

Cost and Schedule of Capital Improvements Program

The estimated costs and schedule of the Program projects described herein under the caption "THE COUNTY, THE AUTHORITY AND THE AIRPORT SYSTEM - 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 Program 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 Program 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 Program 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 Program projects.

For more information about project delays and additional costs as well as risk mitigation techniques, see "THE COUNTY, THE AUTHORITY AND THE AIRPORT SYSTEM--Capital Improvement Program and Funding Sources--Terminal Project—Terminal Expansion-Phase 1" herein.

Innovative Ground Transportation

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.

The introduction of TNCs at the Airport System has led to declines in the revenues that the Airport System 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 System receives from other ground transportation activities.

An innovative alternative to traditional rental cars are Turo peer-to-peer car sharing platforms that allows individual car owners to rent out their own cars to other individuals. The Authority's most

recent rental car agreement was with TURO Peer to Peer rental services ("TURO") and was effective August 2022. TURO pays 8% of gross receipts as a privilege fee.

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.

Reliance on Technology

Airport System operations, the County and the Authority rely on technological solutions to create an efficient, effective and safe environment for air and cargo movement. However, increased reliance on digital solutions also increases exposure to cybersecurity threats or other adverse cyber or software-related incidents that could disrupt operations, not only at the Airport System, but also throughout the entire air transport industry. See "CERTAIN INVESTMENT CONSIDERATIONS—Cyber-Security" above for more information.

Climate Change, Hurricanes and Environmental Issues

Climate Change and Hurricanes

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 and the Airport System. 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 System, the Airport System and customer homes and businesses may experience substantial damage and a resulting interruption in service and travel demand. 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 Ian made landfall in Lee County on September 28, 2022, as a Category 4 storm with a wind speed of 155 mph and gusts at 161 mph. (It made landfall as a Category 4 but now is referred to as a Category 5.) It was the largest hurricane to make landfall here and is ranked as the third costliest tropical system to make landfall in the United States behind only Hurricane Katrina in 2005 and Hurricane Harvey in 2017. Over 10 feet of storm surge impacted areas within Lee County, including its barrier islands, Fort Myers Beach, and coastal areas along the Caloosahatchee River. Initial damage assessments show Ian caused more than \$112 billion in damage to residential and commercial structures. It impacted every county beach, all county parks, every traffic signal and generated an estimated 12 million cubic yards of debris, with 6 million of that collected roadside in unincorporated areas. Immediately following the storm, more than 130,000 were in need of housing assistance. The County is working to recover the vast majority of storm-related losses through State and Federal disaster recovery grants and other public assistance programs. The County incurred approximately \$297.3 million in hurricane related expenditures to County government properties, facilities, and assets, along with the approximate costs to repair them. The County utilized reserves to cover the County's cashflow needs for the initial immediate needs. In addition, the County was awarded (i) a 0% loan in the amount of \$25 million from the State of Florida to be used for government operations and (ii) was awarded \$100 million from the State of Florida, a 0% loan as an advancement of reimbursement of project costs expected from FEMA. Any funds received from FEMA will be used to reimburse the State to reduce the balance of the loan. As a result of Hurricane Ian, the Airport System was closed the first few days of Fiscal Year 2023 followed by

limited operating hours until normal flight operations resumed on October 11, 2023. In Fiscal Year 2023, enplaned passengers at the Airport decreased 15.3 percent to 4.7 million, due to the impact of Hurricane Ian. Monthly enplaned passenger volumes in Fiscal Year 2023 remained below corresponding monthly passenger volumes in Fiscal Year 2022 until July 2023. Fiscal year-to-date ("FYTD") 2024 (October to May) enplaned passengers increased 24.5 percent to 4.3 million compared to 3.5 million for FYTD 2023, as passenger demand recovered from the impact of Hurricane Ian. Monthly passenger volumes in FYTD 2024 exceed passenger volumes in all corresponding months in FYTD 2023.

Hurricane Helene made landfall on September 26, 2024 near Perry, Florida, which is approximately 300 miles north northwest of the Airport System, as a Category 4 Hurricane. There were no material financial or operating impacts to the Airport System.

Environmental Issues

Airport System operations involve the storage and use of a number of substances that are regulated under various federal, state and local regulations. In the event such storage and handling of regulated substances causes environmental damage, the costs resulting from such damage and the remediation of such damage may be significant. These regulated substances at the Airport System are predominantly used by Airport System tenants.

The Airport System's Fire Department has used aqueous film-forming foam ("AFFF") known to contain per- and polyfluoroalkyl substances ("PFAS"), in accordance with FAA requirements for fire suppression. AFFF is effective in smothering fuel fires and FAA standards historically contained PFAS in AFFF.

PFAS are a group of more than 3,000 synthetic chemicals that have been in use since the 1940s. PFAS are found in many products such as dental floss, food packaging materials, stain-resistant materials, non-stick products, water repellent textiles, and fire-fighting foams. On May 8, 2023, the FAA published an Aircraft Firefighting Foam Transition Plan to ensure the orderly transition from current PFAS-containing AFFF to replacement fluorine-free foam ("F3") products as they are developed and manufactured. On September 13, 2023, the first FAA-approved F3 became available for purchase. Currently, under federal regulations airports may, but are not required to, transition to using F3 in their aircraft rescue and firefighting vehicles.

The EPA found evidence that continued exposure to certain PFAS above specified levels may lead to adverse health effects. Currently, the key PFAS compounds of concern are perfluorooctanesulfonate ("PFOS") and perfluorooctanoic acid ("PFOA"). The EPA released a statement in November 2016 summarizing available peer-reviewed studies on laboratory animals and epidemiological evidence in human populations as indicating that exposure to PFOA and PFOS over certain levels may result in adverse health effects. In February 2019, the EPA issued a PFAS Action Plan. The PFAS Action Plan outlines EPA's strategy to better understand the health risks associated with PFAS and to develop tools for characterizing PFAS in the environment, cleanup approaches, and enforcement mechanisms.

On September 6, 2022, the EPA published a proposed rule designating PFOS and PFOA as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). On April 19, 2024, the EPA released a pre-publication version of the final rule designating PFOS and PFOA as hazardous substances under CERCLA. The final rule was published in the Federal Register May 8, 2024, and took effect on July 8, 2024. However, the EPA's designation of PFOS

and PFAS as hazardous substances under CERCLA is currently being challenged by the U.S. Chamber of Commerce, Associated General Contractors of America and the National Waste and Recycling Association in D.C. Circuit Court.

In April 2024, the EPA announced the first-ever national standards for PFAS in drinking water under the Safe Drinking Water Act. This rule sets health safeguards that require public water systems to monitor and reduce the levels of PFAS in drinking water and notify the public of any exceedances of those levels. The rule sets drinking water limits for five individual PFAS, including PFOA and PFOS, as well as setting a limit for any combination of four PFAS, including what are known as "GenX Chemicals." While the EPA has now established these standards relating to drinking water, there are currently no regulatory standards relating to surface water.

Regulations and Restrictions Affecting the Airport System

The operations of the Airport System are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Space Rental Agreements and other concession and lease agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. The Authority also has been required to implement enhanced security measures mandated by the FAA and DHS.

It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport System, whether any additional requirements will be funded by the federal government or require funding by the Authority, or whether such restrictions or legislation or regulations would adversely affect Airport Revenues.

Capacity of National Air Traffic Control and Airport Systems

Demands on the national air traffic control system may cause aircraft delays and restrictions, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. These restrictions may affect airline schedules and passenger traffic nationwide. The FAA is gradually automating and enhancing the computer, radar, and communications equipment of the air traffic control system and assisting in the development of additional airfield capacity through the construction of new runways and the more effective use of existing runways. However, increasing demands on the national air traffic control and airport systems could cause increased delays and restrictions in the future. In addition to any future constraints that may be imposed by the capacity of the national air traffic control and national airport systems, future growth in airline traffic at the Airport System is also dependent on the capacity of the Airport System itself. The airfield, terminal and other facilities included in the Capital Program are intended to ensure that the Airport System capacity will be available to accommodate forecasted passenger demand.

At the onset of the COVID-19 pandemic discussed below, many domestic airlines reduced their number of employees through involuntary furloughs as well as packages to incentivize early retirement. As demand returned, some airlines struggled to hire and train new pilots, flight attendants, mechanics, and other employees to support growth in operations, resulting in supply side constraints. Delayed delivery of new aircraft discussed above has further constrained airlines' ability to restore capacity in line with growth in demand.

Coronavirus (COVID-19)

The outbreak of the highly contagious COVID-19 pandemic in the United States that occurred March 2020 had a negative financial impact on local, state and national economies around the globe, including initially significantly increased unemployment in certain sectors including especially travel, hospitality and restaurants. COVID-19 is a respiratory virus that was first reported in China and thereafter spread around the world, including the United States. This led to quarantine, remote work and other "social distancing" measures throughout the United States which resulted in a period of less travel resulting in declines in certain revenue sources. While many of the effects of COVID-19 were temporary, it altered the behavior of businesses and people in a manner resulting in negative impacts on global and local economies, including supply chain issues and rising inflation. There can be no guarantee that COVID-19 or another outbreak of a highly contagious disease will not have negative financial impacts on the County on the collection of Revenues in the future.

The Authority took steps to mitigate the financial impact caused by the significant decrease in passenger activity at the Airport System from March 2020 to September 2024 due to COVID-19. These actions included allocation of grant funds to offset Current Expenses and debt service costs. In particular:

- Salaries and wages reduced with moneys received from the American Rescue Plan of 2021 ("ARP Act") by \$3.8 million in Fiscal Year 2023.
- Contractual services reduced with moneys from the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") and ARP Act by \$2.3 million, \$3.5 million, \$4.7 million, \$7.4 million in Fiscal Year 2020, Fiscal Year 2021, Fiscal Year 2022 and Fiscal Year 2023, respectively.
- Principal reduced by early redemption of Airport Revenue Refunding Bonds, Series 2010A paid with moneys received from the CARES Act by approximately \$8.6 million in Fiscal Year 2020, approximately \$8.7 million in Fiscal Year 2021, and approximately \$9.6 million in Fiscal Year 2022.

The Airport System, similar to most other airports across the country, experienced steep declines in passenger volumes as a result of the COVID-19 pandemic. Total passengers decreased by approximately 29.8% between Fiscal Year 2019 and Fiscal Year 2020, increased by approximately 28.5% between Fiscal Year 2021 and Fiscal Year 2020, and increased by approximately 22.8% between Fiscal Year 2022 and Fiscal Year 2021. By Fiscal Year 2023, total passengers-decreased approximately 15.3% over Fiscal Year 2022 due to impacts from Hurricane Ian. Enplaned passengers for Fiscal Year 2024 year-to-date through June are approximately 22.8% over Fiscal Year 2023 year-to-date through June.

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 System. 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 System 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 fares and competition; airline industry economics, including labor relations, fuel prices, aging aircraft fleets and other factors discussed herein; 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.

Airport's Largest Carriers, Airline Industry Consolidation and Growth of Ultra Low-Cost Carriers

The Airport System derives a substantial portion of its operating revenues from the airlines serving the Airport System. For Fiscal Years 2023 and 2022, Delta Airlines accounted for approximately 21.6% and 20.9%, respectively, of the total enplaned passengers at the Airport System, Southwest Airlines accounted for 18.3% and 18.0%, respectively, and American Airlines accounted for approximately 15.1% and 14.4%, respectively, respectively. The top two airlines in Fiscal Year 2023 (Delta and Southwest) accounted for 39.9% of total enplaned passengers. The remaining share of enplaned passengers accounted for 31.7% were carried among the other 6 signatory airlines that account for the majority of the Revenues in Fiscal Year 2023. For Fiscal Years 2023 and 2022, Delta Airlines accounted for approximately 12.6% and 4.6%, respectively, of the total Revenues at the Airport System, Southwest Airlines accounted for 5.6% and 4.6%, respectively. The top two airlines in Fiscal Year 2023 (Delta and Southwest) accounted for 9.7% of total Revenues. The remaining share among the other 6 signatory airlines accounted for 14.7% of total Revenues in Fiscal Year 2023. If any of these airlines, or other airlines serving the Airport System, were to reduce or cease service at the Airport System, such flights would not necessarily be replaced by other airlines. While historically when airlines have reduced or ceased operations at the Airport System other airlines have absorbed the traffic with no significant adverse impact on Airport revenues, it is possible that were Southwest Airlines, American or Delta or another airline to cease or significantly cut

back operations at the Airport System, then Revenues, PFC collections and costs for other airlines serving the Airport System could be adversely affected.

In response to competitive pressures, the U.S. airline industry has continued to consolidate. Delta and Northwest merged in 2008; United and Continental merged in 2010; Southwest Airlines acquired AirTran Airways in 2011; and US Airways and American Airlines merged in 2013. Alaska Air Group acquired Virgin Airlines in December 2016 and received a single operating certificate in January 2018. In July 2022, Spirit Airlines and JetBlue Airways announced their intention to merge. The merger was approved by Spirit Airlines shareholders in October 2022, however on March 14, 2023, the U.S. Department of Justice filed a lawsuit to block the proposed merger. On January 16, 2024, the court issued a ruling disapproving the merger under the principals of antitrust law. On March 4, 2024, JetBlue announced that the merger agreement between the two airlines had been terminated. While prior mergers have had little impact on the combined airlines market share at the Airport System, future mergers or alliances among airlines operating at the Airport System may result in fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Revenues and PFC collections, and increased costs for the other airlines serving the Airport System.

Publicly Available Information Concerning the Airlines

Most of the domestic airlines serving the Airport System, or their respective parent corporations, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "SEC"). Likewise, foreign airlines serving the Airport System that have American Depository Receipts registered on a U.S. national exchange are subject to the same reporting requirements. Certain information, including financial information, as of particular dates concerning each of these reporting airlines (or their respective parent corporations) is disclosed in reports and statements filed with the SEC. Such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC and on its website. In addition, the airlines also are required to file periodic reports of financial and operating statistics with the United States Department of Transportation (the "USDOT"). Such reports can be inspected at the following location: Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590, and copies of such reports can be obtained from the USDOT at prescribed rates. The Authority does not undertake any responsibility for or make any representation as to the accuracy or completeness of: (i) any reports and statements filed with the SEC or USDOT or (ii) any material contained on the SEC's website, as described above.

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 2024 Bonds.

Forward-Looking Statements

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

Any financial projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to the prospective financial information. The Authority's independent auditors have not compiled, examined, or performed any procedures with respect to the prospective financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The Authority's independent auditors have not been consulted in connection with the preparation of any financial projections contained in this Official Statement and the Authority's independent auditors assume no responsibility for its content.

Uncertainties of Projections, Forecasts and Assumptions

The Consultant Report contains certain assumptions, forecasts and projections. See APPENDIX C – "REPORT OF THE AIRPORT CONSULTANT." Projected compliance with certain of the covenants contained in the Bond Resolution is also based upon assumptions and projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur and actual results are likely to differ, perhaps materially, from those projected. Accordingly, the projections contained in the Consultant Report are not necessarily indicative of future performance, and neither the Authority nor the Airport Consultant assumes any responsibility for the accuracy of such projections.

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

The Policy for the Insured Series 2024 Bonds

The County is purchasing the Policy to guarantee the scheduled payments of principal of and interest on the Insured Series Bonds. The following are risk factors relating to bond insurance generally.

The Insurer may direct, and must consent to, any remedies that are exercised and the Insurer's consent may be required in connection with amendments to the Bond Resolution.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, any Insured Series 2024 Bonds will be payable solely from the moneys received by the Paying Agent pursuant to the Bond Resolution. In the event the Insurer becomes obligated to make payments with respect to any Insured Series 2024 Bonds, no assurance is given that such event will not adversely affect the market price of the Insured Series 2024 Bonds or the marketability (liquidity) of the Insured Series 2024 Bonds.

The long-term ratings on any Insured Series 2024 Bonds would be dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on any Insured Series 2024 Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) of such Insured Series 2024 Bonds.

Any Insured Series 2024 Bonds would be general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the County, the Authority, Bond Counsel, the Financial Advisor (as defined herein), the Underwriters (as defined herein) or any of their counsel, will make any independent investigation of the claims paying ability of the Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the County to pay principal and interest with respect to the Insured Series 2024 Bonds and the claims paying ability of the Insurer, particularly over the life of the investment.

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 2024 Bonds, or any proceedings or transactions on the part of the County relating to their issuance, sale or delivery. Although the County and the Authority experience claims, litigation and various legal proceedings from time to time, there are no judicial, administrative or regulatory proceedings pending or, to the knowledge of the County or the Authority, threatened, against the County or the Authority which may significantly affect the County's or the Authority's ability to perform their obligations to the holders of the Series 2024 Bonds or which would have a material adverse effect upon the Pledged Funds or the financial condition or operations of the Airport System or, except as described below, the financial condition or operations of the County or the Authority.

Certain Underwriters at Lloyd's of London, et DI. v. Lee County Port Authority, et al., Case No. 22-CA- 2114. This litigation stems from a fire at the Airport in April of 2020 which damaged several thousand rental vehicles. Plaintiffs allege that the Authority's negligence contributed to the damage to the insured vehicles. Although the County denies any liability, pursuant to Florida Statutes, Section 768.28(a), the Authority has sovereign immunity limits of \$300,000.00 per occurrence, inclusive of attorney fees and costs, which means liability of limited absent a claims bill of the Florida Legislature. The County and the Authority are vigorously defending this lawsuit. The County and the Authority would vigorously oppose such a claims bill. In any event, neither the County nor the Authority expects litigation to have a material adverse effect on the ability to pay debt service on the Series 2024 Bonds.

In addition to that described above, the County and the Authority are party to various other 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. In any event, the County or the Authority does not expect these various other legal proceedings to materially impact the ability to pay debt service on the Series 2024 Bonds.

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 2024 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 has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Series 2024 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 2024 Bonds to be included in gross income retroactive to the date of issuance of the Series 2024 Bonds. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

Subject to the condition that the County will comply with the pertinent requirements of the Code, in the opinion of Bond Counsel, under present law, (a) interest on the Series 2024 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 2024 Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2024 Bonds or a "related person" within the meaning of Section 147(a) of the Code, (b) interest on the Series 2024 Bonds is an item of tax preference for purposes of the federal alternative minimum tax, and (c) interest on the Series 2024 Bonds is taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the "adjusted financial statement income" of such corporations.

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 2024 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 2024 Bonds to certain Series 2024 Bondholders. Prospective Series 2024 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 2024 Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Series 2024 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2024 Bonds to the Treasury of the United States of America. Noncompliance with such provisions may result in interest on the Series 2024 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 2024 Bonds. Prospective purchasers of Series 2024 Bonds should be aware that the ownership of Series 2024 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2024 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 2024 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2024 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2024 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 2024 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 2024 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Series 2024 Bonds may be subject to state or local income taxation under applicable state or local laws in some jurisdictions. Purchasers of the Series 2024 Bonds should consult their own tax advisors as to the income tax status of interest on the Series 2024 Bonds in their particular state or local jurisdiction.

The Inflation Reduction Act, H.R. 5376 (the IRA), has been passed by both houses of the U.S. Congress and was signed by the President on August 16, 2022. As enacted, the IRA includes a 15 percent alternative minimum tax to be imposed on the "adjusted financial statement income," as defined in the IRA, of certain corporations. Interest on the Series 2024 Bonds will be included in the "adjusted financial statement income" of such corporations for purposes of computing the corporate alternative minimum tax. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential tax consequences of owning the Series 2024 Bonds.

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 2024 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 2024 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 2024 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 2024 Bonds.

Original Issue Premium

The Series 2024 Bonds (the "Premium Bonds") were offered and sold to the public at a price in excess of the principal amount of such Premium Bond, which excess 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 the Premium Bonds which term ends on the earlier of the maturity or call date for each Premium Bond which minimizes the yield on said Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, 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 Bond 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 purposes of determining various other tax consequences of owning such Premium Bonds. The federal income tax consequences of the purchase, ownership and sale or other disposition of Premium Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of the 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 2024 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 2024 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 GrayRobinson, P.A., Tampa, 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 2024 Bonds; provided, however, that Bond Counsel will render an opinion to the Underwriters of the Series 2024 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 2024 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 2024 Bonds.

The legal opinions to be delivered concurrently with the delivery of the Series 2024 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.

UNDERWRITING

BofA Securities, Inc., on behalf of itself, J.P. Morgan Securities LLC 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 2024 Bonds from the County, at the aggregate purchase price of \$565,777,723.56 (representing the par amount of \$522,160,000.00 plus original issue premium of \$45,218,358.25 and less Underwriters' discount of \$1,600,634.69). The Underwriter has committed to purchase all of the Series 2024 Bonds, if any are purchased. The Underwriter's obligation to make such purchase is subject to certain conditions precedent set forth in the Bond Purchase Agreement. BofA Securities, Inc., an Underwriter of the Series 2024 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.

The Series 2024 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 Underwriter.

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

BofA Securities, Inc., an Underwriter of the Series 2024 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.

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

A familial relationship exists between a professional of BofA Securities, Inc. and a professional of Bryant Miller Olive P.A. and both firms are participants in this transaction. Such Bryant Miller Olive P.A. professional did not directly or indirectly participate in the underwriting selection process conducted by the County.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the Series 2024 Bondholders to provide certain financial information and operating data relating to the County and the Series 2024 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 2024 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 2024 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 an upgrade to the County's credit rating received from Moody's on November 19, 2019. The County cured such filing on August 22, 2024. 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 2015/2021A Pledged PFCs. The County cured such filing on June 3, 2021. In November 2023, the County received \$100,000,000 advance funding from the Florida Division of Emergency Management for Hurricane Ian and Nicole Repair and Recovery pursuant to an agreement which was characterized as a 0% loan. The County inadvertently failed to timely file as a material financial obligation. The County cured such filing on March 28, 2024.

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 2024 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 Fiscal Years 2023 and 2022, 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 2024 Bonds.

The Series 2024 Bonds are payable solely from the Pledged Funds to the extent and in the manner set forth in the Bond Resolution and the Series 2024 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 and KBRA have assigned the Series 2024 Bonds underlying ratings of "A" (stable outlook), "A2" (stable outlook) and "AA-" (stable outlook), respectively without regard to the Policy guaranteeing the timely payment of the principal and interest on the Insured Series 2024 Bonds that will be insured by the Insurer. In addition, KBRA and Moody's are expected to assign insured ratings of "AA+" (stable outlook) and "A1" (stable outlook), respectively, and S&P Global Ratings is expected to assign its insured rating "AA" (stable outlook) to the Insured Series 2024 Bonds upon the issuance of the Policy by the Insurer at the time of delivery of the Insured Series 2024 Bonds.

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 2024 Bonds. The Underwriters, the County and the Authority have undertaken no responsibility after issuance of the Series 2024 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, Kroll Bond Rating Agency, Inc., 805 Third Avenue, 29th Floor, New York, New York 10022 and S&P Global Ratings, 55 Water Street, 38th Floor, New York, New York 10041.

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 2024 Bonds. Payment of each fee of such professionals is each contingent upon the issuance of the Series 2024 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 2024 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 execution and delivery of this Official Statement has been duly authorized by the Board. At the time of delivery of the Series 2024 Bonds, the Chairman of the Board, the Executive Director of the Authority, and the Deputy Executive Director, Administration will furnish a certificate will furnish a certificate to the effect that nothing has come to their attention which would lead no knowledge or reason to believe that this Official Statement, (other than information herein related to related to the Insurer, the Policy, and 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 2024 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/ Mike Greenwell
Chairman of the Board of County
Commissioners, Lee County, Florida

By: /s/ Steven C. Hennigan
Executive Director, CEO
Lee County Port Authority

By: /s/ Brian W. McGonagle
Deputy Executive Director Administration, CFO
Lee County Port Authority

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APPENDIX A

GENERAL INFORMATION REGARDING LEE COUNTY, FLORIDA

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APPENDIX A

GENERAL INFORMATION REGARDING LEE COUNTY, FLORIDA

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. The County is the most populous of the five counties that make-up Southwest Florida. The incorporated cities, towns, and villages include: Fort Myers (County Seats), Cape Coral, Estero, Bonita Springs, Fort Myers Beach, and Sanibel. 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, Pine Island, and Captiva Island.

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

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

Source: Lee County Property Appraisers Office, GIS Department

The County's climate can be classified as subtropical with temperatures averaging 53 degrees low to 74 degrees high (Fahrenheit) in January and 75 degrees low to 91 degrees high (Fahrenheit) in August.

POPULATION

The County is home to one of the fastest-growing populations in the nation and that trend looks to continue. With approximately 27% of its residents age 65 and older, the County is well known as a retirement destination. The County's population grew by approximately 23% between 2010 and 2020, and is projected to have a population of over 900,000 by 2030 and over 1,000,000 by 2040. The Bureau of Economic and Business Research projects a 30.9% increase in the County's 25 to 54 age group by 2040. The estimated population in 2023 was 800,989.

Population
Lee County, State of Florida and the United States

<u>Year/Period</u>	<u>Lee County</u>	<u>Florida</u>	<u>United States</u>
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	735,148	21,208,589	328,239,523
2020	750,493	21,596,068	331,449,281
2021	782,579	21,898,945	331,893,745
2022	802,178	22,276,132	333,287,557
2023	800,989	22,634,867	334,914,895

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
2018-2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Lee County					
Total Population	713,903	735,148	750,493	782,579	802,178
Age					
0-17	18.7%	18.6%	17.4%	18.4%	17.9%
18-44	29.8	29.8	27.7	29.7	30.0
45-64	25.9	25.8	25.8	25.3	25.1
65+	<u>25.5</u>	<u>25.9</u>	<u>29.1</u>	<u>26.6</u>	<u>27.1</u>
Total*	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
State of Florida					
Total Population	20,840,568	21,208,589	21,596,068	21,898,945	22,276,132
Age					
0-17	20.4%	20.3%	19.5%	20.2%	19.7%
18-44	33.6	33.5	32.7	33.3	33.6
45-64	26.2	26.1	26.6	25.5	25.3
65+	<u>18.8</u>	<u>20.1</u>	<u>21.2</u>	<u>20.9</u>	<u>21.5</u>
Total*	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

* Totals may not foot due to rounding; data only available up to Fiscal Year 2022
Source: University of Florida, Bureau of Economic and Business Research

EMPLOYEE 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 AND OTHER POSTEMPLOYMENT BENEFIT 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 employees of the County 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. The annual comprehensive 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' Website (www.dms.myflorida.com).

The County's pension expenses for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2023 totaled \$169,930,000.

Florida Retirement System Pension 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 55, if vested, or at any age after 25 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 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 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:

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<u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u>	<u>% Value</u>
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
Elected County Officers	3.00
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

Source: Annual Comprehensive Financial Report of Lee County for the Fiscal Year ended September 30, 2023.

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 re-employed 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 County, effective July 1, 2022, were applied to employee salaries as follows: regular employees 10.19 percent, County elected officials 55.28 percent, senior management 29.85 percent, special risk 26.11 percent and DROP participants 16.94 percent. The County's contributions to the FRS Plan were \$60,459,000 for the year ended September 30, 2023.

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

At September 30, 2023, the County reported a liability of \$481,405,000 for its proportionate share of the FRS Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The County’s proportion of the net pension liability was based on the County’s contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of FRS’s participating employers. At June 30, 2023, the County’s proportion was 1.2081%, which is an increase of 0.1451% from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the County recognized a pension expense of \$106,723,000 for its proportionate share of FRS’s pension expense. In addition, the County 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	\$45,200,000	\$-
Changes in Actuarial Assumptions	31,382,000	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	20,105,000	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	41,596,000	12,338,000
County Contributions Subsequent to the Measurement Date	16,004,000	-
Total	\$154,287,000	\$12,338,000

Source: Annual Comprehensive Financial Report of Lee County for the Fiscal Year ended September 30, 2023.

Deferred outflows of resources related to pensions included \$16,004,000 resulting 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, 2024. 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	Amount
2024	\$19,406,000
2025	306,000
2026	85,732,000
2027	16,017,000
2028	4,484,000

Source: Annual Comprehensive Financial Report of Lee County for the Fiscal Year ended September 30, 2023.

Actuarial Assumptions

The total pension liability in the July 1, 2023, 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	6.70%

Mortality rates were based on the PUB-2010 base tables varies by member category and sex; projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2023 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 is 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%	2.9%	2.9%	1.1%
Fixed Income	19.8	4.5	4.4	3.4
Global Equity	54.0	8.7	7.1	18.1
Real Estate (property)	10.3	7.6	6.6	14.8
Private Equity	11.1	11.9	8.8	26.3
Strategic Investments	<u>3.8</u>	6.3	6.1	7.7
Totals	<u>100.0%</u>			
Assumed Inflation - Mean			2.4	1.4

Source: Annual Comprehensive Financial Report of Lee County for the Fiscal Year ended September 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability was 6.70% 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 County'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 County'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:

<u>Description</u>	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
FRS Plan Discount Rate	5.70%	6.70%	7.70%
County's Proportionate Share of FRS Plan Net Pension Liability	\$822,337,000	\$481,405,000	\$196,174,000

Source: Annual Comprehensive Financial Report of Lee County for the Fiscal Year ended September 30, 2023.

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 Annual Comprehensive 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

Plan Description

The Retiree Health Insurance Subsidy ("HIS Plan") Program 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 September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each creditable service completed at the time of , within a minimum HIS payment of \$45 and a maximum HIS payment of \$225 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 can include Medicare.

Contributions

The HIS Plan 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, 2023, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. On July 1, 2023, the rate increased to 2%. 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 HIS 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 County's contributions to the HIS Plan were \$7,055,000 for the year ended September 30, 2023.

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

At September 30, 2023, the County reported a liability of \$106,494,000 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. Liabilities originally calculated as of the actuarial valuation date are recalculated as of June 30, 2023 using a standard actuarial roll-forward technique. The County's proportion of the net pension liability was based on the County's contributions received during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all participating employers. At June 30, 2023, the County's proportion was 1.0106%, which was an increase of 0.1075% from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the impact to the County's pension expense was \$63,207,000 for its proportionate share of HIS's pension expense. In addition, the County reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

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Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$2,350,000	\$377,000
Changes in Actuarial Assumptions	4,219,000	13,907,000
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	83,000	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	13,500,000	1,028,000
County Contributions Subsequent to the Measurement Date	<u>1,976,000</u>	<u>-</u>
Total	<u>\$22,128,000</u>	<u>\$15,312,000</u>

Source: Annual Comprehensive Financial Report of Lee County for the Fiscal Year ended September 30, 2023.

Deferred outflows of resources related to pensions included \$1,976,000 resulting from contributions to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Amount
2024	\$1,545,000
2025	1,629,000
2026	831,000
2027	(342,000)
2028	706,000
Thereafter	471,000

Source: Annual Comprehensive Financial Report of Lee County for the Fiscal Year ended September 30, 2023.

Actuarial Assumptions

The total pension liability in the July 1, 2022, 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 with inflation
Investment Rate of Return	3.65%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in June 1, 2022, valuation were based on the results of an actuarial experience study of the FRS for the period of July 1, 2013, through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability changed from 3.54% to 3.65% 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 County’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 County’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:

<u>Description</u>	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
HIS Plan Discount Rate	2.65%	3.65%	4.65%
County's Proportionate Share of HIS Plan Net Pension Liability	\$183,090,000	\$160,494,000	\$141,757,000

Source: Annual Comprehensive Financial Report of Lee County for the Fiscal Year ended September 30, 2023.

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 Annual Comprehensive Financial Report. The report may be obtained through the Florida Department of Management Services website: <http://www.dms.myflorida.com>.

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Summary

The aggregate amount of net pension liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual funds in which the employee's costs are associated.

<u>Description</u>	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Net pension liability	\$481,405,000	\$160,494,000	\$641,899,000
Deferred outflows of resources related to pensions	154,287,000	22,128,000	176,415,000
Deferred inflows of resources related to pensions	12,338,000	15,312,000	27,650,000
Pension expense	106,723,000	63,207,000	169,930,000

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 Annual Comprehensive 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. County 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, 2023, 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 County.

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 County's Investment Plan pension expense totaled \$8,384,000 for the year ended September 30, 2023.

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, 2024, the date of the latest actuarial valuation, plan participation consisted of 3,871 current active plan members, 966 retirees and 385 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.

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

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 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% 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 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 2023. The Plan is funded on a pay-as-you-go basis. No trust fund has been established for the Plan.

	General Employee Retirees after Subsidy		General Employee Retirees without Subsidy	
	<u>Aetna</u>	<u>MAP</u>	<u>Aetna</u>	<u>MAP</u>
Medical/ Prescriptions:				
Retiree Only				
Pre 65 Years Old	\$590	N/A	\$1,180	N/A
Medicare Eligible	494	\$125	987	\$312
Retiree Plus Spouse				
Pre 65 Years Old	988	N/A	1,975	N/A
Medicare Eligible	795	250	1,589	624
Retiree Plus Dependent				
Pre 65 Years Old	973	N/A	1,945	N/A
Medicare Eligible	780	250	1,559	624
Retiree Plus Family				
Pre 65 Years Old	995	N/A	1,990	N/A
Medicare Eligible (3) (spouse + one dep)	802	384	1,604	936
Life:				
Individual				
Coverage	13		13	
Spouse	N/A		N/A	

Source: Annual Comprehensive Financial Report of Lee County, Florida for Fiscal Year Ended September 30, 2023.

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Actuarial Methods and Assumptions. At September 30, 2023, the County's GHPLC total OPEB liability of \$298,106,000 was measured as of September 30, 2023, 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	4.09%
Healthcare Cost Trend Rate	8.30% pre 65 8.90% at least 65 14.60% 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, 2023, in the Bond Buyer GO 20-Bond Municipal Bond Index. The discount rate changed from 4.02% at September 30, 2022.

Mortality rates were based on the PUBG.H-2010 and PUBS.H-2010 Tables for employees and retirees projected generationally with scale MP-2021 and PUBG.H-2010SB Tables for survivor beneficiaries projected generationally with Scale MP-2021.

Changes in assumptions also included a shift in the future medical plan election for new Medicare eligible retirees, expected claims costs and premiums were updated to reflect actual claims experience and known premiums and health care cost trend rates were updated to reflect recent experience and expectations.

The actuarial assumptions used in the September 30, 2023 valuation were based on the results of an actuarial experience study for the period October 1, 2022 through September 30, 2023.

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.

<u>Changes in the Total OPEB Liability</u>	
Balance at September 30, 2022	\$320,501,000
Changes for the year:	
Service Cost	15,225,000
Interest	13,367,000
Changes in Benefit Terms	(14,389,000)
Difference between Expected and Actual Experience	(13,304,000)
Changes in Assumptions	(16,695,000)
Benefit Payments	<u>(6,499,000)</u>
Net Changes	<u>(22,295,000)</u>
Balance at September 30, 2023	<u>\$298,206,000</u>

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.

<u>Description</u>	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB Liability	\$346,253,000	\$298,106,000	\$259,120,000

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.

<u>Description</u>	<u>1% Decrease in Trend Rate</u>	<u>Current Trend Rate</u>	<u>1% Increase in Trend Rate</u>
OPEB Liability	\$254,591,000	\$298,106,000	\$353,623,000

For the year ended September 30, 2023, the County recognized OPEB benefit of \$20,635,000. At September 30, 2023 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences Between Expected and Actuarial Experience	\$707,000	\$34,856,000
Changes in Actuarial Assumptions	<u>48,432,000</u>	<u>206,520,000</u>
Total	<u>\$49,139,000</u>	<u>\$241,376,000</u>

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

<u>Year Ended September 30:</u>	
2024	\$(34,838,000)
2025	(34,838,000)
2026	(24,564,000)
2027	(21,046,000)
2028	(27,294,000)
Total Thereafter	(49,657,000)

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, 2023, the date of the latest actuarial valuation, plan participation consisted of 1,591 active members and 593 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 retiree health care coverage are \$880 for single and \$1,812 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 table below shows the contribution percentages for the corresponding years of service. The Plan is funded on a pay-as-you-go basis. No trust fund has been established for this Plan.

Percent of the Total Contribution Rates Paid by Retiree

<u>Eligible Service Credit at Retirement or Termination</u>	<u>Retiree</u>	<u>Dependent</u>
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, 2023, the LCSO's LCSHCP total OPEB liability of \$213,763,000 was measured as of September 30, 2022, and was determined by an actuarial valuation as of September 30, 2022. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Inflation Rate	2.25%
Discount Rate	4.40%
Salary Increases	FRS rates used in July 2022 actuarial valuation 3.4% - 8.2% including inflation
Healthcare Cost Trend Rate	Based on Getzen Model, starting at 6.50% for 2023 (5.00% for premiums) followed by 6.25% for 2024 and gradually decreasing to an ultimate trend rate of 4.00%

The discount rate was based on the 20 Year Municipal Bond Rate at September 30, 2022, of Fidelity Investments' 20-Year Municipal GO AA Index. The discount rate changed from 2.19% at September 30, 2021.

Mortality rates are the same as used in the July 2022 actuarial valuation of the Florida Retirement System. The rates were taken from adjusted Pub-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018. Adjustments to referenced tables are based on the results of statewide experience study covering the period of 2013 through 2018.

The actuarial assumptions used in the September 30, 2022 valuation were based on a statewide experience study conducted by FRS covering the period October 1, 2013 through September 30, 2018.

Changes in the Total OPEB Liability

Balance at September 30, 2022	\$270,056,000
Changes for the year:	
Service Cost	8,304,000
Interest	6,032,000
Difference Between Expected and Actual Experience	21,117,000
Changes in Assumptions	(85,907,000)
Benefit Payments	<u>(5,839,000)</u>
Net Changes	<u>(56,293,000)</u>
Balance at September 30, 2023	<u>\$213,763,000</u>

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.

<u>Description</u>	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB Liability	\$247,148,000	\$213,763,000	\$186,237,000

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.

<u>Description</u>	<u>1% Decrease in Trend Rate</u>	<u>Current Trend Rate</u>	<u>1% Increase in Trend Rate</u>
OPEB Liability	\$179,728,000	\$213,763,000	\$257,169,000

For the year ended September 30, 2023, the County recognized OPEB expense of \$ 4,069,000 related to the LCSO. At September 30, 2023 the County reported deferred outflows of resources related to the LCSO's OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Contributions Subsequent to Measurement Date	\$6,641,000	-
Difference Between Expected and Actual Experience	28,418,000	-
Changes in Actuarial Assumptions	<u>50,443,000</u>	<u>171,848,000</u>
Total	<u>\$85,502,000</u>	<u>\$171,848,000</u>

Deferred outflows of resources included \$6,641,000 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, 2024. Other 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:

2024	\$(10,266,000)
2025	(10,266,000)
2026	(10,267,000)
2027	(11,475,000)
2028	(12,376,000)
Total Thereafter	(38,347,000)

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.

<u>Description</u>	<u>GHPLC</u>	<u>LCSHCP</u>	<u>Total</u>
Total OPEB liability	\$298,106,000	\$213,763,000	\$511,869,000
Deferred outflows of resources related to OPEB	49,139,000	85,492,000	134,631,000
Deferred inflows of resources related to OPEB	241,376,000	171,848,000	413,224,000
OPEB expense (benefit)	(20,635,000)	4,069,000	(16,566,000)

THE ECONOMY

Labor Force, Employment and Unemployment

The County continues to see steady job growth and an increase in labor force. The Florida Department of Economic Opportunity projects a 10% increase in the County's jobs by 2030. The labor force at September 30, 2023, 2022, and 2021 was 396,900, 373,500, and 361,206, respectively. Employment in the County as of September 30, 2023, is estimated at 363,900.

The unemployment rate increased from 2.6% in 2022 to 3.2% in 2023. The County's unemployment level is below the State's rate of 2.8% and the national rate of 3.8%.

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 18.9% in Trade, Transportation and Utilities, 15.2% in Government (federal, state and local), 13.7% in Leisure and Hospitality, 15.4% in Professional and Business Services, 12.0% in Education and Health Services, 14.8% in Mining, Logging, Construction and Manufacturing, and 10.0% in all other.

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

<u>Year</u>	<u>Population</u>	Total Personal	Per Capita Personal	Median	School	Unemployment Rates		
		<u>Income</u>				<u>(Percentage)</u>		
		<u>(in thousands)</u>	<u>Income</u>	<u>Age</u>	<u>Enrollment</u>	<u>County</u>	<u>State</u>	<u>National</u>
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
2021	782,579	43,260,834	54,707	48.5	95,023	4.0	4.9	4.8
2022	802,178	49,552,254	62,885	48.8	97,360	2.6	2.5	3.5
2023	800,989	52,281,287	63,568	45.6	101,861	3.2	2.8	3.8

Source: Annual Comprehensive Financial Report of Lee County, Florida for Fiscal Year Ended September 30, 2023.

Overall, the County's housing market continues to be strong but has slowed down compared to the frenzied pace experienced the last couple of years. Foreclosures filed in the County increased, from 588 in fiscal year 2022 to 651 in fiscal year 2023 which represents a 10.7% increase from prior year. The housing market saw a slight decrease in median sales price and an increase in new pending sales 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 decreased 3.6%, from \$415,000 in September 2022 to \$400,000 in September 2023. New pending sales increased by 10.4% and closed sales increased 21.1%, year over year. The median sale price for existing townhouses and condominiums increased 2.8% from \$320,000 in September 2022 to \$329,000 in September 2023. Townhouse and condo new pending sales increased 14.4% and closed sales increased 13.7%, 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 2023**

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
Lee Health	13,558	3.73%
Lee County School District	10,927	3.00
Lee County Local Government Entities	9,377	2.58
Publix Super Markets	5,199	1.43
Chico's FAS Inc.	3,903	1.07
Herc Rentals	2,400	0.66
Amazon	2,200	0.60
Gartner, Inc.	1,844	0.51
Florida Gulf Coast University	1,778	0.49
Walmart	<u>1,509</u>	<u>0.41</u>
TOTAL	52,695	14.48%

Source: Annual Comprehensive Financial Report of Lee County, Florida for Fiscal Year Ended September 30, 2023.

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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)

<u>Real Property</u>									
<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value As a Percentage of Actual Value*</u>
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
2021	72,543,957	10,463,245	923,434	4,993,152	31,728,500	57,195,288	5.4553	121,857,664	72.97
2022	78,144,197	11,912,661	983,748	4,960,228	36,140,528	59,860,306	4.4030	133,025,841	72.17
2023	92,628,749	13,622,632	1,077,640	5,275,483	67,089,735	45,514,769	4.3030	180,629,897	62.34

* Includes tax-exempt property

Source: Annual Comprehensive Financial Report of Lee County, Florida for Fiscal Year Ended September 30, 2023.

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

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	Christian & Missionary Alliance, Inc.	\$188,188	1	0.175%	\$105,979	2
Coconut Point Developers LLC	114,495	2	0.107	150,761	1	0.220
Legacy Gateway 60 LLC	113,476	3	0.106			
Jamaica Bay Venture III LLC	99,151	4	0.092		5	
Murano Cobblestone DE LLC	95,400	5	0.088			
LNx 1 Properties LLC	90,233	6	0.084			
LPA One LLC	90,000	7	0.084			
CH Realty IX/MF Fort Myers RE	88,847	8	0.083			
Fort Myers Multifamily II	86,400	9	0.081			
GCTC Holdings LLC	85,054	10	0.079			
Miromar Outlet West LLC				95,616	3	0.139
Gulf Coast Town Center CMBS				92,875	4	0.135
Edison Mall Business Trust				76,961	5	0.112
Federal National Mortgage Assoc				57,119	6	0.083
Bell Tower Shops LLC				53,660	7	0.078
Target Corporation				44,058	8	0.064
Jamaica Bay Associates Ltd				43,716	9	0.064
Lofton Island Holdings LLLP				42,209	10	0.062
Total	\$1,051,244		0.979%	\$762,954		1.112%

Source: Annual Comprehensive Financial Report of Lee County, Florida for Fiscal Year Ended September 30, 2023.

Tourism

Lee County is home to spring training facilities for two Major League Baseball teams, the Boston Red Sox and the Minnesota Twins in Fort Myers. The Boston Red Sox hold their spring training at JetBlue Park. Since its opening in 2012, JetBlue Park has not only served as a training ground for the Red Sox but also as a venue for various community events and youth sports programs. The Minnesota Twins train at Lee Health Sports Complex which features upgraded seating, enhanced fan amenities, and a boardwalk that encircles the outfield. Both JetBlue Park and Lee Health Sports Complex are an important component of Lee County's tourism sector. These venues support the local economy through increased hotel stays, restaurant visits, and retail shopping as well as contribute to the County's reputation as a sports tourism destination. These attractions along with renowned islands and beaches make Lee County an attractive tourist destination.

Transportation infrastructure is important in accommodating the influx of visitors during the spring training season. There are five bridges that span the Caloosahatchee River to make tourism flow

easily back and forth between our various neighborhoods and cities. The ease of access provided by the area's major bridges, like the Sanibel Causeway and the Cape Coral bridge, allows visitors to travel smoothly between the ballparks, local accommodations, and nearby attractions. The tolls collected on these bridges contribute to the maintenance and improvement of Lee County's transportation network, which is essential for sustaining the high volume of traffic during peak season.

**Historical Tourist Development Tax Revenues
Last Ten Fiscal Years
(dollars in thousands)**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$33,197	\$37,560	\$39,638	\$39,651	\$42,346	\$42,584	\$37,990	\$52,822	\$66,843	\$36,711

Source: Annual Comprehensive Financial Reports of Lee County, Florida

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.

Truth in Millage. The governing bodies of taxing authorities are required to fix the millage rate and assess all property at one hundred percent (100%) of its just value. Section 200.071, Florida Statutes, and Section 200.091, Florida Statutes, prohibit the millage for taxing authorities from being set by referendum, except as provided in the State Constitution.

General. State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable, scientific, and governmental uses. Certain additional exemptions and limitations are described below. This description does not purport to describe all exemptions available to property owners in the State, and reference is made to the State Constitution and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Where applicable, it is noted where the County has imposed such optional exemptions or limitations. Certain recent amendments to existing provisions relating to ad valorem tax exemptions are described under "Legislation Regarding Ad Valorem Taxes" below.

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.

Exempt Entities/Exempt Purposes. The State Constitution provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes (exempt purposes) may be exempted by general law from taxation. State law provides that all property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation and all property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes (at least 50%) shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.

Household Goods and Personal Effects. The State Constitution provides that there shall be exempt from taxation, cumulatively, to every head of a family residing in the State, household goods and personal effects to the value fixed by general law, not less than one thousand dollars and to every widow or widower or person who is blind or totally and permanently disabled, property not less than five hundred dollars. State law exempts from taxation to every person residing and making his or her permanent home in the State, all household goods and personal effects and exempt property up to the value of \$5,000 of every widow, widower, blind person, or totally and permanently disabled person who is a resident of the State.

Economic Development. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the State Constitution and general law, grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law. Such an exemption may be granted only by ordinance of the county or municipality, and only after the electors of the county or municipality voting on such question in a referendum authorize the county or municipality to adopt such ordinance. An exemption so granted shall apply to improvements to real property made by or for the use of a new business and improvements to real property related to the expansion of an existing business and shall also apply to tangible personal property of such new business and tangible personal property related to the expansion of an existing business. The amount or limits of the amount of such exemption shall be specified by general law (up to 100% in certain circumstances) and the period of time for which such exemption may be granted to a new business or expansion of an existing business shall be determined by general law. State law provides that the authority to grant such exemption shall expire ten years from the date of approval by the electors of the county or municipality and may be renewable by referendum as provided by general law and that exemptions may be granted for up to 10 or 20 years depending on the use of the applicable facility. This exemption does not apply to the levy of taxes for the payment of bonds. The County has not enacted an ordinance granting the exemption described in this paragraph.

Historic Preservation. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of the State Constitution and general law, grant historic preservation ad valorem tax exemptions to owners of historic properties. This exemption may be granted only by ordinance of the county or municipality. The amount or limits of the amount of this exemption and the requirements for eligible properties must be specified by general law. State law provides that such exemption may be for an amount up to 50% of the assessed value of the property. The period of time for which this exemption may be granted may continue until the ordinance is repealed or the property no longer qualifies for the exemption. This exemption does not apply to the levy of taxes for the payment of bonds (such as the Series 2024 Bonds). The County has not enacted an ordinance granting the exemption described in this paragraph.

Tangible Personal Property and Solar Devices. The State Constitution provides that by general law and subject to conditions specified therein, \$25,000 of the assessed value of property subject to tangible personal property tax shall be exempt from ad valorem taxation. Effective January 1, 2018, through December 31, 2037, 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.

Property Dedicated In Perpetuity for Conservation. The State Constitution provides that there shall be granted an ad valorem tax exemption for 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.

Homestead Exemption. The State Constitution 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 and Older. A board of county commissioners or the governing authority of any municipality may adopt an ordinance to allow an additional homestead exemption of, (1) \$50,000 for a person who has the legal or equitable title to real estate that is age 65 or older, and their household income does not exceed the statutory income limitation, and (2) the assessed value of the property for a person who has the legal or equitable title to real estate with a just value less than \$250,000, as determined in the first tax year that the owner applies and is eligible for the exemption, and who has maintained thereon the permanent residence of the owner for at least 25 years, who has attained age 65, and whose household income does not exceed the statutory income limitation. The statutory income limitation is \$20,000 and is adjusted annually by the percentage change in the average cost-of-living index in the period January 1 through December 31. On January 23, 2007, the County enacted Ordinance 07-01 granting the exemption described in this paragraph.

Disabled Veterans. The State Constitution allows veterans that are age 65 or older and partially or totally permanently disabled to receive a discount from the ad valorem tax on homestead property that the veteran owns and resides in if, (1) the disability was combat-related, (2), the veteran was honorably discharged upon separation from military service, and (3) the discount is in a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veterans Affairs.

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.

Surviving Spouse of Veterans. A Surviving Spouse of a veteran who died from service while on active duty as a member of the United States Armed Forces allows the same ad valorem tax discount on homestead property for combat-disabled veterans age 65 or older to transfer to the surviving spouse of a veteran receiving the discount if the surviving spouse holds the legal or beneficial title to the homestead, permanently resides thereon, and does not remarry. The amendment was approved by voters on November 3, 2019 and such amendment took effect on January 1, 2021.

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.

Other Exemptions. Other exemptions include, but are not limited to, nonprofit homes for the aged (subject to income limits for residents), proprietary continuing care facilities, not for profit sewer water/wastewater systems, certain hospital facilities and nursing homes for special services, charter schools, certain historic property used for commercial purposes and certain tangible personal property.

APPENDIX B

**AUDITED FINANCIAL STATEMENT OF THE AUTHORITY FOR FISCAL YEAR
ENDED SEPTEMBER 30, 2023**

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Lee County Port Authority

Component Unit Financial Report



Year Ended September 30, 2023



Lee County Port Authority

Lee County, Florida

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Direct Dial: (239) 590-4521

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BENJAMIN R. SIEGEL, CPA, C.M.
EXECUTIVE DIRECTOR

March 18, 2024

RICHARD WM. WESCH
PORT AUTHORITY ATTORNEY

Dear Friends,

BOARD OF
PORT COMMISSIONERS

MIKE GREENWELL

BRIAN HAMMAN

CECIL L. PENDERGRASS

KEVIN RUANE

RAY SANDELLI

We are pleased to present the Lee County Port Authority's (LCPA) financial statements for the fiscal year ending September 30, 2023. Despite impacts from Hurricane Ian, LCPA maintained strong operating revenues and a cost per enplaned passenger (CPE) to the signatory airlines consistent with prior years and below budget. Passenger traffic rebounded by the end of the fiscal year with Southwest Florida International Airport (RSW) ultimately recording the third highest fiscal year in the history of the Airport.

Passenger Traffic and Operating Revenue and Expenses

For the fiscal year, total passengers at Southwest Florida International Airport (RSW) were 9,391,844, a decrease of 15.2 percent compared with the same period as last year. Total operating revenues for LCPA were \$124.6 million, a decrease of \$2.8 million compared to the prior year. Decreases were in rental cars, Page Field fuel sales, restaurants & catering, and terminal concessions. These were mostly offset by increases in parking lot and airline rents. Operating expenses were \$142.8 million, an increase of \$26.0 million. The largest increases were in contractual services, materials and supplies, salary and wages, depreciation and pension and other post-employment benefits (OPEB) expenses. Our cost per enplaned (CPE) passenger was \$7.07 compared to a budgeted \$7.35.

Non-operating Revenue and Expenses

Non-operating revenues increased from the prior year primarily from higher investment earnings as interest rates continued to rise during the year, as well as the receipt of more grant funds. To assist with recovery from the COVID-19 pandemic, LCPA was obligated approximately \$80 million through three separate federal stimulus acts – Coronavirus Aid, Relief, and Economic Securities Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPA). A total of \$61.3 million has been received to date, of which \$24.0 million was received in fiscal year 2023. We have until March 2025 to finish drawing the last of these funds. Additionally, LCPA applied for and was obligated a separate grant of \$4.3 million through the American Rescue Plan Act to provide rent relief to certain, eligible tenants. The \$4.3 million grant was provided as rent credits to eligible tenants during the fiscal year.

SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

11000 Terminal Access Road, Suite 8671 • Fort Myers, Florida 33913-8213
www.flylcpa.com

March 18, 2024

Page 2

Major Projects at RSW

Construction continued for the first phase of the terminal expansion project, which will consolidate the terminal checkpoints and greatly expand the concession options at RSW. Substantial progress was made on the design for terminal expansion phase 2 during the year. This project will add a new 14 gate concourse E, increasing the capacity of RSW and providing opportunities for more air service. Other major ongoing projects include the rehabilitation/realignment of Chamberlin Road and the purchase of a new fire truck. Additionally, LCPA transferred the newly constructed Airport Traffic Control Tower (ATCT) to the Federal Aviation Administration (FAA) during the year.

Awards and Notable News

Southwest Florida International Airport (RSW) was ranked 43rd of the top 50 airports for passengers for 2023. RSW also ranked second in the top tier of airports in the J.D. Power 2023 North American Airport Satisfaction Study. Base Operations at Page Field was rated in the top 10 percent of fixed-based operators in an international survey conducted by Aviation International News (AIN). Base Operations has been recognized by AIN for eleven consecutive years.

Air Service and New Airline Use and Lease Agreement

From an air service perspective, we gained a new entrant – Canadian carrier, Porter, and new markets in 2003 to include New Orleans, Louisiana, Norfolk, Virginia, Portland, Maine, Richmond Virginia and San Juan, Puerto Rico.

The Port Authority Staff has been working closely with our airline partners on a new use and lease agreement. We are pleased to share that the Port Authority has received signed agreements from all eight (8) signatory carriers that will become effective October 1, 2024, and will continue for a term of ten (10) years, until September 30, 2034. The new agreement contains provisions that provides further financial stability to the Port Authority's capital improvement program, specifically the new 14 gate Concourse E. This long-term agreement shows the airlines' commitment to Southwest Florida and their desire to grow air service at RSW.

Page Field

Page Field sold 2.2 million gallons of fuel, an 18.6% decrease from the prior year. Operating revenues were \$15.7 million, a decrease of \$2.9 million from the prior year. Operating expenses, excluding depreciation, were \$17.0 million, a \$0.7 million increase. Non-operating revenues (expenses) increased by \$2.1 million, reflecting higher investment earnings and reimbursement of insurance proceeds related to damage on buildings and hangars from Hurricane Ian. The new South Quad Hangars and ramp project started during the year.

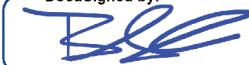
March 18, 2024
Page 3

This project includes the rehabilitation of aircraft ramps and taxi lanes, demolition and construction of a new general aviation center (GAC) building, and the construction of new t-hangars and box hangars for current and future tenants.

Although the past year had its challenges, Lee County and its airports have shown financial resiliency. The Lee County Port Authority is well positioned financially and has the support of our airline partners, allowing us to move forward with projects in our capital improvement program that will further enhance the customer experience, improve operations, increase capacity and provide the opportunity for new and increased air service. With hundreds of millions of improvements already under contract at RSW and Page Field and more to come, our airports are further poised to continue to be an economic driver for the region. 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:

80747EE3C2DD42D...

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

BRS:DWA/tam



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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Lee County Port Authority (the Port), a blended component unit of Lee County, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Port, as of September 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note XIV to the financial statements, effective October 1, 2022 the Port adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard requires governments to recognize a right-to-use subscription-based information technology arrangement asset and corresponding subscription-based information technology arrangement liability for all arrangements with terms greater than twelve months. Our opinion is not modified with respect to this matter.

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of total other postemployment benefit liability, and schedules of the Port's proportionate share of the net pension liability and of its contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

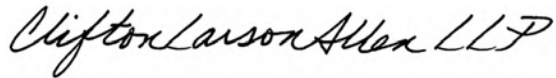
Management is responsible for the other information included in the annual report. The other information comprises the letter of transmittal but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information,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

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

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 18, 2024, on our consideration of the Port'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 Port'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 Port's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Fort Myers, Florida
March 18, 2024

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, 2023 and 2022. 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 2023 and 2022.

Table 1
Summary of Net Position
September 30, 2023 and 2022
(amounts expressed in thousands)

	2023	2022*
Current and other assets	\$ 530,109	\$ 614,507
Capital assets	908,883	865,355
Total assets	1,438,992	1,479,862
Deferred outflows of resources	22,462	21,470
Current liabilities	82,092	74,870
Non-current liabilities	530,824	546,262
Total liabilities	612,916	621,132
Deferred inflows of resources	125,149	138,744
Net investment in capital assets	586,481	607,455
Restricted	53,860	40,651
Unrestricted	83,048	93,350
Total net position	\$ 723,389	\$ 741,456

*Fiscal year 2022 balances are not restated for GASB 96. See Note XIV for further detail.

Summary of Net Position Analysis

In fiscal year 2023, activities for the Port decreased total assets by \$40,870,000, increased deferred outflows of resources by \$992,000, decreased total liabilities by \$8,216,000, decreased deferred inflows of resources by \$13,595,000 and decreased total net position by \$18,067,000.

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 decreased \$20,974,000, or 3.5 percent, in comparison to prior year.

The restricted net position increased by \$13,209,000, or 32.5 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.

Lee County Port Authority
September 30, 2023

The unrestricted net position balance decreased \$10,302,000, or 11.0 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 2023 and 2022.

Table 2
Summary of Revenues, Expenses, and Changes in Net Position
For the Years Ended September 30, 2023 and 2022
(amounts expressed in thousands)

	2023	2022*
Revenues, net:		
User fees	\$ 62,145	\$ 58,901
Rental cars	24,668	33,416
Parking	24,454	22,158
Other, net	13,359	12,944
Total revenues, net	124,626	127,419
Expenses:		
Salaries, wages and benefits	56,997	44,057
Contractual services, materials and supplies, utilities, repairs and maintenance, and insurance	56,759	45,098
Depreciation	26,687	25,218
Other	2,348	2,381
Total expenses	142,791	116,754
Operating income (loss)	(18,165)	10,665
Non-operating revenues (expenses):		
Investment earnings	21,365	4,493
Interest expense	(12,176)	(11,896)
Grants	29,941	14,689
Passenger facility charges	18,177	21,265
Other expenses	(511)	492
Total non-operating revenues (expenses)	56,796	29,043
Income before capital contributions	38,631	39,708
Capital contributions	18,027	40,047
Special item - loss on discontinued project	(74,725)	-
Increase (decrease) in net position	(18,067)	79,755
Beginning net position	741,456	661,701
Ending net position	\$ 723,389	\$ 741,456

* Fiscal year 2022 is not restated for GASB 96. See Note XIV for further detail.

Summary of Revenues and Expenses Analysis

In fiscal year 2023, operating revenues dipped slightly to \$124,626,000. Passenger traffic at Southwest Florida International Airport dropped 15.2 percent compared to the prior fiscal year as the region recovered from impacts of Hurricane Ian that hit the area in September 2022. Despite a slow start to the fiscal year, passenger traffic rebounded later in the year with the Airport ultimately recording 9,391,844 total passengers – the third highest passenger count for a fiscal year in the history of the Airport. Operating revenues remained resilient with only a \$2,793,000 or 2.2 percent decrease in spite of impacts from the storm. Notable operating revenue category increases include airline rents \$9,959,000 and parking lot revenue \$2,296,000. These were mostly offset by decreases in fuel sales and rental cars. Additionally, an American Rescue Plan Act (ARPA) concession relief grant of \$4,321,000 was received during the year. The grant was recorded as non-operating revenue and rent credits were provided to eligible in-terminal tenants, which contributed to a decrease in restaurants & catering and terminal concessions.

Lee County Port Authority
September 30, 2023

Total operating expenses increased by \$26,037,000 or 22.3 percent with the largest increase in contractual services, materials and supplies of \$9,092,000. Cost increases in this category were mostly due to services performed at mitigation park, clean up work related to Hurricane Ian, and various other services provided throughout the year. Salaries and wages went up \$4,428,000 with the addition of full-time equivalents throughout the year, as well as disaster pay for Hurricane Ian. Pension and OPEB expense increased \$8,002,000. Refer to the retirement plan footnote for more information on the actuarially determined, non-cash entries for the defined benefit pension plan.

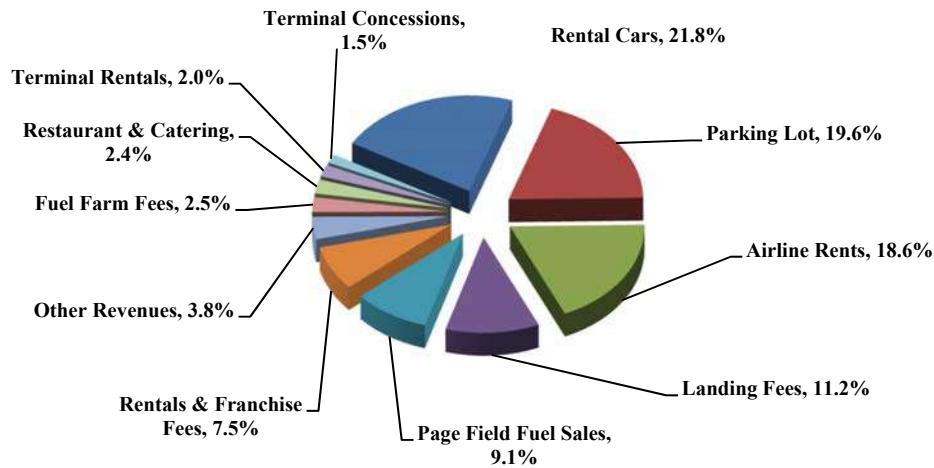
Total non-operating revenues (expenses) increased by \$27,753,000. Investment earnings improved by \$16,872,000 as interest rates yielded higher returns. Additionally, the amount of grant funds received from the Coronavirus Aid Relief and Economic Security (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and American Rescue Plan Act (ARPA) increased from the prior year by \$14,412,000. Settlement proceeds from Hurricane Ian totaled \$1,688,000. These increases were partially offset by a decrease in passenger facility charges (PFC's) \$3,088,000 due to the decrease in passenger activity.

Capital contributions totaled \$18,027,000, a decrease of \$22,020,000 in comparison to prior year. The decrease was mainly due to grant funds received for large projects that were completed or mostly completed during the year. Major grants received this year include \$3,145,000 for the RSW Terminal expansion, \$2,371,000 for the RSW road rehabilitation, and \$2,030,000 for South Quad Hangars and Ramp at Page Field.

There was a special item to record a loss for the transfer of the newly constructed Airport Traffic Control Tower (ATCT) to the Federal Aviation Administration (FAA). The Port Authority managed and oversaw the funding and construction of the ATCT. In accordance with the agreement between the FAA and Port Authority, the FAA then took possession of the new ATCT during the fiscal year resulting in a transfer out of construction work in progress of \$74,725,000.

The following charts summarize the Net Revenues and Expenses for fiscal year 2023.

Operating Revenues for Fiscal Year 2023

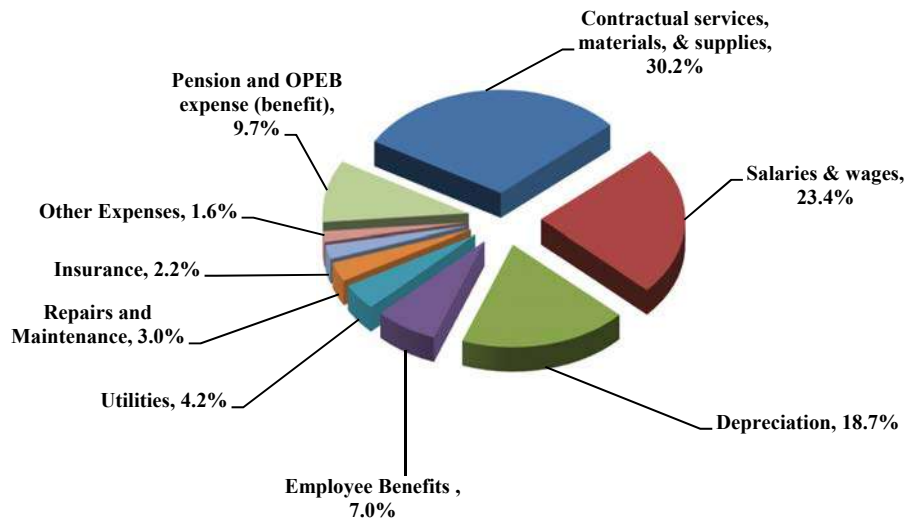


<u>Operating Revenues</u>	<u>2023</u>	<u>2022</u>	<u>2023 % of Total</u>	<u>Increase / (Decrease)</u>	<u>% Change</u>
Rental Cars (w/ RAC rents)	\$27,148,000	\$35,962,000	21.8%	(\$8,814,000)	(24.5)%
Parking Lot	24,454,000	22,158,000	19.6%	2,296,000	10.4%
Airline Rents	23,167,000	13,208,000	18.6%	9,959,000	75.4%
Landing Fees	13,920,000	13,438,000	11.2%	482,000	3.6%

Lee County Port Authority
September 30, 2023

Page Field Fuel Sales	11,309,000	14,057,000	9.1%	(2,748,000)	(19.5)%
Rentals & Franchise Fees	9,367,000	9,648,000	7.5%	(281,000)	(2.9)%
Other Revenues	4,749,000	4,465,000	3.8%	284,000	6.4%
Fuel Farm Fees	3,146,000	2,736,000	2.5%	410,000	15.0%
Restaurants & Catering	2,957,000	5,537,000	2.4%	(2,580,000)	(46.6)%
Terminal Rentals	2,532,000	2,080,000	2.0%	452,000	21.7%
Terminal Concessions	1,877,000	4,130,000	1.5%	(2,253,000)	(54.6)%
Total Net Operating Revenues	\$124,626,000	\$127,419,000	100.0%	(\$2,793,000)	(2.2)%

Operating Expenses for Fiscal Year 2023



<u>Operating Expenses</u>	<u>2023</u>	<u>2022</u>	<u>2023 % of Total</u>	<u>Increase / (Decrease)</u>	<u>% Change</u>
Contractual services, materials, & supplies	\$43,154,000	\$34,062,000	30.2%	\$9,092,000	26.7%
Salaries & wages	33,346,000	28,918,000	23.4%	4,428,000	15.3%
Depreciation	26,687,000	25,218,000	18.7%	1,469,000	5.8%
Employee benefits	9,779,000	9,269,000	7.0%	510,000	5.5%
Utilities	6,050,000	5,533,000	4.2%	517,000	9.3%
Repairs & maintenance	4,347,000	3,146,000	3.0%	1,201,000	38.2%
Insurance	3,208,000	2,357,000	2.2%	851,000	36.1%
Other Expenses	2,348,000	2,381,000	1.6%	(33,000)	(1.4)%
Pension & OPEB Expenses (Benefits)	13,872,000	5,870,000	9.7%	8,002,000	136.3%
Total Operating Expenses	\$142,791,000	\$116,754,000	100.00%	\$26,037,000	22.3%

Lee County Port Authority
September 30, 2023

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

Non-depreciable capital assets include land, construction in progress, and artwork. Depreciable assets include buildings, improvements other than buildings, machinery and equipment, software, and infrastructure. Amortizable assets include intangible right-to-use buildings, machinery and equipment, infrastructure, and subscription based information technology arrangements (SBITA’s). Major capital spending in 2023 included the following:

Southwest Florida International Airport:

Terminal Expansion	\$ 96,314,000
Terminal Expansion - Concourse E	\$ 23,902,000
Rehabilitate/Realign Roads	\$ 8,202,000
Airport Rescue Fire Truck	\$ 1,131,000

Page Field General Aviation Airport:

South Quad Ramp and Hangar	\$ 4,769,000
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Table 3 reflects a summary of capital assets for 2023 and 2022.

