



\$150,780,000



WAYNE COUNTY AIRPORT AUTHORITY
Airport Revenue Bonds
(Detroit Metropolitan Wayne County Airport), Series 2021A-B

consisting of:

\$121,260,000
Airport Revenue Bonds
Series 2021A (Non-AMT)

\$29,520,000
Airport Revenue Bonds
Series 2021B (AMT)

Dated: Date of Delivery

Due: December 1, as shown on the inside cover page

The Wayne County Airport Authority (the "Authority") is issuing its Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2021A in the principal amount of \$121,260,000 (the "Series 2021A Bonds"), and its Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2021B in the principal amount of \$29,520,000 (the "Series 2021B Bonds" and, collectively, with the Series 2021A Bonds, the "Series 2021 Bonds"). The Series 2021 Bonds are issued pursuant to the Authority's Master Bond Ordinance (as defined herein) and the Authority's Series 2021 Ordinance (as defined herein).

Proceeds from the Series 2021 Bonds, together with other available funds, will be used to (i) pay all or portions of the costs of acquiring, constructing and installing the Series 2021 Projects (as defined herein), (ii) make a deposit to the Bond Reserve Account (as defined herein), (iii) pay capitalized interest on portions of the Series 2021 Bonds, and (iv) pay costs of issuance of the Series 2021 Bonds.

The Series 2021 Bonds are revenue obligations of the Authority payable from the Net Revenues derived by the Authority from the operation of the Detroit Metropolitan Wayne County Airport (the "Airport") and are secured by a statutory lien upon and against the Net Revenues of the Airport. U.S. Bank National Association is trustee (the "Trustee") under the Master Bond Ordinance (as defined herein).

The Series 2021 Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Series 2021 Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2021, until maturity or prior redemption. **The Series 2021 Bonds will be subject to optional, mandatory and extraordinary optional redemption prior to maturity in the manner and at the times set forth herein.**

For maturities, principal amounts, interest rates, yields and CUSIP numbers, see the inside cover page.

The Series 2021 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), to which principal, premium and interest payments will be made. DTC will act as securities depository for the Series 2021 Bonds. Purchasers of the Series 2021 Bonds will not receive certificates representing their purchased interests in the Series 2021 Bonds.

This cover page contains information for quick reference only. It is not a summary of this issue. Prospective purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision. See "IMPACT OF COVID-19 ON THE AIRPORT" and "INVESTMENT CONSIDERATIONS" for a discussion of certain factors that should be considered by prospective purchasers of the Series 2021 Bonds.

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C. ("Bond Counsel"), under existing law, and subject to the conditions described under the caption "TAX MATTERS" herein, (i) the interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; and (ii) the interest on the Series 2021B Bonds is excludable from gross income for federal income tax purposes (except for any period when the Series 2021B Bonds are held by a "substantial user" of the Airport or a person deemed "related" thereto (as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")), and is an item of tax preference for purposes of the federal alternative minimum tax.

Bond Counsel is also of the opinion that, under existing law, the Series 2021 Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" herein.

The Series 2021 Bonds are offered when, as and if issued by the Authority and received by the Underwriters (as defined herein), subject to receipt of the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by its General Counsel, and for the Underwriters by McGuireWoods LLP, Chicago, Illinois. PFM Financial Advisors LLC and Columbia Capital Management, LLC have served as Financial Advisors to the Authority with regard to the issuance of the Series 2021 Bonds. It is expected that the Series 2021 Bonds, in book-entry form, will be available for delivery through DTC on or about June 23, 2021.

SIEBERT WILLIAMS SHANK & CO., LLC

LOOP CAPITAL MARKETS

BOFA SECURITIES

J.P. MORGAN

MATURITIES, CUSIP NUMBERS⁺, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES**\$121,260,000
SERIES 2021A BONDS (NON-AMT)**

| <u>Maturity (December 1)</u> | <u>CUSIP No.⁺</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Price</u> |
|----------------------------------|------------------------------|---------------|----------------------|--------------|
| 2023 | 944514A32 | \$100,000 | 5.00% | 111.620 |
| 2024 | 944514A40 | 100,000 | 5.00 | 115.769 |
| 2025 | 944514A57 | 100,000 | 5.00 | 119.535 |
| 2026 | 944514A65 | 100,000 | 5.00 | 123.268 |
| 2027 | 944514A73 | 100,000 | 5.00 | 126.163 |
| 2028 | 944514A81 | 100,000 | 5.00 | 129.020 |
| 2029 | 944514A99 | 4,290,000 | 5.00 | 132.292 |
| 2030 | 944514B23 | 4,505,000 | 5.00 | 134.873 |
| 2031 | 944514B31 | 4,730,000 | 5.00 | 137.296 |
| 2032 | 944514B49 | 4,965,000 | 5.00 | 136.943* |
| 2033 | 944514B56 | 5,215,000 | 5.00 | 136.357* |
| 2034 | 944514B64 | 5,475,000 | 5.00 | 135.891* |
| 2035 | 944514B72 | 5,750,000 | 5.00 | 135.658* |
| 2036 | 944514B80 | 6,035,000 | 5.00 | 135.195* |
| 2037 | 944514B98 | 6,335,000 | 5.00 | 134.848* |
| 2038 | 944514C22 | 6,655,000 | 5.00 | 134.503* |
| 2039 | 944514C30 | 6,985,000 | 5.00 | 134.159* |
| 2040 | 944514C48 | 7,335,000 | 5.00 | 133.815* |
| 2041 | 944514C55 | 7,705,000 | 5.00 | 133.473* |

\$44,680,000 Term Bond Due December 1, 2046; Interest Rate: 5.00%; Price: 132.002*, CUSIP No.⁺: 944514C63

*Priced to call on December 1, 2031

**\$29,520,000
SERIES 2021B BONDS (AMT)**

| <u>Maturity (December 1)</u> | <u>CUSIP No.⁺</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Price</u> |
|----------------------------------|------------------------------|---------------|----------------------|--------------|
| 2023 | 944514C71 | \$100,000 | 5.00% | 111.360 |
| 2024 | 944514C89 | 100,000 | 5.00 | 115.323 |
| 2025 | 944514C97 | 100,000 | 5.00 | 118.857 |
| 2026 | 944514D21 | 100,000 | 5.00 | 122.249 |
| 2027 | 944514D39 | 100,000 | 5.00 | 124.741 |
| 2028 | 944514D47 | 100,000 | 5.00 | 127.127 |
| 2029 | 944514D54 | 1,030,000 | 5.00 | 129.388 |
| 2030 | 944514D62 | 1,080,000 | 5.00 | 131.622 |
| 2031 | 944514D70 | 1,135,000 | 5.00 | 133.930 |
| 2032 | 944514D88 | 1,190,000 | 5.00 | 133.815* |
| 2033 | 944514D96 | 1,250,000 | 5.00 | 133.359* |
| 2034 | 944514E20 | 1,310,000 | 5.00 | 133.132* |
| 2035 | 944514E38 | 1,375,000 | 5.00 | 132.905* |
| 2036 | 944514E46 | 1,445,000 | 5.00 | 132.565* |
| 2037 | 944514E53 | 1,520,000 | 5.00 | 132.114* |
| 2038 | 944514E61 | 1,595,000 | 5.00 | 131.777* |
| 2039 | 944514E79 | 1,675,000 | 5.00 | 131.441* |
| 2040 | 944514E87 | 1,760,000 | 5.00 | 130.995* |
| 2041 | 944514E95 | 1,845,000 | 5.00 | 130.661* |

\$10,710,000 Term Bond Due December 1, 2046; Interest Rate: 5.00%; Price: 129.556*, CUSIP No.⁺: 944514F29

*Priced to call on December 1, 2031.

⁺ Copyright, American Bankers Association (“ABA”). CUSIP data herein is provided by CUSIP Global Services, operated on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. None of the Authority or the Underwriters takes any responsibility for the accuracy of such CUSIP numbers.

**WAYNE COUNTY AIRPORT AUTHORITY
DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

AUTHORITY BOARD MEMBERS

Marvin W. Beatty, Chairperson
Al Haidous, Vice Chairperson
Athina Papas, Secretary
Michael Ajami
Dennis W. Archer Jr.
Dr. Curtis L. Ivery
Mark Ouimet

AUTHORITY STAFF

| | |
|------------------|--|
| Chad Newton | Chief Executive Officer |
| Amber Hunt | Chief Financial Officer |
| Harnetha Jarrett | General Counsel |
| Bryant Holt | Chief Development Officer |
| June Lee | Chief Operating Officer |
| Darryl Brown | Vice President – Public Safety |
| Erica Donerson | Vice President – Communications & External Affairs |
| Angela Frakes | Vice President – Facilities & Terminal Operations |
| James Montgomery | Vice President – Operations & Maintenance |
| Shannon Ozga | Vice President – Compliance, Procurement & Safety |
| Lynda Racey | Vice President – Human Resources |
| John Scrivens | Vice President – Technology Services |
| Tom Kalbfleisch | Controller |
| Daniel Alanis | Internal Auditor |

FINANCIAL ADVISORS

PFM Financial Advisors LLC
Columbia Capital Management, LLC

BOND COUNSEL

Miller, Canfield, Paddock and Stone, P.L.C.

AIRPORT CONSULTANT

Landrum & Brown, Incorporated
in association with Partners for Economic Solutions

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell, or the solicitation of an offer to buy, any Series 2021 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the Wayne County Airport Authority (the "Authority") or the Underwriters (as defined herein) to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or any other person. The information set forth herein has been obtained from the Authority, The Depository Trust Company ("DTC") and other sources that are believed to be reliable, but the accuracy or completeness of the information is not guaranteed and the information is not to be construed as a representation by the Underwriters (as defined herein). The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the affairs of the Authority or the Airport or the other matters described herein since the date hereof.

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

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information based on the Authority's beliefs as well as assumptions made by and information currently available to the Authority. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

CUSIP numbers are included in this Official Statement for the convenience of the holders and potential holders of the Series 2021 Bonds. No assurance can be given that the CUSIP numbers for the Series 2021 Bonds will remain the same after the date of issuance and delivery of the Series 2021 Bonds.

The Series 2021 Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Master Bond Ordinance (as defined herein) or the Series 2021 Ordinance (as defined herein) 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 2021 Bonds in accordance with applicable provisions of securities law of the states in which the Series 2021 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the Authority, DTC and the terms of the offering, including the merits and risks involved. The Series 2021 Bonds have not been recommended by any Federal or State securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THE LEVEL THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2021 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE SERIES 2021 BONDS ARE RELEASED FOR SALE, AND THE SERIES 2021 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE SERIES 2021 BONDS INTO INVESTMENT ACCOUNTS.

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OFFICIAL STATEMENT

\$150,780,000

WAYNE COUNTY AIRPORT AUTHORITY

Airport Revenue Bonds

(Detroit Metropolitan Wayne County Airport), Series 2021A-B

consisting of:

\$121,260,000

**Airport Revenue Bonds
Series 2021A (Non-AMT)**

\$29,520,000

**Airport Revenue Bonds
Series 2021B (AMT)**

INTRODUCTION

General

This Official Statement is furnished in order to set forth certain information in connection with the offering and sale by the Wayne County Airport Authority (the “Authority”) of its Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2021A in the principal amount of \$121,260,000 (the “Series 2021A Bonds”), and its Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2021B in the principal amount of \$29,520,000 (the “Series 2021B Bonds” and, collectively, with the Series 2021A Bonds, the “Series 2021 Bonds”).

Unless otherwise indicated, capitalized terms used in this Official Statement have the meanings established in the Series 2021 Ordinance (as defined herein). See APPENDIX C — “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE AND THE SERIES 2021 ORDINANCE — MASTER BOND ORDINANCE — Selected Definitions” and “— SERIES 2021 ORDINANCE — Selected Definitions.” This Official Statement includes the cover page and Appendices hereto.

The Authority and the Airport

The Authority is a political subdivision and instrumentality of the Charter County of Wayne, Michigan (the “County”), created pursuant to that part of Act 327, Michigan Public Acts of 1945, as amended (“Act 327” or the “State Aeronautics Code”), known as the Public Airport Authority Act, Act 90, Michigan Public Acts of 2002 (the “Authority Act”).

Under the Authority Act, the Authority has sole and exclusive operational jurisdiction of Detroit Metropolitan Wayne County Airport (the “Airport”) and Willow Run Airport (together with the Airport, the “Airports”), which includes the exclusive right, responsibility and authority to occupy, operate, control and use the Airports and the Airports’ facilities.

Pursuant to the Authority Act, the Authority is solely liable for all of the obligations with respect to the Airports, is obligated to perform all of the duties, and is bound by all of the covenants, with respect to the Airports under any ordinances, agreements or other instruments and under law. Under the Master Bond Ordinance (as defined herein), (i) all airport revenue bonds issued by the Authority may be issued on a parity basis with the Outstanding Senior Lien Bonds and Additional Bonds issued by the Authority under the Master Bond Ordinance, and secured by a statutory lien upon and against the Net Revenues (as such term is defined in “SECURITY FOR THE SERIES 2021 BONDS – Source of Payment” below), and (ii) all junior lien airport revenue bonds issued by the Authority may be issued on a parity basis with the Outstanding Junior Lien Bonds and Additional Junior Lien Bonds issued by the Authority under the Master Bond Ordinance, and secured by a statutory lien upon and against the Net Revenues subordinate to liens on the Net Revenues of the Senior Lien Bonds. See “SECURITY FOR THE SERIES 2021 BONDS.”

As described in the Series 2021 Report of the Airport Consultant (as defined herein), the primary Air Service Area for the Airport consists of the Detroit-Warren-Ann Arbor Combined Statistical Area (“CSA”) which includes the following 10 counties in Michigan: Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne. This 10-county area (the “Air Service Area”) is located within the State of Michigan (the “State”).

According to Federal Aviation Administration (“FAA”) data for calendar year 2019, the Airport ranked 18th nationwide in enplanements, enplaning 18,143,040 passengers, an increase of approximately 4.1% over calendar year 2018. The Airport ranked 18th nationwide in total aircraft operations in calendar year 2019, with 396,909 takeoffs and landings, an increase of approximately 1.0% as compared to calendar year 2018, according to Airports Council International N.A. (“ACI”) statistics. Since March 2020, the Airport, as well as all other airports in the United States and abroad, has been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19 (as defined below), including reductions in flights and declines in passenger volumes. Total enplaned passengers at the Airport decreased by 61.7% in 2020 as compared to 2019, and enplaned passengers in December 2020 were approximately 64.0% lower than in December 2019. For additional airport activity figures reflecting the impact of the COVID-19 pandemic on the Airport to date, see “IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT” and APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – COVID-19 Impacts on the Aviation Industry and the Airport.”

The Airport currently provides air service from two terminal buildings: the Edward H. McNamara Terminal (the “McNamara Terminal” or the “South Terminal”) which serves Delta Air Lines, Inc. (“Delta”), its affiliated regional carriers (the “Delta Connection Carriers”) and Delta’s other Sky Team partners, and the North Terminal which serves air carriers not affiliated with Delta. The Airport currently operates with four parallel and two crosswind runways.

Delta maintains one of its busiest connecting hubs and an international gateway at the Airport. Delta and the Delta Connection Carriers accounted for approximately 74.0% of the total enplaned passengers at the Airport for 2019. See “INVESTMENT CONSIDERATIONS — Delta’s Presence at the Airport” below. A significant portion of Delta’s enplaned passengers are connecting passengers, or passengers that have a scheduled stop at the Airport and transfer to another flight. In 2020, as a result of the COVID-19 pandemic, Delta experienced a significant decline in enplaned passengers and a decline in market share at the Airport. Delta’s enplaned passengers at the Airport decreased from 13,580,977 in 2019 to 4,960,667 in 2020, representing a 63.5% decrease. Delta and the Delta Connection Carriers accounted for approximately 70.6% of the total enplaned passengers at the Airport in 2020. See APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Air Service and Traffic Analysis.”

Spirit Airlines (“Spirit”) has the second largest market share at the Airport. From 2016 through 2020, Spirit increased its enplaned passenger market share at the Airport from 7.9% to 13.3%. Like other airlines, Spirit has also been impacted by the COVID-19 pandemic. From April 2020 through February 2021, Spirit’s scheduled seat capacity system-wide declined by 46.7% as compared to the same period in 2019. See APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Air Service and Traffic Analysis.”

COVID-19 Issues and Impacts

The worldwide outbreak of a highly contagious, respiratory disease caused by a novel strain of coronavirus (“COVID-19”) has caused significant disruption to domestic and international air travel, including both passenger and cargo operations, and has had material negative adverse effects on the economies of the State, the United States and the world. The effects of COVID-19 and actions taken at the state and national levels to halt its spread have had, and are expected to continue to have, a significant adverse effect on the revenues, operations and financial condition of the Airport and on the economies of the State, the United States and the world.

The Authority is experiencing and expects to continue to experience a significant decrease in aviation and non-aviation revenues as a result of the COVID-19 pandemic, offset to some extent by federal relief funding. Much of the Airport’s revenue depends on the level of aviation activity and passenger traffic at the Airport, and the ability of the Airport to derive revenues from operations depends upon the financial health of the airlines serving the Airport and the airline industry as a whole, as well as the Airport concessionaires and other Airport service providers. For a more detailed discussion of the current and projected impacts of COVID-19 on the Airport’s

revenues, operations and financial condition, see “IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT” and APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT.”

The Series 2021 Bonds

The Authority is issuing the Series 2021 Bonds pursuant to the provisions of the State Aeronautics Code and Act 94, Public Acts of Michigan, 1933, as amended (“Act 94,” and together with the State Aeronautics Code, the “Act”), the Master Airport Revenue Bond Ordinance adopted by the Board of the Authority (the “Board” or the “Authority Board”) on September 26, 2003, as amended (the “Master Bond Ordinance”), the Ordinance No. 2021-01 adopted by the Board on February 17, 2021 authorizing the issuance of the Series 2021 Bonds (the “Series 2021 Ordinance”), and the Sale Order of the Chief Executive Officer or Chief Financial Officer of the Authority dated June 9, 2021, relating to the Series 2021 Bonds (the “Series 2021 Sale Order,” and, collectively with the Master Bond Ordinance and the Series 2021 Ordinance, the “2021 Bonds Ordinance”).

All Outstanding Bonds, the Series 2021 Bonds and any Additional Bonds issued by the Authority under the Master Bond Ordinance are collectively referred to herein as “Senior Lien Bonds.” All Outstanding Junior Lien Bonds and any Additional Junior Lien Bonds issued by the Authority under the Master Bond Ordinance are collectively referred to herein as “Junior Lien Bonds.”

U.S. Bank National Association is Trustee under the Master Bond Ordinance.

Purpose of the Series 2021 Bonds

The Authority will use the proceeds from the sale of the Series 2021 Bonds, together with other available funds, to (i) pay all or portions of the costs of acquiring, constructing and installing the Series 2021 Projects (as defined herein), (ii) make a deposit to the Bond Reserve Account (as defined herein), (iii) pay capitalized interest on portions of the Series 2021 Bonds, and (iv) pay costs of issuance of the Series 2021 Bonds.

Security for the Series 2021 Bonds

The Series 2021 Bonds are revenue obligations of the Authority.

The Series 2021 Bonds will be secured by a statutory lien on Net Revenues and will be secured equally and on a parity basis as to Net Revenues with all Outstanding Senior Lien Bonds and any Additional Bonds. Pursuant to the Master Bond Ordinance, the Authority has irrevocably pledged Net Revenues on a senior lien basis for the payment of the Outstanding Senior Lien Bonds, the Series 2021 Bonds and any Additional Bonds, and on a junior lien basis for the payment of Outstanding Junior Lien Bonds and any Additional Junior Lien Bonds.

As of May 1, 2021, without taking into account the issuance of the Series 2021 Bonds, the aggregate principal amount of Outstanding Senior Lien Bonds was \$1,835,590,000, and the aggregate principal amount of Outstanding Junior Lien Bonds was \$121,525,000. As of June 23, 2021, the aggregate principal amount of Outstanding Senior Lien Bonds will be \$1,986,370,000 and the aggregate principal amount of Outstanding Junior Lien Bonds will be \$121,525,000.

As described under “SECURITY FOR THE SERIES 2021 BONDS,” the Master Bond Ordinance requires the maintenance of a Bond Reserve Account to secure all of the Outstanding Senior Lien Bonds, including the Series 2021 Bonds. The Master Bond Ordinance also includes a rate covenant by the Authority and permits the issuance of Additional Bonds on a parity basis with the Series 2021 Bonds and the other Outstanding Senior Lien Bonds, subject to meeting certain tests under the Master Bond Ordinance.

Forward-Looking Statements

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

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

Additional Information

Brief descriptions of the Series 2021 Bonds, the Master Bond Ordinance, the Series 2021 Ordinance, the Series 2021 Sale Order and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument.

IMPACT OF COVID-19 ON THE AIRPORT

The information and data contained in this section are being provided solely for the purpose of describing the impacts of the COVID-19 pandemic on the Authority and the Airport, Airport operations and the financial condition of the Authority and the Airport. The Authority is under no obligation to update the information and data contained herein and such information and data shall not be updated on an annual basis pursuant to the Authority’s Continuing Disclosure Undertaking with respect to the Series 2021 Bonds. See “CONTINUING DISCLOSURE.”

Background

The outbreak of COVID-19 was declared a public health emergency on January 30, 2020 and a global pandemic on March 11, 2020 by the World Health Organization. Since the Executive Proclamation by the President of the United States on January 31, 2020, preventing entry into the United States by certain foreign nationals, there has been a focus on containing the disease by prohibiting non-essential travel and limiting person-to-person contact. Across the United States, state and local governments, including the State, have issued “stay at home” or “shelter in place” orders, which severely restrict movement and limit businesses and activities to essential functions. Additionally, other countries have effectively closed their borders by restricting entry and exit to only essential travel and/or requiring travelers to self-isolate for 14 days upon arrival. While some of these orders have been lifted, there remain restrictions in place throughout the United States to varying degrees and a resurgence of the virus may cause further restrictions to be imposed.

Airports in the United States, including the Airport, have been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. The outbreak has adversely affected domestic and international travel and travel-related industries. Airlines are reporting unprecedented downturns in passenger volumes and have experienced reduced levels of passenger volumes which, in turn, has resulted in a significant reduction in scheduled service. For further detailed information regarding the impact of the COVID-19 pandemic on the aviation industry and the Airport, see APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT.”

The recent emergency approvals by the U.S. Food and Drug Administration of three vaccines for COVID-19 are expected to result in some relief from the COVID-19 pandemic, but there are significant uncertainties regarding such vaccines, including the availability of sufficient doses for all persons wishing to be vaccinated, the timing of such vaccinations, the number of people who choose not to be vaccinated, and how effective the vaccines will be in eliminating further spread of the pandemic.

Due to the continually evolving nature of the COVID-19 pandemic, including the emergence of variants of COVID-19 and the effectiveness of the COVID-19 vaccines, the full impact of the COVID-19 pandemic on the

Airport cannot be fully quantified at this time. Prospective investors should be aware that the restrictions and limitations related to COVID-19, and the current impact to the air travel industry and the national and global economies may continue or increase for an indeterminate period of time and, therefore, have an adverse impact on Airport operations and revenues of the Authority. See “INVESTMENT CONSIDERATIONS – COVID-19.”

Impact of COVID-19 on the Airport

The outbreak of COVID-19 and related travel and other restrictions have had an adverse effect on airlines serving the Airport, retail concessionaires and other operators at the Airport and Revenues of the Authority as more fully set forth in this Official Statement and in APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT.” Historical patterns of passenger and cargo traffic at the Airport were dramatically disrupted by the emergence of the COVID-19 pandemic in early 2020, and the Airport experienced a sharp contraction in activity beginning in March 2020. Enplaned passengers at the Airport decreased by approximately 56.0% in March 2020 and 94.0% in April 2020, as compared to the same months in 2019. Since April 2020, the number of enplaned passengers at the Airport have slowly started to increase on a monthly basis. Enplaned passengers in March 2021 were 47.6% of the enplaned passengers in March 2019.

In response to the significant decline in enplaned passengers in the U.S. and at the Airport during the ongoing COVID-19 pandemic, the airlines at all airports, including the Airport, reduced the number of daily flights and air service in kind. Commencing in March 2020, all foreign flag airlines suspended service at the Airport. Air France and Royal Jordanian are the only foreign flag scheduled passenger airlines to have resumed service at the Airport as of March 2021. Lufthansa resumed service at the Airport in June 2021 and Air Canada is scheduled to resume service at the Airport in July 2021. As of March 2021, all of the domestic airlines operating at the Airport have continued service at the Airport, although at reduced capacity. Total departures and scheduled departing seats at the Airport were down in March 2021 by approximately 36.4% and 35.5%, respectively, as compared to March 2019. For further detailed information regarding the impact of the COVID-19 pandemic on the number of enplaned passengers at the Airport in 2020 and 2021 and the effect on scheduled airline service at the Airport, see APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – COVID-19 Impacts on the Aviation Industry and the Airport” and APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Air Service and Traffic Analysis.”

The significant declines in passenger traffic associated with the COVID-19 pandemic have also had a negative financial impact on non-airline businesses at the Airport. On March 10, 2020, Governor Whitmer issued an Executive Order prohibiting on-premises consumption at restaurants, bars, taverns, brew pubs, wine bars, cafes, coffee shops, clubs, or similar establishments offering food or drink. In April 2021, the Michigan Department of Health and Human Services issued an order allowing indoor dining at bars and restaurants with limited capacity. While some Airport concessionaires have adjusted to provide only take-out service or to limit their customer capacity, many concessionaires have temporarily limited their hours or ceased operations at the Airport as a result of the COVID-19 pandemic. In addition, automobile parking revenues, which represent the largest component of non-airline revenues at the Airport, decreased significantly in Operating Year 2020 from Operating Year 2019.

As a result of the foregoing, and other factors, the Authority has seen a negative impact to certain operations and revenue sources. Passenger and airline traffic declines have proportional impacts on various revenue sources. For example, concessions, parking and ground transportation network companies’ revenues are directly adversely affected by decreases in passenger traffic.

The following information is provided to reflect percentage variances for certain operating and financial data of the Authority for calendar year 2020 as compared calendar year 2019.

| | <u>Calendar Year 2019</u> | <u>Calendar Year 2020</u> | <u>Percentage Change</u> |
|--|---------------------------|---------------------------|--------------------------|
| Total Domestic Enplaned Passengers: | 16,674,106 | 6,656,557 | -60.1% |
| Total International Enplaned Passengers: | 1,689,855 | 370,034 | -78.1% |
| Total Cargo (metric tons): | 213,495 | 171,171 | -19.8% |
| Total Operating Revenues (in thousands of \$): | 397,692 | 258,207 | -35.1% |
| Total Operating Expenses (in thousands of \$): | 408,125 | 352,016 | -13.7% |
| Total Parking Revenues (in thousands of \$): | 85,358 | 34,905 | -59.1% |

For further detailed information on the impact of COVID-19 on air travel through the Airport and the Authority's budget and finances, see APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – COVID-19 Impacts on the Aviation Industry and the Airport" and APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Air Service and Traffic Analysis."

Concessionaire and Other Non-Airline Tenants Relief Programs

Facing financial pressures, concessionaires at the Airport requested that the Authority provide, among other things, temporary financial relief.

Effective May 29, 2020, the Authority adopted a temporary COVID-19 Hardship Relief Policy with respect to concessionaires at the Airport. Key elements of the COVID-19 Hardship Relief Policy for terminal concessionaires at the Airport, including food and beverage and retail services, provided the following:

- Deferral of payment of 100% of April, May and June 2020 Minimum Annual Guarantee ("MAG"), Minimum Concession Fees ("MCF"), or other applicable minimum payment amount(s) over this period, plus any excess amounts based on revenues or sales, without late fee or penalty, until September 30, 2020; or
- Deferral of payment of 50% of April through September 2020 MAG, MCF, or other applicable minimum payment amount(s) over this period, plus any excess amounts based on revenues or sales, without late fee or penalty, until December 31, 2020; and
- In addition to either of the above options, if the concessionaire holds a contract containing a provision under which its MAG, MCF, or other applicable minimum payment amount(s) may be reduced in proportion to a decrease in enplaned or deplaned passengers at the end of a given agreement or calendar year, then that contract is eligible for deferral of payment of 50% of April through December 2020 MAG, MCF, or other applicable minimum payment amount(s) over this period, without late fee or penalty, until final passenger counts for calendar year 2020 are available.

Although the Authority's temporary COVID-19 Hardship Relief Policy has ended, the Authority may provide other relief to concessionaires and other non-airline tenants in the future as it deems reasonably necessary to address the impacts to the Airport and its operations.

For further detailed information on the Airport's COVID-19 Hardship Relief Policy and the impact of the COVID-19 pandemic on the concessionaires and other non-airline tenants at the Airport, see APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – COVID-19 Impacts on the Aviation Industry and the Airport" and APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Financial Framework and Analysis – ACCOUNTING STRUCTURE."

Government Stimulus and Relief Measures

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The CARES Act authorized more than \$2 trillion to battle COVID-19 and its economic effects, including \$10 billion in economic relief grant assistance for airport sponsors.

In April 2020, the FAA announced that it had allocated approximately \$141.9 million of CARES Act grants to the Authority for the Airport. In May 2020, the Authority accepted and signed the CARES Act grant agreement from the FAA. The Authority was subsequently awarded an additional \$5.6 million of CARES Act funds in March 2021. The Authority may draw on such funds, on a reimbursement basis, for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations. The Authority has drawn approximately \$113.1 million of CARES Act funds in Operating Year 2020 to reimburse the payment of operation and maintenance expenses and to reimburse some payment of debt service on existing Bonds. The Authority expects to draw the remaining approximately \$34.4 million in Operating Year 2021 for approved uses. Of the \$34.4 million of CARES Act funds to be drawn in 2021, \$22 million of such funds has been included in the Authority's Operating Year 2021 budget. As these amounts and allocations of CARES Act funds by Operating Year are preliminary and subject to change, the Authority will continue to monitor its budgeted plan throughout Operating Year 2021 and may, ultimately, apply such applications of CARES Act funding in the future in the Authority's discretion.

On December 27, 2020, the Consolidated Appropriations Act, 2021 was enacted into law. Division M of that Act is the Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (“CRRSAA”). CRRSAA provides approximately \$2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including relief from rent and MAGs for eligible airport concessions at primary airports. On February 12, 2021, the FAA announced that it had allocated approximately \$25.9 million of CRRSAA grant funds to the Authority for the Airport. Of that amount, approximately \$3.9 million must be used for concessionaire relief. Under the CRRSAA grant program, the Airport may use these funds to retain its workforce, make debt service payments or offset increased operational costs from enhanced mitigation efforts to limit the spread of COVID-19. CRRSAA grant funds must be obligated by not later than September 30, 2021. The Authority intends to draw all CRRSAA funds awarded for approved purposes in Operating Year 2021.

On March 11, 2021, the President of the United States signed the American Rescue Plan Act of 2021 (“ARPA”), a \$1.9 trillion economic stimulus package designed to help the United States’ economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates \$8 billion to assist such airports to prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024. ARPA requires that, of the \$8 billion appropriated, not more than \$6.492 billion will be made available for primary airports such as the Airport, for costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The allocation of amounts appropriated by ARPA has not yet been announced, and the Authority can make no assurance that the Airport will receive any funding pursuant to ARPA, or the amount or timing of any such funding if received, until such allocations have been announced.

The Authority may receive in the future additional aid at the federal and state level. However, the Airport cannot predict whether in the future any additional relief measures will be enacted or additional federal or state financial support made available to airports (including the Airport), under what conditions, or whether the Airport would accept any such available support under those conditions.

For further discussion of government stimulus and relief measures available to the Authority and the Airport in response to the COVID-19 pandemic, see APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – COVID-19 Impacts on the Aviation Industry and the Airport” and APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Financial Framework and Analysis – ACCOUNTING STRUCTURE.”

Application of Certain Federal Relief Funds to Airline Rates and Charges

The Authority recently determined to use a portion of the funds received by the Authority under the CARES Act and CRRSAA in a manner that benefits the airlines operating at the Airport, by applying such portions to pay Airport expenses, thereby reducing the Fiscal Year 2021 rentals, fees and charges imposed under the Airline Agreements (as defined below in “DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Airport Use Agreements”). The application of such funds will be deemed effective as of January 1, 2021.

In order to implement the application of such funds as of January 1, 2021, beginning with the monthly payment in May 2021 of rentals, fees and charges due from the Signatory Airlines (as defined below in “DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Airport Use Agreements”) under the Airline Agreements, the Signatory Airlines shall begin to utilize revised Terminal Rental, Terminal Charge and Activity Fee rates to make their monthly payments, which revised rates have been calculated to take into account the Authority’s use of such federal funds for the payment of certain Airport expenses effective as of the beginning of OY 2021. This adjustment of the OY 2021 Signatory Airline Terminal Rental rates, Activity Fee rate and Terminal Charge rate is not an adjustment called for by the Airline Agreements, and the Authority reserves all rights under the Airline Agreements, including, but not limited to, the right to adjust airline rentals, fees and charges on July 1, 2021.

For further information regarding the Airport’s airline rates and charges, see APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – COVID-19 Impacts on the Aviation Industry and the Airport” and APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Financial Framework and Analysis – ACCOUNTING STRUCTURE.”

Future Impacts of the COVID-19 Pandemic

Prospective investors should be aware that the restrictions and limitations related to COVID-19, and the current upheaval to the air travel industry and the national and global economies, may continue or increase at least over the near term, recovery may be prolonged and, therefore, have an adverse impact on Airport revenues. Future outbreaks, pandemics or events outside the Authority's and the Airport's control may further reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Airport revenues. See "INVESTMENT CONSIDERATIONS – COVID-19" and "INVESTMENT CONSIDERATIONS – Factors Affecting Levels of Aviation Activity at the Airport."

DESCRIPTION OF THE SERIES 2021 BONDS

General Provisions

The following is a summary of certain provisions of the Series 2021 Bonds. Reference is made to the Master Bond Ordinance and the Series 2021 Ordinance, as applicable, and the Series 2021 Bonds for the complete terms thereof and to APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE AND THE SERIES 2021 ORDINANCE" for a more detailed description of such provisions.

Each of the Series of the Series 2021 Bonds will be dated its date of delivery, will be issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof and will bear interest from its date to its respective maturity in the amounts and at the interest rates set forth on the inside front cover of this Official Statement.

Interest on the Series 2021 Bonds shall be payable on June 1 and December 1 of each year, commencing December 1, 2021.

All payments of interest on the Series 2021 Bonds shall be paid to the registered owners entitled thereto by check or draft mailed to each registered owner at the address recorded on the registration books maintained by the Trustee as of the 15th day of the month prior to the Bond Payment Date. The principal of, and premium if any, on the Series 2021 Bonds are payable to the registered owners thereof, as shown on the registration books of the Authority maintained by the Trustee, upon maturity or prior redemption thereof and upon presentation and surrender thereof to the Trustee. Holders of at least \$1,000,000 principal amount of the Series 2021 Bonds may request wire transfer of interest payments to a bank within the continental United States as directed by the Holder in writing to the Trustee.

U.S. Bank National Association is Trustee under the Master Bond Ordinance. The designated corporate trust office for its duties as Trustee is located at 535 Griswold Street, Buhl Building, Suite 550, Detroit, Michigan 48226. Although the Trustee has accepted its duties as Trustee under the Master Bond Ordinance, the Trustee has not reviewed this Official Statement and makes no representations as to the information contained herein.

The Series 2021 Bonds are issuable in fully registered form and are initially to be registered in the name of Cede & Co., as nominee for DTC, as securities depository for the Series 2021 Bonds. Purchases by beneficial owners of the Series 2021 Bonds ("Beneficial Owners") are to be made in book-entry form. Payments to Beneficial Owners are to be made as described in APPENDIX E – "BOOK-ENTRY SYSTEM."

Redemption Provisions

Series 2021A Bonds.

Optional Redemption. The Series 2021A Bonds maturing on and after December 1, 2032 are subject to redemption by the Authority in whole or in part at any time prior to maturity at the option of the Authority and by lot within a maturity in such manner as the Trustee may determine on any date on or after December 1, 2031 at the principal amount thereof and interest accrued thereon to the date fixed for redemption without premium.

Mandatory Sinking Fund Redemption. The Series 2021A Bonds maturing in the year 2046 are subject to Mandatory Sinking Fund Redemption prior to maturity, by lot in such manner as the Trustee may determine, at a

redemption price of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, on the dates and in the principal amounts as follows:

\$44,680,000 5.00% Term Bond Due December 1, 2046

| <u>Year</u> <u>(December 1)</u> | <u>Principal Amount</u> |
|------------------------------------|-------------------------|
| 2042 | \$8,085,000 |
| 2043 | 8,490,000 |
| 2044 | 8,915,000 |
| 2045 | 9,360,000 |
| 2046 [†] | 9,830,000 |

[†] Final maturity

The amounts to be so redeemed may be reduced by the principal amounts of the Series 2021A Bonds theretofore redeemed (otherwise than through operation of the Mandatory Sinking Fund Redemption described above), or otherwise acquired and delivered to the Trustee, at least 45 days prior to the payment date for credit against the Mandatory Sinking Fund Redemption described above and shall be applied in direct order of date of redemption.

Series 2021B Bonds.

Optional Redemption. The Series 2021B Bonds maturing on and after December 1, 2032 are subject to redemption by the Authority in whole or in part at any time prior to maturity at the option of the Authority and by lot within a maturity in such manner as the Trustee may determine on any date on or after December 1, 2031 at the principal amount thereof and interest accrued thereon to the date fixed for redemption without premium.

Mandatory Sinking Fund Redemption. The Series 2021B Bonds maturing in the year 2046 are subject to Mandatory Sinking Fund Redemption prior to maturity, by lot in such manner as the Trustee may determine, at a redemption price of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, on the dates and in the principal amounts as follows:

\$10,710,000 5.00% Term Bond Due December 1, 2046

| <u>Year</u> <u>(December 1)</u> | <u>Principal Amount</u> |
|------------------------------------|-------------------------|
| 2042 | \$ 1,940,000 |
| 2043 | 2,035,000 |
| 2044 | 2,135,000 |
| 2045 | 2,245,000 |
| 2046 [†] | 2,355,000 |

[†] Final maturity

The amounts to be so redeemed may be reduced by the principal amounts of the Series 2021B Bonds theretofore redeemed (otherwise than through operation of the Mandatory Sinking Fund Redemption described above), or otherwise acquired and delivered to the Trustee, at least 45 days prior to the payment date for credit against the Mandatory Sinking Fund Redemption described above and shall be applied in direct order of date of redemption.

Extraordinary Optional Redemption. Each Series of the Series 2021 Bonds is subject to redemption at the option of the Authority, at any time, in whole or in part (by lot in such manner as the Trustee may determine), in the event of destruction or taking of or damage to the Airport; but only if (i) the Airport has been restored to substantially the same condition as prior to such damage, destruction or taking and excess Net Proceeds remain; or

(ii) the Authority has determined that the portion of the Airport damaged, destroyed or taken is not necessary to the operation of the Airport and that the failure of the Authority to repair and restore the same will not impair or otherwise adversely affect the revenue-producing capability of the Airport; or (iii) the Airport Consultant cannot provide a statement that Net Proceeds, together with other funds made available or to be made available by the Authority, are projected to be sufficient to pay the costs of the replacement, repair, rebuilding or restoration of the Airport. Such redemption shall be at a price equal to the principal amount of the Series 2021 Bonds to be redeemed plus interest accrued to the date fixed for redemption.

Order of Redemption. In the event of an optional redemption or an extraordinary optional redemption, in each case as described above, if less than all of the Outstanding Series 2021 Bonds are to be redeemed, the Trustee shall give notice, in the name of the Authority, of the Series 2021 Bonds to be redeemed, specifying the maturity thereof and within a maturity, selected by lot in such manner as the Trustee may determine. If any Series 2021 Bonds are to be called for redemption prior to maturity, irrevocable instructions to call such Series 2021 Bonds for redemption shall be given to the Trustee after the deposit of funds in connection with any such redemption has been made. The Trustee shall redeem the Outstanding Series 2021 Bonds (other than the Outstanding Series 2021 Bonds being redeemed pursuant to mandatory sinking fund redemption) in such order of maturity as the Authority shall specify.

Notice of Redemption. Notice of redemption will be mailed by the Trustee to each owner of Series 2021 Bonds whose Series 2021 Bonds are to be redeemed. Notice of redemption shall be given not less than thirty (30) days nor more than sixty (60) days prior to the date set for redemption. Failure to give notice in the manner described with respect to any Series 2021 Bond, or any defect in such notice, will not affect the validity of the redemption proceedings for any Series 2021 Bond with respect to which notice was properly given. To the extent that Cede & Co. is the registered owner for DTC, the Authority or the Trustee shall send such notice to DTC as registered owner. DTC will be responsible for notifying the Participants who in turn will forward such notice to the Beneficial Owners. See APPENDIX E – “BOOK-ENTRY SYSTEM.” Unless the Trustee has funds on hand available to pay the redemption price of the Series 2021 Bonds to be redeemed, the effectiveness of the redemption shall be conditioned on the receipt by the Trustee of such funds on or before the redemption date.

In case less than the full amount of an outstanding Bond is called for redemption, the Trustee upon presentation of the Series 2021 Bond called in part for redemption shall register, authenticate and deliver to the registered owner a new Series 2021 Bond in the principal amount of the portion of the original Series 2021 Bond not called for redemption.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered bonds registered in the name Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2021 Bond certificate will be issued for each stated maturity of each Series of the Series 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX E – “BOOK-ENTRY SYSTEM.”

SECURITY FOR THE SERIES 2021 BONDS

General Provisions

Each capitalized term used but not defined in this heading “SECURITY FOR THE SERIES 2021 BONDS” shall have the meaning ascribed thereto in the Master Bond Ordinance or the Series 2021 Ordinance, as applicable. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE AND THE SERIES 2021 ORDINANCE – MASTER BOND ORDINANCE – Selected Definitions” and “– SERIES 2021 ORDINANCE – Selected Definitions.”

Source of Payment

The Series 2021 Bonds will be secured by a statutory lien on the Net Revenues of the Airport and will be secured equally and on parity with all Outstanding Senior Lien Bonds and any Additional Bonds. As of May 1, 2021, without taking into account the impact of the issuance of the Series 2021 Bonds, \$1,835,590,000 aggregate

principal amount of Senior Lien Bonds was Outstanding. As of June 23, 2021, the aggregate principal amount of Outstanding Senior Lien Bonds will be \$1,986,370,000. The Series 2021 Bonds are being issued pursuant to the provisions of the Act and the Series 2021 Bonds Ordinance.

The Series 2021 Bonds are revenue obligations of the Authority, payable solely from the Net Revenues derived by the Authority from the operation of the Airport. Pursuant to the Master Bond Ordinance, the Authority has irrevocably pledged Net Revenues for the payment of Senior Lien Bonds.

Net Revenues for any period means the excess of Revenues remaining after deducting the Operation and Maintenance Expenses for such period. "Revenues" are the general revenues derived from the operation of the Airport, which shall include all moneys deposited in the Revenue Fund, from whatever source, and all income derived from the charges, fees, rentals and rates charged for services, facilities and commodities furnished by the Airport, whether such income shall be derived from its function as an Airport or not, and including, but not by way of limitation, concessions, rentals, auto parking fees, service charges derived from the operation of the terminal complex buildings and facilities, airplane landing fees, non-airline gasoline fees and miscellaneous charges and rentals from other facilities and services and investment earnings or general revenues derived from the operation of the Airport accumulated by the Authority prior to deposit in the Revenue Fund; provided, however, that the term "Revenues" shall not be construed to include (i) rentals or other amounts to be paid in the future by any Person pursuant to a lease or other agreement with the County or the Authority, which rentals or other amounts are pledged for the payment of bonds issued to provide funds to construct Special Facilities, (ii) the proceeds of federal grants or Passenger Facility Charges, or the proceeds of any other grant, charge or tax intended as a replacement therefor or other capital contributions from any source, (iii) the Net Proceeds of insurance or condemnation proceeds resulting from the damage or destruction or taking of any portion of the Airport or (iv) Special Purpose Revenues.

The land and facilities comprising the Airport have not been pledged or mortgaged pursuant to the Master Bond Ordinance, nor have they been pledged to secure payment of the Series 2021 Bonds, any other Senior Lien Bonds or any Junior Lien Bonds or other Authority obligations.

NEITHER THE LAWS OF THE STATE NOR THE MASTER BOND ORDINANCE PERMITS THE AUTHORITY TO CREATE A LIEN UPON THE AIRPORT, OR TO TRANSFER, ASSIGN, OR OTHERWISE DISPOSE OF ALL OR ANY PORTION OF THE PROPERTIES OF THE AIRPORT SUBJECT TO CERTAIN LIMITED EXCEPTIONS. SEE APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE AND THE SERIES 2021 ORDINANCE – MASTER BOND ORDINANCE – SALE OF AIRPORT" AND "– OTHER AUTHORITY COVENANTS." In addition, the Authority Act requires the County to refrain from selling, transferring or otherwise encumbering or disposing of airport facilities owned by the County, and certain federal laws and regulations of the United States prohibit the use of airport revenue, including revenue generated from any land owned by the County underlying the Airports, for any purpose unrelated to the Airports.

The requirements for the issuance of Additional Bonds under the Master Bond Ordinance will have been satisfied with respect to the Series 2021 Bonds as of the date of delivery thereof. See "SECURITY FOR THE SERIES 2021 BONDS – Additional Senior Lien Bonds."

Bond Reserve Account

Pursuant to the Master Bond Ordinance, a bond reserve account (the "Bond Reserve Account") has been established to secure the Bonds. At any time when Bonds are Outstanding, the Bond Reserve Account shall be maintained in an amount equal to the Reserve Requirement. The Reserve Requirement is defined by the Master Bond Ordinance to mean the maximum annual Debt Service requirements for each Series of Outstanding Bonds (subject to limits imposed by the Internal Revenue Code of 1986, as amended), which amount is required to be on deposit or otherwise provided for (*e.g.*, through provision of a letter of credit, surety bond or insurance policy in the same amount) in the Bond Reserve Account. As of the date of issuance of the Series 2021 Bonds, the Reserve Requirement for the Bond Reserve Account is expected to be calculated on the basis of 125% on the average annual Debt Service for the Bonds. A separate subaccount is established for each series of Bonds within the Bond Reserve Account, and is required to be funded at the lesser of (i) the Reserve Requirement for such series or (ii) the amount necessary to assure that the Reserve Requirement for the Bonds of all series is satisfied. The deposit requirement into the Bond Reserve Account may be satisfied by a deposit at the time of issuance of each Series of Bonds or by an accumulation on a scheduled basis of Bond proceeds, investment earnings or other deposits which will result in

an amount equal to the Reserve Requirement for such Series of Bonds being on deposit in the Bond Reserve Account no later than the date of the last scheduled application of all capitalized interest, if any, for such Series.

Any deposit requirements to the Bond Reserve Account with respect to the Series 2021 Bonds will be satisfied as of the date of delivery thereof by a deposit of cash in the Bond Reserve Account.

As of the date of issuance of the Series 2021 Bonds, the amount on deposit in the Bond Reserve Account is expected to be \$136,990,222. Moneys in the Bond Reserve Account are almost exclusively invested in United States Treasury securities and commercial paper notes rated not less than “A-1” by S&P Global Ratings and “P-1” by Moody’s Investors Service, Inc.

Rate Covenant

The Master Bond Ordinance contains a single rate covenant which pertains to both Senior Lien Bonds and Junior Lien Bonds. In the Master Bond Ordinance, the Authority covenants to fix, charge and collect rates, fees, rentals and charges for the use and operation of the Airport as may be necessary or appropriate to produce Revenues in each Operating Year which will be at least sufficient to provide for (i) the payment of Operation and Maintenance Expenses for such Operating Year; (ii) together with passenger facility charge (“PFC”) proceeds deposited with the Trustee with respect to such Operating Year, the amount needed to make the deposits required under the Master Bond Ordinance for such Operating Year to the Bond Fund; and (iii) together with Other Available Moneys deposited with the Trustee with respect to such Operating Year (to the extent not needed to make deposits required under the Master Bond Ordinance for such Operating Year to the Bond Fund) and any unencumbered cash balance held in the Revenue Fund on the last day of the Operating Year preceding the Operating Year for which the calculation is made and not then required to be deposited in any Fund or Account, (A) the amounts needed to make the deposits required under the Master Bond Ordinance for such Operating Year to the Junior Lien Bond Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund, the Discretionary Fund and the Airport Development Fund, and (B) an amount not less than twenty-five percent (25%) of the Debt Service due and payable on Senior Lien Bonds during such Operating Year. “Other Available Moneys” means, for any Operating Year, the amount of money determined by the Chief Executive Officer in concurrence with the Chief Financial Officer to be transferred by the Authority for such Operating Year from PFCs or other sources other than Revenues to the Bond Fund or the Junior Lien Bond Fund.

Beginning on January 1, 2020, the Authority’s Operating Year was changed to be the 12-month period ending December 31st. Prior to the effectiveness of this change of fiscal year end, the Authority’s Operating Year was the 12-month period ending September 30th.

Budgetary Procedures

The Master Bond Ordinance requires the Authority to adopt, prior to the commencement of each Operating Year, a budget sufficient to cover the Operation and Maintenance Expenses of the Airport for such Operating Year, the principal and interest payable during such Operating Year on Outstanding Senior Lien Bonds and Junior Lien Bonds, and other known financial requirements of the Master Bond Ordinance during such Operating Year.

Flow of Funds

Under the Master Bond Ordinance, the Authority is required to set aside and deposit all Revenues into the Revenue Fund, and to apply all monies on deposit therein at such times and in accordance with the priorities established in the Master Bond Ordinance.

The Master Bond Ordinance requires that the Revenues credited to the Revenue Fund shall be transferred from the Revenue Fund and credited to the following funds and accounts at the following times and in the following order of priority:

- (i) Monthly, by the twenty-fifth day of the month, to the Operation and Maintenance Fund, a sum sufficient to provide for payment of the Operation and Maintenance Expenses of the Airport for the next succeeding month;
- (ii) Monthly, on the first day of each month, to the Bond and Interest Redemption Fund (the “Bond Fund”), an amount which is equal to 1/6th of the total amount of interest on the Bonds next coming due or such

lesser amount as is necessary to assure that the amount set aside in the Bond Fund as of the first of such month is not less than the product of (a) 1/6th of the amount of interest next due on the Bonds and (b) the number of months elapsed since and including the last interest payment date for Bonds with semiannual interest payments or an amount equal to one month's accrued interest on the Bonds as provided in the applicable series ordinance for such Bonds for Bonds with more frequent interest payments; and an amount which is equal to 1/12th of the amount of principal on the Bonds next coming due by maturity or as a Mandatory Redemption Requirement or such lesser amounts as is necessary to assure that the amount set aside in the Bond Fund as of the first of such month is not less than the product of (x) 1/12th of the amount of principal next due on the Bonds and (y) the number of months elapsed since and including the last principal payment date;

(iii) In the event of a deficiency in the amount required to be on deposit in the Bond Reserve Account, an amount required to restore the amount on deposit to required levels in accordance with the terms of the Master Bond Ordinance;

(iv) Monthly, on the first day of each month, to the Junior Lien Bond and Interest Redemption Fund (the "Junior Lien Bond Fund"), an amount equal to 1/6th of the total amount of interest on the Junior Lien Bonds next coming due or such lesser amount as is necessary to assure that any amount set aside in the Junior Lien Bond Fund as of the first of such month is not less than the product of (a) 1/6th of the amount of interest next due on the Junior Lien Bonds and (b) the number of months elapsed since and including the last interest payment date for Junior Lien Bonds with semiannual interest payments or an amount equal to one month's accrued interest on the Junior Lien Bonds as provided in the applicable series ordinance for such Junior Lien Bonds for Junior Lien Bonds with more frequent interest payments; and an amount which is equal to 1/12th of the amount of principal on the Junior Lien Bonds next coming due by maturity or as a Mandatory Redemption Requirement or such lesser amounts as necessary to assure that the amount set aside in the Junior Lien Bond Fund as of the first of such month is not less than the product of (x) 1/12th of the amount of principal next due on the Junior Lien Bonds and (y) the number of months elapsed since and including the last principal payment date;

(v) Any amounts due and owing to a Swap Provider by the Authority pursuant to a Swap Agreement shall be payable when due from a Swap Payment Account established in the Junior Lien Bond Fund (including termination payments);

(vi) If at any time there is not on deposit in the Junior Lien Bond Reserve Account the amount required to be on deposit therein, an amount required to restore such deficiency to required levels in accordance with the terms of the applicable series ordinance for such Junior Lien Bonds;

(vii) Quarterly, on the last day of each fiscal quarter, to the Operation and Maintenance Reserve Fund, an amount equal to 1/48th of the estimated annual Operation and Maintenance Expenses of the Airport until the estimated Operation and Maintenance Expenses for the period of one month as projected in the most recent Authority budget for the Airport (the "Operating Reserve Amount") is on deposit in such fund; thereafter, the amount necessary to maintain an amount equal to the Operating Reserve Amount on deposit in such fund;

(viii) Quarterly, on the last day of each fiscal quarter, to the Renewal and Replacement Fund, the sum of \$125,000 until the sum of \$2,500,000 (the "Replacement Requirement") is on deposit in the Renewal and Replacement Fund; thereafter, the lesser of \$125,000 and the amount necessary to maintain an amount equal to the Replacement Requirement on deposit in such fund;

(ix) Quarterly, after satisfying all of the foregoing requirements, to the Airport Discretionary Fund, the sum of \$87,500;

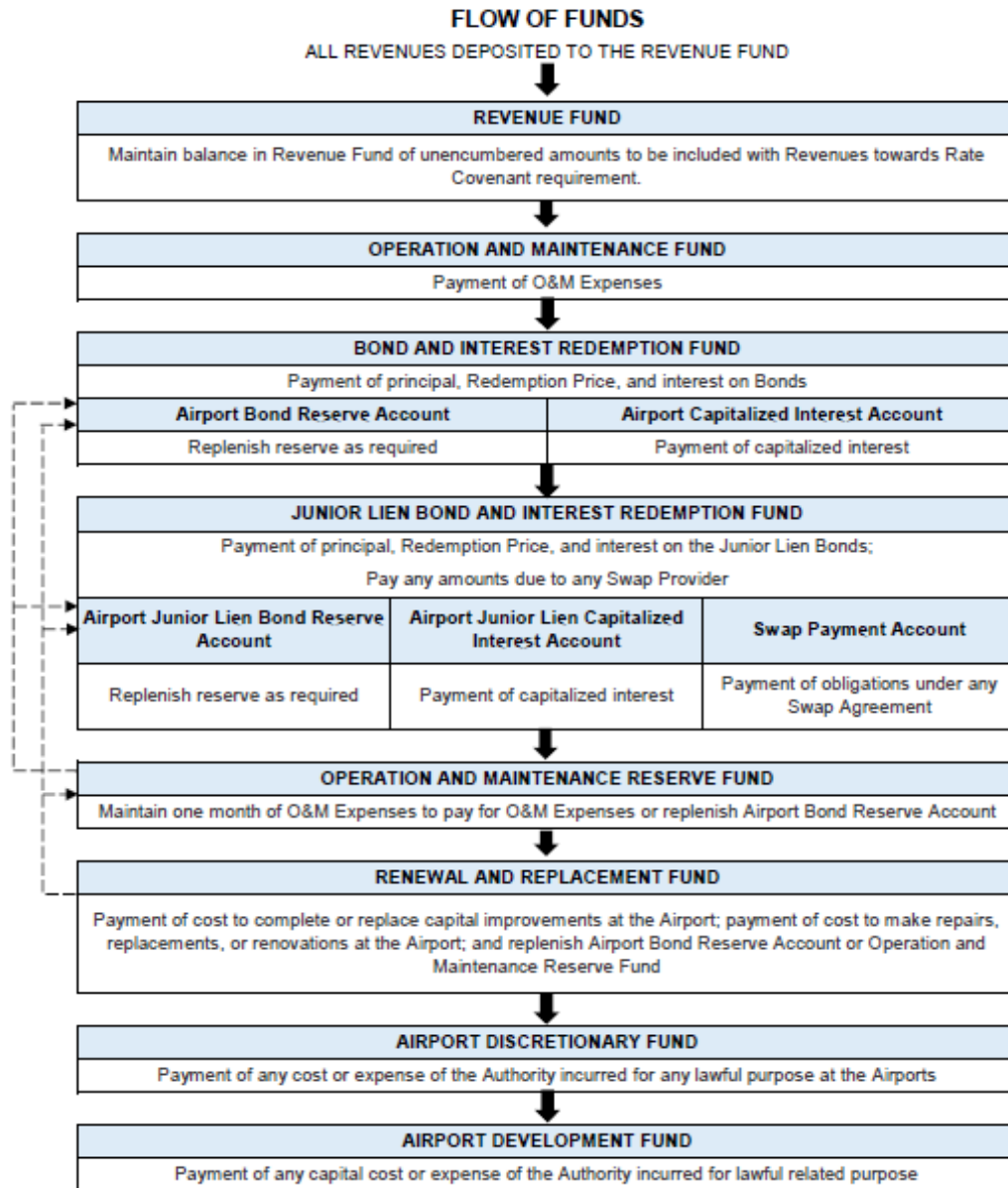
(x) Quarterly, on the last day of each quarter of each Operating Year, to the Airport Development Fund, one-quarter of the amount calculated in accordance with the applicable agreements and included in the budgeted rates and charges for the Airport for the Operating Year for deposit to the Airport Development Fund (See APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS"); and

(xi) Quarterly, prior to the Completion Date for the projects funded from each Series of Bonds, to the Rebate Fund, an amount sufficient to make the amount on deposit in the Rebate Fund equal to ninety percent (90%) of the estimated accrued amount subject to the rebate requirements of Section 148(f) of the Code, and annually, prior to the Completion Date, an amount sufficient to make the amount on deposit in the Rebate Fund equal to 100%

of the amount required to be rebated to the United States Government pursuant to Section 148(f) of the Code, and annually, after the Completion Date, from the Revenue Fund, an amount sufficient to make the amount on deposit in the Rebate Fund equal to 100% of the amount required to be rebated to the United States Government pursuant to Section 148(f) of the Code. Neither the Trustee nor any owner of any Bond has a claim on any monies on deposit in the Rebate Fund.

The Master Bond Ordinance provides that all interest earned or profit realized on investments or deposits of money for the funds and accounts established under the Master Bond Ordinance shall be credited and charged as follows. Earnings and profits on the Bond Reserve Account shall be (i) retained therein until the Reserve Requirement is on deposit, then (ii) prior to the Completion Date, credited to the Construction Fund in an amount equal to earnings and profits times a fraction, the numerator of which is the amount of capitalized interest payable on the next ensuing Bond Payment Date and the denominator of which is the total amount of interest payable on such Bond Payment Date, and credited to the general account of the Bond Fund in an amount equal to the remainder of such earnings and profits, and then (iii) on and after the Completion Date with proceeds of a series of Bonds, credited to the general account of the Bond Fund. Earnings and profits on the Capitalized Interest Account of the Bond Fund shall be retained in such account until such account is fully funded and, thereafter, shall be credited to the Construction Fund. Earnings and profits on the Operation and Maintenance Reserve Fund shall be retained therein until the Operating Reserve Requirement is on deposit and, thereafter, shall be credited to the Revenue Fund. Earnings and profits on the Renewal and Replacement Fund shall be retained therein until the Replacement Requirement is on deposit, and, thereafter, shall be credited to the Revenue Fund. Interest earned or profit realized on investments or deposits of money in all other funds, accounts and sub-accounts established under the Master Bond Ordinance, and any losses on investments, shall be credited or charged to the fund, account or sub-account from which such investment was made.

The chart below sets forth the flow of funds as specified in the Master Bond Ordinance.



Additional Senior Lien Bonds

The Master Bond Ordinance permits the issuance of one or more additional Series of Senior Lien Bonds on a parity with Outstanding Senior Lien Bonds so long as there exists no Default or Event of Default under the Master Bond Ordinance known to the Authority at the time such Series of Senior Lien Bonds is authorized to be issued by adoption of a Series Ordinance. Prior to issuing any additional Series of Senior Lien Bonds, the Authority must obtain an opinion of Bond Counsel that the issuance of such Series of Senior Lien Bonds will not impair the tax-exempt status of any Outstanding Senior Lien Bonds or Junior Lien Bonds.

In addition, unless the purpose for which a Series of Senior Lien Bonds is to be issued is to finance the cost of completing the acquisition, construction and installation of capital projects with respect to which a Series of Senior Lien Bonds has previously been issued, and provided that such Series of Senior Lien Bonds proposed to be issued for such purpose is proposed to be issued in a principal amount not to exceed ten percent (10%) of the face

amount of Bonds originally issued to pay for the costs of the Authority's Capital Improvement Program, the Authority must first provide a report of an Airport Consultant projecting Revenues and Revenue Fund balances plus Other Available Moneys and any amounts estimated to be available to pay capitalized interest for the first three (3) full Operating Years commencing after completion of construction of the capital projects to be funded from the proceeds of the Series of Senior Lien Bonds proposed to be issued sufficient to satisfy the Rate Covenant, taking into account the Series of Bonds proposed to be issued. As an alternative to providing the report of an Airport Consultant described above, the Authority may authorize the issuance of a Series of Senior Lien Bonds if it delivers to the Trustee a certificate of the Chief Financial Officer (accompanied by a report of an independent auditor) certifying that, taking all Outstanding Senior Lien Bonds (other than any Senior Lien Bonds to be refunded by the Series of Senior Lien Bonds proposed to be issued) and the Series of Senior Lien Bonds proposed to be issued into account as if it had been issued at the beginning of the most recent Operating Year for which audited financial statements for the Authority are available, the Net Revenues together with Other Available Moneys actually deposited in the Bond Fund for such Operating Year were not less than 125% of the Debt Service with respect to such Outstanding Senior Lien Bonds and proposed Series of Senior Lien Bonds for such period.

The Master Bond Ordinance permits the issuance of one or more Series of Refunding Bonds for the purpose of (i) refunding any Senior Lien Bonds or Junior Lien Bonds, (ii) paying Issuance Costs therefor, and (iii) making deposits into the Bond Reserve Account; provided that the issuance of Refunding Bonds is subject to the satisfaction of the requirements for the issuance of Additional Bonds if the principal and interest payable on such Refunding Bonds would exceed the principal and interest payable on the Bonds to be refunded by more than twenty percent (20%) in any Operating Year. In addition, the Authority may not deliver any additional Series of Refunding Bonds unless on or prior to the date of delivery thereof, there shall be deposited with the Trustee Sufficient Government Obligations and cash in an amount sufficient to effect payment at maturity or to pay the applicable Redemption Price or purchase price (in the event of tender) of the Bonds to be refunded together with interest on such Bonds to the redemption or payment date, which monies shall be held by the Trustee in a separate irrevocable trust account for the owners of Outstanding Bonds being refunded.

Junior Lien Bonds

Junior Lien Bonds are revenue obligations of the Authority, payable solely from the Net Revenues derived by the Authority from the operation of the Airport but subject to the prior lien on Net Revenues in respect of the Senior Lien Bonds. Pursuant to the Master Bond Ordinance, the Authority has irrevocably pledged Net Revenues available after Net Revenues have first been set aside as required to pay the principal, interest and Redemption Price, if any, on Outstanding Senior Lien Bonds, for the payment of Junior Lien Bonds. As of May 1, 2021, \$121,525,000 aggregate principal amount of Junior Lien Bonds was Outstanding.

The Master Bond Ordinance permits the issuance of one or more Series of Junior Lien Bonds so long as no Event of Default under the Master Bond Ordinance known to the Authority exists at the time such Junior Lien Bonds are authorized to be issued by adoption of a Series Ordinance. Prior to issuing any additional Series of Junior Lien Bonds, the Authority must obtain an opinion of Bond Counsel that the issuance of such Series of Junior Lien Bonds will not impair the tax-exempt status of any prior Series of Senior Lien Bonds or Junior Lien Bonds.

Prior to issuing a Series of Junior Lien Bonds other than Junior Lien Bonds proposed to be issued to refund Senior Lien Bonds or Junior Lien Bonds, the Chief Financial Officer shall certify to the Trustee that the sum of (i) the Net Revenues for the most recently completed Operating Year; (ii) the amount of Other Available Moneys actually deposited in the Bond Fund for the most recently completed Operating Year; and (iii) the average of (A) the amount of Other Available Moneys actually deposited in the Junior Lien Bond Fund for the most recently completed Operating Year, and (B) each annual amount of Other Available Moneys that the Airport Consultant certifies to the Authority may reasonably be expected to be received by the Authority and deposited in the Junior Lien Bond Fund during the period that the proposed and outstanding Series of Junior Lien Bonds are projected to be Outstanding, is not less than 110% of the Debt Service with respect to such Outstanding Bonds and Outstanding Junior Lien Bonds for the most recently completed Operating Year and of the average annual Debt Service with respect to the proposed Series of Junior Lien Bonds. The Chief Financial Officer will also certify that for each of the four (4) Operating Years following the Operating Year in which proposed Series of Junior Lien Bonds is to be issued, the sum of (i) the Net Revenues that the Airport Consultant certifies to the Authority may reasonably be projected to be received for the immediately preceding Operating Year; (ii) the amount of Other Available Moneys which the Airport Consultant certifies to the Authority may reasonably be expected to be deposited in the Bond Fund for the immediately preceding Operating Year, and (iii) the average of (A) the amount of Other Available Moneys actually deposited in

the Junior Lien Bond Fund for the most recently completed Operating Year preceding the Operating Year in which the proposed Series of Junior Lien Bonds is to be issued, and (B) each annual amount of Other Available Moneys that the Airport Consultant certifies to the Authority may reasonably be expected to be received by the Authority and deposited in the Junior Lien Bond Fund over the period that the proposed and outstanding Series of Junior Lien Bonds are projected to be Outstanding, is not less than 110% of the Debt Service with respect to such Outstanding Bonds and Outstanding Junior Lien Bonds for the immediately preceding Operating Year and of the average annual Debt Service with respect to the proposed Series of Junior Lien Bonds.

In calculating Net Revenues and expected Net Revenues, the Chief Financial Officer will take into account the unencumbered fund balance in the Revenue Fund on the last day of the two (2) Operating Years preceding the year of issue, and the expected unencumbered balance in the Revenue Fund on the last day of each of (i) the Operating Year in which the proposed series of Junior Lien Bonds will be issued and (ii) the next two (2) Operating Years, as provided in Section 604 of the Master Bond Ordinance. In making the calculations described herein, the Authority will also take into account Debt Service on (a) all Outstanding Bonds and Outstanding Junior Lien Bonds and (b) the proposed series of Junior Lien Bonds as if they had been issued at the beginning of the preceding Operating Year.

SPECIAL FACILITIES REVENUE BONDS AND SPECIAL PURPOSE REVENUES

Special Facilities and Special Purpose Bonds

The Master Bond Ordinance provides that the Authority may finance any special facilities permitted by law; provided, that (i) any bonds issued to finance such special facilities shall not be secured by Revenues, and (ii) in the opinion of Bond Counsel, the financing of such special facilities does not conflict with the covenants or provisions of the Master Bond Ordinance.

In addition, the Authority may establish, by ordinance, a separate category or portion of revenue of a type not previously included in Revenues, relating to or arising from a definable service, program or facility that will be treated as Special Purpose Revenues and may be pledged for the payment of bonds (“Special Purpose Bonds”) payable solely from such Special Purpose Revenues. On July 15, 2015, the Board adopted an ordinance (the “CFC Ordinance”) providing for the establishment of a car rental customer facility charge (the “CFC”) as a Special Purpose Revenue, starting September 1, 2015. The CFC Ordinance authorized the Authority to initially impose a CFC of \$1.00 (later adjusted to \$5.50) per vehicle per transaction day, on every vehicle rental by a car rental company that uses Airport facilities or operates under a permit or license with the Authority. As Special Purpose Revenues, the CFCs are not included as Revenues and are not pledged for payment of Bonds, but may instead be used for the payment of debt service on Special Purpose Bonds issued to finance such rental car facilities. Currently, the Authority has no plans to issue Special Purpose Bonds for such purpose, and the Authority ceased collection of the CFC effective June 1, 2020. The Authority currently anticipates applying its previously collected CFCs on a pay-as-you-go basis to pay the costs associated with the planning, design, construction, operation, maintenance, repair, equipping, and replacement of existing rental car facilities at the Airport.

Outstanding Special Facilities Revenue Bonds

As of May 1, 2021, the Outstanding special facilities revenue bonds of the Authority are the \$14,035,000 principal amount of Special Airport Facilities Revenue Bonds (Northwest Airlines, Inc. Facilities) Series 1999.

SERIES 2021 PROJECTS

The Authority maintains an ongoing five-year Capital Improvement Program (the “Capital Improvement Program”) to address the capital development needs of the Airport. On December 2, 2020, the Authority Board approved the Authority’s current five-year Capital Improvement Program for Operating Year 2021 - Operating Year 2025 (the “2021 – 2025 CIP”). See “DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Capital Improvement Program” below. Certain proceeds of the Series 2021 Bonds will be used to fund all or a portion of the costs of certain capital projects (collectively, the “Series 2021 Projects”) included in the 2021 – 2025 CIP. The total estimated cost of the Series 2021 Projects is \$195.2 million.

Airfield reconstruction and rehabilitation projects comprise approximately 65.0% of the total cost of the Series 2021 Projects. Most of the airfield reconstruction and rehabilitation projects include costs of planning, design, engineering, construction, escalation for inflation, and contingency amounts, but exclude financing costs. For a further description of the Series 2021 Projects, see APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Airport Facilities and Capital Program – AIRPORT CAPITAL IMPROVEMENT PROGRAM – *The Series 2021 Projects.*”

The Series 2021 Projects have received the approval of a Weighted Majority (as such term is defined in the Airline Agreements and more fully described in APPENDIX D – “SUMMARY OF THE AIRLINE AGREEMENTS”).

The following table presents estimated total project costs by category and anticipated funding sources for the Series 2021 Projects:

THE 2021 PROJECTS (dollars in thousands)

| | | Estimated Project Cost | ANTICIPATED FUNDING SOURCES | | |
|---|------------------------|------------------------------|-----------------------------|---------------------------|------------------------------|
| | | | Other Funds | Existing Bond Proceeds | Series 2021 Bond Proceeds |
| <u>SERIES 2021 PROJECTS</u> | | | | | |
| <u>Airfield</u> | | | | | |
| Taxiway Y Reconstruction Phase I | | \$55,750 | \$15,200 | \$0 | \$40,550 |
| Taxiway Z, Taxiway K, and Other Airport Operational Area Pavement Rehabilitation | | 10,000 | 0 | 0 | 10,000 |
| McNamara Terminal Apron Rehabilitation/ Reconstruction (Phase 1 - Gates A1-A35 and Taxilanes J7 and J8 (Design and Construction)) | | 56,000 | 0 | 0 | 56,000 |
| McNamara Terminal Apron Rehabilitation/ Reconstruction Phase 2 - Gates B1-B20, C1-C27, and A74-A78 (Design Only) | | 4,000 | 0 | 0 | 4,000 |
| <i>Subtotal Airfield Improvements</i> | [A] | <u>\$125,750</u> | <u>\$15,200</u> | <u>\$0</u> | <u>\$110,550</u> |
| <u>Power Plants & Electrical Distribution System</u> | | | | | |
| North Campus Electrical Distribution; Medium Voltage Lines – Phase 1 | [B] | <u>\$25,100</u> | <u>\$0</u> | <u>\$0</u> | <u>\$25,100</u> |
| <u>Parking Decks, Lots and GTCs</u> | | | | | |
| Blue Deck Rehabilitation-Phase 4 (Design and Construction) | | \$6,000 | \$0 | \$3,000 | \$3,000 |
| Blue Deck Parking Deck Rehabilitation-Concrete Floor Repairs, Guardrails and Waterproofing | | 3,150 | 0 | 0 | 3,150 |
| Blue Deck Parking Deck Steam Condensate Line Replacement | | 1,000 | 0 | 0 | 1,000 |
| McNamara Parking Deck Elastomeric Coating | | 5,500 | 0 | 0 | 5,500 |
| Parking Lots Rehabilitation-North Power Plant, ARFF #2 and WCA Employee Lot | | 2,000 | 0 | 0 | 2,000 |
| <i>Subtotal Parking Decks, Lots, GTCs</i> | [C] | <u>\$17,650</u> | <u>\$0</u> | <u>\$3,000</u> | <u>\$14,650</u> |
| <u>Bridges & Roadways</u> | | | | | |
| Bridges & Roadways Rehabilitation | [D] | <u>\$10,400</u> | <u>\$0</u> | <u>\$0</u> | <u>\$10,400</u> |
| <u>Security & Communications</u> | | | | | |
| Perimeter Security Fence Enhancements and Security System Network Upgrades | [E] | <u>\$6,195</u> | <u>\$0</u> | <u>\$0</u> | <u>\$6,195</u> |
| <u>Support Facilities</u> | | | | | |
| Roof Replacement Plan | [F] | <u>\$1,869</u> | <u>\$0</u> | <u>\$0</u> | <u>\$1,869</u> |
| <u>Terminals</u> | | | | | |
| North Terminal Preconditioned Air Unit Replacement; North Terminal Ground Power Unit Replacement and Baggage Handling System Controls | [G] | <u>\$8,250</u> | <u>\$0</u> | <u>\$0</u> | <u>\$8,250</u> |
| TOTAL SERIES 2021 PROJECTS | [H=A through G] | <u>\$195,214</u> | <u>\$15,200</u> | <u>\$3,000</u> | <u>\$177,014</u> |

NOTE: Amounts may not add due to rounding.

SOURCE: Wayne County Airport Authority, April 2021.

Compiled by Landrum & Brown, Inc.

The Authority anticipates that the Series 2021 Projects will be funded from a combination of proceeds of the Series 2021 Bonds, \$3 million of prior Bonds proceeds and other Airport funds (including federal grant proceeds). See APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Airport Facilities and Capital Program – AIRPORT CAPITAL IMPROVEMENT PROGRAM – *The Series 2021 Projects*” for further detail regarding the Series 2021 Projects and the anticipated funding sources for the Series 2021 Projects.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2021 Bonds.

| <u>Sources of Funds</u> | Series 2021A Bonds | Series 2021B Bonds | Series 2021 Bonds Total |
|--|-------------------------------|-------------------------------|------------------------------------|
| Par Amounts | \$121,260,000 | \$29,520,000 | \$150,780,000 |
| Original Issue Premium | <u>40,963,174</u> | <u>9,123,668</u> | <u>50,086,842</u> |
| TOTAL SOURCES OF FUNDS | <u>\$162,223,174</u> | <u>\$38,643,668</u> | <u>\$200,866,842</u> |
| | | | |
| <u>Uses of Funds</u> | | | |
| Series 2021 Projects | \$143,164,000 | \$33,850,000 | \$177,014,000 |
| Capitalized Interest | 8,012,363 | 2,102,899 | 10,115,262 |
| Deposit to Bond Reserve Account | 10,160,791 | 2,473,582 | 12,634,373 |
| Costs of Issuance, including Underwriters' Discount* | <u>886,020</u> | <u>217,187</u> | <u>1,103,207</u> |
| TOTAL USES OF FUNDS | <u>\$162,223,174</u> | <u>\$38,643,668</u> | <u>\$200,866,842</u> |

* Includes legal fees, trustee fees, rating agency fees, underwriter fees, financial advisory fees, printing costs and other miscellaneous fees and expenses.

NOTE: Figures may not add due to rounding.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

General

The Airport is the primary commercial air service facility serving the Detroit metropolitan area and the surrounding region, much of the State and parts of northern Indiana and Ohio. The Airport's Air Service Area is defined as the Detroit-Warren-Ann Arbor CSA, which includes the following 10 counties in Michigan: Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne. The Detroit-Warren-Ann Arbor CSA is the 12th most populated CSA in the United States, with approximately 5.3 million people in 2020 based on the U.S. Census Bureau's 2020 Census data, and comprises approximately 53.0% of the population for the State.

According to FAA data for calendar year 2019, the Airport ranked 18th nationwide in enplanements, enplaning 18,143,040 passengers, an increase of approximately 4.1% over calendar year 2018. The Airport ranked 18th nationwide in total aircraft operations in calendar year 2019, with 396,909 takeoffs and landings, an increase of approximately 1.0% as compared to calendar year 2018, according to ACI statistics. Since March 2020, the Airport, as well as all other airports in the United States and abroad, has been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. Total enplaned passengers at the Airport decreased by 61.7% in 2020 as compared to 2019, and enplaned passengers in December 2020 were approximately 64.0% lower than in December 2019. Since April 2020, the number of enplaned passengers at the Airport have slowly started to increase on a monthly basis. Enplaned passengers in March 2021 were 47.6% of the enplaned passengers in March 2019. For additional airport activity figures reflecting the impact of the COVID-19 pandemic on the Airport, see "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" and APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – COVID-19 Impacts on the Aviation Industry and the Airport" and "– Air Service and Traffic Analysis."

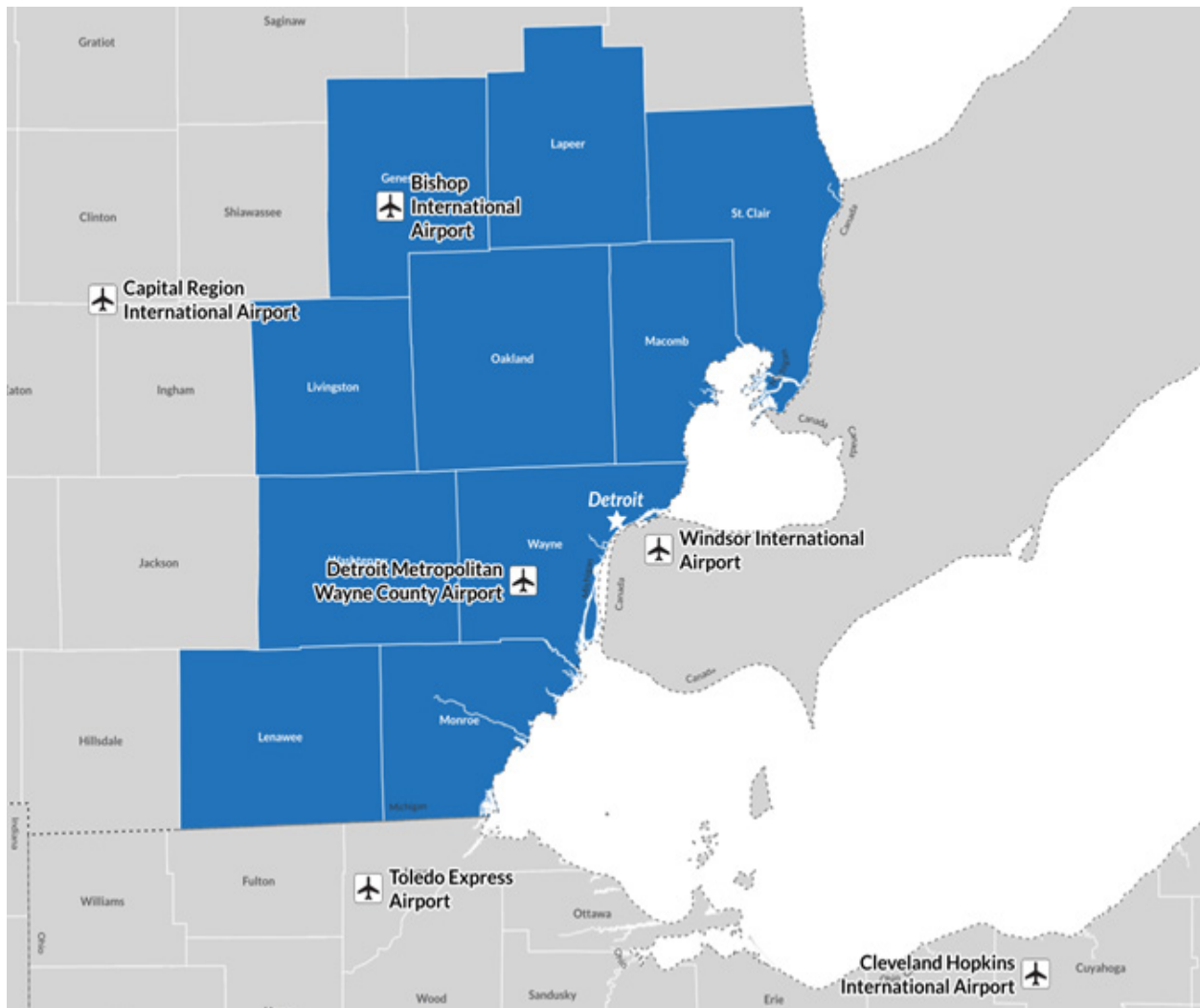
The Airport has a diverse, stable base of air carriers, and serves a large origin and destination market. The Airport is also a major connecting hub airport for Delta. See "DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Airlines Providing Service at the Airport – *Delta Air Lines*." Delta and the Delta Connection Carriers accounted for approximately 74.0% of the total enplaned passengers at the Airport in 2019. In 2020, as a result of the COVID-19 pandemic, Delta experienced a significant decline in enplaned passengers and a decline in market share at the Airport. Delta's enplaned passengers at the Airport decreased from 13,580,977 in 2019 to 4,960,667 in 2020, representing a 63.5% decrease. Delta and the Delta Connection Carriers accounted for approximately 70.6% of the total enplaned passengers at the Airport in 2020. See APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Air Service and Traffic Analysis." Spirit has the second largest market share at the Airport. From 2016 through 2020, Spirit increased its enplaned passenger market share at the Airport from 7.9% to 13.3%. Like other airlines, Spirit has also been impacted by the COVID-19 pandemic. From April 2020 through February 2021, Spirit's scheduled seat capacity system-wide declined by 46.7% as compared to the same period in 2019. See APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Air Service and Traffic Analysis."

The Airport also has been an international gateway with significant air service to points in Asia, Europe, Mexico, the Caribbean and Canada. The COVID-19 pandemic has had a significant impact on air traffic through the world and in the U.S. For more recent information regarding the impact of the COVID-19 pandemic on domestic and international scheduled service at the Airport, see "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" and APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – COVID-19 Impacts on the Aviation Industry and the Airport" and "– Air Service and Traffic Analysis."

The Airport's Air Service Area

The Air Service Area for the Airport consists of the Detroit-Warren-Ann Arbor CSA. This area is located within the State. The Airport's secondary air service area generally consists of southeastern and south-central Michigan, northwestern Ohio, northeastern Indiana, and the southernmost areas of the Province of Ontario, Canada, generally in the Windsor metropolitan area. The Airport is, by far, the largest airport in the region and, as a result, has somewhat limited competition for air service.

The Airport's Air Service Area and the proximity of the Airport to other airports in its primary and secondary air service areas is shown below.



| Airport | Code | FAA Airport Category | Driving Distance from Downtown Detroit | CY 2019 Enplaned Passengers (in thousands) |
|---|------|----------------------|--|--|
| Detroit Metropolitan Wayne County Airport | DTW | Large | 21 miles | 18,364 |
| Windsor International Airport | YQG | n.a. | 12 miles | 383 |
| Bishop International Airport | FNT | Non-Hub | 67 miles | 303 |
| Toledo Express Airport | TOL | Non-Hub | 76 miles | 124 |
| Capital Region International Airport | LAN | Non-Hub | 96 miles | 167 |
| Cleveland Hopkins International Airport | CLE | Medium | 158 miles | 4,895 |

SOURCE: Wayne County Airport Authority; Federal Aviation Administration, Air Carrier Activity Information System, October 29, 2020; Windsor Star, 'Grave concern' that Windsor Airport could lose air traffic control, November 19, 2020, <https://windsorstar.com/news/local-news/grave-concern-that-windsor-airport-could-lose-air-traffic-control>, accessed May 2021; Executive Office of the President: Office of Management and Budget, Revised Delineations of Metropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of These Areas.

Management of the Airport

The Authority is governed by a seven-member Board. The Authority Act requires that two Board members be appointed by the Governor of the State, four Board members be appointed by the County Executive and one Board member be appointed by the County Commission. Authority Board members serve without compensation for six-year terms, but may not serve for more than two consecutive full terms. The expiration date of the term of office for Board members is October 1 of the year in which the term is to expire, but a Board member holds office until the Board member's successor is appointed and qualified, or until resignation or removal.

The Board. The current members of the Authority Board are:

Marvin W. Beatty is Chairperson of the Authority Board. Mr. Beatty is the Vice President of Community and Public Relations for Greektown Casino and was Executive Director at the Wadsworth Community Center in Detroit. He served for more than 22 years with the City of Detroit Fire Department, retiring as Deputy Fire Commissioner, and was the first African-American to hold that position in the Department's history. From 1995 to 2010, Mr. Beatty served as Chairman on the Board of Zoning Appeals for the City of Detroit. He currently serves as a Board member for the NAACP, Chairman of the Coleman A. Young Foundation, Downtown Detroit Partnership Board of Directors, and is active with the Detroit Economic Growth Corporation, Detroit Riverfront Conservancy, and many other organizations throughout the metropolitan Detroit area. Mr. Beatty received his Bachelor of Arts degree in Urban Management and is a graduate of the National Fire Academy Executive Development Program. He was appointed to the Board by Wayne County Executive Warren Evans in 2017, and his term on the Board expires October 1, 2023.