Table 3
Capital Assets
September 30, 2023 and 2022
(000’s)

	<u>2023</u>	<u>2022*</u>
Land, easements and rights of ways	\$132,436	\$132,623
Construction in progress	267,630	209,366
Buildings	363,586	362,878
Improvements	33,222	33,103
Equipment	122,865	115,527
Software	3,741	3,741
Artwork	293	293
Intangible right-to-use equipment	99	55
Intangible right-to-use SBITA	2,740	-
Infrastructure	<u>403,078</u>	<u>403,693</u>
Subtotal	1,329,690	1,261,279
Less accumulated depreciation	<u>(420,807)</u>	<u>(395,924)</u>
Total	<u>\$908,883</u>	<u>\$865,355</u>

*Fiscal year 2022 balances are not restated for implementation of GASB 96. See Note XIV for further detail.

Please see Note V to the financial statements for additional information regarding the Port Authority’s capital assets.

Lee County Port Authority
September 30, 2023

Debt Administration

As of September 30, 2023, the Port had \$388,810,000 in outstanding debt, a decrease of \$14,143,000.

Table 4
Outstanding Debt
September 30, 2023 and 2022
(000's)

	<u>2023</u>	<u>2022</u>
2020 Line of Credit Note	\$ -	\$9,008
Series 2021B Airport Revenue Refunding Bonds	215,825	217,670
Series 2021A Airport Revenue Refunding Bonds	139,560	139,560
Series 2015 Airport Revenue Refunding Bonds	33,425	33,425
Series 2010A Airport Revenue Refunding Bonds	—	<u>3,290</u>
Total	<u>\$388,810</u>	<u>\$402,953</u>

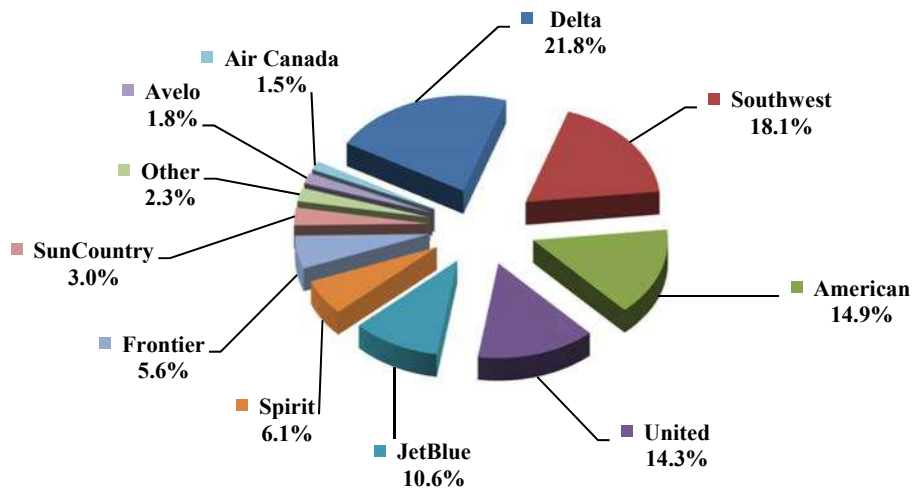
See additional information on the Port Authority's debt in note VI to the financial statements.

Airport Activities

The total passenger count for fiscal year 2023 was 9,391,844, a decrease of 15.2 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 Airlines**, Austin (AUS)
- **Avelo Airlines**, Raleigh-Durham (RDU), Wilmington, DE (ILG)
- **Breeze Airways**, Hartford (BDL), Providence (PVD)
- **Sun Country Airlines**, Eau Claire, WI (EAU)

The following chart exhibits the Total Passenger Market Share for the Top Ten Airlines operating at Southwest Florida International Airport during Fiscal Year 2023.



Lee County Port Authority
September 30, 2023

<u>Airline</u>	<u>FY 2023 Market Share</u>	<u>FY 2022 Market Share</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
Delta	21.8%	21.0%	0.8%	3.8%
Southwest	18.1%	18.1%	0.0%	0.0%
American	14.9%	14.2%	0.7%	4.9%
United	14.3%	13.2%	1.1%	8.3%
JetBlue	10.6%	10.3%	0.3%	2.9%
Spirit	6.1%	8.7%	(2.6%)	(29.9%)
Frontier	5.6%	7.8%	(2.2%)	(28.2%)
Sun Country	3.0%	2.9%	0.1%	3.4%
Other	2.3%	2.1%	0.2%	9.5%
Avelo	1.8%	0.6%	1.2%	200.0%
Air Canada	1.5%	1.1%	0.4%	36.4%

Airline Rates and Charges

The Port negotiated an airline use agreement (Airline Airport Lease & Use Agreement) with the Participating Airlines (now referred to 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. Most recently, a two year extension of the original 2008 agreement was signed by the signatory carriers and will expire on September 30, 2023. All of the key terms of the agreement are the same.

Subsequent to the end of the fiscal year, the Board signed and approved a new long-term agreement with seven out of the eight existing signatory carriers at the January 18, 2024 Board of Port Commissioners meeting. The eighth and final signatory carrier agreement is scheduled to be taken to the Board for approval at the March 7, 2024 meeting. The new agreement extends the terms of the existing agreement from October 1, 2023 to September 30, 2024. Thereafter, the terms of the new agreement will become effective beginning October 1, 2024 and will continue for a term of ten (10) years, until September 30, 2034.

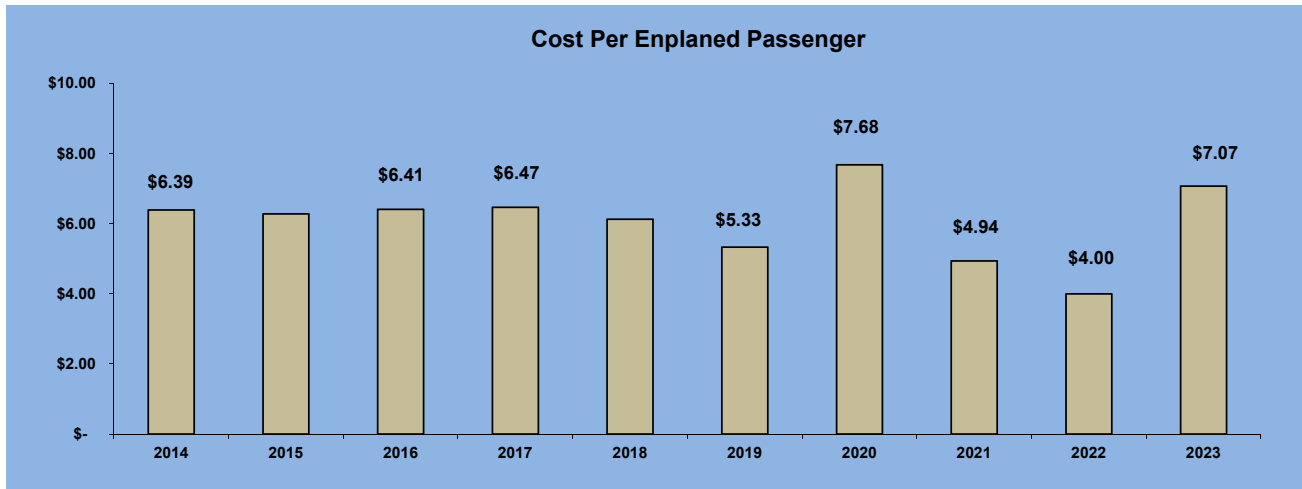
The current agreement, commonly referred to as a hybrid compensatory agreement, has a revenue sharing component. In any year in which there are net remaining revenues generated at the airport, and all requirements of the Bond Resolution have been satisfied, the net remaining revenues shall be divided 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 2023, the Signatory Airlines paid the Port \$20,560,000. This amount is net of refunds/(deficits) in airline rents of (\$238,000) and revenue sharing of \$4,598,000.

Lee County Port Authority
September 30, 2023

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 2024 budget was prepared:

- The total number of passengers is projected to be 10,098,383, a 6.67 percent decrease over the 2023 budget.
- The total operating budget is \$173.6 million, an increase of 3.9 percent or \$6.6 million over the 2023 budget.
- Increases in revenues were in parking and investment income. Due to a forecasted drop in passenger activity several revenue categories are expected to decrease. Decreases were realized in rental cars, advertising, concessions and restaurants.
- Increases in personnel were a result of a 5 percent salary adjustment, new positions, and an increase in the Port Authority's contribution to the Florida Retirement System.
- Operating expenses include increases in insurance, contracted services, professional services, property insurance and utilities.
- The budgeted rates for 2024 include \$2.59 for the landing fee and a terminal rental rate of \$128.33.
- Hurricane Ian, a strong category 4 hurricane, made landfall in Lee County on September 28, 2022. The Port Authority expects to receive reimbursement from federal and state agencies on certain expenses related to the hurricane. Additionally, the Port Authority anticipates receiving funds on insurance claims for property damage and business interruption.

Financial Contact

Please refer to the Lee County Annual Comprehensive 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, 2023
(amounts expressed in thousands)

ASSETS

Current assets:

Cash, cash equivalents and investments	\$ 171,150
Restricted assets	54,444
Receivables:	
Accounts (net)	3,260
Grants	18,311
Leases	4,901
Accrued interest	77
Inventories	286
Prepays	2,835
Total current assets	<u>255,264</u>

Noncurrent assets:

Restricted assets	
Cash, cash equivalents and investments	179,122
Receivables	
Accounts	2,874
Receivables	
Leases	92,849
Capital assets (net)	908,883
Total noncurrent assets	<u>1,183,728</u>
Total assets	<u>1,438,992</u>

DEFERRED OUTFLOWS OF RESOURCES

Loss on refunding of debt	3,590
Unamortized pension costs and subsequent contributions	12,526
Unamortized other postemployment benefits costs	6,346
Total deferred outflows of resources	<u>22,462</u>

LIABILITIES

Current liabilities:

Contracts and accounts payable	17,428
Accrued liabilities	1,153
Refunds and rebates	4,359
Due to other governments	771
Leases payable	36
SBITA payable	666
Customer deposits	1,049
Accrued interest payable	31
Unearned revenues	586
Compensated absences	1,569

Current liabilities payable from restricted assets:

Contracts and accounts payable	30,432
Accrued liabilities	9,262
Revenue bonds payable	14,750
Total current liabilities	<u>82,092</u>

Lee County Port Authority
Lee County, Florida
STATEMENT OF NET POSITION (Continued)
As of September 30, 2023
(amounts expressed in thousands)

Noncurrent liabilities:	
Compensated absences	734
Leases payable	30
SBITA payable	1,168
Revenue bonds payable	438,332
Net pension liability	47,699
Total other postemployment benefits liability	40,644
Other	2,217
Total noncurrent liabilities	530,824
Total liabilities	612,916
 DEFERRED INFLOWS OF RESOURCES	
Unamortized pension costs	1,027
Unamortized other postemployment benefits costs	27,735
Unamortized leases	96,387
Total deferred inflows of resources	125,149
 NET POSITION	
Net investment in capital assets	586,481
Restricted	
Capital projects	33,888
Debt service	19,472
Renewal and replacement	500
Unrestricted	83,048
Total net position	\$ 723,389

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, 2023
(amounts expressed in thousands)

OPERATING REVENUES	
User fees	\$ 62,145
Rentals	9,367
Concessions	8,166
Parking revenues	24,454
Rental car revenues	24,668
Miscellaneous	424
Total operating revenues	<u>129,224</u>
Less: Rebates	<u>(4,598)</u>
Net operating revenues	<u>124,626</u>
OPERATING EXPENSES	
Salaries and wages	33,346
Employee benefits	9,779
Pension and OPEB expense	13,872
Contractual services, materials and supplies	43,154
Utilities	6,050
Repairs and maintenance	4,347
Insurance	3,208
Other	2,348
Depreciation	26,687
Total operating expenses	<u>142,791</u>
Operating loss	<u>(18,165)</u>
NON-OPERATING REVENUES (EXPENSES):	
Investment earnings	21,365
Interest expense	(12,176)
Grants	29,941
Loss on disposal of capital assets	(333)
Passenger facility charges	18,177
Other revenues	2,152
Other expenses	(2,330)
Total non-operating revenues (expenses)	<u>56,796</u>
Income before contributions	<u>38,631</u>
Capital grants and contributions	18,027
Special item - loss on discontinued project	<u>(74,725)</u>
Change in net position	(18,067)
Total net position - beginning	741,456
Total net position - ending	<u>\$ 723,389</u>

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, 2023
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 117,365
Cash received from customer deposits	91
Cash returned from customer deposits	(198)
Payments to suppliers	(55,088)
Payments to employees	(42,621)
Payments for interfund services used	(7,241)
Net cash provided by operating activities	<u>12,308</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Non-capital grants received	38,003
Non-capital grants issued	(55)
Net cash provided by noncapital financing activities	<u>37,948</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital debt	3,900
Proceeds from capital grants	10,182
Proceeds from passenger facilities charges	17,833
Capital asset purchases	(141,428)
Principal paid on bonds, loans, leases and subscriptions	(18,748)
Interest paid on bonds, loans, leases and subscriptions	(19,128)
Proceeds from sale of capital assets	390
Net cash used in capital and related financing activities	<u>(146,999)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	21,340
Net cash provided by investing activities	<u>21,340</u>
Net decrease in cash and cash equivalents	(75,403)

Cash and equivalents at beginning of year	480,119
Cash and equivalents at end of year	<u>\$ 404,716</u>

Classified as:

Current assets	
Cash, cash equivalents, and investments	\$ 171,150
Restricted assets	54,444
Non-current assets	
Restricted assets	179,122
Totals	<u>\$ 404,716</u>

Lee County Port Authority
Lee County, Florida
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended September 30, 2023
(amounts expressed in thousands)

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Operating loss		\$ (18,165)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization		26,687
Other revenues		2,152
Decrease in accounts receivable		939
Decrease in lease receivable		9,133
Decrease in inventories		2
Increase in other assets		(1,155)
Increase in contracts and accounts payable		5,046
Increase in accrued liabilities		51
Decrease in refunds and rebates		(8,653)
Increase in due to other governments		49
Decrease in customer deposits		(106)
Decrease in unearned revenues		(984)
Increase in compensated absences		115
Decrease in deferred inflows of resources related to leases		(9,829)
Increase in net pension liability		11,556
Increase in deferred outflows of resources related to pensions		(3,011)
Decrease in deferred inflows of resources related to pensions		(72)
Increase in total other postemployment benefits liability		510
Decrease in deferred outflows of resources related to other postemployment benefits		1,456
Decrease in deferred inflows of resources related to other postemployment benefits		(3,413)
Total adjustments		<u>30,473</u>
Net cash provided by operating activities		<u>\$ 12,308</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Purchase of capital assets on account		\$ 33,192
Loss on capital assets		(723)
Capital assets acquired through lease and subscription arrangements		717

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

Lee County Port Authority
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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.

Lee County Port Authority
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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 cash equivalents 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 the 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 10 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.

Lee County Port Authority
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, land, easements and rights of way, buildings, improvements, equipment, software, infrastructure, and intangible right-to-use assets. Infrastructure assets are defined as public domain capital assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets that are immovable and of value only to the government unit. The threshold for capitalizing property, plant, and equipment is \$5,000. 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:

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

Leases

The Port Authority is a lessor for noncancelable leases of land, buildings and infrastructure. The Port Authority recognizes a lease receivable and a deferred inflow of resources in the fund financial statements. The lease receivable is measured at the present value of payments expected to be received during the lease term. The receivable is reduced by the principal portion of lease payment received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received on or before the lease commencement date. The deferred inflow of resources is recognized as revenue over the term of the lease.

Key estimates and judgments include how the Port Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, (3) lease receipts. When the interest rate is not provided or cannot be readily determined, the Port Authority’s prior year actual interest yield is used as the discount rate. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The Port Authority is a lessee for noncancelable leases of equipment. The Port Authority recognizes a lease liability and an intangible right-to-use lease asset in the fund financial statements. The Port Authority measures the lease liability at the present value of payments expected to be made during the lease term at the commencement of the lease. The lease liability is reduced by the principal portion of lease payment made each year. The lease asset is measured as the initial amount of the lease liability and is amortized on a straight-line basis over the term of the lease. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Estimates and judgments related to leases include, (1) the discount rate used, (2) lease term, (3) lease payments. The Port Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate

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charged is not provided or cannot be readily determined, the Port Authority's incremental borrowing rate is used as the discount rate. The lease term includes the noncancelable period of the lease including options to extend (only if they are reasonably certain to extend). Lease payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price the Port Authority is reasonably certain to exercise.

The Port Authority monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease asset and liability or lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect those amounts.

Subscription-Based Information Technology Arrangements

The Port Authority is currently committed to various noncancelable subscription-based information technology arrangements (SBITA) of right-to-use software. The Port Authority recognizes a SBITA payable and an intangible right-to-use SBITA asset in the financial statements. The Port Authority measures the SBITA liability at the present value of payments expected to be made during the subscription term at the commencement of the subscription. The SBITA liability is reduced by the principal portion of the subscription payment made each year. The SBITA asset is measured as the initial amount of the SBITA liability and is amortized on a straight-line basis over the term of the subscription. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the Statement of Net Position.

Estimates and judgments related to subscriptions include, (1) the discount rate used, (2) subscription term, (3) subscription payments. The Port Authority's incremental borrowing rate is used as the discount rate. The subscription term includes the noncancelable period of the subscription including options to extend (only if they are reasonably certain to extend). Subscription payments included in the measurement of the subscription liability are comprised of fixed payments and any purchase option price the Port Authority is reasonably certain to exercise.

The Port Authority monitors changes in circumstances that would require a remeasurement of its subscriptions, and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect those amounts.

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 39 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*.

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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 future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The deferred outflows of resources reported in the Port Authority's Statement of Net Position represents other postemployment benefit related balances, pension related balances, and losses on refunded debt. These amounts will be recognized as increases in expense in future years.

Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of resources that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until then. The deferred inflows of resources reported in the Port Authority's Statement of Net Position represents other postemployment benefit related balances, pension related balances, and gains on refunded debt. These amounts will be recognized as reductions in expense in future years. The Port Authority is reporting deferred inflows of resources related to unamortized lease revenue, which will be recognized over the term of the lease.

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.

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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. CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of September 30, 2023 the Port Authority had the following deposits, investments, and maturities (amounts in thousands):

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Call Date</u>	<u>Call Frequency</u>	<u>Rating</u>
Cash on hand	N/A	\$139	N/A	N/A	N/A
Cash with fiscal agent	N/A	24,012	N/A	N/A	N/A
Demand deposits	N/A	40,866	N/A	N/A	N/A
Local Government Investment Pool					
FLSAFE	45 days	21,550	N/A	N/A	AAAm
Florida PRIME	35 days	318,149	N/A	N/A	AAAm
Total		<u>\$ 404,716</u>			

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

<i>Current:</i>	
Cash, cash equivalents and investments	\$ 171,150
Restricted cash, cash equivalents and investments	54,444
<i>Non-current:</i>	
Restricted cash, cash equivalents and investments	179,122
Total	<u>\$ 404,716</u>

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, 2023, 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, 2023, 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

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techniques include the use of option pricing models, discounted cash flow models, and similar techniques. At September 30, 2023, 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, 2023 (dollars in thousands):

Investments measured at net asset value (NAV)	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Redemption Restrictions</u>
Florida Surplus Asset Fund Trust (FLSAFE)	\$ 21,550	\$ -	Daily	1:00 p.m. EST (same day)	None
Total investments measured at the NAV	<u>\$ 21,550</u>	<u>\$ -</u>			

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, 2023, Florida PRIME contained certain floating and adjustable rate securities. These investments represented 31.4 percent of Florida PRIME's portfolio at September 30, 2023.

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, 2023, 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.

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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.
- H.) 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.
- I.) 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.
- J.) Florida Local Government Investment Trust (FLGIT).
- K.) 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, 2023, all of the Port Authority's bank deposits were in qualified public depositories.

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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 percent)	65%
CD's and Savings Accounts (10 percent per institution)	30%
FLGIT	5%

The Investment Committee may adjust the target percentages of each eligible security in the portfolio due to market and cash flow conditions.

NOTE III. RECEIVABLES

Accounts Receivable

At September 30, 2023 accounts receivable consisted of the following (dollars in thousands):

	Gross Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Unrestricted	\$3,760	(\$500)	\$3,260
Restricted	<u>2,874</u>	<u>-</u>	<u>2,874</u>
Total	<u>\$6,634</u>	<u>(\$500)</u>	<u>\$6,134</u>

Leases Receivable

The Port Authority currently leases land, buildings and infrastructure to various third parties. As of September 30, 2023, the Port Authority's lease receivables were valued at \$97,750,000 and the deferred inflow of resources associated with these leases which will be recognized as revenue over the term of the leases was \$96,387,000. These payments are generally fixed monthly payments with certain variable payments not included in the measurement of the lease receivable. The Port Authority has agreements with rental car companies and certain concessionaires with a minimum annual guarantee. These agreements have abatement clauses that make the payments variable in nature as they are based on future performance of the lessee. These variable payments are not included in the measurement of the lease receivable.

The lease receivables at September 30, 2023 were as follows:

Land - During the fiscal year, the Port Authority recognized \$2,841,000 in lease revenue related to various land leases at an interest rate of 0.86 percent, with

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term dates ranging from 2028 to 2092. Variable payments not previously included in the measurement of the lease receivable were \$1,271,000 for the year.	\$78,963,000
Buildings – During the fiscal year, the Port Authority recognized \$3,035,000 in lease revenue related to various building leases at interest rates ranging from 0.86 to 2.47 percent, with term dates ranging from 2024 to 2036. Variable payments not previously included in the measurement of the lease receivable were \$33,239,000 for the year.	18,569,000
Infrastructure – During the fiscal year, the Port Authority recognized \$127,000 in lease revenue related to various infrastructure leases at an interest rate of 0.86 percent, with term dates ranging through 2025.	218,000
Total Lease Receivables	<u>\$97,750,000</u>

Payments for lease receivables are expected to be received in subsequent years as follows (dollars in thousands):

Fiscal Year	Principal	Interest
2024	\$ 4,901	\$ 899
2025	4,855	852
2026	4,790	804
2027	4,853	757
2028	4,836	709
2029-2033	12,498	3,004
2034-2038	7,319	2,476
2039-2043	6,666	2,170
2044-2048	7,041	1,872
2049-2053	6,512	1,581
2054-2058	6,153	1,306
2059-2063	6,016	1,050
2064-2068	6,039	782
2069-2073	4,257	561
2074-2078	2,959	407
2079-2083	2,838	287
2084-2088	2,963	162
2089-2092	2,254	37
	<u>\$ 97,750</u>	<u>\$ 19,716</u>

Regulated Leases

The Port Authority leases certain assets to various third parties, whose leases meet the definition of a regulated lease as defined in GASB No. 87 and therefore, are only subject to the disclosure requirements. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airport and other

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aeronautical users. Certain assets are subject to preferential or exclusive use by the counterparties to these agreement, as follows:

- Jet bridges - 19 of 27 total jet bridges are designated preferential use.
- Passenger hold rooms - 19 of 27 hold rooms are designated preferential use.
- Baggage service offices - All space in this category is designated exclusive use.
- Baggage make up units - 9 of 14 baggage make up units are designated exclusive use.
- Ticket counters - 32 of 58 total ticket counters are designated exclusive use.
- Ticket office space - All space in this category is designated exclusive use.
- Concourse operations space - All space in this category is designated exclusive use.

The following represents the Port Authority's regulated leases excluded from GASB 87 as of September 30, 2023:

Land - During the fiscal year, the Port Authority recognized \$3,102,000 in revenue related to regulated land leases, with term dates ranging from 2024 to 2049. Variable payments related to these signatory leases was \$2,745,000 for the year.	\$48,061,000
Building (Hangar) - During the fiscal year, the Port Authority recognized \$187,000 in revenue related to regulated building leases, with term dates ranging from 2024 to 2032. Variable payments related to these signatory leases was \$20,249,000 for the year.	<u>1,702,000</u>
Total Regulated Leases	<u>\$49,763,000</u>

Payments for regulated leases are expected to be received in subsequent years as follows (dollars in thousands):

Fiscal Year(s)	Business-type Activities
2024	\$ 3,080
2025	3,114
2026	3,171
2027	3,222
2028	3,221
2029 - 2033	14,632
2034 - 2038	11,538
2039 - 2043	7,213
2044 - 2048	549
2049	23
Total	\$ 49,763

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NOTE IV. RESTRICTED ASSETS

At September 30, 2023, restricted assets consisted of the following (dollars in thousands):

<i>Current:</i>	
Cash, cash equivalents and investments	\$ 30,432
Cash and cash equivalents with fiscal agent	24,012
<i>Non-current:</i>	
Cash, cash equivalents and investments	179,122
Accounts receivables, net	2,874
Total	<u>\$ 236,440</u>

NOTE V. CAPITAL ASSETS

Increases and decreases in capital asset activity include transfers. Capital asset activity for the fiscal year ended September 30, 2023 is as follows (dollars in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated/amortized :				
Land, easements, and rights of way	\$ 132,623	\$ -	\$ (187)	\$ 132,436
Artwork	293	-	-	293
Construction in progress	209,366	136,378	(78,114)	267,630
Total capital assets not being depreciated/amortized	<u>342,282</u>	<u>136,378</u>	<u>(78,301)</u>	<u>400,359</u>
Capital assets being depreciated/amortized:				
Buildings	362,878	1,204	(496)	363,586
Improvements other than buildings	33,103	119	-	33,222
Machinery and equipment	115,527	8,540	(1,202)	122,865
Software	3,741	-	-	3,741
Infrastructure	403,693	26	(641)	403,078
Intangible right-to-use machinery and equipment	55	44	-	99
Intangible right-to-use SBITA*	1,843	897	-	2,740
Total capital assets being depreciated/amortized	<u>920,840</u>	<u>10,830</u>	<u>(2,339)</u>	<u>929,331</u>
Less accumulated depreciation/amortization for:				
Buildings	127,418	7,305	(416)	134,307
Improvements other than buildings	21,176	1,509	-	22,685
Machinery and equipment	53,603	6,626	(1,055)	59,174
Software	3,741	-	-	3,741
Infrastructure	189,975	10,644	(333)	200,286
Intangible right-to-use machinery and equipment	11	24	-	35
Intangible right-to-use SBITA*	-	579	-	579
Total accumulated depreciation/amortization	<u>395,924</u>	<u>26,687</u>	<u>(1,804)</u>	<u>420,807</u>
Total capital assets being depreciated/amortized, net	<u>524,916</u>	<u>(15,857)</u>	<u>(535)</u>	<u>508,524</u>
Capital assets, net	<u>\$ 867,198</u>	<u>\$ 120,521</u>	<u>\$ (78,836)</u>	<u>\$ 908,883</u>

*See note XIV Other Information for detail on the change in beginning balance due to change in accounting principle.

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NOTE VI. LONG-TERM OBLIGATIONS

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 \$23,788,000 and \$71,570,000, respectively. The total principal and interest remaining to be paid is \$611,649,000.

Issue	Maturity	Interest Rate	Effective Interest Rate	Amount Issued	Outstanding Balances
Airport Revenue Refunding Bonds, Series 2015	2033	5.00%	4.65%	\$ 33,425,000	\$ 33,425,000
Airport Revenue Refunding Bonds, Series 2021A	2032	5.00%	1.42%	139,560,000	139,560,000
Airport Revenue Bonds, Series 2021B	2051	4% to 5.00%	3.06%	217,670,000	215,825,000
					<u>\$ 388,810,000</u>

The annual debt service requirements for revenue bonds at September 30, 2023, were as follows (dollars in thousands):

Fiscal Year(s)	Port Authority	
	Principal	Interest
2024	\$ 14,750	\$ 18,156
2025	15,490	17,400
2026	17,965	16,564
2027	18,865	15,643
2028	19,805	14,676
2029-2033	105,370	57,946
2034-2038	55,495	35,575
2039-2043	40,545	26,796
2044-2048	50,990	16,024
2049-2052	<u>49,535</u>	<u>4,059</u>
Total	<u>\$ 388,810</u>	<u>\$ 222,839</u>

Bond Resolutions

The Airport Revenue Refunding Bonds, Series 2015, the Airport Revenue Refunding Bonds, Series 2021A and the Airport Revenue Bonds, Series 2021B 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

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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 2015
Airport Revenue Refunding Bonds, Series 2021A
Airport Revenue Bonds, Series 2021B

Direct Borrowing - Variable Debt

Direct Borrowing – Business-Type Activities

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. On November 4, 2022, the agreement was amended to extend the maturity to November 4, 2027, and to change the interest rate basis from London Interbank Offered Rates (“LIBOR”) to Bloomberg Short-Term Bank Yield index rate (“BSBY”). The rate is based on the bond rating and the current rate is the one month BSBY rate plus .61 percent. On September 30, 2023, the rate was 5.99 percent. Interest payments began on June 1, 2020, and will be paid monthly on the unpaid balance until final maturity on November 4, 2027.

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 either 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 or above	A or above	A or above	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

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Principal for all draws made against the line of credit is due on November 4, 2027. The line of credit is solely collateralized by a lien on and a pledge of the net revenues of Southwest Florida International Airport. On September 30, 2023, there was no outstanding balance and the unused line of credit was \$50,000,000. Interest paid for the current year was \$295,000.

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 assessed if the amount due is not paid within 15 days of the due date.

Leases Payable

The Port Authority is currently committed to various non-cancelable leases of equipment with terms in excess of one year. The leases payable at September 30, 2023 were as follows:

Equipment- During the fiscal year, the Port Authority paid \$24,000 related to various equipment leases with interest rates between 4.40 percent and 4.76 percent, with term dates ranging from 2025 to 2026. \$66,000

The future principal and interest lease payments as of September 30, 2023 were as follows (dollars in thousands):

Fiscal Year(s)	Business-type Activities	
	Principal	Interest
2024	\$ 36	\$ 2
2025	18	1
2026	12	-
Total	<u>\$ 66</u>	<u>\$ 3</u>

Subscription-Based Information Technology Arrangements (SBITAs) Payable

The Port Authority is currently committed to various non-cancellable service-based information technology arrangements (SBITAs) with terms in excess of one year. The SBITAs payable at September 30, 2023 were as follows:

During the fiscal year, the Port Authority paid \$682,000 in principal related to various SBITAs with an interest rate of 4.76 percent, with term dates ranging from 2024 to 2027. \$1,834,000

The future principal and interest SBITA payments as of September 30, 2023 were as follows (dollars in thousands):

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Fiscal Year(s)	Business-type Activities	
	Principal	Interest
2024	\$ 666	\$ 87
2025	547	56
2026	372	30
2027	249	12
Total	\$ 1,834	\$ 185

Arbitrage Rebate Payable

Any excess interest earnings on tax-exempt bond proceeds must be remitted to the federal government in five-year intervals. Even though a payment may not be required until several years into the future, the liability is recorded in business-type activities. The obligation as of September 30, 2023, was \$2,217,000.

Changes in Long-Term Debt

Changes in bonded and other indebtedness of the Port Authority for the year ended September 30, 2023, were as follows (dollars in thousands):

<u>Business-Type Activities:</u>	Beginning			Ending	Due Within
<u>Port Authority</u>	Balance (as restated)	Additions	Reductions	Balance	One Year
Bonds payable:					
Revenue bonds	\$ 393,945	\$ -	\$ (5,135)	\$ 388,810	\$ 14,750
Less/plus deferred amounts:					
Unamort discount/premium	71,565	-	(7,293)	64,272	-
Total bonds payable	465,510	-	(12,428)	453,082	14,750
Direct borrowing - variable debt	9,008	-	(9,008)	-	-
Arbitrage rebate payable	-	2,217	-	2,217	-
Leases payable	46	44	(24)	66	36
SBITAs payable	1,843 *	673	(682)	1,834	666
Compensated absences	2,187	2,089	(1,973)	2,303	1,569
Total Port Authority	478,594	5,023	(24,115)	459,502	17,021
long-term liabilities	\$ 478,594	\$ 5,023	\$ (24,115)	\$ 459,502	\$ 17,021

*See note XIV Other Information for detail on change in accounting principle.

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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).

	<u>Southwest Florida International Airport</u>	<u>Page Field General Aviation Airport</u>
<i>Condensed Statements of Net Position</i>		
Assets		
Current assets	\$ 150,179	\$ 14,790
Restricted assets	148,144	-
Noncurrent assets	43,529	49,320
Capital assets (net)	841,557	62,607
Total assets	<u>1,183,409</u>	<u>126,717</u>
Deferred outflows of resources	<u>20,960</u>	<u>1,502</u>
Liabilities		
Current liabilities	23,494	3,232
Current liabilities payable from restricted assets	54,444	-
Noncurrent liabilities	523,525	7,299
Total liabilities	<u>601,463</u>	<u>10,531</u>
Deferred inflows of resources	<u>73,016</u>	<u>52,132</u>
Net position		
Net investment in capital assets	522,016	59,947
Restricted	20,007	-
Unrestricted	(12,133)	5,609
Total net position	<u>\$ 529,890</u>	<u>\$ 65,556</u>

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NOTE VII: SEGMENT INFORMATION (continued)

	Southwest Florida International Airport	Page Field General Aviation Airport
<i><u>Condensed Statements of Revenues, Expenses, and Changes in Net Position</u></i>		
Operating revenues		
User fees	\$ 50,289	\$ 11,856
Rentals	5,642	3,725
Concessions	57,169	119
Miscellaneous	383	41
Less: Rebates	(4,598)	-
Total operating revenues	108,885	15,741
Operating expenses		
Depreciation	23,115	3,572
Other operating expenses	95,004	17,034
Total operating expenses	118,119	20,606
Operating loss	(9,234)	(4,865)
Non-operating revenues (expenses)		
Investment earnings	\$ 15,110	\$ 1,054
Interest expense	(12,173)	(3)
Other non-operating	27,358	1,014
Total non-operating revenues (expenses)	30,295	2,065
Income(loss) before capital contributions and transfers	21,061	(2,800)
Capital contributions	15,802	2,030
Special item - loss on discontinued project	(74,725)	-
Transfers	(2,190)	-
Change in net position	(40,052)	(770)
Beginning net position	569,942	66,326
Ending net position	\$ 529,890	\$ 65,556
 <i><u>Condensed Statements of Cash Flows</u></i>		
Net cash provided (used) by:		
Operating activities	\$ 16,290	\$ (521)
Noncapital financing activities	17,613	115
Capital and related financing activities	(145,167)	(2,883)
Investing activities	15,102	1,036
Net decrease	(96,162)	(2,253)
Beginning cash and cash equivalents	368,861	13,197
Ending cash and cash equivalents	\$ 272,699	\$ 10,944

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.

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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. An annual comprehensive 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, 2023 totaled \$13,576,000.

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 55 or at any age after 25 years of

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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 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 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:

<u>Class, Initial Enrollment, and Retirement Age / Years of Service</u>	<u>% Value</u>
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

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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, 2022, were applied to employee salaries as follows: regular employees 10.19 percent, senior management 29.85 percent, special risk 26.11 percent, and DROP participants 16.94 percent. The Port Authority's contributions to the FRS Plan were \$5,076,000 for the year ended September 30, 2023.

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

At September 30, 2023, the Port Authority reported a liability of \$36,372,000 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2023, the Port Authority's proportion was 0.0913 percent, which was an increase of 0.0118 percent from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the Port Authority recognized pension expense of \$8,907,000 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 3,415,000	\$ -
Changes in Actuarial Assumptions	2,371,000	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,519,000	-
Changes in Proportion and Differences Between Port Authority Contributions and Proportionate Share of Contributions	2,486,000	-
Port Authority Contributions Subsequent to the Measurement Date	1,246,000	-
Total	<u>\$ 11,037,000</u>	<u>\$ -</u>

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Deferred outflows of resources related to pensions included \$1,246,000 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, 2024. 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:	
2024	\$1,657,000
2025	198,000
2026	6,538,000
2027	1,085,000
2028	313,000

Actuarial Assumptions

The total pension liability in the July 1, 2023 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	6.70%

Mortality rates were based on the PUB2010 base table which vary by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2023, 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%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate (property)	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Totals	100.0%			
Assumed Inflation - Mean			2.4%	1.4%

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Discount Rate

The discount rate used to measure the total pension liability remained at 6.70 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, 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	5.70%	6.70%	7.70%
Port Authority Proportionate Share of the FRS Plan Net Pension Liability	\$ 62,131,000	\$ 36,372,000	\$ 14,822,000

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 Annual Comprehensive 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 September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible

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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, 2023, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. On July 1, 2023, the rate increases to 2 percent. The Port Authority 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 \$575,000 for the year ended September 30, 2023.

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

At September 30, 2023, the Port Authority reported a liability of \$11,327,000 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. Liabilities originally calculated as of the actuarial valuation date are recalculated as of June 30, 2023 using a standard actuarial roll-forward technique. 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, 2022, through June 30, 2023, relative to the total employer contributions received from all participating employers. At June 30, 2023, the Port Authority's proportion was 0.0713 percent, which was an increase of 0.0092 percent from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the Port Authority recognized pension expense of \$4,669,000 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 166,000	\$ 26,000
Changes in Actuarial Assumptions	298,000	982,000
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	875,000	19,000
Port Authority Contributions Subsequent to the Measurement Date	144,000	-
Total	<u>\$ 1,489,000</u>	<u>\$ 1,027,000</u>

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Deferred outflows of resources related to pensions included \$144,000 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, 2024. 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:	
2024	\$111,000
2025	116,000
2026	57,000
2027	(36,000)
2028	39,000
Thereafter	31,000

Actuarial Assumptions

The total pension liability in the July 1, 2022, 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	3.65%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2022, 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 3.54 to 3.65 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:

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Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.65%	3.65%	4.65%
Port Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 12,922,000	\$ 11,327,000	\$ 10,004,000

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 Annual Comprehensive 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.

<u>Description</u>	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Net Pension Liability	\$ 36,372,000	\$ 11,327,000	\$ 47,699,000
Deferred outflows of resources related to pensions	11,037,000	1,489,000	12,526,000
Deferred inflows of resources related to pensions	-	1,027,000	1,027,000
Pension expense	8,907,000	4,669,000	13,576,000

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 Annual Comprehensive 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

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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, 2023, 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 \$306,000 for the year ended September 30, 2023.

NOTE IX. 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, 2023, the date of the latest actuarial valuation, plan participation consisted of 396 current active plan members, 141 retirees and 68 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.

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

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. Vision and dental insurance are offered to retirees; however, they are not subsidized by the Port Authority. 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 2023. The Plan is funded on a pay-as-you-go basis.

Lee County Port Authority
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

	General Employee Retirees after subsidy		General Employee Retirees without subsidy	
	<u>Aetna</u>	<u>MAP</u>	<u>Aetna</u>	<u>MAP</u>
Medical/ Prescriptions:				
Retiree Only				
Pre 65 Years Old	\$590	N/A	\$1,180	N/A
Medicare Eligible	494	125	987	312
Retiree plus Spouse				
Pre 65 Years Old	988	N/A	1,975	N/A
Medicare Eligible	795	250	1,589	624
Retiree Plus dependent				
Pre 65 Years Old	973	N/A	1,945	N/A
Medicare Eligible	780	250	1,559	624
Retiree plus family				
Pre 65 Years Old	995	N/A	1,990	N/A
Medicare Eligible (3) (spouse + one dep)	802	374	1,604	936
Life:				
Individual Coverage	13		13	
Spouse	N/A		N/A	

Actuarial Methods and Assumptions

At September 30, 2023, the Port Authority's OPEB liability of \$40,644,000 was measured as of September 30, 2023, 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	2.50%
Salary Increases	N/A
Discount Rate	4.09%
Healthcare Cost Trend Rate	8.30% pre 65 8.90% at least 65 14.60% 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, 2023, in the Bond Buyer GO 20-Bond Municipal Bond Index. The discount rate changed from 4.02 percent at September 30, 2022.

Mortality rates were based on the PUBG.H-2010 and PUBS.H-2010 Tables for employees and retirees projected generationally with Scale MP-2021 and PUBG.H-2010SB Tables for survivor beneficiaries projected generationally with Scale MP-2021.

Lee County Port Authority
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Changes in assumptions also included a shift in the future medical plan election for new Medicare eligible retirees, expected claims costs and premiums were updated to reflect actual claims experience and known premiums and health care cost trend rates were updated to reflect recent experience and expectations.

The actuarial assumptions used in the September 30, 2023 valuation were based on the results of an actuarial experience study for the period October 1, 2022 through September 30, 2023.

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, 2023, the Port Authority reported a liability of \$40,644,000 for its share of the County's GHPLC plan's other postemployment benefits liability. The liability was measured as of September 30, 2023 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, 2023, the Port Authority's proportion was 13.6341 percent, which was an increase of 1.1121 percent from its proportion measured at September 30, 2022.

Changes in the Total OPEB Liability

Balance at September 30, 2022	\$40,133,000
Changes for the year:	
Service Cost	1,524,000
Interest	1,655,000
Difference between Expected and Actual Experience	(214,000)
Changes in Assumptions	(1,487,000)
Benefit Payments	<u>(967,000)</u>
Net Changes	<u>511,000</u>
Balance at September 30, 2023	<u>\$40,644,000</u>

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 (3.09%)	Current Rate (4.09%)	1% Increase (5.09%)
OPEB Liability	\$47,019,000	\$40,644,000	\$35,486,000

Lee County Port Authority
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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	\$ 35,017,000	\$40,644,000	\$ 47,789,000

For the year ended September 30, 2023, the Port Authority recognized a benefit of \$480,000 for its proportionate share of other postemployment benefits expense.

At September 30, 2023, 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	\$ 476,000	\$ 2,102,000
Changes in Assumptions	5,870,000	25,633,000
Total	\$ 6,346,000	\$ 27,735,000

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:	
2024	\$(3,659,000)
2025	(3,659,000)
2026	(2,487,000)
2027	(2,075,000)
2028	(2,899,000)
Thereafter	(6,610,000)

NOTE X. RISK MANAGEMENT

The Port Authority property and casualty insurance lines are written through their broker, Alliant Insurance Services. All lines of insurance costs for 2023 was \$3,208,000. There have been no significant reductions in insurance coverage that have exceeded the amount of coverage in any of the past three years.

Lee County Port Authority
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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, 2023, the Port Authority was charged \$7,067,000 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 XI. COMMITMENTS AND CONTINGENCIES

At September 30, 2023 the Port Authority had in process various construction contracts totaling \$502,059,000. Costs incurred on these contracts as of September 30, 2023 totaled \$329,696,000 including retainage payable of \$8,492,000.

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.

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) can 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 rebate liability for the fiscal year ended September 30, 2023 was \$2,217,000.

NOTE XII. 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 XIII. AIRLINE USE AGREEMENTS

Signatory Airlines

The Port Authority negotiated an 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 a second five-year extension expiring on September 30, 2018, and a three-year extension expiring on September 30, 2021. The signatory airlines signed a two-year extension to this agreement, expiring on September 30, 2023. All of the key terms of the agreement are the same.

Lee County Port Authority
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Subsequent to the end of the fiscal year, the Board signed and approved a new long-term agreement with seven out of the eight existing signatory carriers at the January 18, 2024 Board of Port Commissioners meeting. The eighth and final signatory carrier agreement is scheduled to be taken to the Board for approval at the March 7, 2024 meeting. The new agreement extends the terms of the existing agreement from October 1, 2023 to September 30, 2024. Thereafter, the terms of the new agreement will become effective beginning October 1, 2024 and will continue for a term of ten (10) years, until September 30, 2034.

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 2023, the Signatory Airlines paid the Port \$20,560,000. This amount is net of refunds/(deficits) in airline rents of (\$238,000) and revenue sharing of \$4,598,000.

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 XIV. 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.

Lee County Port Authority
Lee County, Florida
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Special Item – Loss on Discontinued Project

On December 28, 2014, the Board of Port Commissioners approved an agreement with the Department of Transportation Federal Aviation Administration (FAA) to replace and relocate the air traffic control tower at Southwest Florida International Airport. The Port Authority paid for the design and construction of the new air traffic control tower. On November 3, 2022, this agreement was amended to change the ownership of the air traffic control tower to the FAA upon commissioning. On September 29, 2023, the transfer of ownership took place and a loss on discontinued project was recognized in the amount of \$74,525,000.

Change in Accounting Principle

During the year ended September 30, 2023, the Port Authority implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”. The statement requires the recognition of certain subscription based technology assets and subscription based technology liabilities that previously were classified as operating expenses. It establishes a single model for subscription accounting based upon the foundational principle that subscriptions are financings of the right to use an underlying asset. Subscriptions where the maximum possible term is one year or less continue to be reported as operating expenses.

As a result of implementing GASB Statement 96, the Port Authority has recorded the following to adjust beginning balances (dollars in thousands):

	Statement of Net Position	
Intangible right-to-use SBITA	\$	1,843
SBITA payable		(1,843)
	\$	-

Required Supplementary Information



Lee County Port Authority
Required Supplementary Information
September 30, 2023

Other Postemployment Benefits Plan
(unaudited)

Group Health Program for Lee County Plan
Schedule of the Port Authority's Proportionate Share of Total OPEB Liability

<u>Total OPEB liability</u>	Measurement Date						
	2017	2018	2019	2020	2021	2022	2023
Service cost	\$ 1,829,000	\$ 1,059,000	\$ 975,000	\$ 1,148,000	\$ 2,619,000	\$ 2,286,000	\$ 1,524,000
Interest	1,606,000	1,523,000	1,690,000	1,483,000	1,420,000	1,400,000	1,655,000
Difference between expected and actual experience	98,000	146,000	861,000	(529,000)	(1,549,000)	(729,000)	(214,000)
Changes in assumptions	(12,236,000)	(2,899,000)	12,556,000	(1,452,000)	(3,544,000)	(22,093,000)	(1,487,000)
Change in benefit terms	-	-	-	7,253,000	-	-	-
Benefit Payments	(1,204,000)	(1,193,000)	(1,113,000)	(725,000)	(1,053,000)	(768,000)	(967,000)
Net change in total OPEB liability	(9,907,000)	(1,364,000)	14,969,000	7,178,000	(2,107,000)	(19,904,000)	511,000
Total OPEB liability beginning	51,268,000	41,361,000	39,997,000	54,966,000	62,144,000	60,037,000	40,133,000
Total OPEB liability ending	<u>\$ 41,361,000</u>	<u>\$ 39,997,000</u>	<u>\$ 54,966,000</u>	<u>\$ 62,144,000</u>	<u>\$ 60,037,000</u>	<u>\$ 40,133,000</u>	<u>\$ 40,644,000</u>
Port Authority's Proportion of the total OPEB liability	13.6942%	11.3933%	11.5040%	12.3054%	15.0108%	12.5220%	13.6341%
Port Authority's Covered-employee Payroll	\$ 23,211,000	\$ 24,009,000	\$ 24,365,000	\$ 25,002,000	\$ 25,976,000	\$ 28,641,000	\$ 33,190,000
Port Authority's Proportion Share of the total OPEB liability as a percentage of covered payroll	178.20%	166.59%	225.59%	248.56%	231.12%	140.12%	122.46%

No assets have been accumulated in a trust fund for the plan.

Notes to Schedule

For the measurement date September 30, 2023, the amount reported as changes in assumptions resulted from the following:

- The discount rate changed from 4.02% at September 30, 2022 to 4.09% at September 30, 2023.
- Expected medical claims costs and premiums updated to reflect actual claims experience and known premiums.
- Expected life insurance premiums were updated since the last valuation to reflect the updated retiree charge.
- The health care cost trend rates updated to reflect recent experience and expectations.
- Change in the percentage of subsidy eligible retirees assumed to enroll in pre-65 medical coverage from 55% to 40%, and a change for post-65 medical coverage from 44% to 55%.
- A change in future medical plan election for new Medicare eligible retirees from 50% Aetna Select or POS2, 50% Medicare Advantage to 30% Aetna Select or POS2, 70% Medicare Advantage.
- Change in the future retiree life insurance participation rate from 20% to 17.5% for pre-65 retirees.

For the measurement date September 30, 2022, the amount reported as changes in assumptions resulted from the following:

- The discount rate changed from 2.26% at September 30, 2021 to 4.02% at September 30, 2022.

For the measurement date September 30, 2021, the amount reported as changes in assumptions resulted from the following:

- The discount rate changed from 2.21% at September 30, 2020 to 2.26% at September 30, 2021.
- Change in the mortality improvement scale from Scale MP-2020 to Scale MP-2021.
- A change in future medical plan election for new Medicare eligible retirees from 60% Aetna Select or POS2, 40% Medicare Advantage to 50% Aetna Select or POS2, 50% Medicare Advantage.
- Select or POS2, 50% Medicare Advantage.
- Expected claims costs and premiums updated to reflect actual claims experience and known premiums.
- The health care cost trend rates updated to reflect recent experience and expectations.

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, 2023

Florida Retirement System Pension Plan
(unaudited)

Schedule of the Port Authority's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Port Authority's Proportion of the Net Pension Liability	0.0762%	0.0767%	0.0822%	0.0793%	0.0805%	0.0790%	0.0776%	0.0791%	0.0795%	0.0913%
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	\$ 5,975,000	\$ 29,565,000	\$ 36,372,000
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	\$ 26,586,000	\$ 27,247,000	\$ 32,671,000
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%	22.47%	108.51%	111.33%
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%	96.40%	82.89%	82.38%

*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 10 Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 1,872,000	\$ 2,049,000	\$ 2,077,000	\$ 2,265,000	\$ 2,439,000	\$ 2,641,000	\$ 2,818,000	\$ 3,190,000	\$ 3,872,000	\$ 5,076,000
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)	(3,190,000)	(3,872,000)	(5,076,000)
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	\$ 25,891,000	\$ 28,240,000	\$ 33,150,000
Contributions as a percentage of covered payroll	10.45%	9.41%	9.46%	9.79%	10.19%	10.86%	11.37%	12.32%	13.71%	15.31%

Lee County Port Authority
Required Supplementary Information
September 30, 2023

Retiree Health Insurance Subsidy Program
(unaudited)

Schedule of the Port Authority's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Port Authority's Proportion of the Net Pension Liability	0.0568%	0.0495%	0.0522%	0.0563%	0.0606%	0.0581%	0.0590%	0.0602%	0.0621%	0.0713%
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	\$ 7,383,000	\$ 6,578,000	\$ 11,327,000
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	\$ 26,586,000	\$ 27,247,000	\$ 32,671,000
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%	27.77%	24.14%	34.67%
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%	3.56%	4.81%	4.12%

*The amounts presented for each fiscal year were determined as of June 30.

Schedule of Port Authority Contributions
Last 10 Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 258,000	\$ 296,000	\$ 364,000	\$ 384,000	\$ 397,000	\$ 404,000	\$ 411,000	\$ 430,000	\$ 469,000	\$ 575,000
Contributions in Relation to the Contractually Required Contribution	(258,000)	(296,000)	(364,000)	(384,000)	(397,000)	(404,000)	(411,000)	(430,000)	(469,000)	(575,000)
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	\$ 25,891,000	\$ 28,240,000	\$ 33,150,000
Contributions as a percentage of covered payroll	1.26%	1.36%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.73%

APPENDIX C

REPORT OF THE AIRPORT CONSULTANT

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September 12, 2024

APPENDIX C

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Report of the Airport Consultant

Lee County, Florida

Airport Revenue Bonds, Series 2024 (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 & Associates, Inc. (Ricondo) prepared this document for the stated purposes as expressly set forth herein and for the sole use of Lee County, Florida (County) and Lee County Port Authority (LCPA) and their intended recipients. The techniques and methodologies used in preparing this document are consistent with industry practices at the time of preparation, and this Report should be read in its entirety for an understanding of the analysis, assumptions, and opinions presented. Ricondo is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934 and does not provide financial advisory services within the meaning of such act.

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September 12, 2024

Mr. Brian McGonagle
Deputy Executive Director Administration, CFO
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 Bonds,
Series 2024 (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, Florida (County) Airport Revenue Bonds, Series 2024 (AMT) (2024 Bonds). This Report also includes Ricondo's consideration of the issuance of anticipated future issuances of Airport Revenue Bonds (Future Bonds), which are anticipated to be issued on parity with existing Airport Revenue Bonds.

The 2024 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 amended and restated in its entirety by Resolution No. 24-09-28, and as supplemented by Resolution No. 24-09-27, each adopted by the Board on September 5, 2024 (collectively, the Resolution). The 2024 Bonds are payable from the Net Revenues generated from the operation of Southwest Florida International Airport (the Airport) and any other aviation facility or airport acquired or constructed by the County, excluding Page Field except for purposes of utilizing proceeds of Bonds in accordance with the Resolution (collectively, the Airport System).

This Report presents the analysis Ricondo undertook 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) 2026 through FY 2031 (the Projection Period), which is based on the assumptions regarding the planned issuance of the 2024 Bonds, Future 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 on the basis of 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 System.



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Lee County Port Authority
September 12, 2024
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This Report is organized as follows:

- Summary of Findings
- Chapter 1: The 2024 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

On the basis of the analyses put forth in this Report, it is Ricondo's opinion that the Net Revenues of the Airport System 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. It is also Ricondo's 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 Ricondo's 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 more than \$46 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 2024 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 Ricondo used in preparing this Report are consistent with industry practices for similar studies in connection with the issuance of airport revenue bonds. Although 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



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performance, might not materialize. Therefore, actual performance will likely differ from the forecasts and projections set forth in this Report, and the variations could 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, Florida (Board) on March 13, 2000, as amended and restated in its entirety by Resolution No. 24-09-28, adopted by the Board on September 5, 2024, as supplemented by Resolution No. 24-09-27, adopted by the Board on September 5, 2024 (collectively, the Resolution), regarding the issuance of Lee County's (County's) Airport Revenue Bonds, Series 2024 (AMT)(2024 Bonds).¹ The 2024 Bonds are being issued for the principal purpose of funding a portion of the Terminal Expansion – Phase 2 (Concourse E) project.

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) and the existing Additional Bonds Test (ABT), on a pro forma basis for Fiscal Year² (FY) 2026 through FY 2031 (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's Airport debt; the estimated terms of the 2024 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. In preparing this Report, Ricondo also considered the Authority's future ability to meet its debt obligations associated with one additional bond series (described as Future Bonds), anticipated to be issued in the third quarter of FY 2026: (1) approximately \$450 million of Airport Revenue Bonds. The Future Bonds would be secured by Net Revenues on parity with the 2024 Bonds, Airport Revenue Refunding Bonds, Series 2015 (Non-AMT), Series 2021A (AMT), and Airport Revenue Bonds, Series 2021B (AMT).

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 Airport according to forecast demand. In 2020, the airline industry and the Airport experienced significant changes resulting from the coronavirus pandemic of 2019 (COVID-19) 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

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.

of air service going forward after COVID-19. The activity assumptions within this Report also include considerations regarding the impact of Hurricane Ian on activity levels at the Airport. From 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 or the Resolution.

THE 2024 BONDS

The County is issuing the 2024 Bonds primarily to fund, in whole or in part, certain Master Plan projects (including Concourse E). Specifically, proceeds from the 2024 Bonds are anticipated to be used to:

- i. provide approximately \$525 million in funding for the design and construction of Concourse E
- ii. fund a deposit to the Debt Service Reserve Fund
- iii. pay certain costs of issuance incurred in connection with the issuance of the 2024 Bonds

Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statement for the 2024 Bonds, or the Resolution.

Table S-1 reflects the 2024 Bonds funding plan³.

TABLE S-1 2024 BONDS FUNDING PLAN

BONDS SERIES DESIGNATION	PAR AMOUNT OF BONDS ¹	TAX STATUS
Series 2024	\$565,155,000	AMT

NOTE:

¹ The par amount of bonds is preliminary and subject to change.

SOURCE: PFM Financial Advisors LLC, July 2024.

SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

The Airport is operated by the Authority, which Florida and the County have authorized 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. Currently, revenues and expenses of Page Field are not included for the purposes of the Resolution.

THE CAPITAL IMPROVEMENT PROGRAM AND FUNDING SOURCES

Chapter 3 presents the Airport's CIP for FY 2024 through FY 2031, which consists of approximately \$1.576 billion of total project costs. The Concourse E project is the primary component of the Airport CIP, totaling approximately \$1.042 billion. The remaining \$533.2 million of the CIP projects include other Airport renovation, rehabilitation, expansion, and replacement projects. Although the Authority may fund capital improvement projects of Page Field in accordance with the Resolution, projects associated with Page Field are not included in the Airport's CIP and are

³ The 2024 Bonds include PFC-Supported and Airport-Supported portions (see Chapter 1 for additional details).

not included in the financial analysis. Revenues and expenses associated with Page Field are not included in 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 an airport is, to a large degree, dependent on the demographic and economic characteristics of the airport's air trade area. This relationship is particularly true for the largest demand component at the Airport— origin and destination (O&D) passenger traffic. O&D passenger traffic refers to passengers that either begin or end their trips at the Airport rather than connect through the Airport to other destinations. Therefore, the major portion of demand for air travel at the Airport is influenced more by the local socioeconomic characteristics of the area served than by individual air carrier decisions regarding service patterns in support of connecting activity.

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** below:

TABLE S-2 SUMMARY OF DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

VARIABLE	CY 2022 ³	CY 2031	CAGR CY 2022 – CY 2031
ATA Population	1,476,343	1,704,221	1.6%
Florida Population	22,245,521	24,725,589	1.2%
US Population	333,271,411	353,010,687	0.6%
ATA Per Capita Personal Income ¹	\$68,459	\$80,015	1.7%
Florida Per Capita Personal Income ¹	\$55,845	\$64,792	1.7%
US Per Capita Personal Income ¹	\$56,421	\$65,682	1.7%
ATA Gross Regional Product (GRP) ²	\$69,506	\$86,310	2.4%
Florida Goss Regional Product (GRP) ²	\$1,204,749	\$1,529,482	2.7%
US Gross Domestic Product (GDP) ²	\$21,788,014	\$26,495,363	2.2%

NOTES:

CAGR – Compound Annual Growth Rate
CY – Calendar Year
In this table, ATA refers to the Airport's Air Trade Area.

1 Figures are in 2017 dollars.

2 Figures are displayed in millions of 2017 dollars.

3 CY 2022 is the last year of historical data in the Woods & Poole Economics, Inc. (Woods & Poole) database and is the basis for Woods & Poole's projections. Therefore, it is the last year of historical data displayed in this table. More recent data may be available from other sources.

SOURCE: Woods and Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source (CEDDS), July 2024.

Key findings include the following:

- The Airport primarily serves the counties of Charlotte, Collier, Glades, Hendry, and Lee (the Air Trade Area), which, in calendar year (CY) 2022, had a total population of 1,476,343 residents. Population growth in the Air Trade Area since 2012 has been faster than the population growth experienced by Florida and the United States (US), 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 US since CY 2017. The Air Trade Area's seasonally adjusted unemployment rate was 3.5 percent in July 2024, which is the most recent month of data available. This rate was below the unemployment rate experienced by the nation during the same period but slightly greater than that of Florida (3.3 and 4.3 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 13,558 employees, followed by Lee County Public Schools (11,174 employees); Lee County government (9,377 employees); Publix Super Markets (9,362 employees); and Collier County Public Schools (5,810 employees).
- As discussed in Chapter 4, the Air Trade Area is projected to outperform Florida and the US 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. In FY 2024, passenger service is provided by 16 mainline airlines and five regional airlines at the Airport. The Federal Aviation Administration (FAA) classifies RSW as a medium-hub airport on the basis of its percentage of nationwide enplaned passengers, with approximately 5.1 million enplaned passengers in CY 2022. Other key points regarding historical and forecast aviation activities at the Airport are the following:

- From FY 2013 to FY 2019, the Airport experienced a 4.5 percent compound annual growth rate (CAGR) in enplaned passengers, compared to 3.8 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. In FY 2023, enplaned passengers at the Airport decreased 15.3 percent to 4.7 million, due to the impact of Hurricane Ian. Monthly enplaned passenger volumes in FY 2023 remained below corresponding monthly passenger volumes in FY 2022 until July 2023. From FY 2013 to FY 2023, enplaned passengers at the Airport increased at a CAGR of 2.0 percent, compared to an increase of 2.2 percent nationwide. Fiscal year-to-date (FYTD) 2024 (October to May) enplaned passengers increased 24.5 percent to 4.3 million compared to 3.5 million for FYTD 2023, as passenger demand recovered from the impact of Hurricane Ian. Monthly passenger volumes in FYTD 2024 exceed passenger volumes in all corresponding months in FYTD 2023.
- The Airport's stable scheduled passenger airline service includes 10 airlines that have provided service each year between FY 2013 and FY 2024. German airline Eurowings initiated service between Dusseldorf Germany and the Airport in FY 2018 and continued service through FY 2020. Formerly branded as Eurowings Discover, Discover Airlines initiated nonstop service between Frankfurt Germany and the Airport in FY 2022. Alaska Airlines (Alaska) initiated service at the Airport in November 2020. In addition, Avolo Airlines initiated service at the Airport in November 2021, followed by Breeze Airways initiation of service at the Airport in June 2022. In November 2023, Canadian based Porter Airlines initiated daily service to Toronto Pearson International. In March 2024, airlines offered nonstop scheduled service to 61 destinations (58 domestic and 3 international) at the Airport. Lynx Air, a Canadian ultra-low-cost carrier, began service in December 2023; however, Lynx Air filed for creditor protection and ceased all operations in February 2024. As a result, the number of mainline airlines serving the Airport increased from pre-pandemic levels of 11 airlines to 16 airlines (including Lynx Air) in FY 2024. In addition, the number of scheduled nonstop destinations increased from 44 to 51 over the same period.

- In FY 2023, Delta Air Lines represented the largest passenger airline at the Airport according to enplaned passengers (21.6 percent) and landed weight (20.1 percent).

Table S-3 summarizes the projection of enplaned passengers at the Airport through the Projection Period. Enplaned Projections of enplaned passengers were based on an average of acceptable results produced in the regression analyses of local and national socioeconomic and demographic factors, and enplaned passengers at the Airport are projected to increase from 4.7 million (FY 2023) to 6.4 million (FY 2031), a CAGR of 3.9 percent during the Projection Period (compared to 4.5 percent growth from 2013-2019, pre-pandemic).

TABLE S-3 ENPLANED PASSENGER PROJECTIONS

FISCAL YEAR	AIRPORT	
	TOTAL ENPLANED PASSENGERS	ANNUAL GROWTH
<i>Historical</i>		
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%
2021	4,534,976	28.5%
2022	5,571,537	22.9%
2023	4,721,401	-15.3%
FYTD 2023 ¹	3,477,717	-
FYTD 2024 ¹	4,321,008	24.5%
<i>Projected</i>		
2024	5,532,000	17.2%
2025	5,661,000	2.3%
2026	5,786,000	2.2%
2027	5,911,000	2.2%
2028	6,034,000	2.1%
2029	6,163,000	2.1%
2030	6,294,000	2.1%
2031	6,423,000	2.0%
<i>Compound Annual Growth Rate</i>		
2013 – 2019	4.5%	
2013 – 2023	2.0%	
2023 – 2031	3.9%	
2024 – 2031	2.2%	

NOTES:

Fiscal Year ending September 30.

¹ The Fiscal Year-to-date (FYTD) is for 8 months ending May 2023 and 2024 (latest data available).

SOURCES: Lee County Port Authority, July 2024; Cirium Diio, June 2024 (US Department of Transportation, T-100 data); Ricondo & Associates, Inc., July 2024.

FINANCIAL ANALYSIS

Chapter 6 presents the analysis Ricondo undertook 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 2024 Bonds and Future Bonds for the completion of Concourse E.

On the basis of the analysis in this Report and the financial projections presented in Chapter 6, it is Ricondo's 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. It is also Ricondo's opinion that the Airport's airline rates and charges should remain reasonable on the basis of the expectation that these fees will not deter forecast demand for air traffic at the Airport as airlines continue to deploy capacity to airports going by 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 2.0 percent annually), with total Current Expenses estimated to increase from approximately \$110.9 million in FY 2025 to approximately \$141.3 million in FY 2031, reflecting a CAGR of 4.1 percent.
- Parking and concessions revenues are budgeted to be \$75.0 million in FY 2025 and are projected to increase to approximately \$90.4 million in FY 2031, reflecting a CAGR of 3.2 percent based on anticipated air traffic growth, inflation, and impacts from the anticipated Terminal Expansion – Phase I in FY 2026 and the Concourse E project in FY 2028. Total Non-Airline Revenues, including concessions, are budgeted to be approximately \$99.9 million in FY 2025. Total Non-Airline Revenues are projected to increase to approximately \$117.7 million in FY 2031, reflecting a CAGR of 2.8 percent.
- After the 2024 Bonds are issued, total annual debt service is projected to be approximately \$64.6 million in FY 2025 and increase to \$76.4 million per year in FY 2026 because of the Future Bonds debt service. In FY 2027 total annual debt service increases to approximately \$87.6 million per year because of the first full year of debt service on the Future Bonds.
- Airline revenues calculated according to the terms of the Airline–Airport Use and Lease Agreement are estimated to increase from approximately \$86.1 million in FY 2025 to approximately \$124.9 million in FY 2031. The Airport's estimated average airline cost per enplanement (CPE) is estimated to increase from approximately \$13.64 in FY 2025 to approximately \$17.93 in FY 2031 as a result of increased capital costs associated with the Concourse E project.
- Extraordinary Coverage is not anticipated to be required in the Projection Period.
- Additional Concourse E Protection, as defined and described in Section 6.1.2 of this Report, is projected to be required in FY 2026 through the end of the Projection Period and is projected to increase from \$4.3 million in FY 2026 to \$11.1 million in FY 2027. Additional Concourse E Protection is projected to remain relatively flat from FY 2027 through the end of the Projection Period.
- Calculated in accordance with the Resolution, debt service coverage is estimated to be 1.60x in FY 2025, the first full year of debt service on the 2024 Bonds, calculated according to both the 1.25x and 1.00x tests. 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 2024 BONDS

1.1 PLAN OF FINANCE AND THE 2024 BONDS

This chapter describes the Series 2024 Bonds and key provisions of the Resolution.

Lee County (County) is issuing the 2024 Bonds primarily to fund, in part, the Concourse E project. Specifically, proceeds from the 2024 Bonds are anticipated to be used to:

- i. provide approximately \$525 million in funding for the design and construction of Concourse E
- ii. fund a deposit to the Debt Service Reserve Fund
- iii. pay certain costs of issuance incurred in connection with the issuance of the 2024 Bonds

The 2024 Bonds will be issued on parity with the County's outstanding Airport Revenue Refunding Bonds, Series 2015 (Non-AMT), Airport Revenue Refunding Bonds, Series 2021A (AMT), and Airport Revenue Bonds, Series 2021B (AMT).

Table 1-1 presents the estimated sources and uses for the 2024 Bonds. The PFC-Supported and Airport-Supported portions of the 2024 Bonds are shown separately for illustrative purposes, however the 2024 Bonds will be issued as a single series.

TABLE 1-1 2024 BONDS ESTIMATED SOURCES AND USES

	2024 PFC-SUPPORTED BONDS (AMT)	2024 AIRPORT-SUPPORTED BONDS (AMT)	TOTAL 2024 BONDS
Sources			
Par Amount of Bonds	\$188,385,000	\$376,770,000	\$565,155,000
Premium	\$2,283,021	\$4,565,704	\$6,848,725
Total Sources of Funds at Closing	\$190,668,021	\$381,335,704	\$572,003,725
Uses			
Project Fund Deposits	\$175,000,000	\$350,000,000	\$525,000,000
Debt Service Reserve Fund	14,252,6711	28,505,342	42,758,013
Cost of Issuance	470,963	941,925	1,412,888
Underwriters Discount	941,925	1,883,850	2,825,775
Additional Proceeds	2,462	4,587	7,050
Total Uses of Funds at Closing	\$190,668,021	\$381,335,704	\$572,003,725

NOTES:
PFC – Passenger Facility Charge
Numbers are preliminary and based on current market rates as of July 24, 2024, +75 Basis Points.
SOURCE: PFM Financial Advisors LLC, July 2024.

The 2024 Bonds are being issued pursuant to the provisions of the Resolution. The County adopted the Series Resolution, authorizing the issuance of the 2024 Bonds, on September 5 (the Series Resolution).