Al Haidous is Vice Chairperson of the Board. Mr. Haidous currently serves on the Wayne County Commission, having been elected in 2014 to represent the County Commission's 11th District. He is the former Mayor of Wayne, Michigan, and, as mayor, chaired the City of Wayne's Retirement Board, Risk Management Committee, Real Estate Committee and Downtown Development Authority. He also served on Wayne's City Council from 1993 to 2001 and its Board of Zoning Appeals from 1990 to 1993. Since 2007, Mr. Haidous has been a board member for the Suburban Mobility Authority for Regional Transportation, better known as SMART, and currently is its chairman. He also has chaired the Southeast Michigan Community Alliance's Southeast Government Alliance, Wayne County Community Development Block Grant Advisory Council, the Conference of Western Wayne and the Central Wayne County Sanitation Authority. Mr. Haidous was appointed to the Authority Board by the County Commission effective on October 1, 2018, and his term on the Board expires October 1, 2024.

Athina Papas is Secretary of the Board. Ms. Papas is the Executive Officer at the Atheneum Suites Hotel in downtown Detroit. Additionally, she oversees company growth at Helicon Holdings, a family-owned Detroit based real estate company, where she assists in management of properties and represents the company's holders in metropolitan Detroit. Ms. Papas serves as President of the Greektown Preservation Society. She is also on the board of Operation Give, a nonprofit organization working with area hospitals to aid in research and/or access to health care. Ms. Papas is a graduate of the University of Michigan and also has received a culinary degree from the French Culinary Institute in New York City. Ms. Papas was appointed to the Board by Wayne County Executive Warren Evans on November 5, 2020, and her term on the Board expires October 1, 2026.

Michael Ajami is the Principal Attorney and Owner of Ajami Law, PLC. He also serves as a Special Assistant Attorney General in Michigan's Solicitor General Division, where he is a member of the Flint Water Prosecution Team. Prior to his current positions, Mr. Ajami worked with the Wayne County Circuit Court as a judicial intern. He also interned with the Wayne County Prosecutors Office. Mr. Ajami earned his Juris Doctorate at Wayne State University Law School and his Bachelor of Science in Criminal Justice degree from Wayne State University. He was appointed to the Board by Wayne County Executive Warren Evans in November 2020. His term on the Board expires October 1, 2026.

Dennis W. Archer Jr. is the CEO of Ignition Media Group, a leading integrated marketing agency based in Detroit. Mr. Archer is also president and founding partner of Archer Corporate Services. His hospitality holding company, Congress Hospitality, is creator and managing partner of award-winning Central Kitchen + Bar, located in downtown Detroit. Additionally, Mr. Archer is a real estate developer. He serves on the executive committee of the Detroit Regional Chamber Board of Directors and is a past chair. Mr. Archer is a founder and the chairman of the Paradise Valley Foundation, and he also holds a seat on several boards, including the General Motors Inclusion Advisory Board and the Independent Bank Corporation. He received both his bachelor's degree and Juris Doctorate

from the University of Michigan. He also earned a certification in the NMSDC Advanced Management Education Program from Northwestern University's Kellogg School of Management. Mr. Archer was appointed to the Board by Governor Gretchen Whitmer on December 21, 2020, and his term on the Board expires on October 1, 2026.

Dr. Curtis L. Ivery is Chancellor of Wayne County Community College District ("WCCCD") and has served in that role since September 1995. As the chief executive officer of WCCCD, Dr. Ivery directs a five campus, multi-cultural institution serving more than 72,000 students. He is currently serving on the Board of Directors for the American Association of Community Colleges. Prior to becoming Chancellor of WCCCD, Dr. Ivery served as Vice President of Instruction and acting President at Mountain View College of the Dallas County Community College District. In 1996, the Life Extension Foundation selected Ivery as the "Community College President of the Year", and in 2004 he received the Walter E. Douglas Humanitarian Award from Detroit Omega Foundation Inc. In 2010, Dr. Ivery was chosen as one of the first recipients of the Dr. Charles H. Wright Vision Awards in celebration of higher education. Dr. Ivery is the author of "Journeys of Conscience", "Reclaiming Integration and the Language of Race in the Post-Racial Era", and other books, and has published over 600 articles for weekly and monthly metropolitan newspapers in the United States. Dr. Ivery was appointed to the Board in 2015 by Wayne County Executive Warren Evans to complete the term of former Board member, Reginald Turner, who resigned from the Board. Dr. Ivery's initial term on the Board expired on October 1, 2018, and County Executive Evans reappointed Dr. Ivery to a new full six-year term, expiring October 1, 2024.

Mark Ouimet currently serves as a member of the Board of Directors of Hantz Bank and Hantz Holding Company. He is a former member of the Michigan House of Representatives and the Washtenaw County Board of Commissioners. He also served as Chief Operating Officer of his alma mater, Northwood University, from 1991 to 2002. Mr. Ouimet holds a bachelor's degree in business and finance from Northwood. Mr. Ouimet is an Ann Arbor resident and was appointed to the Board by Governor Rick Snyder in 2016. His term on the Board expires October 1, 2022.

The Board must meet not less than quarterly each year, and all meetings must be held in compliance with the Michigan Open Meetings Act. The Board appoints a Chief Executive Officer ("CEO"), who is responsible for, among other things, the day-to-day operation of the Airports, including the control, supervision, management and oversight of the functions of the Airports.

The Board provides for the annual auditing of the accounts of the Authority to be performed by independent auditors. The Board appoints an audit committee of three Board members to supervise this process. The audit committee is to meet at least four times each year with the Chief Executive Officer, the Chief Financial Officer (who is appointed by the Chief Executive Officer) and the Authority's independent public auditors to review the financial condition, operations, performance and management of the Authority and the Airport. In addition, the Chief Executive Officer appoints an internal auditor to evaluate the Authority's internal accounting and administrative control system and conduct audits relating to the Authority's financial activities.

Authority Staff.

Chad Newton, A.A.E., ACE, ASC, serves as Chief Executive Officer of the Authority. Mr. Newton began his tenure in July 2018, having been appointed by the Board, first, as Interim Chief Executive Officer of the Authority and, then, as Chief Executive Officer effective January 16, 2019. In his role as Chief Executive Officer, he is responsible for overseeing the independent governmental entity tasked with management and operation of the Airport and Willow Run Airport. Mr. Newton has more than 19 years of airport experience and nearly 30 years as a law enforcement professional. He graduated cum laude from Eastern Michigan University with a bachelor's degree in Criminology and Criminal Justice, and a master's degree in Technology Studies with a Law Enforcement specialty. He is also a graduate of the FBI National Academy, the Michigan State Leadership Academy and the Eastern Michigan University School of Police Staff and Command. Mr. Newton is only the second public safety executive in the United States certified by the American Association of Airport Executives (AAAE) as an Accredited Airport Executive (A.A.E.). On March 5, 2021, Governor Gretchen Whitmer appointed Mr. Newton to the Eastern Michigan University Board of Regents.

Amber Hunt serves as the Authority's Chief Financial Officer. Prior to being appointed Chief Financial Officer in January 2019, Ms. Hunt served as the Director of Financial Planning & Analysis and Treasury for the Authority. As Chief Financial Officer, she is responsible for managing the operating and debt budgets of the Airport, the Willow Run Airport and the Westin. Ms. Hunt also oversees both Airports' Capital Improvement

Programs, including the responsibility for securing funding for the Airports. She has over two decades of experience in finance, and prior to joining the Authority, Ms. Hunt worked for various public companies, including Ally Financial. She holds a Bachelor of Arts degree in Finance from Michigan State University and a Master of Business Administration (MBA) in Finance from Wayne State University.

Harnetha Jarrett is the General Counsel for the Authority. In this role, Ms. Jarrett oversees the Authority's legal activities, compliance, government and regulatory affairs, as well as business diversity. She joined the Authority in January 2020 with over thirty years of municipal and transactional experience. Prior to joining the Authority, Ms. Jarrett served as a clerk for the Michigan Department of Civil Rights and worked for Dow Chemical Company as a staff attorney in the Environmental Law Section, before joining the City of Detroit Law Department. Following over a decade with the City of Detroit, Ms. Jarrett was appointed Assistant Corporation Counsel for Wayne County, Michigan, before becoming the Chief Attorney for the Municipal, Real Estate and Health Teams, and then the Deputy Corporation Counsel. She is a member of the American Bar Association and its Air and Space Forum, and the State Bar of Michigan and its Aviation Law Section. Ms. Jarrett co-authored the *Handbook on the Michigan Handicappers' Civil Rights Act* and has served as a member of the Wayne County Head Start Board of Directors. She is licensed to practice in the United States District Court for the Eastern District of Michigan, the United States Court of Appeals for the Sixth Circuit, as well as all Michigan state courts. Ms. Jarrett received her Juris Doctor from Wayne State University Law School, a Master of Arts in Library Science from the University of Michigan, and her Bachelor of Arts in Psychology from the University of Michigan.

Airport Facilities

The Airport is located in the City of Romulus, County of Wayne, Michigan, approximately 21 miles by road west of the City of Detroit's downtown. The Airport currently provides passenger services from two terminal facilities, the 121-gate McNamara Terminal (104 of which are active gates) and the 29-gate North Terminal. Delta, the Delta Connection Carriers and Delta's SkyTeam partners operate at the McNamara Terminal. All of the other airlines at the Airport, including all charter airlines, operate at the North Terminal. Both terminals have federal inspection service facilities for international arrivals.

The Airport has six total air carrier runways, four north-south runways in the primary wind direction and two east-west crosswind runways. Three of the runways are equal to or longer than 10,000 feet and all of the runways are at least 8,500 feet long. Of the twelve current runway approaches, eight are equipped with precision instrument landing systems. Three of the runways are equipped with precision instrument landing systems for both runway approaches. The Airport has an extensive taxiway system providing safe and efficient access to and from runway ends, terminal facilities, apron areas, and cargo and hangar facilities. Each runway has an associated parallel, full-length taxiway.

Aviation Activity

Enplanements. According to the records of the Authority, in calendar year 2019 enplaned passengers at the Airport totaled 18,363,961, an increase of approximately 4.3% as compared to calendar year 2018. In calendar year 2019, the number of total domestic enplaned passengers at the Airport increased approximately 4.7% and total international enplaned passengers increased approximately 0.8%.

In March 2020, enplaned passengers at the Airport decreased dramatically due to the impacts associated with the COVID-19 pandemic. Overall, enplaned passengers at the Airport decreased by 61.7% in 2020 as compared to 2019, with all of the impact occurring after mid-March 2020 when the COVID-19 pandemic generally took hold in the United States. In March 2020, enplaned passengers decreased by approximately 55.9% from March 2019. The decline continued into April 2020 when enplaned passengers were 94.0% lower than in April 2019. Since April 2020, the number of enplaned passengers at the Airport has slowly increased on a monthly basis. Enplaned passengers in March 2021 were 47.6% of the enplaned passengers in March 2019. See APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Air Service and Traffic Analysis."

The following table presents enplaned passenger traffic at the Airport for calendar years 2016 through 2020:

**HISTORICAL ENPLANED PASSENGERS
CALENDAR YEAR 2016 – CALENDAR YEAR 2020**

| YEAR | DOMESTIC | | INTERNATIONAL | | TOTAL | | INTERNATIONAL |
|------|--------------|---------------|---------------|---------------|---------------------|---------------|-------------------|
| | ENPLANEMENTS | ANNUAL GROWTH | ENPLANEMENTS | ANNUAL GROWTH | ENPLANED PASSENGERS | ANNUAL GROWTH | ENPLANEMENT SHARE |
| 2016 | 15,715,699 | 3.0% | 1,482,452 | 3.6% | 17,198,151 | 3.1% | 8.6% |
| 2017 | 15,776,240 | 0.4% | 1,549,360 | 4.5% | 17,325,600 | 0.7% | 8.9% |
| 2018 | 15,931,975 | 1.0% | 1,676,407 | 8.2% | 17,608,382 | 1.6% | 9.5% |
| 2019 | 16,674,106 | 4.7% | 1,689,855 | 0.8% | 18,363,961 | 4.3% | 9.2% |
| 2020 | 6,656,557 | (60.1%) | 370,034 | (78.1%) | 7,026,591 | (61.7%) | 5.3% |

NOTE: Figures may not add due to rounding.

SOURCE: Wayne County Airport Authority, March 2021.

Originating and Connecting Passenger Activity. The Airport served 9,182,134 domestic originating passengers in calendar year 2019 and 8,859,449 domestic originating passengers in calendar year 2018. Domestic originating passengers represented 54.8% of domestic enplaned passengers in calendar year 2019 and 55.4% in calendar year 2018.

In calendar year 2019, the Airport served 7,581,287 domestic connecting passengers, as compared to 7,144,670 domestic connecting passengers in calendar year 2018. Domestic connecting passengers represented 45.2% of domestic enplaned passengers in calendar year 2019 and 44.6% in calendar year 2018.

In calendar year 2020, as a result of the COVID-19 pandemic and related restrictions, domestic originating passengers at the Airport fell to 3,965,847, down 56.8% from the prior calendar year, and domestic connecting passengers fell to 2,561,297, down 66.2% from 2019.

The following table presents originating and connecting enplanements at the Airport for calendar years 2016 through 2020:

**HISTORICAL DOMESTIC ORIGINATING AND CONNECTING ENPLANEMENTS
CALENDAR YEAR 2016 – CALENDAR YEAR 2020**

| YEAR | DOMESTIC ORIGINATING | | DOMESTIC CONNECTING | | TOTAL DOMESTIC ENPLANED | | ORIGINATING | CONNECTING |
|-------|----------------------|---------------|---------------------|---------------|-------------------------|---------------|-------------------|-------------------|
| | ENPLANEMENTS | ANNUAL GROWTH | ENPLANEMENTS | ANNUAL GROWTH | ENPLANED PASSENGERS | ANNUAL GROWTH | ENPLANEMENT SHARE | ENPLANEMENT SHARE |
| 2016 | 7,913,630 | 8.3% | 7,665,653 | (0.2%) | 15,579,283 | 4.0% | 50.8% | 49.2% |
| 2017 | 8,375,102 | 5.8% | 7,310,105 | (4.6%) | 15,685,207 | 0.7% | 53.4% | 46.6% |
| 2018 | 8,859,449 | 5.8% | 7,144,670 | (2.3%) | 16,004,119 | 2.0% | 55.4% | 44.6% |
| 2019 | 9,182,134 | 3.6% | 7,581,287 | 6.1% | 16,763,421 | 4.7% | 54.8% | 45.2% |
| 2020* | 3,965,847 | (56.8%) | 2,561,297 | (66.2%) | 6,527,143 | (61.1%) | 60.8% | 39.2% |

NOTE: Figures may not add due to rounding.

SOURCES: Wayne County Airport Authority, March 2021; US DOT Origin & Destination Survey of Airline Passenger Traffic, 298c Commuter Data and Airport Activity Statistics of Certified Route Air Carriers, Schedule T100, March 2021

*The last quarter of CY 2020 is based on an estimate.

Airlines Providing Service at the Airport

During the 12-months ended February 2021, the Airport was served by 18 U.S. flag scheduled passenger air carriers, including eight mainline carriers. In addition, for that period, five foreign flag airlines provided scheduled passenger service at the Airport and three all-cargo carriers provided scheduled cargo service at the Airport.

Mainline Carriers

Alaska Airlines
American Airlines*
Delta Air Lines*
Frontier Airlines
JetBlue Airways*
Southwest Airlines*
Spirit Airlines*
United Airlines*

Foreign Flag Airlines

Aeroméxico⁽¹⁾
Air Canada⁽²⁾
Air France*
Lufthansa German Airlines*⁽³⁾
Royal Jordanian Airlines

Cargo Airlines

DHL (ABX/Atlas/ATI/Kalitta)
FedEx*
United Parcel Service*

Regional Carriers

Endeavor Air (d/b/a Delta Connection)
Envoy Air (d/b/a American Eagle)
GoJet Airlines (d/b/a United Express)
Mesa Airlines (d/b/a United Express)
Piedmont Airlines (d/b/a American Eagle)
PSA Airlines (d/b/a American Eagle)
Republic Airlines (d/b/a American Eagle, Delta Connection and United Express)
SkyWest Airlines (d/b/a American Eagle, Delta Connection and United Express)

*** Signatory Airline.**

⁽¹⁾ Aeroméxico suspended service in March 2020 and is not scheduled to return to the Airport at this time.

⁽²⁾ Air Canada suspended service in March 2020 and is currently scheduled to resume service at the Airport in July 2021.

⁽³⁾ Lufthansa suspended service in March 2020 and resumed service at the Airport in June 2021.

SOURCE: Wayne County Airport Authority.

Since the onset of the COVID-19 pandemic in March 2020, all domestic airlines have maintained service, although at lower levels, at the Airport. Commencing in March 2020, all foreign flag airlines suspended service at the Airport. Air France and Royal Jordanian are the only foreign flag scheduled passenger airlines to have resumed service at the Airport as of March 2021. Lufthansa resumed service at the Airport in June 2021 and Air Canada is scheduled to resume service at the Airport in July 2021. As of March 2021, all of the domestic airlines operating at the Airport have continued service at the Airport, although at reduced capacity. Total departures and scheduled departing seats at the Airport were down in March 2021 by approximately 36.4% and 35.5%, respectively, as compared to March 2019.

The historical share of enplaned passengers by airline at the Airport between calendar year 2016 and calendar year 2020 is shown in the following table.

HISTORICAL TOTAL ENPLANED PASSENGERS BY AIRLINE ⁽¹⁾
CALENDAR YEAR 2016 – CALENDAR YEAR 2020

| <u>AIRLINE</u> | <u>CY 2016</u> | <u>%</u> | <u>CY 2017</u> | <u>%</u> | <u>CY 2018</u> | <u>%</u> | <u>CY 2019</u> | <u>%</u> | <u>CY 2020</u> | <u>%</u> |
|-----------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|------------------|---------------|
| Delta | 12,676,844 | 73.7% | 12,632,658 | 72.9% | 12,761,293 | 72.5% | 13,580,977 | 74.0% | 4,960,667 | 70.6% |
| Spirit | 1,364,587 | 7.9% | 1,477,044 | 8.5% | 1,685,762 | 9.6% | 1,827,761 | 10.0% | 934,265 | 13.3% |
| American | 1,116,744 | 6.5% | 1,119,012 | 6.5% | 1,001,441 | 5.7% | 976,082 | 5.3% | 453,006 | 6.4% |
| Southwest | 855,117 | 5.0% | 848,897 | 4.9% | 835,474 | 4.7% | 699,652 | 3.8% | 271,066 | 3.9% |
| United | 556,057 | 3.2% | 579,667 | 3.3% | 623,914 | 3.5% | 621,796 | 3.4% | 215,664 | 3.1% |
| Frontier | 170,474 | 1.0% | 193,778 | 1.1% | 154,127 | 0.9% | 175,327 | 1.0% | 89,045 | 1.3% |
| Alaska | 64,380 | 0.4% | 82,860 | 0.5% | 94,259 | 0.5% | 65,226 | 0.4% | 26,173 | 0.4% |
| JetBlue | 144,870 | 0.8% | 142,408 | 0.8% | 138,602 | 0.8% | 90,255 | 0.5% | 24,106 | 0.3% |
| Air France | 69,547 | 0.4% | 73,544 | 0.4% | 76,796 | 0.4% | 79,447 | 0.4% | 16,121 | 0.2% |
| Lufthansa | 70,826 | 0.4% | 79,344 | 0.5% | 93,163 | 0.5% | 78,959 | 0.4% | 10,969 | 0.2% |
| Aeroméxico | - | 0.0% | 28,888 | 0.2% | 55,797 | 0.3% | 77,092 | 0.4% | 10,784 | 0.2% |
| Air Canada | 34,803 | 0.2% | 42,359 | 0.2% | 46,745 | 0.3% | 52,523 | 0.3% | 6,960 | 0.1% |
| Royal Jordanian | 14,302 | 0.1% | 14,728 | 0.1% | 16,994 | 0.1% | 20,520 | 0.1% | 3,217 | 0.0% |
| Virgin Atlantic | 48,802 | 0.3% | 7,614 | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| IcelandAir | 10,798 | 0.1% | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| WOW Air | - | 0.0% | - | 0.0% | 23,581 | 0.1% | 6,711 | 0.0% | - | 0.0% |
| Other | - | 0.0% | 2,799 | 0.0% | 434 | 0.0% | 11,633 | 0.1% | 4,548 | 0.1% |
| TOTAL | 17,198,151 | 100.0% | 17,325,600 | 100.0% | 17,608,382 | 100.0% | 18,363,961 | 100.0% | 7,026,591 | 100.0% |

Note: Percentages may not add because of rounding.

⁽¹⁾ Regional affiliates, as applicable, have been included with their appropriate network partner.

SOURCE: Wayne County Airport Authority.

Delta Air Lines. Delta maintains one of its busiest connecting hubs and an international gateway at the Airport. Delta and the Delta Connection Carriers accounted for approximately 74.0% of the total enplaned passengers at the Airport for 2019. A significant portion of Delta’s enplaned passengers are connecting passengers, or passengers that have a scheduled stop at the Airport and transfer to another flight. In 2020, as a result of the COVID-19 pandemic, Delta experienced a significant decline in enplaned passengers and a decline in market share at the Airport. Delta’s enplaned passengers at the Airport decreased from 13,580,977 in 2019 to 4,960,667 in 2020, representing a 63.5% decrease. Delta and the Delta Connection Carriers accounted for approximately 70.6% of the total enplaned passengers at the Airport in 2020. See APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Air Service and Traffic Analysis.” In addition, see “INVESTMENT CONSIDERATIONS — Delta’s Presence at the Airport” below.

For additional information regarding Delta, see Form 10-K for the fiscal year ended December 31, 2020 filed by Delta with the Securities and Exchange Commission (the “SEC”), and other reports and information filed with the SEC by Delta subsequent to December 31, 2020.

The Authority has no information regarding the financial condition of Delta other than from SEC filings and press releases of Delta. No assurance can be given concerning the present or future viability of Delta.

Airport Use Agreements

Signatory Airlines. A large portion of the Revenues deposited by the Authority into the Revenue Fund in accordance with the Master Bond Ordinance is derived from rentals, fees and charges imposed upon airlines operating at the Airport under agreements relating to their use of the Airport. Pursuant to the terms of the Airline Agreements (defined below), the Authority calculates airline landing fee rates under an Airport-wide residual methodology. As such, the Signatory Airlines (defined below) are obligated to pay the net cost of operating the entire Airport, including operating expenses and all debt service requirements. If the Authority incurs a deficit in any

Operating Year, it has the ability to increase landing fee rates to the Signatory Airlines in order to recover the amount of the deficit. Conversely, if the Authority realizes a surplus, the Authority must refund the surplus to the Signatory Airlines.

Each of the following airlines is a party to an Airline Agreement: Air France, American Airlines, Delta, FedEx, JetBlue Airways, KLM Royal Dutch Airlines (“KLM”), Lufthansa, Southwest Airlines, Spirit, United Airlines and United Parcel Service (collectively, the “Signatory Airlines”). KLM is not currently operating at the Airport, and Lufthansa resumed service at the Airport in June 2021.

Airline Agreements. Each of the Signatory Airlines is a party to an Airport Use and Lease Agreement with respect to its use of the Airport (each an “Airline Agreement,” and collectively referred to as the “Airline Agreements”). The Airline Agreements expire September 30, 2032. Under the Airline Agreements, the Signatory Airlines pay rentals and use fees for the lease and use of airline premises in the terminals at the Airport and Activity Fees (*i.e.*, landing fees) (as defined in APPENDIX D – “SUMMARY OF THE AIRLINE AGREEMENTS”) for the common use of other terminal and airfield facilities.

See APPENDIX D – “SUMMARY OF THE AIRLINE AGREEMENTS.”

Capital Improvement Program

The Authority maintains an ongoing Capital Improvement Program to address the capital development needs of the Airport. On December 2, 2020, the Authority Board approved the Authority’s 2021 – 2025 CIP. The Authority Board-approved 2021 – 2025 CIP has a total estimated project cost of approximately \$868.9 million and current cost estimates and construction schedules in the 2021 – 2025 CIP, as defined in “SERIES 2021 PROJECTS” above, may vary from the Authority Board approved 2021 – 2025 CIP. Currently, the 2021 – 2025 CIP has a total estimated project cost of approximately \$823.6 million. The 2021 – 2025 CIP includes primarily airfield improvements, as well as improvements to airport support facilities, including the Airport’s terminals, parking garages and ground transportation facilities, roads and bridges, site redevelopment and demolitions. For a further description of the 2021 – 2025 CIP, see APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Airport Facilities and Capital Program – AIRPORT CAPITAL IMPROVEMENT PROGRAM.”

The total estimated project cost of \$823.6 million for the 2021 – 2025 CIP includes airfield projects comprising an estimated \$552.8 million. The Series 2021 Projects, which have a total estimated cost of approximately \$195.2 million and are a subset of the capital projects contained in the 2021 – 2025 CIP, have received approval of a Weighted Majority and are to be funded, in whole or in part, with the net proceeds of the Series 2021 Bonds. See “SERIES 2021 PROJECTS” above.

Certain other capital projects at the Airport having an aggregate project cost of approximately \$48.3 million are included in the 2021 – 2025 CIP and have also received approval of a Weighted Majority (the “Other Approved Capital Projects”), but are not included in the Series 2021 Projects. The Authority anticipates that the Other Approved Capital Projects will be funded from a combination of prior Bond proceeds and \$43.3 million of proceeds of future Additional Bonds (the “Other Approved Capital Projects Future Bonds”). See APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Airport Facilities and Capital Program – AIRPORT CAPITAL IMPROVEMENT PROGRAM” for further detail regarding the Other Approved Capital Projects and the anticipated funding sources for the Other Approved Capital Projects. The Authority has no specific timeframe in which the Other Approved Capital Projects Future Bonds may be issued; however, the Series 2021 Report of the Airport Consultant assumes that a portion of the Other Approved Capital Projects Future Bonds are issued in 2022 and a portion are issued in 2024, and that debt service on the Other Approved Capital Projects Future Bonds will be payable from Net Revenues commencing in Operating Year 2024 and 2026, respectively. The estimated debt service on the Other Approved Capital Projects Future Bonds has been included in the financial projections contained in the Series 2021 Report of the Airport Consultant and summarized in “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT” below, and is based upon estimates prepared by PFM Financial Advisors LLC.

The Authority has not yet requested Weighted Majority approval for many of the capital projects in the 2021 – 2025 CIP, which approval would be required in order for the Authority to issue Additional Bonds for such projects. The Authority currently anticipates that it will undertake the as-yet unapproved projects in the 2021 – 2025 CIP in accordance with the plan set forth in the 2021 – 2025 CIP (*i.e.*, over the next 5-6 year period). The Authority anticipates that these projects will be funded from a combination of Additional Bond proceeds, federal grants, and Authority discretionary and other funds. See “—CIP Funding Sources” below. As a result of the forward-looking

nature of the Capital Improvement Program, some of the anticipated funding sources for these projects may not be available and are subject to change. Because the estimated project costs and schedules of such projects are still being developed, and the Authority has not yet requested Weighted Majority approval of such projects, the Authority does not yet have a specific plan for the amount and timing of issuance of Additional Bonds to fund such projects. For these reasons, the estimated debt service on such Additional Bonds has not been included in the financial projections contained in the Series 2021 Report of the Airport Consultant and summarized in “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT” below.

For further information regarding the Authority’s 2021 – 2025 CIP, including associated costs and anticipated funding sources, see the table below entitled “AIRPORT’S FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM COSTS BY FUNDING SOURCE”.

Master Plan. The Authority completed an updated 20-year Master Plan for the Airport in 2017 (the “Airport Master Plan”), which represents the actions to be accomplished for the phased development of the Airport over the 2015 – 2035 planning horizon. The Airport Master Plan reflects all airfield, terminal, landside/ground access and support facility projects necessary to meet the anticipated demand for air travel over the planning horizon. The FAA requires an updated airport master plan from any airport that plans to seek federal funding for airport development projects, and the FAA is required to review and approve the Airport Master Plan.

The Authority’s Preferred Development Plan for the Airport, which is used to achieve the goals of the Airport Master Plan, includes, among numerous other projects, reconstruction of Runway 3L/21R and associated taxiways, apron pavement to create more remain over-night (RON) parking positions, and redesign of the maintenance facility. An extensive process of design, engineering and impact assessment in connection with the Airport Master Plan is underway.

Airport Master Plan projects not already in the 2021 – 2025 CIP will be added to the Airport’s Capital Improvement Program on a phased development basis. The current estimated cost of the projects recommended by the Airport Master Plan is \$482.8 million, of which \$21.2 million is represented in the 2021 – 2025 CIP. The likely funding sources for the Airport Master Plan projects would include future Bond proceeds, federal grants, PFCs and third party funding.

CIP Funding Sources. The Authority’s funding sources for the 2021 – 2025 CIP are the proceeds of Outstanding Senior Lien Bonds, proceeds of the Series 2021 Bonds, federal and state grants, proceeds of Additional Bonds (including the Other Approved Capital Projects Future Bonds, and for further information on the Other Approved Capital Projects Future Bonds, see “DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Capital Improvement Program” above), and Authority discretionary and other funds.

Outstanding Bonds. The Authority has previously issued Senior Lien Bonds to fund a portion of the costs of certain capital projects in the 2021 – 2025 CIP. The Authority expects to fund a portion of the Series 2021 Projects costs with approximately \$3 million of remaining Senior Lien Bond proceeds.

Additional Bonds. The Authority is authorized to issue airport revenue bonds to finance the cost of capital projects at the Airports and include the debt service on such bonds in the fees and charges of the Signatory Airlines, subject to receiving the approval of a Weighted Majority for such capital projects. Some of the projects in the 2021 – 2025 CIP already have been approved by a Weighted Majority and are to be funded from the proceeds of Series 2021 Bonds and the Other Approved Capital Projects Future Bonds; other projects will require Weighted Majority approval before the Authority may issue Bonds or spend surplus Bond proceeds on hand to fund any portion of the costs of these projects. The Authority has no specific timeframe in which the Other Approved Capital Projects Future Bonds may be issued; however, the Series 2021 Report of the Airport Consultant assumes that a portion of the Other Approved Capital Projects Future Bonds are issued in 2022 and a portion are issued in 2024, and that debt service on the Other Approved Capital Projects Future Bonds will be payable from Net Revenues commencing in Operating Year 2024 and 2026, respectively. The estimated debt service on the Other Approved Capital Projects Future Bonds has been included in the financial projections contained in the Series 2021 Report of the Airport Consultant. See APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Airport Facilities and Capital Program – AIRPORT CAPITAL IMPROVEMENT PROGRAM.”

Grants. The Airport and Airway Improvement Act of 1982 created a grant program that is administered by the FAA. The FAA allocates federal grants through the Airport Improvement Program (the “AIP”). The AIP grants include entitlement grants, which are allocated among airports by the FAA in accordance with a formula based on

enplaned passengers and cargo-landed weight, and discretionary grants, which are allocated by the FAA in accordance with its guidelines. FAA grants are subject to annual Congressional appropriation. On October 5, 2018, the FAA Reauthorization Act of 2018 was enacted into law, authorizing a total of \$96.7 billion in funding for federal aviation programs over five years (federal fiscal years 2019-2023), while keeping funding for the AIP at \$3.35 billion per year through federal fiscal year 2023.

The Authority expects to use federal grants to pay for a portion of the 2021 – 2025 CIP. No assurance can be made that the FAA will award the additional federal grants that the Authority expects to obtain, or that, if awarded, the federal grant funds will be received in the amount or at the time contemplated by the Authority. The availability of the anticipated grant amounts is subject to future availability of federal discretionary funds that the FAA commits to the projects. In addition, the AIP expires periodically and federal reauthorization is required to continue. FAA's authorization expires on September 30, 2023, and it is not known at this time whether new reauthorization legislation will be passed by Congress by such date.

If the grants are not awarded or received, in whole or in part, the Authority would be able to issue Additional Bonds to pay the unfunded costs of the applicable capital projects, subject to obtaining additional Weighted Majority approval, if required.

The following table presents a summary of the 2021 – 2025 CIP, including associated cost estimates and anticipated funding sources.

AIRPORT’S FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM COSTS BY FUNDING SOURCE
(thousands of dollars)^{(1), (2)}

| <u>Project Element</u> | <u>Estimated Total Project Costs</u> | <u>Expenditures Prior to 12/31/2020</u> | <u>Other Funds</u> | <u>Existing Bond Proceeds</u> | <u>Series 2021 Bond Proceeds</u> | <u>Other Approved Capital Projects Future Bonds Proceeds⁽³⁾</u> | <u>Other CIP Projects Future Bond Proceeds⁽⁴⁾</u> |
|--|--------------------------------------|---|--------------------|-------------------------------|----------------------------------|--|--|
| Airfield ⁽⁵⁾ | \$555,762 | \$477 | \$60,200 | \$4,904 | \$110,550 | \$33,096 | \$346,535 |
| Power Plants and Electrical Distribution | 51,400 | 6,300 | 400 | -- | 25,100 | -- | 19,600 |
| Parking and Ground Transportation Facilities | 88,150 | 2,150 | 500 | 3,000 | 14,650 | -- | 67,850 |
| Bridges and Roadways ⁽⁵⁾ | 48,000 | -- | 700 | -- | 10,400 | -- | 36,900 |
| Security and Communications | 22,870 | 8,145 | -- | -- | 6,195 | -- | 8,530 |
| Support Facilities | 28,849 | 880 | -- | -- | 1,869 | 10,250 | 15,850 |
| Site Redevelopment and Demolitions | 4,600 | 1,560 | -- | 1,200 | -- | -- | 1,840 |
| Terminals | 14,975 | 100 | -- | -- | 8,250 | -- | 6,625 |
| Water Mains and Stormwater System | 8,200 | -- | -- | -- | -- | -- | 8,200 |
| Other Projects | 800 | -- | 800 | -- | -- | -- | -- |
| Total | \$823,606 | \$19,612 | \$62,600 | \$9,104 | \$177,014 | \$43,346 | \$511,930 |

- (1) A Weighted Majority has approved all of the Series 2021 Projects and Other Approved Capital Projects (as defined in the Series 2021 Report of the Airport Consultant). Certain of the other 2021 – 2025 CIP projects require approval by a Weighted Majority in order to fund such projects with proceeds of Additional Bonds; expenditure schedules are subject to change; and projects are subject to demand and available funding.
- (2) Current cost estimates and construction schedules may vary from the Authority Board-approved 2021-2025 CIP.
- (3) Other Approved Capital Projects Future Bonds with respect to the Other Approved Capital Projects are the proceeds of Additional Bonds currently planned to be issued in future years to fund the Other Approved Capital Projects. Other Approved Capital Projects Future Bonds are included as part of the financial analysis included in the Series 2021 Report of the Airport Consultant. See “DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Capital Improvement Program.”
- (4) Other CIP Projects Future Bond Proceeds are the proceeds of Additional Bonds currently planned to be issued in future years to fund other CIP Projects for which the Authority would need to obtain Weighted Majority approval in order to fund such projects with Additional Bond proceeds and to include the debt service on such Additional Bonds in airline rates and charges. Other CIP Projects Future Bond Proceeds are not included in the financial analysis included in the Series 2021 Report of the Airport Consultant. See “DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Capital Improvement Program.”
- (5) The CIP approved by the Board of the Authority in December 2020, has a total estimated project cost of approximately \$868.9 million.

Note: Amounts may not add because of rounding.
Source: Authority management records, May 2021.

The Series 2021 Projects are a subset of the capital projects contained in the 2021 – 2025 CIP and are to be funded, in whole or in part, with the net proceeds of the Series 2021 Bonds. For further information regarding the Series 2021 Projects and the estimated costs and funding sources for the Series 2021 Projects, see “SERIES 2021 PROJECTS” above.

AIRPORT FINANCIAL INFORMATION

Airport Indebtedness

General. Capital improvements at the Airport have been financed through the issuance of Senior Lien Bonds, Junior Lien Bonds and Special Facilities Revenue Bonds, and with PFCs, federal grants and other Airport funds. In addition, the Authority executed a Line of Credit Agreement (the “Credit Facility”) for Detroit Metropolitan Wayne County Airport in May 2021, with Bank of America, N.A. (“BANA”), pursuant to which BANA has agreed to make a \$25 million revolving credit facility available to the Authority for a one-year term, subject to the terms thereof. As of May 31, 2021, no amounts have been drawn under the Credit Facility by the Authority. Amounts, if any, owed to BANA under the Credit Facility will be payable from Revenues of the Airport.

As of May 1, 2021, and without taking into account the issuance of the Series 2021 Bonds, the aggregate principal amount of Outstanding Senior Lien Bonds was \$1,835,590,000, and the aggregate principal amount of Outstanding Junior Lien Bonds was \$121,525,000. The Series designations and outstanding principal amounts of these bonds are set forth below.

| Senior Lien Bonds | Outstanding Principal Amount (as of May 1, 2021) |
|------------------------------|---|
| Series 2010C | \$24,075,000 |
| Series 2010D | 3,295,000 |
| Series 2011A | 79,830,000 |
| Series 2012A | 162,500,000 |
| Series 2012B | 21,965,000 |
| Series 2012D | 29,740,000 |
| Series 2014B | 66,195,000 |
| Series 2014C | 31,445,000 |
| Series 2015B ⁽¹⁾ | 75,000,000 |
| Series 2015C ⁽¹⁾ | 25,640,000 |
| Series 2015D | 213,030,000 |
| Series 2015E | 7,755,000 |
| Series 2015F | 224,155,000 |
| Series 2015G | 65,560,000 |
| Series 2017A | 50,570,000 |
| Series 2017B | 40,670,000 |
| Series 2017C | 61,475,000 |
| Series 2017E ⁽¹⁾ | 67,185,000 |
| Series 2017F ⁽¹⁾ | 113,165,000 |
| Series 2018A | 147,390,000 |
| Series 2018B | 6,005,000 |
| Series 2018C | 24,860,000 |
| Series 2018D | 43,020,000 |
| Series 2019 ⁽¹⁾ | 29,640,000 |
| Series 2020A ⁽¹⁾ | 23,285,000 |
| Series 2020B ⁽¹⁾ | 85,640,000 |
| Series 2020C ⁽¹⁾ | <u>112,500,000</u> |
| TOTAL | <u>\$1,835,590,000</u> |

⁽¹⁾ Such Senior Lien Bonds have been directly placed with a financial institution. For further information, see “AIRPORT FINANCIAL INFORMATION – Airport Indebtedness – Direct Placements” below.

| Junior Lien Bonds | Outstanding Principal Amount (as of May 1, 2021) |
|------------------------------|---|
| Series 2017A | \$57,350,000 |
| Series 2017B | 39,560,000 |
| Series 2017C ⁽¹⁾ | <u>24,615,000</u> |
| TOTAL | <u>\$121,525,000</u> |

⁽¹⁾ Such Junior Lien Bonds have been directly placed with a financial institution. For further information, see “AIRPORT FINANCIAL INFORMATION – Airport Indebtedness – *Direct Placements*” below.

Direct Placements. The Authority has directly placed certain series of the Outstanding Senior Lien Bonds and the Outstanding Junior Lien Bonds referenced under the caption “ – Airport Indebtedness – *General*” above, as of May 1, 2021, with certain financial institutions.

As of the date of issuance of the Series 2021 Bonds, the Authority expects to have outstanding \$556,670,000 principal amount of Senior Lien Bonds and Junior Lien Bonds held as direct placements, as summarized in the table below:

| <u>Series</u> | <u>Outstanding Principal Amount</u> | <u>Put Date</u> | <u>Maturity Date</u> | <u>Interest Rate Mode</u> | <u>Purchaser</u> |
|----------------------|--|------------------------|-----------------------------|----------------------------------|------------------------------|
| 2015B | \$75,000,000 | None | 12/01/2024 | Fixed Rate | Bank of America, N.A. |
| 2015C | \$25,640,000 | None | 12/01/2034 | Fixed Rate | Citibank, N.A. |
| 2017E | \$67,185,000 | None | 12/01/2028 | Fixed Rate | Citibank, N.A. |
| 2017F | \$113,165,000 | None | 12/01/2028 | Fixed Rate | Bank of America, N.A. |
| Junior 2017C | \$24,615,000 | None | 12/01/2037 | Fixed Rate | Citibank, N.A. |
| 2019 | \$29,640,000 | None | 12/01/2034 | Fixed Rate | DNT Asset Trust |
| 2020A | \$23,285,000 | 12/01/2022 | 12/01/2039 | Variable Rate | Bank of America, N.A. |
| 2020B | \$85,640,000 | 10/01/2021 | 12/01/2033 | Variable Rate | Bank of America, N.A. |
| 2020C | \$112,500,000 | 12/01/2023 | 12/01/2033 | Variable Rate | JPMorgan Chase Bank, N.A. |

SOURCE: Wayne County Airport Authority, April 2021.

Debt Service Requirements. The following table sets forth the annual debt service requirements accruing in each Bond Year on the outstanding Senior Lien Bonds, the outstanding Junior Lien Bonds and the Series 2021 Bonds following the date of issuance of the Series 2021 Bonds:

| Bond Year Ending December 1 | Outstanding Senior Lien Bonds⁽¹⁾⁽²⁾⁽³⁾ | Series 2021 Bonds⁽³⁾ | Total Outstanding Senior Lien Bonds ⁽¹⁾⁽²⁾⁽³⁾ | Outstanding Junior Lien Bonds | Total Debt Service ⁽¹⁾⁽²⁾⁽³⁾ |
|--|--|--|---|--|--|
| 2021 | \$169,876,115 | \$ - | \$169,876,115 | \$10,630,550 | \$180,506,665 |
| 2022 | 167,228,330 | 2,779,601 | 170,007,931 | 10,634,300 | 180,642,231 |
| 2023 | 167,689,964 | 5,691,921 | 173,381,885 | 10,636,050 | 184,017,935 |
| 2024 | 166,159,597 | 7,729,000 | 173,888,597 | 10,635,300 | 184,523,897 |
| 2025 | 165,100,301 | 7,719,000 | 172,819,301 | 10,591,550 | 183,410,851 |
| 2026 | 165,342,258 | 7,709,000 | 173,051,258 | 10,591,300 | 183,642,558 |
| 2027 | 165,447,210 | 7,699,000 | 173,146,210 | 10,591,800 | 183,738,010 |
| 2028 | 163,925,297 | 7,689,000 | 171,614,297 | 10,642,300 | 182,256,597 |
| 2029 | 129,920,888 | 12,799,000 | 142,719,888 | 10,644,550 | 153,364,438 |
| 2030 | 129,526,263 | 12,798,000 | 142,324,263 | 10,640,050 | 152,964,313 |
| 2031 | 129,358,441 | 12,798,750 | 142,157,191 | 10,638,300 | 152,795,491 |
| 2032 | 129,138,072 | 12,795,500 | 141,933,572 | 10,643,300 | 152,576,872 |
| 2033 | 123,033,330 | 12,797,750 | 135,831,080 | 10,623,800 | 146,454,880 |
| 2034 | 115,675,916 | 12,794,500 | 128,470,416 | 10,625,250 | 139,095,666 |
| 2035 | 78,357,210 | 12,795,250 | 91,152,460 | 10,624,050 | 101,776,510 |
| 2036 | 78,361,077 | 12,794,000 | 91,155,077 | 10,619,550 | 101,774,627 |
| 2037 | 79,588,210 | 12,795,000 | 92,383,210 | 10,626,000 | 103,009,210 |
| 2038 | 77,629,686 | 12,797,250 | 90,426,936 | - | 90,426,936 |
| 2039 | 59,869,868 | 12,794,750 | 72,664,618 | - | 72,664,618 |
| 2040 | 51,422,750 | 12,796,750 | 64,219,500 | - | 64,219,500 |
| 2041 | 51,414,500 | 12,797,000 | 64,211,500 | - | 64,211,500 |
| 2042 | 51,412,500 | 12,794,500 | 64,207,000 | - | 64,207,000 |
| 2043 | 39,066,500 | 12,793,250 | 51,859,750 | - | 51,859,750 |
| 2044 | 35,943,500 | 12,792,000 | 48,735,500 | - | 48,735,500 |
| 2045 | 27,077,750 | 12,794,500 | 39,872,250 | - | 39,872,250 |
| 2046 | 7,810,000 | 12,794,250 | 20,604,250 | - | 20,604,250 |
| 2047 | 7,803,500 | - | 7,803,500 | - | 7,803,500 |
| 2048 | 5,885,250 | - | 5,885,250 | - | 5,885,250 |
| TOTAL | 2,739,064,284 | 277,338,522 | 3,016,402,805 | 180,638,000 | 3,197,040,805 |

(1) Outstanding Senior Lien Bond debt service for 2021 is based on actual deposits for the June 1, 2021 payments and estimated December 1, 2021 payments assuming a 2.50% interest rate on variable rate bonds.

(2) Series 2020A Bonds, Series 2020B Bonds and Series 2020C Bonds assume an interest rate of 2.50%.

(3) Net of capitalized interest.

PFC Revenues

Under the Aviation Safety and Capacity Expansion Act of 1990 (the “PFC Act”), the FAA may authorize a public agency which controls an airport to impose a PFC of up to \$4.50 for each qualifying enplaned passenger at such airport to be used to finance eligible airport-related projects. In order to receive authorization to impose a PFC and use the PFC revenue, the public agency must submit an application requesting that the FAA approve the imposition of a PFC for, and the use of PFC revenues on, specific eligible projects described in such application. PFCs are collected on behalf of airports by air carriers and their agents (the “Collecting Carriers”) and remitted to the public agency.

Many of the PFC-eligible projects in the Capital Improvement Program for the Airport during the period from 1998 to 2007 were funded with the proceeds of Bonds, and the plan of finance for these projects assumed that the Authority would use PFC revenue to pay the Debt Service on the Bonds issued to pay for such PFC-eligible projects to the maximum extent possible. With respect to other PFC-eligible Capital Improvement Program projects, the Authority has funded a portion of the cost of the projects with federal grant funds, and the balance of the cost (the local share) with Bond proceeds, with payment of a portion of the Debt Service on the Bonds to be paid with PFC revenue.

Under its current PFC approvals, the Authority has authority to impose and use \$3.135 billion in PFCs, which includes amounts for the payment of principal, interest and other financing costs on Bonds issued to pay the PFC-eligible costs of the approved projects. The current estimated PFC expiration date is February 1, 2034.

The Authority is obligated under the Airline Agreements with the Signatory Airlines to use PFCs to pay Debt Service on Bonds issued to pay the costs of certain PFC-eligible projects at the Airport. These projects include the construction of portions of both the South Terminal and the North Terminal. Therefore, on a monthly basis, the Authority transfers some of its PFC revenues to the Bond Fund and the Junior Lien Bond Fund for the purpose of paying Debt Service, respectively, on Senior Lien Bonds and Junior Lien Bonds issued to finance such PFC eligible projects.

PFC revenues are driven by enplaned passengers at the Airport, and the amount of PFC revenue collected at the Airport in 2020 decreased significantly as a result of the COVID-19 pandemic. PFCs collected, including investment income thereon, for 2020 were \$34,360,933, which was substantially less the 2019 PFC collections of \$54,943,798. See APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Financial Framework and Analysis.”

The amount of PFC revenue collected for the Airport in past years has varied, and in future years will vary, based upon many factors, including compliance with federal law and regulations, passenger enplanement levels, as well as continuation of the PFC program. No assurance can be given that the forecasted level of enplanements will be realized or that any other factor affecting PFC revenue will not occur that adversely impacts the Authority. A shortfall in projected PFC collections could increase the amounts of Net Debt Service included in the rates and charges of the airlines operating at the Airport. See “INVESTMENT CONSIDERATIONS – Availability of PFC Revenues and Other Sources of Funding” herein.

Other Post Retirement Benefit Obligations

The Authority provides medical benefits for certain eligible Authority retirees pursuant to various collective bargaining agreements and other employee benefit plan documents. Benefits are provided through the Wayne County Airport Authority Retiree Healthcare Plan (“Retiree Healthcare Plan”), a single employer defined benefit plan administered by the Municipal Employees’ Retirement System (“MERS”) of Michigan. Benefits are provided after normal retirement subject to age and service requirements. Benefits are provided after an approved duty disability retirement with no age or service requirements. Medical and prescription drug coverage is provided to retirees and their eligible dependents, but become secondary once the retiree reaches Medicare eligibility. No Authority employee hired after 2012 is eligible for retiree healthcare benefits.

The Authority has established an Act 149 Health Care Trust (the “Trust”) as a mechanism for funding the Retiree Healthcare Plan. The assets of the Trust are invested in a MERS of Michigan Retiree Health Funding Vehicle, which is held in a separate reserve, but invested on a pooled basis by MERS with other governmental units.

The balance in the Trust as of December 31, 2020 was \$88,983,656. To date, the Authority has not utilized funds from the Trust to pay retiree healthcare costs, but rather accumulates funds for the payment of future benefits.

During the fiscal year ended September 30, 2018, the Authority adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment obligations. Upon implementing the statement, the Authority recognized a net other postemployment benefit liability at September 30, 2018 of \$56,741,775. As of December 31, 2020, the net other postemployment benefit liability has been reduced to \$34,181,172, the difference between the total liability (\$123,164,830) and the balance of Trust assets (\$88,983,658).

Additionally, the post-retirement benefit obligations for County employees who retired prior to September 1, 2002 with service credit in the County's former Division of Airports (the "Pre-2002 Airport Retirees") are pooled with the post-retirement healthcare costs of all other County retirees who retired prior to September 1, 2002 (the "Pre-2002 County Retiree Pool"). Members of the Pre-2002 County Retirement Pool are provided stipend payments in lieu of healthcare benefits upon meeting certain eligibility requirements. To date, the Authority has made \$1.7 million in payments related to the stipend benefits. The Authority's estimated liability for this obligation, as calculated in the GASB 74/75 Actuarial Valuation Fiscal Year Ending September 30, 2020 Wayne County Report, was \$4,218,000, and is presented as "due to other governmental units" in the Authority's FY 2020 Statement of Net Position.

Authority Pension Obligations

Since the date the Authority assumed exclusive operational jurisdiction and control of the Airports under the Authority Act (August 9, 2002), the Authority's employees have continued to participate in retirement plans managed by the Wayne County Employees' Retirement System ("WCERS"). Prior to September 30, 2007, Authority and County pension assets were combined. Since September 30, 2007, WCERS has (i) separately accounted for the pension assets and liabilities associated with the Authority's employees, retirees and beneficiaries (such individuals are collectively referred to as the "Authority Members"), (ii) provided the Authority discretion to modify pension benefits provided to the Authority Members, and (iii) provided the Authority control over various aspects of WCERS as it relates to the Authority Members. Authority Members are only eligible to participate in and accrue benefits in the Authority's retirement plans.

In 2015, the County Commission and WCERS authorized WCERS to operate as an "agent multiple-employer plan," as defined by the Governmental Accounting Standards Board. The County Commission and WCERS each confirmed the Authority's status as an independent adopting employer of the agent multiple-employer plans managed by WCERS, and, pursuant to the approval of the Authority Board, effective July 15, 2015, the Authority and WCERS entered into an Agreement to Serve as Investment Fiduciary and Plan Administrator. This agreement memorializes the Authority's status as an independent adopting employer of the agent multiple employer plans managed by WCERS, as well as an agreement between the Authority and WCERS concerning the services to be provided by WCERS to the Authority with respect to the Authority's retirement plans managed by WCERS and the remuneration to be provided to WCERS by the Authority and the retirement plans of the Authority. As a result, the Authority's retirement plans are administered by WCERS, but are no longer considered part of a cost-sharing plan with WCERS. Pursuant to the WCERS Annual Actuarial Valuation Report, as prepared by Gabriel Roeder Smith & Company, as of the September 30, 2020 valuation date, the Authority's pension plans were 79% funded, with approximately \$178,467,000 of accrued liabilities and \$141,664,394 of assets (funding value).

Pursuant to the Authority Act, the Authority has accepted responsibility for the pension funding for the Pre-2002 Airport Retirees. The Authority and the County have agreed that 10.25% of the total unfunded actuarial accrued liability ("UAAL") for County employees who retired prior to September 1, 2002 (the "Pre-2002 Retirees") at any given time shall be allocable to the Pre-2002 Airport Retirees and, by extension, shall be payable by the Authority. The Pre-2002 Airport Retirees represent a subset of all Pre-2002 Retirees.

In order to decrease the UAAL allocable to the Pre-2002 Airport Retirees, the Authority agreed to make accelerated payments to WCERS of this liability in a total amount equal to \$22 million, with \$4.4 million payable per Operating Year for Operating Years 2016 to 2020. As of September 30, 2019, the Authority had completed the agreed upon \$22 million in payments to WCERS. A Memorandum of Understanding executed by the Authority, the

County and WCERS, which was effective August 15, 2017 (the “Memorandum of Understanding”), defines the Authority’s share of funding for the Pre-2002 Retirees and other key terms of the Authority’s arrangement with the County and WCERS. As set forth in the Memorandum of Understanding, an actuarial valuation as of September 2020 was scheduled to be completed in 2021 to develop an estimate of any further pension funding obligations of the Authority with respect to the Pre-2002 Airport Retirees. Pursuant to the Memorandum of Understanding, a final determination regarding the settlement of such pension funding obligations is further subject to good faith negotiation between the Authority and the County.

Financial Operations

Historical Operating Results. The audited financial statements of the Airport for the Operating Year ended December 31, 2020, together with the report of Plante & Moran, PLLC, independent auditors, relating thereto, are included herein as APPENDIX B.

Beginning on January 1, 2020, the Authority’s Operating Year was changed to be the 12-month period ending December 31st. Prior to the effectiveness of this change of fiscal year end, the Authority’s Operating Year was the 12-month period ending September 30th.

The following table sets forth audited historical operating results of the Airport for Operating Years 2017 through 2020 under accounting principles generally accepted in the United States.

HISTORICAL OPERATING RESULTS
Detroit Metropolitan Wayne County Airport
For Operating Years 2017-2020*
(In Thousands)

| | <u>OY 2017</u> | <u>OY 2018</u> | <u>OY 2019</u> | <u>OY 2019S*</u> | <u>OY 2020</u> |
|---|-----------------|-----------------------------|----------------|------------------|-----------------|
| Operating revenues: | | | | | |
| Airport landing and related fees | \$ 79,494 | \$ 76,739 | \$ 79,731 | \$ 20,213 | \$ 57,545 |
| Concession fees | 64,702 | 68,951 | 69,305 | 16,790 | 32,748 |
| Parking fees | 76,707 | 80,248 | 83,657 | 21,834 | 34,905 |
| Hotel | 29,928 | 31,368 | 32,735 | 8,816 | 12,224 |
| Rental facilities | 104,525 | 110,372 | 116,792 | 28,385 | 99,496 |
| Utility service fees | 4,903 | 4,970 | 4,739 | 1,165 | 3,759 |
| Other | 4,795 | 6,430 | 6,312 | 1,614 | 14,799 |
| Total operating revenues | <u>365,055</u> | <u>379,078</u> | <u>393,271</u> | <u>98,817</u> | <u>255,476</u> |
| Operating expenses: | | | | | |
| Salaries, wages, and fringe benefits | 108,986 | 94,558 | 91,435 | 30,992 | 78,159 |
| Parking management | 7,987 | 8,405 | 7,607 | 1,823 | 5,488 |
| Hotel management | 18,049 | 19,775 | 20,703 | 5,534 | 11,128 |
| Janitorial services | 13,515 | 14,406 | 16,917 | 4,120 | 14,038 |
| Security | 5,149 | 6,031 | 6,000 | 1,553 | 4,881 |
| Utilities | 22,662 | 23,253 | 22,403 | 5,196 | 19,153 |
| Repairs, professional services, and other | 84,207 | 93,537 | 100,267 | 23,791 | 77,929 |
| Depreciation | 130,406 | 120,446 | 120,674 | 30,530 | 131,066 |
| Total operating expenses | <u>390,961</u> | <u>380,411</u> | <u>386,006</u> | <u>103,538</u> | <u>341,843</u> |
| Operating loss | <u>(25,906)</u> | <u>(1,333)</u> | <u>7,266</u> | <u>(4,721)</u> | <u>(86,367)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Passenger facility charges | 68,128 | 69,774 | 72,761 | 16,415 | 28,408 |
| Customer facility charges | 4,442 | 4,549 | 22,131 | 5,726 | 4,951 |
| Federal and state grants | 6,650 | 6,650 | 8,497 | 1,784 | 118,169 |
| Net insurance recovery | — | — | — | — | 458 |
| Interest income and other | 3,582 | 7,612 | 16,576 | 2,528 | 4,550 |
| Interest expense and other | (80,962) | (84,868) | (88,023) | (20,717) | (78,130) |
| Amortization of bond issuance costs | (175) | (101) | (42) | (11) | (42) |
| Total nonoperating revenue | <u>1,664</u> | <u>3,616</u> | <u>31,900</u> | <u>5,726</u> | <u>78,363</u> |
| Net loss before capital contributions and transfers | <u>(24,242)</u> | <u>2,283</u> | <u>39,166</u> | <u>1,005</u> | <u>(8,004)</u> |
| Capital contributions | 7,278 | 389 | 33,136 | 1,125 | 26,909 |
| Transfers out | (3,327) | (2,467) | (3,524) | (1,384) | (11,503) |
| Changes in net position | <u>(20,291)</u> | <u>205</u> | <u>68,778</u> | <u>745</u> | <u>7,402</u> |
| Net position – beginning of year | <u>161,255</u> | <u>74,127⁽¹⁾</u> | <u>74,332</u> | <u>143,110</u> | <u>143,856</u> |
| Net position – end of year | <u>140,964</u> | <u>74,332</u> | <u>143,110</u> | <u>143,856</u> | <u>151,257</u> |

* From 2020 the Operating Year (Fiscal Year) changed from year-ended September 30 to year-ended December 31. OY 2019S represents the three-month Stub Period of October 1, 2019 to December 31, 2019.

⁽¹⁾ In 2018, the Airport restated beginning net position to \$74,127 (see Note 2 of 2018 financial statements for additional discussion). This amount less the 2018 decrease in net position is used to arrive at ending net position.

SOURCE: Audited Financial Statements of the Wayne County Airport Authority
See accompanying independent auditor's report.

The financial information presented above is prepared in accordance with U.S. generally accepted accounting principles using the full accrual basis of accounting. Depreciation expense is determined in accordance with the Authority's accounting policies, which provide for straight-line depreciation over the estimated useful lives of the assets acquired. Due to the Authority's major capital expansion program, significant additional depreciation expense has been recorded over the past several years as calculated in accordance with accounting principles generally accepted in the United States. The recording of this additional depreciation expense has resulted in significant operating losses. Depreciation expense is considered a non-cash transaction. The Authority generates enough cash to pay all operating bills and debt service, has positive working capital, and has a strong positive cash flow from operations. Depreciation expense is not considered in calculating required Activity Fees using the Authority's residual rate setting methodology.

Similarly, grants, capital contributions and PFCs are not considered Revenues under the Master Bond Ordinance or the Airline Agreements for purposes of the residual methodology for calculating Activity Fees. However, pursuant to the Airline Agreements, PFCs are included as a credit in the residual Activity Fee calculation as the Authority transfers PFCs, monthly, into the Bond Fund and/or Junior Lien Bond Fund to pay eligible Debt Service. Interest earnings on the Construction Fund, Bond Fund and Junior Lien Bond Fund accounts are applied in accordance with the Master Bond Ordinance.

Airline Revenue Requirement. The Master Bond Ordinance requires the Authority to adopt, prior to the commencement of each Operating Year, a budget covering the Operation and Maintenance Expenses of the Airport, the Debt Service payable on Senior Lien Bonds and Junior Lien Bonds, and other known monetary requirements of the Master Bond Ordinance and the Airport for such Operating Year. The Airline Agreements require the Authority to provide the Signatory Airlines with a projection of rentals and the Activity Fee rate for each Operating Year at least sixty (60) days prior to the beginning of the Operating Year. As described in APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS," airline rates, fees and charges currently are calculated based on an Airport-wide residual rate setting methodology for Activity Fees, with terminal rental rates calculated based on costs allocated to the terminal costs centers. Following the end of each Operating Year, the Authority must provide the Signatory Airlines with a report of rentals and Activity Fees actually chargeable for such year based on actual data for the year. The Signatory Airlines are required to pay additional amounts owed, and the Authority is required to refund airline overpayments, if the rates on which Signatory Airline Activity Fee and terminal rental payments had been based during the year were either too low or too high based on actual data. See APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS."

The following table sets forth the Airport's operating revenues, operating expenses and non-operating revenues for Operating Year 2017 through Operating Year 2020 and the Authority's budgeted Airport operating revenues, operating expenses and non-operating revenues for Operating Year 2021 (as approved by the Board on December 2, 2020), in each case shown on the basis of the residual airline rate-making methodology under the Airline Agreements.

**Detroit Metropolitan Wayne County Airport
Operating and Maintenance Fund
For Operating Years 2016-2020*
(In Thousands, except as noted)**

| | OY 2017 | OY 2018 | OY 2019 | OY 2019S* | OY 2020 | OY 2021 | OY 2020 Actual vs OY 2019 Actual | |
|---|------------------|------------------|------------------|-----------------|-----------------|------------------|----------------------------------|---------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | \$ | % |
| Airline revenues: | | | | | | | | |
| Landing and related fees | \$ 79,494 | \$ 76,739 | \$ 79,731 | \$ 20,213 | \$ 57,545 | \$ 104,904 | \$ (22,186) | -27.8% |
| Terminal building rentals and fees | 81,982 | 84,732 | 88,897 | 21,347 | 85,688 | 98,702 | (3,209) | -3.6% |
| Facility use fees | 8,475 | 8,876 | 9,714 | 2,116 | 2,276 | 4,223 | (7,438) | -76.6% |
| Total airline revenues | 169,951 | 170,348 | 178,343 | 43,676 | 145,509 | 207,829 | (32,834) | -18.4% |
| Non-airline revenues: | | | | | | | | |
| Parking fees | 76,707 | 80,248 | 83,657 | 21,834 | 34,905 | 51,215 | (48,752) | -58.3% |
| Hotel | 29,928 | 31,368 | 32,735 | 8,816 | 12,224 | 21,325 | (20,511) | -62.7% |
| Car rental | 24,950 | 26,164 | 25,867 | 6,104 | 11,476 | 15,096 | (14,391) | -55.6% |
| Concession fees | 39,290 | 42,298 | 42,937 | 10,562 | 21,073 | 22,896 | (21,864) | -50.9% |
| Ground transportation | 7,814 | 10,199 | 11,375 | 3,133 | 3,781 | 6,237 | (7,594) | -66.8% |
| Shuttle bus | 2,833 | 2,891 | 3,049 | 774 | 3,742 | 3,000 | 693 | 22.7% |
| Other | 13,267 | 14,145 | 14,587 | 3,813 | 16,817 | 11,581 | 2,230 | 15.3% |
| Total non-airline revenues | 194,790 | 207,315 | 214,207 | 55,035 | 104,018 | 131,350 | (110,189) | -51.4% |
| Total operating revenues | 364,740 | 377,662 | 392,550 | 98,712 | 249,527 | 339,179 | (143,023) | -36.4% |
| Operating expenses: | | | | | | | | |
| Salaries, wages and fringe benefits | 86,231 | 94,533 | 96,820 | 26,149 | 88,592 | 77,000 | (8,228) | -8.5% |
| Hotel management | 18,612 | 19,702 | 19,746 | 5,399 | 10,550 | 14,457 | (9,196) | -46.6% |
| Materials and supplies | 9,371 | 10,287 | 9,620 | 2,182 | 6,315 | 6,348 | (3,305) | -34.4% |
| Parking management expense | 7,987 | 8,405 | 7,607 | 1,823 | 5,488 | 6,937 | (2,120) | -27.9% |
| Shuttle bus services | 8,169 | 6,849 | 7,779 | 2,002 | 7,316 | 10,105 | (463) | -5.9% |
| Janitorial services | 13,515 | 14,406 | 16,917 | 4,120 | 14,038 | 18,263 | (2,880) | -17.0% |
| Security | 5,149 | 6,031 | 6,000 | 1,553 | 4,881 | 5,300 | (1,119) | -18.6% |
| Professional & other contractual services | 23,980 | 28,043 | 26,258 | 7,244 | 22,131 | 25,609 | (4,127) | -15.7% |
| Utilities | 22,947 | 23,388 | 22,870 | 5,196 | 19,217 | 21,752 | (3,653) | -16.0% |
| Buildings and grounds maintenance | 13,725 | 13,724 | 17,496 | 3,525 | 11,733 | 13,178 | (5,762) | -32.9% |
| Equipment repair and maintenance | 18,526 | 19,315 | 18,950 | 5,216 | 15,638 | 20,718 | (3,312) | -17.5% |
| Insurance | 2,049 | 1,902 | 1,878 | 460 | 1,942 | 1,877 | 64 | 3.4% |
| Other operating expenses | 4,673 | 4,634 | 5,725 | 1,397 | 3,574 | 3,316 | (2,151) | -37.6% |
| Operations and maintenance capital | 13,216 | 8,816 | 10,177 | 2,470 | 8,264 | 4,682 | (1,913) | -18.8% |
| Total operating expenses | 248,149 | 260,036 | 267,845 | 68,733 | 219,681 | 229,543 | (48,164) | -18.0% |
| Operating income (loss) | 116,591 | 117,626 | 124,705 | 29,978 | 29,846 | 109,636 | (94,859) | -76.1% |
| Non-operating revenues (expenses): | | | | | | | | |
| Interest income and other | 354 | 792 | 1,568 | 544 | 764 | 1,000 | (805) | -51.3% |
| Federal and state grants ⁽¹⁾ | 1,713 | 1,044 | 1,116 | 275 | 114,288 | 25,210 | 113,171 | 10137.9% |
| Net debt service | (93,681) | (93,482) | (98,424) | (23,477) | (124,120) | (113,749) | (25,696) | 26.1% |
| Hotel management | (7,684) | (7,474) | (8,510) | (2,200) | (6,767) | (6,598) | 1,743 | -20.5% |
| Funding requirements | (17,293) | (18,506) | (20,456) | (5,121) | (14,011) | (15,500) | 6,445 | -31.5% |
| Total non-operating revenues (expenses) | (116,591) | (117,626) | (124,705) | (29,978) | (29,846) | (109,636) | 94,859 | -76.1% |
| Net income (loss) before capital contributions & transfers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |

*Beginning January 1, 2020, the Operating Year (Fiscal Year) changed from year-ended September 30 to year-ended December 31. OY 2019S represents the three-month Stub Period of October 1, 2019 to December 31, 2019.

(1) OY 2020 includes \$113M of CARES Act grant reimbursements.

Management Discussion of Airport Financial Operations

In Operating Year 2017, on the expense side, the Authority increased janitorial frequencies for the North Terminal, enhanced employee screening in both terminals, added new shuttle busses and completed one-time technology initiatives. Additional revenue was generated from parking fees and the commencement of operations at the Airport in March 2017 of transportation network companies (“TNC”) Uber and Lyft. Further, the Authority began receiving payments from the State of Michigan for a portion of Aviation Fuel Tax revenue which is used to offset airfield debt service. Total operating revenues for Operating Year 2017 increased by \$5.3 million (1.5%), and airline cost per enplanement was \$9.83.

In Operating Year 2018, higher than average snowfall in the region drove increased Airport expenses for contractual snow removal, bulk chemicals, utilities and staff overtime. The Authority also incurred increased expenses for janitorial services, and equipment repair and maintenance contract renewals for the McNamara Terminal and various other Airport buildings. Increased security expenses reflected the first full year of the implementation of enhanced employee screening for both terminals, which began in Operating Year 2017. Anticipated parking and road maintenance added expense pressure, however the Authority reduced operating capital to offset the full impact of these increases. Concession revenue increased in Operating Year 2018, attributable to a full year impact of a new duty-free concession program for both the McNamara and North Terminals and completion of changeover of the retail concessions in the North Terminal. TNC, car rental and other revenues helped to offset Operating Year Airport expenses. Total operating revenues for Operating Year 2018 increased by \$12.9 million (3.5%), and airline cost per enplanement was \$9.70.

In Operating Year 2019, Authority expenses were driven by increased funding for retiree healthcare, and additional police staff to offset overtime. Final accelerated payments of \$6.6 million were made to WCERS for the Pre-2002 Airport Retirees related to the unfunded liability discussed under the caption “Authority Pension Obligations” above. The Authority also developed a more robust snow plan, adding maintenance staff and equipment. Due to an increased demand at the Airport for international travel, the Authority entered into an agreement with U.S. Customs and Border Protection to process passengers outside of normal operating hours for both terminals, which increased other operating expenses. Capital initiatives for the North Terminal in Operating Year 2019 included upgrades to the jet bridges, flight information displays (FIDs) and airfield ramp lighting. Debt service attributed to both terminals increased in due to terminal-specific, Bond-funded projects coming online. Growth in parking, TNC, Westin Hotel and other non-airline revenues offset increased Operating Year 2019 expenses. Total operating revenues for Operating Year 2019 increased by \$14.9 million (3.9%), and airline cost per enplanement was \$9.84.

In Operating Year 2020, the timing of the COVID pandemic allowed the Authority to take decisive actions in response to swift reductions in both airline and non-airline revenues. The Authority deferred or eliminated budgeted expenses and one-time projects, reduced non-essential operations and offered retirement incentives to help offset costs. The Authority cut \$48.1 million from operating expenses; however the reduction in PFC revenue caused by the significant reduction in enplaned passengers at the Airport, which otherwise would have offset net debt service, increased non-operating expenses by \$94.9 million. In response to requests for relief from concession and rental car tenants, the Authority was able to implement the contractual language in many agreements which allowed for a reduction in MAG/MCF if a certain level of enplanements was realized. The Authority adopted a COVID-19 Hardship Relief Policy which reduced concession and car rental revenues. Other non-airline revenues including parking, hotel and ground transportation were significantly impacted by the reduction in passenger traffic at the Airport. Due to the enactment of the CARES Act legislation by the U.S. government to help airports continue to pay their operating and debt service expenses in response to the swift decline in revenues, the Authority was able to utilize \$113.1 of CARES Act funds to help cover Airport expenses, as described under the caption “IMPACT OF COVID-19 ON THE AIRPORT - Government Stimulus and Relief Measures” above. Total operating revenues for Operating Year 2020 decreased by \$143.0 million (36.4%), and airline cost per enplanement was \$20.71.

On December 2, 2020, the Authority Board approved the Operating Year 2021 budget, which assumed the continued impact of COVID on the Authority and a conservative increase in passengers and aircraft operations. The Authority’s budgeted operating expenses for Operating Year 2021 represent a reduction of \$38.3 million (14.3%) from Operating Year 2019 expenses, and an increase of \$9.9 million (4.5%) from Operating Year 2020 expenses. The Authority continues to strongly manage expenses with an emphasis on maintaining the Airport runways and

taxiways, while keeping the travelling public safe. This is reflected in the budgeted increases in contractual services and maintenance expenses. Shuttle bus expenses are increasing due to new shuttle buses which were ordered pre-COVID. Budgeted increases in hotel expenses, parking management costs and janitorial expenses can be attributed to the anticipated growth in passenger throughput. Higher passenger numbers also are driving the \$27.3 million (26.3%) budgeted increase from Operating Year 2020 in non-airline revenues, which include parking, hotel, concessions, and car rental revenues. Net debt service continues to increase relative to Operating Year 2019 due to lower budgeted PFC revenue offsets to debt service, driven by reduced passenger levels. The Authority also included \$22 million of CARES Act funds in its Operating Year 2021 budget as a supplement to offset decreases in non-airline revenues. The budgeted cost per enplanement for Operating Year 2021 is \$18.89.

Historical Debt Service Coverage

The following table presents the historical debt service coverage for Senior Lien Bonds and Junior Lien Bonds for Operating Years 2016 through 2020.

HISTORICAL DEBT SERVICE COVERAGE
Detroit Metropolitan Wayne County Airport
For Operating Years 2016-2020*
(Amounts in thousands of dollars, except as noted)
(Unaudited)

| | OY 2016 | OY 2017 | OY 2018 | OY 2019 | OY 2019S* | OY 2020 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | | | |
| Revenues | \$ 362,729 | \$ 366,807 | \$ 379,498 | \$ 395,849 | \$ 99,539 | \$ 364,623 |
| Revenue Fund Balance at Beginning of Year | 59,661 | 55,163 | 55,853 | 55,898 | 57,483 | 46,659 |
| Other Available Monies: | | | | | | |
| PFC Contributions | 66,178 | 66,473 | 73,174 | 70,941 | 18,850 | 38,795 |
| Other | 4,604 | 6,751 | 4,550 | 8,696 | 2,039 | 6,401 |
| Interest Income Generated in Bond Funds and Reserves | 8,091 | 5,649 | 5,415 | 2,817 | 628 | 6,032 |
| Total Revenues | \$ 501,263 | \$ 500,843 | \$ 518,490 | \$ 534,201 | \$ 178,539 | \$ 462,510 |
| Operation and Maintenance Expenses: | \$ 259,980 | \$ 258,266 | \$ 271,452 | \$ 279,746 | \$ 71,822 | \$ 223,182 |
| Net Revenues Available for Senior Lien Debt Service | \$ 241,283 | \$ 242,577 | \$ 247,038 | \$ 254,455 | \$ 106,717 | \$ 239,328 |
| Bond Debt Service - Senior Lien | \$ 172,095 | \$ 167,681 | \$ 174,462 | \$ 183,299 | \$ 45,454 | \$ 170,900 |
| Debt Service Coverage for Senior Lien Bonds | 1.40 | 1.45 | 1.42 | 1.39 | 2.35 | 1.40 |
| Net Revenues Available for Junior Lien Debt Service | \$ 69,188 | \$ 74,896 | \$ 72,576 | \$ 71,156 | \$ 61,263 | \$ 68,428 |
| Bond Debt Service - Junior Lien | \$ 12,270 | \$ 12,276 | \$ 11,190 | \$ 10,514 | \$ 2,658 | \$ 10,631 |
| Debt Service Coverage for Junior Lien Bonds | 1.31 | 1.35 | 1.33 | 1.31 | 2.22 | 1.32 |

SOURCE: Wayne County Airport Authority.

* Beginning on January 1, 2020, the Authority's Operating Year is the 12-month period ending December 31st. Prior to this change in fiscal year end, the Authority's Operating Year was the 12-month period ending September 30th. Operating Year 2019S represents the accounting stub period of October 1, 2019 to December 31, 2019.

For a discussion of forecasted debt service coverage for Operating Years 2021 through 2026 on Outstanding Senior Lien Bonds (including debt service requirements on the Series 2021 Bonds and the Other Approved Capital Projects Future Bonds) and on Outstanding Junior Lien Bonds, see "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT" below and APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT."

SERIES 2021 REPORT OF THE AIRPORT CONSULTANT

The firm of Landrum & Brown, Incorporated (“L&B”), in association with Partners for Economic Solutions, has prepared a Report of the Airport Consultant dated June 1, 2021 (the “Series 2021 Report of the Airport Consultant”), a copy of which is included in this Official Statement as APPENDIX A, in connection with the issuance by the Authority of the Series 2021 Bonds. The Series 2021 Report of the Airport Consultant forecasts Net Revenues, Revenue Fund balances and Other Available Moneys sufficient to meet the requirements of the Rate Covenant with respect to Senior Lien Bonds and the Junior Lien Bonds.

As described in the Series 2021 Report of the Airport Consultant, in addition to all Outstanding Senior Lien Bonds and Junior Lien Bonds, the Series 2021 Report of the Airport Consultant further includes in its financial analysis the issuance and delivery of the Series 2021 Bonds and the Other Approved Capital Projects Future Bonds. See APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT.”

As further described in the Series 2021 Report of the Airport Consultant, the Authority currently projects that approximately \$508.9 million will be required from the proceeds of Additional Bonds to complete the funding of the 2021 – 2025 CIP capital projects (which amount does not include the Other Approved Capital Projects Future Bonds). The Authority does not yet have a specific plan for the amount and timing of such Additional Bonds because the estimated project costs and schedules of many of the 2021 – 2025 CIP capital projects still are being developed and the Authority has not yet requested Weighted Majority approval for such projects. For these reasons, the estimated debt service on such Additional Bonds has not been included in the financial projections contained in the Series 2021 Report of the Airport Consultant.

On the basis of the assumptions and analyses described in the Series 2021 Report of the Airport Consultant, L&B is of the opinion that (i) sufficient revenues will be generated to pay the Authority’s requirements for its Operation and Maintenance (O&M) Fund, Bond Fund, Junior Lien Bond Fund, O&M Reserve Fund, Renewal and Replacement Fund, Authority Discretionary Fund, Airport Development Fund, and other remaining obligations or requirements of the Authority during the projection period from Operating Year 2021 through Operating Year 2026 through a combination of airline rates and charges and nonairline revenue sources, and (ii) projected airline rates and charges are reasonable on an airline cost per enplaned passenger basis compared to other large-hub U.S. airports.

The Series 2021 Report of the Airport Consultant may include adjustments or other factors that result in debt service coverage, airline cost per enplaned passenger or other information that differs from results presented in the Authority’s Comprehensive Annual Financial Report or the Authority’s Operating Year budget or projection. These adjustments include, without limitation, financial projections for Operating Year 2021 that are based on the Authority’s Operating Year 2021 budget, but also incorporate offsets from the Authority’s use of funds provided under the CARES Act and CRRSAA that are not otherwise included in the Authority’s Operating Year 2021 budget.

The information in the table on the following page has been extracted from the Series 2021 Report of the Airport Consultant.

The following table shows forecasted Operating Years 2021 through 2026 Net Revenues, Revenue Fund balances and Other Available Moneys, debt service requirements on Outstanding Senior Lien Bonds (including debt service requirements on the Series 2021 Bonds and the Other Approved Capital Projects Future Bonds) and on Outstanding Junior Lien Bonds, debt service coverage (Senior Lien Bonds and Junior Lien Bonds) and airline cost per enplaned passenger under the Baseline Projection.

DEBT SERVICE COVERAGE FORECAST AND PASSENGER AIRLINE CPE FORECAST
Forecasted Operating Years 2021 through 2026
(Baseline Projection)
(dollars in thousands, except for CPE)

| Operating Year | Net Revenues, Revenue Fund Balances and Other Available Moneys | Total Senior Lien Debt Service Requirements | Senior Lien Debt Service Coverage Ratio | Total Senior Lien and Junior Lien Debt Service Requirements | Senior Lien and Junior Lien Debt Service Coverage Ratio | Airline CPE |
|-----------------------|---|--|--|--|--|--------------------|
| 2021 | \$248,760 | \$167,711 | 1.48x | \$178,342 | 1.39x | \$16.08 |
| 2022 | \$251,682 | \$170,094 | 1.48x | \$180,728 | 1.39x | \$11.72 |
| 2023 | \$256,307 | \$173,914 | 1.47x | \$184,550 | 1.39x | \$10.02 |
| 2024 | \$257,944 | \$175,127 | 1.47x | \$185,758 | 1.39x | \$9.20 |
| 2025 | \$257,140 | \$174,707 | 1.47x | \$185,298 | 1.39x | \$9.28 |
| 2026 | \$258,353 | \$175,549 | 1.47x | \$186,141 | 1.39x | \$9.49 |

SOURCE: Landrum & Brown, Inc.

The Series 2021 Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts, including the baseline forecast and the slower recovery scenario, and the underlying assumptions. As noted in the Series 2021 Report of the Airport Consultant, any financial forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those forecasts, and the variations may be material. See APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT.”

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2021 Bonds involve investment risk. Prospective investors are urged to read this Official Statement, including the appendices hereto, in its entirety. The factors set forth herein, among others, may affect the security for and/or trading value of the Series 2021 Bonds. The information herein does not purport to be a comprehensive or exhaustive discussion of all risks or other considerations that may be relevant to an investment in the Series 2021 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. There can be no assurance that other risks or considerations not discussed herein are not material or will not become material in the future.

COVID-19

Airports in the United States, including the Airport, have been materially adversely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. The outbreak has adversely affected domestic and international travel and travel-related industries. Airlines are reporting unprecedented downturns in passenger volumes, which in turn, has resulted in a considerable reduction in scheduled service.

The Authority cannot predict the outcome of many factors that can materially adversely affect the finances or operations of the Airport, including, but not limited to: (a) the scope, duration or extent of the COVID-19 pandemic or any other outbreak or pandemic on: (i) the existing restrictions and warnings or any additional restrictions and warnings which may be imposed by local, state or federal governments, nor the timing of the relaxation or release of such restrictions; and (ii) any additional short- or long-term effects the restrictions and warnings imposed by local, state or federal governments may have on the operations of the Airport and the revenues and expenditures of the Authority; (b) the scope, duration or extent of the COVID-19 pandemic or any other outbreak or pandemic on the local, the State, national or global economy or the impact of such disruption on the operations of the Airport and the revenues and expenditures of the Authority; or (c) whether any of the foregoing

may have a material adverse effect on the operations of the Airport and the revenues and expenditures of the Authority.

Prospective investors should assume that the restrictions and limitations related to the COVID-19 pandemic, and the current upheaval to the air travel industry and the national and global economies, will continue, that recovery may be prolonged and, therefore, such events will have an adverse impact on operations and revenues of the Airport. Future outbreaks, pandemics or events outside the Authority's control may further reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in the Airport's operations and revenues.

For a discussion of existing and potential future impacts on the operations and financial condition of the Airport, see "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" and APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT."

Delta's Presence at the Airport

Delta is the dominant air carrier operating at the Airport and maintains a large connecting hub at the Airport. Delta and the Delta Connection Carriers accounted for approximately 74.0% of the total enplaned passengers at the Airport for Operating Year 2019, 72.4% of the total enplaned passengers at the Airport for Operating Year 2018 and 73.2% in Operating Year 2017. A significant portion of Delta's enplaned passengers are connecting passengers, or passengers that have a scheduled stop at the Airport and transfer to another flight. In 2020, as a result of the COVID-19 pandemic, Delta experienced a significant decline in enplaned passengers and a decline in market share at the Airport. Delta's enplaned passengers at the Airport decreased from 13,580,977 in 2019 to 4,960,667 in 2020, and Delta and the Delta Connection Carriers accounted for approximately 70.6% of the total enplaned passengers at the Airport in 2020. See APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Air Service and Traffic Analysis."

As a result of the Airport's geographic location, facilities and capabilities and Delta's investment in the Airport, the Authority expects, as supported by the Series 2021 Report of the Airport Consultant, that the Airport will remain a system hub for Delta; however, no assurance can be given to that effect or with regard to Delta's future level of activity at the Airport, regardless of Delta's financial condition. If, for whatever reason, Delta discontinues or reduces its hubbing operations at the Airport, its current level of activity at the Airport may not be replaced by other carriers. See "DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Airlines Providing Service at the Airport – *Delta Air Lines*" above. Such a change in Delta's activity at the Airport could result in differences to the projections presented in the Series 2021 Report of the Airport Consultant. See "DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Airlines Providing Service at the Airport" above.

Impact of Regional and National Economic Conditions on the Airport

Historically, airline passenger traffic nationwide has correlated closely with the condition of the United States economy and levels of real disposable income. Previous recessions and periods of stagnant economic conditions in the United States, the State and the Detroit metropolitan area contributed to reduced passenger traffic at the Airport. Future increases in passenger traffic will depend largely on the ability of the United States to sustain growth in economic output and income. The COVID-19 pandemic is materially adversely impacting local, state, national and global economies. The short and long-term effects of these developments on the broader economy are not known at this time. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" and APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT."

The demographic and economic characteristics of the Airport's Air Service Area comprise the underlying components of air transportation demand for passengers and commercial goods. This relationship is particularly true for origination and destination passenger traffic, which is an important component of demand at the Airport. No assurance can be given as to the fiscal health of the United States, the State, the County or the Detroit metropolitan area in the future or the impact, if any, of such challenges to the economic base of the Air Service Area. See APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT."

Financial Condition of Airlines Serving the Airport

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly Delta, to make the necessary investments to continue providing service. 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 or the COVID-19 pandemic. Historically, the airline industry's results have correlated with the performance of the economy. Many of the airlines serving the Airport were impacted by the global economic downturn and recession that occurred between 2008 and 2009 and most domestic airlines suffered significant financial losses. In addition, volatility in the financial and credit markets could have a material adverse effect on the financial condition of the airlines serving the Airport, because such economic conditions make it difficult for certain airlines to obtain financing on acceptable terms to refinance certain maturing debt and to meet further capital needs. The COVID-19 pandemic has exacerbated the issues described above. As a result, there can be no assurances that other national or international fiscal concerns will not have an adverse effect on the airline industry or the individual airlines serving the Airport.