For the 2024 Bonds, the assumptions of the Authority's Financial Advisor are presented in **Table 1-2**.

TABLE 1-2 2024 BOND ASSUMPTIONS

	2024 BONDS
Delivery Date	10/09/2024
First Coupon	04/01/2025
Last Maturity Date	10/01/2054
Average Life	21.777 years
Net Interest Cost	5.147%

NOTE:
Numbers are preliminary and based on current market rates as of July 24, 2024, +75 Basis Points.
SOURCE: PFM Financial Advisors LLC, July 2024.

1.2 BOND RESOLUTION

1.2.1 SECURITY AND SOURCES OF PAYMENT

The 2024 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 2015 (Non-AMT), Airport Revenue Refunding Bonds, Series 2021A (AMT), Airport Revenue Bonds, Series 2021B (AMT)(collectively, the Outstanding Parity Bonds), and any Additional Parity Bonds issued under the Resolution.

Upon issuance of the Series 2024 Bonds, the Series 2015 Bonds, Series 2021A Bonds, and Series 2021B Bonds will be outstanding in the aggregate principal amounts of, \$33.4 million, \$113.6 million, and \$211.6 million, respectively. The 2024 Bonds and the Outstanding 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, (8) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the Airport System's benefit which are lawfully available for the payment of debt service with respect to any Bonds, Subordinated Indebtedness, or payment of Operation and Maintenance Expenses, (9) Special Purpose Facility Revenues, to the extent designated as Revenues by Supplemental Resolution, (10) CFCs which are not Available Revenues, (11) PFCs which constitute Revenues pursuant to Section 3.02 of the Resolution, and (12) 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) any revenue or income from Page Field or any additions, extensions or improvements thereto unless Page Field is added to the Airport System as provided in the definition of Airport System; (b) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the Airport System's benefit which are not lawfully available for the payment of Current Expenses or payment of debt service with respect to any Bonds or Subordinated Indebtedness; (c) insurance proceeds, to the extent used by the Authority to repair or replace damaged property or to the extent the use of such proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of Current Expenses or the

payment of debt service with respect to Bonds and Subordinated Indebtedness; (d) any Transfers; (e) any Released Revenues; (f) any unrealized gains on securities held for investment by or on behalf of the Authority or County; (g) any gains resulting from changes in valuation of any Derivative Agreement; (h) any unrealized gains from the write-down, reappraisal or revaluation of assets; (i) the proceeds of Bonds and Subordinated Indebtedness; (j) Passenger Facility Charges, except to the extent provided as Revenues in Section 3.02 of the Resolution; (k) Any Available Revenues; (l) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Bonds or Subordinated Indebtedness; (m) cash subsidy payments or similar payments made by the U.S. Treasury or other federal or State governmental entity to or on behalf of the Authority or County for payment coming due on the Bonds or any portion thereof; (n) any arbitrage earnings which are required to be paid to the United States of America pursuant to Section 148 of the Code; (o) interest earnings or other investment earnings on any Account in the Project Fund established by any Supplemental Resolution unless otherwise provided in such Supplemental Resolution; and (p) Special Purpose Facility Revenues, except as otherwise provided by Supplemental Resolution.

PFCs are specifically excluded from "Revenues," unless otherwise provided for as an additional pledge in a Series Resolution. The Series Resolution for the 2024 Bonds includes a pledge of PFCs. PFCs also secure all or a portion of, as the case may be, the Series 2021A Bonds, the Series 2021B Bonds, and the Series 2015 Bonds.

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 Concourse E as part of PFC Application number 24-11-C-00-RSW (PFC 24-11). The FAA's Final Agency Decision for PFC 24-11 was received April 11, 2024, and includes the approval of \$430,338,950 in PFC collections, including \$429,879,422 for projects related to Concourse E. The primary source of funding associated with Concourse E is the Series 2024 Bonds. Therefore, a portion of the 2024 Bonds is eligible for reimbursement from PFC funds. The Authority currently imposes a \$4.50 PFC per enplaned passenger.

The County adopted the Series Resolution, which pledges eligible PFC Revenues collected pursuant to PFC Application 24-11 and associated with the design and construction of the Concourse E as additional security for the 2024 Bonds beginning in FY 2024.

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 System. The rates, fees, rentals, and other charges each 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 System 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 System 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, including any deposit to the Reserve Account and Renewal, Replacement, and Improvement Fund required in such Fiscal Year.

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 System, 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, that is equal to the lesser of (i) the Maximum Bond Service Requirement (ii) the maximum amount permitted under the Code as a reasonably required reserve or replacement fund, or (iii) such other amount as approved by Supplemental Resolution in accordance with Section 5.02(c)(5) of the Resolution. 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 the 2024 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 2027 with respect to improvements to be financed with Series 2024 Bonds); (l) estimates of Revenues to be received by the County and the Authority from the Airport System, 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 (net of issuance costs and any discounts) will be not more than 10 percent of the original Cost of such 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.

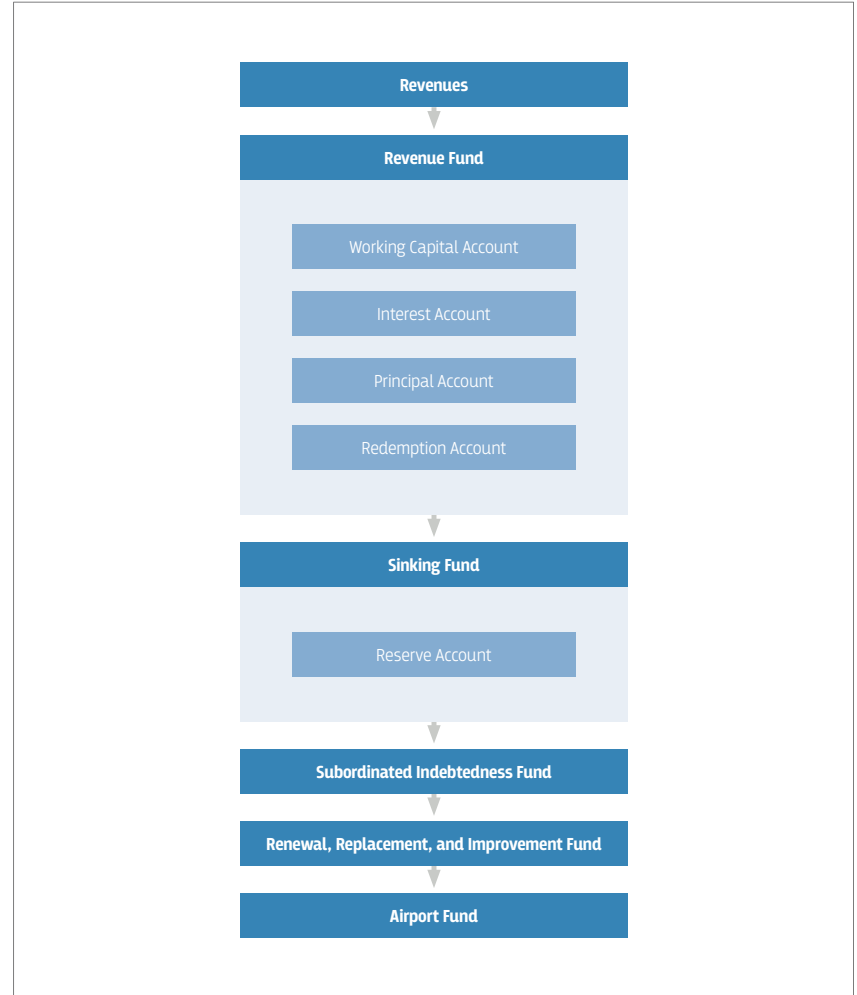
1.2.6 FLOW OF FUNDS

The Authority deposits all Revenues of the Airport System as promptly as possible after receipt into the Revenue Fund, which the County holds and administers. 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 County to issue Airport Revenue Bonds. 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.
 - **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.



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

EXHIBIT 1-1
BOND RESOLUTION FLOW OF FUNDS

- **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 for the Reserve Account (or any subaccount therein), 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 System, 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 lawful purpose.

As a recipient of the 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 System solely to Airport System purposes.

2. SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

This chapter describes the location of the Southwest Florida International Airport (Airport or RSW), Air Trade Area, and existing facilities at the Airport.

The Airport is operated by the Authority, a dependent special district of the County, which the Board of County Commissioners of Lee County (Board) governs. The Airport covers approximately 6,400 acres of land and is 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 the Airport 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 currently excluded from the term "Airport System" 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 the 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 and the Airport's proximity to other existing commercial service airports in the Air Trade Area.

Surrounding Airports Within or Near the Air Trade Area

On the basis of 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 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. Chapter 5 of this Report provides additional information regarding these surrounding airports.

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.

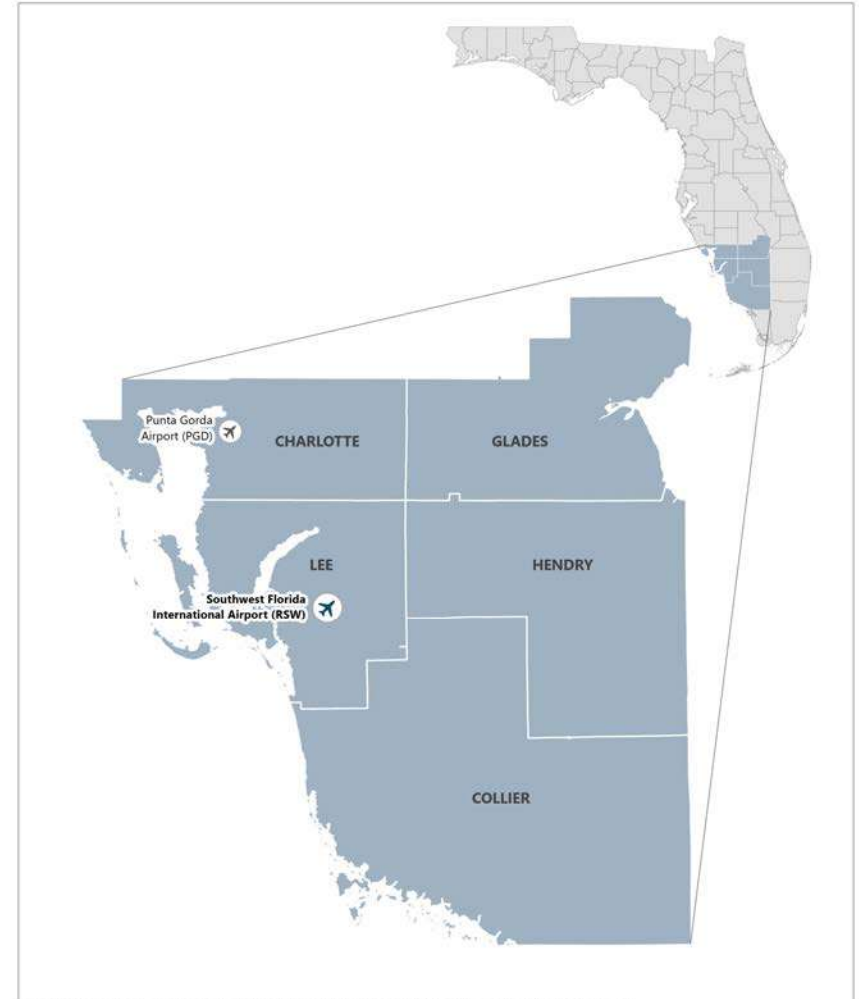
Exhibit 2-2 presents an aerial view of the Airport.

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, 2021 (airports); US Census Bureau, 2023 (county).

EXHIBIT 2-1

**AIR TRADE AREA AND
EXISTING COMMERCIAL AIRPORTS**





SOURCE: Martinez Geospatial, Inc., Aerial Photography, April 2022.

EXHIBIT 2-2

EXISTING AIRPORT FACILITIES



Drawing: C:\Users\ibacil\OneDrive - Rizzardi Inc\Project Support\RSW\z_Fees_Report_Extib.dwg Layout: 2-2 Plotted: Jun 21, 2024, 12:30AM

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 120,000 pounds for a single-wheel load, 250,000 pounds for a double-wheel load, 538,000 pounds for a double-tandem-wheel load, and 1,045,000 pounds for a dual-double-tandem-gear aircraft. Runway 6 is equipped with a Category I precision instrument landing system. In addition, non-precision 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 in the Airport's Capital Improvement Program (CIP) as discussed in Chapter 3.

- Runway 6 includes a medium-intensity approach lighting system, high-intensity edge lights, runway visual range equipment, and a four-light precision approach path indicator.
- Runway 24 includes high-intensity runway edge lights, runway end identifier lights, and a four-light precision approach path indicator.

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 totals approximately 791,000 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 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 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, miscellaneous building services and utility areas, and Transportation Security Administration (TSA) offices 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 began in 2021 and was anticipated to be completed in 2025. However, the completion date will likely be delayed at least one year past FY 2025 because of necessary redesigning. The expansion will provide connectivity among the three existing concourses to allow for airline gate scheduling flexibility, to consolidate the 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 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 includes six zones, each serving different airlines. Two pedestrian crosswalks connect the upper-level curb with the parking garage and ground transportation curb on the lower level (via stairs and an elevator). The lower level comprises seven traffic lanes serving baggage claim and ground transportation and includes six zones, each serving different airlines. A pedestrian crosswalk connects each zone with the parking garage and ground transportation curb.

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 South of the Short-Term Parking Garage, separated by the rental car service center) – 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 used 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 provide off-Airport car rentals. Shuttles are available to transport passengers to off-site locations.

2.2.3 AIR CARGO

Two separate locations support air cargo operations at the Airport: the main air cargo facility and the passenger airline freight forwarding facility. The main air cargo facility, 24,000 square feet, 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, is used to process belly-haul cargo for all airlines. Both facilities are north of the terminal building.

2.2.4 GENERAL AVIATION

PrivateSky Aviation Services (PrivateSky), a fixed-base operator (FBO), provides general aviation services at the Airport west of the terminal building. The FBO facilities consist of aircraft parking apron, one 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 that totals 8,000 square feet provides a terminal for additional general aviation activity for PrivateSky and is supported by one 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 affect 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, three special purpose vehicles, seven service vehicles, three trailers, one all-terrain vehicle, and one ambulance cart.
- The Airport's Airport Traffic Control Tower is being relocated. The new tower is under construction at a site located midfield between the existing runway and the future parallel runway and is anticipated to be completed in FY 2024.
- 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 2024 THROUGH FISCAL YEAR 2031 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 2024 through FY 2031. The largest component of the CIP is related to the Terminal Expansion – Phase 2 (Concourse E) project, which will include expansion of the main terminal, new Concourse E construction, airside improvements, landside roadway and terminal curb modifications, as well as other elements. The construction of the Concourse E project is to begin in late 2024.

The 2024 Bonds are anticipated to be issued in the fourth quarter of 2024 and will provide funding for a portion of the Authority's Concourse E project.

3.1.1 ESTIMATED PROJECT COSTS AND TIMING

Table 3-1 summarizes the Authority's CIP for FY 2024 through FY 2031, including estimated total project costs and approximate annual funding requirements.

The Authority's CIP consists of approximately \$1.576 billion of total project costs over the period FY 2024 through FY 2031. 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 the Airport, its revenues and operating expenses are not included in nor payable from Pledged Funds. Although the Authority may fund capital improvement projects at Page Field in accordance with the Resolution, projects associated with Page Field are not included in the Airport's CIP.

The financial analysis described in Chapter 6 of this Report includes a Projection Period through FY 2031. Beyond FY 2031, the planned capital improvements for the Airport are not included in the analysis. The Airport's CIP is re-evaluated annually, and projects could be included/excluded on the basis of demand.

3.1.2 TERMINAL EXPANSION

3.1.2.1 TERMINAL EXPANSION – PHASE 1 (\$146 MILLION)

The first phase of the Terminal Expansion project was funded with proceeds from the Series 2021B Bonds and will consolidate the Airport's TSA checkpoints to provide more public space. The total Terminal Expansion – Phase 1 project cost is approximately \$332 million, and the estimated cost for FY 2024 through FY 2031 totals approximately \$146 million, of which approximately \$70 million is funded through PFC-pledged Airport Revenues Bonds, and approximately \$46 million is 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.

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 concessions space and the amount of public space available in holdrooms and public spaces post-passenger screening.

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TABLE 3-1 AUTHORITY'S CAPITAL IMPROVEMENT PROGRAM (FISCAL YEAR 2024 – FISCAL YEAR 2031)

PROJECT NAME	TOTAL FUNDING SOURCES (FY 2024 – 2031)	AUTHORITY FUNDS	FEDERAL AND STATE GRANTS	CFC FUNDS	PFC PAY-GO	EXISTING PFC BONDS	EXISTING BONDS	2024 BONDS (PFC)	2024 BONDS (GAR)	FUTURE BONDS
RSW ATCT/TRACON	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$0	\$0	\$0	\$0	\$0
RSW Terminal Expansion 1 (Design and Construction)	\$145,791,032	\$0	\$29,483,059	\$0	\$0	\$70,482,581	\$45,825,392	\$0	\$0	\$0
RSW Terminal Expansion 2 (Design and Construction)	\$1,042,429,233	\$16,500,000	\$63,000,000	\$0	\$10,000,000	\$0	\$0	\$175,000,000	\$350,000,000	\$427,929,233
Concourse Rest Room Remodel ¹	\$3,022,404	\$0	\$0	\$0	\$3,022,404	\$0	\$0	\$0	\$0	\$0
FIS Upgrades (CBP Request)	\$2,067,610	\$516,902	\$0	\$0	\$1,550,708	\$0	\$0	\$0	\$0	\$0
FIS Upgrades (LCPA Enhancements)	\$3,838,996	\$959,749	\$0	\$0	\$2,879,247	\$0	\$0	\$0	\$0	\$0
RSW Rehab Roads 1 - Rehab/Realign Cham Pkwy	\$12,712,060	\$0	\$12,712,060	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Skyplex CIP Enabling Work (Placeholder for greenway, permitting, Etc.)	\$222,308	\$222,308	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Rehab Roads 2 - Cargo Ln, Fuel Farm Rd, and North Side Roads	\$4,057,308	\$2,028,654	\$2,028,654	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rental Car & Parking Expansion	\$210,000,000	\$0	\$0	\$210,000,000	\$0	\$0	\$0	\$0	\$0	\$0
Public Safety Building	\$14,949,575	\$14,949,575	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Training Facility Upgrades	\$2,347,868	\$2,347,868	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Rehab Runway 6-24	\$46,000,000	\$7,350,000	\$38,650,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expand Employee Parking Lot	\$3,200,000	\$3,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Consolidated North Maintenance Bldg. & Midfield Shop	\$27,090,000	\$17,090,000	\$10,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parallel Runway	\$400,000	\$400,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BHS Upgrades	\$3,486,865	\$3,486,865	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replace Hold Room Seating	\$4,200,000	\$0	\$0	\$0	\$4,200,000	\$0	\$0	\$0	\$0	\$0
Replace Terrazzo	\$10,500,000	\$0	\$0	\$0	\$10,500,000	\$0	\$0	\$0	\$0	\$0
New Cell Phone Lot	\$2,200,000	\$2,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ARFF Truck (E-93 - Crash) New Add	\$1,500,000	\$1,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ARFF Truck (Ladder Truck)	\$1,700,000	\$1,700,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ARFF Truck (Replace 905)	\$2,000,000	\$250,000	\$1,750,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ARFF Truck (Replace 907)	\$2,000,000	\$250,000	\$1,750,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ARFF Training Area	\$10,000,000	\$10,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Mitigation Park Compliance	\$12,666,505	\$12,666,505	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW North Ramp Environmental Remediation	\$3,298,887	\$3,298,887	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Gravel/Shell Parking Lot	\$1,250,000	\$1,250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW TAR Overhead Sign Refurb	\$467,371	\$467,371	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Demo Air Freight Bldg.	\$250,000	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RSW Bollards Replacement	\$1,000,000	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CAPITAL PROGRAM INCLUDED IN FINANCIAL ANALYSIS	\$1,575,648,022	\$103,884,684	\$159,373,773	\$210,000,000	\$33,152,359	\$70,482,581	\$45,825,392	\$175,000,000	\$350,000,000	\$427,929,233

NOTES: ARFF – Aircraft Rescue and Fire Fighting; ATCT – Air Traffic Control Tower; BHS – Baggage Handling System; CBP – United States Customs and Border Protection; FIS – Federal Inspection Station; FY – Fiscal Year; PFC – Passenger Facility Charge; TRACON – Terminal Radar Approach Control Facility
Totals may not add due to rounding.
1 Potential for additional project expenditures beyond the Projection Period.
SOURCE: Lee County Port Authority, July 2024.

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Construction began in FY 2021, with completion initially estimated for FY 2025. However, the completion date will likely be delayed at least one year past FY 2025 because of necessary redesigning.

3.1.2.2 TERMINAL EXPANSION – PHASE 2 (CONCOURSE E) (\$1.042 BILLION)

Phase 2 of the Airport's Terminal Expansion project (Concourse E) will involve a gate expansion and Baggage Handling System (BHS) expansion at the Airport. The Concourse E project includes expansion of the Main Terminal building, helping to address existing passenger processing facility deficiencies and improve the passenger experience at the Airport. Nine additional TSA security screening checkpoints are required to meet TSA throughput requirements and will provide airside access to Concourse E, incorporating connectivity among the main terminal's three existing concourses.

New Concourse E will be constructed immediately west of, and connected to, the proposed Main Terminal Expansion and will include 14 new gates and approximately 215,000 square feet over three levels (apron, departures, and mezzanine/mechanical). With a total cost of \$1.042 billion, the project is anticipated to be funded in part with the 2024 Bonds and Future Bonds, federal grants, Authority funds, and PFC Pay-Go funds. Assumed federal grant funding includes Airport Infrastructure Grant entitlement funding, Bipartisan Infrastructure Law discretionary Airport Terminals Program funding, and funding from an FAA Community Grant.

Construction is scheduled to begin in FY 2025, with completion estimated for FY 2028.

3.1.3 ADDITIONAL CAPITAL IMPROVEMENT PROGRAM PROJECTS

3.1.3.1 RENTAL CAR & PARKING EXPANSION (\$210 MILLION)

The Authority has also planned for the design and relocation of the rental car facilities at the Airport. The CIP includes \$210 million in design and construction costs for the Rental Car Relocation Expansion, which is anticipated to be completed in FY 2027 and funded by Customer Facility Charges (CFCs) on a pay-as-you-go basis, as well as bonds to be repaid with CFCs.

3.1.3.2 REHAB RUNWAY 6-24 (\$46 MILLION)

The Airport's runway was rehabilitated in 2007; as a result, the rehabilitation is approaching the end of its useful life. An upcoming milling and resurfacing of the runway are planned for FY 2024 through FY 2028 and are anticipated to be funded by a mix of AIP grants, FDOT grants, and Authority funds.

3.1.3.3 CONSOLIDATED NORTH MAINTENANCE BUILDING & MIDFIELD SHOP (\$27 MILLION)

The maintenance facility for the Airport was constructed in 1999. Because of continued activity and growth at the Airport, preliminary studies have shown the need for a new 45,000-square-foot facility to accommodate future growth at the Airport from 2023 to 2045. This new building will also consolidate various maintenance operations that are at various remote locations in the Airport campus, therefore improving maintenance department efficiency.

3.1.3.4 PUBLIC SAFETY BUILDING (\$15 MILLION)

A new Public Safety Building at the Airport to primarily accommodates the Airport Police Department, with supplemental accommodations for the Authority Airport Emergency Operations Center and Airport Incident Command Center as emergency operational support for the Airport. The building is expected to be approximately 19,000 square feet. It is anticipated that the site will be designed and prepared for future building expansion.

The project is anticipated to cost approximately \$15 million. The project is expected to be completed in FY 2026 and be funded with Authority Funds.

3.1.3.5 REHAB ROADS 1 - REHAB/REALIGN CHAM PKWY (\$13 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, and 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, \$13 million of which is scheduled to be incurred within the scope of the CIP presented in Table 3-1. The project began in FY 2023 and is expected to be funded with FAA grants and other grant funding. As of July 2024, the project is substantially complete, with the remaining construction expected to be completed by the end of FY 2024.

3.1.3.6 BAGGAGE HANDLING SYSTEM UPGRADES (\$3 MILLION)

The BHS is in need of improvement to keep up with the growth of the Airport and increased baggage volumes. This project looks at implementing some key improvements to extend the life of the existing BHS and handle the increased baggage volumes until a new system is built as part of the Concourse E project.

3.1.3.7 OTHER CAPITAL IMPROVEMENT PROGRAM PROJECTS [\$73 MILLION]

The Authority's CIP also includes Airport Traffic Control Tower and Terminal Radar Approach Control Facility, Concourse Restroom Remodel, FIS Upgrades, Skyplex CIP Enabling Work, Rehab Roads 2, Training Facility Upgrades, Expand Employee Parking Lot, Replace Holdroom Seating, Replace Terrazzo, New Cell Phone Lot, ARFF Truck (E-93 – Crash) New Add, ARFF Truck (Ladder Truck), ARFF Truck (Replace 905), ARFF Truck (Replace 907), ARFF Training Area, Mitigation Park Compliance, North Ramp Environmental Remediation, Gravel/Shell Parking Lot, TAR Overhead Sign Refurb, Demo Air Freight Building, and Bollards Replacement, as shown in Table 3-1. The total cost associated with these projects is approximately \$73 million. Planned funding includes a mix of AIP, FDOT, PFC Pay-Go, CFCs, and Authority Funds.

3.2 FUNDING SOURCES

Table 3-1 also summarizes the anticipated funding sources for CIP costs through FY 2031. Funding for the CIP includes Authority funds, federal and state grants, other grant funding, PFC funds, CFC funds, and Additional Parity Bonds.

3.2.1 AUTHORITY FUNDING

The Authority anticipates using approximately \$103.9 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 BHS 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 BHS Fee, as discussed in Chapter 6 of this Report. The Authority's plan of finance for the Concourse E project includes using \$16.5 million in Authority funds, which have been applied to design costs as of July 2024.

3.2.2 FEDERAL AND STATE GRANTS

The projects contained in the Authority's CIP assume the use of a total of approximately \$159.4 million of federal and state funds, consisting of future AIP entitlement funds, future discretionary funds, and grant funds from 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. The Authority's plan of finance for the Concourse E

project includes \$48 million in federal Airport Infrastructure Grant entitlement funds, \$8 million in federal discretionary funds through the Bipartisan Infrastructure Law Airport Terminals Program, and \$7 million in funding from an FAA community grant.

3.2.3 PASSENGER FACILITY CHARGE FUNDING

PFC revenue is used to finance FAA-approved airport related projects that preserve or enhance capacity, safety or security of the national air transportation system, reduce noise from an airport that is part of the system or provide an opportunity for enhanced competition between or among air carriers or foreign air carriers.

The Authority is authorized to collect approximately \$1.3 billion in PFC revenue through December 1, 2060. As of March 31, 2024, the Authority had collected approximately \$418.2 million and expended approximately \$381.0 million in PFC revenues. The Authority anticipates using approximately \$33.2 million in PFC Pay-Go funding for projects within its CIP. The remaining approval includes PFC Pay-Go funding for the FIS Upgrades project. The Airport Traffic Control Tower/Terminal Radar Approach Control Facility project has received FAA approval as part of PFC Application 13-08-C-00-RSW. PFC Pay-Go funding for the Concourse E project was approved by the FAA as part of the Authority's PFC Application 24-11-C-00-RSW. PFC Pay-Go funding for the FIS Upgrades project will be included in an upcoming PFC Application.

Also included in the CIP is approximately \$70 million in PFC-supported debt associated with Terminal Expansion – Phase 1, which received approval from the FAA within the Authority's PFC Application 19-10-C-00-RSW, and approximately \$175 million in PFC-supported debt associated with Terminal Expansion – Phase 2 (Concourse E), which received approval from the FAA within the Authority's most recent PFC Application 24-11-C-00-RSW.

3.2.4 CUSTOMER FACILITY CHARGE FUNDING

CFC revenue is used to fund ground access-related projects, including the construction of new or improvements to existing rental car facilities; operations and maintenance of existing rental car facilities; debt service on rental car facilities; or costs associated with supporting facilities. The Airport currently collects a CFC of \$5.00 per transaction day, which is assumed to remain constant throughout the Projection Period.

The Authority anticipates using approximately \$210 million in CFC funding for the Rental Car and Parking Expansion project included in the CIP.

3.2.5 FUTURE BONDS

As described in Section 3.1.2, the Authority's plan of finance for the Terminal Expansion – Phase 2 (Concourse E) project includes proceeds from Future Bonds in addition to proceeds from the 2024 Bonds.

The Future Bonds, issued in the third quarter of FY 2026, will include approximately \$450 million of Airport Revenue Bonds and will be used to fund a portion of the Concourse E project.

Additional discussion of the Future Bonds and the associated debt service is included in Chapter 6.

4. DEMOGRAPHIC AND ECONOMIC ANALYSIS

To a large degree, the demand for air transportation at an airport is dependent on the demographic and economic characteristics of the Airport's air trade area. This relationship is especially true for origin and destination (O&D) passenger traffic, which has historically been the largest component of demand at the Airport.⁴ 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 uses Woods & Poole Economics, Inc.'s (Woods & Poole's) historical data and projections published in June 2024, with calendar year (CY) 2022 as a baseline year for Woods & Poole's projections and CY 2031 as the end of the Projection Period. Woods & Poole is an independent firm specializing in long-term county economic data and demographic data projections.

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 (US). As shown, population in the Air Trade Area increased from 951,821 in CY 2002 to approximately 1.2 million in CY 2012 and to approximately 1.5 million in CY 2022. As also shown, population growth in the Air Trade Area between CY 2002 and CY 2022 (2.2 percent compound annual growth rate [CAGR]) was greater than that experienced by Florida (1.4 percent CAGR) and the nation (0.7 percent CAGR) during this period.

TABLE 4-1 HISTORICAL AND PROJECTED POPULATION

AREA	HISTORICAL				PROJECTED CY 2031	COMPOUND ANNUAL GROWTH RATE			
	CY 2002	CY 2012	CY 2022 ¹	CY 2031		HISTORICAL		PROJECTED	
						CY 2002 – CY 2012	CY 2012 – CY 2022	CY 2002 – CY 2022	CY 2022 – CY 2031
Charlotte County	150,123	161,563	202,582	221,964	0.70%	2.30%	1.50%	1.00%	
Collier County	275,490	329,330	397,516	463,544	1.8%	1.9%	1.9%	1.7%	
Glades County	11,284	12,242	12,463	13,361	0.8%	0.2%	0.5%	0.8%	
Hendry County	36,035	37,270	41,391	44,298	0.3%	1.1%	0.7%	0.8%	
Lee County	478,889	639,742	822,391	961,054	2.9%	2.5%	2.7%	1.7%	
Air Trade Area	951,821	1,180,147	1,476,343	1,704,221	2.2%	2.3%	2.2%	1.6%	
Florida	16,689,370	19,274,146	22,245,521	24,725,589	1.5%	1.4%	1.4%	1.2%	
United States	287,625,148	314,371,456	333,271,411	353,010,687	0.9%	0.6%	0.7%	0.6%	

NOTES:

CY – Calendar Year

¹ CY 2022 is the last year of historical data in the Woods & Poole Economics, Inc. (Woods & Poole) database and is the basis for Woods & Poole's projections.

Therefore, it is the last year of historical data displayed in this table. More recent data may be available from other sources.

SOURCE: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, July 2024.

⁴ On the basis of reconciled US Department of Transportation ticket sample data, O&D passengers accounted for approximately 96 percent of total passengers at the Airport in CY 2023.

Table 4-1 also presents population projections from Woods & Poole for the Air Trade Area, Florida, and the United States for CY 2031. Population in the Air Trade Area is expected to increase at a CAGR of 1.6 percent between CY 2022 and CY 2031, from approximately 1.5 million in CY 2022 to approximately 1.7 million in CY 2031. Projected population growth for the Air Trade Area is expected to be more rapid than that experienced by Florida and the nation (1.2 percent CAGR and 0.6 percent CAGR, respectively) during this period. Between CY 2022 and CY 2031, the Air Trade Area population is expected to grow most rapidly in Lee County and Collier County (both 1.7 percent annually).

4.1.2 AGE DISTRIBUTION AND EDUCATION

The Air Trade Area population is older than the national average, because of the area's general attractiveness to retirees. In CY 2022, the most recent data available from the US Census Bureau, the Air Trade Area had a median age of 49.5⁵ compared with 42.7 for Florida and 39.0 for the US, respectively.⁶ Additionally, the Air Trade Area population has completed a slightly lower level of education than the national average. In CY 2022, according to US Census Bureau data, 33.2 percent of citizens in the Air Trade Area aged 25 and older had a bachelor's degree or higher compared with 34.3 percent for Florida and 35.7 percent for the US.

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 use air travel, and 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 2012 and CY 2022, as expressed in 2017 dollars. As shown, per capita personal income for the Air Trade Area was greater than equivalent measures for both Florida and the nation each year between CY 2012 and CY 2022. As also shown, per capita personal income for the Air Trade Area increased at a CAGR of 2.9 percent between CY 2012 and CY 2022, greater than the 2.5 percent growth rate for Florida and the 1.9 percent growth rate for the nation over this same period.

Table 4-2 also presents projections of per capita personal income for CY 2031. According to projections from Woods & Poole, per capita personal income for the Air Trade Area is projected to increase from \$68,459 in CY 2022 to \$80,015 in CY 2031. This increase represents a CAGR of 1.7 percent during this period and is equal to the percent growth rates projected for both Florida and the nation.

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 used more frequently. Table 4-2 also presents percentages of households in selected per capita personal income categories for CY 2022 (income brackets in 2017 dollars). As presented, 33.8 percent of households in the Air Trade Area had personal income of \$75,000 or more in 2022, which was greater than the percentage of households in these income categories for Florida (32.4 percent), but lower than the equivalent percentage for the nation (37.0 percent).

⁵ This refers to the median age of Lee County, the largest population of the five counties in the Air Trade Area, because a median age for the Air Trade Area is not available.

⁶ US Census Bureau, 2018-2022 American Community Survey 5-Year Estimates, April 30, 2024.

TABLE 4-2 PER CAPITA PERSONAL INCOME

YEAR	PER CAPITA PERSONAL INCOME			PER CAPITA PERSONAL INCOME DIFFERENTIAL	
	AIR TRADE AREA	FLORIDA	UNITED STATES	BETWEEN AIR TRADE AREA AND FLORIDA	BETWEEN AIR TRADE AREA AND UNITED STATES
Historical					
CY 2012	\$51,629	\$43,581	\$46,791	\$8,048	\$4,838
CY 2013	\$50,261	\$42,521	\$46,352	\$7,739	\$3,908
CY 2014	\$53,499	\$44,130	\$47,656	\$9,369	\$5,843
CY 2015	\$56,492	\$46,187	\$49,391	\$10,305	\$7,101
CY 2016	\$57,835	\$46,513	\$49,825	\$11,321	\$8,010
CY 2017	\$60,009	\$48,437	\$51,005	\$11,571	\$9,003
CY 2018	\$63,004	\$49,985	\$52,243	\$13,019	\$10,761
CY 2019	\$64,950	\$51,820	\$53,664	\$13,129	\$11,286
CY 2020	\$67,287	\$54,051	\$56,530	\$13,236	\$10,757
CY 2021	\$71,278	\$57,863	\$59,107	\$13,415	\$12,171
CY 2022 ¹	\$68,459	\$55,845	\$56,421	\$12,614	\$12,037
Projected					
CY 2031	\$80,015	\$64,792	\$65,682	\$15,223	\$14,333
Compound Annual Growth Rate					
2012-2022	2.9%	2.5%	1.9%		
2022-2031	1.7%	1.7%	1.7%		
PERCENTAGE OF HOUSEHOLDS IN INCOME CATEGORIES (CY 2022 ²)					
INCOME CATEGORY (IN 2017 DOLLARS)	AIR TRADE AREA	FLORIDA	UNITED STATES		
Less than \$29,999	25.4%	27.7%	26.3%		
\$30,000 to \$59,999	28.5%	27.9%	25.5%		
\$60,000 to \$74,999	12.3%	12.0%	11.2%		
\$75,000 to \$99,999	13.4%	13.2%	13.8%		
\$100,000 or More	20.4%	19.1%	23.1%		

NOTES:

CY – Calendar Year

Per capita personal income and income bracket are in 2017 dollars.

¹ CY 2022 is the last year of historical data in the Woods & Poole Economics, Inc. (Woods & Poole) database and is the basis for Woods & Poole's projections.

Therefore, it is the last year of historical data displayed in this table. More recent data may be available from other sources.

² The CY 2022 percentage of households in income categories is projected as of July 2024 by Woods & Poole.

SOURCE: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, July 2024.

4.2 ECONOMIC ANALYSIS

4.2.1 GROSS REGIONAL/DOMESTIC PRODUCT

Gross domestic product (GDP) for the US 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 an area for a specific period. These indicators are one of the broadest measures of the economic health of an 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 US between CY 2012 and CY 2022, as expressed in 2017 dollars. As shown, the Air Trade Area's GRP increased from approximately \$44.0 billion in CY 2012 to approximately \$69.5 billion in CY 2022, a CAGR of 4.7 percent. In comparison, the GRP for Florida and the nation increased at a CAGR of 3.9 percent and 2.5 percent, respectively, between CY 2012 and CY 2022.

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)
<i>Historical</i>			
CY 2012	\$43,979	\$823,561	\$17,074,008
CY 2013	\$45,434	\$847,508	\$17,466,806
CY 2014	\$47,784	\$876,939	\$17,953,808
CY 2015	\$51,757	\$933,740	\$18,596,359
CY 2016	\$55,491	\$969,998	\$18,910,750
CY 2017	\$56,599	\$1,003,144	\$19,368,509
CY 2018	\$58,922	\$1,036,048	\$19,999,274
CY 2019	\$60,686	\$1,073,674	\$20,529,773
CY 2020	\$61,801	\$1,067,259	\$19,998,314
CY 2021	\$66,608	\$1,151,878	\$21,264,626
CY 2022 ¹	\$69,506	\$1,204,749	\$21,788,014
<i>Projected</i>			
CY 2031	\$86,310	\$1,529,482	\$26,495,363
<i>Compound Annual Growth Rate</i>			
CY 2012 – CY 2022	4.7%	3.9%	2.5%
CY 2022 – CY 2031	2.4%	2.7%	2.2%

NOTES:

CY – Calendar Year
In millions of 2017 dollars.

¹ CY 2022 is the last year of historical data in the Woods & Poole Economics, Inc. (Woods & Poole) database and is the basis for Woods & Poole's projections. Therefore, it is the last year of historical data displayed in this table. More recent data may be available from other sources.

SOURCE: Woods & Poole Economics, Inc., 2024 Complete Economic and Demographic Data Source, July 2024.

Table 4-3 also presents projections of GRP/GDP for CY 2022 to CY 2031. According to data from Woods & Poole, GRP for the Air Trade Area is projected to increase from approximately \$69.5 billion in CY 2022 to approximately \$86.3 billion in CY 2031. This increase represents a projected CAGR of 2.4 percent for the Air Trade Area during this period, compared to 2.7 percent for Florida and 2.2 percent for the nation.

4.2.2 EMPLOYMENT TRENDS

Table 4-4 presents recent employment trends for the Air Trade Area, Florida, and the US. As shown, the Air Trade Area's civilian labor force⁷ increased from approximately 542,000 workers in CY 2013 to approximately 671,000 workers in CY 2023. This increase represents a CAGR of 2.2 percent in the Air Trade Area's civilian labor force during this period, compared to a 1.6 percent increase for Florida and a 0.7 percent increase for the US.

As also shown in Table 4-4, average annual unemployment rates (non-seasonally adjusted) for both the Air Trade Area and Florida were above the unemployment rates for the US between CY 2013 and CY 2015 and were equivalent in CY 2016; but since CY 2017, the relationship has reversed, and the Air Trade Area and Florida rates have been below the average annual unemployment rate of the US. The average annual unemployment rate in CY 2023 for the Air Trade Area was 3.2 percent; in Florida and the US, unemployment rates were 2.9 percent and 3.6 percent, respectively, in CY 2023. As of July 2024, the seasonally adjusted unemployment rates for the Air Trade Area⁸, Florida, and the nation were 3.5 percent, 3.3 percent, and 4.3 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 2013 and CY 2023. As shown, nonagricultural employment in the Air Trade Area increased from approximately 384,200 workers in CY 2013 to approximately 532,400 workers in CY 2023. The increase represents a CAGR of 3.3 percent during this period (CY 2013 to CY 2023), compared to a 1.4 percent CAGR nationwide.

Each of the major industry groups in the Air Trade Area experienced positive employment growth between CY 2013 and CY 2023, with the highest growth occurring in the construction sector. Along with the construction sector, the transportation and utilities, manufacturing, and professional and business services sectors led employment growth in the Air Trade Area. All four sectors had greater growth than what was experienced in the nation between CY 2013 and CY 2023. As shown in the bar chart in Table 4-5, employment in the Air Trade Area in CY 2023 is significantly more concentrated in the leisure and hospitality, trade, and construction sectors than it is in the nation. Contrarily, employment in government, manufacturing, transportation and utilities, and education and health services are less concentrated in the Air Trade Area than it is in the nation.

Changes in the Air Trade Area's nonagricultural employment sector differ from the national trends that occurred between CY 2013 and CY 2023. 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. 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 financial, transportation and utilities and manufacturing employment increased minimally (by less than 1 percent). In the nation, the changes in employment by sector were not as significant as in the Air Trade Area, with only the government and trade sectors decreasing by more than a percentage point of total employment between CY 2013 and CY 2023 and no sectors increasing by 1 percent or more within the same period.

⁷ The civilian labor force is defined as all persons in the civilian noninstitutional population classified as either employed or unemployed.

⁸ Seasonally adjusted, monthly unemployment rate for the Air Trade Area does not include the counties of Hendry and Glades because such data is not available from the Bureau of Labor Statistics.

TABLE 4-4 CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATES

YEAR	CIVILIAN LABOR FORCE		
	AIR TRADE AREA	FLORIDA	UNITED STATES
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	595	9,973	160,320
CY 2018	607	10,118	162,075
CY 2019	617	10,256	163,539
CY 2020	612	10,077	160,742
CY 2021	632	10,320	161,204
CY 2022	653	10,692	164,287
CY 2023	671	10,989	167,116
Compound Annual Growth Rate			
CY 2013 – CY 2023	2.2%	1.6%	0.7%
YEAR	UNEMPLOYMENT RATES		
	AIR TRADE AREA	FLORIDA	UNITED STATES
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	4.4%	4.3%	4.4%
CY 2018	3.7%	3.6%	3.9%
CY 2019	3.4%	3.3%	3.7%
CY 2020	7.7%	8.1%	8.1%
CY 2021	4.2%	4.7%	5.3%
CY 2022	3.2%	3.0%	3.6%
CY 2023	3.2%	2.9%	3.6%
July 2024	3.5%	3.3%	4.3%

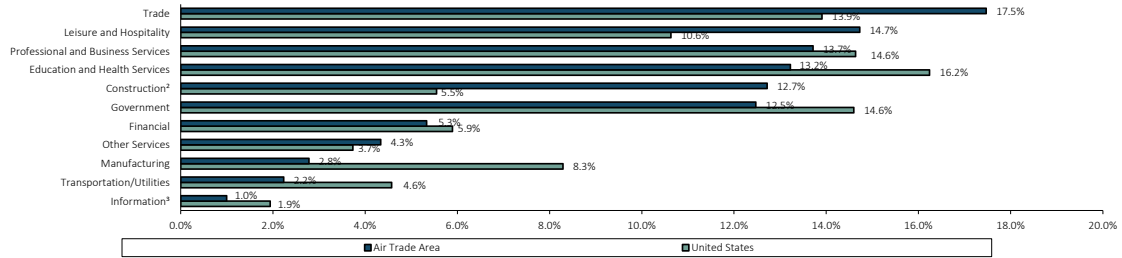
NOTES:
CY – Calendar Year
The civilian labor force is in thousands.
Annual data are not seasonally adjusted.
Monthly data are seasonally adjusted.
Monthly data for Air Trade Area do not include Glades and Hendry Counties.
SOURCE: US Department of Labor, Bureau of Labor Statistics, August 2024.

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TABLE 4-5 EMPLOYMENT TRENDS BY MAJOR INDUSTRY SECTOR (EMPLOYMENT IN THOUSANDS)

SECTOR	AIR TRADE AREA NONAGRICULTURAL EMPLOYMENT ¹			UNITED STATES NONAGRICULTURAL EMPLOYMENT		
	CY 2013	CY 2023	COMPOUND ANNUAL GROWTH RATE	CY 2013	CY 2023	COMPOUND ANNUAL GROWTH RATE
			CY 2013 – CY 2023			CY 2013 – CY 2023
Trade	74.7	93.0	2.2%	20,697	21,706	0.5%
Leisure and Hospitality	65.6	78.4	1.8%	14,254	16,593	1.5%
Professional and Business Services	45.9	73.0	4.7%	18,623	22,840	2.1%
Education and Health Services	52.2	70.4	3.0%	21,086	25,342	1.9%
Construction ²	30.7	67.7	8.2%	6,719	8,658	2.6%
Government	56.9	66.4	1.6%	21,853	22,782	0.4%
Financial	20.0	28.4	3.6%	7,886	9,197	1.5%
Other Services	18.4	23.1	2.3%	5,483	5,826	0.6%
Manufacturing	8.6	14.8	5.6%	12,020	12,940	0.7%
Transportation/Utilities	6.2	11.9	6.7%	5,038	7,141	3.5%
Information ³	5.0	5.3	0.6%	2,706	3,027	1.1%
Total	384.2	532.4	3.3%	136,365	156,052	1.4%

Percent of CY 2023 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, May 2024.

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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 ranks fourth in the Tax Foundation's 2024 State Business Tax Climate Index, an indicator of which states' tax systems are the most hospitable to business and economic growth.⁹ Florida has the fourth largest state GDP¹⁰ and the third largest state workforce size¹¹, which can support business operations. According to the Milken Institute, the Punta Gorda, Florida, MSA (Charlotte County) ranked 11th out of 200 small US metropolitan areas according to how well an area creates and sustains employment and economic growth.¹² The Punta Gorda, Florida, MSA ranked highest in the 1-year wage growth category (7th of 200) and High-Tech GDP 1-year growth categories (5th of 200).¹³

Locations within the Air Trade Area have been successful at attracting investment and sustaining growth in Florida's target industries. Examples of this include Alegnol in Fort Myers, Hendry County Sustainable Biofuels Center in Clewiston, and Babcock Ranch in Punta Gorda representing cleantech, Arthrex in Naples and Lee Health in Fort Myers representing life sciences, Pelican Wire in Naples representing manufacturing industries, NeoGenomics Laboratories in Fort Myers representing emerging technologies, Azimuth technology LLC in Naples representing defense and homeland security, Arcadia Aerospace Industries in Punta Gorda representing aviation and aerospace, Position Logic in Bonita Springs representing information technology, The Hertz Corporation in Estero representing a corporate headquarters, and Lynx Services in Fort Myers representing financial/professional services.¹⁴

In Lee County, where the Airport is located, Amazon and Ferguson are expanding their investment in the area and IKEA and a nondisclosed, rapidly growing startup are planning on building a store and a significant amount of industrial space, respectively. According to Lee County Economic Development Director, John Talmage, the Alico Road corridor is positioned to become a job hotspot in Lee County through efforts by the County to develop its economy.¹⁵ This corridor includes the Airport, intersects with I-75 and U.S. Route 41, and is expected to be home to one-third of all jobs in the County. Notable investments in the corridor include Amazon and Tesla.¹⁶

Table 4-6 presents the major employers in the Air Trade Area, as measured by the number of employees. As shown, approximately 30 private or public entities with 1,000 or more employees are in the Air Trade Area. The largest employer in the Air Trade Area is Lee Health, with 13,558 employees, followed by Lee County Public Schools (11,174 employees); Lee County (9,377 employees); Publix Super Markets (9,362 employees); and Collier County Public

⁹ Tax Foundation, "2024 State Business Tax Climate Index," <https://taxfoundation.org/wp-content/uploads/2023/10/2024-State-Business-Tax-Climate-Index-1.pdf> (accessed June 18, 2024).

¹⁰ US Bureau of Economic Analysis, "SAGDP1 State annual gross domestic product (GDP) summary," <https://www.bea.gov/data/gdp/gdp-state> (accessed Wednesday, June 19, 2024).

¹¹ U.S. Bureau of Labor Statistics, "Civilian labor force and unemployment by state and selected area, seasonally adjusted," June 19, 2024. <https://www.bls.gov/news.release/laus.t01.htm>

¹² Milken Institute, "Best-Performing Cities 2024: Focus on Sustainable Growth and Resilience," <https://milkeninstitute.org/report/best-performing-cities-2024-sustainable-growth> (accessed May 6, 2024).

¹³ The 1-year growth categories are from 2021 to 2022.

¹⁴ SWFLda, "Florida's Thriving Industries: Dive into Economic Growth," March 28, 2024. <https://swflda.com/target-industries/>

¹⁵ Pfeifer Realty Group, "Fort Myers, FL and Lee County Rapid Growth Forecasted," January 16, 2024.

<https://www.mysanibelrealestate.com/resources/buyer-resources/fort-myers,-fl-and-lee-county-rapid-growth-forecasted-k6upc>

¹⁶ Wink News, "Alico Road sees exponential growth amid a growing Southwest Florida population," January 5, 2024.

<https://winknews.com/2024/01/05/alico-road-growth/>

Schools (5,810 employees). Notably, and in addition, The Hertz Corporation (car rental), Herc Rentals (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.

TABLE 4-6 MAJOR EMPLOYERS IN THE AIR TRADE AREA

EMPLOYER	DESCRIPTION	# OF EMPLOYEES
Lee Memorial Health System ¹	Hospital	13,558
Lee County Public Schools	Education/public schools	11,174
Lee County Local Government ²	Local government	9,377
Publix Super Market	Retail grocery stores	9,362
Collier County Public Schools ²	Education/public schools	5,810
Collier County Local Government ²	Local government	5,045
Arthrex ¹	Medical device company	3,983
Chico's Fas Inc.	Retail store chain	3,903
Walmart	Retail grocery stores	3,689
NCH Healthcare System ¹	Hospital	3,288
Charlotte County Local Government	Local government	2,655
Herc Rentals ²	Industrial and construction rental services	2,400
Charlotte County Public Schools	Education/public schools	2,333
Amazon ²	Online Retailer	2,200
Gartner	Research and advisory	2,100
Gargiulo, Inc.	Produce distributor	2,082
McDonald's	Restaurant chain	2,065
Florida Gulf Coast University ³	Post-secondary education	1,778
Home Depot	Retail store chain	1,770
Walgreens	Retail store chain	1,440
Shell Point Retirement Community	Healthcare network	1,401
Radiology Regional Center	Hospital	1,377
Bayfront Health	Hospital	1,342
Florida SouthWestern State College ³	Post-secondary education	1,245
HCA Florida Fawcett Hospital	Hospital	1,162
CVS Pharmacy	Retail store chain	1,100
Winn-Dixie	Retail grocery stores	1,098
Hertz ³	Rental car company	1,073
Ace Hardware	Retail store chain	1,048
Hope Hospice	Healthcare network	1,035

NOTES:

All data are current as of 2024, unless noted otherwise.

1 Data as recent as 2023.

2 Data as recent as 2022.

3 Data as recent as 2021.

SOURCE: Data compiled and edited by the Regional Economic Research Institute. All data are current as of 2024, unless noted otherwise.

4.2.4 EMPLOYMENT BY MAJOR INDUSTRY SECTOR

The Air Trade Area's economy is diverse. This section discusses sources of economic diversity in the region by focusing on the following nonagricultural employment sectors, listed in order of their contribution to the Air Trade Area's employment base (shown in Table 4-5): trade, leisure and hospitality, professional and business services, education and health services, construction, government, financial, other services, manufacturing, transportation/utilities, and information.¹⁷

4.2.4.1 TRADE

In CY 2023, the trade sector accounted for approximately 93,000 employees in the Air Trade Area, the highest employment level among all sectors; 83.0 percent of trade employment in the Air Trade Area was in retail trade, with the remaining 17.0 percent being in wholesale trade. In contrast, 71.8 percent of trade employment in the US was in retail trade, with the remaining 28.2 percent in wholesale trade. It is the higher levels of retail trade employment that makes the trade sector 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 17.5 percent of total nonagricultural employment in CY 2023 in the Air Trade Area, compared to 13.9 percent in the nation. Trade employment in the Air Trade Area increased at a CAGR of 2.2 percent between CY 2013 and CY 2023, compared to a 0.5 percent increase for the nation over the same period.

Major retailers are well represented in the Air Trade Area, with 18 different malls, shopping districts, outlets, and town centers.¹⁸ Waterside Shops, Coconut Point, and Edison Mall, among others, provide residency in the Air Trade Area to major retailers, such as Saks Fifth Avenue, Ralph Lauren, and Louis Vuitton. Luxury car dealerships are quite common in the Air Trade Area. Brands such as Aston Martin, BMW, Porsche, Rolls-Royce, Mercedes-Benz, Ferrari, Jaguar, Lamborghini, and Audi are available at dedicated dealerships in the Air Trade Area.

4.2.4.2 LEISURE AND HOSPITALITY

In CY 2023, the leisure and hospitality sector accounted for approximately 78,400 employees in the Air Trade Area. Unsurprisingly, employment in the leisure and hospitality sector plays a more significant role in the Air Trade Area than in the nation. The leisure and hospitality sector accounted for 14.7 percent of total nonagricultural employment in CY 2023 in the Air Trade Area, compared to 10.6 percent in the nation. Leisure and hospitality employment in the Air Trade Area increased at a CAGR of 1.8 percent between CY 2013 and CY 2023, compared to a 1.5 percent increase for the nation over the same period.

According to data compiled from Collier, Charlotte, and Lee Counties' tourism boards¹⁹, nearly 6.7 million tourists visited Southwest Florida (i.e., the Air Trade Area) and spent more than \$6.2 billion in the Air Trade Area in 2023. Compared to 2022, visitation and visitor spending in the Air Trade Area were down by 16.8 percent and 16.6 percent, respectively, in 2023. According to Visit Florida,²⁰ tourism in the state was down overall in 2023 compared to 2022. Visit Florida attributed this dip to increased competition from other states and countries, which were later than

¹⁷ The 11 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 two exceptions. Due to low employment in the mining and logging supersector, it is included in the construction sector in this Report, and the supersector "Trade, Transportation, and Utilities" is treated as two industry sectors in this Report, Trade and Transportation/Utilities, respectively.

¹⁸ Southwest Florida Economic Development Alliance, <https://swfleda.com/shopping-entertainment/> (accessed May 20, 2024).

¹⁹ Tourism data for Hendry and Glades County were not available.

²⁰ Fox 35 Orlando, "Florida Tourism sees dip in 2023," <https://www.fox35orlando.com/news/florida-tourism-sees-dip-in-2023> (accessed May 21, 2024).

Florida in easing their pandemic restrictions. Despite the dip from 2022 levels, 2023 state visitation is still above 2019 (pre-COVID) levels.²¹

The Air Trade Area includes cities strongly 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. The 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 PROFESSIONAL AND BUSINESS SERVICES

Professional and business services employment in the Air Trade Area increased at a CAGR of 4.7 percent between CY 2013 and CY 2023, compared to a 2.1 percent increase for the nation over the same period. In CY 2023, this sector accounted for approximately 73,000 employees in the Air Trade Area, which was 13.7 percent of total nonagricultural employment.

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. (2,100 employees), an information technology research and advisory company that delivers technology-related insight for consumers.

4.2.4.4 EDUCATION AND HEALTH SERVICES

In CY 2023, this sector accounted for approximately 70,400 employees in the Air Trade Area, which was 13.2 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 because of 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 3.0 percent between CY 2013 and CY 2023, compared to a 1.9 percent CAGR increase for the nation over the same period.

Lee Health is the largest employer in the Air Trade Area, with more than 13,550 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 2,072 beds and has more than two million patient contacts each year. Lee Health is the largest not-for-profit public health system that receives no local tax support in Florida.²² 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

²¹ Ibid.

²² Lee Health, <http://www.leehealth.org/about/fast-facts.asp> (accessed May 13, 2024).

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 1,100 physicians in various facilities located throughout Collier County and Southwest Florida. It employs more than 3,280 people and provides 713 beds in two hospitals.²³ Bayfront Health (rebranded as ShorePoint Health in 2021) employs more than 1,340 individuals in its two-hospital system. Together, ShorePoint Health Port Charlotte and ShorePoint Health Punta Gorda provide 462 beds for patients.²⁴ Shell Point Retirement Community is also an employer in the Air Trade Area. Its organization of assisted living and skilled nursing facilities consists of more than 1,400 employees to care for its approximately 2,500 residents.²⁵

Although 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.²⁶ 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 1,800 people in the Air Trade Area and has 16,000 enrolled students) and Florida SouthWestern State College (which has approximately 14,000 enrolled students); and 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 CONSTRUCTION

In CY 2023, the construction sector accounted for approximately 67,700 employees in the Air Trade Area, which was 12.7 percent of total nonagricultural employment. Employment in the construction sector is highly concentrated in the Air Trade Area; construction sector employment in the nation was 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 8.2 percent between CY 2013 and CY 2023, compared to an increase of 2.6 percent for the nation over the same period.

In late September 2022, the Category 4 Hurricane Ian devastated Southwest Florida and the Air Trade Area. The storm caused severe flooding and approximately \$113 billion of damage overall.²⁷ Lee County, where the Airport is located, was the hardest-hit area. Throughout the County, 52,514 structures were partially damaged, 14,245 structures were damaged to a major degree, and 5,369 structures were destroyed.²⁸ Ongoing repairs and rebuilding of the hurricane's damage is fueling demand for construction work in the Air Trade Area.

²³ NCH Healthcare System, <https://nchmd.org/about-us/> (accessed May 13, 2024).

²⁴ ShorePoint Health, <https://www.shorepointhealthcharlotte.com/hospital-about-us> (accessed May 13, 2024).

²⁵ Shell Point Retirement Community, <https://www.shellpoint.org/about-us/> (accessed May 13, 2024).

²⁶ The information included in this section is from the various colleges' websites and from Southwest Florida Economic Development Alliance data.

²⁷ USA Today Network – Florida, "Hurricane Ian made landfall in SW Florida on Sep. 28, 2022. A look at recovery one year later," September 28, 2023. <https://www.news-press.com/story/news/2023/09/28/florida-hurricane-ian-anniversary-fort-myers-beach-sanibel-pine-island-naples-cape-coral-captiva/70826275007/>

²⁸ Warrington College of Business, Charles Boisseau, "One Year After Ian," November 14, 2023. <https://warrington.ufl.edu/due-diligence/2023/11/14/one-year-after-ian/>

Some notable commercial and residential construction projects in the Air Trade Area include the \$920 million, Cape Coral Grove project²⁹ which includes 70 buildings, 125 hotel rooms, multifamily housing, commercial retail and dining, and leasable office space; the 7 Islands – Gulf Gateway Resort³⁰ in Cape Coral currently in the planning stage; Bimini Square³¹ which is a \$55 million, mixed-use development in Cape Coral that is currently under construction; the Naples Community Hospital's Heart Institute³² which is a \$200 million, five-story building expansion to Baker Hospital given construction approval in early 2024; the Great Wolf Lodge South Florida³³ in eastern Collier County, which is over \$250 million in construction costs and is expected to be complete in fall of 2024; the Boca Grande Peninsula Resort & Marina project;³⁴ and the Charlotte Technical College Aviation Tech Facility at Punta Gorda Airport.³⁵

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 Florida and the US experienced from CY 2013 to CY 2023. The Air Trade Area's residential building permit units increased by 12.9 percent on average from CY 2013 through CY 2023 (compared to 8.4 percent for Florida and 4.3 percent for the US). Building permit valuation increased at a CAGR of 14.7 percent; comparing favorably to a lesser increase in CAGR of 10.8 percent for Florida and 7.5 percent for the US.

Air Trade Area home sales,³⁶ including single-family homes and townhouse and condos, declined by 9.4 percent in CY 2023 with 34,379 closed sales during the year.³⁷ Home sales in the state for the same period were also down from the year prior—a decline of 12 percent. The median sale price for homes including single-family, townhouse, and condo variants for the Air Trade Area in 2023 was \$459,880, which was up by 0.6 percent compared to CY 2022. The median sale price for the same period for Florida was \$384,597, which was up 3 percent compared to CY 2022. The CY 2023 median sale price in the Air Trade Area was greater than that of the state because of the relatively greater home values found in Lee County and Collier County than the state on average. By comparison, though not completely analogous, the median sale price of *new* homes in the US in 2023³⁸ was greater than the median sale price of *all* home sales of Florida but less than that of the Air Trade Area, \$425,383 in the US versus \$384,597 and \$459,880 in Florida and the Air Trade area, respectively.

²⁹ Cape Coral Economic & Business Development Office, *Quarterly Report Q2 – FY '24*, May 22, 2024. <https://cms4files.revize.com/capecoral/fl/edo/Economic%20&%20Business%20Development%20-%2025.22.24.pdf>

³⁰ Ibid.

³¹ Ibid.

³² Florida Construction News, "NCH Heart Institute construction gets long-awaited thumbs up from Naples city council," February 7, 2024, <https://www.floridaconstructionnews.com/nch-heart-institute-construction-gets-long-awaited-thumbs-up-from-naples-city-council/> (accessed June 20, 2024).

³³ Florida Construction News, "Great Wolf Lodge South Florida celebrates construction milestone with 'topping out' ceremony," August 3, 2023, <https://www.floridaconstructionnews.com/great-wolf-lodge-south-florida-celebrates-construction-milestone-with-topping-out-ceremony/>

³⁴ Charlotte County Community Development, "Major Development Projects," May 2024, <https://www.charlottecountyfl.gov/departments/community-development/major-development-projects.stml> (accessed June 20, 2024).

³⁵ Ibid.

³⁶ Air Trade Area home sales data do not include Hendry County and Glades County because the data are not publicly available.

³⁷ Florida Realtors, <https://www.floridarealtors.org/tools-research/reports/florida-market-reports> (accessed May 20, 2024).

³⁸ US Census Bureau and US Department of Housing and Urban Development, Median Sales Price for New Houses Sold in the United States [MSPNHSUS], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MSPNHSUS> (accessed June 17, 2024).

TABLE 4-7 RESIDENTIAL BUILDING PERMITS AND VALUATION

YEAR	AIR TRADE AREA		FLORIDA		UNITED STATES	
	UNITS	VALUATION	UNITS	VALUATION	UNITS	VALUATION
CY 2013	6,407	\$1,602,830	86,752	\$18,161,486	990,822	\$177,655,915
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	1,328,827	\$271,119,544
CY 2019	15,425	\$3,486,082	154,302	\$33,210,471	1,386,048	\$280,534,195
CY 2020	18,079	\$4,178,922	164,074	\$36,884,176	1,471,141	\$307,209,904
CY 2021	24,990	\$5,908,226	213,494	\$49,325,935	1,736,982	\$380,036,187
CY 2022	24,814	\$6,313,427	209,961	\$51,250,406	1,680,368	\$384,447,171
CY 2023	21,603	\$6,291,116	193,788	\$50,736,444	1,511,102	\$365,373,043
Compound Annual Growth Rate						
CY 2013 – CY 2023	12.9%	14.7%	8.4%	10.8%	4.3%	7.5%

NOTES:
CY – Calendar Year
Dollar amounts in thousands.
The Air Trade Area residential building permits and valuation data do not include data for Hendry and Glades Counties.
SOURCE: US Department of Commerce, Bureau of the Census, May 2024.

4.2.4.6 GOVERNMENT

In CY 2023, the government sector accounted for approximately 66,400 employees in the Air Trade Area, which was 12.5 percent of total nonagricultural employment. Government employment in the Air Trade Area is less concentrated than it is in the nation. Government employment in the Air Trade Area increased at a CAGR of 1.6 percent between CY 2013 and CY 2023, compared to 0.4 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, which provide a substantial number of jobs. The largest government employer, and second largest employer in the Air Trade Area overall, is the Lee County School District (11,174 employees). The school district operates and oversees a total of 118 schools that educate more than 100,000 students a year.³⁹ Lee County is the largest public primary/secondary educational employer, and it is the largest local government employer in the Air Trade Area (9,377 employees). The County has six incorporated cities in it: Fort Myers, Cape Coral, Bonita Springs, Sanibel, Fort Myers Beach, and Estero.⁴⁰

Collier County also provides a sizable number of government jobs for the Air Trade Area. It is both the second largest public primary/secondary educational employer with the Collier County School District (5,810 employees) and the second largest local government employer with the Collier County Local Government (5,045 employees). Charlotte County follows with Charlotte County Local Government (2,655 employees) and Charlotte County School District (2,333 employees).

³⁹ The School District of Lee County, <https://www.leeschools.net/cms/one.aspx?portalId=676305&pageId=1312031> (accessed May 13, 2024).
⁴⁰ Lee County, <https://gistfpdata.leegov.com/PDFs/CountyMaps/BaseMaps/Basemap.pdf> (accessed May 13, 2024).

4.2.4.7 FINANCIAL

Financial, insurance, and real estate services compose the financial sector. In CY 2023, the financial sector accounted for approximately 28,400 employees in the Air Trade Area, which was 5.3 percent of total nonagricultural employment. Financial employment in the Air Trade Area increased at a CAGR of 3.6 percent between CY 2013 and CY 2023, compared to an increase of 1.5 percent for the nation over the same period.

The financial sector plays a slightly 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. Some notable financial industry employers in the Air Trade Area include Suncoast Credit Union with 908 employees and Bank of America with 806 employees.

Table 4-8 presents total bank deposits for the Air Trade Area, Florida, and the US between the year ending June 30, 2013, and the year ending June 30, 2023. 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 \$26.8 billion in 2013 to approximately \$49.3 billion in 2023. This increase represents a CAGR of 6.3 percent during this period, which was lower than that for Florida, but greater than the nation (CAGRs of 6.6 and 6.2 percent, respectively) during this same period. As shown in Table 4-8, a surge in deposits occurred in 2020 and 2021 because of the fiscal and monetary stimulus and decreased consumer spending triggered by the COVID-19 pandemic. The increase in deposits began to slow in 2022 as interest rates increased. Bank deposits in the nation have declined since the start of the current monetary policy tightening cycle in March 2022 and the outflow of deposits increased during March 2023, following the run on Silicon Valley Bank.⁴¹ Total deposits in the nation decreased in the year ending June 30, 2023, the first decline since 1995; total deposits in the Air Trade Area and Florida also declined.

4.2.4.8 OTHER SERVICES

In CY 2023, the other services sector accounted for approximately 23,100 employees in the Air Trade Area, which accounted for 4.3 percent of total nonagricultural employment. Other services employment in the Air Trade Area increased at a CAGR of 2.3 percent between CY 2013 and CY 2023, compared to an increase of 0.6 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.

⁴¹ Luck, Stephen, Matthew Plosser and Josh Younger, “Bank Funding during the Current Monetary Policy Tightening Cycle,” *Federal Reserve Bank of New York*, <https://libertystreeteconomics.newyorkfed.org/2023/05/bank-funding-during-the-current-monetary-policy-tightening-cycle/> (accessed May 14, 2024).

TABLE 4-8 TOTAL BANK DEPOSITS

	TOTAL BANK DEPOSITS		
	AIR TRADE AREA	FLORIDA	UNITED STATES
<i>Historical</i>			
FY 2013	\$26,839	\$441,108	\$9,433,522
FY 2014	\$28,908	\$462,364	\$10,112,724
FY 2015	\$31,898	\$502,930	\$10,657,721
FY 2016	\$34,517	\$541,660	\$11,280,518
FY 2017	\$36,615	\$563,793	\$11,859,860
FY 2018	\$37,776	\$585,832	\$12,307,880
FY 2019	\$38,104	\$603,555	\$12,813,120
FY 2020	\$43,709	\$710,549	\$15,590,139
FY 2021	\$49,873	\$808,085	\$17,235,467
FY 2022	\$52,460	\$876,440	\$18,141,022
FY 2023	\$49,353	\$833,568	\$17,269,424
<i>Compound Annual Growth Rate</i>			
FY 2013 - FY 2019	6.0%	5.4%	5.2%
FY 2013 - FY 2023	6.3%	6.6%	6.2%
FY 2019 - FY 2023	6.7%	8.4%	7.7%

NOTE:
FY – Fiscal Year; dollar amounts in millions
SOURCE: Federal Deposit Insurance Corporation, *Summary of Deposits Report*, May 2024.