Various travel restrictions, stay-at-home orders, and social distancing guidelines due to COVID 19, and the resulting reduced demand for air travel, have had material adverse financial and operating impacts on the airlines serving the Airport. Heavy losses since March 2020 as a result of the COVID 19 pandemic have led many airlines to subsequently reduce flights and routes, reduce passengers and flight loads per flight, and take steps to potentially furlough thousands of airline employees. For a further discussion of the related effects of the COVID-19 pandemic on the aviation industry, see "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" and APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT."

The aviation industry is sensitive to a variety of factors, including (a) the cost and availability of labor, fuel, aircraft and insurance, (b) general economic conditions, (c) international trade, (d) currency values, (e) competitive considerations, including the effects of airline ticket pricing, (f) traffic and airport capacity constraints, (g) governmental regulation, including security regulations, climate change-related regulations, taxes imposed on airlines and passengers, and maintenance and environmental requirements, (h) passenger demand for air travel, and (i) disruption caused by airline accidents, criminal incidents and acts of war or terrorism. Such factors are not subject to the control of the Authority.

It is reasonable to assume that any significant financial or operational difficulties incurred by Delta, the predominant airline servicing the Airport, could have a material adverse effect on the Airport, although financial or operational difficulties by any of the other Signatory Airlines also may, whether directly or indirectly, have an adverse impact on Revenues or Airport operations, the effect of which may be material. See "– Delta's Presence at the Airport" above. At this time, it is not possible to predict the effect that any financial or operational difficulties incurred by Delta or any other airline serving the Airport could have on the Airport.

Factors Affecting Levels of Aviation Activity at the Airport

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities, terrorist attacks, volcanic or meteorological events and world health concerns, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of travel 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 selection of surface travel over air travel. The Authority cannot predict the likelihood of any such events or their effect on the patterns of air travel and air transportation systems.

In addition, there is no assurance that the Airport, despite a demonstrated stable level of demand for airline service and operations prior to the adverse impact of COVID-19, will maintain such levels in the future. The continued presence of the airlines serving the Airport, and the levels at which that service will be provided, are a function of a variety of factors, including: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor costs and the price of aviation fuel; capacity of the Airport and competition from other airports; and business travel substitutes, including

videoconferencing and web-casting. Many of these factors are beyond the control of the Authority. Accordingly, no assurance can be given as to the levels of aviation activity that will be achieved at the Airport.

Effect of Signatory Airline Bankruptcies

In 2001 through 2013, most major airlines restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, under Chapter 11 bankruptcy protection. Many of the airlines that are, or at one time were, Signatory Airlines, have financially reorganized through the bankruptcy process. In 2020, five regional airlines, ExpressJet (d/b/a United Express), Trans States Airlines (d/b/a United Express) and Compass Airlines (d/b/a American Eagle and Delta Connection), and the charter carriers, Miami Air International, and Shoreline Aviation, each filed for Chapter 11 bankruptcy protection and ceased operations. Additional bankruptcies, liquidations or major restructurings of other airlines could occur, and it is not possible to predict the impact on the Airport of any such future bankruptcies, liquidations or major restructurings of other airlines. A bankruptcy of a Signatory Airline with significant operations at the Airport could have a material adverse effect on operations at the Airport, Revenues and the cost to the other airlines of operating at the Airport.

Currently, the domestic gates and related facilities at the Airport are preferentially leased to the Signatory Airlines pursuant to respective Airline Agreements. International gates are operated on a shared basis. In the event of bankruptcy proceedings involving any Signatory Airline, the debtor or its bankruptcy trustee must determine whether to assume or reject its agreements with the Authority (a) within 120 days (or later if ordered by the court) with respect to its Airline Agreement or leases of non-residential real property, but in no event later than 210 days after the commencement of the bankruptcy case unless additional time is agreed to by the Authority, or (b) prior to the confirmation of a plan of reorganization with respect to any other agreement. However, bankruptcy courts are courts of equity and can, and often do, grant exceptions to these statutory limitations. 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 Airline Agreement or other agreements.

Rejection of an Airline Agreement or other agreement by any Signatory Airline that is a debtor in a bankruptcy proceeding would give rise to an unsecured claim of the Authority against the debtor's estate for damages, the amount of which may be limited by the Bankruptcy Code. However, the amounts unpaid as a result of a rejection of an Airline Agreement by a Signatory Airline in bankruptcy would be included in the calculation of the fees and charges of the remaining Signatory Airlines under their Airline Agreements. See APPENDIX D – "SUMMARY OF THE AIRLINE AGREEMENTS." There is no assurance that the remaining Signatory Airlines would be financially able to absorb such additional costs resulting from such rejection.

Whether or not an Airline Agreement is assumed or rejected in a bankruptcy proceeding, it is not possible to predict the subsequent level of utilization of the gates leased under such agreement. Decreased utilization of gates could have an adverse effect on the cost to the airlines of operating at the Airport.

With respect to any airline that may seek bankruptcy protection under the laws of a foreign country, the Authority is unable to predict what types of orders or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States. Typically, foreign airline bankruptcy proceedings obtain an order in the United States to support and complement the foreign proceedings and stay the actions of creditors in the United States.

Effect of Airline Industry Consolidation and Affiliation

In response to competitive pressures, the United States airline industry significantly consolidated over the period from 2005 to 2016. In 2009, Delta and Northwest merged into a single entity now operating as Delta. In 2010, United Airlines and Continental Airlines merged and now operate as United Airlines. In 2011, Southwest Airlines completed its purchase of AirTran Airways. American Airlines and US Airways completed their merger in 2013, creating the world's largest airline as measured by available seat miles. It is not clear what impact the economic downturn from the COVID-19 pandemic may have on the financial viability of the airlines operating at the Airport, and whether some airline bankruptcies could result in further mergers and acquisitions within the industry. Further, alliances, joint ventures, and other marketing arrangements may provide airlines with many of the

advantages of mergers, and, currently, all of the large U.S. network airlines are members of such alliances with foreign-flag airlines. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines.

To date, these mergers and alliances have not adversely impacted the Airport or the Revenues of the Authority, but it is not possible to predict the future impact, if any, on the Airport of these mergers or alliances. Any further airline consolidation could change airline service patterns, particularly at the connecting hub airports of the merging airlines. Furthermore, if Signatory Airlines merge or form other alliances, gate utilization at the Airport could decrease, which could materially adversely affect Airport operations or financial results, and ultimately the cost to the airlines of operating at the Airport. At this time, it is not possible to predict the effect of any future airline consolidation on connecting activity or gate utilization at the Airport.

Growth of Low-Cost Carriers

A low-cost airline or ultra-low-cost airline (each an “LCC” or “ULCC”) is an airline that generally has lower fares for customers and which is able to take advantage of an operating cost structure that is significantly lower than the cost structures of the network carriers. These lower costs can include lower labor costs, a streamlined aircraft fleet and more efficient operations. Because of these lower cost structures, LCCs/ULCCs can conceivably remain profitable while offering lower fares to the traveling public.

The ULCCs Spirit and Frontier Airlines, together with the LCCs Southwest Airlines and JetBlue Airways, in aggregate, increased their share of the Airport’s domestic origination and destination passengers from approximately 10.5% in Operating Year 2006 to approximately 18.8% in Operating Year 2020. Since 2009, Spirit has grown from about 572,000 enplaned passengers in 2009 to 1.8 million passengers in 2019. In addition, Spirit had the second largest passenger market share at the Airport in 2020 at 13.3%. See APPENDIX A – “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT – Air Service and Air Traffic Analysis – AIR TRAFFIC ACTIVITY AND TRENDS.”

There can be no assurance that the LCCs/ULCCs will continue to maintain such levels in the future. The continued presence of the LCCs/ULCCs serving the Airport, and the levels at which such airlines might provide service at the Airport, are a function of a variety of factors, including: airline airfares and competition; airline industry economics, including labor costs and the price of aviation fuel; capacity of the Airport and competition from other airports; and the strength of the origination and destination market at the Airport. Most of these factors are beyond the control of the Authority. Accordingly, no assurance can be given as to the levels of aviation activity that the LCCs/ULCCs will provide at the Airport.

Regulations and Restrictions Affecting the Airport and Airlines Serving the Airport

The operations of the Airport are affected by various contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Airline Agreements, the PFC Act and other extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the events of September 11, 2001, the Airport also has been required to implement enhanced security measures mandated by the FAA, the Transportation Security Administration and the Department of Homeland Security. 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, whether 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 Revenues. See “DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Capital Improvement Program” above.

Climate change concerns are shaping laws and regulations at the federal and state levels that could have a material adverse effect on airlines operating at the Airport and could also affect ground operations the Airport. While the United States Environmental Protection Agency (the “EPA”) does not currently regulate greenhouse gas (“GHG”) emissions from aircraft, it has taken steps toward regulation of GHG under existing federal law. These steps may in turn lead to further regulation of aircraft GHG emissions. On July 5, 2011, the United States District Court for the District of Columbia issued an order concluding that the EPA has a mandatory obligation under the Clean Air Act to consider whether GHG and black carbon emissions of aircraft engines endanger public health and welfare. On August 15, 2016, the EPA found that GHG emissions from certain aircraft cause and contribute to

pollution that endangers public health and welfare. In that endangerment finding, the EPA stated that it intends to propose GHG emission standards for covered aircraft that will be at least as stringent as emission standards under development by the International Civil Aviation Organization (“ICAO”). The ICAO’s standards were approved on October 6, 2016 and adopted on March 6, 2017. On July 20, 2020, the EPA proposed emission standards for airplanes used in commercial aviation and large business jets. The proposal generally aligns the U.S. standards with the international carbon dioxide standards set by the ICAO. The EPA is in the process of rulemaking and targets completion sometime before 2028 when the ICAO standards go into effect for in-production airplanes. Consequently, the Authority cannot predict what the EPA’s findings will be or what effect the standards may have on the Airport or on air traffic at the Airport. Further, the Authority cannot predict what additional laws and regulations on other environmental issues (including but not limited to air, water, hazardous substances and waste regulations) will be adopted, or what effects such laws and regulations will have on the Airport. The effects, however, could be material.

Effect of Contractual Counterparty Bankruptcy

Concessionaires or contractual counterparties that served or are currently serving the Airport have filed for bankruptcy protection from time to time in the past and may do so in the future. In 2020, the Hertz Corporation and its affiliates, Thrifty Car Rental and Dollar Rent-A-Car (collectively, “Hertz”), which operate at the Airport, filed for Chapter 11 bankruptcy. The Authority cannot predict the impact that this ongoing bankruptcy proceeding may have on the ability of Hertz to fulfill its financial obligations under the agreements to which it is a party.

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

Availability of PFC Revenues and Other Sources of Funding

The Authority’s plan of finance for many of the completed Capital Improvement Program projects at the Airport assumed that PFC revenues would be available in certain amounts and at certain times for the payment of a portion of the Debt Service on the Senior Lien Bonds and the Junior Lien Bonds issued to pay the costs of many of the projects. In addition, the Authority’s plan of finance for the 2021 – 2025 CIP assumes that federal grants will be received in certain amounts and at certain times to pay certain capital project costs. See “DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Capital Improvement Program” above. No assurance can be given that these sources of funding actually will be available in the amounts or on the schedule assumed.

The amount of PFC revenue collected for the Airport in past years has varied, and in future years will vary, based upon the actual number of passenger enplanements at the Airport. No assurance can be given that any level of enplanements will be realized. This adverse impact of decreased enplanements could be direct or indirect. For example, PFC shortfalls could result in increases in terminal rentals or Activity Fees at the Airport, thereby negatively impacting the airlines’ desire to operate at the Airport. Furthermore, under the terms of the PFC Act, the FAA may terminate the Authority’s authority to impose a PFC if the Authority’s PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Act or the regulations promulgated thereunder, or if the Authority otherwise violates the PFC Act or regulations. The FAA may also terminate the Authority’s authority to impose a PFC for a violation by the Authority of the Airport Noise and Capacity Act. The PFC termination provisions contained in the regulations provide both informal and formal procedural safeguards. In addition, although the FAA’s PFC regulations require Collecting Carriers (as defined in the PFC Act) to account for PFC collections separately, and indicate that such funds are to be regarded as trust funds held by the Collecting Carriers for the beneficial interest of the public agency imposing the PFC, bankruptcy court decisions indicate that in a bankruptcy proceeding involving a Collecting Carrier, it is likely that PFCs will not be treated as trust funds and that airports are not entitled to any priority over other creditors of the Collecting Carrier as to such funds.

Also, as discussed under “DETROIT METROPOLITAN WAYNE COUNTY AIRPORT – Capital Improvement Program – Grants” above, the assumptions with respect to entitlement and discretionary funding, although considered reasonable by the Authority, are inherently subject to certain uncertainties and contingencies. Actual entitlement and/or discretionary funding levels and timing may vary and such differences may be material.

To the extent that any portion of the funding assumed in the plan of finance for capital projects at the Airport is not available as anticipated, the Authority may be required to issue Additional Bonds or Junior Lien Bonds to pay the costs of such capital projects and to increase airline rates and charges to pay Debt Service on the Senior Lien Bonds and the Junior Lien Bonds and to fund the required coverage thereon. As an alternative to issuing Additional Bonds or Junior Lien Bonds, the Authority may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, producing different results than those included in the projections shown in the Series 2021 Report of the Airport Consultant.

CIP Costs and Schedule

The estimated costs of, and the projected schedule for, the projects in the Capital Improvement Program for the Airport depend on various sources of funding, and are subject to a number of uncertainties. The Series 2021 Projects are part of the Airport’s Capital Improvement Program. The ability of the Authority to complete these projects within the current budgets and on the current schedules may be adversely affected by various factors including: (1) estimating errors, (2) design and engineering errors, (3) changes to the scope of the projects, (4) delays in contract awards, (5) material and/or labor shortages, (6) delays due to airline operational needs, (7) unforeseen site conditions, (8) adverse weather conditions, (9) contractor defaults, (10) labor disputes, (11) unanticipated levels of inflation, (12) litigation and (13) environmental issues. No assurance can be given that the costs of the projects will not exceed the current budget for these projects or that the completion will not be delayed beyond the currently projected completion dates. Any schedule delays or cost increases could result in the need to issue Additional Senior Lien Bonds or Junior Lien Bonds, which would require a new Weighted Majority approval for the projects with increased costs. The issuance of Additional Senior Lien Bonds or Junior Lien Bonds may result in increased costs per enplaned passenger to the airlines. No assurance can be given that the Authority would receive the required airline approvals, or that, absent such approvals, an alternative source of funding would be available. At present, the Authority is unable to estimate the costs associated with each of the risks identified above and the total impact of these risks if such events were to occur. In addition, the Authority may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, resulting in different results than those included in the projections shown in the Series 2021 Report of the Airport Consultant.

Cyber-Security

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

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

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

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

Alternative Transportation Modes and Future Parking Demand

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

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

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

Assumptions in the Series 2021 Report of the Airport Consultant

The Series 2021 Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions. As noted in the Series 2021 Report of the Airport Consultant, any financial forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those forecasts, and the variations may be material. Further, the Series 2021 Report of the Airport Consultant does not cover the entire period through maturity of the Series 2021 Bonds. See APPENDIX A – "SERIES 2021 REPORT OF THE AIRPORT CONSULTANT."

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "project," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between projections and actual results, and those differences may be material.

TAX MATTERS

General

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, (i) the interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; and (ii) the interest on the Series 2021B Bonds is excludable from gross income for federal income tax purposes (except for any period when the Series 2021B Bonds are held by a "substantial user" of the Airport or a person deemed "related thereto" (as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"))) and is an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under

existing law, the Series 2021 Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Series 2021 Bonds and the interest thereon.

The opinions on federal and State of Michigan tax matters are based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Series 2021 Bonds are and will remain obligations the interest on which is excludable from gross income for federal and State of Michigan income tax purposes. The Authority has covenanted to take the actions required of it for the interest on the Series 2021 Bonds to be and to remain excludable from gross income for federal and State of Michigan income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinions assume the accuracy of the Authority's certifications and representations and the continuing compliance with the Authority's covenants. Noncompliance with these covenants by the Authority may cause the interest on the Series 2021 Bonds to be included in gross income for federal and State of Michigan income tax purposes retroactively to the date of issuance of the Series 2021 Bonds. After the date of issuance of the Series 2021 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal and State of Michigan income tax purposes of interest on the Series 2021 Bonds or the market prices of the Series 2021 Bonds.

The opinions of Bond Counsel are based on current legal authority and cover certain matters not directly addressed by such authority. They represent Bond Counsel's legal judgment as to the excludability of interest on the Series 2021 Bonds from gross income for federal and State of Michigan income tax purposes but are not a guarantee of that conclusion. The Federal income tax opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Code, the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Series 2021 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2021 Bonds. Bond Counsel will express no opinion regarding any such consequences.

Tax Treatment of Accruals on Original Issue Discount Bonds

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Series 2021 Bond is less than the stated redemption price of such Series 2021 Bonds at maturity, then such Series 2021 Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Series 2021 Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Series 2021 Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Series 2021 Bonds (collectively, the “Original Premium Bonds”) an amortizable bond premium. Series 2021 Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer’s basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the “Premium Bonds”). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer’s yield to maturity determined by using the taxpayer’s basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer’s adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Market Discount

The “market discount rules” of the Code apply to the Series 2021 Bonds. Accordingly, holders acquiring their Series 2021 Bonds subsequent to the initial issuance of the Series 2021 Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Series 2021 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Series 2021 Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2021 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the IRS.

Future Developments

Bond Counsel’s engagement with respect to the Series 2021 Bonds ends with the issuance of the Series 2021 Bonds and, unless separately engaged, bond counsel is not obligated to defend the Authority in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2021 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2021 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH

COULD CAUSE THE INTEREST ON THE SERIES 2021 BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE SERIES 2021 BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE SERIES 2021 BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE SERIES 2021 BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE SERIES 2021 BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2021 BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

LITIGATION

There is no litigation pending, or to the knowledge of the Authority threatened, against or affecting the Authority or the Airport, or, to the Authority's knowledge, any basis therefor, wherein an unfavorable decision, ruling or outcome would have a material impact on the financial condition of the Airport or would adversely affect the transactions contemplated by this Official Statement, or the validity of the Series 2021 Bonds, the Master Bond Ordinance, the Series 2021 Ordinance or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement.

RATINGS

Fitch Ratings, Inc., Moody's Investors Service, Inc. and Kroll Bond Rating Agency, LLC have assigned their municipal bond ratings of "A", "A1" and "AA-", respectively, to the Series 2021 Bonds, based upon the underlying credit of the Authority.

A rating reflects only the views of the rating agency assigning such rating. As part of the process of obtaining ratings for the Bonds, the Authority has had discussions with, and submitted certain materials to, the rating agencies, which materials are consistent with the information provided in this Official Statement. There is no assurance that such ratings will remain in effect for any given period of time or that they may not be lowered, suspended or withdrawn entirely by such rating agencies, if in their judgment, circumstances so warrant. Any such downward change in or suspension or withdrawal of such ratings may have an adverse effect on the market price of the Series 2021 Bonds. Neither the Authority nor the Underwriters have undertaken any responsibility either to bring to the attention of the registered owners of the Series 2021 Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

LEGAL MATTERS

The authorization, issuance and sale by the Authority of the Series 2021 Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, as Bond Counsel. The proposed forms of the approving opinions of Bond Counsel are included in this Official Statement as APPENDIX G. Certain legal matters will be passed upon for the Authority by its General Counsel, and for the Underwriters by their counsel, McGuireWoods LLP.

CONTINUING DISCLOSURE

Continuing Disclosure Undertaking

In order to permit the Underwriters to comply with the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (as may be

amended from time to time, the “Rule”), the Authority will covenant and agree for the benefit of the Holders or Beneficial Owners of the Series 2021 Bonds in a Continuing Disclosure Undertaking to provide certain annual financial information and operating data and notices of certain enumerated events, if material. See APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” for the detailed provisions of the Continuing Disclosure Undertaking, including the specific nature of the information to be provided on an annual basis and the events as to which notice is to be given, if material. All capitalized terms used but not defined in this section shall have the meanings ascribed to them in the Continuing Disclosure Undertaking.

Breach of the Continuing Disclosure Undertaking will not constitute a default under the Master Bond Ordinance. The sole and exclusive remedy of any Holder or Beneficial Owner of the Series 2021 Bonds for enforcement of the provisions of the Continuing Disclosure Undertaking shall be an action for mandamus or specific performance to cause the Authority to comply with its obligations thereunder.

In the Continuing Disclosure Undertaking, the Authority will agree to use its best efforts to require certain “obligated persons” (at this time only Delta) to provide certain annual financial information and operating data, unless the Authority is no longer required to do so under the Rule. The Authority has not undertaken to provide additional information regarding any person that is not obligated under an Airline Agreement, lease or other agreement having a term of more than one year to pay a portion of the debt service on the Series 2021 Bonds and providing at least twenty percent (20%) of the revenues of the Airport for the prior two (2) Operating Years.

Delta has agreed in its Airline Agreement to provide to the Authority such information with respect to Delta as the Authority deems reasonably necessary in order for the Authority to comply with the requirements of the Rule.

The Disclosure Dissemination Agent—DAC

In order to provide certain continuing disclosure with respect to the Series 2021 Bonds in accordance with the Rule, as the same may be amended from time to time, the Authority has entered into a Disclosure Dissemination Agent Agreement (“Disclosure Dissemination Agreement”) for the benefit of the Holders of the Series 2021 Bonds with Digital Assurance Certification, L.L.C. (“DAC”), under which the Authority has designated DAC as Disclosure Dissemination Agent.

The Disclosure Dissemination Agent has only the duties specifically set forth in the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent’s obligation to deliver the information at the times and with the contents described in the Disclosure Dissemination Agreement is limited to the extent the Authority has provided such information to the Disclosure Dissemination Agent as required by the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the Annual Report, Audited Financial Statements, notice of Notice Event or Voluntary Report, or any other information, disclosures or notices provided to it by the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Holders of the Series 2021 Bonds or any other party. The Disclosure Dissemination Agent has no responsibility for the Authority’s failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Authority has complied with the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Authority at all times.

Continuing Disclosure Compliance

To the knowledge of the Authority, the Authority has not, in the previous five years, failed to comply in any material respect with any continuing disclosure undertaking executed by the Authority pursuant to the Rule.

The Authority has timely filed its audited financial statements and annual disclosure information over the past five years in connection with the continuing disclosure undertakings previously executed by the Authority. All material event disclosures have been filed by the Authority at this time.

UNDERWRITING

The Series 2021 Bonds are being purchased by Siebert Williams Shank & Co., LLC (“SWS”), Loop Capital Markets LLC, BofA Securities, Inc. and J.P. Morgan Securities LLC (collectively, the “Underwriters”). The Underwriters have agreed, subject to certain conditions, to (i) purchase the Series 2021 Bonds at an aggregate purchase price of \$200,638,368.91 (equal to the par amount of the Series 2021 Bonds plus net original issue premium in the aggregate amount of \$50,086,841.80 less an underwriting discount of \$228,472.89) pursuant to a Bond Purchase Agreement between the Authority and the Underwriters (the “Bond Purchase Agreement”). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2021 Bonds, if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2021 Bonds to the public. The obligations of the Underwriters to accept delivery of the Series 2021 Bonds are subject to various conditions of the Bond Purchase Agreement.

The Underwriters may offer and sell the Series 2021 Bonds to certain dealers (including depositing the Series 2021 Bonds into investment trusts, which investment trusts may be sponsored by the Underwriters) and others at prices lower than the public offering prices stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the related Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the Authority and its affiliates in connection with such activities.

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

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

SWS Capital Management, LLC, an SWS affiliate (“Affiliate”), which is a registered investment advisor, has three sub-advisory agreements with PFM Asset Management LLC, which is an investment advisor affiliate of PFM Financial Advisors LLC. The sub-advisory agreements do not relate to the Authority. Affiliate’s business is separate from SWS’ business and the employees of SWS who cover the Authority are not involved in the activities of Affiliate.

One or more of the Underwriters and their respective affiliates may have previously entered into, and may from time to time in the future enter into, direct placements with the Authority regarding Senior Lien Bonds or Junior Lien Bonds or may provide credit facilities, including, without limitation, the Credit Facility. For further information regarding direct placements currently in effect between the Authority and one or more of the Underwriters or their respective affiliates, see “AIRPORT FINANCIAL INFORMATION – Airport Indebtedness – *Direct Placements*” above. For further information regarding the Credit Facility currently in effect between the Authority and BANA, see “AIRPORT FINANCIAL INFORMATION – Airport Indebtedness – *General*” above.

Certain of the Underwriters may have entered into retail distribution agreements with third party broker-dealers, under which the Underwriters may distribute municipal securities to retail investors through the respective financial advisors or electronic trading platforms of such third party broker-dealers. As part of these arrangements, the Underwriters may share a portion of their underwriting compensation with such third party broker-dealers.

FINANCIAL ADVISORS

PFM Financial Advisors LLC and Columbia Capital Management, LLC (collectively, the “Financial Advisors”) are serving as Financial Advisors to the Authority in connection with the issuance of the Series 2021 Bonds. The Financial Advisors are financial advisory and consulting organizations and are not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments. The Financial Advisors have provided advice as to the plan of financing and the structuring of the Series 2021 Bonds and have reviewed and commented on certain legal documentation, including this Official Statement. The advice on the plan of financing and the structuring of the Series 2021 Bonds was based upon materials provided by sources of information believed to be reliable, but the Financial Advisors have not audited, authenticated or otherwise verified such information, including material contained in this Official Statement.

INDEPENDENT ACCOUNTANTS

The financial statements of the Authority as of and for the year ended December 31, 2020, included as APPENDIX B, have been audited by Plante & Moran, PLLC, independent accountants, as stated in their report appearing in APPENDIX B.

MISCELLANEOUS

This Official Statement has been duly authorized by the Board of the Authority, and duly executed and delivered by the Chief Financial Officer of the Authority.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

WAYNE COUNTY AIRPORT AUTHORITY

By: /s/ Amber Hunt
 Chief Financial Officer

APPENDIX A

SERIES 2021 REPORT OF THE AIRPORT CONSULTANT

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Appendix A: Report of the Airport Consultant

Detroit Metropolitan Wayne County Airport
Revenue Bonds, Series 2021A-B

June 1, 2021

PREPARED FOR
Wayne County Airport Authority

PREPARED BY
Landrum & Brown, Incorporated





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June 1, 2021

Mr. Chad Newton, AAE, ACE, ASC
Chief Executive Officer
Wayne County Airport Authority
Detroit Metropolitan Wayne County Airport
11050 Rogell Drive, Building 602
Detroit, Michigan 48242

Re: Report of the Airport Consultant, Wayne County Airport Authority, Airport Revenue Bonds, (Detroit Metropolitan Wayne County Airport), Series 2021A-B

Dear Mr. Newton:

Landrum & Brown, Inc. (L&B), in association with Partners for Economic Solutions, is pleased to submit this Report of the Airport Consultant (Report) for the proposed issuance of the Wayne County Airport Authority, Airport Revenue Bonds, (Detroit Metropolitan Wayne County Airport), Series 2021A-B, referred to collectively as the Series 2021 Bonds. This independent Report has been prepared for the Wayne County Airport Authority (Authority) to support its planned issuance of the Series 2021 Bonds and is intended to be included in the Official Statement for the Series 2021 Bonds as Appendix A, Report of the Airport Consultant. All capitalized terms in this Report are used as defined in the Official Statement, Master Bond Ordinance, and the Series 2021 Ordinance relating to the Series 2021 Bonds, except as otherwise defined herein.

The Authority has sole and exclusive operational jurisdiction of the Detroit Metropolitan Wayne County Airport (Airport). The Airport serves as the principal commercial service airport for the Detroit metropolitan region, much of Michigan and parts of northern Indiana and Ohio. The Airport is located on approximately 6,255 acres in the City of Romulus, Michigan, about 21 miles west of the City of Detroit's (City) downtown. The airfield at the Airport contains six air carrier runways, including four parallel runways oriented in the northeast-southwest direction and two parallel runways oriented east-west. There are two passenger terminal complexes at the Airport – the McNamara Terminal (also referred to as the South Terminal) and the North Terminal. The McNamara Terminal, which serves Delta Air Lines (Delta), its affiliated regional carriers (Delta Connection Carriers), and Delta's other SkyTeam partners,¹ consists of a terminal building with three concourses accommodating 121 aircraft gates and a hotel. The North Terminal, which services other carriers not affiliated with Delta, consists of a terminal building and a single concourse with 29 aircraft gates. The Airport also has a multi-level parking structure for short-term and long-term parking adjacent to each terminal building.

The day-to-day operations of the Authority are managed by the Chief Executive Officer, who is appointed by the Board of the Authority (Board). The Chief Executive Officer appoints the Chief Financial Officer and other senior staff of the Authority. The executive team of the Authority is a full-time staff of professional and technical

¹ The SkyTeam is an alliance of airlines throughout the world and Delta is the only U.S. carrier currently in the alliance.

personnel located at the Airport and at Willow Run Airport, a general aviation, cargo and reliever airport also operated by the Authority.

The Series 2021 Bonds

The Series 2021 Bonds are being issued pursuant to the provisions of the Master Bond Ordinance and the Series 2021 Ordinance adopted by the Board on February 17, 2021. The Master Bond Ordinance and the Series 2021 Ordinance are collectively referred to herein as the “Ordinance.” The Series 2021 Bonds are payable solely from the Net Revenues of the Airport, certain funds and accounts under the Ordinance, and other amounts payable under the Ordinance.

The Authority will use the proceeds of the Series 2021 Bonds, together with other available funds, to (1) pay all or portions of the costs of acquiring, constructing and installing the Series 2021 Projects (defined in Section 4.3.2 of this Report), (2) make a deposit to the Airport Bond Reserve Account, (3) pay capitalized interest during construction of the Series 2021 Projects, and (4) pay the costs of issuance of the Series 2021 Bonds.

Master Bond Ordinance

The Master Bond Ordinance as adopted by the Board of the Authority on September 26, 2003, and as amended on April 14, 2010 and on November 30, 2011, authorizes the issuance of airport revenue bonds to pay the costs of acquiring and constructing Airport improvements, among other items. Pursuant to the Master Bond Ordinance, the Authority has pledged Net Revenues to the payment of the Series 2021 Bonds. Net Revenues are all Revenues of the Airport remaining after payment of O&M Expenses of the Airport. Revenues include all amounts derived from the operation of the Airport, including all moneys deposited into the Revenue Fund, from whatever source, and all income derived from the charges, fees, rentals and rates charged for services, facilities and commodities furnished by the Airport, whether such income shall be derived from its function as an Airport or not, and including, but not by way of limitation, concessions, rentals, auto parking fees, service charges derived from the operation of the terminal complex buildings and facilities, airplane landing fees, non-airline gasoline fees and miscellaneous charges and rentals from other facilities and services and investment earnings or general revenues derived from the operation of the Airport accumulated by the Authority prior to deposit in the Revenue Fund. Certain revenue items are excluded from Revenues as identified in Section 5.4.2 of this Report.

The Authority is obligated under the Master Bond Ordinance to fix, charge and collect rates, fees, rentals and charges for the use and operation of the Airport as may be necessary or appropriate to produce Revenues in each Operating Year (OY)² which will be at least sufficient to provide for: the payment of Operation and Maintenance (O&M) Expenses; together with Passenger Facility Charge (PFC) proceeds, including interest thereon, deposited with the Trustee with respect to such OY, the amounts needed to make the deposits required for the application of revenues pursuant to the Master Bond Ordinance for such OY to the Bond Fund; and, together with Other Available Moneys deposited with the Trustee with respect to such OY, to the extent not needed to make the deposits required under the Master Bond Ordinance for such OY to the Bond Fund, and any unencumbered cash balance held in the Revenue Fund on the last day of the OY preceding the OY: (i) the amounts needed to make the deposits required under the Master Bond Ordinance for such OY to the Junior Lien Bond Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund, the Airport Discretionary Fund, and the Airport Development Fund, and (ii) an amount not less than 25% of the Debt Service due and payable on Bonds during such OY. In addition, the Authority also covenants in the Master Bond Ordinance that the rates, fees, rentals, and charges shall be revised from time to time as may be necessary to

² Beginning on January 1, 2020, the Authority's OY is the 12-month period ending December 31st. Prior to this, the Authority's OY was the 12-month period ending September 30th.

produce the above amounts, provided that any fee, rent, charge, or rate fixed pursuant to a lease or contract shall not be revised except as provided in such lease or contract.

Airport Use and Lease Agreements

The Authority has use and lease agreements with certain airlines operating at the Airport (the Signatory Airlines). The Airport Use and Lease Agreements (Airline Agreements) are effective through September 30, 2032. The Airline Agreements establish, among other things, procedures for setting and adjusting Signatory Airline rentals, fees and charges to be collected for the use of Airport facilities. The Signatory Airlines at the Airport include the following: Air France, American Airlines, Delta, FedEx, JetBlue Airways, KLM Royal Dutch Airlines,³ Lufthansa German Airlines⁴, Southwest Airlines, Spirit Airlines, United Airlines, and United Parcel Service. Together, the Signatory Airlines and their respective regional affiliates accounted for over 98% of enplaned passengers and over 98% of landed weight at the Airport, based on preliminary data for OY 2020.

The Airline Agreements govern airline use of certain Airport facilities, including the airfield, aircraft aprons, both terminals, including baggage claim, ticket counters and gate areas and permits the Signatory Airlines to lease Preferential Use Premises and Shared Use Premises. Preferential Use Premises generally include holdroom areas and gates, ticket counters, office space, storage areas, airline club lounges, and employee break rooms leased to a Signatory Airline and to which the Signatory Airline has a preferential right of use over all other air carriers. Shared Use Premises are space and facilities at the Airport used jointly or in common by air carriers which generally includes baggage claim areas and baggage makeup equipment, excluding Authority-controlled airline space and federal inspection services (FIS) facilities.

Report of the Airport Consultant

In our preparation of this independent Report, we evaluated the ability of the Authority to generate Revenues from operation of the Airport sufficient to meet the funding requirements and obligations established by the Master Bond Ordinance during the projection period of OY 2021 through OY 2026. The following provides an overview of the primary findings and conclusions contained in this Report, which among other things, take into account the significant impacts on the Airport from the Coronavirus disease 2019 (COVID-19) pandemic as described below.

COVID-19 Impacts on the Aviation Industry and the Airport

COVID-19 is a respiratory disease caused by a novel strain of coronavirus. The World Health Organization (WHO) declared the outbreak of COVID-19 a public health emergency of international concern on January 30, 2020, and subsequently declared it a pandemic on March 11, 2020. As of May 17, 2021, WHO has reported more than 162 million confirmed cases of COVID-19 and 3.3 million confirmed deaths worldwide. For the United States (U.S.), as of May 17, 2021, WHO reported over 32.6 million confirmed cases and over 580,000 deaths.⁵ In terms of confirmed cases and deaths, the U.S. has been the most impacted country in the world, representing more than 25% of total global confirmed cases even though the U.S. population is only just over 4% of the world's total population. The State of Michigan (State) also has suffered significant impacts from the COVID-19 pandemic. As of May 17, 2021, the State had 9,776 confirmed COVID-19 cases per 100,000 people as compared to the

³ KLM Royal Dutch Airlines has not operated at the Airport since 2009.

⁴ Lufthansa German Airlines suspended service at the Airport in March 2020 and is currently scheduled to resume service at the Airport in June 2021.

⁵ World Health Organization, COVID-19 Dashboard, <https://covid19.who.int/>, accessed May 17, 2021.

nationwide average of 9,866 cases per 100,000 people. The State is ranked 33rd in the U.S. for this ratio, which means that 32 states and areas had higher confirmed COVID-19 cases per 100,000 people.⁶

Along with all other airports in the U.S. and abroad, the Airport has been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and severe declines in the volume of passenger traffic. The COVID-19 pandemic has adversely affected domestic and international travel and travel-related industries. Airlines have reported unprecedented downturns in passenger volumes and have experienced reduced levels of passenger volumes, which in turn, have prompted them to significantly reduce, and in many cases eliminate, both domestic and international scheduled service.

The COVID-19 pandemic resulted in a 95% decrease in the total passengers screened at the Transportation Security Administration (TSA) security checkpoints in the U.S. in early-to-mid April 2020, as compared to the same period in 2019. For the weekly average in early April 2021, the Airport handled around 67% of its 2019 TSA security checkpoint throughput compared to about 60% of the 2019 TSA security checkpoint throughput handled by U.S. airports as a whole. In response to the sudden and dramatic decrease in passengers, airlines reduced their scheduled flights and seat capacity starting in late March 2020. At the Airport, enplaned passengers were down approximately 56% in March 2020, 94% in April 2020, 91% in May 2020, and 83% in June 2020, as compared to the same months in 2019. By March 31, 2021, the number of enplaned passengers at the Airport had increased such that enplaned passenger numbers in March 2021 were 47.6% of the number of enplaned passengers in March 2019. These passenger declines are generally in line with national trends. **Figure 1** illustrates the relative effect of the COVID-19 pandemic on annual U.S. passenger volumes as compared to the effect of prior significant events and situations in the U.S. As presented, the associated impacts of the COVID-19 pandemic have resulted in the largest passenger declines in aviation history.

Chapter 1 of this Report provides information on COVID-19 prevention measures being undertaken by the State and Airport, economic impacts associated with the COVID-19 pandemic, a summary of aviation industry and Airport activity impacts, and a summary of Airport financial impacts.

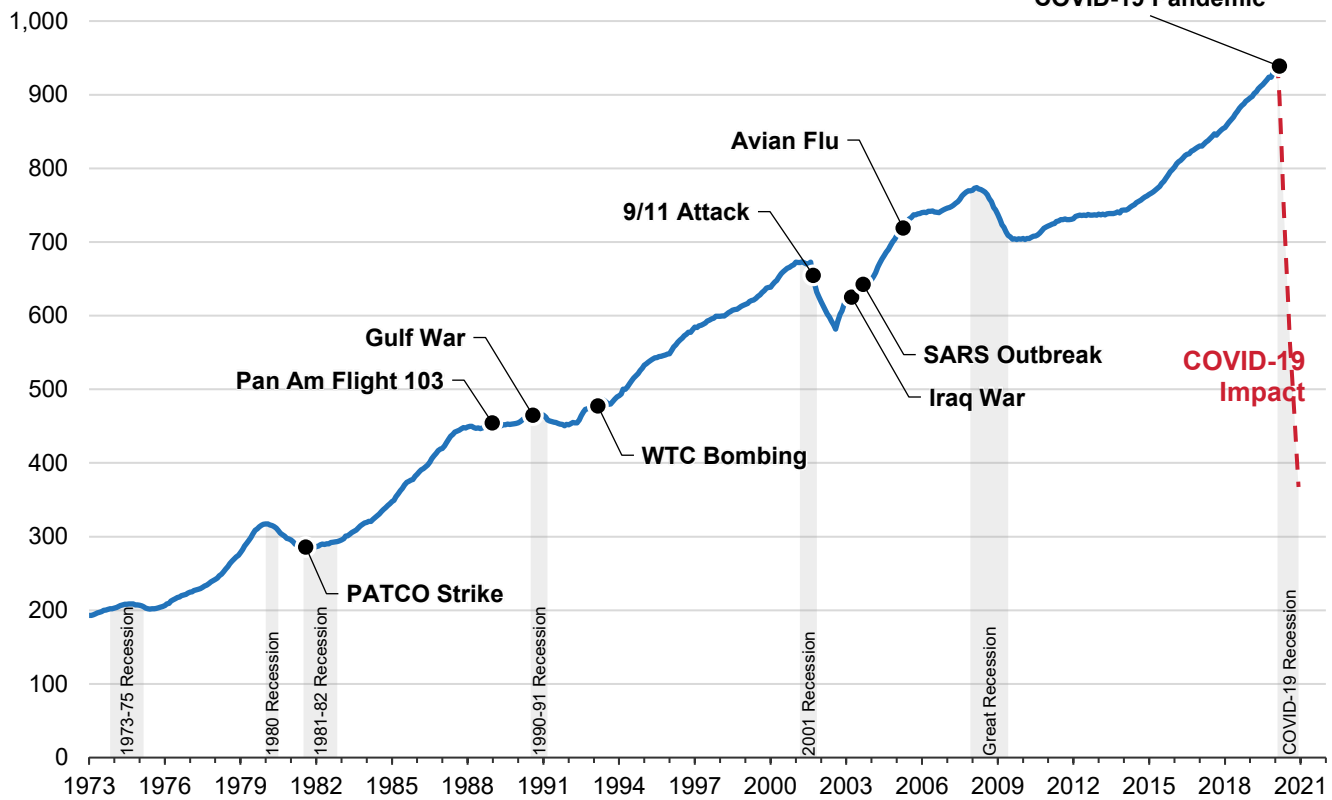
It should be noted that impacts of the COVID-19 pandemic still are emerging, and at this time L&B is unable to fully quantify the effect that the COVID-19 pandemic will have on the region's economic base and the Airport and the length of time over which this effect will occur. The historical financial information and operating data set forth in this Report for the dates as of which such information and data are set forth and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the Authority's ongoing response to COVID-19 and related financial and operating effects on the Authority and the Airport, see the section in the Official Statement titled "IMPACT OF COVID-19 ON THE AIRPORT."

⁶ Data includes New York City, Washington D.C. Guam, Virgin Islands, and Puerto Rico in addition to all 50 U.S. states. Centers for Disease Control and Prevention, CDC COVID Data Tracker, <https://www.cdc.gov/covid-data-tracker/#cases>, accessed May 17, 2021.

Figure 1 U.S. Aviation System Shocks and Recoveries

United States Enplaned Passengers

12-month rolling; In millions



Note: Excludes non-revenue enplaned passengers.

Source: U.S. Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statistics; National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions.

Role of the Airport

The Airport serves two distinct roles for passenger air transportation: origin-destination (O&D), for passengers beginning or ending their trip at the Airport, and a major connecting hub for Delta. Based on data for 2019, the Airport was classified by the Federal Aviation Administration (FAA) as a Large Hub facility based upon its share of nationwide enplaned passengers.⁷ Based on data from the FAA, in 2019 (prior to the impacts associated with the COVID-19 pandemic), approximately 18.1 million enplaned passengers boarded aircraft at the Airport, ranking the Airport the 18th largest in the U.S. in 2019. The Airport has a diverse, stable base of air carriers, and serves a large O&D market. Per the U.S. Department of Transportation in 2019 (the latest full year of O&D data available) an estimated 57.2% of the Airport’s domestic enplaned passengers were O&D.⁸ The Airport is also a major connecting hub airport for Delta. Delta and the Delta Connection Carriers accounted for approximately 74.0% of total enplaned passengers (consisting of both O&D and connecting passengers) at the Airport in 2019 and approximately 70.6% in 2020.

⁷ The FAA classifies Large Hub airports as those serving over 1.0% of annual U.S. passenger boardings.

⁸ U.S. Department of Transportation, Table 1-37 dated June 1, 2020.

The Airport serves as the primary commercial service airport for the Detroit metropolitan area and surrounding region. The geographic region that serves as an airport's primary catchment area is referred to as its "Air Service Area". For the purposes of this report, the Airport's primary Air Service Area is defined as the Detroit-Warren-Ann Arbor Combined Statistics Area (CSA), which includes the following ten counties in Michigan: Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne.⁹ The Detroit-Warren-Ann Arbor CSA was the 12th most populous CSA in the nation in 2019 with approximately 5.3 million people and accounted for approximately 53.5% of the entire population of Michigan.

Economic Base for Air Traffic

Historically, air travel demand for O&D traffic is largely correlated with a region's demographic and economic characteristics. The economic strength of the Air Service Area has a major impact on the aviation activity at the Airport since approximately 57% of the Airport's domestic passenger traffic is O&D, and that share and amount have grown in recent years. Following the recovery of the aviation industry from the impacts of the COVID-19 pandemic, the demographic and economic strength of the Air Service Area is expected to once again drive growth at the Airport. Chapter 2 of this Report reviews current economic trends and conditions of the Airport's Air Service Area and presents data indicative of the Air Service Area's capability to generate demand for air transportation through the next several years.

Air Service and Air Traffic Analysis

Prior to the impacts associated with the COVID-19 pandemic, the Airport had been experiencing stable passenger growth. Total enplaned passengers at the Airport increased from approximately 16.1 million in 2012 to approximately 18.4 million in 2019, representing a compound annual growth rate (CAGR) of 1.9%. A majority of that growth occurred in domestic traffic, which accounted for 91.1% of the Airport's enplaned passengers in 2019. International enplaned passengers increased at a faster rate than domestic enplaned passengers from 2012 to 2019, with a CAGR of 2.6% as compared to a CAGR of 1.9% for domestic enplaned passengers.

In March 2020, enplaned passengers at the Airport decreased dramatically primarily because of the impacts associated with the COVID-19 pandemic. For the entire year, enplaned passengers in 2020 decreased by 61.7% as compared to 2019 levels, with the primary impacts occurring after mid-March 2020. In March 2020, enplaned passengers decreased by approximately 56% as compared to March 2019, and further decreased by 94% in April 2020 as compared to April 2019. Since April 2020, the number of enplaned passengers at the Airport has slowly started to increase, and in March 2021 was approximately 47.6% of enplaned passenger levels in March 2019.

The baseline projection in the Report is based on a number of assumptions. Most notably, it assumes that the Airport will recover back to 2019 enplaned passenger levels in 2024 and, thereafter, the underlying economic conditions of the Air Service Area and a return to historical connecting passenger levels by Delta are expected to be the primary driver for passenger demand at the Airport. Additional key assumptions are listed below:

- Recovery back to "pre-COVID-19" air traffic levels will require (1) a restoration of passenger confidence from a public health standpoint along with (2) an economic recovery.
- The U.S. Gross Domestic Product (GDP) will continue its ongoing recovery and will return to 2019 levels during the first quarter of 2022.
- Manageable COVID-19 infection levels will be achieved sometime in late 2021 through mass vaccinations.

⁹ Executive Office of the President: Office of Management and Budget, Revised Delineations of Metropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas, March 6, 2020.

- Leisure air travel will recover faster from the impacts associated with the COVID-19 pandemic than business air travel. With the emergence of video and virtual online technologies over 2020, it is assumed that a small percentage of business travel will not return over the projection period (about 8%).
- The Airport will recover back to historical percentages of O&D and connecting passengers and the Airport will remain a hub for Delta.
- The other major carriers currently serving the Airport will continue to provide air service to support local demand.
- The recovery of trans-oceanic international service is assumed to lag that of domestic traffic.
- Long-term nationwide growth in air travel will occur by 2024.

Given the uncertainty of the level of impact of the COVID-19 pandemic, and the duration of the recovery from such impacts, L&B also prepared a slower recovery enplaned passengers projection. For additional details on the slower recovery projection scenario, please refer to Section 3.4.5 herein. **Table 1** presents the baseline and slower recovery enplaned passengers projections.

Table 1 Enplaned Passengers Projections

| Calendar Year | Enplaned Passengers (in thousands) | |
|-----------------------------|------------------------------------|-----------------|
| | Baseline | Slower Recovery |
| 2019 (actual) | 18,364 | 18,364 |
| 2020 (actual) | 7,027 | 7,027 |
| 2021 | 11,000 ¹ | 8,318 |
| 2022 | 15,685 | 12,189 |
| 2023 | 17,390 | 15,272 |
| 2024 | 18,499 | 16,328 |
| 2025 | 18,668 | 16,489 |
| 2026 | 18,816 | 16,654 |
| Compound Annual Growth Rate | | |
| 2019-20 | (61.7%) | (61.7%) |
| 2020-21 | 56.5% | 18.3% |
| 2021-26 | 11.3% | 14.9% |

Note: ¹ Baseline 2021 enplaned passengers projection is consistent with the Authority’s budget for such period, and L&B agrees with its use for projection purposes. These projections are based on current expectations and information and are not intended as a representation of facts or guarantee of results.

Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics> (actual data).

It is important to note that many of the factors affecting air travel demand are not necessarily quantifiable. As a result, all projections are subject to uncertainty. While the global COVID-19 pandemic is currently ongoing, other economic disturbances could occur over the projection period. Therefore, these projection scenarios, as with any projections, should be viewed as a general indication of future aviation activity as opposed to a precise prediction. Actual future traffic is likely to vary from these projections, and such variances could be material.

Airport Capital Improvement Program

The Authority manages Airport capital projects through an on-going five-year Capital Improvement Program. The current five-year Capital Improvement Program encompasses plans for current and future Airport capital projects for 2021 through 2025 (CIP). The majority of the capital projects in the CIP tend to be "routine" projects for a major airport, including reconstruction or rehabilitation of runways, taxiways, parking decks and roadways, and environmental or planning studies.

This Report divides the capital projects in the CIP into three main categories, described below, for the purposes of identifying the CIP projects included in the financial analysis contained in Chapter 5 of this Report.

The funding plan for the CIP by category is presented in **Table 2**.

- **Series 2021 Projects.** This CIP category is comprised of those projects to be funded, either in whole or in part, with proceeds of the Series 2021 Bonds. A Weighted Majority (defined herein) has approved all of the Series 2021 Projects. The capital and operating costs associated with the Series 2021 Projects are included in the financial analysis contained in Chapter 5 of this Report. The Series 2021 Projects are further described later in Chapter 4.
- **Other Approved Capital Projects.** This CIP category is comprised of additional projects that a Weighted Majority has approved but have not been previously funded in whole and also are not being funded with the proceeds of the Series 2021 Bonds. Nevertheless, the Authority presently intends to issue Additional Bonds during the projection period of this Report to fund the balance of the cost of these Other Approved Capital Projects. Thus, the capital costs of the Other Approved Capital Projects are included in the financial analysis contained in Chapter 5 of this Report. The Other Approved Capital Projects are described later in Chapter 4.
- **Other CIP Projects.** This CIP category is comprised of all other CIP projects that are neither Series 2021 Projects nor Other Approved Capital Projects as defined above. These projects include: (i) those CIP projects that a Weighted Majority has approved and have been funded previously with proceeds of bonds issued by the Authority in the past, and which either currently are in process or have not yet been started, and (ii) those CIP projects that the Authority has not yet fully formulated and/or still are in the conceptual phase, and for which the Authority has not yet requested Weighted Majority approval. It is possible that certain Other CIP Projects may be deferred or not otherwise undertaken by the Authority during the projection period (depending on circumstances such as whether a Weighted Majority is willing to approve the as-yet unapproved projects, level of aviation demand, the availability of project funding, more refined scope and cost information for various projects, etc.). The capital costs related to the existing bond proceeds for previously funded Other CIP Projects are included in the financial analysis contained in Chapter 5 of this Report. However, the capital costs for the Other CIP Projects for which Weighted Majority approval has not yet been requested are not included in the financial analysis contained in Chapter 5 of this Report.

Table 2 CIP Funding Plan by Category (in thousands of dollars)^{1, 2}

| CIP Category | Est. Total Project Costs | Expenditures prior to 12/31/2020 | Other Funds | Existing Bond Proceeds | Series 2021 Bond Proceeds | Future Bond Proceeds ³ | Other CIP Projects Future Bond Proceeds ⁴ |
|---------------------------------|--------------------------|----------------------------------|-----------------|------------------------|---------------------------|-----------------------------------|--|
| Series 2021 Projects | \$195,214 | \$ -- | \$15,200 | \$3,000 | \$177,014 | \$ -- | \$ -- |
| Other Approved Capital Projects | 48,250 | -- | -- | 4,904 | -- | 43,346 | -- |
| Other CIP Projects | 580,142 | 19,612 | 47,400 | 1,200 | | | 511,930 |
| Total CIP | \$823,606 | \$19,612 | \$62,600 | \$9,104 | \$177,014 | \$43,346 | \$511,930 |

- Notes:
- 1 A Weighted Majority has approved all of the Series 2021 Projects and Other Approved Capital Projects (defined herein). Certain of the Other CIP Projects require approval by a Weighted Majority in order to fund such projects with Bond proceeds, expenditure schedules are subject to change, and projects are subject to demand and available funding.
 - 2 Current cost estimates and construction schedules may vary from the Board-approved CIP.
 - 3 Future Bond Proceeds with respect to the Other Approved Capital Projects are the proceeds of bonds currently planned to be issued in future years to fund the Other Approved Capital Projects. Future Bond Proceeds are included as part of the financial analysis included in this Report.
 - 4 Other CIP Projects Future Bond Proceeds are the proceeds of bonds currently planned to be issued in future years to fund Other CIP Projects for which the Authority would need to obtain Weighted Majority approval in order to fund these projects with Bond proceeds and include the debt service on such Bonds in airline rates and charges. Other CIP Projects Future Bond Proceeds are not included in the financial analysis included in this Report.
- Amounts may not add because of rounding.

Source: Authority management records, May 2021

As shown in Table 2, the Series 2021 Projects are estimated to cost approximately \$195.2 million and are planned to be funded with approximately \$177.0 million of the proceeds from the Series 2021 Bonds, approximately \$3.0 million of proceeds of Outstanding Bonds, and approximately \$15.2 million of expected FAA Airport Improvement Program grants.

Financial Analysis

L&B evaluated the ability of the Authority to generate Net Revenues sufficient to meet the funding requirements and obligations established by the Master Bond Ordinance during the projection period of OY 2021 through OY 2026. Financial projections for OY 2021 are based on the Authority’s OY 2021 Budget plus offsets from the use of funds provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) not included in the Authority’s OY 2021 Budget.

Per our analyses, the Authority is projected to produce sufficient Net Revenues, which, together with Other Available Moneys and unencumbered amounts in the Revenue Fund, are expected to equal at least 125% of debt service on Outstanding Bonds as well as the Additional Bonds included in the financial projections. The Authority is projected to meet its requirements and obligations established by the Master Bond Ordinance and maintain

reasonable levels of airline cost per enplaned passenger (CPE). **Table 3** below presents projected debt service coverage ratios and airline CPE for the baseline projection presented above in Table 1. As shown, annual debt service coverage ratios are projected to range between 1.47x and 1.48x for Senior Lien Debt Service and to be 1.39x for Senior Lien and Junior Lien Debt Service Coverage combined during the projection period. As the Authority includes projected unencumbered amounts in the Revenue Fund as part of the calculation allowed under the Master Bond Ordinance, debt service coverage ratios exceed the 1.25x ratio required by the Master Bond Ordinance.

Table 3 **Debt Service Coverage Projection and Passenger Airlines CPE Projection**
(in thousands of dollars, except for CPE)

| Operating Year | Net Revenues, Revenue Fund Balances and Other Available Moneys | Total Senior Lien Debt Service Requirements | Senior Lien Debt Service Coverage Ratio | Total Senior Lien and Junior Lien Debt Service Requirements | Senior Lien and Junior Lien Debt Service Coverage Ratio | Airline CPE |
|----------------|--|---|---|---|---|-------------|
| OY 2021 | \$248,760 | \$167,711 | 1.48x | \$178,342 | 1.39x | \$16.08 |
| OY 2022 | \$251,682 | \$170,094 | 1.48x | \$180,728 | 1.39x | \$11.72 |
| OY 2023 | \$256,307 | \$173,914 | 1.47x | \$184,550 | 1.39x | \$10.02 |
| OY 2024 | \$257,944 | \$175,127 | 1.47x | \$185,758 | 1.39x | \$9.20 |
| OY 2025 | \$257,140 | \$174,707 | 1.47x | \$185,298 | 1.39x | \$9.28 |
| OY 2026 | \$258,353 | \$175,549 | 1.47x | \$186,141 | 1.39x | \$9.49 |

Source: Landrum & Brown, Inc.

In preparing our findings and conclusions, L&B has relied upon the accuracy and completeness of financial and other data provided to it by the referenced sources, without independent verification. Certain statements contained in this Report, including the Exhibits that follow, are not historical facts but are forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the projections described herein. In this respect, the words “estimate,” “forecast,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Report are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Report and the Official Statement. L&B has no responsibility to update this Report for events and/or circumstances occurring after the date of this Report.

The historical financial information and operating data set forth in this Report for the dates as of which such information and data are set forth and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the Authority’s ongoing response to COVID-19 and related financial and operating effects on the Authority and the Airport, see the section in the Official Statement titled “IMPACT OF COVID-19 ON THE AIRPORT.”

L&B is not registered with the U.S. Securities & Exchange Commission as a municipal advisor, is not acting as a municipal advisor, and does not assume any fiduciary duties or provide advisory services as described in Section 15B of the Securities Exchange Act of 1934 or otherwise. L&B does not make recommendations or advice regarding any action to be taken by our clients with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities including with respect to the structure, timing, terms, or other similar matters concerning municipal financial products or the issuance of municipal securities.

L&B, in association with Partners for Economic Solutions, appreciates this opportunity to serve as the Authority's Airport Consultant for this proposed financing.

Sincerely,

A handwritten signature in cursive script that reads "Landrum & Brown, Incorporated".

Landrum & Brown, Incorporated

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1 COVID-19 Impacts on the Aviation Industry and the Airport

Coronavirus disease 2019 (COVID-19) is a respiratory disease caused by a novel strain of coronavirus. The World Health Organization (WHO) declared the outbreak of COVID-19 a public health emergency of international concern on January 30, 2020, and subsequently declared it a pandemic on March 11, 2020. As of May 17, 2021, WHO has reported more than 162 million confirmed cases of COVID-19 and 3.3 million confirmed deaths worldwide. For the United States (U.S.), as of May 17, 2021, WHO reported over 32.6 million confirmed cases and over 580,000 deaths.¹⁰ In terms of confirmed cases, the U.S. has been the most impacted country in the world, representing more than 25% of total global numbers even though the U.S. population is only just over 4% of the world's total population. The State of Michigan (State or Michigan) has also been impacted by the COVID-19 pandemic. As of May 17, 2021, the State reported that there were over 876,000 confirmed cases and over 18,600 deaths related to COVID-19 in the State, which represents approximately 2% and 3% of the total U.S., respectively.¹¹ The State's population is approximately 3% of the total U.S. As of May 17, 2021, the State had 9,776 confirmed COVID-19 cases per 100,000 people as compared to the nationwide average of 9,866 cases per 100,000 people. The State is ranked 33rd in the U.S. for this ratio, which means that 32 states and areas had higher confirmed COVID-19 cases per 100,000 people.¹²

Since the first reported U.S. cases in January 2020, there has been a focus on containing the disease by prohibiting non-essential travel, limiting person-to-person contact, and restricting travel into the U.S. of certain foreign nationals.¹³ Across the U.S., states and local governments, including the State, have issued "stay at home" or "shelter in place" orders designed to restrict movement and limit businesses and activities to essential functions, which substantially reduced activities that normally engaged or facilitated air travel. Various state and local governments and agencies have also imposed restrictions on travel, including state-level restrictions requiring travelers to self-isolate for up to 14 days upon arrival.¹⁴ Additionally, other countries have effectively closed their borders by restricting entry and exit to only essential travel during the initial period of the COVID-19 pandemic, and while these restrictions are gradually being lifted, many countries around the world have restricted entry to U.S. citizens, including the European Union and Canada.

The Detroit Metropolitan Wayne County Airport (Airport), along with all other airports in the U.S. and abroad, has been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. The COVID-19 pandemic has adversely affected domestic and international travel and travel-related industries. Airlines have reported unprecedented downturns in passenger volumes and have experienced reduced levels of passenger volumes, which in turn, have prompted them to significantly reduce, and in many cases eliminate, scheduled service.

¹⁰ World Health Organization, COVID-19 Dashboard, <https://covid19.who.int/>, accessed May 17, 2021.

¹¹ State of Michigan, Coronavirus, <https://www.michigan.gov/coronavirus/>, accessed May 17, 2021.

¹² Data includes Washington D.C. and Puerto Rico in addition to all 50 U.S. states. Centers for Disease Control and Prevention, CDC COVID Data Tracker, <https://www.cdc.gov/covid-data-tracker/#cases>, accessed May 17, 2021.

¹³ President of the U.S. Executive Proclamation, January 31, 2020

¹⁴ Michigan has no state-level travel restrictions regarding self-isolation.

This purpose of this chapter is to provide a concise summary of key events, issues, and analyses that are presented throughout the Report related to the impact of the COVID-19 pandemic. While the Report is intended to be read in its entirety for the full context of the impacts associated with the COVID-19 pandemic, this chapter summarizes the following areas:

1. COVID-19 response;
2. The economic impacts related to the COVID-19 pandemic;
3. A summary of aviation industry and Airport activity impacts; and
4. A summary of Airport financial impacts

It should be noted that impacts are still emerging at this time and Landrum & Brown, Incorporated (L&B) is unable to fully quantify the effect that the COVID-19 pandemic will have on the region's economic base and the Airport and the length of time over which this effect will occur. The historical financial information and operating data set forth in this Report for the dates as of which such information and data are set forth and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the ongoing response of the Wayne County Airport Authority (Authority) to COVID-19 and related financial and operating effects on the Authority and the Airport, see the section in the Official Statement titled "IMPACT OF COVID-19 ON THE AIRPORT."

1.1 COVID-19 Response

1.1.1 Federal

The Federal Reserve Bank acted in March 2020 after stock market indices dropped precipitously and credit markets began to freeze. Federal Reserve Chair Powell called an emergency meeting of the Federal Reserve, cut interest rates to near zero, and, with the U.S. Treasury, offered \$3 trillion in lending to banks, businesses, cities, and states. With that assurance, the credit markets began to function again. Congress passed \$2.4 trillion in coronavirus relief packages in March and April 2020, a \$900 billion second COVID-19 relief bill in December 2020, and a \$1.9 trillion American Rescue Plan Act in March 2021 that includes measures for stimulus checks, vaccine distribution funds, jobless benefits, child tax credits, health care subsidies, and funds for safely reopening schools.

The COVID-19 crisis is different from the 2008 Great Recession since it is a public health emergency and not caused by fundamental economic imbalances. The Federal Reserve and Congress have taken measures to mitigate the economic effects of COVID-19 and the U.S. economy are expected to substantially recover once the virus is under control. However, much economic activity could remain subdued, particularly in the services sector, until vaccines are more widely available and the level of COVID19 cases and hospitalizations do not threaten a resurgence of the virus.

In early February 2021, the federal government invoked the Defense Production Act to assist vaccine makers Pfizer and BioNTech to scale up production. The federal government had contracts in place for 600 million vaccine doses in the first half of the year (sufficient for 300 million people under a two-dose protocol).

Pfizer announced that it expects to deliver 200 million vaccine doses to the U.S. by May 2021 (two months earlier than its July 2021 target); its global estimate is two billion doses by December 2021, up from 1.3 billion doses. Moderna raised its vaccine production estimate to 600 million doses in 2021, 100 million more than its initial estimate. Johnson & Johnson's Ad26.COVID.S single-shot vaccine was also authorized by the U.S. FDA. Distribution of this vaccine was paused on April 13, 2021 following reports of an increased risk of a rare adverse event related to blood clots but was resumed on April 26, 2021. With assistance from Merck & Co., Johnson and Johnson is expected to ship 100 million doses in the first half of 2021. Two other vaccines from Novavax and AstraZeneca are expected to be available in 2021 if they receive Emergency Use Authorization (EUA) from the FDA.¹⁵ As of April 26, 2021, more than 230.7 million doses have been distributed with nearly 141 million people receiving the first dose and nearly 96 million people fully vaccinated.¹⁶ This equates to 28.9% of Americans being completely vaccinated.

1.1.2 The State

The Governor of the State, Gretchen Whitmer, declared a state of emergency to address the spread of COVID-19 on March 2, 2020. In response to the COVID-19 pandemic, the Michigan Safe Start Plan, released by the Governor's Office in May 2020, establishes six tiers of reopening that are based on data that reflect the trajectory of the disease in each county such as the case rate and the rate of positive tests. The Plan reiterates essential measures for reducing COVID-19 transmission such as wearing face coverings in public places, washing hands regularly, maintaining six feet of physical distance when in public, and limiting contact with people from different households.

In October 2020, the Michigan Department of Health and Human Services (MDHHS) issued an Emergency Order prohibiting indoor public gatherings, indoor restaurant dining, and nightclubs, and required Michiganders to wear a face covering in public. The Order restricted outdoor public gatherings, indoor and outdoor residential gatherings, organized sports, and activities such as gyms and exercise studios, entertainment venues, and food service establishments.

Office employees are required to work from home unless their work cannot feasibly be performed remotely. Capacity limits have been imposed in many business settings and masks, social distancing, and screening for COVID-19 are required in most situations. In addition, many businesses are required to collect customer contact information to aid in contact tracing.

The State of Michigan has released "MI COVID Alert," a mobile phone app to assist public health workers with rapid contact tracing, and to help map and predict the spread of COVID. The app informs users if they have been in close contact with another app user who has a positive COVID test. It also allows a user to anonymously warn close contacts if the user tests positive for COVID.

¹⁵ "Biden Harnesses Defense Production Act to Speed Vaccinations and Production of Protective Equipment," *Washington Post*, 5 February 2021, <https://www.washingtonpost.com/health/2021/02/05/biden-vaccines-tests-gloves/>; "How New Vaccine News Gives Hope for Spring, if Enough People Get the Shots," *The New York Times*, 3 February 2021, <https://www.nytimes.com/2021/02/03/health/covid-vaccines.html>; "Covid-19 Vaccine Makers Take Aim at Dangerous New Strains," *The Wall Street Journal*, 4 February 2021, <https://www.wsj.com/articles/covid-19-vaccine-makers-take-aim-at-dangerous-new-strains-11612357201>; "Moderna Raises Covid-19 Vaccine Production Estimate," *The Wall Street Journal*, 5 January 2021, <https://www.wsj.com/articles/moderna-raises-covid-19-vaccine-production-estimate-11609861657>; "Pfizer, BioNTech Boost Vaccine Production Goal To 2 Billion Doses In 2021," *Forbes*, 12 January 2021, <https://www.forbes.com/sites/katiejennings/2021/01/12/pfizer-biontech-boost-vaccine-production-goal-to-2-billion-doses-in-2021/?sh=21c46c6a48a5>, accessed February 2021.

¹⁶ CDC COVID Data Tracker, <https://covid.cdc.gov/covid-data-tracker/#vaccinations>

In August 2020 the MDHHS released "MI Symptoms," a free online tool that helps employers maintain compliance with the entry screening protocol requirement from the State of Michigan. The MI Symptoms dashboard helps to ensure that, before entering the workplace, employees are completing wellness checks and do not present a risk of disease spread.

Despite efforts to contain the spread of COVID-19, as of March 23, 2021, 59 of Michigan's 83 counties (71%) were at Risk Level E, and 22 counties (27%) were at Risk Level D, and the remaining two counties were at Risk Levels B and C.¹⁷ In the Air Service Area,¹⁸ nine out of the 10 counties are Risk Level E and one county (Washtenaw) is at Risk Level D.

While testing positivity and daily case rates in Michigan are currently below the all-time high rates experienced in November 2020, progress in reducing the spread of the virus appears to have tapered off. In addition, more infectious variants of COVID-19 are now present in Michigan.¹⁹ In early March 2021, MDHHS issued an order restricting capacity at indoor and outdoor gatherings, organized sports gatherings, entertainment facilities, recreational facilities, food service establishments, retail stores, libraries, and museums. The order included requirements for face masks at all gatherings and contact tracing for personal services businesses and exercise facilities.²⁰

MDHHS has set a goal of vaccinating 70% of Michiganders 16 years of age and older, or about 5.6 million people, for COVID-19 by the end of 2021. As of March 25, 2021, Michigan has administered more than 3.9 million vaccine doses including approximately 2.5 million first doses²¹ and 1.4 million second doses of the Pfizer and Moderna vaccines.²² MDHHS is following the CDC's recommendations for vaccine prioritization and has administered doses to frontline health care workers, residents in long-term care facilities, persons aged 65 and older, and frontline essential workers in critical infrastructure. Vaccine priority in Michigan is also given to childcare workers and pre-kindergarten through high school employees.²³

1.1.3 The Authority and the Airport

Specifically related to the Airport, the Authority has taken several steps to help prevent the spread of COVID-19 and to help ensure the health safety of airline passengers, employees, and contractors working at the Airport. The Authority has advised employees, stakeholders and customers to protect themselves by following Centers for Disease Control and Prevention (CDC) guidelines. Janitorial staff at the Airport also increased the frequency of cleaning in the McNamara Terminal and North Terminal, concentrating on "touch points," such as doorknobs,

¹⁷ Risk Level E is defined as a test positivity rate above 20% and over 150 COVID-19 cases per million population. Risk Level D reflects a test positivity rate of 15% to 20% and 70 to 150 COVID-19 cases per million population. Risk Level C is defined as a test positivity rate of 10% to 15% and 40 to 70 COVID-19 cases per million population. Risk Level B reflects a test positivity rate of 7% to 10% and 20 to 40 COVID-19 cases per million population.

¹⁸ The Airport's Air Service Area is defined as the Detroit-Warren-Ann Arbor Combined Statistics Area (CSA), which includes the following ten counties in Michigan: Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne.

¹⁹ The B.1.1.7 variant, first detected in the United Kingdom in January 2021, and the B.1.351 variant, first detected in South Africa in December 2020.

²⁰ State of Michigan Orders & Directives, "March 2, 2021 Gatherings and Face Mask Order," https://www.michigan.gov/coronavirus/0,9753,7-406-98178_98455-553387--,00.html, accessed March 2021.

²¹ Approximately 2,447,000 first doses of Pfizer and Moderna vaccines and 75,000 doses of the single-dose Johnson & Johnson vaccine.

²² Coronavirus Resources, COVID-19 Vaccine Dashboard, https://www.michigan.gov/coronavirus/0,9753,7-406-98178_103214_103272-547150--,00.html, accessed March 2021.

²³ Preliminary Vaccine Rollout Timeline, 12 January 2021, https://www.michigan.gov/coronavirus/1-12_Vaccine_Timeline_712927_7.pdf, accessed March 2021.

water fountains, handrails and toilet seats. The Authority has also followed the recommendation of Governor Whitmer to implement a community mitigation strategy, as follows.²⁴

1. Postponed all community engagement activities, including the “DTW Destination Pass” program, which allows non-travelers to access gate areas
2. Canceled all non-essential work-related travel for Authority employees
3. Canceled all Authority meetings with non-essential visitors and vendors
4. Continued following a process to sanitize DTW’s terminals, similar to what occurs in a hospital
5. Added hand sanitizing stations in areas that passengers and airport employees can easily access throughout the terminals
6. Continuing to provide checkpoint bins treated with antimicrobial technology that kills or slows the growth of bacteria and viruses
7. Reminded passengers and workers to stay healthy by following the CDC’s recommendations via signage and public address messages in the terminals

The Authority is also undertaking the following to help keep travelers and Airport employees healthy:

1. Requiring employees and customers to wear face coverings and practice social distancing by staying six feet away from others.
2. Providing free face coverings via dispensers located in the McNamara Terminal and North Terminal ticket lobbies.
3. Postponing or canceling community engagement activities, including educational tours and the annual Arbor Day celebration.
4. Providing Authority employees with face coverings.
5. Encouraging businesses that operate at the Airport to provide face coverings to their employees.

The Airport is also one of the U.S. airports selected by the Department of Homeland Security to facilitate COVID-19 screening of passengers. Customs and Border Protection (CBP) and the CDC have implemented enhanced screening procedures at the Airport.

1.2 Economic Impacts related to the COVID-19 Pandemic

This section describes a summary of key economic impacts associated with the COVID-19 pandemic. For more detailed information on these, please refer to Chapter 2 of this Report.

1.2.1 Impact of COVID-19 on Unemployment

The 2020 unemployment rate in the Air Service Area, Michigan, and the U.S. peaked in April 2020 primarily as a result of impacts associated with the COVID-19 pandemic and the shutdown of most sectors of the U.S. economy. **Figure 1-1** shows that as the Air Service Area economy adjusted to public health measures aimed at reducing the risk of COVID-19 exposure, unemployment fell 19.4 percentage points from a peak of 24.1% in April 2020 to 4.7% in March 2021 (non-seasonally adjusted). Michigan’s non-seasonally adjusted unemployment rate of 5.1% in March 2021 was 18.5 percentage points below its peak non-seasonally adjusted unemployment rate of 23.6% in April 2020. Overall U.S. unemployment decreased by 8.2 percentage points from 14.4% in April 2020 to 6.2% in March 2021 (non-seasonally adjusted).

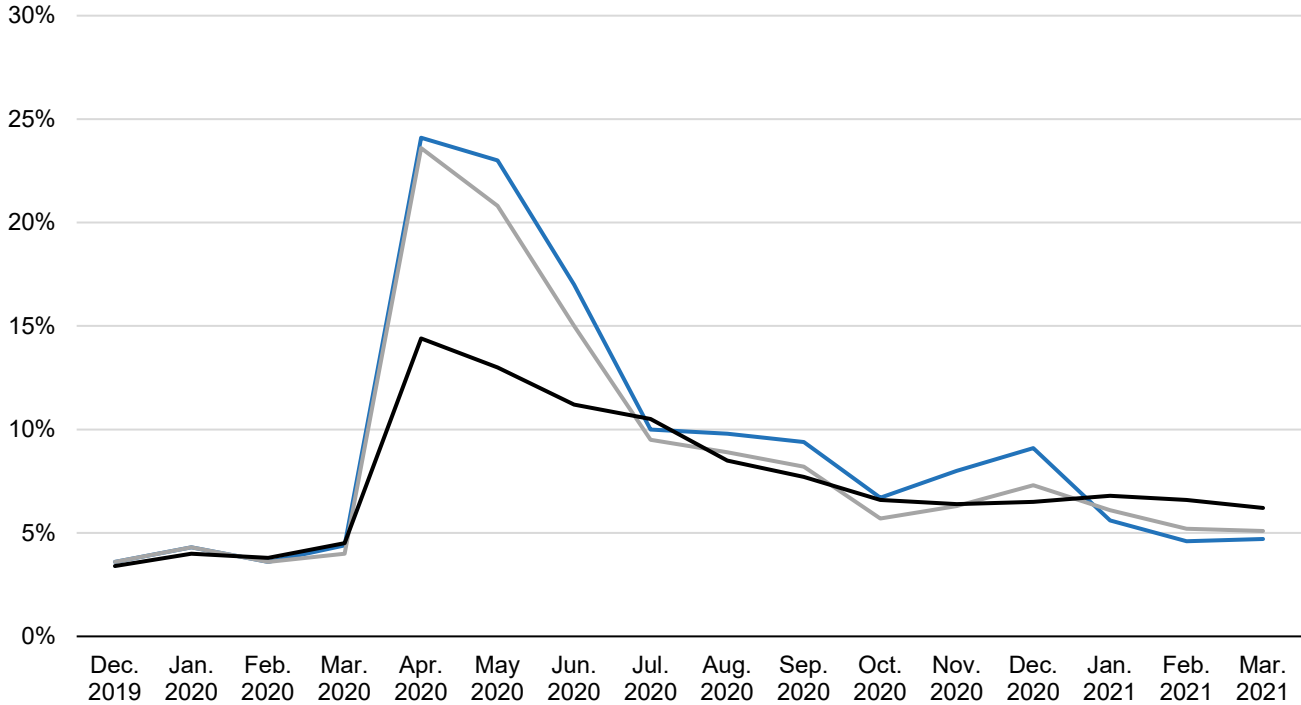
²⁴ Wayne County Airport Authority implements additional changes to address COVID-19, March 13, 2020, <https://www.metroairport.com/about-us/dtw-news/wayne-county-airport-authority-implements-additional-changes-address-covid-19>, accessed February 2021.

Figure 1-1 Unemployment Rates (December 2019 – March 2021)

Unemployment Rate

Share of labor force

— Air Service Area — Michigan — United States

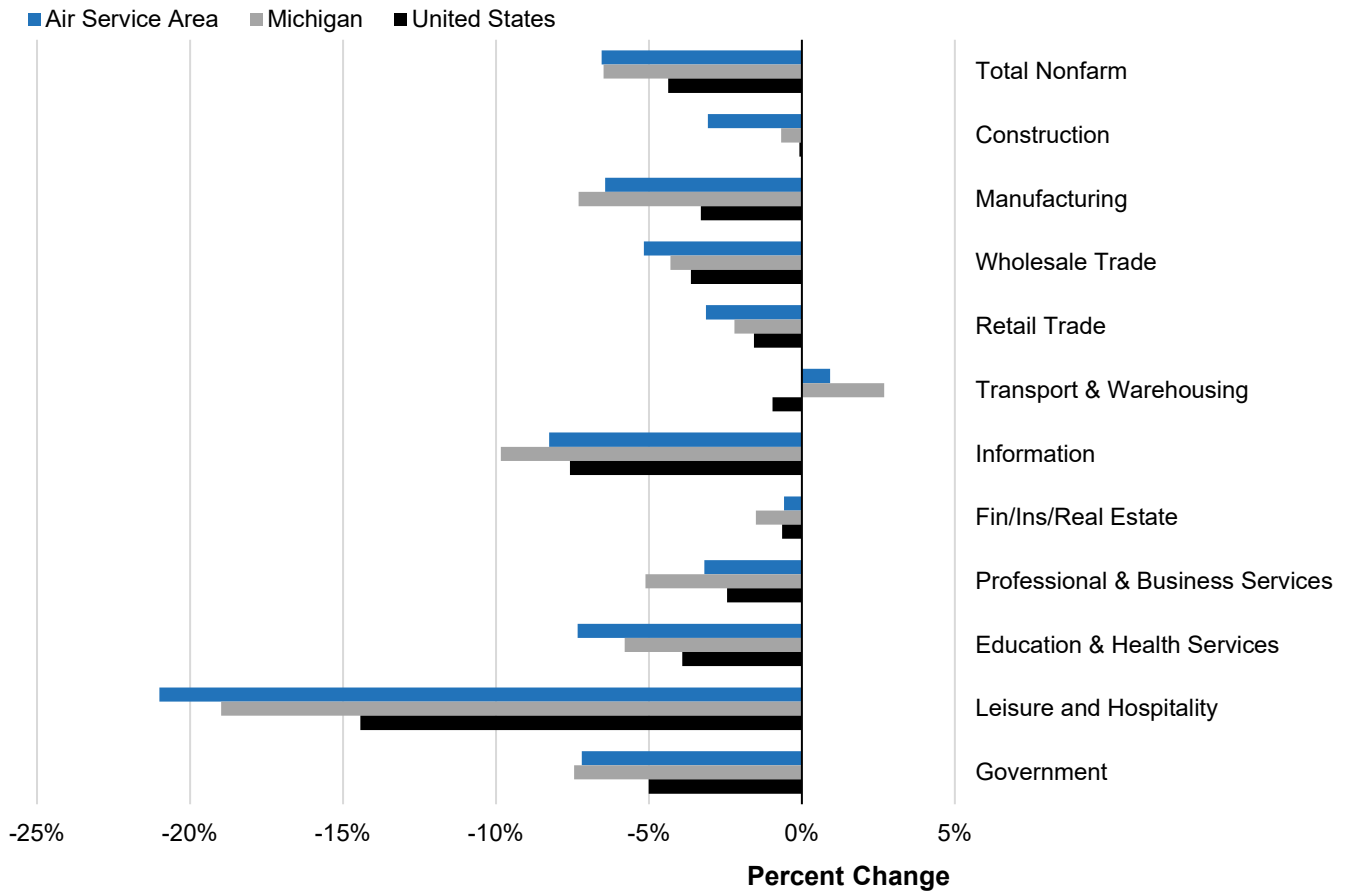


Source: U.S. Department of Labor, Bureau of Labor Statistics, May 2021
Compiled by Partners for Economic Solutions, May 2021

1.2.2 Change in Industry Employment Due to COVID-19

Figure 1-2 shows percent changes in employment in the Air Service Area, Michigan, and the United States in total nonfarm employment and selected industry sectors from March 2020 to March 2021. While nearly all industries suffered job loss as a result of both the pandemic and restrictions aimed at reducing the spread of COVID-19, the greatest impact has been felt by leisure/hospitality workers. On the positive side, jobs in transportation/warehousing employment in Michigan grew by 2.7% between March 2020 and March 2021, comparing favorably to a 1.0% decline in U.S. transportation/warehousing jobs. Air Service Area employment in transportation/warehousing grew by 0.9% over the same period.

Figure 1-2 Percent Change in Industry Employment (March 2020 – March 2021)



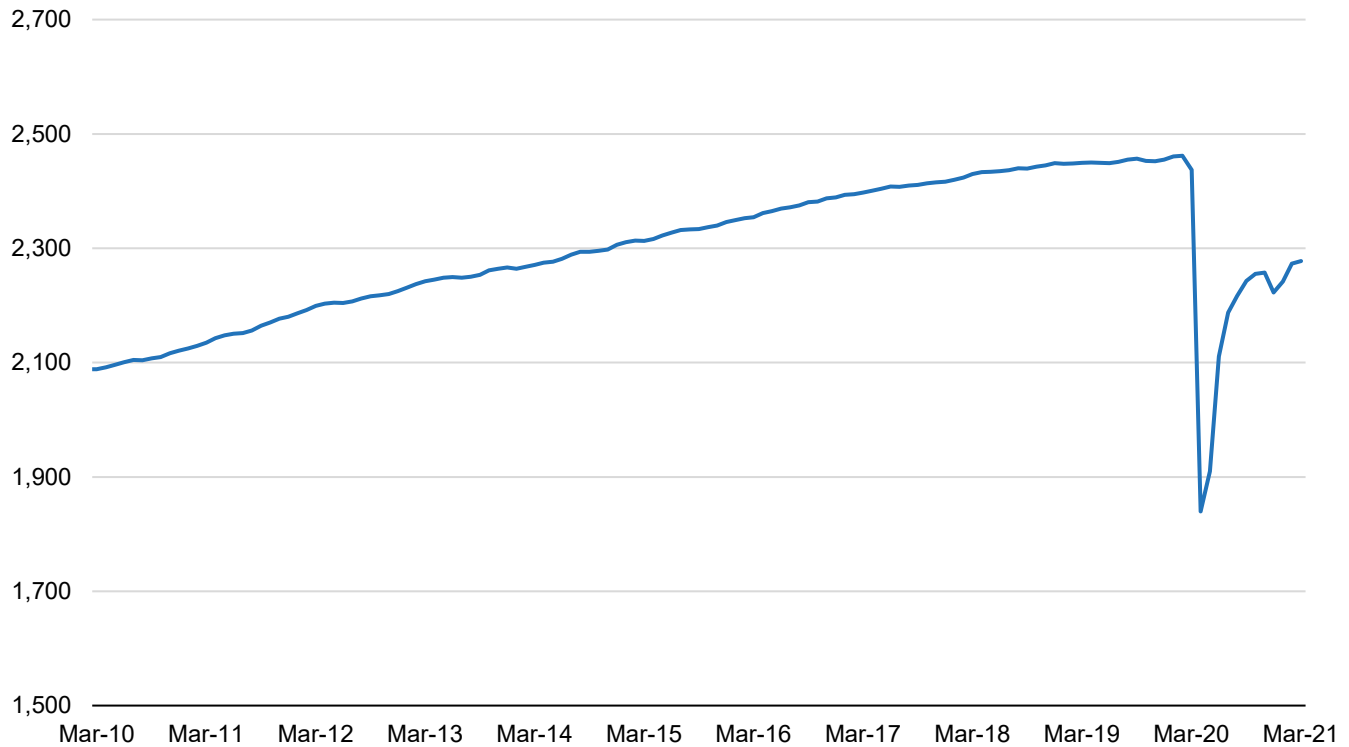
Sources: U.S. Department of Labor, Bureau of Labor Statistics; Michigan Bureau of Labor Market Information and Strategic Initiatives, May 2021
Compiled by Partners for Economic Solutions, May 2021

1.2.3 Payroll Employment Recovery

While Air Service Area industries such as leisure/hospitality, education and health services, and manufacturing experienced significant and rapid job loss in 2020, employment in the Air Service Area recovered considerably between May 2020 and March 2021. **Figure 1-3** shows that total payroll employment in the Air Service Area fell from a 10-year annual high in 2019 to a record loss of approximately 612,000 jobs by April 2020. However, the Air Service Area has recovered approximately 73% of this loss, regaining approximately 438,000 jobs between April 2020 and March 2021.