4.2.4.9 MANUFACTURING

In CY 2023, the manufacturing sector accounted for approximately 14,800 employees in the Air Trade Area, representing 2.8 percent of total nonagricultural employment. Manufacturing employment in the Air Trade Area is significantly less concentrated than that in the nation, where it represents 8.3 percent of total employment. Manufacturing employment in the Air Trade Area increased at a CAGR of 5.6 percent between CY 2013 and CY 2023 (the fourth-fastest rate of increase of any Air Trade Area industry sector between CY 2013 and CY 2023), compared to an increase of 0.7 percent for the nation over the same period. This increase in manufacturing employment in the Air Trade Area may be the result of local governments in the area actively trying to incentivize investment by manufacturers and the Florida Chamber of Commerce’s efforts to attain its goal of making Florida a top five state for manufacturing jobs by 2030.⁴²

Manufacturers in the Air Trade Area include Arthrex, Inc., a medical device manufacturer, and Global Tech LED, a light-emitting diode lighting manufacturer.

4.2.4.10 TRANSPORTATION AND UTILITIES

In CY 2023, the transportation and utilities sector accounted for approximately 11,900 employees in the Air Trade Area, which was 2.2 percent of total nonagricultural employment. The transportation and utilities sector plays a

⁴² Gulfshore Business, “Southwest Florida manufacturing industry grows,” March 1, 2024, <https://www.gulfshorebusiness.com/southwest-florida-manufacturing-industry-grows/> (accessed June 20, 2024).

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 6.7 percent between CY 2013 and CY 2023, compared to an increase of 3.5 percent for the nation over the same period. Recent higher growth in this sector nationwide is because the transportation sector includes warehousing and because of the preexisting and acceleration of growth during the pandemic of consumers changing from local retail center purchases to online acquisition of goods, there were warehouse, distribution centers, and fulfillment center jobs substituting for retail jobs at brick-and-mortar stores.^{43,44}

Air transportation demand in the Air Trade Area is primarily serviced by the Airport and PGD, a small-hub airport 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. No major seaport is 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 more than 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.

No passenger rail service is in the Air Trade Area. LeeTRAN provides public transit in the County. LeeTRAN offers a variety of bus and trolley transit services. The trolley system runs along the Beach and River District is seasonally available to downtown. Greyhound Bus Lines provides a 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 2023, the information sector accounted for approximately 5,300 employees in the Air Trade Area, which was 1.0 percent of total nonagricultural employment. The information sector plays a slightly smaller role in the Air Trade Area’s employment base than in the nation overall. Information employment in the Air Trade Area increased at a CAGR of 0.6 percent between CY 2013 and CY 2023, compared to a rate of 1.1 percent 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, information technology 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 asset tracking, also in Naples.

⁴³ SVN Commercial Advisory Group, “E-Commerce and its Impact on Florida’s Commercial Real Estate Market,” August 4, 2023, <https://suncoastsvn.com/e-commerce-impact/> (accessed June 20, 2024).

⁴⁴ ALM Globest, “There’s Just Not Enough Warehouse Space: Florida Enjoying Industrial Sector Boom,” June 18, 2021, <https://www.globest.com/2021/06/08/theres-just-not-enough-warehouse-space-florida-enjoying-industrial-sector-boom-296-228181/?slreturn=2024062095902> (accessed June 20, 2024).

4.3 ECONOMIC OUTLOOK

4.3.1 SHORT-TERM ECONOMIC OUTLOOK

The Congressional Budget Office economic outlook released in June 2024 projects a 2.6 percent year-over-year increase in real US GDP for CY 2024, which is similar to the real US GDP growth in CY 2023 (2.5 percent). The Congressional Budget Office projects real US GDP growth rate to decrease to 2.1 percent in CY 2025 and then fall to 1.8 percent by CY 2026.⁴⁵ The Congressional Budget Office's real US GDP growth projection is similar to that projected by the International Monetary Fund. The International Monetary Fund economic outlook released in July 2024 projects a 2.6 percent year-over-year increase in real US GDP for CY 2024. CY 2025 is then projected to see slower year-over-year US GDP growth of 1.9 percent.⁴⁶ The Congressional Budget Office projects the national unemployment rate to rise to 4.4 percent by the end of CY 2027.⁴⁷

The University of Central Florida's Institute for Economic Forecasting⁴⁸ projects Florida's economy (i.e., real gross state product) will grow from CY 2024 through CY 2027 by 2.5 percent annually on average, ramping down from 3.3 percent in CY 2024 to 2.1 percent in CY 2027. The Institute for Economic Forecasting expects Florida's unemployment rate to increase from a projected 3.1 percent in CY 2024 to 3.8 percent in CY 2027.⁴⁹

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 and national socioeconomic and demographics as independent variables and O&D passengers as the dependent variable. Independent variables considered for this analysis were population, employment, earnings (total and net), personal income (per capita and total), and GRP/GDP (per capita and total) for the Air Trade Area and the US. In addition, 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 Lee, Collier, Glades, and Hendry Counties.

For each socioeconomic and demographic variable, regression modeling produced a coefficient that was applied to the corresponding variable projection developed by Woods & Poole to provide a forecast of enplaned passengers. **Table 4-9** presents the CY 2022 and CY 2031 figures used in the modeling, as well as the CAGR for each independent variable for CY 2022 and CY 2031. As stated earlier, the demand for air transportation at an airport is, to a large degree, dependent on the demographic and economic characteristics of an airport's air trade area. The projected growth in the Projection Period in the economic indicators in Table 4-9 supports the underlying assumptions that drive the airline activity forecasts discussed in Chapter 5.

⁴⁵ Congressional Budget Office, *The Budget and Economic Outlook: 2024 to 2034*, June 2024.

⁴⁶ International Monetary Fund, *World Economic Outlook Update: The Global Economy in a Sticky Spot*, July 2024.

⁴⁷ Congressional Budget Office, *The Budget and Economic Outlook: 2024 to 2034*, June 2024.

⁴⁸ University of Central Florida, Institute for Economic Forecasting, *Florida & Metro Forecast 2023-2027, Winter 2024*.

⁴⁹ Ibid.

TABLE 4-9 PROJECTION OF ECONOMIC VARIABLES USED IN PASSENGER DEMAND FORECASTS

VARIABLE ^{1,2}	CY 2022 ³	CY 2031	CAGR CY 2022 – CY 2031
Cape Coral–Fort Myers–Naples, Florida, CSA Population	1,273,761	1,482,257	1.7%
Air Trade Area Population	1,476,343	1,704,221	1.6%
US Population	333,271,411	353,010,687	0.6%
Cape Coral–Fort Myers–Naples, Florida, CSA Employment	742,591	857,318	1.6%
Air Trade Area Total Employment	827,459	954,768	1.6%
US Total Employment	212,442,020	238,320,453	1.3%
Cape Coral–Fort Myers–Naples, Florida, CSA Total Earnings ³	\$37,018	\$45,706	2.4%
Air Trade Area Total Earnings ³	\$40,497	\$49,948	2.4%
US Total Earnings ³	\$13,105,445	\$15,964,177	2.2%
Cape Coral–Fort Myers–Naples, Florida, CSA Personal Income ³	\$91,773	\$124,555	3.5%
Air Trade Area Total Personal Income ³	\$101,068	\$136,363	3.4%
US Total Personal Income ³	\$18,803,588	\$23,186,409	2.4%
Cape Coral–Fort Myers–Naples, Florida, CSA Per Capita Personal Income ⁴	\$72,049	\$84,030	1.7%
Air Trade Area Per Capita Personal Income ⁴	\$68,459	\$80,015	1.7%
US Per Capita Personal Income ⁴	\$56,421	\$65,682	1.7%
Cape Coral–Fort Myers–Naples, Florida, CSA Gross Regional Product ³	\$62,922	\$78,228	2.4%
Air Trade Area Gross Regional Product (GRP) ³	\$69,506	\$86,310	2.4%
US Gross Domestic Product (GDP) ³	\$21,788,014	\$26,495,363	2.2%

NOTES:

CAGR – Compound Annual Growth Rate

CSA – Combined Statistical Area

CY – Calendar Year

1 Employment data include wage and salary workers, proprietors, private household employees, and miscellaneous workers. Establishment data from the U.S. Department of Commerce, Bureau of Economic Analysis are used in this table, which differ from employment data in Table 4-4 because of differing sources, definitions, and methodologies.

2 Some variables presented in this table are exclusive to the airline activity forecasts and are not included in the demographic and economic analysis discussed in this chapter.

3 Figures displayed in millions of 2017 dollars.

4 Figures in 2017 dollars.

5 CY 2022 is the last year of historical data in the Woods & Poole Economics, Inc. (Woods & Poole) database and is the basis for Woods & Poole's projections. Therefore, it is the last year of historical data displayed in this table. More recent data may be available from other sources.

SOURCE: Woods & Poole Economics, Inc., *2024 Complete Economic and Demographic Data Source*, July 2024.

4.3.3 CONCLUSIONS

The Air Trade Area population was approximately 1.5 million in CY 2022, and Woods & Poole project it to increase to 1.7 million by CY 2031. This represents a 1.6 percent CAGR for the Air Trade Area, which is greater than that of Florida and the US during the same period (1.2 percent and 0.6 percent, respectively).

Per capita personal income was greater in the Air Trade Area than in Florida and the US between CY 2012 and CY 2022. The Air Trade Area's per capita personal income in CY 2022 (\$68,459) was 21 percent greater than per capita personal income in the US (\$56,421) and 23 percent greater than personal income in Florida (\$55,845). Woods &

Poole project per capita personal income in the Air Trade Area to increase at a CAGR of 1.7 percent between CY 2022 and CY 2031, which is the same as the projected CAGR for the US and Florida.⁵⁰

Between CY 2012 and CY 2022, the Air Trade Area's GRP grew at a CAGR of approximately 4.7 percent, which is greater than that of Florida and the US in the same period, 3.9 percent, and 2.5 percent, respectively. Woods & Poole project GRP in the Air Trade Area to increase at a CAGR of 2.4 percent between CY 2022 and CY 2031; Florida GRP and US GDP are projected to increase at CAGRs of 2.7 percent and 2.2 percent, respectively, over the same period.

Between CY 2013 and CY 2023, the Air Trade Area's labor force grew at a CAGR of approximately 2.2 percent, which is greater than that for Florida and the US during the same period, 1.6 percent, and 0.7 percent, respectively.

In terms of percentages of industry sector shares, CY 2023 employment in the following industry sectors in the Air Trade Area exceeded employment in the US: trade; leisure and hospitality; construction; and other services.

The data cited in this chapter supports 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 2031).

⁵⁰ Amounts are in 2017 dollars.

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

In FY 2024, 21 scheduled passenger airlines operate at the Airport. As listed in **Table 5-1**, in addition to the 16 mainline airlines, five 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. Three all-cargo airlines also operate at the Airport.

TABLE 5-1 AIRLINES SERVING THE AIRPORT

MAINLINE AIRLINES (16)	REGIONAL AIRLINES (5)	ALL-CARGO AIRLINES (3)
Air Canada	Air Canada Rouge	FedEx
Alaska	Endeavor Air	UPS
American	Envoy Air	Western Global
Avelo	PSA Airlines	
Breeze	Republic Airline	
Delta		
Discover (Eurowings Discover)		
Frontier		
JetBlue		
Lynx Air 1		
Porter 2		
Southwest		
Spirit		
Sun Country		
United		
WestJet		

NOTES:

The airlines serving the Airport are those scheduled in fiscal year 2024.

1 Terminated service in February 2024

2 Seasonal winter service (November through April).

SOURCE: Cirium Diao, June 2024 (published airline schedules).

Table 5-2 presents the scheduled passenger airline base at the Airport since FY 2013. The number of mainline airlines serving the Airport increased from pre-pandemic levels of 11 airlines to 16 airlines (including Lynx Air) in FY 2024.

TABLE 5-2 HISTORICAL SCHEDULED PASSENGER AIRLINE BASE

AIRLINE ¹	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	•	•	•	•	•	•	•	•	•	•	•	•
Discover (Formerly Eurowings)						•	•	•		•	•	•
Alaska Airlines									•	•	•	•
Avelo										•	•	•
Breeze										•	•	•
Porter											•	•
Airlines No Longer Serving the Airport												
Lynx Air ²											•	•
Air Transat ³								•	•			
Silver Airways ⁴	•	•	•	•	•	•						
Air Berlin ⁵	•	•	•	•	•							
AirTran ⁶	•	•										
Cape Air ⁷	•											

NOTES:
Fiscal Years ended September 30.
1 Where applicable, includes affiliated and merged carriers.
2 Lynx Air ceased service in February 2024.
3 Air Transat ceased service January 2022.
4 Silver Airways ceased service in November 2018.
5 Air Berlin ceased service in October 2017.
6 AirTran merged with Southwest and the FAA granted a single operating certificate to Southwest on March 1, 2012.
7 Cape Air ceased service in November 2013.
SOURCE: Cirium Diio, June 2024 (published airline schedules).

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).
- Avelo Airlines (Avelo) initiated service in November 2021 with nonstop service to New Haven, Connecticut

(HVN). On September 8, 2022, Avelo expanded service to Raleigh-Durham International Airport (RDU) and seasonal route to Wilmington Airport (ILG).

- Breeze Airways (Breeze) started service in June 2022 serving 14 nonstop destinations with an additional 7 new destinations scheduled to start October 2024. RSW will become the airline's ninth base and the third in Florida.
- Discover Airlines restarted service in March 2022 with nonstop service to Frankfurt Airport, Germany (FRA). Discover Airlines is a German Leisure airline formerly branded Eurowings Discover that served the market from FY 2018 through FY 2020.
- Porter Airlines added daily round trip service to Toronto Pearson International Airport (YYZ) in November 2023. Additionally, Porter Airlines will be adding weekly nonstop service to Montreal-Pierre Elliott Trudeau International Airport (YUL) and Ottawa Macdonald-Cartier International Airport (YOW) in November 2024, and an additional daily nonstop flight to YYZ in December 2024. Flights are operated on an Embraer E195-E2 aircraft with 132 seat capacity.
- Lynx Air began service in December 2023 offering non-stop flights to YYZ. On February 22, 2024, Lynx Air filed for creditor protection and ceased all operations on February 26, 2024.
- Spirit added new weekly services to Charleston (CHS), Norfolk International Airport (ORF), Richmond International Airport (RIC), and Puerto Rico (SJU) in December 2023.
- United started seasonal nonstop services to both LAX and San Francisco (SFO), in December 2021. Additionally, service to Cleveland Hopkins International Airport (CLE) changed from seasonal to year-round in Summer 2024.

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 2019 and FY 2023. Delta held the largest market share in FY 2019, FY 2022 and FY 2023, with a peak share of 21.6 percent in FY 2023. In FY 2020 and FY 2021, Southwest surpassed Delta accounting for 18.6 percent and 22.9 percent of total enplaned passengers compared to Delta's 18.4 percent and 18.7 percent, respectively. In FY 2023, Southwest represented the second-highest enplaned passenger market share at 18.3 percent. Southwest's market share peaked in FY 2021 at 22.9 percent. American ranked as the third largest airline at the Airport with an enplaned passenger share range from 14.8 percent (FY 2019) to 15.1 percent (FY 2023). In FY 2023 United ranked as the fourth largest airline, serving 14.3 percent of enplaned passengers an increase from 9.8 percent in FY 2019. The top two airlines in FY 2023 (Delta and Southwest) made up 39.9 percent of total Airport enplaned passengers, followed by American (15.1 percent) and United (14.3 percent). JetBlue ranked as the fifth largest airline, serving 10.6 percent of enplaned passengers, a decrease from 11.3 percent in FY 2019. Spirit ranked as the sixth largest airline, serving 6.1 percent of enplaned passengers, a decrease from 10.1 percent in FY 2019. During this period, Spirit reduced nonstop service (some seasonal) from 13 destinations (FY 2019) to 10 destinations (FY 2023), resulting in a decrease from 10 average annual daily departures to 6 average annual daily departures, over the same period. Frontier ranked as the seventh largest airline, serving 5.7 percent of enplaned passengers, a decrease from 9.2 percent in FY 2019. During this period, Frontier reduced nonstop service (some seasonal) from 23 destinations (FY 2019) to 7 destinations (FY 2023), resulting in a decrease from 8 average annual daily departures to 5 average annual daily departures, over the same period. The remaining share of enplaned passengers (8.3 percent) were carried among the other 9 airlines in FY 2023.

TABLE 5-3 HISTORICAL TOTAL ENPLANED PASSENGERS BY AIRLINE

AIRLINE ¹	2019		2020		2021		2022		2023	
	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE
Delta	1,043,696	20.8%	649,185	18.4%	849,360	18.7%	1,165,986	20.9%	1,020,041	21.6%
Southwest	887,332	17.7%	657,913	18.6%	1,036,785	22.9%	1,005,145	18.0%	862,473	18.3%
American	743,170	14.8%	528,768	15.0%	710,559	15.7%	802,279	14.4%	711,105	15.1%
United	493,341	9.8%	383,450	10.9%	624,879	13.8%	770,716	13.8%	675,069	14.3%
JetBlue	566,923	11.3%	351,503	10.0%	421,140	9.3%	580,793	10.4%	499,406	10.6%
Spirit	505,642	10.1%	366,618	10.4%	417,004	9.2%	483,302	8.7%	290,267	6.1%
Frontier	463,201	9.2%	370,515	10.5%	331,561	7.3%	430,042	7.7%	267,430	5.7%
Sun Country	133,342	2.7%	98,764	2.8%	124,641	2.7%	159,423	2.9%	139,484	3.0%
Air Canada	104,325	2.1%	71,817	2.0%	5,530	0.1%	62,316	1.1%	72,022	1.5%
Avelo	0	0.0%	0	0.0%	0	0.0%	30,118	0.5%	68,861	1.5%
West Jet	54,658	1.1%	35,717	1.0%	2,071	0.0%	33,226	0.6%	48,423	1.0%
Breeze	0	0.0%	0	0.0%	0	0.0%	3,894	0.1%	23,301	0.5%
Alaska	0	0.0%	0	0.0%	0	0.0%	26,994	0.5%	19,942	0.4%
Discover (Eurowings) ²	29,538	0.6%	12,321	0.3%	0	0.0%	14,510	0.3%	18,865	0.4%
Other ³	1,507	0.0%	1,805	0.1%	11,446	0.3%	2,793	0.1%	4,712	0.1%
Airport Total	5,026,675	100.0%	3,528,376	100.0%	4,534,976	100.0%	5,571,537	100.0%	4,721,401	100.0%

NOTES:
Fiscal Years ended September 30.
1 Includes regional/commuter affiliates.
2 Eurowings Discover was rebranded as Discover Airlines and began service to Germany in March 2022.
3 Includes airlines with minimal market share or that may not have operated at the Airport in Fiscal Year 2023.
SOURCE: Lee County Port Authority, June 2024.

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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 2023 (the latest full fiscal year available). The top 20 markets made up approximately 74 percent of domestic O&D passengers at the Airport. In the Airport's peak month of activity (March 2024), all top 20 markets had nonstop service from the Airport. Of the top 20 domestic O&D markets, 19 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 New York, followed by Chicago and Boston. FY 2023 average fare across all domestic markets served from the Airport is \$178, which is lower than the national average fare of \$189.

TABLE 5-4 TOP 20 DOMESTIC ORIGIN AND DESTINATION MARKETS

RANK	MARKET	STAGE LENGTH ¹	TOTAL O&D PASSENGERS	FISCAL YEAR 2023 AVERAGE FARE	NUMBER OF AIRLINES PROVIDING NONSTOP SERVICE
1	New York ²	MH	506,781	\$155	3
2	Chicago ⁴	MH	425,117	\$152	4
3	Boston	MH	277,945	\$200	3
4	Minneapolis	MH	257,755	\$172	4
5	Detroit	MH	247,212	\$164	3
6	Washington ⁵	MH	218,668	\$147	4
7	Philadelphia	MH	160,584	\$150	3
8	Cleveland	MH	147,059	\$110	3
9	Indianapolis	MH	106,820	\$137	2
10	Cincinnati	MH	105,434	\$105	2
11	Denver	MH	102,939	\$203	2
12	Atlanta	SH	101,340	\$168	3
13	Pittsburgh	MH	86,143	\$141	1
14	Columbus	MH	81,774	\$217	2
15	St. Louis	MH	76,550	\$148	1
16	Dallas ⁶	MH	73,928	\$205	2
17	Milwaukee	MH	69,765	\$167	1
18	Hartford	MH	58,688	\$138	3
19	White Plains	MH	52,453	\$175	2
20	Nashville	MH	50,317	\$156	2
Total Top 20 Airports			3,207,272	\$161	
Other O&D Markets			1,144,377		
Total Domestic O&D Passengers			4,351,649	\$178	

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 March 2024.

3 Includes John F. Kennedy International Airport, LaGuardia Airport, and Newark Liberty International Airport.

4 Includes Chicago O'Hare International Airport and Chicago Midway International Airport.

5 Includes Baltimore/Washington International Thurgood Marshall Airport, Ronald Reagan Washington National, and Washington Dulles International Airport.

6 Includes Dallas Love Field and Dallas Fort Worth International Airport.

SOURCES: US Department of Transportation DB1B accessed through Cirium Diio, June 2024.

Table 5-5 presents data on the Airport's scheduled nonstop destination airports on March 23, 2024. As shown, daily nonstop service is provided to 51 airports, with 190 daily departures on March 23. Destinations with a significant number of daily nonstop flights include the following: Minneapolis–St. Paul International Airport (MSP) with 12 departures, Chicago O'Hare International Airport (ORD) with 11 departures, Hartsfield-Jackson Atlanta International Airport (ATL) with 11 departures, and Detroit Metropolitan Wayne County Airport (DTW) with 9 departures, Charlotte Douglas International Airport (CLT), and Indianapolis International Airport (IND) both with 7 departures. The largest O&D market, New York, has 15 nonstop departures with John F. Kennedy International Airport (JFK), LaGuardia Airport (LGA), and Newark Liberty International Airport (EWR) combined. As shown in Table 5-5, two or more airlines provide nonstop service to 21 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 presents 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 2013 and FY 2019. The data show that, though 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 through FY 2023, which was affected by the COVID-19 pandemic and Hurricane Ian. Before the COVID-19 pandemic, the Airport and nation experienced long-term increases in enplaned passengers from FY 2013 to FY 2019, with enplaned passengers increasing at a CAGR of 4.5 percent at the Airport and 3.8 percent for the nation. The COVID-19 pandemic effect on passenger demand at the Airport was less than that of the nation, as Airport enplaned passengers decreased 29.8 percent compared to 44.5 percent for the nation in FY 2020. The Airport's enplaned passengers recovered to pre-pandemic levels in FY 2022, while the nation's enplaned passengers remain below pre-pandemic levels. In FY 2023, enplaned passengers at the Airport decreased 15.3 percent to 4.7 million because of Hurricane Ian. Monthly enplaned passenger volumes in FY 2023 remained below corresponding monthly passenger volumes in FY 2022 until July 2023. From FY 2013 to FY 2023, enplaned passengers at the Airport increased at a CAGR of 2.0 percent, compared to an increase of 2.2 percent nationwide. Fiscal year-to-date (FYTD) 2024 (October to May) enplaned passengers increased 24.5 percent to 4.3 million compared to 3.5 million for FYTD 2023, as passenger demand recovered from the effects of Hurricane Ian. Monthly passenger volumes in FYTD 2024 exceed passenger volumes in all corresponding months in FYTD 2023.

The FAA classifies RSW as a medium-hub airport based on its percentage of nationwide passenger activity.⁵¹ The Airport ranked 42nd in the US in CY 2022 (latest data available) with just over 5.1 million enplaned passengers.⁵² As shown on **Exhibit 5-1**, domestic enplaned passengers represent 96 to 98 percent of total enplaned passengers at the Airport, except for FY 2021.

⁵¹ 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 2,132,856 to 7,819,129 enplaned passengers in CY 2022, the latest CY for determining airport size. The Airport enplaned 5,132,694 passengers in CY 2022.

⁵² US Department of Transportation, Federal Aviation Administration, *CY 2022 Passenger Boarding Data*, September 2023.

TABLE 5-5 NONSTOP MARKETS

DESTINATION	DAILY NONSTOPS	NUMBER OF AIRLINES	AIRLINE (OPERATING AIRLINE) – AVERAGE DAILY DEPARTURES (AIRPORT)
Akron/Canton (CAK)	1	1	Breeze
Albany (ALB)	1	1	Southwest
Atlanta (ATL)	11	3	Delta (8), Spirit (1), Southwest (2)
Atlantic City (ACY)	2	1	Spirit
Baltimore (BWI)	5	1	Southwest
Boston (BOS)	9	3	JetBlue (5), Delta (2), Spirit (2)
Buffalo (BUF)	3	2	Frontier (1), Southwest (2)
Charleston (CHS)	1	2	Breeze, Spirit
Charlotte-Douglas (CLT)	7	1	American
Chicago-Midway (MDW)	6	1	Southwest
Chicago-O'Hare (ORD)	11	4	American (3), Spirit (2), United (5), Southwest (1)
Cincinnati (CVG)	3	2	Delta (1), Frontier (2)
Cleveland (CLE)	6	3	Frontier (3), Southwest (1), United (2)
Columbus (CMH)	5	1	Southwest
Dallas/Fort Worth (DFW)	6	2	American, Frontier
Dallas-Love (DAL)	2	1	Southwest
Denver (DEN)	5	2	Southwest (1), United (4)
Detroit (DTW)	9	3	Delta (5), Frontier (1), Spirit (3)
Frankfurt (FRA)	1	1	Discover
Grand Rapids (GRR)	2	2	Frontier (1), Southwest (1)
Hartford (BDL)	3	3	JetBlue (1), Breeze (1), Southwest (1)
Houston-Hobby (HOU)	1	1	Southwest
Houston-Intercontinental (IAH)	3	1	United
Indianapolis (IND)	7	2	Spirit (2), Southwest (5)
Islip (ISP)	1	1	Frontier
Kansas City (MCI)	2	1	Southwest
Las Vegas (LAS)	1	1	Breeze
Los Angeles (LAX)	1	1	United
Louisville (SDF)	1	1	Southwest
Milwaukee (MKE)	5	1	Southwest
Minneapolis/St. Paul (MSP)	12	4	Delta (5), Frontier (1), Southwest (1), Sun Country (5)
Nashville (BNA)	4	2	Spirit (1), Southwest (3)
New Haven (HVN)	2	1	Avelo
New York-JFK (JFK)	5	2	Delta (2), JetBlue (3)
New York-La Guardia (LGA)	4	2	Delta (2), JetBlue (2)
Newark (EWR)	6	2	JetBlue (1), United (5)
Norfolk (ORF)	1	1	Spirit
Philadelphia (PHL)	6	3	American (3), Frontier (2), Spirit (1)
Pittsburgh (PIT)	3	2	Spirit (1), Southwest (2)
Portland (PWM)	1	1	Breeze
Providence (PVD)	3	2	Breeze (2), Southwest (1)
Richmond (RIC)	2	2	Breeze, Spirit
San Juan (SJU)	1	1	Spirit
Seattle (SEA)	1	1	Alaska
St. Louis (STL)	5	1	Southwest
Syracuse (SYR)	1	1	Frontier
Toronto (YYZ)	6	3	Air Canada (3), Porter (1), WestJet (2)
Trenton (TTN)	1	1	Frontier
Washington-Dulles (IAD)	2	1	United
Washington-National (DCA)	4	3	American (2), JetBlue (1), Southwest (1)
White Plains (HPN)	1	1	JetBlue
Worcester (ORH)	1	1	JetBlue
Total	190		

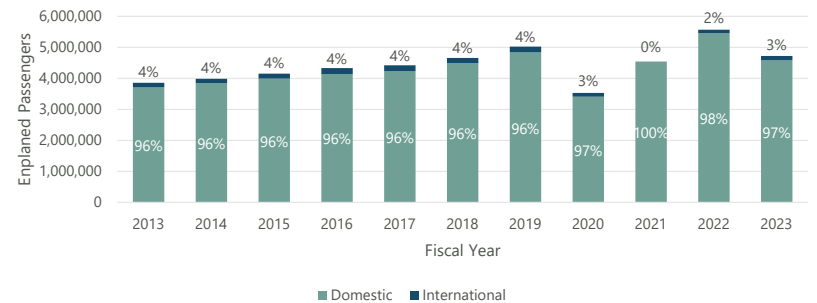
NOTE:
Nonstop service on March 23, 2024.
SOURCE: Cirium Dii, June 2024 (published airline schedules).

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
2013	3,856,646	4.9%	739,144,576	0.2%	0.52%
2014	3,989,316	3.4%	757,623,406	2.5%	0.53%
2015	4,155,189	4.2%	788,473,411	4.1%	0.53%
2016	4,332,997	4.3%	823,037,162	4.4%	0.53%
2017	4,421,668	2.0%	847,413,168	3.0%	0.52%
2018	4,662,213	5.4%	889,107,888	4.9%	0.52%
2019	5,026,675	7.8%	923,146,088	3.8%	0.54%
2020	3,528,276	(29.8%)	512,398,268	(44.5%)	0.69%
2021	4,534,976	28.5%	543,003,936	6.0%	0.84%
2022	5,571,537	22.9%	818,284,646	50.7%	0.68%
2023	4,721,401	(15.3%)	914,386,689	11.7%	0.52%
FYTD 2023 ²	3,477,717	-			
FYTD 2024 ²	4,321,008	24.2%			
Compound Annual Growth Rate					
2013 – 2019	4.5%		3.8%		
2013 – 2023	2.0%		2.2%		

NOTES:
FYTD – Fiscal Year to Date
FYTD Years ended September 30.
1 Data represents onboard revenue passengers only as reported in T100.
2 The FYTD is for 8 months ending May 2023 and 2024 (latest data available).
SOURCES: Lee County Port Authority, July 2024; Cirium Dii, June 2024 (US Department of Transportation, T-100 data).

EXHIBIT 5-1 HISTORICAL ENPLANED PASSENGERS



SOURCE: Lee County Port Authority, June 2024.

Specific details concerning passenger activity at the Airport between FY 2013 and FYTD 2024 are as follows:

- **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, Milwaukee Mitchell International Airport (MKE), and Pittsburgh International Airport (PIT).
- **FY 2014 – FY 2015.** In FY 2015 passenger traffic increased 4.2 percent. American initiated daily service to CLT and 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 began 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 EWR with three daily departures, while eliminating its service to LGA. Spirit began 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 Spirit 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 (one daily flight), EWR (four daily flights), George Bush Intercontinental Airport (IAH) (two daily flights), and ORD (three daily flights). JetBlue reduced service to Boston Logan International Airport (BOS), EWR, and JFK.
- **FY 2019 – FY 2020.** In FY 2020 passenger traffic decreased 29.8 percent. All airlines reduced capacity and experienced steep decreases in passenger demand because of the COVID-19 pandemic. Health and safety concerns and fears of infection lowered consumer propensity to travel, and government-imposed entry restrictions limited international travel between countries. Eurowings Discover suspended service to the Airport, and Air Canada and WestJet suspended service to Canadian markets because of border restrictions.
- **FY 2020 – FY 2021.** In FY 2021 passenger traffic increased 28.5 percent. Travel demand was aided by renewed confidence in health and safety following the widespread rollout of the COVID-19 vaccines. Alaska began service in FY 2021 with nonstop flights to LAX and SEA. Additional new routes begun by Southwest during the year included ORD, CVG, and Louisville Muhammad Ali International Airport (SDF).
- **FY 2021 – FY 2022.** In FY 2022 passenger traffic continued to recover, increasing 22.9 percent. New airlines serving the airport include Avelo and Breeze. Some of the Airports pre-pandemic international air service was restored during FY 2022, including flights from Discover (formerly branded as Eurowings) with nonstop flights to FRA. Air Canada also restored service to YUL, while WestJet restored service to YOW, and Air Transat terminated service from YUL.

- **FY 2022 – FY 2023.** In FY 2023 passenger traffic decreased 15.3 percent. Hurricane Ian made landfall in Southwest Florida on September 28, 2022, as a Category 4 storm. As a result, the Airport was closed the first few days of FY 2023 followed by limited operating hours until normal flight operations resumed on October 11, 2023. The hurricane’s impact limited passenger demand and passenger volumes decreased 46 percent in October 2023 compared to October 2022. Monthly passenger volumes remained below comparable months in FY 2022 until July 2023. Avelo added service to RDU, and ILG. Breeze also expanded service to BDL, and Rhode Island T.F. Green International Airport (PVD). Sun Country began service to Chippewa Valley Regional Airport (EAU), and Spirit added service to IAH.
- **FYTD 2024.** FYTD 2024 passenger traffic increased 26.2 percent when compared to FYTD 2023. Porter Airlines began seasonal service in November 2023 offering nonstop service to YYZ through April 2024. Lynx Air also announced nonstop service to YYZ, however, the airline ceased all operations in February 2024. JetBlue announced new service to Worcester Regional Airport (ORH) in January 2024. In December 2023, Spirit added new weekly seasonal service to CHS, ORF, RIC, and SJU. Breeze also announced 10 new destinations: Akron-Canton Airport (CAK), CMH, Louis Armstrong New Orleans International Airport (MSY), ORF, PIT, Portland International Jetport (PWM), RDU, RIC, SDF, and Syracuse Hancock International Airport (SYR). These flights operate from one to three times weekly.

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 2019 and FY 2023. Passenger airline operations (the largest user group) decreased from 70,902 operations in FY 2019 to 68,142 operations in FY 2023, an average annual decrease of 1.0 percent. Cargo airline operations increased from 1,460 operations in FY 2019 to 1,587 operations in FY 2023, a CAGR of 2.1 percent. Other air taxi/general aviation operations increased from 10,221 operations in FY 2019 to 12,625 operations in FY 2023, a CAGR of 5.4 percent, while military operations decreased from 1,204 operations to 1,090 operations, an average annual decrease of 2.5 percent over the same period. Total Airport operations decreased from 83,787 operations in FY 2019 to 83,444 operations in FY 2023, an average annual decrease of 0.1 percent.

5.2.5 LANDED WEIGHT

Table 5-8 presents the shares of landed weight for the passenger airlines serving the Airport from FY 2019 through FY 2023. 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 2023, passenger airlines represented 95.9 percent, and cargo airlines represented 4.1 percent of total Airport landed weight.

TABLE 5-7 HISTORICAL AIRCRAFT OPERATIONS

FISCAL YEAR	PASSENGER AIRLINES	CARGO AIRLINES	OTHER AIR TAXI / GENERAL AVIATION	MILITARY	TOTAL	ANNUAL PERCENTAGE CHANGE
2019	70,902	1,460	10,221	1,204	83,787	2.6%
2020	62,245	1,459	11,231	1,625	76,560	(8.6%)
2021	77,831	1,525	14,823	1,263	95,442	24.7%
2022	80,526	1,498	14,124	1,089	97,237	1.9%
2023	68,142	1,587	12,625	1,090	83,444	(14.2%)
FYTD 2023 ²	43,834	902	9,134	850	54,720	
FYTD 2024 ²	55,765	746	8,845	692	66,048	20.7%
Compound Annual Growth Rate						
2019 – 2023	-1.0%	2.1%	5.4%	-2.5%	-0.1%	

NOTES:

FYTD – Fiscal Year to Date

1 Fiscal Years ended September 30.

2 The FYTD is for 8 months ending May 2023 and 2024 (latest data available).

SOURCES: US Department of Transportation, Federal Aviation Administration, Operations Network, July 2024; Cirium Diio, July 2024 (US Department of Transportation, T-100 data).

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TABLE 5-8 HISTORICAL LANDED WEIGHT BY AIRLINE (THOUSANDS OF POUNDS)

AIRLINE	2019		2020		2021		2022		2023	
	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE
Delta ¹	1,111,186	20.1%	830,568	17.6%	1,299,188	22.0%	1,224,572	19.9%	1,075,794	20.1%
Southwest	908,526	16.4%	934,512	19.8%	1,275,605	21.6%	1,043,275	17.0%	975,341	18.3%
American ¹	799,017	14.5%	658,308	13.9%	828,008	14.0%	837,971	13.6%	785,534	14.7%
United ¹	523,902	9.5%	504,164	10.7%	769,283	13.0%	855,100	13.9%	720,961	13.5%
JetBlue	621,492	11.2%	479,433	10.1%	538,434	9.1%	629,481	10.2%	533,564	10.0%
Spirit Airlines	518,010	9.4%	449,373	9.5%	459,746	7.8%	520,044	8.5%	315,401	5.9%
Frontier	427,905	7.7%	397,054	8.4%	361,461	6.1%	448,704	7.3%	267,693	5.0%
Sun Country	136,763	2.5%	101,797	2.2%	126,829	2.1%	151,831	2.5%	133,353	2.5%
Air Canada ²	138,782	2.5%	90,326	1.9%	14,705	0.2%	81,021	1.3%	78,305	1.5%
Avelo	0	0.0%	0	0.0%	0	0.0%	30,354	0.5%	70,093	1.3%
WestJet	53,926	1.0%	37,431	0.8%	6,675	0.1%	40,029	0.7%	51,374	1.0%
Discover (Formerly Eurowings) ³	62,814	1.1%	27,622	0.6%	0	0.0%	31,374	0.5%	39,494	0.7%
Breeze	0	0.0%	0	0.0%	0	0.0%	8,045	0.1%	36,245	0.7%
Alaska	0	0.0%	0	0.0%	24,370	0.4%	31,760	0.5%	22,002	0.4%
All-Cargo	214,890	3.9%	208,029	4.4%	197,448	3.3%	192,128	3.1%	220,004	4.1%
All Others ⁴	7,937	0.1%	9,813	0.2%	7,259	0.1%	27,606	0.4%	15,591	0.3%
Total Airlines	5,525,148	100.0%	4,728,429	100.0%	5,909,011	100.0%	6,153,295	100.0%	5,340,748	100.0%

NOTES:

Fiscal Years ended September 30.

1 Includes regional airlines.

2 Combined landed weights of Air Canada and Air Canada Rouge.

3 Eurowings Discover was rebranded as Discover Airlines and began service to Germany in March 2022.

4 Consists of airlines no longer serving the Airport, charter airlines, and/or other airlines.

SOURCE: Lee County Port Authority, June 2024.

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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 COVID-19 resulted in a severe contraction in demand for air travel that was driven by fear of illness, as well as government-imposed travel restrictions and quarantine requirements. The effect on air travel began in East Asia in December 2019 and rapidly accelerated to other regions of the world in March and April 2020. Airlines responded to the change in demand by parking aircraft and reducing capacity across their networks. Several large international foreign-flag airlines suspended all operations for a period in March and April 2020. The Airport, an attractive leisure destination, benefited from restricted access to other competing leisure destinations in the Caribbean, Hawaii, and Mexico, during the pandemic. In April 2020, which represented the low point in terms of passenger airline enplaned passengers, enplaned passengers decreased to 4 percent of April 2019 passengers for all US airports and 6 percent of April 2019 passengers at the Airport. A modest recovery in airline passengers occurred over the second half of 2020. By March 2021, enplaned passengers for all US airports had increased to 52 percent of March 2019 enplaned passengers, and enplaned passengers at the Airport had increased to 75 percent of March 2019 enplaned passengers.

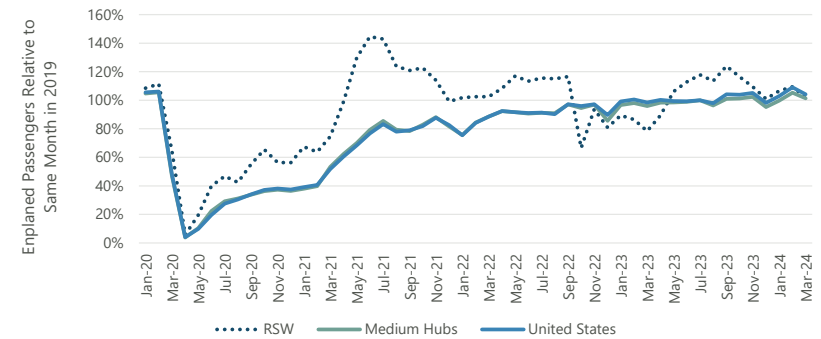
Airlines accelerated the restoration of capacity as COVID-19 vaccines became widely available in the US and demand for air travel increased. In March 2022, enplaned passengers represented 89 percent of March 2019 enplaned passengers for all US airports. For the Airport, March 2022 enplaned passengers represented 103 percent of March 2019 enplaned passengers being above pre-pandemic levels. The restoration of enplaned passengers increased through 2023, despite interruptions in demand recovery that coincided with spikes in COVID-19 infections related to the Delta and Omicron variants of the virus. December 2023 enplaned passengers represented 98 percent of December 2019 enplaned passengers for all US airports and 99 percent of December 2019 enplaned passengers at the Airport.

Exhibit 5-2 depicts the Airport's enplaned passenger recovery relative to FAA medium-hub airports and the US.

The COVID-19 pandemic resulted in a drastic decrease in revenues and steep financial losses for most airlines. Per the International Air Transport Association, airlines globally experienced an operating loss of \$137.7 billion in 2020 and loss an additional \$41.3 billion in 2021. In 2022, US airlines recorded a marginal profit of \$8.5 billion, while airlines throughout the rest of the world lost another \$12 billion. In 2023, US airlines and airlines throughout the rest of the world were estimated to record profits of \$14.8 billion and \$12.6 billion, respectively. **Exhibit 5-3** shows the airline profitability for North America and for the rest of the world from 2016 to 2024 (as forecast).

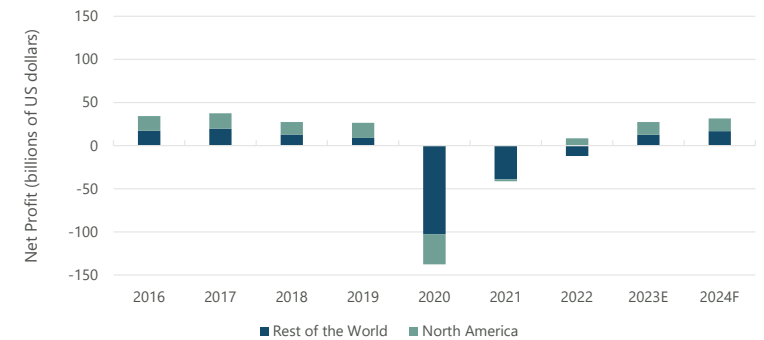
At the onset of the COVID-19 pandemic, many US airlines reduced their number of employees through involuntary furloughs and offered packages as incentives for early retirement. As demand returned, some airlines struggled to hire and train new pilots, flight attendants, mechanics, and other employees to support growth in operations, resulting in supply side constraints. Delayed delivery of new aircrafts has further constrained airlines' ability to restore capacity in line with growth in demand.

EXHIBIT 5-2 ENPLANED PASSENGER RECOVERY – AIRPORT, MEDIUM HUBS, AND UNITED STATES



NOTES:
RSW – Southwest Florida International Airport
Enplaned passengers were indexed to the same month in 2019
SOURCE: Cirium Diio, July 2024 (US Department of Transportation, T-100 data)

EXHIBIT 5-3 NET PROFIT OF COMMERCIAL AIRLINES WORLDWIDE (2016 – 2024)



NOTES:
E – Estimate of 2023 Net Profit
F – Forecast of 2024 Net Profit
Bankruptcy reorganization and large non-cash costs were excluded. These data include all commercial airlines.
SOURCE: International Air Transport Association, *Airline Industry Economic Performance Data Tables*, June 2024.

5.3.2 MERGERS, ACQUISITIONS, AND NEW ENTRANT AIRLINES

US airlines have merged with 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. Spirit has terminated its prior merger agreement with Frontier that was announced in February 2022. JetBlue terminated its prior merger agreement with Spirit that was announced in July 2022. On December 3, 2023, Alaska and Hawaiian announced their intention to merge no later than the first half of 2025, pending government and shareholder approval. Alaska and Hawaiian will continue to operate as independent airlines until after the transaction closes. Consolidation across the industry has resulted in the realignment of several airline route networks as airlines have sought efficiency 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.

Over the past 4 years, two new airlines, Avelo and Breeze, began operations in the US domestic passenger airline industry and began service to RSW. According to published airline schedules as of June 2024, the Airport is the ninth-largest airport by scheduled departures and departing seat capacity in the Avelo network and the eighth-largest airport by scheduled departures and departing seat capacity in the Breeze network in FY 2024.

5.3.3 COST OF AVIATION FUEL

As of the third quarter of CY 2024, jet fuel accounted for 20.8 percent of total airline operating costs, second only to labor, according to Airlines for America.⁵³ The average price of jet fuel peaked in June 2022 at \$4.04 per gallon, having grown steadily since April 2020, which represented the lowest price observed during the historical period. Fluctuating fuel costs affect airline profitability, which could lead to air service changes as airlines adjust capacity and pricing to address changes in the cost of fuel. **Exhibit 5-4** shows the monthly averages for jet fuel and crude oil prices from April 2014 through April 2024.

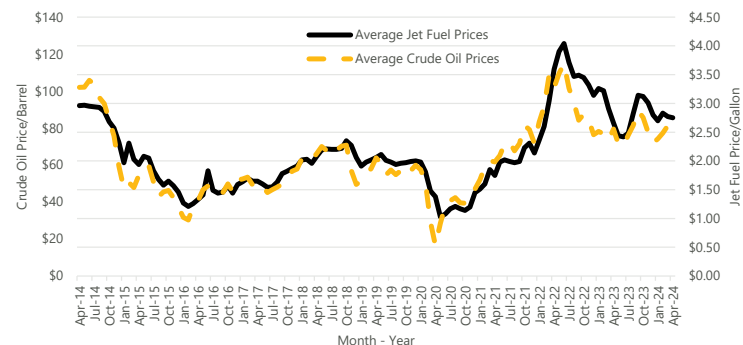
5.3.4 THREAT OF TERRORISM, GEOPOLITICAL ISSUES, AND NATURAL DISASTERS

Since September 11, 2001, the recurrence of terrorism incidents against either domestic or world aviation has remained a risk to achieving forecast 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.

Geopolitical issues may affect aviation activity during the Projection Period. Potential governmental or regional instability in certain countries or locations may affect access to, or demand for, aviation service in these places. At the time of this report, the Russian invasion of Ukraine, which began in February 2022, is still ongoing. Additionally, an escalation of conflict between Israel and Hamas, which began in October 2023, remains an evolving situation. Further developments in these conflicts could worsen geopolitical and economic uncertainty and potentially affect demand for travel to certain regions.

⁵³ Airlines for America, *Passenger Airline Cost Index (PACI)*, <http://airlines.org/dataset/a4a-quarterly-passenger-airline-cost-index-u-s-passenger-airlines/> (accessed May 9, 2024).

EXHIBIT 5-4 PRICE OF OIL (PER BARREL) AND JET FUEL (PER GALLON)



SOURCE: US Department of Energy, US Energy Information Administration, June 2024

Additionally, natural disasters may affect aviation activity at the Airport. On September 28, 2022, Hurricane Ian made landfall in Southwest Florida as a Category 4 storm. The runway and terminal building remained in stable condition and on October 11, 2023, the Airport resumed normal operations. An extremely destructive natural disaster, local or national, may affect travel demand to and from the Air Trade Area.

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 to the east/southeast of the Airport, and PGD, SRQ, PIE, and TPA are 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 5-5** depicts these airports and their proximity to the Airport.

At FLL, 26 airlines provided an average of 395 daily departures to 86 domestic destinations and 48 international destinations in March 2024. FLL provides service to 47 of the 54 destinations served from the Airport. The average domestic fare for FY 2023 at FLL was approximately \$150, which was 16 percent lower than the Airport's average domestic fare.

At PGD, two airlines provided an average of 25 daily departures to 47 domestic destinations in March 2024. PGD provides service to 13 of the 54 destinations served from the Airport. The average domestic fare for FY 2023 at PGD was approximately \$83, which was 53 percent lower than the Airport's average domestic fare. Most destinations at PGD do not have daily service.

TABLE 5-9 COMPETING AIRPORT MARKETS SERVED

MARKET	FY 2023 ENPLAINED PASSENGERS ¹	NUMBER OF AIRLINES (LARGEST) ²	NUMBER OF MARKETS SERVED			AVERAGE DAILY DEPARTURES ⁵	AVERAGE DAILY DOMESTIC FARE ⁶	DISTANCE TO RSW (IN MILES)
			DOMESTIC ³	INTERNATIONAL ⁴	TOTAL			
Fort Myers (RSW)	4,697,270	14 (Delta)	51	3	54	167	\$178	-
Fort Lauderdale (FLL)	16,680,992	26 (Spirit)	86	48	134	395	\$150	104
Punta Gorda (PGD)	927,187	2 (Allegiant)	47	0	47	25	\$83	30
Sarasota (SRQ)	2,119,587	11 (Southwest)	43	1	44	66	\$155	77
St. Pete–Clearwater (PIE)	1,214,675	3 (Allegiant)	54	0	54	26	\$76	111
Tampa (TPA)	11,386,121	21 (Southwest)	73	16	89	295	\$163	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 2023. 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 2024.
- 4 Nonstop service to cities outside the United States in March 2024.
- 5 Average daily departures in March 2024.
- 6 Average domestic fare for FY 2023.

SOURCE: Cirium Diio, June 2024 (US Department of Transportation, T-100 data and published airline schedules).

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SOUTHWEST FLORIDA INTERNATIONAL AIRPORT



SOURCES: US Department of Transportation, Federal Aviation Administration, 2021 (airports); US Census Bureau, 2023 (county, road, water).

EXHIBIT 5-5

COMPETING AIRPORTS



SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

At SRQ, 11 airlines provided an average of 66 daily departures to 43 domestic destinations and 1 international destination in March 2024. SRQ provides service to 30 of the 54 destinations served from the Airport. The average domestic fare for FY 2023 at SRQ was approximately \$155, which was 13 percent lower than the Airport’s average domestic fare.

At PIE, three airlines provided an average of 26 daily departures to 54 domestic destinations in March 2024. PIE provides service to 12 of the 54 destinations served from the Airport. The average domestic fare for FY 2023 at PIE was approximately \$76, which was 57 percent lower than the Airport’s average domestic fare. Similar to PGD, most destinations at PIE do not have daily service.

At TPA, 21 airlines provided an average of 295 daily departures to 73 domestic destinations and 16 international destinations in March 2024. TPA provides service to 49 of the 54 destinations served from the Airport. The average domestic fare for FY 2023 at TPA was approximately \$163, which was 8 percent lower than the Airport’s average domestic fare.

Though FLL and TPA provide service to most of the Airport’s destinations, both are more than 100 miles from the Airport. Because of 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. Low-cost carrier and ultra-low-cost carrier seat capacity at SRQ and PGD may reduce their 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.

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 and national socioeconomic factors; and anticipated trends in the use of the Airport by airlines. This section describes the methodologies used in projecting aviation activity at the Airport and the projected results through FY 2031.

5.4.1 ENPLANED PASSENGERS AND PASSENGER AIRLINE OPERATIONS PROJECTIONS

Projections were developed using a two-step approach. The first step (short term) modeled the Airport’s FY 2024 passenger volumes considering published airline schedule data with estimated monthly load factors and estimated scheduled seat capacity. The second step (long term) modeled activity (FY 2025 to FY 2031) using more traditional socioeconomic predictors of demand.

5.4.1.1 SHORT-TERM PASSENGER ACTIVITY FORECAST METHODOLOGY

Monthly published airline schedules, historical data, and assumptions based on industry trends, were analyzed to project passenger activity for FY 2024. Actual reported activity data was available for the period from October 2023 to May 2024, with published airline schedules used to estimate the period from June 2024 to September 2024. Airline (domestic and international) estimates of load factors and completion rates were developed on the basis of historical trends. Estimated load factors and completion rates were applied to scheduled seat capacity and operations to derive enplaned passenger and operations forecasts for the remainder of FY 2024.

Table 5-10 show a comparison of actuals and estimates of enplaned passengers, departing seats, load factors, and passenger airline operations for FY 2023 and FY 2024. As shown, enplaned passengers are estimated to increase from 4.7 million in FY 2023 to 5.5 million in FY 2024, a CAGR of 17.2 percent.

TABLE 5-10 FISCAL YEAR 2024 ESTIMATE – PASSENGER AIRLINES

FISCAL YEAR	TOTAL ENPLANED PASSENGERS (OCTOBER TO APRIL)	DEPARTING SEATS (OCTOBER TO APRIL)	LOAD FACTOR	PASSENGER AIRLINE OPERATIONS
2023	3,477,717	4,068,138	85.5%	51,042
2024	4,331,008	5,160,239	83.9%	59,879
Percentage Change	24.5%	26.8%		17.3%
(MAY TO SEPTEMBER)				
2023	1,243,684	1,650,939	75.3%	17,100
2024 Estimate	1,200,992	1,459,586	82.3%	16,801
Percentage Change	-3.4%	-11.6%		-1.7%
FISCAL YEAR TOTAL				
2023	4,721,401	5,719,077	82.6%	68,142
2024	5,532,000	6,619,824	83.6%	76,680
Percentage Change	17.2%	15.7%		12.5%

NOTE:
The Fiscal Year is October to September.
SOURCES: Lee County Port Authority, June 2024; Cirium Diiio, June 2024 (US Department of Transportation, T-100 data); Ricondo & Associates, Inc., July 2024.

5.4.1.2 LONG-TERM PASSENGER ACTIVITY FORECAST METHODOLOGY

Historical O&D passenger volumes were analyzed to identify their relationship with socioeconomic variables at the national level and 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. Regression analysis was performed for the 20-year period between 2003 and 2022. Activity occurring in 2023 was not included in the regression analysis because it was influenced by hurricane-related factors that are not representative of typical factors driving aviation demand that are expected to influence future activity levels.

The resulting regression equations were populated with independent projections of the relevant socioeconomic variables sourced from Woods & Poole, yielding a range of potential O&D passenger growth. A standard measure of how well each variable explains passenger demand is the regression model’s coefficient of determination, or R-squared value.

Table 5-11 shows the relationships selected for use in this forecast of O&D passengers and their 7-year CAGRs. Long-term growth rates range from 1.5 percent to 2.3 percent. The top three results producing the highest R-square value were 1) Employment – United States (2.2 percent CAGR), 2) Gross Domestic Product – US (2.3 percent CAGR), and 3) Net Earnings – US (2.3 percent CAGR). The three results were averaged and applied to the Airport’s O&D passengers from FY 2024 to FY 2031.

Historically, O&D passengers represent 96 to 99 percent of total enplaned passengers, with an average of 97 percent. In FY 2023, O&D passengers represented 97 percent of total passengers. The forecast assumes the Airport maintains its role as a spoke for hub airlines and an increase in connecting passengers as a percentage of total passengers is not expected over the Projection Period. As a result, the forecast assumes the percentage of O&D passengers will remain constant at 97 percent throughout the Projection Period.

TABLE 5-11 SOCIOECONOMIC REGRESSION ANALYSIS OUTPUTS – ORIGIN AND DESTINATION PASSENGER VOLUMES

SOCIOECONOMIC VARIABLE	GEOGRAPHY	IMPLIED FY 2024 – FY 2031 CAGR
Population	Air Trade Area	1.9%
Employment	Air Trade Area	1.6%
Total Earnings	Air Trade Area	2.1%
Total Personal Income	Air Trade Area	2.2%
Net Earnings	Air Trade Area	2.1%
Per Capita Personal Income	Air Trade Area	1.5%
Gross Domestic Product	Air Trade Area	2.2%
Population	United States	1.5%
Employment	United States	2.2%
Total Earnings	United States	2.2%
Total Personal Income	United States	2.0%
Net Earnings	United States	2.3%
Per Capita Personal Income	United States	1.8%
Gross Domestic Product	United States	2.3%

NOTES:
CAGR – Compound Annual Growth Rate
FY – Fiscal Year
NA – Not Applicable
SOURCES: Woods & Poole Economics, Inc., June 2023; Ricondo & Associates, Inc., July 2024.

5.4.1.3 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.
- Airlines will continue their trend of upgauging to larger average aircraft sizes that can accommodate more passengers per operation at the Airport, resulting in operations growing at a slower rate than enplaned passengers.
- It is assumed that current ongoing constraints resulting from fleet availability and labor shortages will ease over time, with lessening impact in the longer-term portion of the Projection Period.
- 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 Airport, national or global airspace system, or negatively affect aviation activity will occur during the Projection Period.
- For these analyses, and as with the FAA’s assumptions for its nationwide forecasts, it is assumed neither terrorist incidents that materially impact US air traffic demand during the Projection Period will occur, nor will variants of COVID-19 emerge that would result in a similar reduction in air service as experienced at the onset of the pandemic.

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 could differ from the projections presented herein, because events and circumstances might not occur as expected.

5.4.1.4 ENPLANED PASSENGERS

Table 5-12 presents the Airport’s historical and projected enplaned passengers. Enplaned passengers are projected to increase from 4.7 million passengers (FY 2023) to 6.4 million passengers (FY 2031), a CAGR of 3.9 percent. After a decrease of 15.3 percent in FY 2023, enplaned passengers are projected to increase 17.2 percent to 5.5 million in FY 2024. As a result, enplaned passengers are projected to increase at a CAGR of 2.2 percent from FY 2024 to FY 2031.

TABLE 5-12 HISTORICAL AND PROJECTED ENPLANED PASSENGERS

FISCAL YEAR	TOTAL ENPLANED PASSENGERS	ANNUAL PERCENTAGE CHANGE
Historical		
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%
2021	4,534,976	28.5%
2022	5,571,537	22.9%
2023	4,721,401	-15.3%
Projected		
2024	5,532,000	17.2%
2025	5,661,000	2.3%
2026	5,786,000	2.2%
2027	5,911,000	2.2%
2028	6,034,000	2.1%
2029	6,163,000	2.1%
2030	6,294,000	2.1%
2031	6,423,000	2.0%
Compound Annual Growth Rate		
2013 – 2019	4.5%	
2013 – 2023	2.0%	
2023 – 2031	3.9%	
2024 – 2031	2.2%	

NOTE:
The Fiscal Year is October to September.
SOURCES: Lee County Port Authority, June 2024; Ricondo & Associates, Inc., July 2024.

5.4.1.5 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.

Load factors were assumed to decrease in the short-term forecast methodology in response to reflect recent trends in actual reported activity at the Airport before increasing in the long-term. Load factors are expected to increase over the Project Period and return to a historical average (excluding FY 2020 and FY 2021) of 85 percent in FY 2031.

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						
2019	70,902	5,026,675	5,861,671	85.8%	35,415	165.5
2020	62,245	3,528,376	5,075,675	69.5%	31,128	163.1
2021	77,831	4,534,976	6,388,868	71.0%	38,901	164.2
2022	80,526	5,571,537	6,633,473	84.0%	40,232	164.9
2023	68,142	4,721,401	5,719,077	82.6%	34,037	168.0
Projected						
2024	76,680	5,532,000	6,619,824	83.6%	38,340	172.7
2025	78,220	5,661,000	6,762,054	83.7%	39,110	172.9
2026	79,700	5,786,000	6,898,975	83.9%	39,850	173.1
2027	81,180	5,911,000	7,035,446	84.0%	40,590	173.3
2028	82,620	6,034,000	7,169,090	84.2%	41,310	173.5
2029	84,120	6,163,000	7,309,372	84.3%	42,060	173.8
2030	85,660	6,294,000	7,451,623	84.5%	42,830	174.0
2031	87,140	6,423,000	7,590,992	84.6%	43,570	174.2
Compound Annual Growth Rate						
2019 – 2023	-0.8%	-1.2%	-0.5%		-0.8%	0.3%
2023 – 2031	3.1%	3.9%	3.6%		3.1%	0.5%

NOTE:
The Fiscal Year is October to September.
SOURCES: Lee County Port Authority, June 2024; Cirium Diio, June 2024 (US Department of Transportation, T-100 data); Ricondo & Associates, Inc., July 2024.

On the basis of published airline schedules, average seats per departure is projected to increase from 168.0 seats in FY 2023 to 172.7 seats in FY 2024. According to future airline aircraft orders and fleet plans, airlines are expected to continue to upgauge and transition to newer aircraft. Passenger airline operations are primarily represented by narrowbody single-aisle aircraft, and it is projected narrowbody aircraft will continue to represent the majority of passenger airlines operations over the Projection Period. Delta’s current narrowbody aircraft seat capacity ranges from an Airbus A220-100 (109 seats) to a Boeing 757-300 (234 seats). Delta’s narrowbody aircraft orders include the Airbus A220-300 (130 seats) and Airbus A321neo (194 seats). Southwest’s planned fleet includes transitioning from older Boeing 737-700 aircraft (143 seats) to Boeing’s 737 MAX 7 (150 seats), 737-800 and 737 MAX 8 (both 175

seats). Southwest’s aircraft orders include the Boeing 737 MAX 7 and MAX 8 aircraft. Frontier, JetBlue, and Spirit fleet orders include Airbus A220, A320, and A321 aircraft with a seat capacity range of 140 seats to 240 seats. As a result, average seats per departure are expected to increase from 168.0 in FY 2023 to 174.2 in FY 2031, representing a 0.5 percent CAGR.

5.4.1 CARGO VOLUMES AND CARGO AIRLINE OPERATIONS PROJECTIONS

Projections of cargo airline operations were developed on the basis of a relationship of cargo volumes to cargo airline operations. The projections of future cargo airline cargo volumes were developed using a market share approach because socioeconomic regression analysis did not identify predictive relationships between cargo activity and socioeconomic variables. Using 8 months of actual data, cargo volumes are estimated to decrease from 22,086 tons in FY 2023 to 21,809 tons in FY 2024. From FY 2024 to FY 2031, cargo volumes were projected on the basis of Boeing’s *World Air Cargo Forecast (2022-2041)*.⁵⁴ As a result, cargo volumes for cargo airlines are forecast to increase from 22,086 tons in FY 2023 to 24,904 tons in FY 2031.

Table 5-14 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 a historical trend, which represents an average annual increase of approximately 0.2 tons per year. As a result, cargo airline operations are projected to increase from 1,587 operations in FY 2023 to 1,630 operations in FY 2031, a CAGR of 0.3 percent.

5.4.2 TOTAL AIRPORT 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. Because of no insight into US Department of Defense decisions, military operations estimated for FY 2024 are held constant over the Projection Period.

5.4.2.1 OTHER AIRPORT OPERATIONS

Using 8 months of actual data and assumed historical averages for the remaining 4 months of operations, other air taxi/general aviation operations were estimated to 12,700 operations and military operations were estimated to 1,090 operations in FY 2024. Other air taxi/general aviation operation numbers were based on a blended market share approach of these operations compared to forecast population growth of the nation and CSA, and military operations were held constant at FY 2024 levels through FY 2031.

Table 5-15 presents the forecast results of each segment and total Airport operations. As shown in Table 5-15, other air taxi/general aviation operations are projected to reach 13,590 operations in FY 2031. As a result, total Airport operations are forecast to increase from 83,444 operations in FY 2023 to 103,800 operations in FY 2031, a CAGR of 2.8 percent.

5.4.3 TOTAL AIRPORT LANDED WEIGHT PROJECTIONS

Table 5-16 presents the Airport’s historical and projected landed weight. Passenger airline landed weight is forecast to increase from approximately 5.1 million (thousand-pound units) in FY 2023 to approximately 6.7 million (thousand-pound units) in FY 2031, a CAGR of 3.3 percent. Cargo airline landed weight is forecast to increase from 220,004 (thousand-pound units) in FY 2023 to 228,710 (thousand-pound units) in FY 2031, a CAGR of 0.5 percent. Total landed weight is forecast to increase from approximately 5.3 million (thousand-pound units) in FY 2023 to approximately 6.9 million (thousand-pound units) in FY 2031, a CAGR of 3.2 percent.

⁵⁴ The Boeing Company, *Boeing World Air Cargo Forecast 2022 – 2041*
https://www.boeing.com/content/dam/boeing/boeingdotcom/market/assets/downloads/Boeing_World_Air_Cargo_Forecast_2022.pdf
(accessed May 9, 2024).

TABLE 5-14 HISTORICAL AND PROJECTED CARGO AIRCRAFT OPERATIONS

FISCAL YEAR	CARGO AIRLINE OPERATIONS	CARGO AIRLINES CARGO VOLUMES (TONS)	AVERAGE TON OF CARGO VOLUME PER OPERATION
Historical			
2013	1,087	12,370	11.4
2014	1,081	13,386	12.4
2015	1,112	13,920	12.5
2016	1,162	14,429	12.4
2017	1,258	14,606	11.6
2018	1,368	15,986	11.7
2019	1,460	17,884	12.2
2020	1,459	17,336	11.9
2021	1,525	20,770	13.6
2022	1,498	20,239	13.5
2023	1,587	22,086	13.9
Projected			
2024	1,550	21,809	14.1
2025	1,560	22,243	14.3
2026	1,570	22,680	14.4
2027	1,580	23,119	14.6
2028	1,590	23,561	14.8
2029	1,600	24,005	15.0
2030	1,610	24,453	15.2
2031	1,630	24,904	15.3
Compound Annual Growth Rate			
2013 – 2023	3.9%	6.0%	2.0%
2023 – 2031	0.3%	2.4%	1.5%

NOTE:

The Fiscal Year is October to September.

SOURCES: Lee County Port Authority, June 2024; Cirium Diiio, June 2024 (US Department of Transportation, T-100 data); Federal Aviation Administration, Operations Network, June 2024; Ricondo & Associates, Inc., July 2024.

TABLE 5-15 HISTORICAL AND PROJECTED TOTAL AIRPORT OPERATIONS

FISCAL YEAR	PASSENGER AIRLINES	CARGO AIRLINES	OTHER AIR TAXI / GENERAL AVIATION	MILITARY	TOTAL	ANNUAL PERCENTAGE CHANGE
Historical						
2019	70,902	1,458	10,295	1,204	83,787	2.6%
2020	62,245	1,454	11,225	1,625	76,560	-8.6%
2021	77,831	1,525	14,823	1,263	95,442	24.7%
2022	80,526	1,498	14,124	1,089	97,237	1.9%
2023	68,142	1,587	12,625	1,090	83,444	-14.2%
Projected						
2024	76,680	1,550	12,700	1,440	92,370	10.7%
2025	78,220	1,560	12,890	1,440	94,110	1.9%
2026	79,700	1,570	13,000	1,440	95,710	1.7%
2027	81,180	1,580	13,120	1,440	97,320	1.7%
2028	82,620	1,590	13,240	1,440	98,890	1.6%
2029	84,120	1,600	13,350	1,440	100,510	1.6%
2030	85,660	1,610	13,470	1,440	102,180	1.7%
2031	87,140	1,630	13,590	1,440	103,800	1.6%
Compound Annual Growth Rate						
2019 – 2023	-0.8%	1.7%	4.2%	-2.0%	-0.1%	
2023 – 2031	3.1%	0.3%	0.9%	3.5%	2.8%	

NOTE:
The Fiscal Year is October to September.
SOURCES: Lee County Port Authority, June 2024; Cirium Dilo, June 2024 (US Department of Transportation, T-100 data); Federal Aviation Administration, Operations Network, June 2024; Ricondo & Associates, Inc., July 2024.

TABLE 5-16 HISTORICAL AND PROJECTED LANDED WEIGHT

FISCAL YEAR	PASSENGER AIRLINES	CARGO AIRLINES	TOTAL
Historical			
2019	5,310,258	214,890	5,525,148
2020	4,520,400	208,029	4,728,429
2021	5,711,563	197,448	5,909,011
2022	5,961,167	192,128	6,153,295
2023	5,120,744	220,004	5,340,748
Projected			
2024	5,878,539	216,636	6,095,175
2025	5,968,991	218,064	6,187,055
2026	6,086,610	219,492	6,306,103
2027	6,204,403	220,921	6,425,324
2028	6,319,310	222,350	6,541,661
2029	6,424,918	223,999	6,648,917
2030	6,533,251	225,651	6,758,903
2031	6,636,681	228,710	6,865,391
Compound Annual Growth Rate			
2019 – 2023	-0.7%	0.5%	-0.7%
2023 – 2031	3.3%	0.5%	3.2%

NOTES:
Total may not match due to rounding.
The Fiscal Year is October to September.
SOURCES: Lee County Port Authority, June 2024; Ricondo & Associates, Inc., July 2024.

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 2024 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 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 calculations 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 providing for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, clear zones, navigation 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.
- **BHS** means the Outbound Baggage Handling System used to deliver checked baggage to departing aircraft, which includes systems, equipment, and carousels at the Airport but excludes the TSA Baggage Screening Space, TSA inspection equipment, and Baggage Makeup Space (BMU).
- **Air Cargo** means those areas and facilities that are related to the air cargo activities at the Airport, including the air cargo aircraft parking apron.
- **Terminal** means the Airport's passenger terminal building, including the Terminal Aircraft Aprons.
- **Ground Transportation** means areas and facilities related to public automobile parking, automobile rental agencies, ride share companies, taxi and limousine parking areas, and hotel shuttle operations.
- **Aviation** 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 general aviation-related activities.
- **Nonaviation** means those areas and facilities not directly related to aviation purposes, including commercial buildings, U.S. Postal Service facilities, and various ground leases and facilities.

6.1.2 AGREEMENT

The Airline-Airport Use and Lease Agreement (AULA) establishes the rate-setting methodology for levying Airline rentals, fees, and charges at the Airport. The term of the current AULA was extended by 1 year and will expire on September 30, 2024 (Current Agreement). A New AULA has been executed and will begin on October 1, 2024 (New Agreement). 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 (and their share of FY 2023 enplaned passengers) include Delta (21.6 percent), Southwest (18.3 percent), American (15.1 percent), United (14.3 percent), JetBlue (10.6 percent), Spirit (6.1 percent), Frontier (5.7 percent), and Sun Country (3.0 percent) (including their respective affiliates). Together, Signatory Airlines accounted for 94.6 percent of total enplaned passengers at the Airport in FY 2023. The New Agreement was signed by all current Signatory Airlines and will remain in effect until September 30, 2034. Key provisions of the New Agreement are the following:

- **10-Year Term:** The New Agreement includes a 10-year term, effective through September 30, 2034. This term covers the assumed completion date of Concourse E plus an additional 6 years.
- **Extraordinary Coverage:** Pursuant to the New Agreement, if the Authority projects, for any Fiscal Year, that the amount of Revenues, less O&M Expenses, and less the O&M Reserve Requirement, will be less than 125 percent of that Fiscal Year's Debt Service, the Authority may, in its sole discretion, increase the rents, fees, and charges payable under the New Agreement for the remainder of the Fiscal Year, by allocating to the Airfield Cost Center and Terminal Cost Center any additional amounts (Extraordinary Coverage) that must be collected to eliminate such a deficit in the projected Revenues.
- **Additional Concourse E Protection:** Pursuant to the New Agreement, in addition to any Extraordinary Coverage charge imposed, if the Authority projects that, as a result of the costs associated with the Concourse E project, for any Fiscal Year, the amount of Revenues, less O&M Expenses, will be less than 140 percent of that Fiscal Year's Debt Service, the Authority may, in its sole discretion, increase the rents, fees, and charges payable under the New Agreement for the remainder of the Fiscal Year, by allocating to the Terminal Cost Center any additional amounts that must be collected to eliminate such a deficit in the projected Revenues.

The calculation of airline rates and charges in FY 2024 (estimated airline rates) adheres to the rate-setting methodology of the Prior Agreement. Beginning FY 2025 (the first year of the New Agreement), airline rates and charges will be calculated according to the New Agreement. It is assumed that the rate-setting methodology will remain materially unchanged throughout the Projection Period. The calculation of airline rates as described in this Section 6.1.2 corresponds with the New Agreement. The methodologies for calculating the terminal rate, landing fee, and BHS fee annually 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 PFC revenues eligible for the repayment of eligible Debt Service in the Terminal Cost Center. 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 (1) any nonairline revenues attributed to the Airfield Cost Center and (2) PFC revenues eligible for the repayment of eligible debt service in 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 BHS 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 net BHS requirement is equal to the total BHS requirement less PFC revenues eligible for the repayment of eligible debt service in the BHS Cost Center. The BHS Fee per enplaned passenger is equal to the net BHS requirement divided by the total number of enplaned passengers.
- The projected debt service for the 2024 Bonds does not include capitalized interest, resulting in an initial debt service payment before the Date of Beneficial Occupancy (DBO) of Concourse E. The exclusion of capitalized interest was approved by the Signatory Airlines via a letter of support, signed and delivered to the Airport on May 9, 2024. To comply with FAA rates and charges guidelines, any investment service attributable to the Concourse E project will be excluded from the calculation of rates and charges for Non-Signatory Airlines until the project is completed.

Also included in the New Agreement is a provision to share a percentage of net remaining revenues with the Signatory Airlines, allocated to each Signatory Airline on its respective share of total Signatory enplaned passengers. The airline share of net remaining revenues will be (a) 70 percent for the first 3 years of the agreement beginning October 1, 2024, and ending September 30, 2027, and (b) 60 percent for the remaining years of the term.

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 FY 2020 through FY 2024 included allocation of Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA) funds to offset Current Expenses and debt service costs.

The financial analysis included in this chapter reflects the allocation of approximately \$36.6 million in CARES Act funds, as shown in **Table 6-1**. In December 2020, Congress passed the CRRSAA, which provided \$9.8 million in airport relief and \$1.1 million in concession relief for the Airport, as shown in Table 6-1. Additionally, the ARPA of 2021 was passed by Congress in March 2021, which provided \$33.2 million in airport relief and \$4.3 million in concession relief for the Airport, as shown in Table 6-1.

The application of CARES and ARPA funds in FY 2024 is included in the financial analysis described in this Report. The Authority has applied all CRRSAA funding before FY 2024. It is anticipated that the Authority will apply all remaining COVID relief funds by the end of FY 2024. No additional relief funds are included in the Projection Period.

TABLE 6-1 USE OF CORONAVIRUS RELIEF FUNDING

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
CARES Act Funds:						
Current Expenses ¹	\$2.3	\$0.4	\$0.0	\$3.6	\$0.0	\$6.3
GARB Debt Service ²	\$8.7	\$8.7	\$0.0	\$0.0	\$0.0	\$17.4
Short-Term Financing ³	\$0.0	\$0.0	\$0.0	\$12.9	\$0.0	\$12.9
Subtotal CARES Act Funds	\$11.0	\$9.1	\$0.0	\$16.5	\$0.0	\$36.6
CRRSAA Funds:						
Current Expenses	\$0.0	\$3.0	\$4.6	\$2.2	\$0.0	\$9.8
Subtotal CRRSAA Funds	\$0.0	\$3.0	\$4.6	\$2.2	\$0.0	\$9.8
ARPA Act Funds:						
Current Expenses	\$0.0	\$0.0	\$0.0	\$5.3	\$10.0	\$15.3
GARB Debt Service	\$0.0	\$0.0	\$9.6	\$0.0	\$0.0	\$9.6
Short-Term Financing	\$0.0	\$0.0	\$0.0	\$0.0	\$8.3	\$8.3
Subtotal ARPA Act Funds	\$0.0	\$0.0	\$9.6	\$5.3	\$18.3	\$33.2
Total	\$11.0	\$12.1	\$14.2	\$24.0	\$18.3	\$79.6

NOTES:

FY – Fiscal Year

GARB – General Airport Revenue Bond

Dollars in millions for Fiscal Years ended September 30.

Table does not include concession relief funds.

1 The distribution by cost center for relief funding applied to current expenses is determined annually by the Authority.

2 The distribution by cost center for relief funding applied to debt is determined using the percentage distribution of total GARB debt at the Airport.

3 Principal repayment on line of credit.

SOURCES: Lee County Port Authority, May 2024; Ricondo & Associates, Inc., August 2024.

6.3 CURRENT EXPENSES

Current Expenses include expenses associated with operating and maintaining the Airport, including the airfield, terminal, and landside facilities. Current Expenses as defined in the body of this Report include expenses for operating capital. However, operating capital is excluded from Current Expenses in the calculation of debt service coverage pursuant to the Resolution (see **Table A-11**). Current Expenses are categorized as follows:

- 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 2019 through FY 2023, 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 9.7 percent from \$65.9 million in FY 2019 to \$95.5 million in FY 2023. Growth in Current Expenses can be attributed primarily to increases in personnel costs from estimated personnel changes, merit wage increases, and increased benefits expenses, as well as additional expenses for Ground Transportation contractual services. 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 (FISCAL YEAR 2019 – FISCAL YEAR 2023)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	COMPOUND ANNUAL GROWTH RATE
Total Current Expenses (thousands) ¹	\$65,888	\$63,713	\$65,885	\$76,038	\$95,466	9.7%
Current Expenses Annual Growth Rate		-3.3%	3.4%	15.4%	25.6%	
Enplaned Passengers (thousands)	5,027	3,528	4,535	5,572	4,721	-1.6%
Enplaned Passengers Annual Growth Rate		-29.8%	28.5%	22.9%	-15.3%	
Total Current Expenses per Enplaned Passenger	\$13.11	\$18.06	\$14.53	\$13.65	\$20.22	11.4%

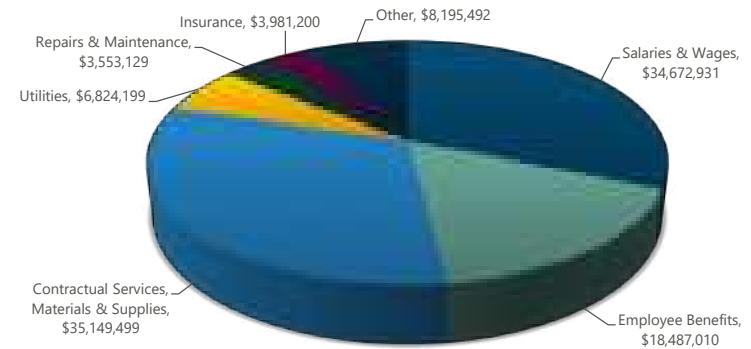
NOTES:
FY – Fiscal Year
Dollars in thousands for Fiscal Years ended September 30.
1 Reflects current expenses before the application of COVID relief funds.
SOURCE: Lee County Port Authority, *Actual Rates and Fees Settlement, Southwest Florida International Airport, Fiscal Year 2019-2023*, May 2024.

The Airport's Current Expenses per enplaned passenger increased from \$13.11 in FY 2019 to \$18.06 in FY 2020, as enplaned passengers decreased significantly during the COVID-19 pandemic; however, it then decreased to \$13.65 in FY 2022 as passenger activity recovered and outpaced the annual growth of Current Expenses. The Airport experienced another significant decrease in annual passenger activity in FY 2023 from the damage caused by Hurricane Ian. As a result of the large decrease in enplaned passengers, together with the increase in Current Expenses, Current Expenses per enplaned passenger increased from \$13.65 in FY 2022 to \$20.22 in FY 2023. The overall CAGR of Current Expenses from FY 2019 to FY 2023 was 9.7 percent.

The Airport's FY 2024 estimated Current Expenses total approximately \$100.3 million. The Airport's budgeted FY 2025 Current Expenses, totaling \$110.9 million, serves as the base year from which Current Expenses are projected. The increase over estimated FY 2023 Current Expenses is primarily attributable to additional estimated increases in personnel expenses, as well as additional contractual services.

Exhibit 6-1 presents the budgeted FY 2025 Current Expenses by cost category.

EXHIBIT 6-1 FISCAL YEAR 2025 CURRENT EXPENSES BY COST CATEGORY



SOURCE: Lee County Port Authority, *FY 2025 Budget, Southwest Florida International Airport*, April 2024.

6.3.1 SALARIES AND WAGES

Personnel expenses include Airport staff compensation. Expenses for salaries and wages, which account for 31.3 percent of total operating expenses in FY 2025, are budgeted to increase at a CAGR of 3.5 percent through FY 2031. This is primarily attributable to anticipated salary increases and new salary expenses from anticipated future staffing requirements.

6.3.2 EMPLOYEE BENEFITS

Expenses for employee benefits, which account for 16.7 percent of total operating expenses in FY 2025, are budgeted to increase at a CAGR of 3.5 percent through FY 2031. 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 31.7 percent of total operating expenses in FY 2025, and they are budgeted to increase at a CAGR of 4.7 percent through FY 2031, primarily reflecting inflation and anticipated current expense costs associated with Terminal Expansion – Phase 1 and Terminal Expansion – Phase 2 (Concourse E), both of which will increase the terminal footprint.

6.3.4 UTILITIES

Utility costs include electricity, telecommunications, water, and gas required to operate the Airport. Utility costs account for 6.2 percent of total operating expenses in FY 2025, and they are budgeted to increase at a CAGR of 5.2

percent through FY 2031, primarily attributable to inflation and anticipated increases to utility expenses associated with the Terminal Expansion – Phase 1 and Concourse E projects.

6.3.5 REPAIRS AND MAINTENANCE

Repairs and maintenance costs include repairs, reconstruction, or replacement of the affected area or equipment, or both, to restore it to its previous condition as required to operate the Airport. Repairs and maintenance costs account for 3.2 percent of total operating expenses in FY 2025, and they are budgeted to increase at a CAGR of 4.6 percent through FY 2031, primarily attributable to inflation and expected increases in maintenance expenses associated with the Terminal Expansion – Phase 1 and Concourse E projects.

6.3.6 INSURANCE

Expenses for employee insurance costs, which account for 3.6 percent of total operating expenses in FY 2025, are budgeted to increase at a CAGR of 5.4 percent through FY 2031. This is primarily attributable to the expected escalation of insurance premiums and additional policy coverage associated with the Terminal Expansion – Phase 1 and Concourse E projects.

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 7.4 percent of total operating expenses in FY 2025, and they are budgeted to increase at a CAGR of 4.0 percent through FY 2031, reflecting inflation and anticipated increases to indirect costs, most notably in the FY 2025 budget.

6.3.8 CURRENT EXPENSE IMPACTS ASSOCIATED WITH CAPITAL PROJECTS

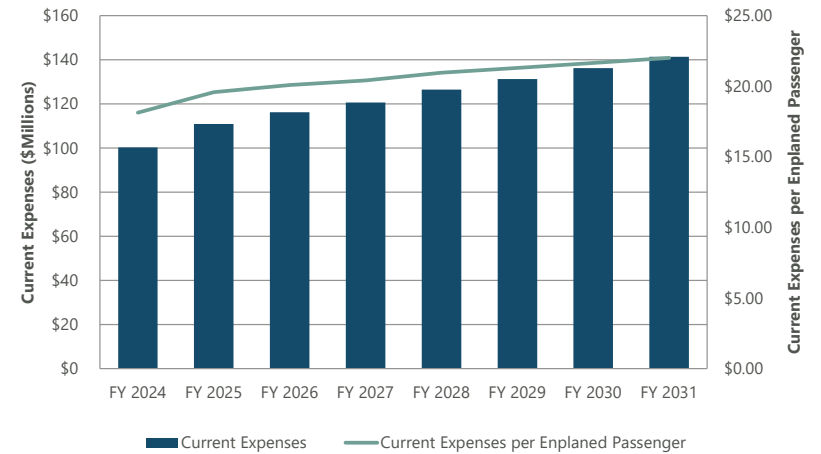
The completion of the Terminal Expansion – Phase 1 and Concourse E projects are expected to result in incremental increases in Current Expenses. For purposes of this analysis, Terminal Current Expenses related to contractual services, materials, and supplies; utilities; repairs and maintenance; and insurance are assumed to increase 5 percent in both FY 2026 and FY 2028, reflecting an increase due to the anticipated completion of the projects in addition to anticipated inflationary impacts. It is assumed that part of the increase in Current Expenses from the additional terminal footprint will be offset by economies of scale for categories such as utilities. For additional information regarding budgeted Current Expenses, see **Table A-1** in Appendix A of this Report.

6.3.9 PROJECTED CURRENT EXPENSES

As described in Sections 6.3.1 through 6.3.8, Current Expenses are projected to increase on the basis of the type of expense and expectations of future inflation rates (together, assumed to be 3.5 percent for personnel expenses and 4.0 percent for other Current Expenses from FY 2025 to FY 2031), 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 \$110.9 million in FY 2025 to \$141.3 million in FY 2031, representing a CAGR of 4.1 percent. Current Expenses per enplaned passenger are projected to increase as a result of the increase in total Current Expenses during the Projection Period, as well as the impacts from the Terminal Expansion – Phase 1 and Concourse E projects on certain categories of Current Expenses, as described earlier.

Table A-1 in Appendix A of this Report presents estimated Current Expenses for FY 2024, budgeted Current Expenses for FY 2025, and projected Current Expenses from FY 2026 through FY 2031, including the allocation of Current Expenses to the Airport Cost Centers.

EXHIBIT 6-2 PROJECTED CURRENT EXPENSES



NOTE:
FY – Fiscal Year
SOURCES: Lee County Port Authority, FY 2024 Estimate, Southwest Florida International Airport, July 2024; Lee County Port Authority, FY 2025 Budget, Southwest Florida International Airport, May 2024; Ricondo & Associates, Inc., August 2024.

6.4 NON-AIRLINE REVENUES

Non-Airline Revenues include all Revenues generated at the Airport except for Terminal Rental Rate, Landing Fee, and BHS 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 to FY 2023, estimated Non-Airline Revenues for FY 2024, budgeted Non-Airline Revenues for FY 2025, and projected Non-Airline Revenues from FY 2026 to FY 2031.

Most of the Airport’s Non-Airline Revenues are generated from automobile parking and rental cars (54 percent in FY 2023, with rental cars as the largest single source of Non-Airline Revenue. **Table 6-3** presents concession revenues and enplaned passengers from FY 2019 through FY 2023.

TABLE 6-3 HISTORICAL PARKING AND CONCESSION REVENUES (FISCAL YEAR 2019 – FISCAL YEAR 2023)

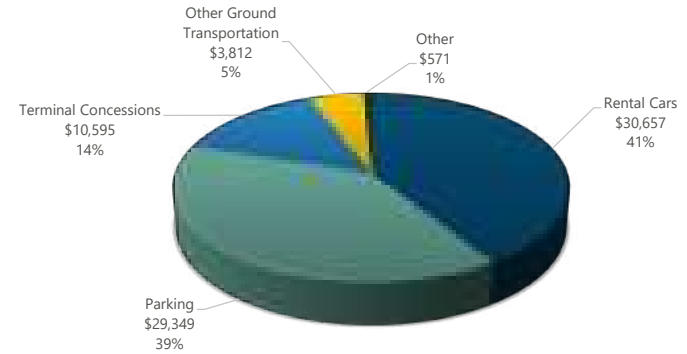
CONCESSION REVENUES	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	CAGR FY 2019 - 2023	PERCENTAGE CHANGE FY 2022 – 2023
Rental Cars ¹	\$22,469	\$15,656	\$26,215	\$34,174	\$25,228	3%	-26%
Parking ²	\$18,799	\$11,735	\$13,648	\$21,722	\$23,999	6%	10%
Terminal Concessions ³	\$8,808	\$5,963	\$7,306	\$10,024	\$5,286	-12%	-47%
Other Ground Transportation ⁴	\$1,383	\$1,011	\$1,488	\$1,960	\$1,847	7%	-6%
Other ⁵	\$314	\$198	\$200	\$400	\$442	9%	
Total Concession Revenues	\$51,773	\$34,563	\$48,857	\$68,280	\$56,802	2%	-17%
Total Concession Revenues annual growth rate		-33.2%	41.4%	39.8%	-16.8%		
Enplaned Passengers (thousands)	5,027	3,528	4,535	5,572	4,721	-2%	-15%
Total Concession Revenues per Enplaned Passenger	\$10.30	\$9.80	\$10.77	\$12.26	\$12.03	4%	-2%

NOTES:
CAGR – Compound Annual Growth Rate
FY – Fiscal Year
Dollars in thousands for Fiscal Years ended September 30.
Totals may not add due to rounding.
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 2019-2023*, May 2024.

Total concession revenues decreased from \$51.8 million in FY 2019 to \$34.6 million in FY 2020 because of the decrease in enplaned passengers during the COVID-19 pandemic. Total concession revenues increased to \$48.9 million in FY 2021 and \$68.3 million in FY 2022 as activity recovered, before decreasing to \$56.8 million in FY 2023 following Hurricane Ian. Although most parking and concession revenues decreased in FY 2023 because of the reduced passenger activity, parking revenues increased approximately \$2.3 million because of population growth and travel from residents, as well as increased revenues per transaction. Concession revenues per enplaned passenger remained relatively flat from FY 2019 through FY 2021 before increasing by roughly 14 percent in FY 2022.

The Airport’s budgeted Non-Airline Revenues for FY 2025 serve as the base from which Non-Airline Revenues are projected. **Exhibit 6-3** presents the breakdown of budgeted FY 2025 parking and concession revenues.

EXHIBIT 6-3 FISCAL YEAR 2025 PARKING AND CONCESSION REVENUES BY CATEGORY



NOTES:
Rental Cars 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 includes taxi permit/trip, courtesy permit/trip, provider permit fees, bus fees, and employee parking.
Dollars in thousands for Fiscal Year ended September 30.
SOURCE: Lee County Port Authority, *FY 2025 Budget, Southwest Florida International Airport*, May 2024; Ricondo & Associates, Inc., July 2024.

6.4.1.1 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 \$75.0 million in FY 2025 to \$90.4 million in FY 2031, reflecting a CAGR of 3.2 percent, which is largely attributable to enplaned passenger growth and additional concessions offerings as part of the Terminal Expansion – Phase 1 and Concourse E projects. Concession revenues per enplaned passenger are projected to remain relatively stable, increasing from \$13.25 in FY 2025 to \$14.08 in FY 2031, which reflects a CAGR of 1.0 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 2031 are also discussed.

6.4.1.2 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 provide off-Airport car rental operations. Rental car revenues include privilege fees and building rent for both on- and off-Airport rental car operations. Budgeted automobile rental revenues for FY 2025 are \$30.7 million, or 40.9 percent of parking and concession revenues. Automobile rental revenues are projected to

increase from approximately \$30.7 million in FY 2025 to approximately \$34.8 million in FY 2031, reflecting a CAGR of 2.2 percent. This increase is attributed to anticipated enplaned passenger growth.

6.4.1.3 AUTOMOBILE PARKING

Parking revenues are derived from Short-Term Parking Garage and Long-Term Parking Lot fees, as well as from off-Airport parking. Budgeted parking revenues for FY 2025 are \$29.3 million, or 39.1 percent of parking and concession revenues. On the basis of the projected increase in enplaned passengers and half of assumed future inflation, parking revenues are projected to increase from approximately \$29.3 million in FY 2025 to approximately \$35.3 million in FY 2031, reflecting a CAGR of 3.1 percent.

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 \$24 is reached. Long-term parking rates range from \$2 an hour with a daily maximum of \$11, a weekly maximum of \$60. The most recent parking rate increase became effective October 1, 2023, and included a \$6 increase to the daily maximum for short-term parking and a \$32 increase to the weekly maximum for long-term parking.

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. A shift in Airport access during the Projection Period may occur; however, because of the uncertainty of future changes to ground transportation, revenue projections developed for the financial analysis included in this Report assume no effects on parking and car rental demand from TNCs during the Projection Period. For the purposes of this analysis, parking and rental car transactions per O&D passenger are assumed to remain level throughout the Projection Period.

6.4.1.4 TERMINAL CONCESSIONS

Concessionaires operate a total of 35 businesses at the Airport. Of the 35 locations, 30 are open for business. Budgeted terminal concessions, advertising, and restaurant revenues for FY 2025 are \$10.6 million, or 14.1 percent of concession revenues. Total terminal concession revenues are projected to increase because of a combination of forecast passenger growth and half of the projected rate of inflation from \$10.6 million in FY 2025 to \$15.1 million in FY 2031, reflecting a CAGR of 6.1 percent. Projected terminal concessions are assumed to increase by 10 percent in FY 2025 after the opening of the Terminal Expansion – Phase 1 and again in FY 2028 after the opening of Concourse E.

6.4.1.5 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 2023 totaled approximately \$367,000. The TNC fee is assumed to remain unchanged during the Projection Period. In August 2022, the Authority signed an operating agreement with Turo, a car rental marketplace. Per the terms of the agreement, the Authority collects a percentage of gross receipts from Turo as a privilege fee. The current agreement with Turo includes a fee equal to 8 percent of gross receipts, which is assumed to remain constant throughout the Projection Period.

Other ground transportation revenues are budgeted to total \$3.8 million in FY 2025 and are projected to increase to approximately \$4.5 million by FY 2031, reflecting a CAGR of 2.7 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 terminal space rent for non-Airline tenants, such as the TSA. The terminal space rent for non-Airline tenants is projected to increase at half the rate of inflation. The remaining Terminal fees and charges are calculated annually pursuant to the New Agreement. Additional Terminal Fees and Charges are budgeted to total approximately \$1.8 million in FY 2025 and are projected to increase at a CAGR of 1.0 percent through FY 2031.

6.4.3 GENERAL AVIATION AND AIR CARGO REVENUES

General aviation revenues include FBO land rent and privilege fees. General aviation revenues for FY 2025 are budgeted to total approximately \$5.6 million and are projected to increase at a CAGR of 2.0 percent through FY 2031.

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 budgeted at \$601,191 in FY 2025 and are projected to increase at a CAGR of 1.7 percent through the Projection Period.

6.4.4 AIRFIELD NON-AIRLINE REVENUES

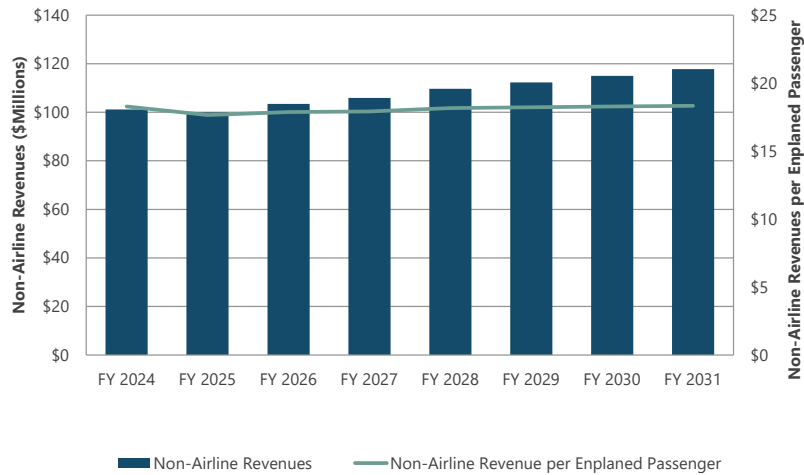
Non-Airline Revenues associated with the airfield primarily consist of fuel systems and passenger aircraft parking fees. Fuel system revenues for FY 2025 are budgeted to be approximately \$2.6 million and are anticipated to increase at a CAGR of 2.7 percent per the forecast change in landed weight in addition to half of the rate of inflation. Passenger aircraft parking fees, budgeted to be \$482,465 in FY 2025, include remain overnight parking fees charged to signatory airlines parked off of their preferential use leased gate.

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 affected by increases or decreases in aviation activity. Investment income is projected to increase at a CAGR of 1.0 percent. The remaining miscellaneous revenues are projected to increase by 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 on the basis of a review of historical trends, forecast activity levels, impacts from the Terminal Expansion – Phase 1 and Concourse E projects, and inflation. As shown, Non-Airline Revenues are projected to increase from \$99.9 million in FY 2025 to \$117.7 million in FY 2031, at a CAGR of 2.8 percent.

EXHIBIT 6-4 PROJECTED NON-AIRLINE REVENUES



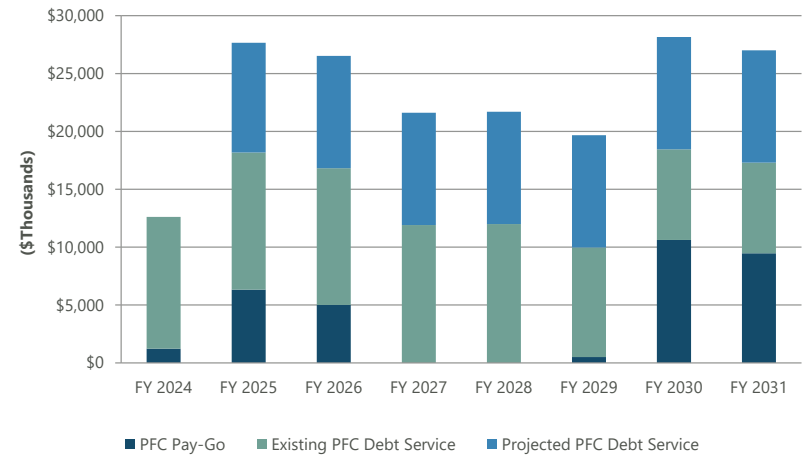
NOTES:
FY – Fiscal Year
Non-Airline Revenues are in millions.
SOURCES: Lee County Port Authority, FY 2024 Estimate, Southwest Florida International Airport, July 2024; Lee County Port Authority, FY 2025 Budget, Southwest Florida International Airport, May 2024; Ricondo & Associates, Inc., August 2024.

6.5 PASSENGER FACILITY CHARGES

As described in Section 3.2.3 of this Report, the Authority is currently authorized to collect approximately \$1.3 billion in PFCs through December 1, 2060. Through March 2024, the Authority has collected a total of approximately \$418 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 92.1 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 6-5 PROJECTED PASSENGER FACILITY CHARGE EXPENDITURES



NOTES:
FY – Fiscal Year
PFC – Passenger Facility Charge
Dollars in thousands.
SOURCES: Lee County Port Authority, October 2023; Ricondo & Associates, Inc., August 2024.

6.6 AMORTIZATION OF AUTHORITY FUNDS

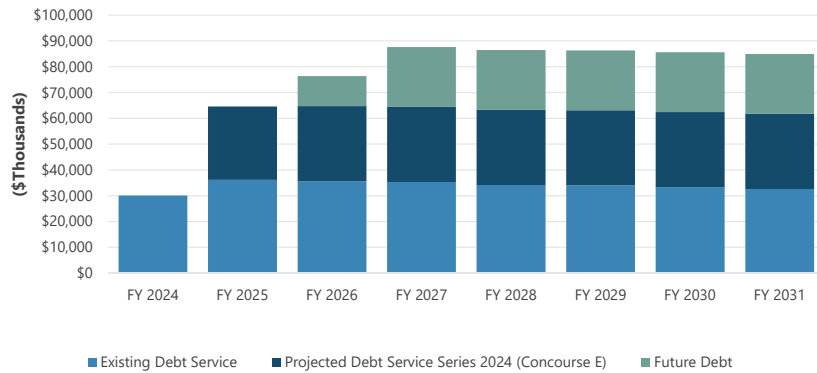
As reflected in Section 3, the Airport CIP assumes the Authority will use unencumbered discretionary cash to fund certain capital projects. Approximately \$103.9 million of Authority funds are anticipated to be used to fund the CIP, which, for purposes of this financial analysis, are assumed to be amortized over the useful life of the projects.⁵⁵ Authority funds used for projects related to the Airfield, Terminal, and BHS Cost Centers are recovered through the calculated Landing Fee, Terminal Rental Rate, and BHS Fee, 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 2024 Airport Supported Bonds, and Future Parity Bonds anticipated to be issued during the Projection Period, which are further discussed in the following subsections.

⁵⁵ The Authority's plan of finance for the Concourse E project includes using approximately \$16.5 million of Authority funds, which have been spent on design costs as of July 2024 and will not be amortized or recovered through calculated airline rates.

EXHIBIT 6-6 DEBT SERVICE



NOTES:
FY – Fiscal Year
Dollars in thousands.
SOURCES: Lee County Port Authority, FY 2024 Estimate, Southwest Florida International Airport, May 2024; Lee County Port Authority, FY 2025 Budget, Southwest Florida International Airport, May 2024; PFM Financial Advisors LLC, July 2024; Ricondo & Associates, Inc., July 2024.

6.7.1 DEBT SERVICE ON EXISTING BONDS

As shown on Exhibit 6-6, existing debt service is approximately \$30.0 million in FY 2024. The existing debt service includes the Series 2015 Bonds, Series 2021A Bonds, and Series 2021B Bonds, as well as short-term financing. Future debt service includes an anticipated future issuance of airport revenue bonds to fund project costs associated with Concourse E that will not be funded with proceeds from the 2024 Bonds.

PFCs are anticipated to be applied to PFC-eligible portions of debt service on the Series 2015, Series 2021A, Series 2021B, and Series 2024 PFC Supported Bonds in an amount approved by the FAA under PFC Application 03-05-C-00-RSW and the PFC Applications approved for the Midfield Terminal Construction and Concourse E project.

6.7.2 DEBT SERVICE ON THE 2024 BONDS

The 2024 Bonds are assumed to have a term of 30 years; for the purposes of this Report, interest on the 2024 Bonds is assumed at market interest rates as of July 2024, plus 75 basis points. The 2024 Bonds debt service is estimated to be approximately \$28.5 million beginning in FY 2025, increase to \$29.1 million in FY 2026, and remain level through the remainder of the Projection Period.

6.8 AIRLINE REVENUES

Airline terminal rental, landing fees, and apron revenues are described in the following subsections. The Authority received approximately \$36.6 million in CARES Act funding, which has been applied to Current Expenses, debt service, and short-term financing, as described in Section 6.2. The airline revenues shown in the following subsections and included in the attached appendix tables are calculated net of CARES Act funding.

In addition, the Authority received approximately \$9.8 million in CRRSAA funding and approximately \$33.2 million in ARPA funding, as mentioned in Section 6.2. Similar to the CARES Act funding, these funds were applied to offset Current Expenses, debt service, and short-term financing. As of September 30, 2023, all CARES and CRRSAA funds had been applied to offset Current Expenses, debt service, or short-term financing, with \$18.3 million in ARPA funds remaining. The remaining ARPA funds are anticipated to be applied to Current Expenses and short-term financing in FY 2024. No additional relief funding is assumed during the Projection Period.

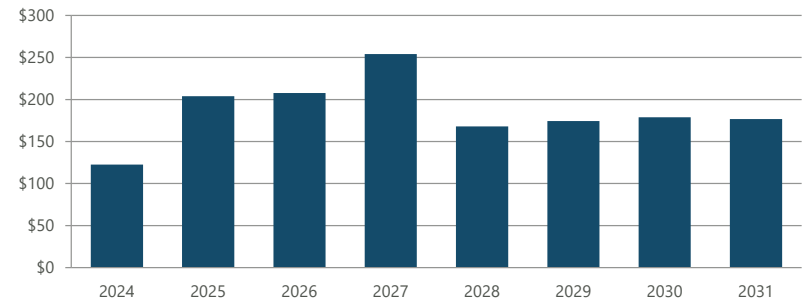
6.8.1 TERMINAL RENTAL RATES

Exhibit 6-7 presents the projected Terminal Rental Rate, as calculated by the methodology described in Section 6.1.2. This charge is budgeted at \$203.85 per square foot in FY 2025 for Signatory Airlines, and it is projected to decrease to \$176.70 per square foot in FY 2031. The projected decrease in Terminal Rental Rates is primarily from anticipated increases in Signatory Leased Space attributable to the Concourse E project and allocated to the Terminal Cost Center.

The Terminal Rental Rate is projected to decrease significantly in FY 2028 from completion of Concourse E. As described in Section 6.1.2, the budgeted debt service for the 2024 Bonds does not include capitalized interest. Without capitalized interest, the debt service for the 2024 Bonds is charged to Signatory Airlines before the increase in terminal square footage associated with Concourse E opening. As a result, the terminal requirement increases significantly relative to the rentable square footage from FY 2025 until FY 2028 when Concourse E is completed.

Increases to rentable and leased airline space are assumed in FY 2026 with the completion of the Terminal Expansion – Phase 1 and in FY 2028 with the completion of Concourse E. Terminal Expansion – Phase 1 is projected to add approximately 82,000 square feet of rentable space (19 percent increase). In addition, the New Agreement, effective October 1, 2025, includes the reclassification of roughly 39,000 square feet of security checkpoint and bag screening space from public space to Joint Use space, contributing to the increased rentable space in FY 2025. Concourse E is projected to add approximately 320,000 square feet of rentable space (56 percent increase), including 161,000 square feet of additional airline leased space.

EXHIBIT 6-7 TERMINAL RENTAL RATE (PER SQUARE FOOT)



NOTE:
FY – Fiscal Year
SOURCES: Lee County Port Authority, FY 2024 Estimate, Southwest Florida International Airport, July 2024; Lee County Port Authority, FY 2025 Budget, Southwest Florida International Airport, May 2024; Ricondo & Associates, Inc., August 2024.

Extraordinary Coverage is not anticipated to be required in the Projection Period.

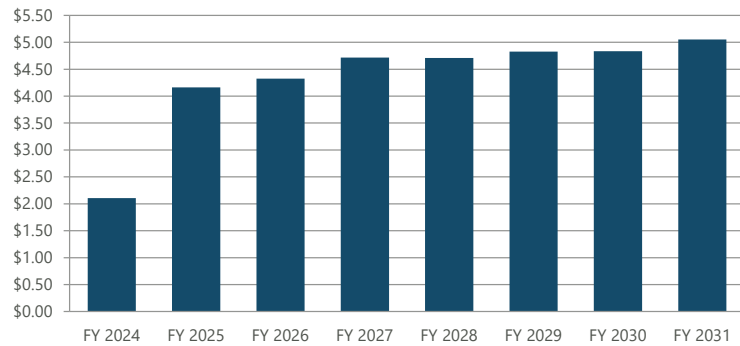
Additional Concourse E Protection is projected to be required in FY 2026 through the end of the Projection Period. As described in Section 6.1.2, payments for Additional Concourse E Protection are allocated entirely to the Terminal Cost Center. Additional Concourse E Protection is projected to increase from \$4.3 million in FY 2026 to \$11.1 million in FY 2027 and remain relatively flat through the end of the Projection Period.

6.8.2 LANDING FEES

The Landing Fee Rate per 1,000 pounds of maximum gross landed weight was \$2.67 per 1,000 pounds of maximum gross landed weight in FY 2023. As shown on **Exhibit 6-8**, the Landing Fee for FY 2025 is budgeted to be \$4.16, and it is projected to increase to \$5.05 by FY 2031. The projected increase in Landing Fees is primarily due to anticipated increases in Current Expenses and investment service attributable to the Concourse E project and allocated to the Airfield Cost Center.

Extraordinary Coverage is not anticipated to be required in the Projection Period.

EXHIBIT 6-8 LANDING FEE RATE



NOTE:
FY – Fiscal Year
SOURCES: Lee County Port Authority, *FY 2024 Estimate, Southwest Florida International Airport*, July 2024; Lee County Port Authority, *FY 2025 Budget, Southwest Florida International Airport*, May 2024; Ricondo & Associates, Inc., August 2024.

6.8.3 BAGGAGE HANDLING SYSTEM FEES

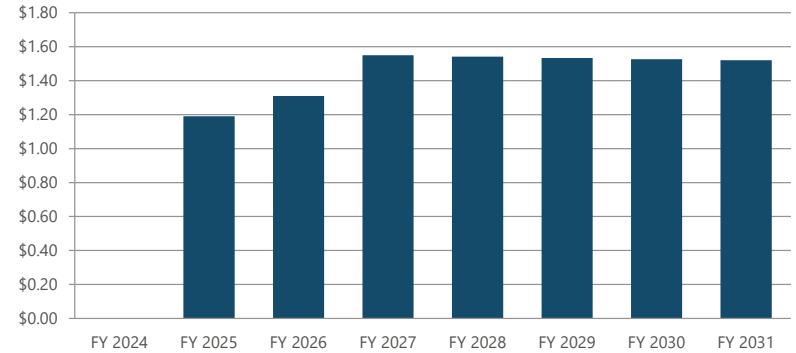
Exhibit 6-9 presents the projected BHS Fee, as calculated by the methodology described in Section 6.1.2. The BHS Cost Center and BHS Fee are introduced in the New Agreement, effective on October 1, 2025. As a result, there is no BHS Fee in FY 2024. This charge is budgeted at \$1.19 per enplanement in FY 2025, and it is projected to increase to \$1.52 per enplanement through the Projection Period.

6.9 AIRLINE COST PER ENPLANEMENT

Exhibit 6-10 presents the historical Signatory Airline cost per enplanement (CPE) from FY 2019 to FY 2023. Signatory Airline CPE increased from \$5.33 in FY 2019 to \$7.68 in FY 2020 before decreasing in FY 2021 and FY 2022 during

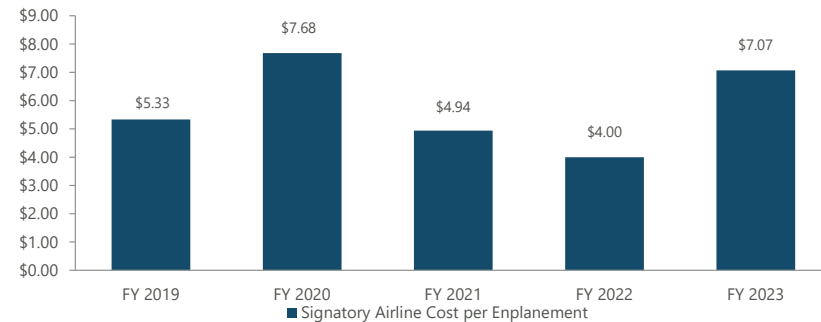
the COVID-19 pandemic. The decrease during this period can primarily be attributed to reduced operating expenses as well as the application of COVID relief funds toward airline rates and charges.

EXHIBIT 6-9 BAGGAGE HANDLING SYSTEM FEES



NOTES:
FY – Fiscal Year
SOURCES: Lee County Port Authority, *FY 2024 Estimate, Southwest Florida International Airport*, July 2024; Lee County Port Authority, *FY 2025 Budget, Southwest Florida International Airport*, May 2024; Ricondo & Associates, Inc., August 2024.

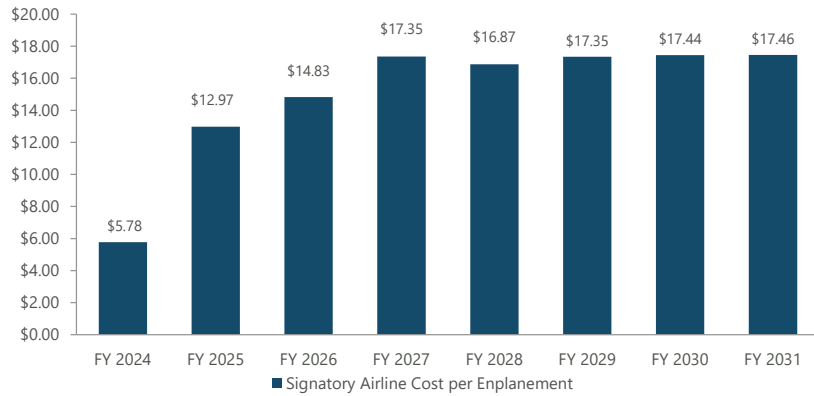
EXHIBIT 6-10 AVERAGE SIGNATORY AIRLINE COST (FY 2019 – FY 2023)



NOTE:
FY – Fiscal Year
SOURCES: Lee County Port Authority, *Actual Rates and Fees Settlement, Southwest Florida International Airport, Fiscal Year 2019-2023*, May 2024.

Exhibit 6-11 presents the Signatory Airline CPE for the Projection Period. The CPE includes Signatory landing fees, terminal rentals, BHS revenues, and FIS fees, less any anticipated revenue sharing. As stated earlier, FY 2024 Airline Revenues are calculated net of CARES Act, CRRSAA, and ARPA funding. No additional COVID relief funding is included in the Projection Period. The CPE calculation for each year in the Projection Period is in **Table A-9**.

EXHIBIT 6-11 AVERAGE SIGNATORY AIRLINE COST PER ENPLANEMENT (FY 2024 – FY 2031)



NOTE:
FY – Fiscal Year
SOURCES: Lee County Port Authority, FY 2024 Estimate, Southwest Florida International Airport, July 2024; Lee County Port Authority, FY 2025 Budget, Southwest Florida International Airport, May 2024; Ricondo & Associates, Inc., August 2024.

As presented, the Signatory Airline CPE at the Airport is budgeted to be \$12.97 in FY 2025, and it is projected to increase to \$17.46 by the end of the Projection Period in FY 2031. The increase in CPE is attributable to increased Current Expenses and investment service associated with the Terminal Expansion – Phase 1 and Concourse E projects, which outpace enplaned passenger growth.

The projected CPE shown on Exhibit 6-11 is evaluated in this analysis to be reasonable in light of the expectation that these fees will not deter forecast demand for air traffic at the Airport as airlines continue to deploy capacity to airports as resources are available. The projected Airport user fees in this analysis are deemed to be reasonable on the basis of 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 2031).
- **Attractive geographical location.** The Airport is close 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 System 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 System 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 System 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, including any deposits to the Reserve Account and Renewal, Replacement, and Improvement Fund required in such Fiscal Year.

In addition to the Rate Covenant previously described, the Resolution, Section 5.12(a), includes a requirement for an Additional Bonds Test. As Improvement Bonds, the 2024 Bonds are subject to the following requirement:

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 [of the Resolution] 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 [or any project] Improvement to be completed; (1) estimates of Revenues to be received by the County and the Authority from the Airport System, 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 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 requirements), in each such Fiscal Year.

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 a result, the Additional Bonds Test will be met with the issuance of the 2024 Bonds. As described in Section 1, PFC Revenues used for debt service are defined as pledged PFCs and are therefore included as Revenues in both calculations. **Table A-11** in Appendix A presents the actual and projected Debt Service coverage ratio for all Bonds Outstanding, from FY 2022 through FY 2031. The ratio accounts for existing debt, as well as the 2024 Bonds and the Future Bonds anticipated to be issued during the Projection Period.

6.11 ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS

The techniques and methodologies used in preparing this financial analysis are consistent with industry practices for similar studies in connection with airport revenue bond sales. Although 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, might not materialize. Therefore, the achievement of the projections presented in this Report is dependent on the occurrence of future events, which cannot be ensured, and the variations could be material.

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APPENDIX A

Financial Projection Tables

SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

TABLE A-3 PROJECTED PFC COLLECTIONS

(Fiscal Year Ending September 30)

	ACTUALS		ESTIMATE	BUDGET	PROJECTED					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Enplanements	5,571,537	4,721,401	5,532,000	5,661,000	5,786,000	5,911,000	6,034,000	6,163,000	6,294,000	6,423,000
Calculation of PFCs										
% of Eligible Passengers	87%	88%	92%	92%	92%	92%	92%	92%	92%	92%
Enplaned Passengers Paying a PFC	4,843,964	4,140,547	5,095,902	5,214,733	5,329,879	5,445,025	5,558,329	5,677,159	5,797,832	5,916,663
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	\$21,265,000	\$18,177,000	\$22,371,011	\$22,892,678	\$23,398,169	\$23,903,660	\$24,401,063	\$24,922,730	\$25,452,484	\$25,974,151

SOURCE: Lee County Port Authority; Ricondo & Associates, Inc., September 2024.

SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

TABLE A-4 (1 of 2) DEBT SERVICE

(Fiscal Year Ending September 30)

	ACTUALS		ESTIMATE	BUDGET	PROJECTED					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Outstanding Bond Debt Service										
Series 2010	\$13,085,642	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Series 2015	\$1,671,734	\$1,671,734	\$1,671,675	\$1,671,250	\$1,671,250	\$1,671,250	\$1,671,250	\$1,671,250	\$1,671,250	\$1,671,250
Series 2021A	\$6,978,000	\$19,653,000	\$19,659,625	\$19,658,500	\$19,659,500	\$19,655,500	\$18,875,000	\$18,705,000	\$18,005,000	\$17,300,000
Series 2021B	\$7,286,982	\$7,830,850	\$7,827,100	\$13,647,900	\$13,648,650	\$13,649,400	\$13,644,650	\$13,649,150	\$13,646,900	\$13,647,650
Short-Term Financing	\$313,327	\$394,133	\$0	\$1,165,500	\$670,500	\$335,250	\$0	\$0	\$0	\$0
Total Outstanding Debt Service	\$29,335,685	\$29,549,717	\$29,158,400	\$36,143,150	\$35,649,900	\$35,311,400	\$34,190,900	\$34,025,400	\$33,323,150	\$32,618,900
Estimated Series 2024 Bonds										
Series 2024 PFC-Supported	\$0	\$0	\$0	\$9,488,539	\$9,704,188	\$9,704,188	\$9,704,188	\$9,704,188	\$9,704,188	\$9,704,188
Series 2024 Airport-Supported	\$0	\$0	\$0	\$18,977,127	\$19,408,425	\$19,408,425	\$19,408,425	\$19,408,425	\$19,408,425	\$19,408,425
Total Estimated Series 2024 Bonds	\$0	\$0	\$0	\$28,465,666	\$29,112,613	\$29,112,613	\$29,112,613	\$29,112,613	\$29,112,613	\$29,112,613
Future Anticipated Bonds										
Future Bonds	\$0	\$0	\$0	\$0	\$11,593,538	\$23,187,075	\$23,187,075	\$23,187,075	\$23,187,075	\$23,187,075
Total Anticipated Future Bond Debt Service	\$0	\$0	\$0	\$0	\$11,593,538	\$23,187,075	\$23,187,075	\$23,187,075	\$23,187,075	\$23,187,075
Total Existing and Future Bond Debt Service	\$29,335,685	\$29,549,717	\$29,158,400	\$64,608,816	\$76,356,050	\$87,611,088	\$86,490,588	\$86,325,088	\$85,622,838	\$84,918,588

SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

TABLE A-4 (2 of 2) DEBT SERVICE

(Fiscal Year Ending September 30)

	ACTUALS		ESTIMATE	BUDGET	PROJECTED					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Total Existing and Future Bond Debt Service	\$29,335,685	\$29,549,717	\$29,158,400	\$64,608,816	\$76,356,050	\$87,611,088	\$86,490,588	\$86,325,088	\$85,622,838	\$84,918,588
Less: PFC Pledged Debt - Anticipated	(\$7,286,982)	(\$7,830,850)	(\$7,827,100)	(\$17,316,889)	(\$17,533,288)	(\$17,533,288)	(\$17,533,288)	(\$17,535,038)	(\$17,531,038)	(\$17,535,288)
Less: COVID Relief Funding ¹	(\$9,600,571)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Allocated to Cost Centers (after COVID Relief Funding)	\$12,448,132	\$21,718,867	\$21,331,300	\$47,291,927	\$58,822,763	\$70,077,800	\$68,958,300	\$68,790,050	\$68,091,800	\$67,383,300
Plus: Debt Service Coverage	\$3,112,033	\$5,429,717	\$5,332,825	\$16,152,204	\$19,089,013	\$21,902,772	\$21,622,647	\$21,581,272	\$21,405,709	\$21,229,647
Total Investment Service Allocated to Cost Centers	\$15,560,164	\$27,148,583	\$26,664,125	\$63,444,131	\$77,911,775	\$91,980,572	\$90,580,947	\$90,371,322	\$89,497,509	\$88,612,947
Allocation of Airport Revenue Bonds to Cost Centers (Net of COVID Relief Funding)										
Airfield	\$2,839,710	\$4,968,191	\$4,879,535	\$9,037,309	\$11,441,439	\$13,749,922	\$13,571,383	\$13,532,495	\$13,372,370	\$13,211,102
Apron	\$31,046	\$54,297	\$53,328	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Terminal	\$8,134,056	\$14,225,858	\$13,972,002	\$44,030,272	\$54,580,113	\$64,888,069	\$63,950,891	\$63,841,991	\$63,382,928	\$62,916,078
Ground Transportation	\$4,387,966	\$7,655,901	\$7,519,283	\$7,518,737	\$7,519,089	\$7,517,679	\$7,242,553	\$7,182,628	\$6,935,878	\$6,687,366
Aviation	\$93,361	\$162,892	\$159,985	\$159,973	\$159,981	\$159,951	\$154,097	\$152,822	\$147,572	\$142,284
Nonaviation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Air Cargo	\$74,026	\$81,446	\$79,992	\$79,987	\$79,990	\$79,975	\$77,048	\$76,411	\$73,786	\$71,142
BHS	\$0	\$0	\$0	\$2,617,853	\$4,131,163	\$5,584,975	\$5,584,975	\$5,584,975	\$5,584,975	\$5,584,975
Total Existing and Future Bond Debt Service	\$15,560,164	\$27,148,583	\$26,664,125	\$63,444,131	\$77,911,775	\$91,980,572	\$90,580,947	\$90,371,322	\$89,497,509	\$88,612,947

NOTE:

1 Includes CARES, CRRSAA, and ARPA funds.

SOURCE: Lee County Port Authority; Ricondo & Associates, Inc., September 2024.

SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

TABLE A-5 LANDING FEE RATE CALCULATION

(Fiscal Year Ending September 30)

	ACTUALS		ESTIMATE	BUDGET	PROJECTED					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Net Airfield Requirement Calculation										
Airfield Investment Service	\$2,839,710	\$4,968,191	\$4,879,535	\$10,549,344	\$12,987,839	\$15,296,322	\$15,117,783	\$15,078,895	\$14,918,770	\$14,757,502
Airfield Operating Expenses	\$13,630,484	\$14,869,461	\$14,890,086	\$20,200,612	\$20,940,403	\$21,707,398	\$22,502,602	\$23,327,055	\$24,181,838	\$25,068,072
Airfield Operating Expense Reserve	\$317,139	\$345,849	\$315,363	\$1,527,106	\$184,948	\$191,749	\$198,801	\$206,113	\$213,696	\$221,559
Airfield Amortization	\$283,061	\$211,565	\$307,243	\$404,165	\$243,629	\$314,818	\$314,818	\$907,128	\$907,128	\$2,306,666
Total Airfield Requirement	\$17,070,393	\$20,395,066	\$20,392,226	\$32,681,227	\$34,356,819	\$37,510,288	\$38,134,003	\$39,519,192	\$40,221,433	\$42,353,798
Less:										
Airfield Nonairline Revenue	(\$3,714,045)	(\$6,130,054)	(\$7,552,117)	(\$5,414,183)	(\$5,532,383)	(\$5,652,394)	(\$5,772,319)	(\$5,888,211)	(\$6,007,496)	(\$6,126,222)
Pledged PFC Revenue (Terminal Expansion Phase II)	\$0	\$0	\$0	(\$1,512,036)	(\$1,546,400)	(\$1,546,400)	(\$1,546,400)	(\$1,546,400)	(\$1,546,400)	(\$1,546,400)
Net Requirement	\$13,356,348	\$14,265,012	\$12,840,111	\$25,755,010	\$27,278,036	\$30,311,493	\$30,815,285	\$32,084,580	\$32,667,537	\$34,681,176
Signatory Landed Weight (000's)										
Signatory Landed Weight (000's)	5,664,388	4,794,591	5,600,032	5,505,359	5,611,290	5,717,375	5,820,894	5,916,333	6,014,200	6,108,955
Non-Signatory Airline Landed Weight (000's)	488,908	546,157	495,143	681,696	694,813	707,949	720,767	732,585	744,703	756,436
Total Landed Weight	6,153,296	5,340,748	6,095,175	6,187,055	6,306,103	6,425,324	6,541,661	6,648,917	6,758,903	6,865,391
Landing Fee Rate										
Landing Fee Rate	\$2.17	\$2.67	\$2.11	\$4.16	\$4.33	\$4.72	\$4.71	\$4.83	\$4.83	\$5.05
Non-Signatory Landing Fee Rate¹	\$2.42	\$2.38	\$2.11	\$4.16	\$4.33	\$4.72	\$4.71	\$4.83	\$4.83	\$5.05
Non-Signatory Landing Fee Revenue										
Non-Signatory Landing Fee Revenue	\$1,183,156	\$1,299,854	\$1,043,069	\$2,837,714	\$3,005,522	\$3,339,752	\$3,395,260	\$3,535,112	\$3,599,343	\$3,821,208
Signatory Landing Fee Revenue, before Extraordinary Protection	\$12,291,721	\$12,801,557	\$11,797,042	\$22,917,296	\$24,272,514	\$26,971,741	\$27,420,024	\$28,549,468	\$29,068,194	\$30,859,968
Plus: Extraordinary Protection (Airfield)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Signatory Landing Fee Revenue, Extraordinary Protection	\$12,291,721	\$12,801,557	\$11,797,042	\$22,917,296	\$24,272,514	\$26,971,741	\$27,420,024	\$28,549,468	\$29,068,194	\$30,859,968
Signatory Landed Weight (000's)										
Signatory Landed Weight (000's)	5,664,388	4,794,591	5,600,032	5,505,359	5,611,290	5,717,375	5,820,894	5,916,333	6,014,200	6,108,955
Signatory Landing Fee Rate, Extraordinary Protection	\$2.17	\$2.67	\$2.11	\$4.16	\$4.33	\$4.72	\$4.71	\$4.83	\$4.83	\$5.05
Non-Signatory Landing Fee Revenue, Extraordinary Protection										
Non-Signatory Landing Fee Revenue, Extraordinary Protection	\$1,183,156	\$1,299,854	\$1,043,069	\$2,837,714	\$3,005,522	\$3,339,752	\$3,395,260	\$3,535,112	\$3,599,343	\$3,821,208
Total Landing Fee Revenue	\$13,474,877	\$14,101,412	\$12,840,111	\$25,755,010	\$27,278,036	\$30,311,493	\$30,815,285	\$32,084,580	\$32,667,537	\$34,681,176

NOTES:

Totals may not add due to rounding.

1 Non-Signatory actual landing fee rate matches budget calculation due to lack of year-end settlement with Non-Signatory Airlines.

SOURCE: Lee County Port Authority; Ricondo & Associates, Inc., September 2024.

TABLE A-6 TERMINAL RENTAL RATE CALCULATION

(Fiscal Year Ending September 30)

	ACTUALS		ESTIMATE	BUDGET	PROJECTED					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Net Terminal Requirement Calculation										
Terminal Investment Service	\$8,134,056	\$14,225,858	\$21,799,102	\$58,881,173	\$68,593,413	\$79,901,369	\$78,963,191	\$78,857,041	\$78,391,978	\$77,891,378
Terminal Operating Expense	\$31,725,344	\$35,618,691	\$39,836,357	\$51,342,255	\$54,476,048	\$56,533,332	\$60,026,694	\$62,297,453	\$64,654,578	\$67,101,271
Terminal Operating Expense Reserve	\$0	\$0	\$517,586	\$2,598,962	\$783,448	\$514,371	\$873,268	\$567,712	\$589,281	\$611,673
Terminal Amortization	\$1,112,540	\$1,377,338	\$1,430,514	\$472,908	\$613,819	\$526,505	\$526,505	\$526,505	\$526,505	\$526,505
Total Terminal Requirement	\$40,971,940	\$51,221,887	\$63,573,558	\$113,297,297	\$125,466,728	\$137,475,778	\$140,389,567	\$142,248,711	\$144,164,343	\$146,170,828
Less:										
Pledged PFC Revenue ¹	(\$3,653,839)	(\$3,046,673)	(\$11,122,926)	(\$18,601,047)	(\$19,010,709)	(\$19,097,069)	(\$19,181,047)	(\$18,646,067)	(\$15,011,002)	(\$15,015,300)
Less: FIS Credit	(622,902)	(\$288,942)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Requirement	\$37,694,199	\$47,886,672	\$52,450,632	\$94,696,250	\$106,456,019	\$118,378,709	\$121,208,521	\$123,602,644	\$129,153,293	\$131,155,528
Total Rentable Space	427,798	427,798	427,798	473,734	572,402	573,648	893,356	893,356	893,356	893,356
Terminal Rental Rate	\$86.71	\$111.94	\$122.61	\$199.89	\$185.98	\$206.36	\$135.68	\$140.60	\$144.57	\$146.81
Total Leased Airline Space	184,433	184,524	195,892	236,778	280,718	280,718	442,070	442,070	442,070	442,070
Net Airline Requirement	\$15,992,185	\$20,655,617	\$24,017,514	\$47,330,416	\$52,208,240	\$57,929,275	\$59,979,091	\$62,153,489	\$63,910,500	\$64,901,290
Terminal Rental Revenue, Extraordinary Protection										
Plus: Extraordinary Protection (Terminal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plus: Additional Concourse E Protection	\$0	\$0	\$0	\$0	\$4,255,800	\$11,138,024	\$11,494,155	\$12,056,003	\$12,179,748	\$10,255,887
Terminal Rental Revenue Requirement, Extraordinary Protection	\$15,992,185	\$20,655,617	\$24,017,514	\$47,330,416	\$56,464,120	\$69,067,298	\$71,473,246	\$74,209,492	\$76,090,248	\$75,157,178
Total Leased Airline Space including Joint Use Space				236,778	280,718	280,718	442,070	442,070	442,070	442,070
Adjusted Average Terminal Rental Rate				\$199.89	\$201.14	\$246.04	\$161.68	\$167.87	\$172.12	\$170.01
Signatory Airline Terminal Rental Rate	\$86.71	\$111.94	\$122.52	\$203.85	\$207.65	\$254.00	\$168.04	\$174.47	\$178.89	\$174.70
Non-Signatory Terminal Rental Rate (110%)²	\$109.10	\$131.74	\$134.77	\$224.23	\$228.42	\$279.40	\$184.84	\$191.92	\$196.78	\$194.37
Joint Use Space (Baggage Space and Security Screening)										
Joint Use Space Revenue	\$5,258,955	\$6,789,190	\$7,436,058	\$22,401,540	\$26,591,585	\$32,527,009	\$37,595,986	\$39,035,292	\$40,024,598	\$39,533,789
Non-Signatory Leased Airline Space										
Non-Signatory Terminal Rental Revenue	\$92,906	\$112,107	\$125,475	\$208,759	\$212,656	\$260,122	\$172,088	\$178,676	\$183,205	\$180,958
Signatory Leased Space										
Signatory Airline Terminal Rental Revenue	\$10,659,390	\$13,771,139	\$16,455,981	\$24,720,117	\$29,659,879	\$36,280,167	\$33,705,172	\$34,995,524	\$35,882,446	\$35,442,431
Total Terminal Rental Revenue	\$16,011,251	\$20,672,436	\$24,017,514	\$47,330,416	\$56,464,120	\$69,067,298	\$71,473,246	\$74,209,492	\$76,090,248	\$75,157,178

NOTES:

Totals may not add due to rounding.

1 Includes PFCs pledged to existing debt and PFC-eligible portions of debt service on the 2024 Bonds.

2 Non-Signatory actual terminal rental rate matches budget calculation due to lack of year-end settlement with Non-Signatory Airlines.

SOURCE: Lee County Port Authority; Ricondo & Associates, Inc., September 2024.

TABLE A-7 APRON FEE RATE CALCULATION

(Fiscal Year Ending September 30)

	ACTUALS		ESTIMATE	BUDGET	PROJECTED					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Net Apron Requirement Calculation										
Apron Investment Service	\$31,046	\$54,297	\$53,328	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Apron Operating Expenses	\$4,341,288	\$4,135,598	\$4,575,844	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Apron Operating Expense Reserve	\$158,337	\$80,203	\$185,110	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Apron Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Apron Requirement	\$4,530,671	\$4,270,098	\$4,814,282	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Gates	28	28	28	28	28	28	36	36	36	36
Apron Fee (per Position)	\$161,810	\$152,503	\$171,939	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Leased Gates	19	18	18	18	18	18	18	18	18	18
Apron Fee Revenues	\$3,020,299	\$2,745,063	\$3,094,896	\$0	\$0	\$0	\$0	\$0	\$0	\$0

NOTE:

Totals may not add due to rounding.

SOURCE: Lee County Port Authority; Ricondo & Associates, Inc., September 2024.

TABLE A-8 BHS FEE RATE CALCULATION

(Fiscal Year Ending September 30)

	ACTUALS		ESTIMATE	BUDGET	PROJECTED					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Net BHS Requirement Calculation										
BHS Investment Service	\$0	\$0	\$0	\$3,569,806	\$5,104,750	\$6,558,563	\$6,558,563	\$6,558,563	\$6,558,563	\$6,558,563
BHS Operating Expenses	\$0	\$0	\$0	\$3,336,607	\$3,468,886	\$3,606,414	\$3,749,401	\$3,898,063	\$4,052,625	\$4,213,322
BHS Operating Expense Reserve	\$0	\$0	\$0	\$834,152	\$33,070	\$34,382	\$35,747	\$37,165	\$38,641	\$40,174
BHS Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total BHS Requirement	\$0	\$0	\$0	\$7,740,565	\$8,606,706	\$10,199,359	\$10,343,710	\$10,493,790	\$10,649,828	\$10,812,058
Less:										
Pledged PFC Revenue (Terminal Expansion Phase II)	\$0	\$0	\$0	(\$951,952)	(\$973,588)	(\$973,588)	(\$973,588)	(\$973,588)	(\$973,588)	(\$973,588)
Net Requirement	\$0	\$0	\$0	\$6,788,612	\$7,633,118	\$9,225,771	\$9,370,123	\$9,520,203	\$9,676,240	\$9,838,471
Signatory Airline Enplanements	5,360,154	4,465,276	5,291,404	5,270,550	5,386,928	5,503,307	5,617,823	5,737,926	5,859,890	5,979,993
Non-Signatory Enplanements	211,383	256,126	240,596	390,450	399,072	407,693	416,177	425,074	434,110	443,007
Signatory BHS Fee (per Enplanement)	\$0.00	\$0.00	\$0.00	\$1.19	\$1.31	\$1.55	\$1.54	\$1.53	\$1.53	\$1.52
Non-Signatory BHS Fee (110%)	\$0.00	\$0.00	\$0.00	\$1.31	\$1.44	\$1.71	\$1.70	\$1.69	\$1.68	\$1.67
Signatory Airline BHS Fee Revenues	\$0	\$0	\$0	\$6,277,094	\$7,057,967	\$8,530,614	\$8,664,089	\$8,802,861	\$8,947,140	\$9,097,147
Non-Signatory Airline BHS Fee Revenues	\$0	\$0	\$0	\$511,518	\$575,152	\$695,157	\$706,034	\$717,342	\$729,100	\$741,324
Total BHS Fee Revenues	\$0	\$0	\$0	\$6,788,612	\$7,633,118	\$9,225,771	\$9,370,123	\$9,520,203	\$9,676,240	\$9,838,471

NOTE:

Totals may not add due to rounding.

SOURCE: Lee County Port Authority, Ricondo & Associates, Inc., September 2024.

Report of the Airport Consultant

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TABLE A-9 SIGNATORY AIRLINE COST PER ENPLANEMENT

(Fiscal Year Ending September 30)

	ACTUALS		ESTIMATE	BUDGET	PROJECTED					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Signatory Airline Cost per Enplanement										
Signatory Landing Fee Revenue	\$12,291,721	\$12,801,557	\$11,797,042	\$22,917,296	\$24,272,514	\$26,971,741	\$27,420,024	\$28,549,468	\$29,068,194	\$30,859,968
Signatory Terminal Rental Revenues	\$15,918,345	\$20,560,329	\$23,903,367	\$48,023,914	\$56,708,195	\$69,144,028	\$70,420,246	\$73,155,851	\$75,061,613	\$74,247,603
Signatory Apron Revenues	\$3,020,299	\$2,745,063	\$3,094,896	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Signatory BHS Revenue	\$0	\$0	\$0	\$6,273,566	\$7,054,000	\$8,525,820	\$8,659,219	\$8,797,913	\$8,942,112	\$9,092,034
FIS Fee Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Signatory Passenger Airline Revenue	\$31,229,365	\$36,106,949	\$38,795,305	\$77,214,776	\$88,034,709	\$104,641,589	\$106,499,489	\$110,503,231	\$113,071,919	\$114,199,605
Less: Total Revenue Sharing Distribution	(\$9,813,360)	(\$4,597,888)	(\$8,235,098)	(\$8,830,129)	(\$8,167,359)	(\$9,141,152)	(\$11,712,504)	(\$10,978,312)	(\$10,859,583)	(\$9,812,853)
Plus: Extraordinary Protection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Signatory Passenger Airline Revenue	\$21,416,005	\$31,509,061	\$30,560,208	\$68,384,647	\$79,867,350	\$95,500,436	\$94,786,986	\$99,524,919	\$102,212,336	\$104,386,752
Total Signatory Airline Enplanements	5,360,154	4,465,276	5,291,404	5,270,550	5,386,928	5,503,307	5,617,823	5,737,926	5,859,890	5,979,993
Net Signatory Cost Per Enplanement	\$4.00	\$7.07	\$5.78	\$12.97	\$14.83	\$17.35	\$16.87	\$17.35	\$17.44	\$17.46

NOTE:

Totals may not add due to rounding.