Figure 1-3 Total Air Service Area Nonfarm Payroll Employment (March 2010 – March 2021)**Payroll Employment**

In thousands



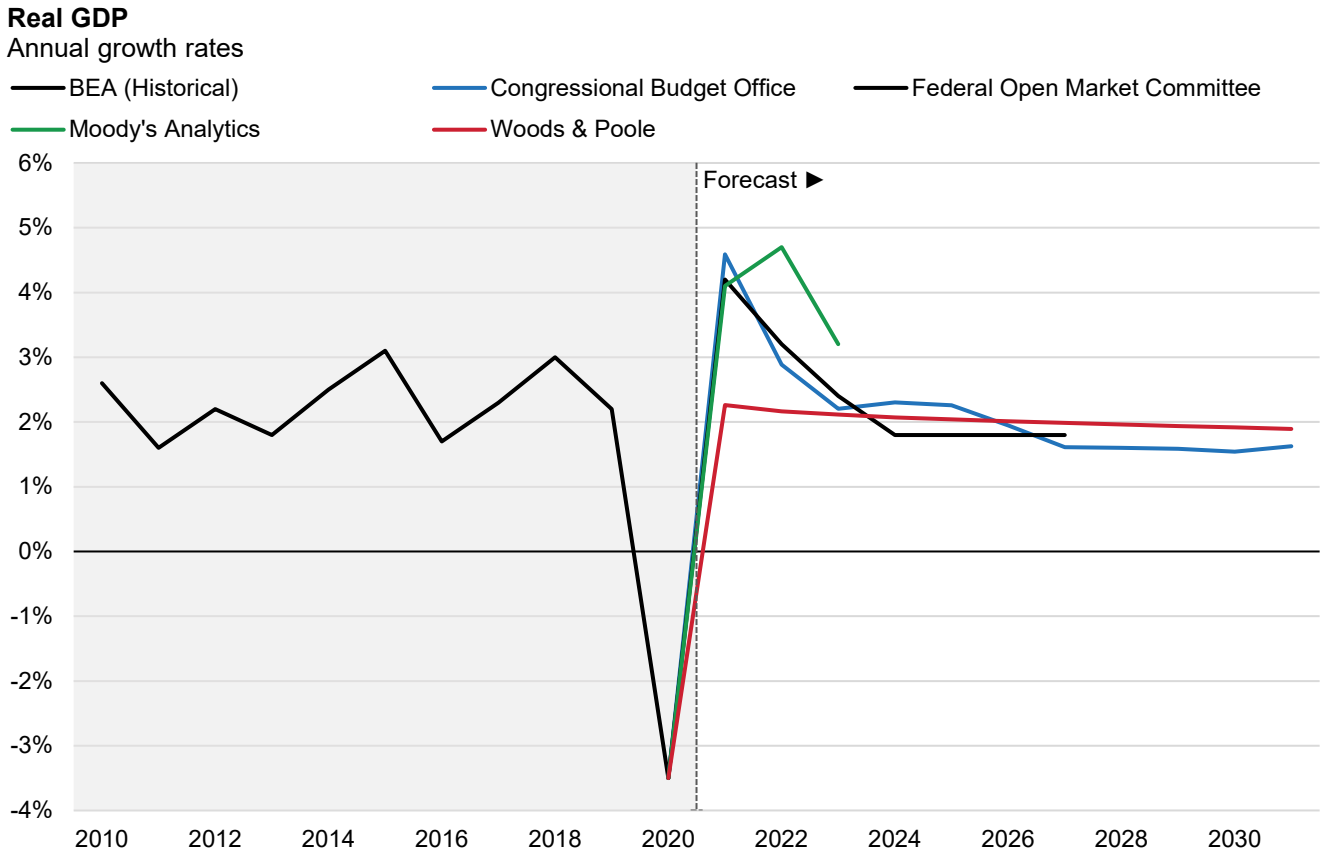
Source: U.S. Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, State and Area Employment, May 2021
Compiled by Partners for Economic Solutions, May 2021

1.2.4 Real GDP Growth Forecasts

Figure 1-4 shows historical real U.S. gross domestic product (GDP) growth from the Bureau of Economic Analysis (BEA) and growth forecasts for the U.S. between 2021-2031 from the CBO, FOMC, Moody's Analytics, and Woods & Poole Economics. As shown, the U.S. GDP decreased significantly in 2020 primarily as a result of the economic impacts associated with the COVID-19 pandemic.

The 2021 real GDP growth forecasts range from 2.3% (Woods & Poole Economics) to 4.6% (CBO); Moody's expects real U.S. GDP to grow at a rate of 4.1% and the FOMC projects 4.2% growth. While Moody's predicts real GDP growth of 4.7% in 2022, the other forecasters expect real GDP growth in 2022 to range from 2.2% (Woods & Poole Economics) to 2.9% (CBO) to 3.2% (FOMC). The forecasts project lower real GDP growth in 2023, 2024, and 2025 compared to 2022. From 2026-2031, the CBO, FOMC, Moody's, and Woods & Poole Economics forecasts expect real GDP growth in the U.S. to range from 1.5% to 2.0%.

Figure 1-4 U.S. Real GDP Growth Forecast



Note: Woods & Poole 2021-2026 forecast data was prepared prior to the impact of COVID-19 on the data.
Sources: Bureau of Economic Analysis, Annual Real Gross Domestic Product, Chained 2012 Dollars, January 2021 (Historical Data); Congressional Budget Office, Budget and Economic Data, 10-Year Economic Projections, February 2021; Board of Governors of the Federal Reserve System, Federal Open Market Committee, Summary of Economic Projections, December 2020; Moody's Analytics, U.S. Real Gross Domestic Product Forecast, December 2020. Woods & Poole Economics, Inc., 2020 Complete Economic and Demographic Data Source, April 2020.
Compiled by Partners for Economic Solutions, March 2021.

The most recently published forecast by business economists from the National Association for Business Economics (NABE) indicates consensus for real GDP growth of 3.8% in 2021 and an average annual U.S. unemployment rate of 6.3%.²⁵

Similarly, the most recent Michigan Economic and Revenue Outlook projects an annual U.S. unemployment rate of 7.1% in 2021 that will fall to 6.2% in 2022, and then decline to 5.3% in 2023. The University of Michigan Research Seminar in Quantitative Economics (RSQE) forecasts slow job recovery in leisure, hospitality, retail trade, and government in 2021 and 2022.²⁶

²⁵ National Association for Business Economics, NABE Outlook, December 2020.
²⁶ Economic and Revenue Outlook FY 2020-21, FY 2021-22 and FY 2022-23, Michigan Department of Treasury, 15 January 2021, www.michigan.gov/documents/treasury/Administration_Economic_and_Revenue_Outlook_January_15_2021_Final_713089_7.pdf;

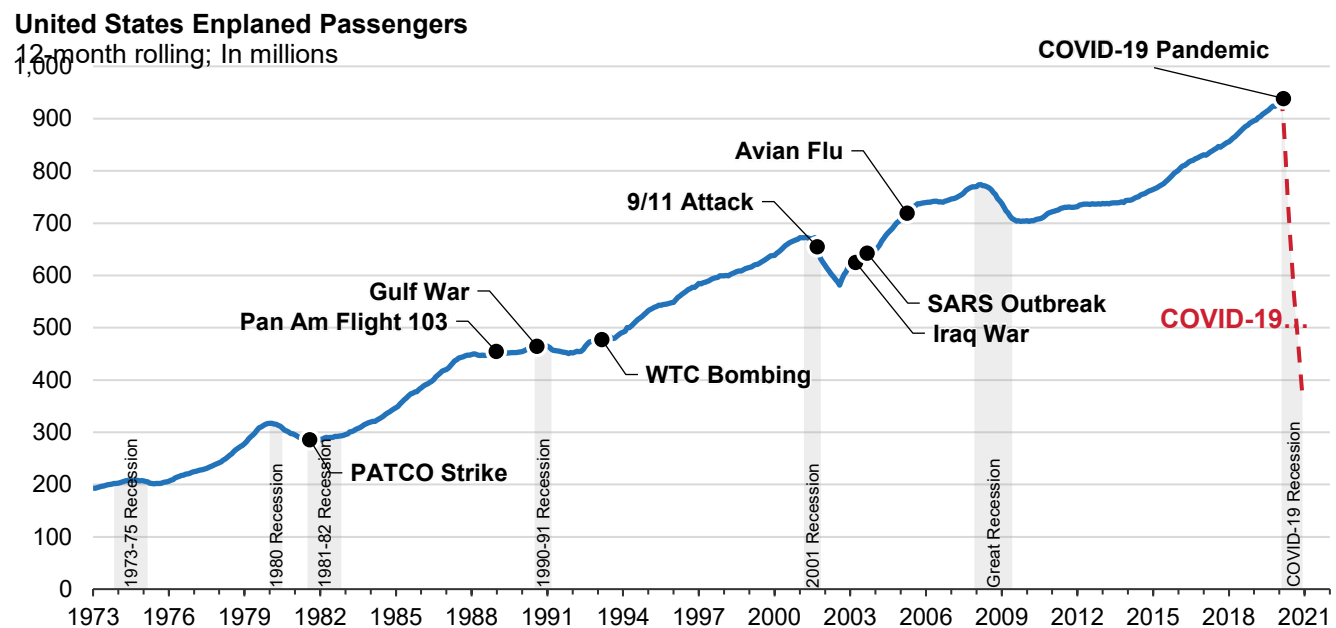
1.3 Summary of Aviation Industry and Airport Activity Impacts

This section describes a summary of key aviation industry and Airport air traffic impacts associated with the COVID-19 pandemic. For more detailed information on these, please refer to Chapter 3 of this Report.

The COVID-19 pandemic resulted in a 95% decrease in the total passengers screened at the Transportation Security Administration (TSA) security checkpoints in the U.S. in early-to-mid April 2020, as compared to the same period in 2019. For the weekly average in early April 2021, the Airport handled around 67% of its 2019 TSA security checkpoint throughput compared to about 60% of the 2019 TSA security checkpoint throughput handled by U.S. airports as a whole. In response to the sudden and dramatic decrease in passengers, airlines reduced their scheduled flights and seat capacity starting in late March 2020. At the Airport, enplaned passengers were down approximately 56% in March 2020, 94% in April 2020, 91% in May 2020, and 83% in June 2020, as compared to the same months in 2019. By March 31, 2021, the number of enplaned passengers at the Airport had increased such that enplaned passenger numbers in March 2021 were 47.6% of the number of enplaned passengers in March 2019. These passenger declines are generally in line with national trends.

Figure 1-5 below presents the relative effect of the COVID-19 pandemic on annual U.S. passenger volumes as compared to the effect of prior significant events and situations in the U.S. As presented, the associated impacts of the COVID-19 pandemic have resulted in the largest passenger declines in aviation history. More information on air traffic impacts to the Airport, U.S. airports in total, and the U.S. airline industry are presented in Chapter 3.

Figure 1-5 U.S. Aviation System Shocks and Recoveries



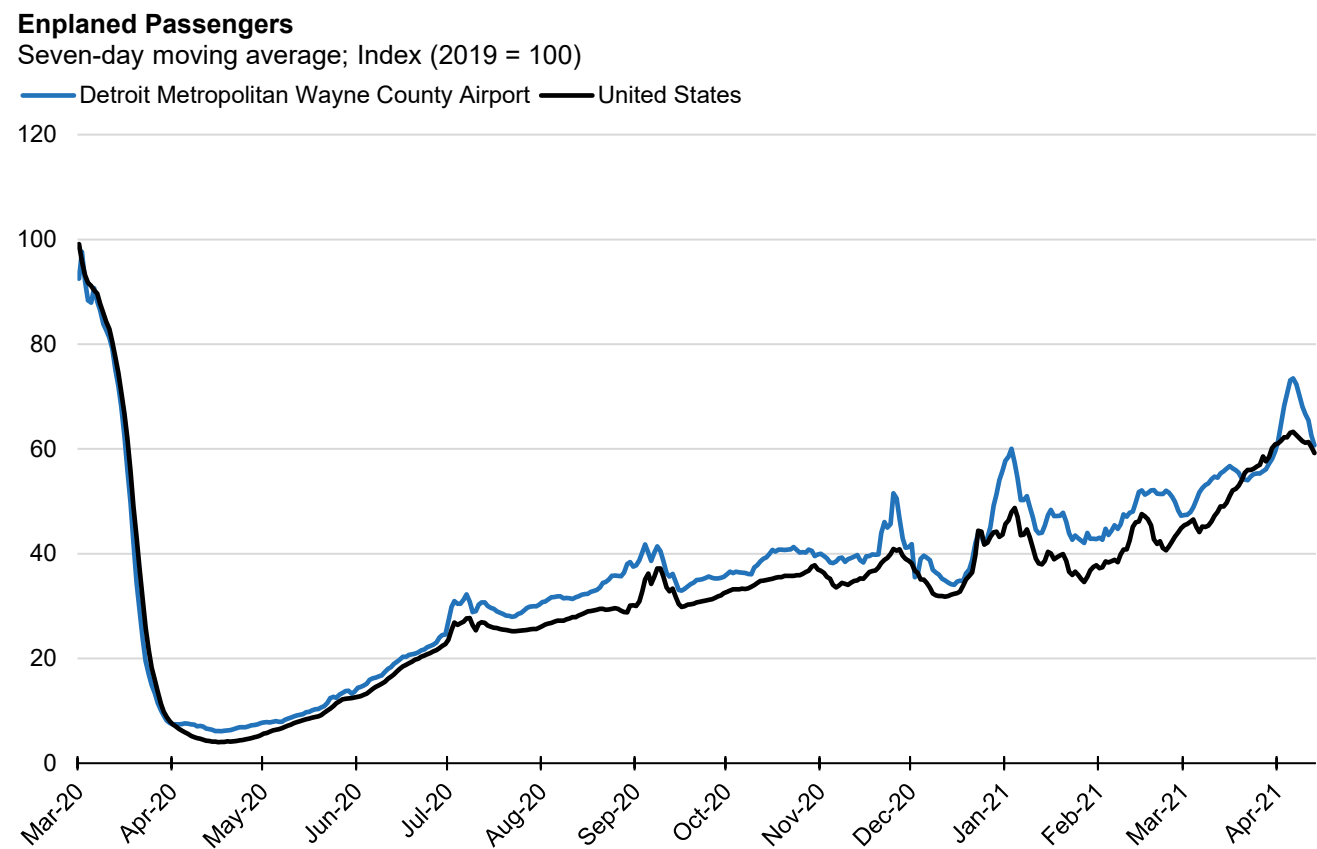
Note: Excludes non-revenue enplaned passengers.

Source: U.S. Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statistics; National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions.

Michigan Forecast, 20 November 2020, University of Michigan Research Seminar in Quantitative Economics (RSQE), <https://lsa.umich.edu/econ/rsqe/forecasts/michigan-forecast.html>, accessed February 2021.

Figure 1-6 depicts the impacts associated with the COVID-19 pandemic on passenger security checkpoint throughput at both the Airport and for the overall U.S. per data from the Transportation Security Administration (TSA). This figure presents the recovery trend for passenger checkpoint throughput indexed to 2019 levels (i.e., 2019 levels equal 100). As shown during the early days of the pandemic, the impact to the Airport’s security checkpoint passengers tracked closely with the general nationwide trend, however, was slightly better. The recovery at the Airport has been more pronounced than recovery in the nation as a whole, especially, as we have moved on from the early days of the pandemic. For the weekly average in early April 2021, the Airport handled around 67% of the security checkpoint throughput for the same period in 2019, as compared to about 60% of the security checkpoint throughput handled by U.S. airports as a whole.

Figure 1-6 Comparison of Airport and U.S. TSA Checkpoint Throughput

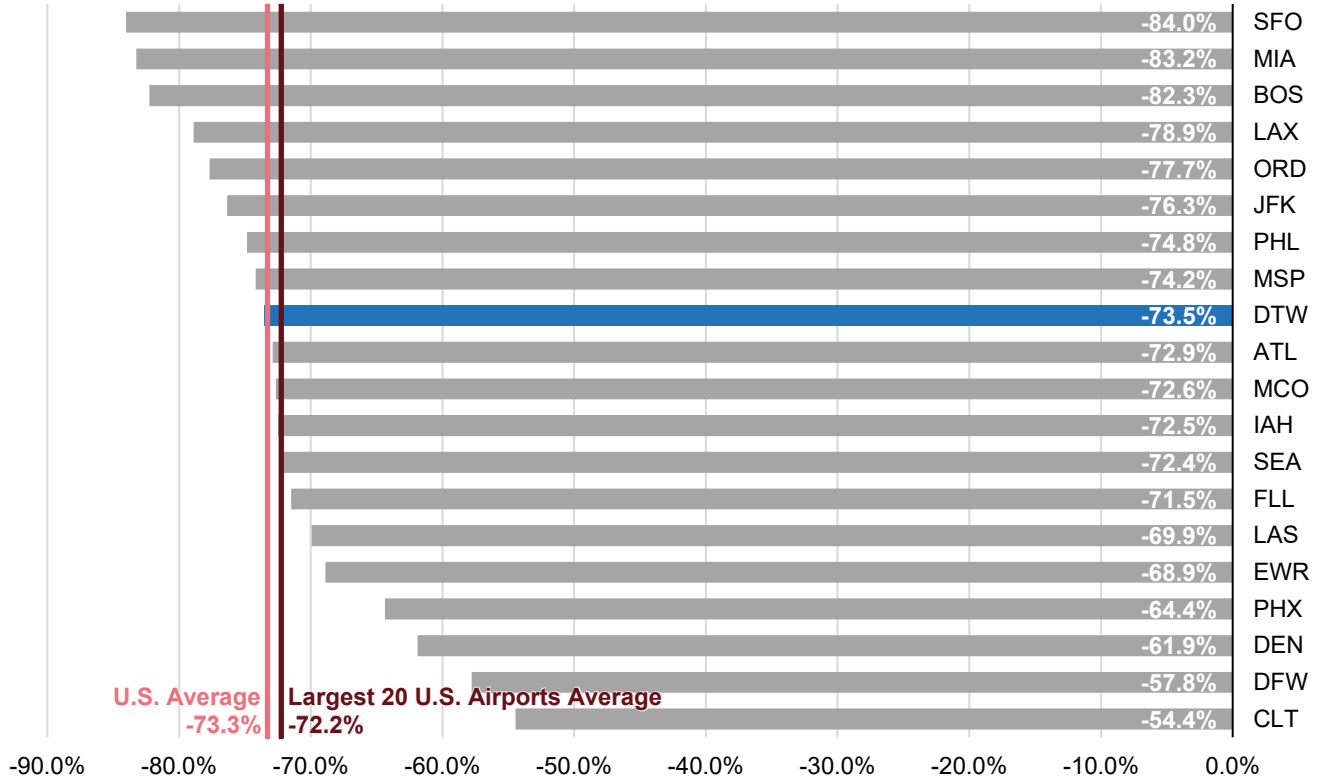


Note: Values for January 2019 were estimated.
Sources: Wayne County Airport Authority, Management records, accessed April 2021.
Transportation Security Administration, accessed April 2021.

Figure 1-7 presents the decreases in enplaned passengers for the period March 2020 through November 2020 (the latest available data) as compared to the same period in 2019 for the largest 20 airports in the U.S., including the Airport, based on 2019 enplaned passengers. The weighted average for these airports is a 72.2% decline in total passengers for the period shown. It also presents the overall decrease for the U.S. based on TSA checkpoint throughput data for the same period. As shown, the Airport’s data has been in line with the largest U.S. airports and the overall U.S.

**Figure 1-7 Change in Total Passengers for Largest 20 U.S. Airports
(March 2020 – November 2020 vs March 2019 – November 2019)**

**Decrease in Total Passengers
Percent Change**



Sources: Individual airport websites; Transportation Security Administration, accessed January 2020.

Overall, total enplaned passengers at the Airport decreased by 61.7% in 2020 as compared to 2019, with the primary impacts occurring after mid-March as shown in the figures above. **Table 1-1** depicts the monthly enplaned passengers for 2020 compared to 2019. As shown, in March 2020, enplaned passengers at the Airport decreased dramatically primarily because of the impacts associated with the COVID-19 pandemic. For the entire year, enplaned passengers in 2020 decreased by 61.7% as compared to 2019 levels, with the primary impacts occurring after mid-March 2020. In March 2020, enplaned passengers decreased by approximately 56% as compared to March 2019, and further decreased by 94% in April 2020 as compared to April 2019. Since April 2020, the number of enplaned passengers at the Airport has slowly started to increase, and in March 2021 was approximately 47.6% of enplaned passenger levels in March 2019.

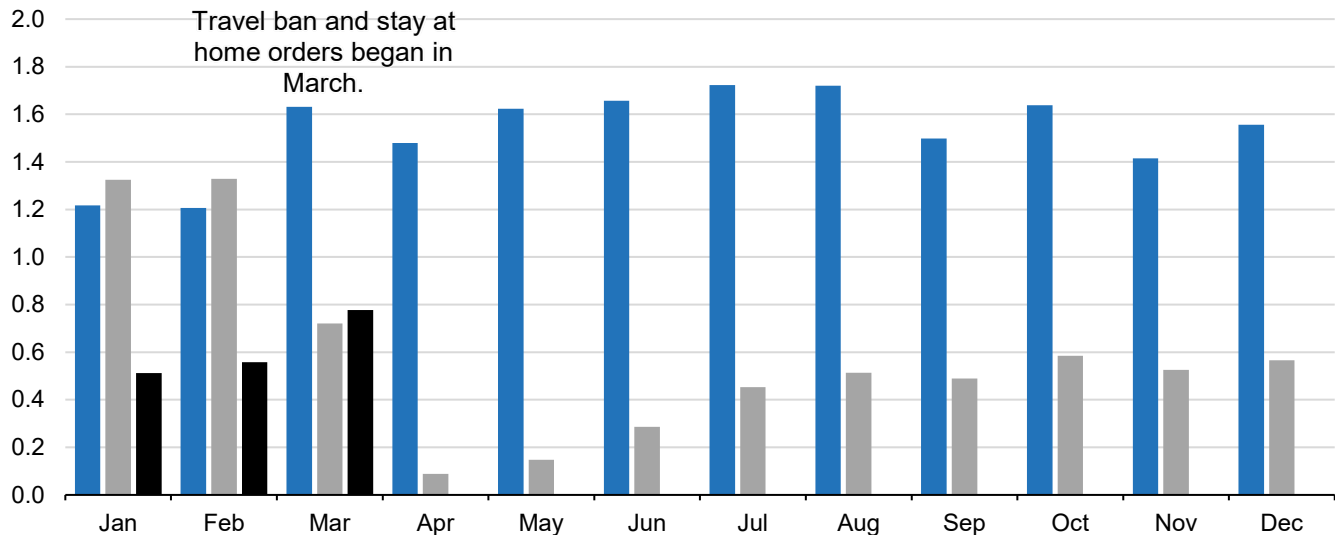
Table 1-1 Change in Monthly Enplaned Passengers at the Airport (January 2019 – March 2021)

| Month | Enplaned Passengers | | | Percent Change from Prior Year | |
|--------------|---------------------|------------------|------------------|--------------------------------|---------------|
| | 2019 | 2020 | 2021 | 2020 | 2021 |
| January | 1,217,652 | 1,324,303 | 512,114 | 8.8% | -61.3% |
| February | 1,205,789 | 1,328,878 | 557,501 | 10.2% | -58.0% |
| March | 1,631,425 | 720,121 | 776,599 | -55.9% | 7.8% |
| April | 1,479,430 | 88,548 | | -94.0% | |
| May | 1,623,604 | 147,970 | | -90.9% | |
| June | 1,657,063 | 286,367 | | -82.7% | |
| July | 1,722,369 | 452,782 | | -73.7% | |
| August | 1,720,321 | 512,927 | | -70.2% | |
| September | 1,498,100 | 489,102 | | -67.4% | |
| October | 1,637,969 | 584,159 | | -64.3% | |
| November | 1,414,837 | 525,140 | | -62.9% | |
| December | 1,555,402 | 566,294 | | -63.6% | |
| Total | 18,363,961 | 7,026,591 | 1,876,214 | -61.7% | -45.3% |

Enplaned Passengers

In millions

■ 2019 ■ 2020 ■ 2021



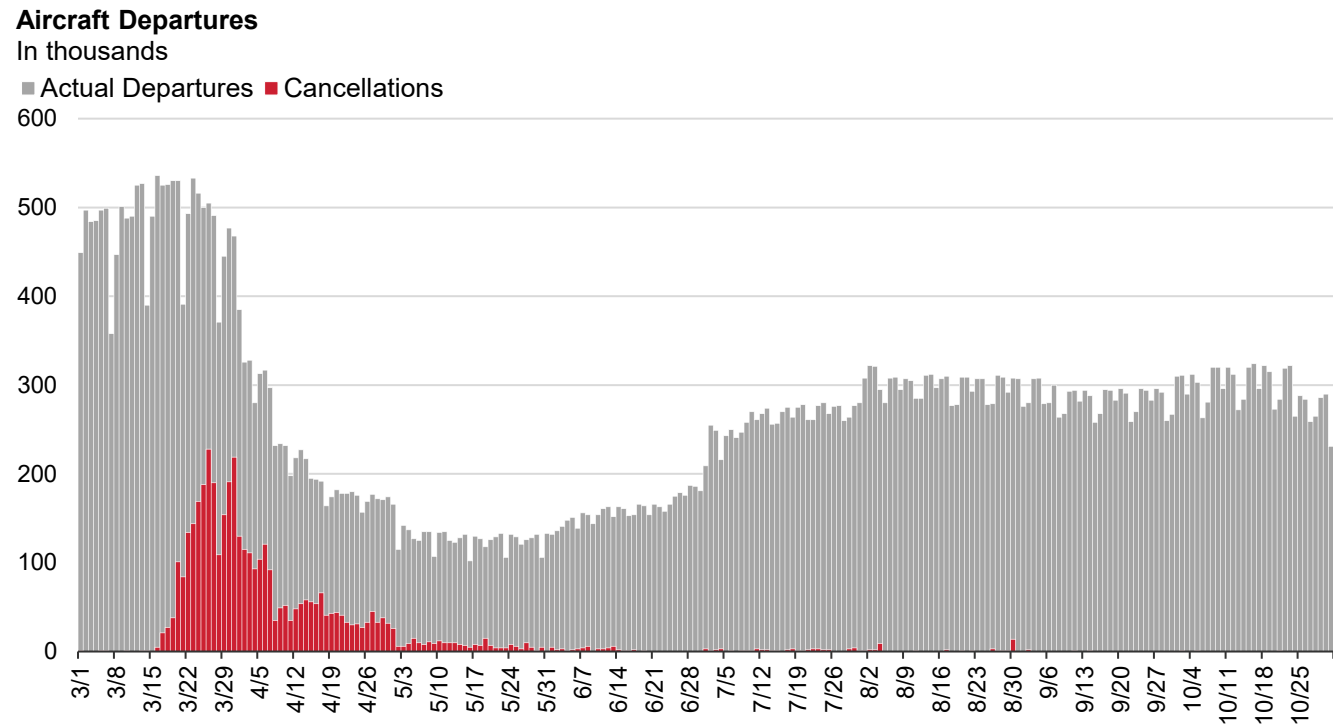
Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics>

In response to the significant decline in enplaned passengers in the U.S. and at the Airport during the ongoing COVID-19 pandemic, the airlines reduced the number of daily flights and air service in kind. There were 2,008

flight cancellations at the Airport in March 2020 and 1,744 in April 2020 before tailing off in May and June.²⁷

Figure 1-8 illustrates the high concentration of flight cancellations early in the pandemic, followed by a reduction in flights, and a gradual increase in flights in the summer before remaining flat through October.

Figure 1-8 Flight Departures and Cancellations (March 2020 - October 2020)



Source: Federal Aviation Administration, Airline Service Quality Performance System: Airport View: Causal Report, accessed online at <https://aspm.faa.gov/asqp/sys/Airport.asp>

In order to provide context as to the recovery of the airlines at the Airport since the beginning of the COVID-19 pandemic, **Table 1-2** compares key air service metrics at the Airport for March 2019 versus March 2021 by airline. As a result of the COVID-19 pandemic, all foreign flag scheduled passenger airlines suspended service at the Airport. Air France and Royal Jordanian are the only foreign flag scheduled passenger airlines that have resumed service at the Airport as of March 2021. As of March 2021, all the domestic scheduled passenger airlines have continued service at the Airport, albeit at reduced capacity. Total departures and scheduled departing seats were down in March 2021 by approximately 36.4% and 35.5%, respectively, as compared to March 2019.

²⁷ Federal Aviation Administration, Airline Service Quality Performance System: Airport View: Causal Report, accessed online at <https://aspm.faa.gov/asqp/sys/Airport.asp>

Table 1-2 Key Air Service Metrics at the Airport by Airline (March 2019 vs March 2021)

| Airline | Departures | | | Scheduled Seats | | | Nonstop Markets Served | | |
|-------------------------|---------------|---------------|----------------|------------------|------------------|----------------|------------------------|------------|------------|
| | March 2019 | March 2021 | Percent Change | March 2019 | March 2021 | Percent Change | March 2019 | March 2021 | Change |
| Delta Air Lines | 12,532 | 8,396 | -33.0% | 1,418,586 | 956,635 | -32.6% | 131 | 104 | -27 |
| American Airlines | 1,119 | 496 | -55.7% | 108,805 | 54,878 | -49.6% | 8 | 6 | -2 |
| Spirit Airlines | 1,069 | 769 | -28.1% | 204,540 | 143,438 | -29.9% | 21 | 14 | -7 |
| United Airlines | 717 | 393 | -45.2% | 61,958 | 26,732 | -56.9% | 6 | 5 | -1 |
| Southwest Airlines | 495 | 266 | -46.3% | 75,489 | 42,486 | -43.7% | 11 | 8 | -3 |
| Air Canada | 116 | 0 | -100.0% | 5,800 | 0 | -100.0% | 1 | 0 | -1 |
| Frontier Airlines | 53 | 62 | 17.0% | 11,140 | 12,432 | 11.6% | 2 | 4 | 2 |
| JetBlue Airways | 83 | 16 | -80.7% | 8,300 | 1,600 | -80.7% | 1 | 2 | 1 |
| Aeroméxico | 106 | 0 | -100.0% | 11,368 | 0 | -100.0% | 4 | 0 | -4 |
| Alaska Airlines | 31 | 26 | -16.1% | 4,986 | 4,628 | -7.2% | 1 | 1 | 0 |
| Lufthansa | 31 | 0 | -100.0% | 8,685 | 0 | -100.0% | 1 | 0 | -1 |
| Air France | 30 | 13 | -56.7% | 8,320 | 3,627 | -56.4% | 1 | 1 | 0 |
| WOW Air | 18 | 0 | -100.0% | 3,600 | 0 | -100.0% | 1 | 1 | 0 |
| Royal Jordanian | 8 | 4 | -50.0% | 2,160 | 1,080 | -50.0% | 1 | 1 | 0 |
| Total (see note) | 16,408 | 10,441 | -36.4% | 1,933,737 | 1,247,536 | -35.5% | 133 | 106 | -27 |

Notes: Data includes regional affiliates, as applicable.
 Nonstop markets served total do not sum as there is overlap in markets by carriers.
 WOW Air ended service in March 2019 when the airline declared bankruptcy.

Source: Diao Mi, Schedule – Dynamic Table, accessed February 2021.

1.4 Summary of Airport Financial Impacts

This section summarizes key financial impacts of the COVID-19 pandemic on Airport Operating and Maintenance (O&M) Expenses, non-airline revenues, and airline revenues. Historical information is provided for Operating Year (OY) 2016 through OY 2019 (reflecting the Authority's previous OY of the 12 months ending September 30), as well as for calendar year (CY) 2019 and OY 2020.²⁸ CY 2019 is provided for comparative purposes to reflect the change in OY from October-September to January-December beginning January 1, 2020 and to evaluate the year over year impacts of COVID-19.

1.4.1 O&M Expenses

Table 1-3 presents historical O&M Expenses of the Authority by category for OY 2016 through OY 2019, as well as for calendar year (CY) 2019 and OY 2020. The table also presents the compound annual growth rate (CAGR) in O&M Expenses for OY 2016 through OY 2019 and the percent change in O&M Expenses from calendar year 2019 through estimated OY 2020.

Table 1-3 Historical O&M Expenses (in thousands of dollars)¹

| Category | OY 2016 | OY 2017 | OY 2018 | OY 2019 | 2016–19 CAGR | CY 2019 | OY 2020 | 2019-20 CAGR |
|--|------------------|------------------|------------------|------------------|--------------|------------------|------------------|----------------|
| Salaries, wages, and employee benefits | \$88,181 | \$86,231 | \$94,533 | \$96,820 | 3.2% | \$102,597 | \$88,592 | (13.6%) |
| Contractual services | 55,813 | 59,793 | 63,735 | 64,562 | 5.0% | 67,369 | 53,854 | (20.1%) |
| Repairs and maintenance | 33,123 | 32,251 | 33,039 | 36,445 | 3.2% | 37,003 | 27,372 | (26.0%) |
| Hotel management | 22,678 | 18,612 | 19,702 | 19,746 | -4.5% | 20,415 | 10,550 | (48.3%) |
| Utilities | 21,939 | 22,947 | 23,388 | 22,870 | 1.4% | 22,706 | 19,217 | (15.4%) |
| Supplies and other operating expenses | 13,904 | 14,044 | 14,921 | 15,345 | 3.3% | 15,637 | 9,889 | (36.8%) |
| Capital expenses | 10,874 | 13,216 | 8,816 | 10,177 | -2.2% | 12,179 | 8,264 | (32.1%) |
| Insurance/other | 2,075 | 2,049 | 1,902 | 1,878 | -3.3% | 1,923 | 1,942 | 1.0% |
| Total O&M Expenses | \$248,587 | \$249,143 | \$260,036 | \$267,845 | 2.5% | \$279,829 | \$219,681 | (21.5%) |

Notes: OY 2016 – OY 2019 reflect the Authority's previous October 1 – September 30 OY, and CY 2019 is included for comparative purposes to present the annual change over the Authority's new January 1 – December 31 OY.

¹ Does not include interest expense and trustee fees. Amounts in this table may vary from those presented in other Authority financial reports because of certain reclassifications consistent with financial reporting standards. Amounts may not add because of rounding.

Source: Wayne County Airport Authority

²⁸ Effective January 1, 2020, the Authority's current OY is the 12-month period ending December 31. Prior to January 1, 2020, the Authority's OY was the 12-month period ending September 30.

As shown, total O&M Expenses increased from approximately \$248.6 million in OY 2016 to approximately \$267.8 million in OY 2019, reflecting a CAGR of approximately 2.5% during that time. O&M Expenses were approximately \$279.8 million in CY 2019. The Authority sought to reduce expenses during OY 2020 when the COVID-19 pandemic impacts began, resulting in a 21.5% reduction of total O&M Expenses to approximately \$219.7 million in OY 2020 as compared to CY 2019.

1.4.2 Non-Airline Revenues

Table 1-4 presents historical non-airline revenues for the Airport for OY 2016 through OY 2019, as well as for CY 2019 and OY 2020. The table also presents the CAGR in non-airline revenues for OY 2016 through OY 2019 and the percent change from CY 2019 through estimated OY 2020. Total non-airline revenues increased from approximately \$189.0 million in OY 2016 to approximately \$214.2 million in OY 2019, representing a CAGR of approximately 4.3% over this period. Additionally, non-airline revenues grew faster than enplaned passengers for this period; these revenues grew from approximately \$11.04 per enplaned passenger in OY 2016 to approximately \$11.82 per enplaned passenger in OY 2019.

Table 1-4 Historical Airport Non-Airline Revenues (in thousands of dollars)¹

| Category | OY 2016 | OY 2017 | OY 2018 | OY 2019 | 2016–19 CAGR | CY 2019 | OY 2020 | 2019-20 CAGR |
|-----------------------------------|------------------|------------------|------------------|------------------|--------------|------------------|------------------|----------------|
| Automobile Parking | \$74,498 | \$76,707 | \$80,248 | \$83,657 | 3.9% | \$85,358 | \$34,905 | (59.1%) |
| Concessions | 37,506 | 39,290 | 42,298 | 42,937 | 4.6% | 43,160 | 21,073 | (51.2%) |
| Hotel | 33,890 | 29,928 | 31,368 | 32,735 | -1.1% | 34,153 | 12,224 | (64.2%) |
| Rental Car | 23,872 | 24,950 | 26,164 | 25,867 | 2.7% | 25,577 | 11,476 | (55.1%) |
| Ground Transportation | 5,125 | 7,814 | 10,199 | 11,375 | 30.4% | 11,644 | 3,781 | (67.5%) |
| Other | 14,151 | 16,101 | 17,036 | 17,636 | 7.6% | 17,681 | 20,559 | 16.3% |
| Total Non-Airline Revenues | \$189,042 | \$194,790 | \$207,315 | \$214,207 | 4.3% | \$217,573 | \$104,018 | (52.2%) |
| Enplaned Passengers (000s) | 17,131 | 17,281 | 17,559 | 18,121 | 1.9% | 18,364 | 7,027 | (61.7%) |
| Non-Airline Revenues per EP | \$11.04 | \$11.27 | \$11.81 | \$11.82 | 2.3% | \$11.85 | \$14.80 | 24.9% |

Notes: ¹ OY 2016 – OY 2019 reflect the Authority’s previous October 1 – September 30 OY, and CY 2019 is included for comparative purposes to present the annual change over the Authority’s new January 1 – December 31 OY. Amounts in this table include non-operating revenues and may vary from those presented in other Authority financial reports because of certain reclassifications consistent with financial reporting standards.

Source: Wayne County Airport Authority

Non-airline revenues for the Airport decreased significantly in OY 2020 from CY 2019 levels, from approximately \$217.6 million to approximately \$104.0 million, or by 52.2%. This decrease is primarily attributed to the reductions in air traffic associated with impacts related to the COVID-19 pandemic.

1.4.2.1 COVID-19 Financial Relief Measures

The significant declines in passenger traffic associated with the COVID-19 pandemic has also had a negative financial impact on non-airline businesses at the Airport. In March 2020, Governor Whitmer issued an Executive Order prohibiting on-premises consumption at restaurants, bars, taverns, brew pubs, wine bars, cafes, coffee shops, clubs, or similar establishments offering food or drink. The Executive Order has negatively affected full-service dine-in restaurants at the Airport but allows for some limited service to passengers and employees. Airport concessionaires adjusted to initially provide only take-out service, however, some indoor dining is now available with limited capacity. Many concessionaires have temporarily closed operations or limited their operating hours at the Airport as a result of the COVID-19 pandemic.

The Authority has received requests for financial relief from Airport concessionaires, rental car companies, and other non-airline tenants at the Airport. Effective May 29, 2020, the Authority COVID-19 Hardship Relief Policy went into effect. A summary of the measures the Authority has agreed to are summarized below.

For terminal concessionaires at the Airport, including food and beverage, and retail services, the Authority implemented the following measures:

- Deferral of payment of 100% of April, May and June 2020 MAG, Minimum Concession Fees (“MCF”), or other applicable minimum payment amount(s) over this period, plus any excess amounts based on revenues or sales, without late fee or penalty, until September 30, 2020; or
- Deferral of payment of 50% of April through September 2020 MAG, MCF, or other applicable minimum payment amount(s) over this period, plus any excess amounts based on revenues or sales, without late fee or penalty, until December 31, 2020; and
- In addition to either of the above options, if the concessionaire holds a contract containing a provision under which its MAG, MCF, or other applicable minimum payment amount(s) may be reduced in proportion to a decrease in enplaned or deplaned passengers at the end of a given agreement or calendar year, then that contract is eligible for deferral of payment of 50% of April through December 2020 MAG, MCF, or other applicable minimum payment amount(s) over this period, without late fee or penalty, until final passenger counts for calendar year 2020 are available.

1.4.3 Airline Revenues

Table 1-5 presents historical airline revenues for the Airport for OY 2016 through OY 2019, as well as for CY 2019 and OY 2020. The table also presents the CAGR in airline revenues for OY 2016 through OY 2019 and the percent change from CY 2019 through estimated OY 2020. Total airline revenues remained relatively level between OY 2016 and OY 2018 at approximately \$170 million annually, then increased to approximately \$178.3 million in OY 2019, representing a CAGR of approximately 1.5% from OY 2016 through OY 2019. Additionally, enplaned passengers grew faster than airline revenues for this period; resulting in a decrease in airline cost per enplaned passenger (CPE) from \$9.95 in OY 2016 to approximately \$9.84 per enplaned passenger in OY 2019.

Table 1-5 Historical Airport Airline Revenues (in thousands of dollars)¹

| Category | OY 2016 | OY 2017 | OY 2018 | OY 2019 | 2016–19 CAGR | CY 2019 | OY 2020 | 2019-20 CAGR |
|-------------------------------|------------------|------------------|------------------|------------------|---------------|------------------|------------------|----------------|
| Activity Fees | \$78,046 | \$79,494 | \$76,739 | \$79,731 | 0.7% | \$83,867 | \$57,545 | (31.4%) |
| Airline Rents | 84,286 | 81,981 | 84,732 | 88,897 | 1.8% | 90,176 | 85,688 | (5.0%) |
| Facility Use Fees | 8,036 | 8,475 | 8,876 | 9,714 | 6.5% | 9,702 | 2,276 | (76.5%) |
| Total Airline Revenues | \$170,368 | \$169,950 | \$170,348 | \$178,343 | 1.5% | \$183,745 | \$145,509 | (20.8%) |
| Enplaned Passengers (000s) | 17,131 | 17,281 | 17,559 | 18,121 | 1.9% | 18,364 | 7,027 | (61.7%) |
| Airline CPE | \$9.95 | \$9.83 | \$9.98 | \$9.84 | (0.4%) | \$10.10 | \$20.71 | 105.0% |

Notes: ¹ OY 2016 – OY 2019 reflect the Authority’s previous October 1 – September 30 OY, and CY 2019 is included for comparative purposes to present the annual change over the Authority’s new January 1 – December 31 OY. Amounts in this table include non-operating revenues and may vary from those presented in other Authority financial reports because of certain reclassifications consistent with financial reporting standards.

Source: Wayne County Airport Authority

Airline revenues for the Airport decreased in OY 2020 from CY 2019 levels, from approximately \$183.7 million to approximately \$145.5 million, or by 20.8%. Under the Airport’s airport-wide residual rate-making methodology contained in the Airline Agreements with the Airport’s Signatory Airlines (described in Chapter 5), this decrease is primarily attributed to the reductions in O&M Expenses as well as the use of federal funds (described below) to reduce airline revenue requirements, offset by decreases in non-airline revenues associated with impacts related to the COVID-19 pandemic, with the Signatory Airlines bearing the overall financial risk of the Airport to ensure that the Authority’s covenants set forth in the Master Bond Ordinance are met. The 20.8% decrease in airline revenues from CY 2019 through OY 2020, compared to a 61.7% decrease in enplaned passengers, resulted in an increase in airline CPE from \$10.10 to \$20.71 during that period.

The Authority has used, and continues to use, the federal funding assistance opportunities described below to reduce airline revenue requirements.

1.4.3.1 Coronavirus Aid, Relief, and Economic Security (CARES) Act Grant Assistance

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was approved by the U.S. Congress and signed by President Trump on March 27, 2020. It is one of the legislative actions taken to address the crisis associated with the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for U.S. airports, as well as direct aid, loans and loan guarantees for passengers and cargo airlines.