SOURCE: Lee County Port Authority, Ricondo & Associates, Inc., September 2024.

Report of the Airport Consultant

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APPENDIX D-1

COPY OF THE BOND RESOLUTION

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**BOND RESOLUTION OF THE
BOARD OF COUNTY COMMISSIONERS OF
LEE COUNTY, FLORIDA**

Adopted September 5, 2024

**Amending and Restating Resolution No. 00-03-04
Adopted March 13, 2000**

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RESOLUTION NO. 24-09-28

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 AIRPORT SYSTEM; 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.

WHEREAS, Lee County, Florida (the "County") adopted Resolution No. 00-03-04 on March 13, 2000, as amended and supplemented (collectively, the "Existing Bond Resolution"); and

WHEREAS, the County approves amendments (the "Consent Amendments") to the Existing Resolution in this Amended and Restated Bond Resolution (the "Amended and Restated Bond Resolution"); and

WHEREAS, this Amended and Restated Bond Resolution shall restate in its entirety the Existing Resolution; and

WHEREAS, this Amended and Restated Bond Resolution and the Consent Amendments provided herein shall take effect as provided in Section 10.14 hereof and upon the effective date hereof shall supersede all other resolutions of the County relating to Bonds, including the Existing Resolution;

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 System**" means (i) the Southwest Florida International Airport owned by the County and operated by the Authority Board, including all improvements and facilities now in existence, as said Airport System may be hereafter added to, extended, improved or constructed and equipped, and (ii) any other aviation facility or airport acquired or constructed by the County; provided that, the Airport System shall not include Page Field or any additions, extensions or improvements thereto, unless (a) the County shall by Supplemental Resolution, expressly add Page Field to the Airport System, and (b) shall deliver to the Clerk (1) confirmation from each Rating Agency then maintaining a rating at

the request of the Authority on any Bonds outstanding hereunder that adding Page Field to the Airport System will not result in a reduction or withdrawal of the credit ratings then assigned to the Bonds, and (2) the written consent of any bond insurers or other credit provider having in effect a bond insurance policy insuring, or other credit enhancement securing, payment of any Bonds outstanding hereunder. For purposes of utilizing proceeds of Bonds in accordance with Section 5.30 hereof, Page Field shall be considered part of the Airport System. Special Purpose Facilities shall not be part of the Airport System except as otherwise provided by Supplemental Resolution so long as Special Purpose Facility Debt is outstanding with respect to such Special Purpose Facilities.

"**Airport Consultant**" or "**Consultant**" shall mean a Person having a favorable national reputation for skill in estimating and establishing rates, fees and charges for the use of airports and aviation facilities similar to the Airport System 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 System 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 System.

"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.

"Available Revenues" means for any period of time, the amount of any income or revenue source not then included in the definition of "Revenues" and which the Authority designates as "Available Revenues" in a future Supplemental Resolution duly adopted by the Board in accordance with Section 5.27 hereof; provided, however that any such Supplemental Resolution shall also establish a corresponding account and other functional provisions for the receipt, deposit and application of such source of income.

"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, any Bonds issued hereunder. Bonds shall also include notes and other forms of indebtedness complying with the provisions of Section 5.12 hereof.

"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 amended and restated resolution and all resolutions amendatory of or supplemental hereto, including each Supplemental 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 System (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; (v) if Available Revenues or moneys other than Revenues have been irrevocably committed pursuant to a Supplemental Resolution duly adopted by the Board or amounts have been actually deposited for the purpose of paying principal or interest on Bonds, then the principal or interest to be paid from Available Revenues or moneys other than Revenues which have been irrevocably committed or such amounts which have been actually deposited, including any investment earnings thereon, shall be disregarded and not included in calculating Bond Service Requirement;

(vi) if all or any portion of the interest or principal due or coming due on Bonds is paid or expected to be paid from cash subsidy payments or other similar payments made or expected to be made by the United States Treasury or other federal or State governmental entity to or on behalf of the County, the amount of principal or interest so paid or expected to be paid shall not be included in calculating Bond Service Requirement; and

(vii) 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 Supplemental 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 System; 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 or refinancing 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, surety bond 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 System 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 System; insurance premiums; professional service expenses relating to maintenance, repair and operation of the Airport System; 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 System 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 System 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 Expenses" shall not include any capital expense, depreciation expense, or any other operation or maintenance expense funded by Special Purpose Facility Debt or funded by any source other than Revenues.

"Current Interest Paying Bonds" shall mean the Bonds of a Series, the interest on which shall be payable on a semiannual basis.

"Customer Facility Charges" or **"CFCs"** means all amounts received from the charges imposed by car rental companies upon car rental customers arriving at the Airport System and renting a vehicle from a car rental company serving such Airport System, which charges are established by the Authority or County by resolution, as the same may be amended from time to time, and shall be collected by the car rental companies for the benefit of the Airport System, together with any interest earnings thereon.

"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 Governmental 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, 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 Resolution No. 00-03-04 of the County adopted March 13, 2000 providing for the issuance of the Bonds.

"Executive Director" shall mean the official charged by the Authority to administer the affairs of the Airport System.

"Fitch" means shall mean Fitch Ratings, 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 System 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 System.

"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 writ investment trusts and mutual funds.

"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 System.

"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 System and for organizations engaged in such operations as those to be conducted by the Authority or the County at the Airport System, 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 Supplemental Resolution.

"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 Supplemental Resolution which, under the provisions of such Supplemental 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 Bonds" shall mean County indebtedness secured by PFCs as the primary source of payment.

"Passenger Facility Charge Bond Resolution" shall mean a Resolution or Resolutions of the County pledging PFC's as the primary source of payment of Passenger Facility Charge Bonds.

"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 moneys received by the Authority and/or County from PFCs and pledged to the payment of Bonds pursuant to Section 3.02 hereof.

"PFCs" or "Passenger Facility Charges" means the passenger facility charges authorized to be charged by the Authority or the County pursuant to the Aviation Safety and Capacity Expansion Act of 1990, as amended (now codified in Section 40117 of the United States Code), and Section 158.5 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158).

"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, (iii) until expended, the amounts on deposit in the applicable Subaccounts of the Project Fund with respect to any particular Series of Bonds, and (iv) any Available Revenues, provided such Available Revenues shall secure only the Series of Bonds to which they are pledged pursuant to a Supplemental Resolution.

"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).

"Project" shall mean any Capital Improvement authorized by the Act or as provided for herein, which relates to the Airport System 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 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.

"Rating Agencies" shall mean Fitch, Moody's and S&P.

"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 Supplemental 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.

"Released Revenues" means a category of income, receipts and other revenues which are excluded from the definition of "Revenues" pursuant to Section 5.29.

"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, or (iii) such other amount as approved by Supplemental Resolution in accordance with Section 5.02(c)(5) hereof.

"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 System, 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, (viii) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the Airport System's benefit which are lawfully available for the payment of debt service with respect to any Bonds, Subordinated Indebtedness, or payment of Operation and Maintenance Expenses, (ix) Special Purpose Facility Revenues, to the extent designated as Revenues by Supplemental Resolution, (x) CFCs which are not Available Revenues, (xi) PFCs which constitute Revenues pursuant to Section 3.02 hereof, and (xii) 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: (a) any revenue or income from Page Field or any additions, extensions or improvements thereto unless Page Field is added to the Airport System as provided in the definition of "Airport System.";

(b) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the Airport System's benefit which are not lawfully available for the payment of Current Expenses or payment of debt service with respect to any Bonds or Subordinated Indebtedness;

(c) insurance proceeds, to the extent used by the Authority to repair or replace damaged property or to the extent the use of such proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of Current Expenses or the payment of debt service with respect to Bonds and Subordinated Indebtedness;

(d) any Transfers;

(e) any Released Revenues;

(f) any unrealized gains on securities held for investment by or on behalf of the Authority or County;

- (g) any gains resulting from changes in valuation of any Derivative Agreement;
- (h) any unrealized gains from the write-down, reappraisal or revaluation of assets;
- (i) the proceeds of Bonds and Subordinated Indebtedness;
- (j) Passenger Facility Charges, except to the extent provided as Revenues in Section 3.02 hereof;
- (k) Any Available Revenues;
- (l) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Bonds or Subordinated Indebtedness;
- (m) cash subsidy payments or similar payments made by the U.S. Treasury or other federal or State governmental entity to or on behalf of the Authority or County for payment coming due on the Bonds or any portion thereof;
- (n) any arbitrage earnings which are required to be paid to the United States of America pursuant to Section 148 of the Code;
- (o) interest earnings or other investment earnings on any Account in the Project Fund established by any Supplemental Resolution unless otherwise provided in such Supplemental Resolution; and
- (p) Special Purpose Facility Revenues, except as otherwise provided by Supplemental Resolution.

"S&P" shall mean Standard and Poor's Global Ratings, 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 2024 Bonds" shall mean the Lee County, Florida Airport Revenue Bonds, Series 2024 (AMT) issued under the Resolution.

"Special Purpose Facilities" means any capital improvements or facilities specifically designated as such by the Authority or County pursuant to Section 5.23 hereof.

"Special Purpose Facility Debt" means any evidence of debt referred to in, and complying with the provisions of, Section 5.23 hereof.

"Special Purpose Facility Revenues" means (i) the revenues, income, rentals, payments or other charges arising from, or generated by or to be derived by the Authority with respect to, one or more Special Purpose Facilities which are pledged to secure Special Purpose Facility Debt, and (ii) moneys on deposit in the Airport Fund, subordinated revenues or contractual payments made or received by the County which the County has either pledged or agrees may be pledged by the owner, operator or user of one or more Special Purpose Facilities to secure Special Purpose Facility Debt.

"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.

"Supplemental Resolution" means any resolution of the Authority amending or supplementing the Resolution and adopted and becoming effective in accordance with the terms of Article X.

"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. FINDINGS. It is hereby ascertained, determined and declared that:

A. The County now owns, operates and derives Revenues from the Airport System.

B. In order to modify certain existing provisions in the Existing Resolution, it is in the best interests of the County and the Authority to adopt this Bond Resolution amending and restating the Existing Resolution.

C. 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 2024 Bonds, the initial purchasers of the Series 2024 Bonds, as the holders thereof, will consent to the amendments contained in this Bond Resolution. The County's Series 2024 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.

D. 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 shall receive a report of an Airport Consultant demonstrating compliance with Section 5.12 of the Existing Resolution with respect to the Series 2024 Bonds.

E. 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.

F. 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.

G. 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 Available Revenues (to the extent provided in Section 5.27).

H. The PFC Revenues may secure the Bonds only to the extent approved by the County and then only to the extent permitted by any Passenger Facility Charge Bond Resolution, the PFC Act, the PFC Approvals, the PFC Regulations, and Section 3.02 of this Resolution.

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 Supplemental Resolution.

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 Supplemental 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 Supplemental 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 Supplemental 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 Supplemental 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 Supplemental 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 Supplemental 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 Supplemental 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 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 Supplemental 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, such notice of redemption may, 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 mailing of the notice described above, each notice of redemption and payment of the redemption price shall be sent to such other Person, if any,

as shall be required by applicable law or regulation; provided, however, the failure to provide such further notice of redemption or to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

The County may provide that a redemption may be contingent upon the occurrence of certain condition(s) and that if such conditions(s) do not occur the notice of redemption will be rescinded, and the Bonds called for redemption shall remain Outstanding, provided notice of rescission shall be mailed in the manner described above to all affected Bondholders as soon as practicable.

(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 Supplemental 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 Supplemental 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 Supplemental Resolution relating to such Series of Bonds; provided, however, that no Supplemental 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 lien upon, 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 Supplemental 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 Supplemental Resolution providing for the issuance of such Series of Additional Parity Bonds.

SECTION 3.02. ADDITIONAL SECURITY FOR CERTAIN SERIES; RELEASE OF ADDITIONAL SECURITY. The County may provide in the Supplemental 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 any 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. Hereafter the receipts from the Passenger Facility Charge so pledged under this Resolution 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 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.

SECTION 3.03. BONDS SECURED OR SUPPORTED BY CREDIT FACILITIES. In the Supplemental 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 provided in the applicable Supplemental Resolution.

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 System 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 Supplemental 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: 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 Supplemental 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 Supplemental 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 Parity Bonds, the County shall deposit into the Reserve Account any amount fixed by the Supplemental 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 Supplemental 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 Account. In the event the Reserve Account 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 Account, such facilities shall be drawn on proportionately in relation to their respective stated amounts.

The County may also establish a separate subaccount in the Reserve Account for any Series of Bonds and such subaccount shall be pledged to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured

separately by a subaccount of the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Requirement applicable to such Series of Bonds secured by the subaccount; provided the Supplemental Resolution authorizing such Series of Bonds may establish the Reserve Account Requirement relating to such separate subaccount of the Reserve Account at such level as the County deems appropriate. In the event the County by Supplemental Resolution establishes the Reserve Requirement for a particular Series of Bonds to be zero (\$0.00) or it shall determine that such Series are not to be secured in any manner by the Reserve Account or a subaccount, then it shall not be required to establish a separate subaccount; provided, however, such Series of Bonds shall have no lien on or pledge of any moneys on deposit in the Reserve Account. Moneys used to replenish the Reserve Account shall be deposited in the separate subaccounts in the Reserve Account and in the Reserve Account on a pro-rata basis.

(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 System, 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 lawful purpose, including payment of capital improvements to Page Field.

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 Supplemental 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 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 Supplemental 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 Supplemental 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 Supplemental 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 Supplemental 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 Supplemental 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 System and capital improvements to the Airport System 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 System 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 System 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 System 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 System 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, including any deposits to the Reserve Account and Renewal, Replacement and Improvement Fund required in such Fiscal Year. 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 System, 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 System, 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 System 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 System 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 System (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 System, 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 System, 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 System 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 System and the operations thereof to the Authority or other special district created for the purpose of owning and operating the Airport System, 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 System 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 System. 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 System 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 any 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, a Representative or an Airport Consultant has provided a certificate stating that Net Revenues for either the most recent Fiscal Year for which audited financial statements of the Airport System are available or any 12 consecutive months out of the most recent 24 consecutive months immediately preceding the month of issuance of the proposed Additional Parity Bonds would be sufficient if the same amount were received over the next three full Fiscal Years, to satisfy the rate covenant set forth in Section 5.04 hereof, when considering the projected Bond Service Requirement on such proposed Additional Parity Bonds for each of the next three full Fiscal Years following issuance of the Additional Parity Bonds, or each of the next two full Fiscal Years from the issuance of the Additional Parity Bonds during which there is no Capitalized Interest funded from proceeds of such Additional Parity Bonds, whichever is later, including the Bond Service Requirement during such Fiscal Years on such proposed Additional Parity Bonds; or

(b) An Airport Consultant has provided a certificate stating that, based upon assumptions the Airport Consultant deems reasonable, projected Net Revenues will be sufficient to satisfy the rate covenant set forth in Section 5.04 hereof, when considering the projected Bond Service Requirement on such proposed Additional

Parity Bonds for each of the next three full Fiscal Years following issuance of the Additional Parity Bonds, or each of the next two full Fiscal Years from issuance of the Additional Parity Bonds during which there is no Capitalized Interest funded from proceeds of such Additional Parity Bonds, whichever is later, including Bond Service Requirement during such Fiscal Years on such proposed Additional Parity Bonds.

For purposes of Section 5.12(a) above, the Authority Representative or Airport Consultant shall be allowed to adjust Revenues for earnings arising from any increase in the rates, charges and fees for the use of the Airport System which has become effective prior to the issuance of such proposed Additional Parity Bonds but which, during the Fiscal Year or 12-month period utilized by the Authority for purposes of 5.12(a) above, was not in effect for the entire Fiscal Year or 12-month period under consideration, in an amount equal to the amount by which the Revenues would have been increased if such increase in rates, charges and fees had been in effect during the whole Fiscal Year or 12-month period under consideration, as determined by an Authority Representative or Airport Consultant.

For purposes of Section 5.12(b) above, in estimating Revenues, the Airport Consultant may take into account (i) Revenues from new Airport System facilities or other new capital improvements reasonably expected to become available during the period for which the estimates are provided, (ii) any increase in fees, rates, charges, rentals or other sources of Revenues which has been approved by the Board and will be in effect during the period for which the estimates are provided, or (iii) any other increases in Revenues which the Airport Consultant believes to be a reasonable assumption for such period. With respect to Current Expenses, the Airport Consultant shall use such assumptions as such Airport Consultant believes to be reasonable, taking into account: (a) historical Current Expenses, (b) Current Expenses associated with the capital improvements to be funded with the proceeds of the Additional Parity Bonds proposed to be issued and any other new Capital Improvements and Airport System facilities, and (c) such other factors, including inflation and changing operations or policies of the Authority, as the Airport Consultant believes to be appropriate. The Airport Consultant shall include in such certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Revenues and shall also set forth the calculations of Bond Service Requirement, which calculations may be based upon information provided by the Authority or County.

For purposes of preparing the certificate or certificates described above, the Authority Representative or Airport Consultant, as applicable, may rely upon financial statements prepared by the Authority which have not been subject to audit by an independent certified public accountant or firm of independent certified public accountants if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authority Representative shall certify as to

their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles.

(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 Project (net of issuance costs and any discounts) will be not more than 10% of the original Cost of such 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 Supplemental 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 Supplemental 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 Supplemental 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 System 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 System which will materially compete with the Airport System, 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 System or as a Project Cost as appropriate.

SECTION 5.15. FEDERAL INCOME TAX COVENANTS. The County and the Authority covenant with the Holders of each Series of Tax-Exempt Bonds that it shall not use the proceeds of such Series of Tax-Exempt Bonds in any manner which would cause the interest on such Series of Tax-Exempt Bonds to be or become included in gross income for purposes of federal income taxation.

The County and the Authority covenant with the Holders of each Series of Tax-Exempt Bonds that neither the Authority, the County nor any person or entity under their control or direction will make any use of the proceeds of such Series of Tax-Exempt Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of the Code and neither the Authority, the County nor any other person or entity under their control shall do any act or fail to do any act which would cause the interest on such Series of Tax-Exempt Bonds to become subject to inclusion within gross income for purposes of federal income taxation.

The County and the Authority hereby covenant with the Holders of each Series of Tax-Exempt Bonds that it will comply with all provisions of the Code necessary to maintain

the exclusion from gross income of interest on the Tax-Exempt 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. The Authority or County shall establish a rebate fund pursuant to Supplemental Resolution for each Series of Tax-Exempt Bonds which shall be subject to payment of rebatable arbitrage.

The County may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includable in the gross income of the Holder thereof for federal income taxation purposes, provided that the issuance thereof will not cause interest on any other Tax-Exempt Bonds theretofore issued hereunder to be or become subject to federal income taxation. The covenants set forth in this Section 5.15 shall not apply to any Taxable Bonds.

For purposes of this Section 5.15, the term "Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder in effect or proposed, (2) the term "Tax-Exempt Bonds" means Bonds the interest on which is excludable from the gross income of the Holders thereof for federal income taxation purposes, and (3) the term "Taxable Bonds" means those Bonds that the interest income thereon is includable in gross income of the Holders thereof for federal income taxation purposes.

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 System 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 System and as shall, in the judgment of the Authority Representative and confirmed by the Consultant, restore the Airport System 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 System 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 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 System 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 System 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 System 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 System has not been maintained in good repair and sound operating condition, it will promptly restore, replace or renew such facilities so that the Airport System 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 System, in both cases from (and to the extent of) funds legally available therefor which are derived from the operation of the Airport System. Nothing herein shall be construed to require the County to expend any funds other than funds derived from the operation of the Airport System.

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. SPECIAL PURPOSE FACILITIES. The County may designate new or existing facilities as "Special Purpose Facilities" as permitted in this Section 5.23 pursuant to a Supplemental Resolution and is authorized to finance such Special Purpose Facilities from the proceeds of Special Purpose Facility Debt issued by the County secured by Special Purpose Facility Revenues and without regard to any requirements of this Resolution with respect to the issuance of Additional Parity Bonds, provided that there shall be filed with the Clerk prior to the issuance of such Special Purpose Facility Debt a certificate of an Authority Representative, stating that:

1. the estimated amount of Special Purpose Facility Revenues with respect to the Special Purpose Facilities to be financed will be at least sufficient to pay the principal of and interest on such Special Purpose Facility Debt and all sinking fund, reserve or other payments required by the Supplemental Resolution authorizing and securing such Special Purpose Facility Debt;
2. in the case of Special Purpose Facility Debt secured solely from sources described in subsection (i) of the definition of Special Purpose Facility Revenues, the Airport Consultant shall certify that the construction and operation of the Special Purpose Facilities to be financed will not decrease the Revenues to be derived from the Airport System;
3. in the case of Special Purpose Facility Debt secured from any of the sources described in subsection (ii) of the definition of Special Purpose Facility Revenues, the Airport Consultant shall certify that the County will be in compliance with the rate covenant described in Section 5.04 hereof for each of the next three full Fiscal Years following issuance of the Special Purpose Facility Debt;
4. no Event of Default then exists under this Resolution; and
5. the County is in compliance with any and all requirements set forth in any Supplemental Resolution related to such Special Purpose Facility Debt or any outstanding Special Purpose Facility Debt which will be secured on a parity with such additional Special Purpose Facility Debt.

The Supplemental Resolution authorizing the issuance of Special Purpose Facility Debt shall specify whether (i) the Special Purpose Facilities (or any portion thereof) financed with such Special Purpose Facility Debt shall be part of the Airport System, and (ii) the Special Purpose Facility Revenues (or any portion thereof) shall constitute Revenues.

SECTION 5.24. USE OF REVENUES. Notwithstanding the provisions of Section 5.23 hereof the County and the Authority covenant and agree that none of the Revenues of the Airport System 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 Allport, 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 impair. 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 System 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 System.

SECTION 5.26. COVENANTS WITH RESPECT TO PFCs. The County and Authority hereby covenant and agree to file such applications, submit such reports and take any and all such other actions that may be necessary or desirable to preserve its rights to impose and collect PFCs from which PFC Revenues are derived, to enforce with reasonable diligence its right to receive PFCs from which PFC Revenues are derived and to use the proceeds of such PFC Revenues and amounts required to be deposited in the applicable Passenger Facilities Charge Subaccount of the Revenue Fund Account in the manner provided herein. Without limiting the generality of the foregoing, the County and Authority hereby covenant and agree as follows:

- (a) To apply PFCs only to finance allowable costs of approved projects in accordance with the FAA Regulations and applicable FAA authorizations and approvals (including Bond Service Requirement with respect to that portion of the Bonds issued to finance Projects secured by PFCs);
- (b) To comply with the applicable requirements of Section 9304(e) and 9307 of the Airport Noise and Capacity Act of 1990 (Pub. L. 101-508, Title IX, Subtitle D);

(c) To notify the air carriers and foreign air carriers required to collect PFCs with respect to the Airport System of the FAA's approval of the imposition of such PFCs in accordance with the requirements of the FAA Regulations and to take all actions reasonably necessary to insure the proper collection and remittance of the PFCs from which PFC Revenues are derived by the air carriers; and

(d) To comply with all reporting, recordkeeping, and auditing requirements contained in the FAA Regulations.

SECTION 5.27. AVAILABLE REVENUES.

1. At any time and from time to time, the County and the Authority, without the consent of the Holder of any Bond and without the consent of any Credit Facility Issuer, may adopt a Supplemental Resolution that specifies Bonds that shall be secured by Available Revenues. Available Revenues may include PFCs, CFCs or other revenue streams without the consent of any Bondholders or Credit Facility Issuer. More than one Series of Bonds may be secured by Available Revenues, and no consent from any Holder of any Bond or from any Credit Facility Issuer, shall be required as a condition to the issuance or incurring of any subsequently-issued Bonds that are secured by any Available Revenues.

2. An Account shall be established for each Available Revenue which shall be held by the County.

3. The County shall, promptly upon receipt, deposit, or cause to be deposited, all Available Revenues in the related Account. Unless otherwise provided in the Supplemental Resolution which specifies Available Revenues pledged for one or more Series of Bonds, simultaneously with the County's withdrawal of amounts from the Revenue Fund for deposit into the funds and accounts as set forth in Section 5.02(c) hereof, the County shall withdraw amounts on deposit in such account as has been established, as applicable, and shall transfer the amounts so withdrawn to the Sinking Fund for the applicable Series of Bonds, in such amounts as are specified or provided for in the corresponding Supplemental Resolution specifying Available Revenues for such Series of Bonds.

4. The Available Revenues, including any investment earnings thereon, on deposit in an Account shall be applied to the payment of such Bonds secured thereby and such amount shall be accounted for as a credit against the amounts required to be deposited in the Sinking Fund for such purpose pursuant to the provisions hereof.

SECTION 5.28. 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 Supplemental Resolution.

SECTION 5.29. RELEASED REVENUES. The County may cause a category of income, receipts or other revenues then included in the definition of "Revenues" in Section 1.02 to be excluded from such definition for all purposes of this Resolution, which exclusion shall be effective from the date the County satisfies the conditions of this Section 5.29, by filing the following with the Clerk:

1. a written request from an Authority Representative to release such category of income, receipts and other revenues from the definition of Revenues contained in Section 1.02, accompanied by a written certificate of an Authority Representative certifying the County is not in default pursuant to Section 5.04 hereof; and

2. a certificate of an Authority Representative or Airport Consultant to the effect that Net Revenues, excluding the category of Revenues proposed to become Released Revenues, for each of the two Fiscal Years for which audited financial statements are available immediately preceding the date of such certificate or report, were sufficient to satisfy the rate covenant set forth in Section 5.04 for each of such two Fiscal Years, assuming that 110% (instead of 100%) was used in Section 5.04(ii) and 135% (instead of 125%) was used in Section 5.04(i).

SECTION 5.30. PAGE FIELD. The County may utilize proceeds of Bonds to pay for capital improvements to Page Field. The County may also issue Subordinated Indebtedness which can fund capital improvements to Page Field. In addition, the County may also agree to pay for capital improvements to Page Field from moneys in the Airport Fund.

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 System 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), 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 Supplemental 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
SUPPLEMENTAL RESOLUTIONS**

SECTION 9.01. SUPPLEMENTAL RESOLUTION WITHOUT BONDHOLDER CONSENT. The County, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

- (1) To cure any ambiguity or formal defect or omission or to correct any inconsistent or obsolete provisions in the Resolution or to clarify any matters or questions arising hereunder.
- (2) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.
- (3) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the Resolution other conditions, limitations and restrictions thereafter to be observed.
- (4) To add to the covenants and agreements of the County in the Resolution other covenants and agreements thereafter to be observed by the County or to surrender any right or power herein reserved to or conferred upon the County.
- (5) To authorize Additional Parity Bonds or Refunding Bonds or to determine the terms and details thereof and, in connection therewith, specify and determine the matters and things referred to in Sections 2.01, 2.02, 2.09, 2.10, 2.11 or 2.12 hereof, including the issuance of Additional Parity Bonds or Refunding Bonds, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds.
- (6) To authorize additional Projects or to change or modify the description of any additional Project.
- (7) To specify and determine matters necessary or desirable for the issuance of Variable Rate Bonds, federal subsidy bonds or Capital Appreciation Bonds.
- (8) To provide for the establishment of a separate subaccount or subaccounts in the Reserve Account which shall independently secure one or more Series of Bonds.
- (9) To modify, amend or supplement the Resolution in such manner as to permit the qualification of the Resolution under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under

the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Resolution such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

- (10) To comply with any future laws, rules and regulations with respect to Tax-Exempt Bonds or Taxable Bonds.
- (11) To provide for the establishment and utilization of Available Revenues as provided in Section 5.27 hereof.

(12) To make any other change that, in the opinion of the County, would not materially adversely affect the interests of the Bondholders. In making such determination, the County shall not take into consideration any bond insurance policy insuring, or other credit enhancement securing, payment of any Bonds.

SECTION 9.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDER AND CREDIT FACILITY ISSUER CONSENT. Subject to the terms and provisions contained in this Section 9.02 and Sections 9.01 and 9.03 hereof, the Holder or Holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolutions hereto as shall be deemed necessary or desirable by the County for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 9.02. No Supplemental Resolution may be approved or adopted which shall permit or require, without the consent of all affected Bondholders, (1) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (2) reduction in the principal amount of any Bond or the redemption price or the rate of interest thereon, (3) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (4) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders or the Credit Facility Issuers of the adoption of any Supplemental Resolution as authorized in Section 9.04 hereof.

Written Consent of Credit Facility Issuers. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 9.02 shall also require the written consent of any Credit Facility Issuer that has provided credit enhancement to any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect if (1) such Credit Facility Issuer has been granted the right of consent pursuant to Supplemental

Resolution, (2) such Credit Facility Issuer is not in default under the related credit enhancement documents, and (3) such Credit Facility Issuer has not applied for or consented to the appointment of a receiver, custodian, trustee or liquidator of all or a substantial part of its assets, has not admitted in writing as to its inability to pay its debts as they become due, has not made a general assignment for the benefit of its creditors and has not commenced voluntary bankruptcy proceedings.

Notice. If at any time the County shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this 9.02, the County shall to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk for inspection by all Bondholders or provide an appropriate World Wide Web internet link to where the Supplemental Resolution is posted. The County shall not, however, be subject to any liability to any Bondholder by reason of the County's failure to cause the notice required by this Section 9.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 9.02.

Effect of Supplemental Resolution. Whenever the County shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the County may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto. If the Holders of not less than 51% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the County from adopting the same or from taking any action pursuant to the provisions thereof. Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 9.02, the Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Resolution of the County and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of the Resolution as so modified and amended.

Deemed Notice and Consent. Notwithstanding any other provision of this Section 9.02, Holders of Bonds shall be deemed to have provided consent pursuant to this Section 9.02 if the offering document for such Bonds expressly describes the amendments to the

Resolution contained therein and states by virtue of the Holders' purchase of such Bonds the Holders are deemed to have notice of, and consented to, such amendments.

Underwriters or Agents May Provide Consent. Notwithstanding any other provision of this Section 9.02, to the extent permitted by law, at the time of issuance or remarketing of Bonds under the Resolution, a broker, dealer or municipal securities dealer, serving as underwriter or remarketing agent for such Bonds, or as agent for or in lieu of Holders of the Bonds, may provide consent to amendments to the Resolution pursuant to this Section 9.02.

SECTION 9.03. AMENDMENT WITH CONSENT OF CREDIT FACILITY ISSUERS ONLY. For purposes of amending the Resolution pursuant to Section 9.02 hereof, a Credit Facility Issuer shall be considered the Holder of such Bonds which it has insured or provided credit enhancement. The consent of the Holders of such Bonds shall not be required if the Credit Facility Issuer shall consent to the amendment as provided by this Section 9.03 and such Credit Facility Issuer (1) is not in default under the related credit enhancement documents, and (2) has not applied for or consented to the appointment of a receiver, custodian, trustee or liquidator of all or a substantial part of its assets, has not admitted in writing as to its inability to pay its debts as they become due, has not made a general assignment for the benefit of its creditors and has not commenced voluntary bankruptcy proceedings. At least fifteen (15) days prior to adoption of any amendment made pursuant to this Section 9.03, notice of such amendment shall be delivered to the Rating Agencies rating the Bonds. Upon filing with the Clerk evidence of such consent of the Credit Facility Issuer as aforesaid, the County may adopt such Supplemental Resolution. After the adoption by the County of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notices of an amendment under Section 9.02 hereof. Notwithstanding the foregoing, the consent of all affected Bondholders shall still be required with respect to any amendment set forth in clauses (1) through (4) in the first paragraph of Section 9.02 hereof.

SECTION 9.04 SERIES 2024 BONDHOLDER CONSENT.

Purchase by the initial Holders of the Series 2024 Bonds shall constitute consent to the amendments provided herein. Consent of the initial Series 2024 Bondholders shall be binding on all future Series 2024 Bondholders and shall provide the consent required by Section 9.12 of the Existing Resolution for the amendments provided herein. Notwithstanding anything in the Existing Resolution to the contrary and subject in all respects to the award of the Series 2024 Bonds in accordance with the Supplemental Resolution relating to the Series 2024 Bonds, the amendments to the Resolution provided herein shall become effective only upon the consent of a 51% of Bondholders required by Section 9.12 of the Existing Resolution and any other required consents. The Series 2024 Bondholders by purchasing the Series 2024 Bonds shall waive any irregularity with the provisions of Section 9.12.

SECTION 9.05. GENERAL PROVISIONS.

The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article IX.

SECTION 9.06. EXCLUSION OF BONDS. Bonds owned or held by or for the account of the County shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article IX, and the County shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article.

**ARTICLE X
MISCELLANEOUS PROVISIONS**

SECTION 10.01. 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 10.02. 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 10.03. 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 10.04. 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 10.05. 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 10.06. 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 10.07. 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 10.08. 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 10.09. 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 10.10. 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 10.11. PREEMPTION OF RIGHTS AND REMEDIES. If any Series of Bonds are secured by a Credit Facility, the Supplemental 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 10.12. 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 10.13. 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 Existing Resolution shall not be affected to the extent necessary to preserve any authorization of and fiscal details for the Bonds authorized therein.

SECTION 10.14. TRANSITION. The County may adopt pursuant to Supplemental Resolution procedures for the transition of provisions in the Existing Resolution to those of this Amended and Restated Bond Resolution.

The rate covenant provided in Section 5.04 of this Amended and Restated Bond Resolution shall be operative for the entire Fiscal Year in which the effective date of this Amended and Restated Bond Resolution occurs.

The Additional Parity Bonds test provided in Section 5.12 of this Amended and Restated Bond Resolution shall be operative for all Additional Parity Bonds issued on or subsequent to the effective date of this Amended and Restated Bond Resolution.

SECTION 10.15. EFFECTIVE DATE. This resolution shall take effect simultaneously with the delivery of the Series 2024 Bonds.

PASSED AND ADOPTED ON THIS 5TH DAY OF SEPTEMBER, 2024.

2024 Series Resolution

**BOARD OF COUNTY COMMISSIONERS
OF LEE COUNTY, FLORIDA**

RESOLUTION NO. 24-09-27
AIRPORT REVENUE BONDS, SERIES 2024 (AMT)

(SEAL)

By: _____
Mike Greenwell, Chairman

ATTEST:

KEVIN C. KARNES, CLERK

Clerk

APPROVED AS TO FORM
FOR THE RELIANCE OF LEE COUNTY
ONLY:

County Attorney

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 00-03-04 OF LEE COUNTY, FLORIDA, ADOPTED ON MARCH 13, 2000, AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN CAPITAL IMPROVEMENTS; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$600,000,000 AIRPORT REVENUE BONDS, SERIES 2024 (AMT) TO FINANCE THE COSTS OF SUCH CAPITAL IMPROVEMENTS; 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 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 and as further amended and restated by a resolution adopted by the Board on September 5, 2024 (collectively, 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.

"2024 Pledged PFCs" means the Passenger Facility Charges received by the County pursuant to PFC Application #24-11-C-00-RSW and which may be utilized to pay debt service on the Series 2024 Bonds pursuant to the PFC Act, PFC Regulations and applicable PFC Approvals.

"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 2024 Bonds will be sold by the County and purchased by the Underwriter and the details of the Series 2024 Bonds, in substantially the form attached hereto as Exhibit C, 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 holders of refunded Series 2024 Bonds 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 Chairman or other designee.

"Outstanding Parity Bonds" means the County's outstanding (i) Airport Revenue Refunding Bonds, Series 2015 (Non-AMT) (the "Series 2015 Bonds"), (ii) Airport Revenue Refunding Bonds, Series 2021A (AMT), and (iii) Airport Revenue Bonds, Series 2021B (AMT).

"PFC 2024 Pledged Bonds" means the Series 2024 Bonds for which the 2024 Pledged PFCs have been pledged pursuant to Section 3.02(E) hereof.

"Series 2024 Bonds" means the Airport Revenue Bonds, Series 2024 (AMT), authorized to be issued herein.

"Series 2024 Project" means capital improvements to the Airport as described in Exhibit B attached hereto.

"Series 2024 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 2024 Bonds.

"Underwriter" means, collectively, BofA Securities, Inc., J.P. Morgan Securities LLC and Raymond James & Associates, Inc., as the underwriters for the Series 2024 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 finance the Costs of the Series 2024 Project. The County is authorized pursuant to the provisions of the Act and the Bond Resolution to acquire and construct the Series 2024 Project.

B. The County is without adequate, currently available funds to pay the Costs of the Series 2024 Project, and it is necessary and desirable and in the best interests of the County that it borrow the moneys necessary to accomplish the financing of the Series 2024 Project. The County is authorized pursuant to the provisions of the Act to borrow moneys necessary to pay the Costs of the Series 2024 Project.

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 Outstanding Parity Bonds.

D. The Pledged Funds are estimated to be sufficient to pay the Bond Service Requirement on the Series 2024 Bonds and the Outstanding Parity 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 2024 Bonds, and all required payments into the Series 2024 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 2024 Bonds or to make any of the required payments into the Series 2024 Subaccounts, and the Series 2024 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 2024 Bonds, the County shall demonstrate compliance with the provisions of Section 5.12 of the Master Resolution. Upon the issuance of the Series 2024

Bonds, the Series 2024 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 2024 Bonds to comply with Rule 15c2-1 2 under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of the Series 2024 Bonds, it is necessary that the County's Preliminary Official Statement with respect to the Series 2024 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 2024 Bonds and, depending upon market conditions at the time of sale of the Series 2024 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 2024 Bonds.

I. The County expects to receive from certain nationally recognized rating agencies, prior to issuance of the Series 2024 Bonds, bond ratings.

J. A negotiated sale of the Series 2024 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 2024 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 2024 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 2024 Bonds; to designate the Bond Registrar and Paying Agent for the Series 2024 Bonds, and to authorize the taking of all other actions in connection with the issuance and delivery of the Series 2024 Bonds.

SECTION 1.04 RESOLUTION AND MASTER RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2024 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 2024 Bonds, all of which shall be of equal rank and without preference,

priority or distinction of any of the Series 2024 Bonds over any other thereof, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF SERIES 2024 PROJECT;
AUTHORIZATION OF ISSUANCE OF SERIES 2024 BONDS;
DESCRIPTION, DETAILS
AND FORM OF SERIES 2024 BONDS

SECTION 2.01 AUTHORIZATION OF SERIES 2024 PROJECT. The Board hereby specifically authorizes the Series 2024 Project. The Board hereby specifically ratifies and affirms all actions previously taken in furtherance of the Series 2024 Project.

SECTION 2.02 AUTHORIZATION AND SALE OF SERIES 2024 BONDS. Subject and pursuant to the provisions of this resolution and the Master Resolution, obligations of the County, to be known as "Airport Revenue Bonds, Series 2024 (AMT)" are hereby authorized to be issued in one or more series in the aggregate principal amount of not exceeding \$600,000,000 for the principal purpose of financing the Costs of the Series 2024 Project, and are hereby authorized to be awarded and sold to the Underwriter, pursuant to the conditions stated herein.

SECTION 2.03 DESCRIPTION OF SERIES 2024 BONDS; AUTHORITY TO DETERMINE DETAILS OF BONDS AND TO EXECUTE BOND PURCHASE CONTRACT; CONDITIONS TO EXERCISE OF AUTHORITY. The Series 2024 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 or dates, 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, upon advice of the Authority's Financial Advisor, conditioned upon the parameters set forth herein.

Subject to the conditions hereinafter set forth, the Chairman is hereby authorized and empowered to determine for the Series 2024 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 2024 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 conditions described herein. The Bond Purchase Contract, in substantially the form attached hereto as Exhibit C, 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 2024 Bonds to be sold shall not exceed \$600,000,000.
- B. The Underwriter's discount (including management fee and expenses) shall not exceed 1.00% of the par amount of the Series 2024 Bonds.
- C. The Series 2024 Bonds shall have a final maturity date that is not later than October 1, 2059.
- 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 true interest cost of the Series 2024 Bonds shall not exceed 6.50% per annum.
- F. The Series 2024 Bonds shall be callable for redemption prior to maturity by the County not later than October 1, 2034 and at a redemption price not higher than 100% of the principal amount to be redeemed plus accrued interest to the redemption date; provided the Chairman may determine that all or a portion of certain maturities of the Series 2024 Bonds maturing after October 1, 2034 may be non-callable upon advice of the Authority's Financial Advisor that it would be financially beneficial for the County to do so.
- G. The Underwriter shall make a good faith deposit as provided in the Bond Purchase Contract.

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 from Assured Guaranty Inc. ("Assured Guaranty") 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 from Assured Guaranty. Any additional covenants or modifications to the covenants in the Bond Resolution may be set forth in an Insurance Agreement as provided in Sections 3.05 and 3.06 hereof. 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 2024 Bonds shall

be sold to the Underwriter pursuant to the provisions of such Bond Purchase Contract. 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 2024 Bonds to the Underwriter.

If the Chairman determines, based upon the advice of the Authority's Financial Advisor, that the sale of the Series 2024 Bonds in multiple series, subseries or installments would be beneficial to the County, then the foregoing provisions with regard to the award and sale of the Series 2024 Bonds shall apply to each series, subseries or installment separately, provided that the aggregate principal amount of all series and subseries shall not exceed \$600,000,000. Separate Bond Purchase Contracts and other documents authorized herein may be entered into for each series and subseries of Series 2024 Bonds. If more than one series or subseries of Series 2024 Bonds shall be issued, then references to "Series 2024 Bonds" herein shall be deemed to be references to each series and subseries of Series 2024 Bonds, individually and/or collectively, as the context requires.

SECTION 2.04 BOOK-ENTRY SYSTEM OF REGISTRATION. The Series 2024 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 2024 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 2024 Bonds shall be paid by check, draft or wire transfer by the Paying Agent to Cede, without prior presentation or surrender of any Series 2024 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 2024 Bonds directly to beneficial owners of the Series 2024 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 2024 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 2024 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 2024 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 2024 Bonds in certificated form to the beneficial owners of the Series 2024 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 2024 Bonds stating that DTC will no longer serve as securities depository, the procedures for obtaining such Series 2024 Bonds in certificated form and the provisions which govern the Series 2024 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 2024 BONDS. The text of the Series 2024 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 2024 Bonds.

SECTION 2.06 CONDITIONAL REDEMPTION. Notwithstanding any provision in the Master Resolution to the contrary, any optional redemption of the Series 2024 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 2024 Bonds or the escrow agent named by the County of sufficient moneys to redeem the Series 2024 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 2024 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 2024 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 2024 Bonds herein authorized.

SECTION 3.02 SECURITY FOR SERIES 2024 BONDS. (A) PLEDGE AND LIEN. The Series 2024 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 2024 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 2024 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 2024 Bonds. The Series 2024 Bonds shall not constitute a lien upon the Series 2024 Project or 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 2024 Subaccounts": in the Sinking Fund, the "Series 2024 Bonds Subaccount," which includes (a) the "Series 2024 Bonds Principal Subaccount," (b) the "Series 2024 Bonds Interest Subaccount," and (c) the "Series 2024 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 2024 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 2024 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. The incremental Reserve Requirement for the Series 2024 Bonds will be funded from proceeds of the Series 2024 Bonds and other available moneys. Unless otherwise provided in Section 3.07 hereof, the Series 2024 Bonds will be secured by the Reserve Account created under the Master Resolution to the same extent as the Outstanding Parity Bonds. A Credit Facility may be purchased to satisfy all or a portion of the incremental Reserve Requirement.

(E) PASSENGER FACILITY CHARGES. Pursuant to Section 3.02 of the Bond Resolution, the County hereby pledges the 2024 Pledged PFCs as additional security for the PFC 2024 Pledged Bonds. The pledge of the 2024 Pledged PFCs may subsequently be released and extinguished as provided in the Bond Resolution. In addition, the pledge of the 2024 Pledged PFCs may include future Bonds issued by the County in accordance with the terms of the Bond Resolution.

SECTION 3.03 REMEDIES. Any Registered Owner of, or any Credit Facility Issuer for, Series 2024 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 2024 Bonds that it shall not use the proceeds of such Series 2024 Bonds in any manner which would cause the interest on such Series 2024 Bonds to be or become included in gross income for purposes of federal taxation income.

The County covenants with the Holders of the Series 2024 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 2024 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 2024 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 2024 Bonds that it will comply with all provisions of the Code necessary to maintain the exclusion from gross income of interest on such Series 2024 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.

SECTION 3.05 MUNICIPAL BOND INSURANCE. Subject in all respects to the satisfaction of the conditions set forth in Section 2.03 hereof, if the Chairman determines, upon the advice of the County's Financial Advisor, that all or any portion of the Series 2024 Bonds will be insured by a municipal bond insurance policy, the County hereby authorizes the payment of principal of and interest on the Series 2024 Bonds to be insured (the "Insured Series 2024 Bonds") pursuant to the municipal bond insurance policy (the "Series 2024 Bond Insurance Policy") to be issued by Assured Guaranty. For purposes of the Resolution, Assured Guaranty shall constitute the "Credit Facility Issuer" of the Series 2024 Bonds and the Series 2024 Bond Insurance Policy shall constitute a "Credit Facility." The Chairman is hereby authorized to execute such documents and instruments necessary to cause Assured Guaranty to insure the Insured Series 2024 Bonds.

SECTION 3.06 PROVISIONS RELATING TO SERIES 2024 BOND INSURANCE POLICY. If the Chairman determines that all or any portion of the Series 2024 Bonds will be insured by the Series 2024 Bond Insurance Policy, payment for the premium for such insurance is hereby authorized from proceeds of the Series 2024 Bonds and the provisions of this Section 3.06 and Exhibit F hereto shall apply with respect to the Series 2024 Bonds that are insured. Exhibit F hereto contain certain provisions relating to the standard municipal bond insurance policy of Assured Guaranty. If the Chairman determines that none of the Series 2024 Bonds are to be insured and the Series 2024 Bond Insurance Policy is not issued in connection with the Series 2024 Bonds, the provisions of this Section 3.06 and Exhibit F hereto will be deemed null and void and will be of no force or effect.

Subject in all respects to the satisfaction of the conditions set forth in Section 2.03 hereof, so long as the Series 2024 Bond Insurance Policy issued by Assured Guaranty is in full force and effect and the Credit Facility Issuer has not defaulted in its payment obligations under the Series 2024 Bond Insurance Policy, the County agrees to comply with the provisions contained in Exhibit F hereto, notwithstanding anything in this Resolution to the contrary. Upon advice of Bond Counsel, the Chairman is authorized to enter into an Insurance Agreement with Assured Guaranty to modify some or all of the provisions provided in Exhibit F in order that such provisions conform to the written commitment provided by Assured Guaranty.

SECTION 3.07 RESERVE ACCOUNT. The Series 2024 Bonds shall be secured by the Reserve Account, including any Credit Facility on deposit therein. The County, upon advice of the Financial Advisor, may establish a separate subaccount in the Reserve Account with its own reserve requirement and obtain a Credit Facility to secure the Series 2024 Bonds. The Chairman and Clerk are hereby authorized to execute all documentation relating to any Credit Facility upon advice thereof by Bond Counsel. Such documentation shall include an agreement with Assured Guaranty in the form provided in Exhibit G attached hereto, respectively, with such changes as approved by the Chairman and Clerk upon advice by Bond Counsel in order that the provisions of such agreement conform to the written commitment provided by Assured Guaranty.

ARTICLE IV
PROJECT ACCOUNT

SECTION 4.01 PROJECT ACCOUNT. There is hereby created and established in the Project Fund created pursuant to Section 4.02 of the Master Resolution an account to be known as the "Series 2024 Project Account and a 2024 Cost of Issuance Account therein.

ARTICLE V

APPLICATION OF PROCEEDS

SECTION 5.01 APPLICATION OF PROCEEDS OF THE SERIES 2024 BONDS. Notwithstanding the provisions of Section 4.01 of the Bond Resolution, the proceeds, including any accrued interest and premium, if any, received from the sale of any or all of the Series 2024 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, the County shall pay the premium for a municipal bond insurance policy and/or Credit Facility for the Reserve Account, if obtained.

B. The amount necessary to cause the amount in the Reserve Account to equal the Reserve Requirement shall be deposited in the Reserve Account.

C. Any remaining amounts shall be deposited into the Series 2024 Project Account, and the 2024 Costs of Issuance Account in such amounts as shall be approved by the Chairman upon advice of the Financial Advisor.

Moneys in the Series 2024 Project Account shall be used to pay the Costs of the Series 2024 Project. Moneys in the 2024 Costs of Issuance Account shall be used to pay costs and expenses in connection with the preparation, issuance and sale of the Series 2024 Bonds.

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.01 SALE OF THE SERIES 2024 BONDS. The Series 2024 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 6.02 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 2024 Bonds in substantially the form attached hereto as Exhibit D. The Chairman is authorized to execute the Continuing Disclosure Certificate.

SECTION 6.03 BOND REGISTRAR AND PAYING AGENT AND AGREEMENT THEREFOR. U.S. Bank Trust Company, National Association (the "Bank"), is hereby designated Bond Registrar and Paying Agent for the Series 2024 Bonds, and shall perform such duties as are more fully described in the Bond Resolution, the Series 2024 Bonds, a paying agent and registrar agreement between the County and such Bank in substantially the form acceptable to the County Attorney and Bond Counsel which shall reflect the duties described in the Bond Resolution for the Paying Agent and Bond Registrar. The Chairman and Clerk to the Board are hereby authorized to execute such paying agent and registrar agreement.

SECTION 6.04 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 2024 Bonds, including a Preliminary Official Statement, the form of which is attached hereto as Exhibit E.

No Preliminary Official Statement shall be distributed on behalf of the County to prospective purchasers of the Series 2024 Bonds unless it is "deemed final" (except for permitted omissions) in accordance with the Rule. The Chairman, upon the advice of 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 2024 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 2024 Bonds is further approved.

SECTION 6.05 AUTHORIZATION FOR EXECUTION OF SERIES 2024 BONDS AND OF ADDITIONAL DOCUMENTS AND CERTIFICATES IN CONNECTION WITH THE DELIVERY THEREOF; APPROVAL OF THE NECESSARY ACTION. The Chairman, Vice 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 2024 Bonds, and any and all instruments, documents, or certificates, including temporary Series 2024 Bonds, if necessary, a tax compliance certificate and, if applicable, an Insurance Agreement as described in Section 2.03 hereof and any Credit Facility for deposit to the Reserve Account, which are necessary or desirable in connection with the issuance and delivery of the Series 2024 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 6.06 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 2024 Bonds.

SECTION 6.07 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.

SECTION 6.08 EFFECTIVE DATE. This resolution shall take effect immediately upon the final approval hereof.

DULY ADOPTED, in Regular Session this 5th day of September, 2024.

**BOARD OF COUNTY COMMISSIONERS
OF LEE COUNTY, FLORIDA**

(SEAL)

By: _____
Mike Greenwell, Chairman

ATTEST:

KEVIN C. KARNES, CLERK

Clerk

APPROVED AS TO FORM
FOR THE RELIANCE OF LEE COUNTY
ONLY:

County Attorney

EXHIBIT A

FORM OF SERIES 2024 BONDS

No. _____ \$ _____
UNITED STATES OF AMERICA
STATE OF FLORIDA
LEE COUNTY, FLORIDA
AIRPORT REVENUE BOND, SERIES 2024 (AMT)

RATE OF
INTEREST MATURITY DATE DATE CUSIP
%

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

Lee County, Florida (the "County"), for value received, hereby promises to pay the Registered Owner designated above, or registered assigns, solely from the special funds hereinafter mentioned, on the Maturity Date specified above, the Principal Amount shown above, upon presentation and surrender hereof at the designated corporate trust office of U.S. Bank Trust Company, National Association, Fort Lauderdale, Florida, as Bond Registrar and Paying Agent, and to pay solely from such funds, interest thereon from the date of this Bond or from the most recent Interest Payment Date to which interest has been paid, whichever is applicable, until payment of such Principal Amount, at the Rate of Interest per annum set forth above, such interest being payable on _____, and thereafter on October 1 and April 1 of each year by check or draft mailed on or before the Interest Payment Date, to the Registered Owner at the address as it appears, at 5:00 P.M. Eastern Time on the fifteenth day of the month preceding the applicable Interest Payment Date, on the registration books of the County kept by 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 or other medium acceptable to the County and to such Registered Owner. The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

This Bond is one of a Series of Bonds, originally authorized to be issued in the aggregate principal amount of \$ _____, of like date, tenor and effect, except as to number, interest rate, principal amount and date of maturity, issued to finance the cost of certain capital improvements to Southwest Florida International Airport, and all costs incidental thereto, under the authority of and in full compliance with the Constitution and

Statutes of the State of Florida, including particularly 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 of County Commissioners of the County (the "Board") on August 26, 1992, as amended and restated by Resolution No. 00-02-45, adopted by the Board on February 16, 2000, and 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 restated, amended and supplemented by Resolution No. 24-09-28, adopted by the Board on September 5, 2024 (hereinafter collectively called the "Bond Resolution"), and is subject to all the terms and conditions of the Bond Resolution. Capitalized terms used herein shall have the meaning specified in the Bond Resolution.

This Bond is a special and limited obligation payable from and secured solely by a lien upon and pledge of (i) the Net Revenues of the Airport, (ii) the amounts on deposit in the Sinking Fund and all accounts thereunder, 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, (iii) until expended, the amounts on deposit in the applicable Series 2024 Bonds Subaccounts, and (iv) any Available Revenues (collectively, the "Pledged Funds"), all in the manner provided in and subject to terms and conditions of the Bond Resolution. The lien on the Pledged Funds for payment of the Series 2024 Bonds is on a parity with certain outstanding Airport Revenue Bonds, together with any Additional Parity Bonds hereafter issued under the Bond Resolution. This Bond does not constitute a general obligation or indebtedness of the County as a "bond" within the meaning of the State constitution, and it is expressly agreed by the Registered Owner of this Bond that such Registered Owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the County, or the taxation of any property of or in the County for the payment of the principal of and interest on this Bond or for the making of any sinking fund, reserve or other payments provided for in the Bond Resolution.

It is further agreed between the County and the Registered Owner of this Bond, that this Bond and the obligation evidenced hereby shall not constitute a lien upon any property of the County or the Authority, but shall constitute a lien only on the Pledged Funds, in the manner provided in the Bond Resolution.

The Bonds are issuable only as fully registered Bonds in the denominations or Maturity Amounts of \$5,000 or integral multiples thereof. This Bond is transferable, and exchangeable for Bonds of other authorized denominations, at the office of the Bond Registrar, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Bond Registrar, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Bond Registrar, all subject to the terms, limitations and conditions provided in the Bond Resolution. No charge will be made for transfer or exchange, but the County or the Bond Registrar may require payment of an amount sufficient to cover any tax or other governmental charge payable in connection

therewith. The County and the Bond Registrar may deem and treat the Registered Owner as the absolute owner of this Bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the County nor the Bond Registrar shall be affected by any notice to the contrary.

The County has entered into certain covenants with the Registered Owners of the Bonds of this Series for the terms of which reference is made to the Bond Resolution. In particular, the County has reserved the right to defease the lien of the Bonds of this issue upon the Pledged Funds upon making provision for payment of the Bonds as provided in the Bond Resolution.

Reference is made to the Bond Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the County, the Bond Registrar, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Bonds are issued and secured. The Registered Owner of this Bond, by acceptance hereof, assents to all of the provisions of the Bond Resolution.

[INSERT REDEMPTION PROVISIONS]

Notice of such redemption shall be given in the manner provided in the Bond Resolution.

This Bond is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code-Investment Securities Laws of the State of Florida, and the Registered Owner and each successive Registered Owner of this Bond, shall be conclusively deemed by acceptance hereof to have agreed that this Bond shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Bond, and of the issue of Bonds of which this Bond is one, does not violate any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

IN WITNESS WHEREOF, Lee County, Florida has issued this Bond and has caused the same to be manually executed by its Chairman, and the corporate seal of said County to be affixed hereto or imprinted or reproduced hereon and attested by the manual signature of the [Deputy] Clerk, all as of the Date provided above.

(SEAL)

LEE COUNTY, FLORIDA

By: _____
Chairman, Board of County
Commissioners

ATTEST:

[Deputy] Clerk of the Circuit Court,
Ex-officio [Deputy] Clerk to the Board
of County Commissioners

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Bond Resolution.

_____,
as Bond Registrar

By: _____
Authorized Signatory

Date of Authentication: _____, 2024

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of
survivorship and not as tenants
in common

UNIF TRANS MIN ACT -- _____
(Cust.)

Custodian for _____

under Uniform Transfers to Minors Act of _____
(State)

Additional abbreviations may also be used though not in list above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Insert Social Security or Other Identifying Number of Assignee

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____, as attorneys to register the transfer of the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

EXHIBIT B

DESCRIPTION OF SERIES 2024 PROJECT

Various capital improvements to the Southwest Florida International Airport (the "Airport"), including, expansion of the Airport's Main Terminal building, including construction of a new Concourse E and nine additional TSA security screening checkpoints, gate expansion and baggage handling system expansion (collectively, the "Project"); the Project will be constructed immediately west of, and connected to, the Main Terminal Expansion and will include 14 new gates and approximately 215,000 square feet over three levels (apron, departures, and mezzanine/mechanical) and includes 50 new airline ticket counter and bag drop stations, 40 airline check-in kiosk locations, a VIP lounge, administrative and support offices, restrooms and concessions; a new bag system that includes four new in-line automated explosive detection machines, four airline bag claim units, six airline bag make-up units, and connectivity to the existing bag system providing added capacity and redundancy; a new 90 foot wide Concourse E construction including concession areas, restrooms, passenger gate hold rooms, 14 passenger boarding bridges and operations support space; chiller replacement and expansion; airside improvements that include new taxiways, taxi lanes and aircraft parking apron capable of accommodating Group III and Group V aircraft, and an expanded aircraft hydrant fueling system; landside roadway and terminal curb modifications that include adding lanes infills on the upper departures level roadway, an expanded public pickup curb, converting the existing public curb into three commercial lanes and converting the existing commercial curb into five public lanes; with new automated security and access control systems; connectivity to the existing terminal at the main terminal lobby and existing Concourse D, and well as various vertical circulation elevators, escalators and stairs to satisfy life-safety and code requirements.

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APPENDIX D-2

AMENDMENTS TO THE BOND RESOLUTION

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**BOND RESOLUTION OF THE
BOARD OF COUNTY COMMISSIONERS OF
LEE COUNTY, FLORIDA**

Adopted ~~March 13~~ September 5, 2000 2024

Amending and Restating Resolution No. ~~00-02-45~~ 00-03-04
Adopted ~~February 16~~ March 13, 2000

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RESOLUTION NO. ~~00-03-24-09-28~~

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 SYSTEM; 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.

WHEREAS, Lee County, Florida (the "County") adopted Resolution No. 00-03-04 on March 13, 2000, as amended and supplemented (collectively, the "Existing Bond Resolution"); and

WHEREAS, the County approves amendments (the "Consent Amendments") to the Existing Resolution in this Amended and Restated Bond Resolution (the "Amended and Restated Bond Resolution"); and

WHEREAS, this Amended and Restated Bond Resolution shall restate in its entirety the Existing Resolution; and

WHEREAS, this Amended and Restated Bond Resolution and the Consent Amendments provided herein shall take effect as provided in Section 10.14 hereof and upon the effective date hereof shall supersede all other resolutions of the County relating to Bonds, including the Existing Resolution;

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 System**" means (i) the Southwest Florida International Airport owned by the County and operated by the Authority Board, including all improvements and facilities now in existence, as said Airport System may be hereafter added to, extended, improved or constructed and equipped, and (ii) any other aviation facility or airport acquired or constructed by the County; provided that, the Airport System shall not include Page Field or any additions, extensions or improvements thereto, unless (a) the County shall by Supplemental Resolution, expressly add Page Field to the Airport System, and (b) shall deliver to the Clerk (1) confirmation from each Rating Agency then maintaining a rating at

the request of the Authority on any Bonds outstanding hereunder that adding Page Field to the Airport System will not result in a reduction or withdrawal of the credit ratings then assigned to the Bonds, and (2) the written consent of any bond insurers or other credit provider having in effect a bond insurance policy insuring, or other credit enhancement securing, payment of any Bonds outstanding hereunder. For purposes of utilizing proceeds of Bonds in accordance with Section 5.30 hereof, Page Field shall be considered part of the Airport System. Special Purpose Facilities shall not be part of the Airport System except as otherwise provided by Supplemental Resolution so long as Special Purpose Facility Debt is outstanding with respect to such Special Purpose Facilities.

~~"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 System 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 System 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 System.

"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.

"Available Revenues" means for any period of time, the amount of any income or revenue source not then included in the definition of "Revenues" and which the Authority designates as "Available Revenues" in a future Supplemental Resolution duly adopted by the Board in accordance with Section 5.27 hereof; provided, however that any such Supplemental Resolution shall also establish a corresponding account and other functional provisions for the receipt, deposit and application of such source of income.

"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~~ any Bonds issued hereunder. Bonds shall also include notes and other forms of indebtedness complying with the provisions of Section 5.12 hereof.

"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 amended and restated resolution and all resolutions amendatory of or supplemental ~~thereto~~ hereto, including each ~~Series~~ Supplemental 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 System (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) if Available Revenues or moneys other than Revenues have been irrevocably committed pursuant to a Supplemental Resolution duly adopted by the Board or amounts have been actually deposited for the purpose of paying principal or interest on Bonds, then the principal or interest to be paid from Available Revenues or moneys other than Revenues which have been irrevocably committed or such amounts which have been actually deposited, including any investment earnings thereon, shall be disregarded and not included in calculating Bond Service Requirement;

(vi) if all or any portion of the interest or principal due or coming due on Bonds is paid or expected to be paid from cash subsidy payments or other similar payments made or expected to be made by the United States Treasury or other

federal or State governmental entity to or on behalf of the County, the amount of principal or interest so paid or expected to be paid shall not be included in calculating Bond Service Requirement; and

(~~vii~~) 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~~ Supplemental 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~~ System; 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 or refinancing 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, surety bond 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 System 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 System; insurance premiums; professional service expenses relating to maintenance, repair and operation of the Airport System; 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 System 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 System 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 Expenses" shall not include any capital expense, depreciation expense, or any other operation or maintenance expense funded by Special Purpose Facility Debt or funded by any source other than Revenues.

"Current Interest Paying Bonds" shall mean the Bonds of a Series, the interest on which shall be payable on a semiannual basis.

"Customer Facility Charges" or "CFCs" means all amounts received from the charges imposed by car rental companies upon car rental customers arriving at the Airport System and renting a vehicle from a car rental company serving such Airport System, which charges are established by the Authority or County by resolution, as the same may be amended from time to time, and shall be collected by the car rental companies for the benefit of the Airport System, together with any interest earnings thereon.

"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 Governmental 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, 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 No. 00-03-04 of the County adopted August 26, 1992~~ March 13, 2000 providing for the issuance of the ~~Series 1992B Bonds, which Existing Resolution is amended and restated in its entirety by this Bond Resolution~~ Bonds.

"Executive Director" shall mean the official charged by the Authority to administer the affairs of the Airport System.

"Fitch" means shall mean Fitch IBCARatings, 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 System 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 System.

"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 writ 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 System.

"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 System and for organizations engaged in such operations as those to be conducted by the Authority or the County at the Airport System, 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 Supplemental 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 Supplemental Resolution](#) which, under the provisions of such [Series Supplemental 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 Bonds" shall mean ~~the charge imposed at the Airport pursuant to the PFC Act, the PFC Regulations and the PFC Approvals~~ [County indebtedness secured by PFCs as the primary source of payment.](#)

~~**"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 ~~a 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, or Resolutions of the County pledging PFC's as the primary source of payment of~~ [Passenger Facility Charge Bonds.](#)

"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).~~

"PFC Revenues" shall mean moneys received by the Authority and/or County from PFCs and pledged to the payment of Bonds pursuant to Section 3.02 hereof.

"PFCs" or "Passenger Facility Charges" means the passenger facility charges authorized to be charged by the Authority or the County pursuant to the Aviation Safety and Capacity Expansion Act of 1990, as amended (now codified in Section 40117 of the United States Code), and Section 158.5 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158).

"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, and (iv) any Available Revenues, provided such Available Revenues shall secure only the Series of Bonds to which they are pledged pursuant to a Supplemental Resolution.

"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 System 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.

"Rating Agencies" shall mean Fitch, Moody's and S&P.

"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~~ Supplemental 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.

"Released Revenues" means a category of income, receipts and other revenues which are excluded from the definition of "Revenues" pursuant to Section 5.29.

"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, or (iii) such other amount as approved by Supplemental Resolution in accordance with Section 5.02(c)(5) hereof.

"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 System, 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) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the Airport System's benefit which are lawfully available for the payment of debt service with respect to any Bonds, Subordinated Indebtedness, or payment of Operation and Maintenance Expenses, (ix) Special Purpose Facility Revenues, to the extent designated as Revenues by Supplemental Resolution, (x) CFCs which are not Available Revenues, (xi) PFCs which constitute Revenues pursuant to Section 3.02 hereof, and (xii) 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.~~ (a) (a) any revenue or income from Page Field or any additions, extensions or improvements thereto unless Page Field is added to the Airport System as provided in the definition of "Airport System.";

(b) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the Airport System's benefit which are not lawfully available for the payment of Current Expenses or payment of debt service with respect to any Bonds or Subordinated Indebtedness;

(c) insurance proceeds, to the extent used by the Authority to repair or replace damaged property or to the extent the use of such proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of Current Expenses or the payment of debt service with respect to Bonds and Subordinated Indebtedness;

(d) any Transfers;

(e) any Released Revenues;

(f) any unrealized gains on securities held for investment by or on behalf of the Authority or County;

(g) any gains resulting from changes in valuation of any Derivative Agreement;

(h) any unrealized gains from the write-down, reappraisal or revaluation of assets;

(i) the proceeds of Bonds and Subordinated Indebtedness;

(j) Passenger Facility Charges, except to the extent provided as Revenues in Section 3.02 hereof;

(k) Any Available Revenues;

(l) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Bonds or Subordinated Indebtedness;

(m) cash subsidy payments or similar payments made by the U.S. Treasury or other federal or State governmental entity to or on behalf of the Authority or County for payment coming due on the Bonds or any portion thereof;

(n) any arbitrage earnings which are required to be paid to the United States of America pursuant to Section 148 of the Code;

(o) interest earnings or other investment earnings on any Account in the Project Fund established by any Supplemental Resolution unless otherwise provided in such Supplemental Resolution; and

(p) Special Purpose Facility Revenues, except as otherwise provided by Supplemental Resolution.

"S&P" shall mean Standard and Poor's ~~Rating Service~~ Global Ratings, 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~~ **2024 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.~~

2024 "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. (AMT) issued under the Resolution.~~

~~"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,~~ means any capital 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, specifically designated as such by the Authority or County pursuant to Section 5.23 hereof.

~~"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.~~

"Special Purpose Facility Debt" means any evidence of debt referred to in, and complying with the provisions of, Section 5.23 hereof.

"Special Purpose Facility Revenues" means (i) the revenues, income, rentals, payments or other charges arising from, or generated by or to be derived by the Authority with respect to, one or more Special Purpose Facilities which are pledged to secure Special Purpose Facility Debt, and (ii) moneys on deposit in the Airport Fund, subordinated revenues or contractual payments made or received by the County which the County has either pledged or agrees may be pledged by the owner, operator or user of one or more Special Purpose Facilities to secure Special Purpose Facility Debt.

"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.

"Supplemental Resolution" means any resolution of the Authority amending or supplementing the Resolution and adopted and becoming effective in accordance with the terms of Article X.

"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. FINDINGS. It is hereby ascertained, determined and declared that:

A. The County now owns, operates and derives Revenues from the Airport System.

~~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.~~

~~EB.~~ 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 in the Existing Resolution,~~ it is in the best interests of the County and the Authority to adopt this Bond Resolution amending and restating the Existing Resolution.

~~FC.~~ Section 9.12 of the Existing Resolution permits such ~~resolution~~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~~2024 Bonds, the ~~Initial Purchaser~~initial purchasers of the Series ~~2000~~2024 Bonds, as the ~~holder~~holders thereof, will consent to the amendments contained in this Bond Resolution. The County's Series ~~2000~~2024 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.~~

~~HD.~~ 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~~shall receive a report of an Airport Consultant demonstrating compliance with Section 5.12 of the Existing Resolution with respect to the Series ~~2000~~2024 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.~~

~~KE.~~ 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.

~~LE.~~ 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.

~~MG.~~ 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~~Available Revenues (to the extent provided in Section ~~3-02~~5.27).

~~NH~~. The PFC Revenues may secure the Bonds only to the extent approved by the County and then only to the extent permitted by ~~the any~~ Passenger Facility Charge Bond Resolution, the PFC Act, the PFC Approvals ~~and~~ the PFC Regulations, and Section 3.02 of this Resolution.

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 Supplemental 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 Supplemental 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 Supplemental 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 Supplemental 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~~Supplemental 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 Supplemental 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 [SeriesSupplemental](#) 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 [SeriesSupplemental](#) 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 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 [SeriesSupplemental](#) 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 ~~shall~~ may, 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 be given by the County as set out below, but no defect in said further notice nor any failure to give all or any portion of~~ mailing of the notice described above, each notice of redemption and payment of the redemption price shall be sent to such other Person, if any, as shall be required by applicable law or regulation; provided, however, the failure to provide such further notice ~~of redemption or to comply with the terms of this paragraph shall not~~ in any manner defeat the effectiveness of a call for redemption if ~~official~~ notice thereof is given as ~~above~~ prescribed ~~above~~.

The County may provide that a redemption may be contingent upon the occurrence of certain condition(s) and that if such conditions(s) do not occur the notice of redemption will be rescinded, and the Bonds called for redemption shall remain Outstanding, provided notice of rescission shall be mailed in the manner described above to all affected Bondholders as soon as practicable.

~~(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~~Supplemental 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~~Supplemental 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~~Supplemental Resolution relating to such Series of Bonds; provided, however, that no ~~Series~~Supplemental 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 SeriesSupplemental 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 SeriesSupplemental 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 SeriesSupplemental 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 any~~ 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 under this Resolution 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 SeriesSupplemental 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~~ Supplemental 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 System 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~~ Supplemental 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: 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~~Supplemental 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 [SeriesSupplemental](#) 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 [Parity](#) Bonds, the County shall deposit into the Reserve Account any amount fixed by the [SeriesSupplemental](#) 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 [SeriesSupplemental](#) 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 [FundAccount](#). In the event the Reserve [FundAccount](#) 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 [FundAccount](#), such facilities shall be drawn on proportionately in relation to their respective stated amounts.

The County may also establish a separate subaccount in the Reserve Account for any Series of Bonds and such subaccount shall be pledged to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured

separately by a subaccount of the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Requirement applicable to such Series of Bonds secured by the subaccount; provided the Supplemental Resolution authorizing such Series of Bonds may establish the Reserve Account Requirement relating to such separate subaccount of the Reserve Account at such level as the County deems appropriate. In the event the County by Supplemental Resolution establishes the Reserve Requirement for a particular Series of Bonds to be zero (\$0.00) or it shall determine that such Series are not to be secured in any manner by the Reserve Account or a subaccount, then it shall not be required to establish a separate subaccount; provided, however, such Series of Bonds shall have no lien on or pledge of any moneys on deposit in the Reserve Account. Moneys used to replenish the Reserve Account shall be deposited in the separate subaccounts in the Reserve Account and in the Reserve Account on a pro-rata basis.

(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 [System](#), 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 [lawful purpose authorized by the Act, including payment of capital improvements to Page Field.](#)

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 Supplemental~~ 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~~ 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 Supplemental~~ 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~~ 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 Supplemental 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 Supplemental 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 Supplemental](#) 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 Supplemental](#) 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 [System](#) and capital improvements to the Airport [System](#) 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 [System](#) 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 [System](#) 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 [System](#) 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 [System](#) 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, [including any deposits to the Reserve Account and Renewal, Replacement and Improvement Fund required in such Fiscal Year](#). 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~~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 System, 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 System, 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 System 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 System 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~~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 System (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 System, 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 System, 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 System 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 System and the operations thereof to the Authority or other special district created for the purpose of owning and operating the Airport System, 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 System 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 System. 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 System 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~~ a Representative or an Airport Consultant has provided a certificate stating that Net Revenues for either the most recent Fiscal Year for which the audited financial statements of the Authority Airport System are available; and (ii) a report of the Consultant setting forth or any 12 consecutive months out of the most recent 24 consecutive months immediately preceding the month of issuance of the proposed Additional Parity Bonds would be sufficient if the same amount were received over the next three full Fiscal Years, to satisfy the rate covenant set forth in Section 5.04 hereof, when considering the projected Bond Service Requirement on such proposed Additional Parity Bonds for each of the next three full 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 (1) estimates of Revenues to be received by the County and the Authority from the Airport including the Project to

~~be financed with issuance of 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, or each of the next two full Fiscal Years from the issuance of the Additional Parity Bonds during which there is no Capitalized Interest funded from proceeds of such Additional Parity Bonds, whichever is later, including the Bond Service Requirement including the during such Fiscal Years on such proposed 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;~~
or

(b) An Airport Consultant has provided a certificate stating that, based upon assumptions the Airport Consultant deems reasonable, projected Net Revenues will be sufficient to satisfy the rate covenant set forth in Section 5.04 hereof, when considering the projected Bond Service Requirement on such proposed Additional Parity Bonds for each of the next three full Fiscal Years following issuance of the Additional Parity Bonds, or each of the next two full Fiscal Years from issuance of the Additional Parity Bonds during which there is no Capitalized Interest funded from proceeds of such Additional Parity Bonds, whichever is later, including Bond Service Requirement during such Fiscal Years on such proposed Additional Parity Bonds.

For purposes of Section 5.12(a) above, the Authority Representative or Airport Consultant shall be allowed to adjust Revenues for earnings arising from any increase in the rates, charges and fees for the use of the Airport System which has become effective prior to the issuance of such proposed Additional Parity Bonds but which, during the Fiscal Year or 12-month period utilized by the Authority for purposes of 5.12(a) above, was not in effect for the entire Fiscal Year or 12-month period under consideration, in an amount equal to the amount by which the Revenues would have been increased if such increase in rates, charges and fees had been in effect during the whole Fiscal Year or 12-month period under consideration, as determined by an Authority Representative or Airport Consultant.

For purposes of Section 5.12(b) above, in estimating Revenues, the Airport Consultant may take into account (i) Revenues from new Airport System facilities or other new capital improvements reasonably expected to become available during the period for which the estimates are provided, (ii) any increase in fees, rates, charges, rentals or other sources of Revenues which has been approved by the Board and will be in effect during the period for which the estimates are provided, or (iii) any other increases in Revenues which the Airport Consultant believes to be a reasonable assumption for such period. With respect to Current Expenses, the

Airport Consultant shall use such assumptions as such Airport Consultant believes to be reasonable, taking into account: (a) historical Current Expenses, (b) Current Expenses associated with the capital improvements to be funded with the proceeds of the Additional Parity Bonds proposed to be issued and any other new Capital Improvements and Airport System facilities, and (c) such other factors, including inflation and changing operations or policies of the Authority, as the Airport Consultant believes to be appropriate. The Airport Consultant shall include in such certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Revenues and shall also set forth the calculations of Bond Service Requirement, which calculations may be based upon information provided by the Authority or County.

For purposes of preparing the certificate or certificates described above, the Authority Representative or Airport Consultant, as applicable, may rely upon financial statements prepared by the Authority which have not been subject to audit by an independent certified public accountant or firm of independent certified public accountants if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authority Representative shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles.

(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~~ such 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~~ Supplemental 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 Supplemental 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 Supplemental 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 System 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 System which will materially compete with the Airport System, 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 System 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 the 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 with the Holders of each Series of Tax-Exempt Bonds that it shall not use 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 Tax-Exempt Bonds in any manner which would cause the interest on the Bonds of such Series of Tax-Exempt Bonds to be or become included in gross income for purposes of federal income taxation.~~

The County and the Authority covenant with the Holders of each Series of Tax-Exempt Bonds that neither the Authority, the County nor any person or entity under their control or direction will make any use of the proceeds of such Series of Tax-Exempt Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of the Code and neither the Authority, the County nor any other person or entity under their control shall do any act or fail to do any act which would cause the interest on such Series of Tax-Exempt Bonds to become subject to inclusion within gross income for purposes of federal income taxation.

The County and the Authority hereby covenant with the Holders of each Series of Tax-Exempt Bonds that it will comply with all provisions of the Code necessary to maintain the exclusion from gross income of interest on the Tax-Exempt 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. The Authority or County shall establish a rebate fund pursuant to Supplemental Resolution for each Series of Tax-Exempt Bonds which shall be subject to payment of rebatable arbitrage.

The County may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includable in the gross income of the Holder thereof for federal income taxation purposes, provided that the issuance thereof will not cause interest on any other Tax-Exempt Bonds theretofore issued hereunder to be or become subject to federal income taxation. The covenants set forth in this Section 5.15 shall not apply to any Taxable Bonds.

For purposes of this Section 5.15, the term "Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder in effect or proposed, (2) the term "Tax-Exempt Bonds" means Bonds the interest on which is excludable from the gross income of the Holders thereof for federal income taxation purposes, and (3) the term "Taxable Bonds" means those Bonds that the interest income thereon is includable in gross income of the Holders thereof for federal income taxation purposes.

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 System 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 System and as shall, in the judgment of the Authority Representative and confirmed by the Consultant, restore the Airport System 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 System 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 System 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 System 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 System 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 System has not been maintained in good repair and sound operating condition, it will promptly restore, replace or renew such facilities so that the Airport System 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 System, in both cases from (and to the extent of) funds legally available therefor which are derived from the operation of the Airport System. Nothing herein shall be construed to require the County to expend any funds other than funds derived from the operation of the Airport System.

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~~ may designate new or existing facilities as "Special Purpose Facilities Bonds for the purpose of financing the cost of" as permitted in this Section 5.23 pursuant to a Supplemental Resolution and is authorized to finance 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) from the proceeds of Special Purpose Facility Debt issued by the County secured by Special Purpose Facility Revenues and without regard to any requirements of this Resolution with respect to the issuance of Additional Parity Bonds, provided that there shall be filed with the Clerk prior to the issuance of such Special Purpose Facility Debt a certificate of an Authority Representative, stating that:~~

1. the estimated amount of Special Purpose Facilities that are owned and/or operated by private companies and Facility Revenues with respect to 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. to be financed will be at least sufficient to pay the principal of and interest on such Special Purpose Facility Debt and all sinking fund, reserve or other payments required by the Supplemental Resolution authorizing and securing such Special Purpose Facility Debt;~~

~~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.~~

~~2. in the case of Special Purpose Facility Debt secured solely from sources described in subsection (i) of the definition of Special Purpose Facility Revenues, the Airport Consultant shall certify that the construction and operation of the Special Purpose Facilities to be financed will not decrease the Revenues to be derived from the Airport System;~~

~~3. in the case of Special Purpose Facility Debt secured from any of the sources described in subsection (ii) of the definition of Special Purpose Facility Revenues, the Airport Consultant shall certify that the County will be in compliance with the rate covenant described in Section 5.04 hereof for each of the next three full Fiscal Years following issuance of the Special Purpose Facility Debt;~~

~~4. no Event of Default then exists under this Resolution; and~~

~~5. the County is in compliance with any and all requirements set forth in any Supplemental Resolution related to such Special Purpose Facility Debt or any outstanding Special Purpose Facility Debt which will be secured on a parity with such additional Special Purpose Facility Debt.~~

~~The Supplemental Resolution authorizing the issuance of Special Purpose Facility Debt shall specify whether (i) the Special Purpose Facilities (or any portion thereof) financed with such Special Purpose Facility Debt shall be part of the Airport System, and (ii) the Special Purpose Facility Revenues (or any portion thereof) shall constitute Revenues.~~

SECTION 5.24. USE OF REVENUES. ~~The~~ Notwithstanding the provisions of Section 5.23 hereof the County and the Authority covenant and agree that none of the Revenues of the Airport System 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 Allport, 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 impair-. The Authority further covenants that it will adopt such resolutions and such rules and regulations as may be necessary or appropriate to cany 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 System 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 System.

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.~~ COVENANTS WITH RESPECT TO PFCs. The County and Authority hereby covenant and agree to file such applications, submit such reports and take any and all such other actions that may be necessary or desirable to preserve its rights to impose and collect PFCs from which PFC Revenues are derived, to enforce with reasonable diligence its right to receive PFCs from which PFC Revenues are derived and to use the proceeds of such PFC Revenues and amounts required to be deposited in the applicable Passenger Facilities Charge Subaccount of the Revenue Fund Account in the manner provided herein. Without limiting the generality of the foregoing, the County and Authority hereby covenant and agree as follows:

(a) To apply PFCs only to finance allowable costs of approved projects in accordance with the FAA Regulations and applicable FAA authorizations and approvals (including Bond Service Requirement with respect to that portion of the Bonds issued to finance Projects secured by PFCs);

(b) To comply with the applicable requirements of Section 9304(e) and 9307 of the Airport Noise and Capacity Act of 1990 (Pub. L. 101-508, Title IX, Subtitle D);

(c) To notify the air carriers and foreign air carriers required to collect PFCs with respect to the Airport System of the FAA's approval of the imposition of such PFCs in accordance with the requirements of the FAA Regulations and to take all actions reasonably necessary to insure the proper collection and remittance of the PFCs from which PFC Revenues are derived by the air carriers; and

(d) To comply with all reporting, recordkeeping, and auditing requirements contained in the FAA Regulations.

SECTION 5.27. AVAILABLE REVENUES.

1. At any time and from time to time, the County and the Authority, without the consent of the Holder of any Bond and without the consent of any Credit Facility Issuer, may adopt a Supplemental Resolution that specifies Bonds that shall be secured by Available Revenues. Available Revenues may include PFCs, CFCs or other revenue streams without the consent of any Bondholders or Credit Facility Issuer. More than one Series of Bonds may be secured by Available Revenues, and no consent from any Holder of any Bond or from any Credit Facility Issuer, shall be required as a condition to the issuance or incurring of any subsequently-issued Bonds that are secured by any Available Revenues.

2. An Account shall be established for each Available Revenue which shall be held by the County.

3. The County shall, promptly upon receipt, deposit, or cause to be deposited, all Available Revenues in the related Account. Unless otherwise provided in the Supplemental Resolution which specifies Available Revenues pledged for one or more Series of Bonds, simultaneously with the County's withdrawal of amounts from the Revenue Fund for deposit into the funds and accounts as set forth in Section 5.02(c) hereof, the County shall withdraw amounts on deposit in such account as has been established, as applicable, and shall transfer the amounts so withdrawn to the Sinking Fund for the applicable Series of Bonds, in such amounts as are specified or provided for in the corresponding Supplemental Resolution specifying Available Revenues for such Series of Bonds.

4. The Available Revenues, including any investment earnings thereon, on deposit in an Account shall be applied to the payment of such Bonds secured thereby and such amount shall be accounted for as a credit against the amounts required to be deposited in the Sinking Fund for such purpose pursuant to the provisions hereof.

SECTION 5.27.5.28. 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~~ Supplemental Resolution.

SECTION 5.29. RELEASED REVENUES. The County may cause a category of income, receipts or other revenues then included in the definition of "Revenues" in Section 1.02 to be excluded from such definition for all purposes of this Resolution, which exclusion shall be effective from the date the County satisfies the conditions of this Section 5.29, by filing the following with the Clerk:

1. a written request from an Authority Representative to release such category of income, receipts and other revenues from the definition of Revenues contained in Section 1.02, accompanied by a written certificate of an Authority Representative certifying the County is not in default pursuant to Section 5.04 hereof; and

2. a certificate of an Authority Representative or Airport Consultant to the effect that Net Revenues, excluding the category of Revenues proposed to become Released Revenues, for each of the two Fiscal Years for which audited financial statements are available immediately preceding the date of such certificate or report, were sufficient to satisfy the rate covenant set forth in Section 5.04 for each of such two Fiscal Years, assuming that 110% (instead of 100%) was used in Section 5.04(ii) and 135% (instead of 125%) was used in Section 5.04(i).

SECTION 5.30. PAGE FIELD. The County may utilize proceeds of Bonds to pay for capital improvements to Page Field. The County may also issue Subordinated Indebtedness which can fund capital improvements to Page Field. In addition, the County may also agree to pay for capital improvements to Page Field from moneys in the Airport Fund.

**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 [System](#) 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), 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 Supplemental](#) 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 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
SUPPLEMENTAL RESOLUTIONS

SECTION 9.01. SUPPLEMENTAL RESOLUTION WITHOUT BONDHOLDER CONSENT. The County, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

(1) To cure any ambiguity or formal defect or omission or to correct any inconsistent or obsolete provisions in the Resolution or to clarify any matters or questions arising hereunder.

(2) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.

(3) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the Resolution other conditions, limitations and restrictions thereafter to be observed.

(4) To add to the covenants and agreements of the County in the Resolution other covenants and agreements thereafter to be observed by the County or to surrender any right or power herein reserved to or conferred upon the County.

(5) To authorize Additional Parity Bonds or Refunding Bonds or to determine the terms and details thereof and, in connection therewith, specify and determine the matters and things referred to in Sections 2.01, 2.02, 2.09, 2.10, 2.11 or 2.12 hereof, including the issuance of Additional Parity Bonds or Refunding Bonds, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds.

(6) To authorize additional Projects or to change or modify the description of any additional Project.

(7) To specify and determine matters necessary or desirable for the issuance of Variable Rate Bonds, federal subsidy bonds or Capital Appreciation Bonds.

(8) To provide for the establishment of a separate subaccount or subaccounts in the Reserve Account which shall independently secure one or more Series of Bonds.

(9) To modify, amend or supplement the Resolution in such manner as to permit the qualification of the Resolution under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under

the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Resolution such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

(10) To comply with any future laws, rules and regulations with respect to Tax-Exempt Bonds or Taxable Bonds.

(11) To provide for the establishment and utilization of Available Revenues as provided in Section 5.27 hereof.

(12) To make any other change that, in the opinion of the County, would not materially adversely affect the interests of the Bondholders. In making such determination, the County shall not take into consideration any bond insurance policy insuring, or other credit enhancement securing, payment of any Bonds.

SECTION 9.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDER AND CREDIT FACILITY ISSUER CONSENT. Subject to the terms and provisions contained in this Section 9.02 and Sections 9.01 and 9.03 hereof, the Holder or Holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolutions hereto as shall be deemed necessary or desirable by the County for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 9.02. No Supplemental Resolution may be approved or adopted which shall permit or require, without the consent of all affected Bondholders, (1) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (2) reduction in the principal amount of any Bond or the redemption price or the rate of interest thereon, (3) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (4) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders or the Credit Facility Issuers of the adoption of any Supplemental Resolution as authorized in Section 9.04 hereof.

Written Consent of Credit Facility Issuers. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 9.02 shall also require the written consent of any Credit Facility Issuer that has provided credit enhancement to any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect if (1) such Credit Facility Issuer has been granted the right of consent pursuant to Supplemental

Resolution, (2) such Credit Facility Issuer is not in default under the related credit enhancement documents, and (3) such Credit Facility Issuer has not applied for or consented to the appointment of a receiver, custodian, trustee or liquidator of all or a substantial part of its assets, has not admitted in writing as to its inability to pay its debts as they become due, has not made a general assignment for the benefit of its creditors and has not commenced voluntary bankruptcy proceedings.

Notice. If at any time the County shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this 9.02, the County shall to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk for inspection by all Bondholders or provide an appropriate World Wide Web internet link to where the Supplemental Resolution is posted. The County shall not, however, be subject to any liability to any Bondholder by reason of the County's failure to cause the notice required by this Section 9.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 9.02.

Effect of Supplemental Resolution. Whenever the County shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the County may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto. If the Holders of not less than 51% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the County from adopting the same or from taking any action pursuant to the provisions thereof. Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 9.02, the Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Resolution of the County and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of the Resolution as so modified and amended.

Deemed Notice and Consent. Notwithstanding any other provision of this Section 9.02, Holders of Bonds shall be deemed to have provided consent pursuant to this Section 9.02 if the offering document for such Bonds expressly describes the amendments to the

Resolution contained therein and states by virtue of the Holders' purchase of such Bonds the Holders are deemed to have notice of, and consented to, such amendments.

Underwriters or Agents May Provide Consent. Notwithstanding any other provision of this Section 9.02, to the extent permitted by law, at the time of issuance or remarketing of Bonds under the Resolution, a broker, dealer or municipal securities dealer, serving as underwriter or remarketing agent for such Bonds, or as agent for or in lieu of Holders of the Bonds, may provide consent to amendments to the Resolution pursuant to this Section 9.02.

SECTION 9.03. AMENDMENT WITH CONSENT OF CREDIT FACILITY ISSUERS ONLY. For purposes of amending the Resolution pursuant to Section 9.02 hereof, a Credit Facility Issuer shall be considered the Holder of such Bonds which it has insured or provided credit enhancement. The consent of the Holders of such Bonds shall not be required if the Credit Facility Issuer shall consent to the amendment as provided by this Section 9.03 and such Credit Facility Issuer (1) is not in default under the related credit enhancement documents, and (2) has not applied for or consented to the appointment of a receiver, custodian, trustee or liquidator of all or a substantial part of its assets, has not admitted in writing as to its inability to pay its debts as they become due, has not made a general assignment for the benefit of its creditors and has not commenced voluntary bankruptcy proceedings. At least fifteen (15) days prior to adoption of any amendment made pursuant to this Section 9.03, notice of such amendment shall be delivered to the Rating Agencies rating the Bonds. Upon filing with the Clerk evidence of such consent of the Credit Facility Issuer as aforesaid, the County may adopt such Supplemental Resolution. After the adoption by the County of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notices of an amendment under Section 9.02 hereof. Notwithstanding the foregoing, the consent of all affected Bondholders shall still be required with respect to any amendment set forth in clauses (1) through (4) in the first paragraph of Section 9.02 hereof.

SECTION 9.04 SERIES 2024 BONDHOLDER CONSENT.

Purchase by the initial Holders of the Series 2024 Bonds shall constitute consent to the amendments provided herein. Consent of the initial Series 2024 Bondholders shall be binding on all future Series 2024 Bondholders and shall provide the consent required by Section 9.12 of the Existing Resolution for the amendments provided herein. Notwithstanding anything in the Existing Resolution to the contrary and subject in all respects to the award of the Series 2024 Bonds in accordance with the Supplemental Resolution relating to the Series 2024 Bonds, the amendments to the Resolution provided herein shall become effective only upon the consent of a 51% of Bondholders required by Section 9.12 of the Existing Resolution and any other required consents. The Series 2024 Bondholders by purchasing the Series 2024 Bonds shall waive any irregularity with the provisions of Section 9.12.

SECTION 9.05. GENERAL PROVISIONS.

The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article IX.

SECTION 9.06. EXCLUSION OF BONDS. Bonds owned or held by or for the account of the County shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article IX, and the County shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article.

ARTICLE X
MISCELLANEOUS PROVISIONS

SECTION ~~9.01~~10.01. **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~~10.02. **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~~10.03. **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~~10.04. **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~~10.05. **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~~10.06. 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~~10.07. 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~~10.08. 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~~10.09. 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~~10.10. 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 9.11.10.11. PREEMPTION OF RIGHTS AND REMEDIES. If any Series of Bonds are secured by a Credit Facility, the ~~Series~~Supplemental 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 9-1310.12. 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 9-1410.13. 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~~ authorized therein.

SECTION 10.14 TRANSITION. The County may adopt pursuant to Supplemental Resolution procedures for the transition of provisions in the Existing Resolution to those of this Amended and Restated Bond Resolution.

The rate covenant provided in Section 5.04 of this Amended and Restated Bond Resolution shall be operative for the entire Fiscal Year in which the effective date of this Amended and Restated Bond Resolution occurs.

The Additional Parity Bonds test provided in Section 5.12 of this Amended and Restated Bond Resolution shall be operative for all Additional Parity Bonds issued on or subsequent to the effective date of this Amended and Restated Bond Resolution.

SECTION 9-1510.15. EFFECTIVE DATE. This resolution shall take effect simultaneously with the delivery of the Series ~~2000~~ 2024 Bonds.

PASSED AND ADOPTED ON THIS ~~13th~~ 5TH DAY OF ~~MARCH~~ SEPTEMBER, ~~2000~~ 2024.

BOARD OF ~~LEE~~ COUNTY COMMISSIONERS

OF LEE COUNTY, FLORIDA

(SEAL)

By: _____
Mike Greenwell, Chairman
~~CHAIRMAN~~

ATTEST:

KEVIN C. KARNES, CLERK ~~OF THE CIRCUIT COURT, IN AND FOR LEE COUNTY, FLORIDA,~~

~~EX OFFICIO CLERK OF THE BOARD~~

~~OF COUNTY COMMISSIONERS OF~~

~~LEE COUNTY, FLORIDA~~

~~Approved as to Form:~~

Clerk

APPROVED AS TO FORM FOR THE RELIANCE OF LEE COUNTY ~~ATTORNEY ONLY:~~

County Attorney

APPENDIX E

FORM OF USE AGREEMENTS

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FOR

SOUTHWEST FLORIDA INTERNATIONAL AIRPORT

BY AND BETWEEN

LEE COUNTY PORT AUTHORITY

AND

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Exhibit F	Changes in Rates for Rents, Fees and Charges
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AIRLINE-AIRPORT USE AND LEASE AGREEMENT

THIS AIRLINE-AIRPORT USE AND LEASE AGREEMENT (the "Agreement" or the "New Agreement") is made and entered into this _____ day of _____, 202____, by and between the Lee County Port Authority, hereinafter referred to as "AUTHORITY", and *****, a corporation organized and existing under the laws of the State of *****, hereinafter referred to as "AIRLINE."

Background

AUTHORITY has the custody, control and management of Southwest Florida International Airport (the "Airport"), located in Lee County, Florida, under grant of authority by legislative act of Lee County, Florida, owner of the Airport, and has the right to lease, license, or otherwise provide for the use of land, property and facilities of the Airport System and has full power and authority to enter into this Agreement in respect thereof.

AIRLINE is engaged in the business of transportation by air of persons, property, mail, parcels and/or cargo.

AIRLINE and AUTHORITY are parties to an "Airline-Airport Use and Lease Agreement" dated ***** as amended ***** (the "Prior Agreement") scheduled to expire September 30, 2023, and desire to extend the terms of said Prior Agreement by one year, to September 30, 2024, and to replace said Prior Agreement with this New Agreement effective October 1, 2024.

AIRLINE and AUTHORITY are entering into this Agreement, to specify the rights and obligations of the parties with respect to the use of the Airport and the occupancy of certain space therein by AIRLINE;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, AUTHORITY and AIRLINE do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

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1.11 Airport Fund shall mean the Airport Fund as defined in the Bond Resolution.

1.12 Airport Affairs Committee (AAC) shall mean 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.

1.13 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.

1.14 Amortization shall mean the annual amortization of each Recognized Net Investment made by AUTHORITY after September 30, 2022, with AUTHORITY's funds (i.e., any funds other than Bond proceeds, proceeds from insurance resulting from casualty damage to or destruction of improvements on the Airport, federal or state grant funds, and PFCs), in lieu of the AUTHORITY borrowing such amounts, for new Capital Expenditures on the Airport, with the amount of each such investment amortized on a straight line basis, with interest computed at AUTHORITY's interest cost, over a period determined by the Authority based on its expected useful life, commencing in the Fiscal Year immediately following the earlier of the issuance of a certificate of occupancy, the date of Substantial Completion, or the date of acquisition, with such principal and interest amounts together representing equal annual payments AUTHORITY would have been responsible for paying had the AUTHORITY funded such Recognized Net Investment with borrowed funds rather than its own funds.

1.15 AUTHORITY shall mean 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 322, 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.

1.16 Baggage Claim Area means the publicly accessible bag claim area on the ground floor of the Airport's Terminal building. The parties agree that, regardless of actual variations, for purposes of calculations pursuant to Exhibit F, the Airport's Baggage Claim Area will be deemed to be 73,992 square feet, unless and until the AUTHORITY determines, in its sole discretion, that a different area will be applied due to physical changes to the Terminal which increase or decrease said area.

1.17 Baggage Handling System Cost Center (or BHS Cost Center) shall mean all Investment Service (allocated by its proportional share of Recognized Net Investment), direct and indirect O&M Expenses, Amortization, O&M Reserve Requirement, and operating Revenues allocated to the Baggage Handling System.

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ARTICLE 1: DEFINITIONS

The following words, terms and phrases wherever used in this New Agreement shall for the purposes of this Agreement have the following meanings:

1.01 Additional Concourse E Protection shall mean additional charges assessed to AIRLINE pursuant to item D of Section 7.10 below.

1.02 Affiliate shall mean an Air Transportation Company that: (i) is AIRLINE's parent company; (ii) is a subsidiary of AIRLINE or its parent company; (iii) operates at the Airport under AIRLINE's trade name and uses AIRLINE's two-letter designator code for its flights serving the Airport; or (iv) operates at the Airport under a trade name of AIRLINE'S parent or subsidiary and uses the two-letter designator code of such parent or subsidiary for its flights serving the Airport.

1.03 Agreement shall mean this Airline-Airport Use and Lease Agreement between AUTHORITY and AIRLINE, as the same may be amended, modified or altered from time to time pursuant to the terms hereof.

1.04 Air Transportation Business shall mean that business operated by AIRLINE at the Airport for the commercial transportation by air of persons, property, mail, parcels and/or cargo.

1.05 Air Transportation Company shall mean a legal entity engaged in the business of scheduled or non-scheduled commercial transportation by air of persons, property, mail, parcels and/or cargo.

1.06 Airfield shall mean those portions of the Airport, excluding the Terminal 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.

1.07 Airfield Cost Center shall mean all Investment Service (allocated by its proportional share of Recognized Net Investment), all direct and indirect O&M Expenses, Amortization, O&M Reserve Requirement, and operating Revenues allocated to the Airfield and such reasonable portion of the Terminal Aircraft Aprons as is allocated by the AUTHORITY.

1.08 AIRLINE shall mean the Air Transportation Company executing this Agreement.

1.09 Airline Premises shall mean the Joint Use Premises, and the areas in the Terminal assigned to AIRLINE as Exclusive Use Premises or Preferential Use Premises, as those terms are defined herein.

1.10 Airport shall mean Southwest Florida International Airport, including the Mitigation Park associated with the permitting therefore, owned by Lee County, Florida and operated by AUTHORITY, under grant of authority by legislative act of Lee County, Florida.

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1.18 Board shall mean the Authority's Board of Port Commissioners.

1.19 Bond Resolution shall mean Resolution No. 00-03-04, adopted by the Board of County Commissioners of Lee County, Florida ("BOCC"), on March 13, 2000, as amended and supplemented (the "Master Resolution"), particularly as supplemented by Resolution No. 20-06-30 adopted by the BOCC on June 25, 2020 (the "PFC Resolution") and Resolution No. 21-09-32, adopted by the BOCC on September 21, 2021 (the "2021B Series Resolution") and together with the Master Resolution and the PFC Resolution, 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.

1.20 Bonds shall mean the Lee County Florida Airport Revenue Bonds issued pursuant to the Bond Resolution.

1.21 Capital Expenditure shall mean an expenditure, equal to or greater than \$300,000 (including expenses incurred for development, study, analysis, review, design, or planning), made to acquire, purchase or construct a single item or project for the purpose(s) of improving, maintaining or developing the Airport. Capital Expenditures shall include, but not necessarily be limited to, a Terminal expansion that initially includes a new 14 gate Concourse E and support facilities such as taxiways, ramp, aircraft fueling system, roadway/curb improvements, pedestrian walkways, chiller plant improvements, and other elements necessary to support said expansion.

1.22 Cost Centers shall mean those areas or functional activities of the Airport used for the purposes of accounting for Revenues, O&M Expenses, O&M Reserve Requirement, Amortization, and Investment Service.

1.23 Coverage shall mean twenty-five percent (25%) of the Debt Service payable on Bonds in each Fiscal Year.

1.24 Current Expenses means, 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(t) of the Code; and (11) and other reasonable expenses authorized by law; provided, however, Current

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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 therefore 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.

1.25 Debt Service shall mean 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, excluding however any amounts paid or accrued for bonds used to finance or refinance projects funded by CFC revenues.

1.26 Deplaned Passenger shall mean 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.

1.27 Enplaned Passenger shall mean 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.

1.28 Exclusive Use Premises shall mean those portions of the Terminal assigned exclusively to AIRLINE, as set forth in Exhibit B, attached hereto.

1.29 Executive Director shall be the Executive Director of AUTHORITY, and shall include such person or persons as may from time to time be authorized in writing by AUTHORITY or by the Executive Director or applicable law to act for the Executive Director with respect to any or all matters pertaining to this Agreement.

1.30 Extraordinary Coverage Protection shall mean additional charges assessed to AIRLINE pursuant to item C of Section 7.10 below.

1.31 FAA shall mean the Federal Aviation Administration, or its authorized successor(s).

1.32 Fiscal Year shall mean the annual accounting period of AUTHORITY for its general accounting purposes which, at the time of entering into this Agreement, is the period of twelve consecutive months, ending with the last day of September of any year.

1.33 Gate, or Gate Position, means a designated aircraft parking position at the Terminal, and includes the associated holdroom area, passenger loading bridge, pre-conditioned air, and 400 Hertz systems.

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generality of the foregoing, insurance premiums, administrative expenses of the Authority relating solely to the Airport, including engineering, architectural, legal, airport consultants, and accounting fees and expenses, and fees and expenses of the Trustee, and such other reasonable expenses as shall be in accordance with sound accounting practice, excluding only allowance for depreciation, Capital Expenditures, any operating expenses of "Special Purpose Facilities" (as that term is defined in the Bond Resolution) where the lessees thereof are obligated to pay such operating expenses, and any operating expenses to which the Authority applies rental car facility charge (CFC) funds.

1.45 Operating Expenditure Reserve Requirement (O&M Reserve Requirement) shall mean 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.

1.46 Other Debt Service shall mean any principal, interest, premium, and other fees and amounts, either paid or accrued, on Other Indebtedness of AUTHORITY.

1.47 Other Indebtedness shall mean any debt incurred by AUTHORITY for Airport purposes which is outstanding and not authenticated and delivered under and pursuant to the Bond Resolution, or any Subordinated Bond Resolution.

1.48 Passenger Facility Charge (PFC) shall mean 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 this Agreement.

1.49 Period of Use means: (a) for an arriving flight, the period beginning 30 minutes prior to the scheduled arrival and ending on the earlier of (i) the completion of the deplaning process or (ii) 60 minutes after the scheduled arrival; and (b) for a departing flight, the period beginning 60 minutes prior to the scheduled departure (90 minutes for international departures), and ending on the earlier of (i) the aircraft's actual departure, or (ii) 30 minutes after the scheduled departure.

1.50 Preferential Use Premises shall mean the following, to the extent they are assigned to AIRLINE for its non-exclusive use, as shown in Exhibit B, attached hereto, to which AIRLINE shall have certain priority over other users as set forth in Article 16:

- (a) gate position(s), also referred to herein as gate(s), including associated portions of the Terminal and Terminal Aircraft Aprons;
- (b) ticket counter space; and
- (c) baggage make up space (also referred to as "BMU").

1.51 Recognized Net Investment shall mean AUTHORITY's cost of an improvement or an acquisition made on or for the Airport (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), equal to or greater than \$100,000, reduced by the amount of any federal or state grant or PFC received by AUTHORITY therefore, beginning in the Fiscal Year in which the improvement or acquisition is completed.

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1.34 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.

1.35 Joint Use Formula shall mean the formula set forth in item 3, and Table F-4, of Section II of Exhibit F, which allocates, for each Fiscal Year, the annual cost of the Terminal's Joint Use Premises amongst the Air Transportation Companies using the Joint Use Premises, with twenty percent (20%) of the Signatory Airlines' share of such cost allocated equally to all Signatory Airlines, and eighty percent (80%) of the Signatory Airlines' share of such cost allocated amongst the Signatory Airlines on the basis of each Signatory Airline's share of the Signatory Airlines' combined Enplaned Passengers. For purposes of this calculation: (a) the number of each Signatory Airline's Enplaned Passengers will include the Enplaned Passengers of all Designated Affiliates of such Signatory Airline; and (b) all Designated Affiliates of a Signatory Airline shall be combined with such Signatory Airline and together counted as a single Signatory Airline.

1.36 Joint Use Premises shall mean the Terminal's Baggage Claim Area, TSA Baggage Screening Space, and TSA Security Checkpoint Space.

1.37 Landing Fee shall mean a fee, expressed in dollars and cents, per thousand pounds of the Maximum Gross Landing Weight of each type of AIRLINE's aircraft.

1.38 Maximum Gross Landing Weight shall mean the maximum gross certificated landing weight, in one thousand pound units, for which each aircraft operated at the Airport by AIRLINE is certificated by the FAA.

1.39 Minimum Average Gate Utilization means an average of four (4) turns per day per preferential use gate.

1.40 Minimum Annual Guarantee means \$1,250,000.00 per Fiscal Year. For any partial Fiscal Year, the Minimum Annual Guarantee will be prorated.

1.41 Net Requirement shall, with respect to the Terminal Cost Center, Airfield Cost Center, and BHS Cost Center, have the meaning defined in Exhibit F for each such Cost Center.

1.42 Non-Airline Revenues shall mean those rents, fees and charges received by AUTHORITY from Airport lessees, permittees, concessionaires, users, and patrons other than Scheduled Air Carriers.

1.43 Non-Revenue Landing shall mean 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.

1.44 Operating Expenses (O&M Expenses) shall mean Current Expenses, paid or accrued, for operation, maintenance, and repairs of the Airport, and shall include, without limiting the

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1.52 Revenue Landing shall mean 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.

1.53 Revenues shall mean 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 or any part thereof, or the leasing or use thereof, but in any event excluding: (i) federal, state, or local grant-in-aid funds (i.e. grants received); (ii) PFCs (except to the extent spent on Debt Service); (iii) rental car facility charges ("CFCs"); (iv) proceeds from the sale or taking by eminent domain of any part of the Airport System; and (v) interest or investment earnings earned therefrom (i.e. those items listed in the preceding subsections (i) through (iv)).

1.54 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.

1.55 Signatory Airline shall mean an Air Transportation Company that signs, and has then in force with the Authority, an agreement substantially similar to this Agreement.

1.56 Subordinated Indebtedness shall mean any bonds or other financing instrument or obligation subordinate to the Bonds, issued pursuant to any Subordinated Bond Resolution.

1.57 Subordinated Bond Resolution shall mean 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.

1.58 Substantial Completion shall mean 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.

1.59 Term shall mean the period of time during which AIRLINE's activities at the Airport shall be governed by this Agreement. Said Term shall begin on the Effective Date as defined in Section 3.01, and, except as otherwise set forth herein, terminate on the date set forth in Article 3.

1.60 TSA shall mean the Transportation Security Administration of the Department of Homeland Security, or its authorized successor.

1.61 TSA Baggage Screening Space means the areas in the Terminal which are utilized by the TSA for security check screening of baggage. The parties agree that, regardless of actual variations, for purposes of calculations pursuant to Exhibit F, the Airport's TSA Baggage Screening Space will be deemed to be 15,541 square feet, unless and until the AUTHORITY determines, in its sole discretion, that a different area will be applied due to physical changes to the Terminal which increase or decrease said area.

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1.62 TSA Security Checkpoint Space means the areas in the Terminal which are utilized by the TSA for security check screening of passengers. The parties agree that, regardless of actual variations, for purposes of calculations pursuant to Exhibit F, the Airport's TSA Security Checkpoint Space will be deemed to be 23,190 square feet, unless and until the AUTHORITY determines, in its sole discretion, that a different area will be applied due to physical changes to the Terminal which increase or decrease said area.

1.63 Terminal Aircraft Aprons shall mean those areas of the Airport that are designated for the loading and unloading of passenger aircraft to and from the passenger Terminal building.

1.64 Terminal shall mean the Airport's passenger terminal building.

1.65 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, O & M Reserve Requirement, and operating Revenues allocated to the Terminal and other related and appurtenant facilities, whether owned, operated, or maintained by the Authority, an airline, or another tenant; and such reasonable portion of the emplacement and deplanement roadways in front of the Terminal as is allocated by the AUTHORITY.

1.66 Total Rentable Space means the number of square feet of space in the Terminal that is rentable to tenants, including office and administrative space used by AUTHORITY. The parties agree that, regardless of actual variations, for purposes of calculations pursuant to Exhibit F, the Total Rentable Space is 427,798 square feet, unless and until the AUTHORITY determines, in its sole discretion, that a different area will be applied due to physical changes to the Terminal which increase or decrease said area.

Additional words and phrases used in this Agreement but not defined herein shall have the meanings as defined under the Bond Resolution, or, if not so set forth, shall have their usual and customary meaning.

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ARTICLE 3: TERM

3.01 Effective Date and Initial Term. The Initial Term of this New Agreement shall commence October 1, 2024 (the "Effective Date"), and terminate September 30, 2034, unless sooner terminated as provided herein.

3.02 Holding Over. In the event AIRLINE uses its Airline Premises without the written consent of AUTHORITY after this New Agreement has been terminated or has expired, AIRLINE shall be deemed a tenant at sufferance during the period of such use, and, unless Authority shall demand a different amount or amounts, shall pay the rate for rents, fees, and charges established by AUTHORITY for Air Transportation Companies which are not Signatory Airlines during such period.

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ARTICLE 2: EXTENSION OF PRIOR AGREEMENT

2.01 Extension of the Prior Agreement. The expiration date of the Prior Agreement shall be extended to September 30, 2024.

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ARTICLE 4: PREMISES

4.01 Airline Premises.

A. AUTHORITY does hereby lease and demise to AIRLINE, and AIRLINE does hereby lease and accept from AUTHORITY, the Exclusive Use Premises set forth in Exhibit B.

B. AUTHORITY does hereby assign to AIRLINE, for its preferential use, subject to Article 16 below, the gate position (or positions), ticket counter space, and Baggage Makeup Space (BMU) designated on Exhibit B attached hereto.

C. Any changes to AIRLINE'S Exclusive Use Premises or Preferential Use Premises, shall be evidenced by a written amendment signed by both parties to this Agreement, except as otherwise set forth herein.

4.02 Terminal Equipment. Terminal equipment owned or acquired by AUTHORITY for use by AIRLINE shall remain the property and under the control of AUTHORITY.

4.03 Employee Parking. AUTHORITY will make the Airport's employee parking lot available for vehicular parking for AIRLINE's personnel employed at the Airport; provided, however, such area(s) shall not be used for the storage of vehicles or trailers; and usage is subject to fees pursuant to Section 7.07 below, and to reasonable and non-discriminatory rules and regulations established by AUTHORITY.

4.04 Federal Inspection Facilities. AUTHORITY shall designate areas in the Terminal, or elsewhere on the Airport, to be used by agencies of the United States for the inspection of international passengers and their baggage, and for the exercise of the responsibilities of said agencies with respect to the movement of persons, property, and cargo to and from the United States.

4.05 AIRLINE'S Option to Relinquish Space. AIRLINE will have the option to relinquish and vacate any portion of its Exclusive Use Premises or Preferential Use Premises, effective September 30, 2029, by providing AUTHORITY at least ninety (90) days' advance written notice thereof, in which case such relinquished space will be deemed deleted from the AIRLINE Premises under this Agreement, provided, however, that: (1) the space so relinquished is configured such that it retains reasonable access for ingress and egress and is otherwise reasonably useable by future tenants; and (2) the total amount of space so relinquished does not exceed 25% of the AIRLINE'S Exclusive Use Premises and Preferential Use Premises, combined (for the purposes of this calculation, each Gate will be counted as 2,821 square feet, representing a typical gate position's passenger holdroom area).

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ARTICLE 5: USE OF THE AIRPORT AND RELATED FACILITIES

5.01 AIRLINE Rights and Privileges. In addition to all rights granted elsewhere in this Agreement, AIRLINE shall have the right to use, in common with others so authorized by AUTHORITY, areas, other than areas leased or assigned for preferential use to others, or occupied by the Authority or any federal agency, the facilities, equipment, and improvements at the Airport for the operation of AIRLINE's Air Transportation Business and all activities reasonably necessary to such operations, including but not limited to:

- A. The landing, taking off, flying over, taxiing, towing, and conditioning of AIRLINE's aircraft and, in areas designated by AUTHORITY, the extended parking, servicing, deicing, loading or unloading, storage, or maintenance of AIRLINE's aircraft and support equipment subject to Paragraphs 5.01F, 5.01G, and 5.02C, and to the availability of space, and subject to such reasonable charges and regulations as AUTHORITY may establish; provided, however, AIRLINE shall not permit the use of the Airfield by any aircraft operated or controlled by AIRLINE which exceeds the design strength or capability of the Airfield as described in the then-current FAA-approved Airport Layout Plan (ALP) or other engineering evaluations performed subsequent to the then-current ALP, including the then-current Airport Certification Manual.
- B. The sale of air transportation tickets and services, the processing of passengers and their baggage for air travel, the sale, handling, and providing of mail, freight, and express services, and reasonable and customary airline activities.
- C. The training of personnel in the employ of or to be employed by AIRLINE and the testing of aircraft and other equipment being utilized at the Airport in the operation of AIRLINE's Air Transportation Business; provided, however, said training and testing shall be incidental to the use of the Airport in the operation by AIRLINE of its Air Transportation Business and shall not unreasonably hamper or interfere with the use of the Airport and its facilities by others entitled to the use of same. AUTHORITY reserves the right to restrict or prohibit such training and testing operations which it deems to interfere with the use of the Airport, including excessive noise as reasonably determined by AUTHORITY.
- D. The sale, disposition, or exchange of AIRLINE's aircraft, engines, accessories, gasoline, oil, grease, lubricants, fuel, or other similar equipment or supplies; provided, however, AIRLINE shall not sell or permit to be sold aviation fuels or propellants except (i) to such Air Transportation Company which is a successor company to AIRLINE, (ii) for use in aircraft of others which are being used solely in the operation of AIRLINE's Air Transportation Business, including, but not limited to, AIRLINE's code sharing partner(s), or (iii) when a comparable grade and type of fuel desired by others is not available at the Airport except from AIRLINE.
- E. The purchase at the Airport or elsewhere, of fuels, lubricants, and any other supplies and services, from any person or company, subject to Paragraph 5.01D and to AUTHORITY's right to require that each provider of services and/or supplies to AIRLINE secures a permit from AUTHORITY to conduct such activity at the Airport, pays required

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and AIRLINE shall diligently proceed to use such systems and keep AIRLINE's flight data therein current and up to date at all times.

- K. The use of designated airline cable trays, raceways, and rights of way as may reasonably be required by AIRLINE for communications, computer equipment, teletype, telephone, interphone, conveyor systems and power, and other transmission lines in areas leased to AIRLINE, or assigned to AIRLINE for its preferential use, subject to the availability of space and/or ground areas as determined by the Executive Director. AUTHORITY reserves the right to require the execution of a separate agreement between AUTHORITY and AIRLINE for the lease or use of such space and/or ground area outside Terminal areas or to provide such service directly to AIRLINE.
- L. The installation of personal property, including furniture, furnishings, supplies, machinery, and equipment, in AIRLINE's Exclusive Use Premises and Preferential Use Premises, as AIRLINE may deem necessary, useful or prudent for the operation of its Air Transportation Business. Title to such personal property shall remain with AIRLINE, subject to the provisions of this Agreement.
- M. The construction of modifications, finishes, and improvements in Airline Premises as AIRLINE may deem necessary or prudent for the operation of its Air Transportation Business, subject to the provisions of Article 9.
- N. AIRLINE shall have the right to ingress to and egress from the Airport and Airline Premises for AIRLINE's officers, employees, agents, and invitees, including passengers, suppliers of materials, furnishers of services, aircraft, equipment, vehicles, machinery and other property. Such right shall be subject to applicable laws relating to airport security, including but not necessarily limited to those set forth in or adopted pursuant to 14 CFR Part 1542, and the AUTHORITY's right in to establish reasonable and nondiscriminatory Rules and Regulations and Operating Instructions as set out in Section 18.08 governing: (i) the general public, including AIRLINE's passengers, and (ii) access to non-public areas at the Airport by AIRLINE's employees, suppliers of materials, and furnishers of services; provided, however, any such Rules and Regulations and Operating Instructions of AUTHORITY shall not unreasonably interfere with the operation of AIRLINE's Air Transportation Business. AUTHORITY may at any time temporarily or permanently close, re-route, or consent to or request the closing or re-routing of any roadway or access to the Airport, so long as a means of ingress and egress reasonably equivalent is concurrently made available to AIRLINE. AIRLINE hereby releases and discharges AUTHORITY from any and all claims, demands, or causes of action which AIRLINE may now or at any time hereafter have arising or alleged to arise out of such a closing or re-routing done in accordance herewith.
- O. The provision of food and beverages to AIRLINE's passengers, free of charge and at AIRLINE's sole cost and expense.

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fees, and abides by all reasonable rules and regulations established by AUTHORITY. No discriminatory limitations or restrictions shall be imposed by AUTHORITY that interfere with such purchases; provided, however, nothing herein shall be construed to permit AIRLINE to store aviation fuels at the Airport. Fuel tenders are prohibited on Terminal Aircraft Aprons serviced by the fuel hydrant system except by separate authorization of AUTHORITY. The granting of the right to store aviation fuels shall be subject to the execution of a separate agreement between AIRLINE and AUTHORITY.

- F. The servicing by AIRLINE or its suppliers of aircraft and other equipment being utilized at the Airport by AIRLINE on the Terminal Aircraft Aprons or such other locations as may be designated by the Executive Director.
- G. The loading and unloading of persons, property, cargo, parcels and mail by motor vehicles or other means of conveyance reasonably approved by AUTHORITY on or at Terminal Aircraft Aprons or such other locations as may be designated by the Executive Director; provided AIRLINE shall not use Terminal Aircraft Aprons immediately adjacent to the passenger Terminal to load or unload all-cargo aircraft unless otherwise authorized in writing by AUTHORITY.
- H. The provision, either alone or in conjunction with other Air Transportation Companies or through a nominee, of porter/skycap service for the convenience of the public, at no cost to AUTHORITY.
- I. The installation and maintenance, at AIRLINE's sole cost and expense, of identifying signs in AIRLINE's Exclusive Use Premises. Installation shall be subject to the prior written approval of the Executive Director and shall comply with the procedures in the AUTHORITY's Leasehold Development Standards. The general type and design of such signs shall be compatible with and not detract from the pattern and decor of the Terminal areas. Nothing herein shall be deemed to prohibit AIRLINE's installation on the walls behind ticket counters, inside baggage service offices, and on the exterior of loading bridges associated with preferentially assigned passenger boarding gates, of identifying and company logo signs as are customarily installed by AIRLINE in such areas at comparable airport facilities, subject to the prior written approval of AUTHORITY. However, AIRLINE shall not install any promotional displays or advertising displays in its Airline Premises unless authorized in writing, in advance, by the AUTHORITY.
- J. The installation, maintenance, and operation, at no cost to AUTHORITY, of such radio communication, company telephone system, computer, meteorological and aerial navigation equipment, and facilities on AIRLINE's Exclusive Use Premises and Preferential Use Premises as may be necessary or convenient for the operation of its Air Transportation Business; provided, however, that except for equipment and facilities already in place, such installations shall be subject to the prior written approval of the Executive Director. Prior to any written approval, AIRLINE shall provide the Executive Director with all necessary supporting documentation related to such installations. AIRLINE recognizes that AUTHORITY has installed airline-compatible multiuser flight information display systems

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P. Installation and operation of vending machines in its non-public Exclusive Use Premises for the sole use of AIRLINE's employees, the type, kind, and locations subject to the prior written approval of the Executive Director.

Q. The rights and privileges granted to AIRLINE pursuant to this Article 5 may be exercised on behalf of AIRLINE by other Signatory Airlines or contractors authorized by AUTHORITY to provide such services at the Airport, subject to all laws, rules, regulations, fees and charges and Article 7 and Article 15 as may be applicable to the activities undertaken.

R. AIRLINE may exercise on behalf of any other Air Transportation Company having an operating agreement or permit with AUTHORITY any of the rights granted AIRLINE herein, so long as AIRLINE is concurrently exercising those same rights in the operation of AIRLINE's own Air Transportation Business at the Airport, subject to the provisions of Article 7, Article 15, and other provisions of this Agreement.

5.02 Exclusions and Reservations.

- A. Nothing in this Article 5 shall be construed as authorizing AIRLINE to conduct any business separate and apart from the conduct of its Air Transportation Business.
- B. AIRLINE shall not knowingly interfere or permit interference with the use, operation, or maintenance of the Airport, including but not limited to, the effectiveness or accessibility of the drainage, sewage, water, communications, fire protection, utility, electrical, or other systems installed or located from time to time at the Airport.
- C. AIRLINE shall not knowingly do or permit to be done anything, either by act or failure to act, that shall cause the cancellation or violation of the provisions, or any part thereof, of any policy of insurance for the Airport, or that shall cause a hazardous condition so as to increase the risks normally attendant upon operations permitted by this Agreement. If AIRLINE shall do or permit to be done any act not permitted under this Agreement, or fail to do any act required under this Agreement, regardless of whether such act shall constitute a breach of this Agreement, which act or failure, in and of itself, causes an increase in AUTHORITY's insurance premiums, AIRLINE shall immediately remedy such actions and/or pay the increase in premiums, upon notice from AUTHORITY to do so.
- D. Subject to Section 5.01P, AIRLINE shall not sell food or beverages to the public or to AIRLINE's employees or passengers, or maintain or operate in the Terminal or elsewhere at the Airport a cafeteria, restaurant, bar, or cocktail lounge for the purpose of selling food and beverages to the public or to AIRLINE's employees and passengers, except as may be permitted under a separate written agreement between AIRLINE and the AUTHORITY.
- E. AUTHORITY may, at its sole option, install or cause to be installed advertising and revenue generating devices, including vending machines, in Preferential Use Premises, or Joint Use Premises, provided, however, that such installations shall not unreasonably interfere with AIRLINE's operations authorized hereunder or substantially diminish the

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square footage contained in Airline Premises. AUTHORITY may also, at its sole option install or allow concessionaires to install and access pay telephones, ATMs, prepaid debit or credit card machines, currency exchange, baggage carts and dispensers, advertising, concessions, and any other items, improvements, or services, in any part of the Terminal not exclusively leased to AIRLINE, provided however that such installations shall not unreasonably interfere with AIRLINE's operations authorized hereunder or materially diminish the square footage contained in the Airline Premises.

F. The rights and privileges granted AIRLINE pursuant to this Article 5 shall be subject to any and all reasonable and nondiscriminatory Rules and Regulations and Operating Instructions established by AUTHORITY, and provided to AIRLINE, as the same may be amended from time to time, and to the provisions of Article 7.

G. AIRLINE will not engage in any activities on the Airport which are not specifically granted to AIRLINE pursuant to this Agreement.

5.03 Airline Obligations.

A. AIRLINE will ensure that its employees are properly trained in the operation and use, including safety measures, of AUTHORITY-owned loading bridges, preconditioned air units, ground power units, or any other equipment utilized by AIRLINE.

B. AIRLINE will ensure that employees operating or using AUTHORITY's baggage handling system have received AUTHORITY-conducted training and have been issued AUTHORITY certification for the operation and use thereof. Such certification will at all times be displayed on the respective employee's airport identification badge or in such fashion as the AUTHORITY may require.

C. In the event an aircraft of AIRLINE is disabled on the Airfield or Terminal Aircraft Aprons, AIRLINE shall, as soon as possible, remove such aircraft to either an off-Airport location, or, if authorized in writing by the Executive Director, to a designated on-Airport location for temporary storage upon such terms and conditions as the Executive Director may reasonably determine. In the event an aircraft of AIRLINE is disabled on the Airfield or Terminal Aircraft Aprons such that it that prevents Airport operations, AUTHORITY reserves the right to immediately remove or cause the removal of such disabled aircraft, at AIRLINE's sole cost and expense and without liability for any damages resulting therefrom, except to the extent any such damages result from willful misconduct of AUTHORITY, its agents, employees, or contractors. AIRLINE shall also, upon request by AUTHORITY, promptly remove from the Airfield any equipment owned or operated by AIRLINE or its Designated Affiliate that is not, as determined by the AUTHORITY, regularly used in the maintenance and servicing of aircraft, at AIRLINE's sole cost and expense, or AUTHORITY may, following such request and AIRLINE's failure to so promptly remove such equipment, remove and dispose or store such equipment at AIRLINE's sole cost and expense and without liability for any damages resulting therefrom, except to the extent any such damages result from willful misconduct of AUTHORITY, its agents, employees, or contractors.

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AIRLINE shall pay to AUTHORITY, upon receipt of invoice, the costs incurred for such removal and disposal or storage of such aircraft or equipment, plus fifteen percent (15%).

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ARTICLE 6: OPERATION AND MAINTENANCE OF THE AIRPORT

6.01 Designation of Operation and Maintenance Responsibilities. In addition to the obligations of AIRLINE and AUTHORITY set forth in this Article 6, responsibilities for maintenance, cleaning, and operation of the Airport shall be as set forth in Exhibit D, attached hereto and made a part hereof.

6.02 AUTHORITY Obligations.

A. 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 Section 6.03 and Exhibit D.

B. AUTHORITY shall, to the extent it is legally able so to do, use reasonable efforts to keep the Airport and its aerial approaches free from ground obstruction for the safe and proper use thereof by AIRLINE.

C. 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 6.02 and Exhibit D 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.

D. 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.

E. AUTHORITY shall, in the operation of the Airport, comply with all local, state and federal laws, rules and regulations.

6.03 AIRLINE Obligations.

A. 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 Exhibit D.

B. AIRLINE shall keep, at its own expense, the space associated with its preferentially assigned gate or gates on the Terminal Aircraft Aprons free of fuel, oil, debris, and other foreign objects resulting from AIRLINE's operations.

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C. AIRLINE shall operate and maintain at its own expense any improvements and/or equipment installed by AIRLINE for the exclusive use of AIRLINE.

D. Should AIRLINE fail to perform its material obligations hereunder, 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 non-compliance, 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 this Agreement, pursuant to Section 12.01B.

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ARTICLE 7: RENTS, FEES, AND CHARGES

AIRLINE shall, monthly, pay AUTHORITY rents for use of Airline Premises, and fees and charges for the other rights, licenses, and privileges granted or provided, for and during the Term of this Agreement, equal to the sum of the following:

- (1) Landing Fees, for each Revenue Landing by AIRLINE, as set forth in Section 7.01 below;
- (2) Terminal Rents, for AIRLINE's Exclusive Use Premises and Preferential Use Premises, as set forth in Section 7.02 below;
- (3) a Baggage Handling System Fee (BHS Fee), for the AIRLINE's use of the Baggage Handling System, as set forth in Section 7.03 below;
- (4) a Joint Use Fee, for AIRLINE's use of the Terminal's Joint Use Premises, as set forth in Section 7.04 below;
- (5) Common Use Charges, as set forth in Section 7.05 below;
- (6) FIS Fees, for AIRLINE's use of the Federal Inspection Services Facility ("FIS"), as set forth in Section 7.06 below;
- (7) an Employee Parking Lot Fee, for AIRLINE's use of the Employee Parking Lot facilities by its employees, as set forth in Section 7.07 below;
- (8) Badging Fees, for the AUTHORITY's handling of RSW security badging for AIRLINE's employees as set forth in Section 7.08 below;
- (9) Extraordinary Service Charges, as set forth in Section 7.09 below;
- (10) Other Fees and Charges, as set forth in Section 7.10 below; and
- (11) all other rents, fees, and charges set forth in this Agreement.

AUTHORITY will, after the end of each Fiscal Year (or partial Fiscal Year at the end of this Agreement), calculate all rents, fees, and charges paid or payable by AIRLINE under this Agreement for such period, and, to the extent such amounts were less than the Minimum Annual Guarantee, will deduct any remaining amount due to AUTHORITY from AIRLINE's refund (if any) described in Section 8.05 herein, to be credited against the Minimum Annual Guarantee, and, if there still remains any unpaid Minimum Annual Guarantee after such deduction and credit, will invoice AIRLINE for the remainder of the Minimum Annual Guarantee, which AIRLINE will pay to Authority within thirty (30) days of said invoice.

7.01 Landing Fees. The Landing Fees, payable monthly for AIRLINE'S Revenue Landings made in the preceding month, will be equal to the product of the Landing Fee rate for the

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and if the actual Per Use Gate Fees accrued by AIRLINE for the use of any such Gate exceeded the amount AIRLINE would have been required to pay AUTHORITY if the Gate had been assigned to AIRLINE for its preferential use (using the recalculated rates as provided for in Section 8.05 below), then AUTHORITY shall refund the difference to AIRLINE within 30 days such that, after such reconciliation and payment, AIRLINE will not have paid more for the use of any individual Common Use Gate than it would have if the Gate had been available and assigned to AIRLINE for its preferential use as AIRLINE requested.

7.06 FIS Fee. The FIS Fee, payable monthly, will be calculated in accordance with item 4.A. of Section II of Exhibit F.

7.07 Employee Parking Lot Fee. The Employee Parking Lot fee will be equal to the number of AIRLINE's employees which have been granted access to the Airport's employee parking lot as of the first day of each calendar month, multiplied by the Airport's monthly employee parking lot fee effective as of such day. The employee parking lot fee will initially be \$15.00 per employee per month. AUTHORITY will notify AIRLINE in writing at least thirty (30) days in advance of any change in the employee parking lot fee.

7.08 Employee Badging Fee. The Employee Badging Fees will initially be:

- (a) \$60 for each badge application (whether for a new badge or a renewal);
- (b) \$100 for replacement of a lost or stolen badge;
- (c) \$150 for failure to return a badge upon termination of employment; and
- (d) \$25 per badging appointment made with the AUTHORITY's badging office, but missed by the employee.

AUTHORITY will notify AIRLINE in writing at least thirty (30) days in advance of any change in the employee badging fee.

7.09 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.

7.10 Other Fees and Charges.

A. 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. However, if such other Air Transportation Company is a Designated Affiliate of AIRLINE, such fees for services shall not apply.

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period, calculated in accordance with 2.B., and Table F-2 therein, of Section II of Exhibit F attached hereto, and AIRLINE's total landed weight for the month. AIRLINE's total landed weight for the month shall be determined as the sum of the products obtained by multiplying the Maximum Gross Landing Weight of each type of AIRLINE's aircraft by the number of Revenue Landings of each said aircraft during such month.

7.02 Terminal Rents. The Terminal Rents, payable monthly, will be equal to the product of the Terminal Rental Rate for the period, calculated in accordance with 2.A., and Table F-1 therein, of Section II of Exhibit F, and the amount of AIRLINE's Exclusive Use Premises and Preferential Use Premises as set forth in Exhibit B. (For the purpose of this calculation, each gate position assigned for AIRLINE's preferential use will be deemed to constitute 2,821 square feet, representing a typical gate position's passenger holdroom area in the Terminal, unless and until the AUTHORITY determines, in its sole discretion, that a different area will be applied due to physical changes to the Terminal which increase or decrease said area, regardless of any actual variation.)

7.03 Baggage Handling System Fee (or BHS Fee). The Baggage Handling System Fee (or BHS Fee), payable monthly, will be calculated in accordance with item 2.C., and Table F-3 therein, of Section II of Exhibit F.

7.04 Joint Use Fee. The Joint Use Fee, payable monthly, will be calculated in accordance with the Joint Use Formula, and item 3, and Table F-4 therein, of Section II of Exhibit F.

7.05 Common Use Charges. AIRLINE shall pay monthly fees for each per-Turn use of gate positions, ticket counters, or Baggage Makeup Units, which are not leased to AIRLINE or assigned to AIRLINE for its preferential use, as follows:

(A) a Per Use Gate Fee, for each use of a gate position not assigned by this Agreement to AIRLINE for its preferential use, calculated in accordance with item 4.B., and Table F-5 therein, of Section II of Exhibit F.

(B) a Common Use Ticket Counter Fee, for each use of a ticket counter not leased to AIRLINE or assigned by this Agreement to AIRLINE for its preferential use, calculated in accordance with item 4.C., and Table F-6 therein, of Section II of Exhibit F.

(C) a Per Use Baggage Makeup Fee, for each use of a Baggage Makeup Area not leased to AIRLINE or assigned by this Agreement to AIRLINE for its preferential use, calculated in accordance with item 4.D., and Table F-7 therein, of Section II of Exhibit F.

Notwithstanding the foregoing, in the event AIRLINE has requested, in writing, one or more additional Gates to be assigned to AIRLINE for its preferential use under this Agreement, and AUTHORITY has not had sufficient Gates available (and not needed for common use) to fulfil AIRLINE's request, then AUTHORITY will, within one hundred twenty (120) days following the close of each Fiscal Year, reconcile the amount of Per Use Gate Fees accrued by AIRLINE subsequent to AIRLINE's request and during the remainder of such Fiscal Year, for each individual Common Use Gate used by AIRLINE, against the amount AIRLINE would have been required to pay AUTHORITY for such gate if the Gate had been assigned to AIRLINE for its preferential use,

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(2) Reasonable and non-discriminatory fees and charges for services or facilities not enumerated in this 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, 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.

B. AIRLINE shall pay all applicable sales, use, intangible and ad valorem taxes of any kind, assessed against Airline Premises, including the real property and any improvements thereto or leasehold estate created herein, or resulting from AIRLINE's occupancy or use of Airline Premises, whether levied against AIRLINE or AUTHORITY. AIRLINE shall also pay any other taxes or assessments against Airline Premises or leasehold estate created herein. AIRLINE may reserve the right to contest such taxes and withhold payment of such taxes upon written notice to AUTHORITY of its intent to do so, so long as the nonpayment of such taxes does not result in a lien against the real property or any improvements thereon or a direct liability on the part of AUTHORITY. AUTHORITY agrees to immediately forward to AIRLINE any notices of such taxes and assessments due upon receipt of same.

C. Extraordinary Coverage. In the event AUTHORITY projects, for any Fiscal Year, that the amount of Revenues, less O&M Expenses, and less the O&M Reserve Requirement, will be less than one hundred twenty percent (125%) of that Fiscal Year's Debt Service, then the AUTHORITY may, in its sole discretion, increase the rents, fees, and charges payable under this agreement for the remainder of the Fiscal Year, by allocating to the Airfield Cost Center and Terminal Cost Center any additional amounts (referred to herein as "Extraordinary Coverage") which must be collected to eliminate such a deficit in the projected Revenues.

D. Additional Concourse E Protection. In addition to any Extraordinary Coverage charge imposed pursuant to paragraph C above, in the event AUTHORITY proceeds with a project to add a Concourse E to the Terminal, and projects that, as a result thereof, for any Fiscal Year, the amount of Revenues, less O&M Expenses, will be less than one hundred forty percent (140%) of that Fiscal Year's Debt Service, then the AUTHORITY may, in its sole discretion, increase the rents, fees, and charges payable under this Agreement for the remainder of the Fiscal Year, by allocating to the Terminal Cost Center any additional amounts which must be collected to eliminate such a deficit in the projected Revenues. For the purposes of this calculation, notwithstanding anything in this Agreement that may appear to the contrary, rental car facility charges ("CFCs") will not be included in Revenues (regardless of whether applied by the Authority to Debt Service, O&M Expenses, or anything else), and payments made from CFC funds on indebtedness arising from CFC-funded projects will not be included in Debt Service.

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7.11 Information to be Supplied by AIRLINE.

A. Not later than ten (10) days after the end of each month, AIRLINE shall file with AUTHORITY separate written reports, in the form shown in Exhibit E attached hereto (or such other form as the AUTHORITY may reasonably require), for activity conducted by AIRLINE during said month, and for activity conducted by for each other Air Transportation Company during said month which (i) was handled or otherwise accommodated by AIRLINE and (ii) did not have an agreement in force with AUTHORITY providing for its own submission of activity data and direct payment of fees to AUTHORITY. Such activity reporting shall include, but not be limited, to the number of landings (by aircraft make and model), the number of revenue and non-revenue Enplaned Passengers, Deplaned Passengers, connecting passengers, through-passengers, and pounds of cargo, mail, and express shipments.

B. AUTHORITY shall have the right to rely on said activity reports in determining rents and charges due hereunder. AIRLINE shall have full responsibility for the accuracy of said reports. Payment deficiencies due to incomplete or inaccurate activity reports shall be subject to interest charges as set forth in Paragraph 7.12D.

C. AIRLINE shall at all times maintain and keep records reflecting the activity statistics of AIRLINE's activities at the Airport to be reported pursuant to Paragraph 7.11A. Such records shall be retained by AIRLINE for a period of three (3) years subsequent to the activities reported therein, or such other retention period as set forth in FAR Part 249, and upon prior written notice to AIRLINE shall be made available at Ft. Myers, Florida for audit and/or examination by AUTHORITY or its duly authorized representative during all normal business hours. AIRLINE shall produce such books and records at Ft. Myers, Florida within thirty (30) calendar days of AUTHORITY's notice to do so or pay all reasonable travel-related expenses, including but not limited to transportation, food, and lodging, necessary for an auditor selected by AUTHORITY to audit said books and records.

D. The cost of audit, with the exception of the aforementioned expenses, shall be borne by AUTHORITY; provided, however, the total cost of said audit shall be borne by AIRLINE if either or both of the following conditions exist:

- (1) The audit reveals an underpayment of more than ten percent (10%) by category of rents, fees, and charges due on an annual basis hereunder, as determined by said audit;
- (2) AIRLINE has failed to maintain true and complete records in accordance with Paragraph 7.11C.

7.12 Payments.

A. Payments of one-twelfth (1/12) of the total annual rents 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 rents and charges shall be deemed delinquent if payment is not received by the tenth (10) day of the month.

B. 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.

C. Payment for all other fees and charges due hereunder, 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.

D. 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 Paragraph E below, or due to an audit performed pursuant to Paragraph 7.11C, herein; 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 due payments are received by AUTHORITY. This provision shall not preclude AUTHORITY from canceling this Agreement for default in the payment of rents, fees, or charges, as provided for in Section 12.01B herein, or from exercising any other rights contained herein or provided by law.

E. In the event AIRLINE fails to submit its monthly activity reports as required in Paragraph 7.11A, AUTHORITY shall estimate the rents, 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.

F. In the event AIRLINE's obligations with respect to Airline Premises or rights, licenses, or privileges granted hereunder shall commence or terminate on any date other than the first or last day of the month, AIRLINE's rents, 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.

G. All payments due and payable hereunder shall be paid in lawful money of the United States of America, without set off, by check made payable to Lee County Port Authority and delivered to:

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Via Wire Transfer

Bank of America
13099 US 41 SE
Fort Myers, FL 33907
ABA #063100277
Account Name: Lee County BOCC-Airport Revenue
Account # 005500504580

Via U.S. Mail

Lee County Port Authority
11000 Terminal Access Road Suite 8671
Fort Myers, FL 33913-8213

7.13 Security for Performance.

A. Unless AIRLINE has provided regularly scheduled flights to and from the Airport during the eighteen (18) months prior to the Effective Date of this Agreement, as defined in Article 3, without the occurrence of any act or omission that would have been an event enumerated in Section 12.01 of this Agreement, AIRLINE shall provide AUTHORITY on the Effective Date of this Agreement, as defined in Article 3, with a contract bond, irrevocable letter of credit or other similar security acceptable to AUTHORITY ("Contract Security") in an amount equal to the estimate of three (3) months' rents, fees and charges payable by AIRLINE. AIRLINE shall be obligated to maintain such Contract Security in effect until the expiration of eighteen (18) consecutive months during which period AIRLINE commits no event enumerated in Section 12.01 of this Agreement. Such Contract Security shall be in a form and with a company reasonably acceptable to AUTHORITY and licensed to do business in the State of Florida. In the event that any such Contract Security shall be for a period less than the full period required by this Paragraph or if Contract Security shall be canceled, AIRLINE shall provide a renewal or replacement Contract Security for the remaining required period at least sixty (60) days prior to the date of such expiration or cancellation.

B. In the event AUTHORITY is required to draw down or collect against AIRLINE's Contract Security for any reason, AIRLINE shall, within ten (10) business days after AUTHORITY's written demand, take such action as may be necessary to replenish the existing Contract Security to its original amount (three months' estimated rents, fees, and charges) or to provide additional or supplemental Contract Security from another source so that the aggregate of all Contract Security is equal to three months' estimated rents, fees, and charges payable by AIRLINE pursuant to this Article 7.

C. Notwithstanding the above Paragraph 7.13A, AUTHORITY shall have the right in its sole discretion to waive such Contract Security requirements for a Signatory Airline which has not provided regularly scheduled flights at and from the Airport during the eighteen (18) months prior to the Effective Date of its Signatory Airline Agreement. Any such waiver by AUTHORITY shall be conditioned upon said Signatory Airline having provided regularly scheduled flights at six (6) other airports with activity levels and characteristics similar to the Airport during the most recent eighteen (18) month period, without committing any material default under the terms of the respective lease and use agreements at each of the six (6) facilities, and without a pattern of untimely payments for rents, fees and charges. The burden shall be on AIRLINE to demonstrate to AUTHORITY its compliance with these requirements at the six (6) other airports.

D. In addition to the foregoing, upon the occurrence of any AIRLINE act or omission that is an event enumerated in Section 12.01, or upon AIRLINE's election to assume this Agreement under Federal Bankruptcy Rules and Regulations and Federal Judship Act of 1984 or any successor statute, as such may be amended, supplemented, or replaced, AUTHORITY, by written notice to AIRLINE given at any time within ninety (90) days of the date such event becomes known to AUTHORITY, may impose or reimpose the requirements of Paragraph 7.13A on AIRLINE. In such event, AIRLINE shall provide AUTHORITY with the required Contract Security within ten (10) days from its receipt of such written notice and shall thereafter maintain such Contract Security in effect until the expiration of a period of eighteen (18) consecutive months during which AIRLINE commits no additional event enumerated in Section 12.01 or the termination of bankruptcy proceedings, whichever is later.

E. If AIRLINE shall fail to obtain and/or keep in force such Contract Security required hereunder, such failure shall be grounds for immediate cancellation of this Agreement pursuant to Section 12.01. AUTHORITY'S rights under this Section 7.13 shall be in addition to all other rights and remedies provided to AUTHORITY under this Agreement.

F. AIRLINE and AUTHORITY agree that this Agreement constitutes an 'executory contract' for the purposes of Section 365 of the United States Bankruptcy Code (Title 11 USC) subject to assumption or rejection, and subject to the terms and conditions of assumption or rejection, as provided in said Section 365. Furthermore, AIRLINE and AUTHORITY agree that any Contract Security provided by AIRLINE are not 'property of the estate' for purposes of Section 541 of the United States Bankruptcy Code (Title 11 USC), it being understood that any Contract Security is property of the third party providing it (subject to AUTHORITY's ability to draw against the Contract Security) and that all PFCs collected by AIRLINE with respect to Enplaned Passengers at the Airport, are property of AUTHORITY.

7.14 Affiliates. If and only if:

- (a) AIRLINE remains a Signatory Airline to this Agreement;
- (b) AIRLINE designates, in advance and in writing, to the AUTHORITY an Affiliate that will operate at the Airport; and
- (c) such designated Affiliate executes, and maintains in full force and effect, an airport use permit agreement with the Authority;

then, effective upon the date of such designation and financial guarantee (or such later date as specified by AIRLINE), such designated Affiliate will be considered a "Designated Affiliate" of Airline, and shall share the same rights as AIRLINE with respect to AIRLINE's Airline Premises without payment of any additional charges or premiums. AIRLINE hereby agrees to serve as financial guarantor for all rents, fees, charges, PFCs, and other amounts that are incurred or become due by any of AIRLINE's Designated Affiliates to the AUTHORITY. In the event AIRLINE provides AUTHORITY at least sixty (60) days advance written notice prior to the end of a specified calendar month that AIRLINE no longer desires the Designated Affiliate to be considered a

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Designated Affiliate, then, effective upon the end of the calendar month so specified in AIRLINE's notice, such Designated Affiliate will no longer be considered a Designated Affiliate of AIRLINE for purposes of this Agreement, and AIRLINE's guarantee of payment for such Affiliate will be ineffective as to any amounts incurred after the effective date of such termination of the Designated Affiliate status.

7.15 No Further Charges. Except as provided in this 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 rents, fees, or charges shall be charged against or collected from AIRLINE, its passengers, its shippers and receivers of freight, its suppliers of material, or 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 herein.

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8.03 Rate Changes During Fiscal Year. Rates for rents, fees, and charges may be changed at any other time that unaudited monthly AUTHORITY financial data indicates that total rents, 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 rents, fees, and charges that would be payable based upon the use of the monthly financial data then available for said Fiscal Year. Rates for rents, fees, and charges may also be changed whenever required by the terms and provisions of the Bond Resolution; provided, however, that Signatory Airlines' total rents, fees, and charges payable to AUTHORITY shall be allocated to AIRLINE in accordance with this Agreement.

8.04 Incorporation of Exhibit F. Adjustments to rates for rents, fees, and charges shall be determined in accordance with Exhibit F and transmitted to AIRLINE without the necessity of formal amendment of this Agreement.

8.05 Annual Reconciliation and Settlement of Airline Rents, Fees, and Charges for the Fiscal Year. AUTHORITY shall use its best efforts to recalculate the rents, fees, and charges set forth in Exhibit F, according to the methods set forth therein, 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, based on actual results for the Fiscal Year. 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 rents, fees, and charges paid by Signatory Airlines during the preceding Fiscal Year and the rents, 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.

8.06 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 as described in Section 8.07, 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 Section 8.05; (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.

8.07 Revenue Sharing. At the end of each Fiscal Year, after the reconciliation and settlement set forth in Section 8.05, AUTHORITY will share with the passenger Signatory Airlines a portion of the Net Funds to be Shared, if any, calculated in accordance with Section III of Exhibit F. 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.

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ARTICLE 8: CHANGES IN RATES FOR RENTS, FEES, AND CHARGES

8.01 Rates for Initial Fiscal Year. Rents, fees, and charges for the Fiscal Year ending September 30, 2024, shall be as established pursuant to the Prior Agreement.

8.02 Rates for Subsequent Fiscal Years.

A. No later than sixty (60) days prior to the beginning of the Fiscal Year beginning October 1, 2024, and each subsequent Fiscal Year during the term of this Agreement, AUTHORITY shall notify AIRLINE of the proposed (budgeted) schedule of rates for the rents, fees, and charges listed in items (1) through (4) of Article 7 above for such ensuing Fiscal Year. Said rates shall be determined and presented to AIRLINE substantially in conformance with the methods and format set forth in Exhibit F attached hereto. In determining such schedule, AUTHORITY will determine and use its own estimates for the applicable upcoming Fiscal Year, including but not limited to the estimates for Total Landed Weight, Enplaned Passengers, and International Deplaned Passengers.

B. The Signatory Airlines through its AAC shall have the right to review and comment upon the AUTHORITY's proposed operating and capital budget. No later than thirty (30) days after the forwarding of the proposed schedule of rates for rents, fees, and charges, AUTHORITY agrees to meet with the AAC at a mutually convenient time for the purpose of discussing such rents, 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 rents, fees, and charges for the ensuing Fiscal Year.

C. Following said meeting, and prior to the end of the then current Fiscal Year, AUTHORITY shall notify AIRLINE of the rates for rents, fees, and charges to be established for the ensuing Fiscal Year.

D. If calculation of the new rates for rents, fees, and charges is not completed by AUTHORITY and the notice provided in Paragraph 8.02C is not given on or prior to the end of the then current Fiscal Year, the rates for rents, 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 rents, fees, and charges paid by AIRLINE to date for the then current Fiscal Year and the rates for rents, 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 rents, 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.

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8.08 AUTHORITY Covenants.

A. AUTHORITY covenants that for purposes of assigning and allocating costs, it shall utilize generally accepted accounting practices utilized for airports operating as an enterprise fund, and include only those charges properly attributable to the Airport.

B. AUTHORITY shall operate the Airport in a manner so as to produce Revenues from concessionaires, tenants, and other users of the Airport of a nature and amount which would be produced by a reasonably prudent operator of an airport system of substantially similar size, use, and activity, with due regard for the interests of the public, subject to existing leases.

C. AUTHORITY shall use Revenues of the Airport System in accordance with the provisions of the Bond Resolution and applicable law.

D. AUTHORITY, to the extent authorized by the laws governing AUTHORITY along with all applicable tax laws, will use its best efforts to use tax-exempt sources for financing the Airport System.

E. All rates and charges shall be at reasonable and non-discriminatory rates based on AUTHORITY's cost of the facility or service provided to and used by AIRLINE.

F. Indirect and general administrative costs shall be allocated in a reasonable, transparent cost allocation formula calculated consistently for all Cost Centers of the AUTHORITY.

G. AUTHORITY will use its best efforts to obtain all available grants-in-aid (state or federal) for the financing of the Airport.

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ARTICLE 9: ALTERATIONS AND IMPROVEMENTS BY AIRLINE

9.01 Alterations and Improvements by AIRLINE.

A. In accordance with Paragraph 5.01M, AIRLINE may construct and install, at AIRLINE's sole expense, such improvements in its Exclusive Use Premises as AIRLINE deems to be necessary for its operations; provided, however, that the plans and specifications, location, and construction schedule for such improvements shall be approved by the Executive Director in writing prior to the commencement of any and all such construction or installation and that AIRLINE complies with the requirements of AUTHORITY's Leasehold Development Standards. Said approval shall not be unreasonably withheld, conditioned or delayed. Provided further, that no reduction or abatement of rents, fees, and charges shall be allowed for any interference with AIRLINE's operations by such construction.

B. Prior to the commencement of any improvements greater than \$200,000, AUTHORITY shall require that AIRLINE obtain, or cause to be obtained, payment and performance bonds or other security that meets the requirements of Section 255.05, Florida Statutes in a sum equal to the full amount of the construction contract awarded by AIRLINE for the improvements. Said bond shall name AUTHORITY as an obligee hereunder and shall be drawn in a form and from such company acceptable to AUTHORITY and licensed to do business in the State of Florida; shall guarantee the faithful performance of necessary construction and completion of improvements and payment of all persons who furnish labor, services, or materials for the prosecution of the work; in accordance with approved final plans and detailed specifications; and shall protect AUTHORITY against any losses and liability, damages, expenses, claims, and judgments caused by or resulting from any failure to perform completely the work described. The payment bond shall be provided in the sum equal to the full amount of the construction contract awarded by AIRLINE for the improvements. Said bond shall name AUTHORITY as an obligee thereunder and shall guarantee payment of all wages for labor and services engaged, and of all bills for materials, supplies, and equipment used in the performance of said construction contract. Any work associated with such construction or installation shall not unreasonably interfere with the operation of the Airport, or otherwise unreasonably interfere with the permitted activities of other Terminal tenants and users. Upon completion of approved construction and within sixty (60) days of AIRLINE's receipt of a certificate of occupancy, a complete set of as-built drawings shall be delivered to the Executive Director in a media type and format acceptable for the permanent record of AUTHORITY.

C. AIRLINE shall furnish or require contractors to furnish satisfactory evidence of statutory worker's compensation insurance, comprehensive general liability insurance, comprehensive automobile insurance, and physical damage insurance, on a builder's risk form with the interest of AUTHORITY endorsed thereon, in such amounts and in such manner as AUTHORITY may reasonably require. AUTHORITY may require additional insurance for any alterations or improvements approved hereunder, in such limits as AUTHORITY reasonably determines to be necessary.

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ARTICLE 10: DAMAGE OR DESTRUCTION

10.01 Partial Damage. If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be partially damaged by fire or other casualty, but said circumstances do not render Airline Premises untenable as reasonably determined by AUTHORITY, the same shall be repaired to usable condition with due diligence by AUTHORITY as hereinafter provided. No abatement of rents shall accrue to AIRLINE so long as Airline Premises remain tenable.

10.02 Substantial Damage. If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be so extensively damaged by fire or other casualty as to render any portion of said Airline Premises untenable but capable of being repaired, as reasonably determined by AUTHORITY, the same shall be repaired to usable condition with due diligence by AUTHORITY as hereinafter provided. If such repairs have not been commenced by AUTHORITY within 90 days of such damage, AIRLINE shall have the option to terminate its agreement related to those facilities so damaged. In such case, the rents payable hereunder with respect to AIRLINE's affected Airline Premises shall be paid up to the time of such damage and shall thereafter be abated equitably in proportion as the part of the area rendered untenable bears to total Airline Premises until such time as such affected Airline Premises shall be restored adequately for AIRLINE's use. AUTHORITY shall use its best efforts to provide AIRLINE with alternate facilities acceptable to AIRLINE to continue its operation while repairs are being completed, at a rental rate not to exceed that provided for in this Agreement for comparable space.

10.03 Destruction.

A. If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be damaged by fire or other casualty, and is so extensively damaged as to render any portion of said Airline Premises not economically feasible to repair, as reasonably determined by AUTHORITY, AUTHORITY shall notify AIRLINE within a period of forty-five (45) days after the date of such damage of its decision whether to reconstruct or replace said space; provided, however, AUTHORITY shall be under no obligation to replace or reconstruct such premises. The rents payable hereunder with respect to affected Airline Premises shall be paid up to the time of such damage and thereafter shall abate until such time as replacement or reconstructed space becomes available for use by AIRLINE.

B. In the event AUTHORITY elects to reconstruct or replace affected Airline Premises, AUTHORITY shall use its best efforts to provide AIRLINE with alternate facilities reasonably acceptable to AIRLINE to continue its operation while reconstruction or replacement is being completed at a rental rate not to exceed that provided for in this Agreement for comparable space.

C. In the event AUTHORITY elects to not reconstruct or replace the affected Airline Premises, the affected space shall be removed from the Airline Premises effective as of the date of such damage, and AUTHORITY shall meet and consult with AIRLINE on ways and means to permanently provide AIRLINE with adequate replacement space for the affected

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D. Any construction or installation made by AIRLINE shall be at the sole risk of AIRLINE and shall be in accordance with the Leasehold Development Standards and all applicable state and local codes and laws and subject to inspection by the Executive Director.

E. All improvements made to Airline Premises and additions and alterations thereto made by AIRLINE, except those financed by AUTHORITY, shall be and remain the property of AIRLINE until expiration of the Term of this Agreement. Upon termination or cancellation of this Agreement, said additions and alterations shall become the property of AUTHORITY or at AUTHORITY's option removed by AIRLINE; provided, however, that any trade fixtures, signs, equipment and other movable personal property of AIRLINE not permanently affixed to Airline Premises shall remain the property of AIRLINE, subject to the terms of Article 14.

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Airline Premises. If the parties agree to such replacement space, they will amend this Agreement to reflect any such related additions and deletions to Airline Premises.

10.04 Damage Caused By AIRLINE. Notwithstanding the provisions of this Article 10, in the event that due to the negligence or willful act or omission of AIRLINE, its employees, its agents, or licensees, Airline Premises shall be damaged or destroyed by fire, other casualty or otherwise, there shall be no abatement of rent during the repair or replacement of said Airline Premises. To the extent that the costs of repairs shall exceed the amount of any insurance proceeds payable to AUTHORITY by reason of such damage or destruction, AIRLINE shall pay the amount of such additional costs to AUTHORITY.

10.05 AUTHORITY's Responsibilities. AUTHORITY shall maintain adequate, reasonable and customary levels of insurance with no less restrictive coverage than that provided by standard extended coverage endorsements on the "all risk" form, for the full replacement costs thereof as determined from time to time by the AUTHORITY; provided, however, that AUTHORITY's obligations to repair, reconstruct, or replace affected premises under the provisions of this Article 10 shall in any event be limited to restoring affected Airline Premises to substantially the same condition that existed at the date of damage or destruction, including any subsequent improvements made by AUTHORITY, and shall further be limited to the extent of insurance proceeds and other funds available to AUTHORITY for such repair, reconstruction, or replacement; provided further that AUTHORITY shall in no way be responsible for the restoration or replacement of any equipment, furnishings, property, real improvements, signs, or other items installed and/or owned by AIRLINE in accordance with this Agreement, unless such damage is caused by negligence or willful act or omission of AUTHORITY, its officials, agents, or employees acting within the course or scope of their employment.

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ARTICLE 11: INDEMNIFICATION AND INSURANCE

11.01 Indemnification. Except where, and to the extent, caused by the negligence or misconduct of the AUTHORITY or the agents, employees, contractors, officers or board of the AUTHORITY, or arising from the AUTHORITY's breach of its obligations or representations under this Agreement, AIRLINE agrees to release, defend, indemnify and hold harmless AUTHORITY and Lee County, Florida and their respective agents, employees, board members and elected officers and each of them, from and against any and all claims, liability, expenses, losses, costs, fines and damages (including actually incurred reasonable attorney's fees) and causes of action of every kind and character, against AUTHORITY by reason of any damage to property (or the environment, including any contamination of Airport property by AIRLINE or its agents, employees or contractors, such as the soil or storm water by fuel, gas, chemicals or other substances deemed by the Environmental Protection Agency (EPA) to be environmental contaminants at the time this Agreement is executed or as may be redefined by the appropriate regulatory agencies in the future), or bodily injury (including death) incurred or sustained by any party hereto, any agent or employee of any party hereto, and any third or other party whomsoever, or any governmental agency, arising out of AIRLINE's performance under this Agreement, AIRLINE's use or occupancy of the Airline Premises, AIRLINE's negligent acts, omissions or operations at the Airport, or any material breach of the terms of this Agreement by AIRLINE.

Upon the filing by anyone of a claim with the AUTHORITY for damages arising out of incidents for which AIRLINE herein agrees to indemnify and hold harmless the AUTHORITY, the AUTHORITY shall promptly notify AIRLINE of such claim and, in the event that AIRLINE does not settle or compromise such claim, then AIRLINE shall undertake the legal defense of such claim both on behalf of AIRLINE and on behalf of the AUTHORITY. It is specifically agreed, however, that the AUTHORITY, at its option and at its own expense, may participate in the legal defense of such a claim. Any final judgment rendered against the AUTHORITY for any cause for which AIRLINE is liable hereunder shall be conclusive against AIRLINE as to liability and amount upon the expiration of the time for appeal therefrom. Any provisions in the Agreement which purport to limit, waive or release the AUTHORITY for its negligence or misconduct (or the negligence or misconduct of the AUTHORITY's agents, employees, contractors, officers or board) shall be of no effect. This Article 11 shall survive the termination of this Agreement as to claims arising during the Term thereof. Compliance with the insurance requirements of this Article 11 shall not relieve AIRLINE of its liability or obligation to indemnify AUTHORITY as set forth in this Article 11.

11.02 Insurance.

A. During the Term of this Agreement, AIRLINE shall provide, pay for and maintain, the types of insurance coverage described herein. All insurance shall be issued by responsible insurance companies eligible to do business or pay claims in the State of Florida.

B. All liability policies shall provide that AUTHORITY is an Additional Insured to the extent of AIRLINE's contractual obligations hereunder. The insurance coverage and limits required shall be evidenced by properly executed certificates of insurance. These certificates shall be signed by the authorized representative of the insurance company shown on the certificate.

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J. AIRLINE or AIRLINE's insurance companies or their authorized representative shall give AUTHORITY thirty (30) days prior written notice by registered or certified mail of any cancellation, intent not to renew, or material reduction in any policy's coverage, except in the application of the Aggregate Limits Provisions. In the event of a reduction to the Aggregate Limit, it is agreed that immediate steps will be taken to have it reinstated. Said notices shall be sent pursuant to Section 18.22 of this Agreement.

K. Should at any time AIRLINE not provide or maintain the insurance coverages required in this Agreement, AIRLINE must discontinue operations at the Airport, and AUTHORITY may terminate or suspend this Agreement, in accordance with Article 12.01 B(3).

L. 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.

(1) Workers Compensation and Employer's Liability Insurance shall be maintained in force by AIRLINE during the Term of this Agreement for all employees engaged in the operations under this 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 during the Term of this Agreement. Coverage shall include, but not be limited to bodily injury liability, property damage liability, passenger legal liability, contractual liability, personal injury liability, products and completed operations liability, passengers' checked and unchecked baggage liability, hangarkeepers' liability, grounding liability, premises liability, cargo legal liability, fire legal liability, automobile liability, liquor liability, and liability arising out of the use by the AIRLINE of any automobile or mobile equipment operated by the AIRLINE while on restricted airport premises (areas of aircraft operations). The limits of coverage shall not be less than:

Airlines Operating Aircraft with fifty (50) or more seats:

Bodily & Personal Injury & Property Damage Liability	\$100,000,000 Combined Single Limit Each Occurrence & Aggregate
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Airlines Operating Aircraft with less than fifty (50) seats:

Bodily & Personal Injury & Property Damage Liability	\$50,000,000 Combined Single Limit Each Occurrence & Aggregate
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C. If at any time, but not more than once every twelve (12) months from any individual licensed company, AUTHORITY requests a written statement from the insurance company as to any impairments to the aggregate limit, AIRLINE shall promptly authorize and have delivered such statement to AUTHORITY. AIRLINE authorizes AUTHORITY to confirm with AIRLINE's insurance agents, brokers and insurance companies all information furnished AUTHORITY, as to its compliance with its insurance requirements. Renewal Certificates of Insurance must be provided to AUTHORITY prior to expiration of current coverages. AIRLINE will provide the certificates of insurance to the AUTHORITY via email to: riskmanagement@flylcpa.com.

D. All required insurance coverages of AIRLINE shall be primary to any insurance or self-insurance program of AUTHORITY. AIRLINE waives, and shall cause its insurers to waive, their respective rights of subrogation against AUTHORITY for recovery of damages to the extent these damages are covered by AIRLINE's Airport Liability, Aircraft Liability, Automobile Liability, and Workers' Compensation policies, as well as any umbrella or excess policy coverage.

E. All required insurance coverages of AIRLINE shall be placed with insurers duly licensed and authorized to do business in the State of Florida and with an AM Best rating of not less than A-VII or other rating agency equivalent. The AUTHORITY in no way warrants that the above required minimum insurer rating is sufficient to protect the AIRLINE from potential insurer solvency.

F. The acceptance of delivery to AUTHORITY of any certificate of insurance evidencing the insurance coverages and limits required in this Agreement does not constitute approval or acceptance by AUTHORITY that the insurance requirements in this Agreement have been met.

G. No operations shall either commence or continue at the Airport unless and until the required certificates of insurance are delivered to AUTHORITY.

H. The insurance coverages and limits required of AIRLINE under this Agreement are designed to meet the minimum requirements of AUTHORITY. They are not designed as a recommended insurance program for AIRLINE. AIRLINE is responsible for insuring its real and personal property located at the Airport. AIRLINE, alone, shall be responsible for the sufficiency of its own insurance program. Should AIRLINE have any question concerning its exposures to loss under this Agreement, or the possible insurance coverages needed therefor, it should seek professional advice.

I. AIRLINE and AUTHORITY understand and agree that the limits of the insurance herein required may from time to time become inadequate, and AIRLINE agrees that it will increase such limits upon receipt of written request, which shall be based upon AIRLINE's reasonable determination that such increase is warranted to satisfy the coverage requirements intended as of the date hereof. AIRLINE shall furnish AUTHORITY, within sixty (60) days of the effective date thereof, a certificate of insurance evidencing such insurance is in force.

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(3) Aircraft Liability Insurance shall be maintained by AIRLINE during the Term of this 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	\$200,000,000 Combined Single Limit Each Occurrence & Aggregate
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(4) Business Automobile Liability Insurance shall be maintained by AIRLINE during the Term of this 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
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(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.

(6) Option to Self-insure. Notwithstanding anything to the contrary in this Article, if and so long as AIRLINE maintains a book value of at least \$200 million as calculated under generally accepted accounting principles, AIRLINE may elect to provide the insurance coverage required herein through a self-insurance program established by AIRLINE in lieu of purchasing such insurance.

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ARTICLE 12: CANCELLATION BY AUTHORITY

12.01 Events of Default. The events described below shall be deemed events of default by AIRLINE hereunder:

A. Upon the occurrence of the following event of default, AUTHORITY shall immediately give written notice of default.

(1) The conduct of any business or performance of any acts at the Airport not specifically authorized herein 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 Paragraph 12.01B, AIRLINE shall cure the default within thirty (30) days of receiving the notice.

(1) The failure by AIRLINE to pay any part of the rents, fees, and charges due hereunder 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 Section 7.13.

(3) The failure by AIRLINE to maintain and keep in force insurance coverage in accordance with this Agreement. Notwithstanding any other provisions of this Paragraph 12.01B, AIRLINE must immediately discontinue operations at the Airport in accordance with Paragraphs 11.02G and 11.02K 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 Paragraph 12.01C, 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

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C. 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 12.01A, reentry shall be not less than fifteen (15) days from the date of notice of reentry. Upon any removal of AIRLINE property by AUTHORITY hereunder, AIRLINE property may be stored at a public warehouse or elsewhere at AIRLINE'S sole cost and expense.

D. AUTHORITY may relet Airline Premises and any improvements thereon or any part thereof at such rents, 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 herein and otherwise seek to mitigate any damages it may suffer as a result of AIRLINE'S event of default.

E. In the event that AUTHORITY relets Airline Premises, rents, fees, and charges received by AUTHORITY from such reletting shall be applied: (i) to the payment of any indebtedness other than rents, fees, and charges due hereunder from AIRLINE to AUTHORITY; (ii) to the payment of any cost of such reletting; and (iii) to the payment of rents, fees, and charges due and unpaid hereunder. The residue, if any, shall be held by AUTHORITY and applied in payment of future rents, fees, and charges as the same may become due and payable hereunder. If that portion of such rents, fees, and charges received from such reletting and applied to the payment of rents, fees, and charges hereunder is less than the rents, fees, and charges as would have been payable during applicable periods by AIRLINE hereunder, 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 rents, fees, and charges received from such reletting.

F. No reentry or reletting of Airline Premises by AUTHORITY shall be construed as an election on AUTHORITY'S part to cancel this Agreement unless a written notice of cancellation is given to AIRLINE.

G. AIRLINE shall pay to AUTHORITY all other costs, incurred by AUTHORITY in the exercise of any remedy in this Article 12, including, but not limited to, reasonable attorney fees, disbursements, court costs, and expert fees.

12.04 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 this Agreement within the six (6) months preceding such filing, AUTHORITY shall have the right to cancel this 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.

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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 Section 18.03.

(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 herein 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.

(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 (provided, however, AIRLINE'S requirement to cure a default of this paragraph (5) shall be subject to the provisions of section 18.25 of this Agreement).

(6) Failure by AIRLINE to make under-utilized PFC-funded Airline Premises available for use by other Air Transportation Companies in accordance with Section 16.02 of this Agreement.

12.02 Continuing Responsibilities of AIRLINE. Notwithstanding the occurrence of any event of default, AIRLINE shall remain liable to AUTHORITY for all rents, fees, and charges payable hereunder and for all preceding breaches of any covenant of this Agreement. Furthermore, unless AUTHORITY elects to cancel this Agreement, AIRLINE shall remain liable for and promptly pay all rents, fees, and charges accruing hereunder until termination of this Agreement as set forth in Article 3 or until this Agreement is canceled by AIRLINE pursuant to Article 13.

12.03 AUTHORITY'S Remedies. Upon the occurrence of any event enumerated in Paragraphs 12.01A, 12.01B, of 12.01C, including applicable notice and cure periods, the following remedies shall be available to AUTHORITY:

A. AUTHORITY may exercise any remedy provided by law or in equity, including but not limited to the remedies hereinafter specified.

B. AUTHORITY may cancel this Agreement, effective upon the date specified in the notice of cancellation. Upon such date, AIRLINE shall be deemed to have no further rights hereunder and AUTHORITY shall have the right to take immediate possession of AIRLINE'S Airline Premises.

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ARTICLE 13: CANCELLATION BY AIRLINE

13.01 Events of Default. The events described below shall be deemed events of default by AUTHORITY hereunder:

A. AUTHORITY fails to keep, perform, or observe any material term, covenant, or condition herein contained, 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 Section 18.25 of this Agreement.

B. 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.

C. 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.

D. 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.

13.02 AIRLINE'S Remedy. So long as AIRLINE is not in default as set forth in Section 12.01 of this Agreement, including but not limited to payments due to AUTHORITY hereunder, AIRLINE may cancel this Agreement upon the occurrence of an event of default, as set forth in Section 13.01 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) days' advance written notice of cancellation to AUTHORITY. All rents, 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 Article 14 hereof.

ARTICLE 14: SURRENDER OF AIRLINE PREMISES

14.01 Surrender and Delivery. Upon termination or cancellation of this Agreement, AIRLINE shall promptly and peaceably surrender to AUTHORITY its Airline Premises and all improvements thereon to which AUTHORITY is entitled in good and fit condition, reasonable wear and tear as well as damage or repair which is the responsibility of AUTHORITY hereunder excepted; provided, however, nothing in this Section 14.01 shall be construed to modify the obligations of the parties set forth in Article 9, Article 10, and Article 11.

14.02 Removal of Property.

A. Unless AIRLINE is in default for payment of rents, fees, and charges hereunder, AIRLINE shall have the right at any time during the Term of this Agreement to remove from the Airport its aircraft (which AIRLINE may remove regardless of any default status), tools, equipment, trade fixtures, and other personal property, title to which shall remain in AIRLINE, unless otherwise set forth in this Agreement, and shall remove such aircraft, tools, equipment, trade fixtures, and other personal property within fifteen (15) business days following termination of this Agreement, whether by expiration of time or otherwise, as provided herein. AIRLINE shall not abandon any portion of its property at the Airport without the written consent of AUTHORITY.

B. Any and all property not removed by AIRLINE within thirty (30) business days following the date of termination of this Agreement and left on the Airport without the consent of the AUTHORITY shall, at the option of AUTHORITY, (i) become the property of AUTHORITY at no cost to AUTHORITY; (ii) be stored by AUTHORITY, at no cost to AUTHORITY and released to AIRLINE upon payment of any outstanding unpaid rents, fees, or charges owed by AIRLINE; or (iii) sixty (60) days after the termination date be sold at public or private sale at no cost to AUTHORITY with the proceeds of any sale to be retained by AUTHORITY. Except as may be agreed to otherwise by AUTHORITY and AIRLINE, all AUTHORITY property damaged by or as a result of the removal of AIRLINE's property shall be restored by AIRLINE to the condition existing before such damage at AIRLINE's expense.

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Transportation Business at the Airport, and a handling agreement between AIRLINE and the Air Transportation Company.

ARTICLE 15: ASSIGNMENT, SUBLETTING, AND HANDLING AGREEMENTS

15.01 Assignment and Subletting by AIRLINE.

A. In the event that AIRLINE shall, directly or indirectly, assign, sell, hypothecate, or otherwise transfer this Agreement, or any portion of Airline Premises, without the prior written consent of AUTHORITY, AUTHORITY, in its sole discretion may terminate this Agreement upon thirty (30) days' written notice; provided, however, AIRLINE may assign: (i) this Agreement to any person, firm or corporation with which AIRLINE may merge or consolidate or which may succeed to the business of AIRLINE, without such consent; or (ii) all or a part of its rights, privileges and obligations hereunder to another air carrier but only subject to the mutual approval of AIRLINE and AUTHORITY after cooperative efforts to find such an assignee and provided that such assignment shall not result in compensation to AIRLINE for the rights, privileges and obligations hereunder so assigned.

B. AIRLINE shall not sublease Airline Premises, other than to a Designated Affiliate, without the prior written consent of AUTHORITY, which consent may be withheld if AUTHORITY has substantially similar space available, but unleased, or if AUTHORITY can make such space available for lease within a reasonable time, and, failing in this, such prior consent shall not be unreasonably withheld. Use of AIRLINE's Exclusive Use Premises or any part thereof, by anyone other than AIRLINE or its Designated Affiliate shall be deemed a sublease.

C. AIRLINE shall include with its request for permission to assign or sublease, a copy of the proposed assignment or sublease agreement. The assignment or sublease agreement submitted with AIRLINE's request shall include the following information: (i) the term; (ii) the area or space to be assigned or subleased; (iii) the sublease rents to be charged; and (iv) the provision that assignee or sublessee must execute a separate agreement with AUTHORITY for operating at the Airport. Any other information reasonably requested by AUTHORITY pertaining to said sublease or assignment shall be promptly provided by AIRLINE. A fully executed copy of such sublease or assignment shall be submitted to AUTHORITY for final approval (if such consent thereto is required herein) within sixty (60) days of the occupancy of Airline Premises, or any portion thereof, by the assignee or sublessee.

D. Nothing in this Article 15 shall be construed to release AIRLINE from its obligations under this Agreement, including but not limited to, the payment of rents, fees, and charges provided herein.

15.02 Handling Agreements. In the event AIRLINE agrees to ground handle any portion of the operations of another Air Transportation Company, AIRLINE shall provide AUTHORITY advance written notice of such proposed activities, including a description of the type and extent of services to be provided. Notwithstanding the foregoing, AIRLINE shall not ground handle any Air Transportation Company which does not have consent of AUTHORITY for the operation of its Air

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ARTICLE 16: AVAILABILITY OF ADEQUATE FACILITIES

16.01 Declaration of Intent. The parties acknowledge the objective of AUTHORITY to offer access to the Airport, including the provision of adequate gate positions and space in the Terminal, to all Air Transportation Companies desiring to serve Airport. Recognizing that physical and financial limitations may preclude timely expansion of the Terminal and Terminal Aircraft Apron areas to meet the stated requests of AIRLINE and/or such other Air Transportation Companies ("Requesting Airlines") for additional facilities, AUTHORITY hereby states its intent to pursue the objective of achieving an optimum balance in the overall utilization of the Terminal and Terminal Aircraft Apron areas to be achieved, if necessary, through sharing, from time to time, of gate positions and space and other passenger handling facilities.

16.02 Accommodation of others on AIRLINE's Preferential Use Premises.

A. AIRLINE shall have the first priority of use of its Preferential Use Premises for its (and its Designated Affiliates) own scheduled aircraft operations, during the Period of Use for each such flight. The AUTHORITY reserves the right to permit and schedule the use of this space on a secondary priority basis to other Air Transportation Companies. AUTHORITY also reserves the right to require the removal of AIRLINE's personnel, equipment and aircraft from Preferential Use Premises at any time that is more than one hour before the scheduled arrival or one hour after the scheduled departure of AIRLINE's or its Designated Affiliates' aircraft, provided that the AUTHORITY shall provide a space on the Airport to park such aircraft. Notwithstanding AIRLINE's first priority as set forth above, AIRLINE shall cooperate with AUTHORITY, to the extent practicable, to accommodate other Air Transportation Companies from time to time, as deemed necessary by AUTHORITY, for situations including, but not limited to, unscheduled flights (including charters, diversions due to weather, and other circumstances not otherwise foreseen and accommodated).

B. AUTHORITY shall use its best efforts to accommodate flights of other Air Transportation Companies on gate positions other than AIRLINE'S Preferential Use gate positions occupied by overnight parking of AIRLINE'S or its Designated Affiliates' aircraft, and to the extent that is not possible, will require any Air Transportation Company assigned to use AIRLINE's Preferential Use gate position to vacate that gate position by the earlier of sixty (60) minutes prior to AIRLINE's or its Designated Affiliates' next scheduled flight departure, or thirty (30) minutes prior to AIRLINE's or its Designated Affiliates' next scheduled arrival, at such gate position.

C. For any time period during which AIRLINE's Preferential Use Premises is assigned for use or in use by another Air Transportation Company pursuant to this Article 16, AIRLINE shall be relieved of its obligation under this Agreement to indemnify and save harmless AUTHORITY, its officers, directors, employees, or agents with regard to any claim for property damage or personal injury arising out of or in connection with said accommodated Air Transportation Company's use of its Preferential Use Premises, except to the extent such damage or injury is caused by AIRLINE, its officers, directors, employees or agents.

16.03 Recapture of Preferential Use Gate Positions. AUTHORITY reserves the right to Recapture (and thereby remove AIRLINE'S preferential rights to use), one or more of AIRLINE's preferentially assigned gates, and reassign such gate(s) for either common use, or preferential use by another Signatory Airline, if, at any time:

- (1) AIRLINE has not, across all of its preferential gates combined, maintained the Minimum Average Gate Utilization over the preceding twelve (12) full calendar months; and
- (2) AUTHORITY determines that there is a reasonable need for the use of such gate(s) by one or more other Air Transportation Companies.

Prior to such Recapture becoming effective, AUTHORITY will provide AIRLINE at least 120 days' advance written notice (a "Recapture Notice"), specifying the gate or gates it intends to recapture. AIRLINE will have thirty (30) days after the Recapture Notice to provide AUTHORITY with a plan (a "Cure Plan") to schedule and operate, prior to the effective date of the Recapture specified in the Recapture Notice, sufficient flights to meet the Minimum Average Gate Utilization on each of AIRLINE's preferential gates (including the gate(s) specified in the Recapture Notice). In the event AIRLINE fails to meet the Minimum Average Gate Utilization on each of AIRLINE'S preferential gates (including the gate(s) specified in the Recapture Notice) if any calendar month during the one-year period following the date of the Recapture Notice, AUTHORITY will have the right to recapture up to the number of gates specified in the Recapture Notice (which number of recaptured gates shall be no more than the number required to ensure AIRLINE meets the Minimum Average Gate Utilization with respect to its remaining gates), with AIRLINE having no further opportunity to cure its deficiency.

When determining specific preferential use gates to be Recaptured, to the extent feasible AUTHORITY will not specify gates that will leave AIRLINE's remaining preferential use gate positions non-adjacent.

Upon the effective date of any such Recapture, AIRLINE's obligation to pay for such gate as a preferential use gate will cease, and AIRLINE shall instead pay common use per turn fees for any of its flights on such gate.

16.04. AUTHORITY's Right to move AIRLINE to alternate Premises. In order to optimize passenger flow, use of the facility, and minimize future capital construction, AUTHORITY reserves the right to relocate AIRLINE by recapturing all or any portion of AIRLINE's Preferential Use Premises and Exclusive Use Premises and reassigning AIRLINE to alternative space comparable in size, quality, and finish. Prior to any relocation AUTHORITY and AIRLINE will meet and agree on the amount of reimbursement due AIRLINE for the cost of providing tenant improvements, based on construction cost estimates, competitive bids, contract prices, or other information acceptable to the parties, that are comparable to the level of tenant improvements in AIRLINE's current Airline Premises for similar facilities, plus relocation costs.

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ARTICLE 17: GOVERNMENT INCLUSION; SECURITY; ENVIRONMENTAL

17.01 Government Agreements. This Agreement shall be subordinate to the provisions of any existing or future agreements between AUTHORITY and the United States Government or other governmental authority, relative to the operation or maintenance of the Airport, the execution of which has been or will be required as a condition precedent to the granting of Federal or other governmental funds for the development of the Airport, or as a condition precedent for the collection of PFCs, to the extent that the provisions of any such existing or future agreements are generally required by the United States or other governmental authority of other civil airports receiving such funds. AUTHORITY agrees to provide AIRLINE written advance notice of any provisions which would adversely modify the material terms of this Agreement.

17.02 Federal Government's Emergency Clause. All provisions of this Agreement shall be subordinate to the rights of the United States of America to operate the Airport or any part thereof during time of war or national emergency. Such rights shall supersede any provisions of this Agreement inconsistent with the operations of the Airport by the United States of America.

17.03 Nondiscrimination.

A. AIRLINE for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby agree as a covenant running with the land that (i) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of Airline Premises, (ii) in the construction of any improvements on, over, or under Airline Premises and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination, and (iii) AIRLINE shall use the Airline Premises in compliance with all other requirements imposed by or pursuant to 14 CFR 152 and Title VI of the Civil Rights Act of 1964 and 49 CFR, Subtitle A, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Title and Regulations may be amended.

B. AIRLINE acknowledges that the provisions of 49 CFR, Part 23, Disadvantaged Business Enterprises (DBE), as said regulations may be amended, and such other similar regulations may be enacted, may be applicable to the activities of AIRLINE under the terms of this Agreement, unless exempted by said regulations, and AIRLINE hereby agrees to comply with the regulatory agencies, in reference thereto. These requirements may include, but not be limited to, compliance with DBE participation goals, the keeping of certain records of good faith compliance efforts, which would be subject to review by the various agencies, the submission of various reports and, if so directed, the contracting of specified percentages of goods and services contracts to DBEs.

C. In the event of breach of any of the above nondiscrimination covenants which is not cured AUTHORITY shall have the right to cancel this Agreement after such action as the

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16.05 Use of Passenger Loading Bridges.

A. To the extent practical, aircraft that are capable of connecting to a loading bridge must use a Terminal Aircraft Apron equipped with a loading bridge for the enplaning and deplaning of passengers.

B. Aircraft that are not capable of connecting to a loading bridge will use those areas of the Terminal Aircraft Aprons designated by AUTHORITY and will be accessed from the ramp level unless otherwise approved by AUTHORITY.

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United States Government may direct to enforce this covenant has been followed and completed, including exercise or expiration of appeal rights.

17.04 Security. AIRLINE, its officers, employees, agents, and those under its control, shall comply with security measures required of AIRLINE or AUTHORITY by the FAA or contained in any Airport master security plan approved by the FAA to include an Airport Tenant Security Program as outlined in 49 CFR Part 1542 respective to AIRLINE's Exclusive Use Premises and Preferential Use Premises. If AIRLINE, its officers, employees, agents, or those under its control shall fail or refuse to comply with said measures and such non-compliance results in a monetary penalty being assessed against AUTHORITY, then, in addition to the provisions of Section 11.01, AIRLINE shall be responsible and shall reimburse AUTHORITY in the full amount of any such monetary penalty or other damages.

17.05 Environmental.

A. General Conditions.

(1) Notwithstanding any other provisions in this AGREEMENT, and in addition to any and all other requirements of this AGREEMENT or any other covenants, representations or warranties of AIRLINE, AIRLINE hereby expressly covenants, warrants and represents to AUTHORITY, in connection with AIRLINE's operations at the airport the following :

(2) AIRLINE is knowledgeable of all applicable federal, state, and local environmental laws, ordinances, rules, regulations and orders pertaining to the protection of the environment ("Environmental Laws") which apply to AIRLINE's operations at the airport and acknowledges that such Environmental Laws change from time to time, and AIRLINE agrees to keep informed of any such future changes that apply to AIRLINE's operations upon the Airport.

(3) AIRLINE agrees to comply with all applicable Environmental Laws which apply to AIRLINE's operations. AIRLINE agrees to hold harmless and indemnify AUTHORITY and Lee County, Florida for any violation by AIRLINE of such applicable Environmental Laws, and for any non-compliance by AIRLINE with any permits issued to AIRLINE pursuant to such Environmental Laws, which hold harmless and indemnity shall include, but not be limited to, enforcement actions to assess, abate, remediate, undertake corrective measures or monitor environmental conditions and for any monetary penalties, costs, expenses, or damages, including natural resource damages, imposed against AIRLINE, its employees, invitees, suppliers, or service providers or AUTHORITY by reason of AIRLINE's violation or non-compliance, except to the extent such non-compliance is caused by AUTHORITY.

(4) AIRLINE agrees to cooperate with any investigation, audit or inquiry by AUTHORITY or any governmental agency, regarding possible violation by AIRLINE of any applicable Environmental Law in its operations upon the Airport.

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(5) AIRLINE agrees that all remedies of AUTHORITY as provided herein with regard to AIRLINE's violation of any Environmental Laws shall be deemed cumulative in nature and shall survive termination of this Agreement.

(6) AIRLINE agrees that any notice of violation, notice of non-compliance, or other enforcement action arising from alleged violation of applicable Environmental Laws shall be provided to AUTHORITY within twenty-four (24) hours of receipt by AIRLINE or AIRLINE's agent. The notice must include copies of all material, non-privileged correspondence related to the violation, including the actual notice of violation, non-compliance, or other enforcement action and advisory notifications from the environmental agencies. Any violation or notice of violation or non-compliance with applicable Environmental Law shall be deemed a default under this Agreement. Such default may be cured within ten (10) days of receipt of notice of default from AUTHORITY, or such longer period as may be required to effect a cure provided AIRLINE commences a cure within said ten (10) days and thereafter reasonably prosecutes the cure to completion. The AIRLINE agrees that the obligation for remedial action begins with discovery of the violation, not upon notice from an enforcement agency, unless applicable Environmental Laws prohibit remedial action without authorization from AUTHORITY and AUTHORITY has not so authorized the remedial action. Any such default which is not cured shall be grounds for termination of this Agreement.

(7) In entering this Agreement, AUTHORITY expressly relies on the covenants, representations, and warranties of AIRLINE as stated herein.

B. Stormwater.

(1) Notwithstanding any other provisions or terms of this Agreement, AIRLINE acknowledges that certain properties within the Airport, or on AUTHORITY owned land, are subject to stormwater rules and regulations. AIRLINE agrees to observe and abide by such stormwater rules and regulations as may be applicable to AUTHORITY's property and uses thereof.

(2) AIRLINE acknowledges that any stormwater discharge permit issued to the AUTHORITY may name AIRLINE as a co-permittee. AUTHORITY and AIRLINE both acknowledge that close cooperation is necessary to ensure compliance with any stormwater discharge permit terms and conditions, as well as to ensure safety and to minimize cost of compliance. The AUTHORITY will provide AIRLINE with a copy of the AUTHORITY's Stormwater Pollution Prevention Plan (SWPPP), including, promptly, any updates to the SWPPP. The AIRLINE agrees to cooperate with the implementation of the AUTHORITY's SWPPP and not intentionally cause any violation to the SWPPP. AIRLINE acknowledges further that it may be necessary to undertake such actions to minimize the exposure of stormwater to "significant materials" generated, stored, handled or otherwise used by AIRLINE, as such term may be defined by applicable stormwater rules and regulations, by implementing and

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transportation, storage, handling and disposal of such hazardous wastes are conducted in full compliance with applicable law.

(2) AIRLINE agrees to provide AUTHORITY, upon request, copies of all hazardous waste permit application documentation, permits, monitoring reports, and safety data sheets, as well as transportation, response, storage and disposal plans, within ten (10) days of any such requests by AUTHORITY, all of which shall be maintained in compliance with applicable Environmental Laws. Each AIRLINE shall have, and shall implement as needed, to the extent required by applicable Environmental Laws, a written plan addressing containment and clean-up of fuel and/or oil spills.

(3) AIRLINE shall comply with all applicable Environmental Laws relating to such AIRLINE's transportation, handling, storage, treatment or disposal of Hazardous Substances at the airport, and any rules and regulations promulgated thereunder, including, but not limited to, ensuring that the transportation, storage, handling and disposal of such hazardous wastes are conducted in full compliance with applicable Environmental Law. AIRLINE shall require all agents, contractors, and all persons working for, or on behalf of the AIRLINE to be fully and properly trained in the handling and storage of all Hazardous Substances in compliance with any and all applicable Environmental Laws.

(4) AIRLINE agrees to maintain its Airline Premises in a clean and orderly condition, provide and utilize secondary containment for storage of fuels, oils, and other chemicals; take commercially reasonable efforts to minimize the impact of potential environmental risks (old batteries, old tires, oil containers); and perform regular inspection, preventative maintenance, and repair of its equipment and facilities.

(5) AIRLINE agrees that it will not place any underground or above ground storage tanks on the Airline Premises unless specifically authorized in writing by the AUTHORITY. If any tank is authorized by AUTHORITY, AIRLINE covenants and agrees that it will comply with all applicable Environmental Laws concerning the installation, operation, maintenance and inspection of above ground and underground storage tanks, including applicable financial responsibility. Upon AUTHORITY's written request, AIRLINE will be responsible for the removal and clean closure of any such tanks installed by AIRLINE upon the termination of the agreement.

(6) AIRLINE and its employees, agents, and contractors will comply with the AUTHORITY's Spill Prevention, Control, and Countermeasures Plan when using AUTHORITY owned and operated regulated containers.

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maintaining "best management practices" as that term may be defined in applicable stormwater rules and regulations. If applicable to AIRLINE's operations at the AIRPORT and required under applicable Environmental Law, AIRLINE shall submit a separate Notice of Intent to use the State of Florida Multi-Sector Generic Permit for Stormwater Discharge Associated with Industrial Activity to the Florida Department of Environmental Protection with a copy to the AUTHORITY. The AUTHORITY may also require the AIRLINE to secure a separate stormwater discharge permit if AIRLINE demonstrates non-compliance with the AUTHORITY's SWPPP and AIRLINE is required to obtain a permit under applicable Environmental Law.

(3) AIRLINE shall comply with any stormwater discharge permit requirements applicable to AIRLINE under Environmental Law, including but not limited to: certification of non-stormwater discharges; AUTHORITY's SWPPP; implementation of best management practices (as such term may be defined in applicable stormwater rules and regulations); annual training, and maintenance and submittal of records required by SWPPP. In complying with such requirements, AIRLINE will observe applicable deadlines set by the regulatory agency that has jurisdiction over the permit.

(4) AUTHORITY will provide AIRLINE with written notice of any stormwater discharge permit requirements applicable to AIRLINE and with which AIRLINE will be obligated to comply from time-to-time, including, but not limited to: certification of non-stormwater discharges; preparation of stormwater pollution prevention or similar plans; implementation of best management practices; and maintenance of necessary records. Such written notice shall include applicable deadlines. AIRLINE agrees that within thirty (30) days of receipt of such written notice, it shall notify AUTHORITY in writing if it disputes any of the stormwater permit requirements it is being directed to undertake. If AIRLINE does not provide such timely notice, AIRLINE will be deemed to assent to undertake such stormwater permit requirements. In that event, AIRLINE agrees to undertake, at its sole expense, unless otherwise agreed to in writing between AUTHORITY and AIRLINE, those stormwater permit requirements for which it has received written notice from AUTHORITY, and AIRLINE agrees that it will hold harmless and indemnify AUTHORITY for any violations or non-compliance with any such permit requirements.

C. Hazardous Substances.

(1) If AIRLINE is deemed to be a generator of hazardous waste, as defined by federal, state or local law, AIRLINE shall obtain, if required, a generator identification number from the EPA and the appropriate generator permit, if required, and shall comply with all applicable Environmental Laws, and any rules and regulations promulgated thereunder, including but not limited to, ensuring that the

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ARTICLE 18: GENERAL PROVISIONS

18.01 Subordination to Bond Resolution.

A. This Agreement and all rights granted to AIRLINE hereunder 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 hereunder.

B. AUTHORITY shall notify AIRLINE in advance of any amendments or supplements to the Bond Resolution that would materially alter the terms and provisions of this Agreement or materially impact the levels of rents, fees, and charges paid by AIRLINE (herein referred to as Material Amendments).

C. 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 this Agreement, shall have the right to cancel this Agreement upon thirty (30) days' advance written notice.

D. 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.

18.02 Nonwaiver. No waiver of default by either party of any of the terms, covenants, or conditions of this 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 this Agreement as provided herein.

18.03 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 PFC's within the time frame required by 14 CFR Part 158 shall be grounds for termination of this Agreement pursuant to Section 12.01C.

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18.04 Rights Non-Exclusive. Notwithstanding anything herein contained that may be or appear to the contrary, the rights, privileges, and licenses granted under this Agreement, are "non-exclusive" and AUTHORITY reserves the right to grant similar privileges to others.

18.05 Quiet Enjoyment.

A. AUTHORITY agrees that, so long as AIRLINE's payment of rents, fees, and charges is timely and AIRLINE keeps all covenants and agreements contained herein, AIRLINE shall peacefully have and enjoy its Airline Premises and all rights, privileges, and licenses of the Airport, its appurtenances and facilities granted herein, subject to the terms and conditions herein contained.

B. Consistent with the nature of AIRLINE's business, AIRLINE agrees that occupancy of its Airline Premises will be lawful and that it will not knowingly use or permit the use of Airline Premises in any way that would violate the terms of this Agreement, create a nuisance, or disturb other tenants or the general public. AIRLINE shall be responsible for the activity of its officers, employees, agents, and others under its control with respect to this provision.

18.06 Performance. The parties expressly agree that time is of the essence in this Agreement. Failure by a party to complete performance within the time specified, or within a reasonable time if no time is specified herein, shall relieve the other party, without liability, of any obligation to accept such performance.

18.07 Avigation Rights. AUTHORITY reserves unto itself, its successors, and assigns for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Airport, including Airline Premises, for navigation or flight in the said airspace for landing on, taking off from, or operating at the Airport.

18.08 Rules and Regulations and Operational Instructions.

A. AIRLINE, its officers, employees, agents, and others under its control shall observe and obey all laws, regulations, and orders of the federal, state, county, municipal governments and AUTHORITY (acting in its governmental capacity) which may be applicable to AIRLINE'S operations at the Airport.

B. AUTHORITY, acting in its governmental capacity, may from time to time adopt, amend, or revise the Airport's rules and regulations and operating instructions governing the conduct of operations at the Airport, for reasons of safety, health, preservation of the property, or for the maintenance of the good and orderly appearance of the Airport. AIRLINE, its officers, employees, agents, and others under its control shall faithfully comply with and observe such reasonable and non-discriminatory rules and regulations and operating instructions, except as they may conflict with the terms and provisions of this Agreement, or the regulations of another governmental authority having appropriate jurisdiction. AUTHORITY shall notify AIRLINE in advance of any amendments or supplements to such

18.16 Titles. Paragraph titles are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope or extent of any provision of this Agreement.

18.17 Severability. In the event that any covenant, condition, or provision of this Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of such covenant, condition, or provision shall not materially prejudice either AUTHORITY or AIRLINE in their respective rights and obligations contained in the valid covenants, conditions, or provisions of this Agreement.

18.18 Amendments. Except as provided in Section and 8.04, no amendment, modification or alteration of the terms of this Agreement shall be binding unless the same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

18.19 Most Favored Nation. AUTHORITY covenants and agrees not to enter into any basic airline use and lease agreement with any Air Transportation Company which (i) makes substantially similar use of the Airport, (ii) operates substantially similar aircraft, and (iii) utilizes substantially similar facilities to that of AIRLINE, which contains more favorable terms than this Agreement, or to grant to any such Air Transportation Company rights or privileges with respect to the Airport which are not afforded to AIRLINE hereunder unless substantially the same terms, rights, privileges, and facilities are concurrently made available to AIRLINE.

18.20 Other Agreements. Other than as set forth herein, nothing contained in this Agreement shall be deemed or construed to nullify, restrict, or modify in any manner the provisions of any other lease or contract between AUTHORITY and AIRLINE authorizing the use of the Airport, its facilities, and appurtenances.

18.21 Approvals.

A. Unless otherwise stated, whenever this Agreement calls for approval by AUTHORITY, such approval shall be evidenced by the written approval of the Executive Director.

B. Any approval required by either party to this Agreement shall not be unreasonably withheld, conditioned or delayed.

18.22 Notice.

A. All notices, requests, consents, and approvals served or given under this Agreement shall be served or given in writing with proof of delivery. If intended for AUTHORITY, notices shall be delivered to:

Executive Director
Lee County Port Authority
Southwest Florida International Airport
11000 Terminal Access Road, Suite 8671
Ft. Myers, FL 33913

rules and regulations and operating instructions that would materially alter the terms of this Agreement adversely.

C. AIRLINE shall be strictly liable and responsible for obtaining, maintaining current, and fully complying with, any and all permits, licenses, and other governmental authorizations, however designated, as may be required at any time throughout the entire Term of this Agreement by any federal, state, or local governmental entity or any court of law having jurisdiction over AIRLINE or AIRLINE's operations and activities.

18.09 Inspection. AIRLINE shall allow AUTHORITY's authorized representatives access to Airline Premises for the purpose of examining and inspecting said premises; for purposes necessary, incidental to, or connected with the performance of its obligations under this Agreement; or, in the exercise of its governmental functions. Except in the case of an emergency, AUTHORITY shall conduct such inspections during reasonable business hours, after reasonable prior notice to AIRLINE, not to interfere with AIRLINE's normal operations, and in the presence of AIRLINE's representative.

18.10 No Individual Liability. No member, officer, agent, director, or employee of AUTHORITY or AIRLINE shall be charged personally or held contractually liable by or to the other party under the terms or provisions of this Agreement or because of any breach thereof or because of its or their execution or attempted execution.

18.11 Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship between the parties hereto. It is understood and agreed that neither the method of computation of rents, fees, and charges, nor any other provisions contained herein, nor any acts of the parties hereto, creates a relationship other than the relationship of landlord and tenant.

18.12 Capacity to Execute. The individuals executing this Agreement personally warrant that they have full authority to execute this Agreement on behalf of the entity for whom they are acting herein.

18.13 Savings. The parties hereto acknowledge that they have thoroughly read this Agreement, including any exhibits or attachments hereto and have sought and received whatever competent advice and counsel was necessary for them to form a full and complete understanding of all rights and obligations herein. The parties further acknowledge that this Agreement is the result of extensive negotiations between the parties and shall not be construed against AUTHORITY by reason of the preparation of this Agreement by AUTHORITY.

18.14 Successors and Assigns Bound. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

18.15 Incorporation of Exhibits. All exhibits and attachments referred to in this Agreement are intended to be and are hereby specifically made a part of this Agreement.

or to such other address as may be designated by AUTHORITY by written notice to AIRLINE.

B. Notices to AIRLINE shall be delivered to:

or to such other address as may be designated by AIRLINE by written notice to AUTHORITY.

18.23 Agent For Service. It is expressly understood and agreed that if AIRLINE is not a resident of the State of Florida, or is an association or partnership without a member or partner resident of said state, AIRLINE shall appoint an agent for the purpose of service of process in any court action between it and AUTHORITY arising out of or based upon this Agreement. AIRLINE shall immediately, within ten (10) days of execution of this Agreement, notify AUTHORITY, in writing, of the name and address of said agent. Such service shall be made as provided by the laws of the State of Florida for service upon a non-resident engaging in business in the State. It is further expressly agreed, covenanted, and stipulated that, if for any reason, such service of process is not possible, as an alternative method of service of process, AIRLINE may be personally served out of the State of Florida by the registered mailing of such service at the address set forth in Section 18.22.

18.24 Governing Law and Legal Forum. This Agreement is to be read and construed in accordance with the laws of the State of Florida. All litigation concerning this Agreement by either party shall be instituted in the federal or state courts of Florida, and venue shall be in Lee County, Florida.

18.25 Force Majeure. Except as herein provided, neither AUTHORITY nor AIRLINE shall be deemed to be in default hereunder if either party is prevented from performing any of the obligations, other than the payment of rents, fees, and charges hereunder, by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of God, acts of the public enemy, terrorism, weather conditions, riots, rebellion, or sabotage, pandemic or epidemic, or any other circumstances for which it is not responsible or which are not within its control.

18.26 Entire Agreement. It is understood and agreed that this instrument contains the entire agreement between the parties hereto. It is further understood and agreed by AIRLINE that AUTHORITY and AUTHORITY's agents have made no representations or promises with respect to this Agreement or the making or entry into this Agreement, except as in this Agreement expressly set forth, and that no claim or liability or cause for termination shall be asserted by AIRLINE against AUTHORITY for, and AUTHORITY shall not be liable by reason of, the breach of any representations or promises not expressly stated in this Agreement.

ARTICLE 19: CIVIL RIGHTS AND TITLE VI

19.01 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.

19.02 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 sponsor or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

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as a covenant running with the land, that (1) no person on the ground 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, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Airline will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

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 or re-enter and repossess said land and the facilities thereon.

19.05 Title VI List of Pertinent Nondiscrimination Acts and Authorities. During the performance of this contract, the Airline, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor") agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

1. Title VI of the Civil Rights Act of 1964 (42 USC § 2000d *et seq.*, 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
2. 49 CFR part 21 (Non-discrimination in Federally-assisted programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964);
3. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
4. Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 *et seq.*), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27;
5. The Age Discrimination Act of 1975, as amended (42 USC § 6101 *et seq.*) (prohibits discrimination on the basis of age);
6. Airport and Airway Improvement Act of 1982 (49 USC § 471, Section 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
7. The Civil Rights Restoration Act of 1987 (PL 100-209) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);

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E. Sanctions for Noncompliance: 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:

- a. Withholding payments to the Contractor under the contract until the Contractor complies; and/or
- b. Cancelling, terminating, or suspending a contract, in whole or in part.

F. Incorporation of Provisions: The Contractor will include the provisions of paragraphs A through F 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 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 Authority to enter into any litigation to protect the interests of the Authority. In addition, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

19.03 Transfer of Real Property Acquired or Improved Under the Airport Improvement Program.

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, 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.

19.04 Construction/Use/Access to Real Property Acquired Under the Activity, Facility or Program.

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,

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8. Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 USC §§ 12131 – 12189) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;
9. The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
10. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
11. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
12. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC 1681 *et seq.*).

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IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed on the day and year first above written.

(Airline)

By: _____

Print name: _____

Title: _____

Date: _____

LEE COUNTY PORT AUTHORITY

ATTEST:
KEVIN KARNES, CLERK

By: _____
Chairman or Vice Chairman,
Board of Port Commissioners

By: _____
Deputy Clerk

[EXHIBITS INTENTIONALLY OMITTED]

Date: _____

Date: _____

Approved As To Form
for the Reliance of the
Lee County Port Authority only:

By: _____
Port Authority Attorney

Date: _____

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 2024 BONDS**

Upon delivery of the Series 2024 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to such Series 2024 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 \$522,160,000 aggregate principal amount of Lee County, Florida Airport Revenue Bonds, Series 2024 (AMT) (the "Series 2024 Bonds"). The Series 2024 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 of Lee County (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 restated by Resolution No. 24-09-28 adopted by the Board on September 5, 2024, as amended and supplemented from time to time, particularly as supplemented by Resolution No. 24-09-27, adopted by the Board on September 5, 2024 (hereinafter collectively called the "Resolution") and Resolution No. 24-09-30PA and Resolution No. 24-09-29PA, each adopted by the Lee County Port Authority (the "Port Authority") on September 5, 2024 (collectively the "PA Resolutions").

The Series 2024 Bonds are dated and shall bear interest from their date of delivery, except as otherwise provided in the Resolution. The Series 2024 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 and set forth in the Bond Purchase Agreement executed in connection with the sale of the Series 2024 Bonds (the "Purchase Agreement"). Interest shall be payable on each April 1 and October 1, commencing on April 1, 2025. The Series 2024 Bonds shall be subject to redemption prior to maturity in accordance with the Resolution and as set forth in the Purchase Agreement.

The Series 2024 Bonds are being issued for the principal purpose of financing certain capital improvements to the Southwest Florida International Airport, as more particularly described in the Resolution.

As to questions of fact material to our opinion, we have relied upon the representations contained in the Resolution and the PA Resolutions and in the certified proceedings relating thereto and to the issuance of the Series 2024 Bonds and other certifications of public officials furnished to us in connection therewith, without undertaking to verify the same by independent investigation. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Resolution and the PA Resolutions. 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 2024 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 Resolutions, the PA Resolutions have been duly and lawfully adopted by the Port Authority, are in full force and effect and are valid and binding upon the Port Authority in accordance with their terms, and no other authorization for the PA Resolutions 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 2024 Bonds and the Series 2024 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 2024 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 Series 2024 Bonds shall be issued on parity under the Resolution with certain other Bonds (as defined in the Resolution) that are outstanding under the Resolution, to the extent and except as provided in the Resolution. The Series 2024 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 2024 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 2024 Bonds.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes, except for any period during which a Series 2024 Bond is held by a "substantial user" of the facilities financed with proceeds of the Series 2024 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 2024 Bonds is an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Series 2024 Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the "adjusted financial statement income" of such corporations. 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 2024 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 2024 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2024 Bonds. The County has covenanted to comply with all such requirements. Ownership of the Series 2024 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 2024 Bonds.

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 2024 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 2024 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 2024 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 2024 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 tax 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 2024 Bonds and, in our opinion, the form of the Series 2024 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 October 9, 2024 is executed and delivered by Lee County, Florida (the "Issuer") in connection with the issuance by the Issuer of its \$522,160,000 Airport Revenue Bonds, Series 2024 (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 as further amended and restated in its entirety by Resolution No. 24-09-28, adopted by the Board on September 5, 2024 (the "Master Resolution"), particularly as supplemented by Resolution No. 20-06-30 adopted by the Board on June 25, 2020 (the "PFC Resolution"), Resolution No. 21-09-32, adopted by the Board on September 21, 2021 (the 2021B Resolution"), and Resolution No. 24-09-27, adopted by the Board on September 5, 2024 (the "2024 Series Resolution" and together with the Master Resolution, the PFC Resolution, and the 2021B Resolution, 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, 2024, 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 September 24, 2024 (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 System,
- (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 Disclosure 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: October 9, 2024

LEE COUNTY, FLORIDA

By: _____
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
Name of Bond Issue: Airport Revenue Bonds, Series 2024 (AMT)
Date of Issuance: October 9, 2024
Date of Disclosure Certificate: October 9, 2024
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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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)