The CARES Act provides \$10 billion of grant assistance to airports. It generally includes the following provisions:

- \$3.7 billion allocated among all U.S. commercial service airports based on number of enplanements in CY 2018;
- \$3.7 billion allocated among all U.S. commercial service airports based on formulas that consider fiscal year 2018 debt service relative to other U.S. commercial service airports, and cash-to-debt service ratios;
- \$2.0 billion apportioned in accordance with AIP entitlement formulas, subject to CARES Act formula revisions;

- \$500 million to increase the federal share to 100% for FAA AIP grants awarded in FFY 2020; and
- \$100 million reserved for general aviation airports.

The FAA announced in April 2020 that it had allocated approximately \$141.9 million to the Authority for the Airport. In May 2020, the Authority accepted and signed the CARES Act grant agreement from the FAA. The Authority was subsequently awarded an additional \$5.6 million of CARES Act funds in March 2021. The Authority may draw on such funds, on a reimbursement basis, for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations.

The Authority drew down approximately \$113.1 million of CARES Act funds in FY 2020 to reimburse the payment of operation and maintenance expenses and to reimburse the payment of debt service on existing bonds, and the remaining \$34.4 million will be drawn down by the Authority for approved uses in FY 2021.

It is important to note that these amounts and allocations by OY are still preliminary at this time and are subject to change. The Authority will continue to monitor its budgeted plan throughout FY 2021 and may, ultimately, apply a different amount of CARES Act funding in the Authority's discretion.

1.4.3.2 Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA)

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed. Division M of that Act is the Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSAA). Title IV of CRRSAA provides approximately \$2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including relief from rent and MAGs for eligible airport concessions at primary airports. The FAA announced on February 12, 2021 that it had allocated approximately \$25.9 million to the Authority for the Airport. Of that amount, approximately \$3.9 million must be used for concessionaire relief. Under the grant program, the Airport may use these funds to retain its workforce, make debt service payments, or offset increased operational costs from enhanced mitigation efforts to limit the spread of COVID-19. Funds must be obligated by September 30, 2021. The Authority intends to draw all CRRSAA funds awarded for approved uses in FY 2021.

1.4.3.3 American Rescue Plan Act (ARPA)

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARPA), a \$1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates \$8 billion to assist such airports to prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024. ARPA requires that, of the \$8 billion appropriated, not more than \$6.492 billion will be made available for primary airports such as the Airport for costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The allocation of amounts appropriated by ARPA has not yet been announced, and the Authority can make no assurance that the Airport will receive any funding pursuant to ARPA, or the amount or timing of any such funding if received, until such allocations have been announced.

2 Role of the Airport and Economic Base for Air Traffic

This chapter provides more detail about the Airport including a summary of its role in accommodating air traffic for the nation, the region, and as an important connecting hub in the network of Delta Air Lines, Inc. (Delta). This chapter also describes the Detroit region's economic base and its ability to continue to support demand for air transportation.

2.1 Role of the Airport

The Wayne County Airport Authority (Authority) is a public airport authority created in 2002 pursuant to Public Airport Authority Act, Act 90, Michigan Public Acts of 2002. The Authority is a public body corporate, and an agency, political subdivision and instrumentality of the Charter County of Wayne, Michigan, vested with the power to manage and operate Detroit Metropolitan Wayne County Airport (Airport) and Willow Run Airport (YIP). The Authority has sole and exclusive operational jurisdiction of the Airport and YIP, which includes the exclusive right, responsibility and authority to occupy, operate, control and use the Airport and YIP and their facilities.²⁹

2.1.1 National Role

The Airport has historically been one of the busiest commercial passenger airports in the U.S. In 2019, the Airport had 18.1 million enplaned passengers which was an increase of approximately 4.1% based on Federal Aviation Administration (FAA) data from 2018. For 2019, the Airport was ranked the 18th busiest airport in the U.S. in terms of passenger traffic. Since the Airport was one of the 30 airports in the United States that enplane at least one percent of nationwide enplaned passengers, it has been designated as a Large Hub airport by the FAA. **Table 2-1** provides the rankings of the U.S. Large Hub airports in terms of total enplaned passengers per the FAA for 2019.

The current U.S. passenger airline industry generally consists of three primary business models: network carriers, low-cost carriers (LCCs), and ultra-low-cost carriers (ULCCs). Network carriers are generally considered the major airline brands that have existed, in one form or another, since the deregulation of the airline industry in the late 1970s. Network airlines have extensive route networks and can operate with a "hub and spoke" system or maintain significant market share at focus cities. These airlines generally cater more toward the business traveler segment. LCCs are generally defined as passenger airlines that focus on lower operating costs to be able to provide customers with lower fares while still providing some amenities within the cost of the ticket. LCCs typically focus upon carrying point-to-point traffic while offering some connections. However, as compared to network airlines, LCCs do not have as extensive route networks. LCCs cater to a mix of business and leisure traffic depending on the destination. ULCCs are somewhat similar to LCCs but typically offer lower air fares as they do not provide any amenities within the cost of the ticket. Thus, ULCCs will typically charge for everything outside of the ticket cost such as checked baggage, carry-on baggage, and seat selection among other things. Most of the traffic handled by ULCCs are leisure travelers. It should also be noted that network carriers and certain LCCs also charge separately for some of these items; however, also operate customer loyalty programs that offer frequent travelers various benefits.

²⁹ Public Airport Authority Act, Act 90, Michigan Public Acts of 2002.

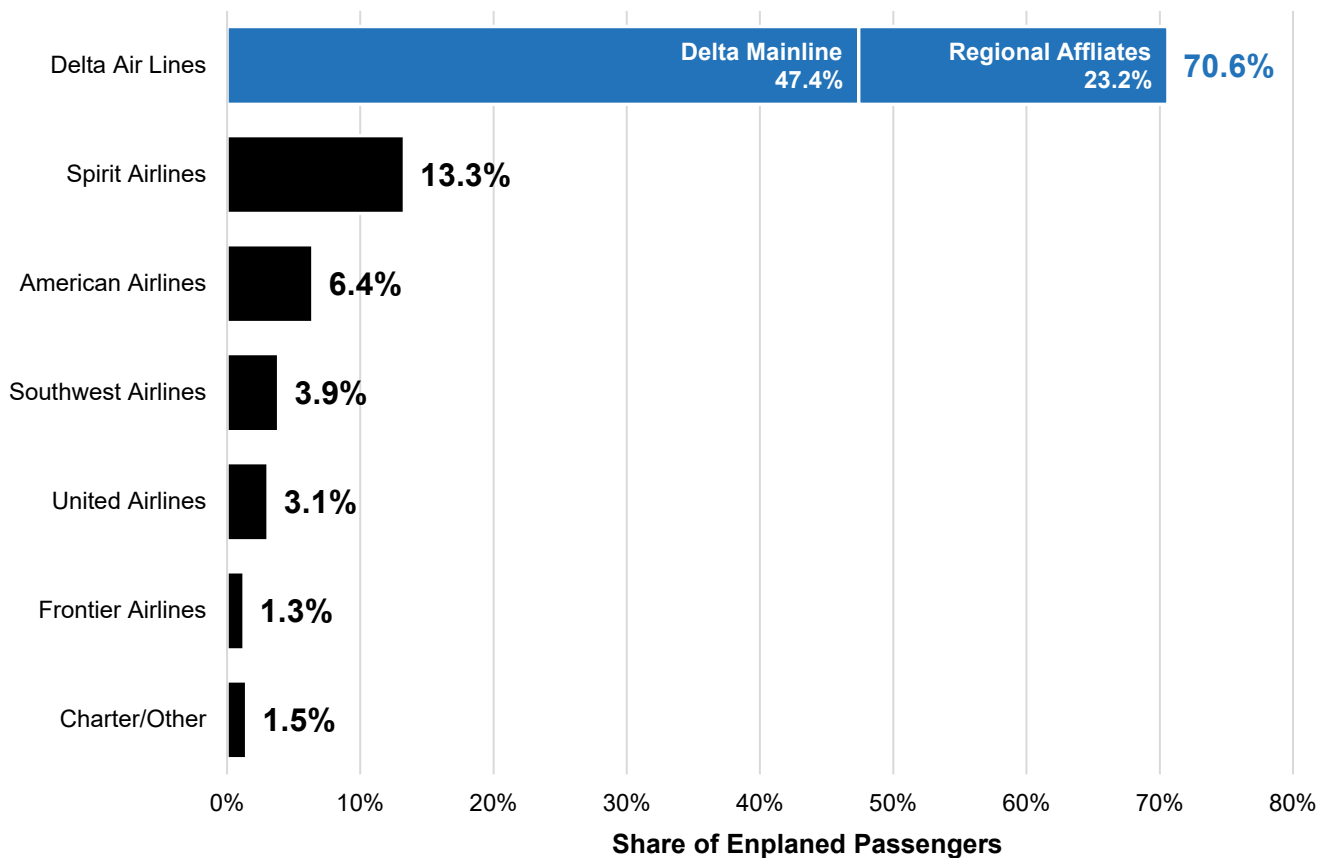
Table 2-1 U.S. Large Hub Airports Enplaned Passenger Rankings (2019)

| Rank | Code | Airport | Enplaned Passengers (in thousands) |
|-----------|------------|--|---------------------------------------|
| 1 | ATL | Hartsfield - Jackson Atlanta International | 53,506 |
| 2 | LAX | Los Angeles International | 42,939 |
| 3 | ORD | Chicago O'Hare International | 40,871 |
| 4 | DFW | Dallas-Fort Worth International | 35,779 |
| 5 | DEN | Denver International | 33,593 |
| 6 | JFK | John F Kennedy International | 31,037 |
| 7 | SFO | San Francisco International | 27,779 |
| 8 | SEA | Seattle-Tacoma International | 25,002 |
| 9 | LAS | McCarran International | 24,728 |
| 10 | MCO | Orlando International | 24,562 |
| 11 | CLT | Charlotte/Douglas International | 24,200 |
| 12 | EWR | Newark Liberty International | 23,161 |
| 13 | PHX | Phoenix Sky Harbor International | 22,434 |
| 14 | IAH | George Bush Intercontinental/Houston | 21,905 |
| 15 | MIA | Miami International | 21,421 |
| 16 | BOS | General Edward Lawrence Logan International | 20,699 |
| 17 | MSP | Minneapolis-St Paul International/Wold-Chamberlain | 19,193 |
| 18 | DTW | Detroit Metropolitan Wayne County | 18,143 |
| 19 | FLL | Fort Lauderdale/Hollywood International | 17,951 |
| 20 | PHL | Philadelphia International | 16,006 |
| 21 | LGA | LaGuardia | 15,394 |
| 22 | BWI | Baltimore/Washington International Thurgood Marshall | 13,285 |
| 23 | SLC | Salt Lake City International | 12,841 |
| 24 | SAN | San Diego International | 12,649 |
| 25 | IAD | Washington Dulles International | 11,884 |
| 26 | DCA | Ronald Reagan Washington National | 11,595 |
| 27 | TPA | Tampa International | 10,979 |
| 28 | MDW | Chicago Midway International | 10,082 |
| 29 | HNL | Daniel K Inouye International | 9,989 |
| 30 | PDX | Portland International | 9,797 |

Source: Federal Aviation Administration, Air Carrier Activity Information System, October 29, 2020.

The Airport has a diverse, stable base of air carriers. Four U.S. network airlines,³⁰ two LCCs,³¹ two ULCCs,³² and five foreign flag airlines operated at the Airport in 2020. The Airport’s leading carrier, Delta, operates a major connecting hub at the Airport. Delta’s enplaned passenger market share, including its regional affiliate or connection carriers (Delta Connection Carriers), comprised approximately 70.6% of enplaned passengers at the Airport in 2020. Delta’s enplaned passenger market share decreased by about 3.4 percentage points at the Airport from its 2019 market share of 74.0%. The Airport predominantly serves domestic traffic, which comprised approximately 91.1% of the Airport’s enplaned passenger traffic in 2020. International enplaned passengers accounted for approximately 8.9% of the Airport’s passengers. **Figure 2-1** presents the Airport’s enplaned passenger market share by airline for 2020.

Figure 2-1 Enplaned Passenger Market Share at the Airport (2020)



Notes: For other than Delta, regional affiliates, as applicable, have been included with their appropriate network partner. For Delta, regional affiliates broken out separately. Amounts may not add because of rounding. Charter/Other category includes airlines with less than 1.0% market share.

Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics>

³⁰ For the purposes of this Report, Alaska Airlines, American Airlines, Delta Air Lines and United Airlines are considered network airlines.

³¹ For the purposes of this Report, Southwest Airlines and JetBlue Airways are considered low-cost carriers.

³² For the purposes of this Report, Frontier Airlines and Spirit Airlines are considered ultra-low-cost-carriers.

The Airport's total aircraft operations rankings were generally consistent with its level of passenger traffic. Airport Council International-North America (ACI-NA) data indicated that the Airport had 396,909 aircraft operations³³ in 2019 (including all-cargo carrier operations), which ranked the Airport as the 18th busiest airport in the U.S.³⁴

In addition to passenger traffic, there is a significant amount of air cargo processed at the Airport. According to the ACI-NA, 213,495 metric tons of air cargo, including both freight and mail, were loaded and unloaded at the Airport in 2019.³⁵ Based on this data from ACI-NA, the Airport ranked as the 31st busiest airport for cargo in the U.S. for this period.

2.1.2 Regional Role

The Airport serves as the primary commercial service airport for the Detroit metropolitan area and surrounding region. Origin and destination (O&D) passengers, i.e. those passengers that either begin or end their travel at the Airport, accounted for approximately 57.2% of the Airport's passenger traffic in 2019.³⁶

The geographic region that serves as an airport's primary catchment area is referred to as its "Air Service Area". For the purposes of this report, the Airport's primary Air Service Area is defined as the Detroit-Warren-Ann Arbor Combined Statistics Area (CSA), which includes the following ten counties in Michigan: Lenawee, Lapeer, Livingston, Macomb, Oakland, St. Clair, Wayne, Genesee, Monroe, and Washtenaw.³⁷ The Detroit-Warren-Ann Arbor CSA was the 12th most populous CSA in the nation in 2020 with approximately 5.3 million people and accounted for approximately 53.5% of the entire population of Michigan.

In many cases, an airport's air service area can extend beyond its primary Air Service Area depending on the location of other population centers and availability of other commercial service airports. However, it is generally the economic strength of the primary air service area that provides the principal demand for supporting O&D air travel. In the case of the Airport, its secondary Air Service Area generally consists of southeastern and south-central Michigan, northwestern Ohio, northeastern Indiana, and the southernmost areas of the Province of Ontario, Canada, generally in the Windsor metropolitan area. The limits of a secondary air service area are generally defined by other airport facilities in the region.

While there are other airports within the primary and secondary Air Service Areas, the Airport is by far the largest and provides the most direct service to destinations. Chicago Midway International Airport (MDW), approximately 270 driving miles from the Airport, is the nearest U.S. Large Hub airport. The Toronto Pearson International Airport (YYZ) in Ontario, Canada with more than 25 million enplaned passengers in 2019 is the nearest large airport that is comparable in size to the Airport. However, it is across the U.S. border in Canada and approximately 240 driving miles from the Airport. The nearest U.S. Medium Hub airport is the Cleveland-Hopkins International Airport (CLE) at approximately 145 driving miles southeast from the Airport. Therefore, it is reasonable to conclude that there is somewhat limited competition for air service at the Airport given the driving distances to these other comparable airports. **Figure 2-2** illustrates the Airport's location in relation to its Air Service Area as well as the other airports within the region.

³³ An aircraft operation includes the landing, takeoff, or touch-and-go procedure by an aircraft on the runway at an airport.

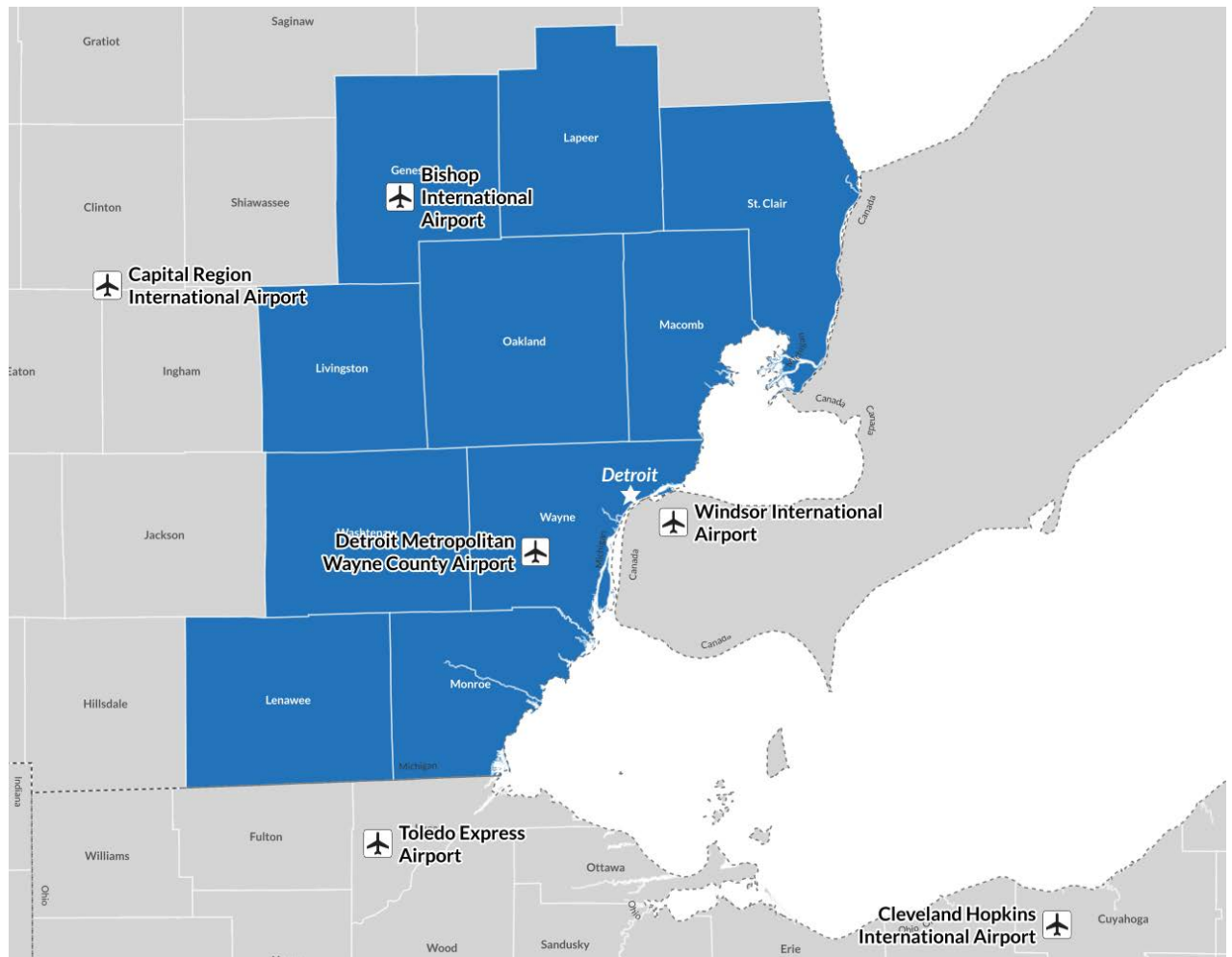
³⁴ Airports Council International-North America (ACI-NA), North American Airport Traffic Report, accessed online at <https://airportsCouncil.org/intelligence/north-american-airport-traffic-reports/>

³⁵ Ibid

³⁶ Data used to estimate an airport's share of O&D passengers is from the USDOT. These data are a random 10% sample of tickets either ticketed by a U.S. carrier or where a U.S. carrier operated at least one flight in the ticket's itinerary. Therefore, the calculation of the Airport's share of O&D passengers is an estimate based on this data, which is generally accepted in the industry as the best publicly available data source for such purposes.

³⁷ Executive Office of the President: Office of Management and Budget, Revised Delineations of Metropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas, March 6, 2020.

Figure 2-2 Air Service Area and Proximity to Other Airports



| Airport | Code | FAA Airport Category | Driving Distance from Downtown Detroit | CY 2019 Enplaned Passengers (in thousands) |
|---|------|----------------------|--|--|
| Detroit Metropolitan Wayne County Airport | DTW | Large | 21 miles | 18,364 |
| Windsor International Airport | YQG | n.a. | 12 miles | 383 |
| Bishop International Airport | FNT | Non-Hub | 67 miles | 303 |
| Toledo Express Airport | TOL | Non-Hub | 76 miles | 124 |
| Capital Region International Airport | LAN | Non-Hub | 96 miles | 167 |
| Cleveland Hopkins International Airport | CLE | Medium | 158 miles | 4,895 |

Sources: Authority records for the Airport; Federal Aviation Administration, Air Carrier Activity Information System, October 29, 2020; Windsor Star, 'Grave concern' that Windsor Airport could lose air traffic control, November 19, 2020, <https://windsorstar.com/news/local-news/grave-concern-that-windsor-airport-could-lose-air-traffic-control/>, accessed May 2021; Executive Office of the President: Office of Management and Budget, Revised Delineations of Metropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of These Areas.

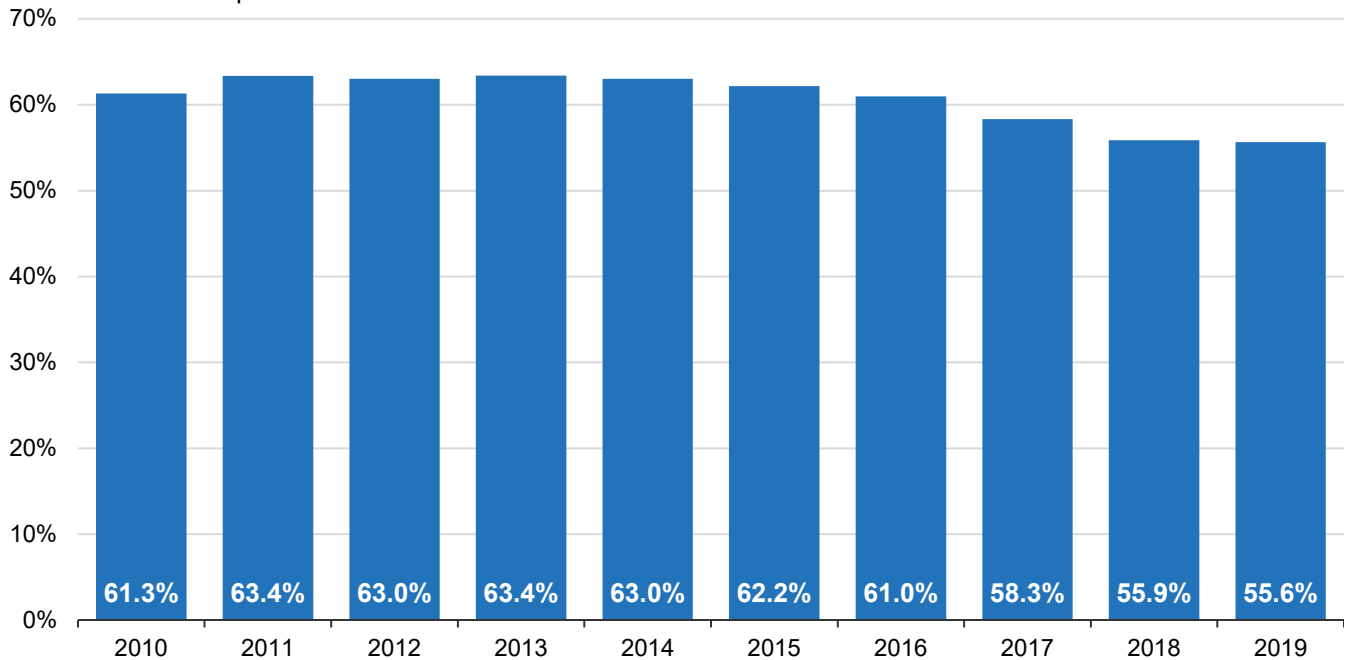
2.1.3 Role as Hub for Delta Air Lines

Historically, the Airport served as a major connecting hub for Northwest Airlines prior to 2010 when the airline merged with Delta. At the time of the merger, the combined Northwest Airlines and Delta accounted for approximately 80.5% of the total enplaned passengers at the Airport. Prior to the impacts associated with the global COVID-19 pandemic, and since the merger with Northwest Airlines, Delta’s enplaned passengers have remained relatively constant through the years with the exception of significant growth of 6.3% in 2019. However, its share of passengers has declined due to growth by competing airlines at the Airport. Delta remains the largest carrier at the Airport with approximately 70.6% of the enplaned passengers in 2020. A significant portion of Delta’s traffic are connecting passengers, or passengers that have a scheduled stop at the Airport and transfer to another flight. In recent years prior to the impacts of the COVID-19 pandemic, the share of connecting traffic at the Airport has declined. **Figure 2-3** presents the share of connecting passengers at the Airport on Delta since the merger with Northwest Airlines in 2010 and through 2019 (data for full year 2020 is not yet available).

Figure 2-3 Delta Air Lines Connecting Passengers Share at the Airport (2010 – 2019)

Delta Air Lines Share of Connecting Passengers

Percent of Total Enplanements



Source: Diio Mi, US DOT Reports DB1A; US DOT T100 Report, accessed January 2021.

2.2 Economic Base for Air Traffic

Air travel demand for O&D traffic is largely correlated with a region's demographic and economic characteristics. The economic strength of the Air Service Area has a major impact on the aviation activity at the Airport since approximately 57% of the Airport's domestic passenger traffic is O&D and that share and amount have grown in recent years. The next sections review current economic trends and conditions in the Airport's Air Service Area and present data indicative of the Air Service Area's capability to generate growing demand for air transportation throughout the forecast period.

This section also addresses the estimated impacts associated with the COVID-19 pandemic using data and information available to date. It should be noted, however, that impacts are still emerging and at this time L&B is unable to fully quantify the effect and length of time that the COVID-19 pandemic will have on the region's economic base and the length of time over which this effect will occur. No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described in this section. In this respect, the words "estimate," "forecast," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Report are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Report.

2.2.1 Socioeconomic Trends

Data for population, age distribution, educational attainment, income, and gross regional product for the Air Service Area are discussed below. Parallel data for Michigan and the United States also are shown to provide a basis of comparison to trends in the Air Service Area. Where available, historical data will be presented for the 2010-2020 period, which represents the most recent 10 years of historical data. Also, where available, forecast data will be presented through 2026 to be consistent with air traffic and financial projections presented later in this Report.

2.2.1.1 Historical and Forecast Population

With a population of more than 5.3 million in 2020, the 10-county Air Service Area is the 12th most populous metropolitan region in the United States (see **Table 2-2**).

Table 2-3 includes 2010, 2015, and 2020 population data and trends in the Air Service Area, Michigan, and the U.S. Data forecasts for 2026 are also included. Data in Table 2-3 show that between 2010 and 2015, the population in the Air Service Area increased by 0.4%, from approximately 5,314,000 to 5,336,000. During the same period, Michigan's population increased by 0.6% and the U.S. population increased by 3.7%. Between 2015 and 2020, the Air Service Area had a population gain of approximately 22,000, representing a percentage gain of 0.4%—lower than that of Michigan's population (0.8%) and substantially lower than that of the U.S. (3.3%). In 2020, the Air Service Area accounted for approximately 53.5% of Michigan's population.

The population increase in the Air Service Area for the period 2020 to 2026 reflects a CAGR of 0.3% and is higher than the expected CAGR for Michigan (0.1%) but is lower than the U.S. CAGR (0.6%) during the same period. The increase in new residents in the Air Service Area, approximately 95,000 between 2020 and 2026, is expected to contribute to stable demand for air service at the Airport.

Table 2-2 Top 20 Combined Statistical Areas in the United States (2020)

| Rank | Combined Statistical Area | 2020 Population Estimate |
|-----------|--|--------------------------|
| 1 | New York-Newark | 22,814,469 |
| 2 | Los Angeles-Long Beach | 19,004,452 |
| 3 | Washington-Baltimore-Arlington | 9,964,911 |
| 4 | Chicago-Naperville | 9,920,740 |
| 5 | San Jose-San Francisco-Oakland | 9,796,415 |
| 6 | Boston-Worcester-Providence | 8,345,470 |
| 7 | Dallas-Fort Worth | 8,150,432 |
| 8 | Houston-The Woodlands | 7,384,814 |
| 9 | Philadelphia-Reading-Camden | 7,253,162 |
| 10 | Miami-Fort Lauderdale-Port St. Lucie | 7,061,406 |
| 11 | Atlanta--Athens-Clarke County--Sandy Springs | 6,944,462 |
| 12 | Detroit-Warren-Ann Arbor | 5,351,875 |
| 13 | Phoenix-Mesa | 5,051,855 |
| 14 | Seattle-Tacoma | 4,950,285 |
| 15 | Orlando-Deltona-Daytona Beach | 4,220,812 |
| 16 | Minneapolis-St. Paul | 4,061,358 |
| 17 | Denver-Aurora | 3,653,667 |
| 18 | Cleveland-Akron-Canton | 3,596,704 |
| 19 | Portland-Vancouver-Salem | 3,301,949 |
| 20 | St. Louis-St. Charles-Farmington | 2,925,139 |

Note: 2020 is an estimate and does not reflect COVID-19.

Source: Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source, April 2020
Compiled by Partners for Economic Solutions, March 2021.

Table 2-3 Historical and Forecast Population (2010-2026)

| Region | Population (in thousands) | | | | CAGR | |
|------------------|---------------------------|---------|---------|----------|---------|---------|
| | Historical | | | Forecast | 2010-20 | 2020-26 |
| | 2010 | 2015 | 2020 | 2026 | | |
| United States | 309,326 | 320,745 | 331,473 | 344,487 | 0.7% | 0.6% |
| Michigan | 9,878 | 9,933 | 10,016 | 10,065 | 0.1% | 0.1% |
| Air Service Area | 5,314 | 5,336 | 5,352 | 5,453 | 0.1% | 0.3% |

Notes: 2020 is an estimate and does not reflect COVID-19. 2021-2026 forecast data was also prepared prior to the impact of COVID-19 on the data.

1/ Population growth data are based on estimates of the Air Service Area’s birth rate, death rate, and net immigration.

2/ Compound annual growth rate.

Sources: State of Michigan, Bureau of Labor Market Information and Strategic Initiatives, September 2019; Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source, April 2020
Compiled by Partners for Economic Solutions, March 2021.

Table 2-4 presents age data for the Air Service Area, Michigan, and the U.S for 2020. The median age in the Air Service Area is 40.0 years, nearly equal to that of Michigan and higher than that of the U.S. (38.6 years). Demand for air travel varies by age group. According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, persons between the ages of 45 and 64 account for 44% of expenditures on airline fares.³⁸

Table 2-4 Age Distribution (2020)

| Age Range | Air Service Area | Michigan | United States |
|----------------|------------------|------------|---------------|
| 19 and under | 23.9% | 23.9% | 24.7% |
| 20 to 24 years | 6.3% | 6.6% | 6.6% |
| 25 to 34 years | 13.9% | 13.3% | 14.0% |
| 35 to 44 years | 11.9% | 11.7% | 12.8% |
| 45 to 54 years | 12.8% | 12.2% | 12.2% |
| 55 to 64 | 13.8% | 13.8% | 12.8% |
| 65 and above | 17.4% | 18.3% | 16.9% |
| Median Age | 40.0 years | 40.1 years | 38.6 years |

Note: 2020 is an estimate and does not reflect COVID-19.

Source: Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source, April 2020.
Compiled by Partners for Economic Solutions, March 2021.

Table 2-4 shows that in 2020, residents in the Air Service Area aged 45 to 64 made up 26.6% of the population, compared with 26.1% of the population in Michigan, and 25.1% in the U.S. This is the age group that has

³⁸ Who’s Buying for Travel, 12th Edition, 2018, New Strategist Publications. Data in Who’s Buying for Travel are based on the U.S. Bureau of Labor Statistics’ Consumer Expenditure Survey, a nationwide survey of household spending.

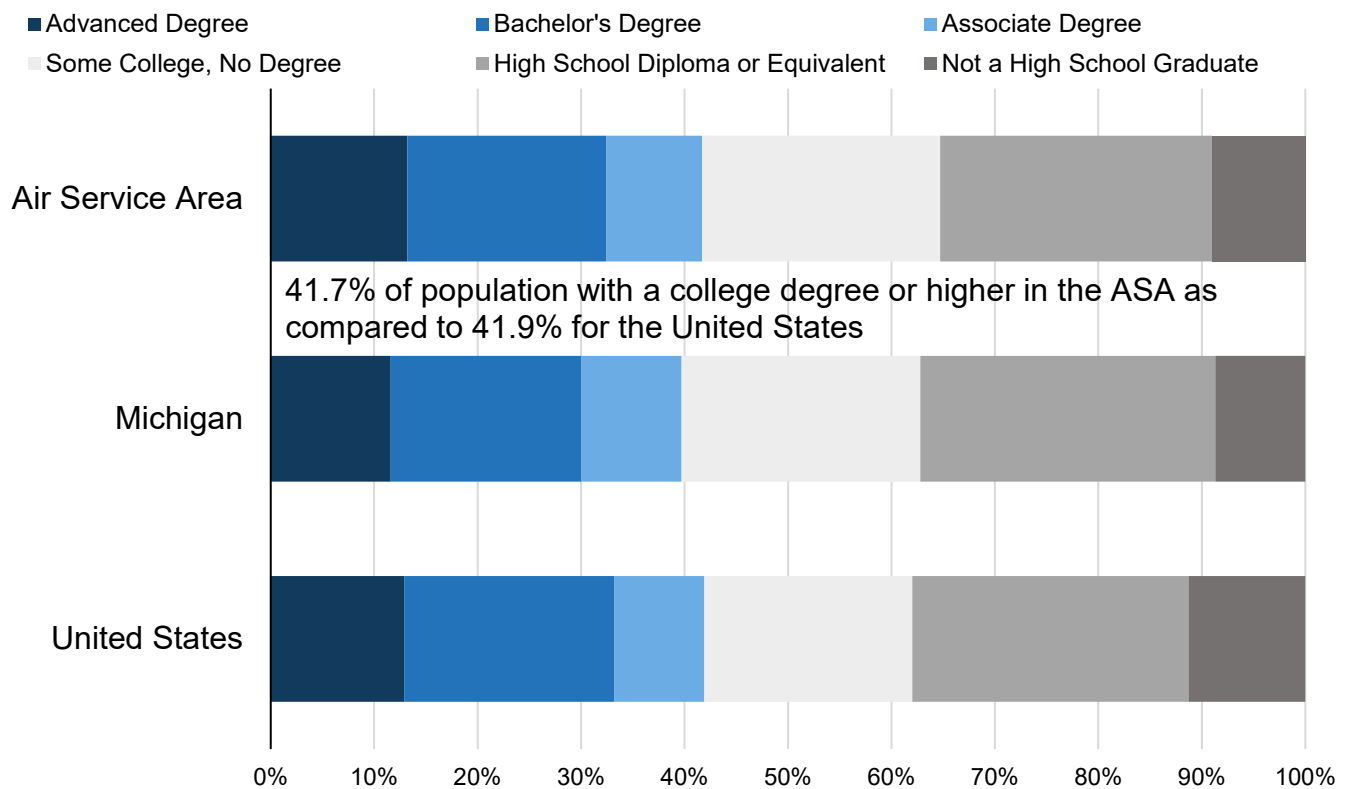
historically generated the most expenditures on airline fares and it is represented in the Air Service Area in a proportion that is higher than in both Michigan and the U.S.

2.2.1.2 Educational Attainment

Figure 2-4 includes educational attainment data for the Air Service Area, Michigan, and the U.S for 2020. The Air Service Area is home to a substantial number of educated adults. More than 1.5 million people, or 41.7% of the Air Service Area’s population over the age of 25, have a post-secondary degree (associate, bachelor’s, or graduate). This percentage is higher than that of Michigan (39.7%) and is nearly equivalent to the level in the U.S. (41.9%). Air Service Area residents account for approximately 56% of all Michigan residents with a post-secondary degree.

Educational attainment is higher in four of Detroit’s “collar” counties (Livingston, Macomb, Oakland, Washtenaw) than in the Air Service Area as a whole.³⁹ These four counties contain 51.1% of the Air Service Area’s population aged 25 and over. Approximately 50.2% of residents aged 25 and over in these four counties have a post-secondary degree.⁴⁰

Figure 2-4 Educational Attainment (2020)



Source: Esri Market Profiles for Detroit-Warren-Ann Arbor CSA, Michigan, and United States, June 2020. Compiled by Partners for Economic Solutions, February 2021

³⁹ Collar counties are defined as suburban counties that surround a central city county.
⁴⁰ Esri Market Profiles for Livingston, Macomb, Oakland, and Washtenaw counties, April 2020

According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, persons with a college degree generate a high percentage of expenditures on air travel. Data indicate that 74% of airline fares are purchased by college graduates, while 18% of airline fares are purchased by consumers who have had some college or have earned an associate degree; 8% of airline fares are purchased by consumers who never attended college.⁴¹

In addition to having a highly educated population, the Air Service Area is also home to more than 35 colleges and universities such as the University of Michigan, Wayne State University, Central Michigan University, Oakland Community College, Macomb Community College, Eastern Michigan University, Oakland University, Henry Ford College, and others. Colleges and universities in the Air Service Area have a total enrollment of approximately 324,000 students and generate demand for air travel through academic conferences, visiting professorships, study abroad programs, and individual student and faculty travel.

2.2.1.3 Household Income

Figure 2-5 includes 2020 and 2026 median household income data for the Air Service Area, Michigan, and the U.S. The Air Service Area's estimated 2020 median household income was higher than that of Michigan and slightly below that of the U.S. The Air Service Area's median household income of \$60,273 was 5.5% above Michigan's (\$57,108) and 3.1% lower than that of the U.S. (\$62,2039).⁴² Forecasts for 2026 show that the median household income in the Air Service Area (\$66,313) will continue to exceed Michigan's (\$62,105) but will be lower compared to that of the U.S. (\$68,399).⁴³

In Detroit's four collar counties, median household income exceeds that of the Air Service Area as a whole. In 2020, median household income in these counties was \$72,823;⁴⁴ forecasts indicate that median household income in the four collar counties will be \$80,883 in 2026.⁴⁵

⁴¹ Who's Buying for Travel, 12th Edition, 2018, New Strategist Publications.

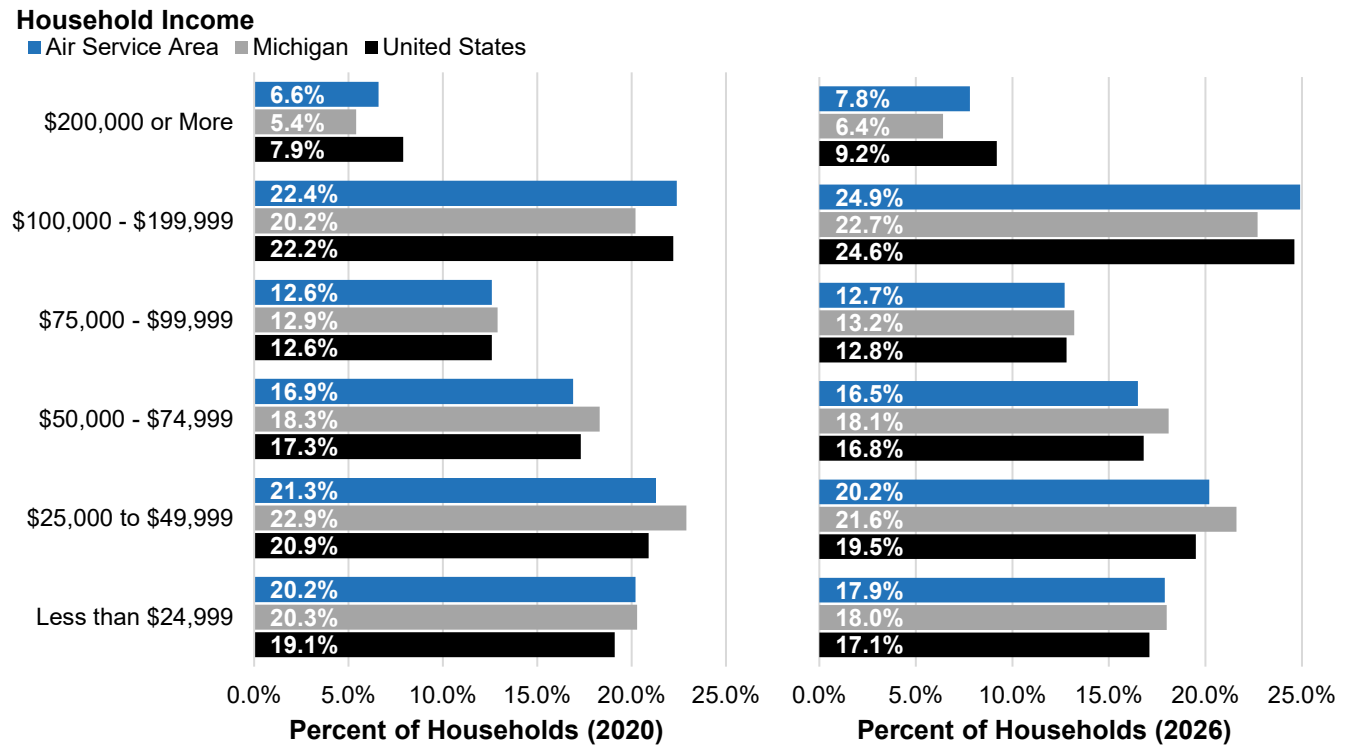
⁴² In 2020 dollars.

⁴³ In 2026 dollars.

⁴⁴ In 2020 dollars.

⁴⁵ In 2026 dollars.

Figure 2-5 Household Income Distribution (2020 vs 2026)



Notes: Amounts are shown in current dollars, i.e., 2020 data are shown in 2020 dollars and 2026 data are shown in 2026 dollars.
 Calculations of 2026 median income and household income distribution are based on 2025 estimates from Esri.
 Source: Esri Market Profiles for Detroit-Warren-Ann Arbor CSA, Michigan, and United States, June 2020
 Compiled by Partners for Economic Solutions, March 2021.

The percentage of higher income households, defined as those earning \$100,000 or more annually, within the Air Service Area is another key indicator of potential demand for air travel services. In 2020, approximately 693,000 Air Service Area households had an income of \$100,000 or more. This is equal to 29.0% of all Air Service Area households. According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, 55% of airline fare expenditures are made by households with annual income of \$100,000 or more.⁴⁶ Data in **Table 2-5** forecast that between 2020 and 2026, the Air Service Area will gain an additional 103,000 households with annual income greater than \$100,000.

⁴⁶ Who's Buying for Travel, 12th Edition, 2018, New Strategist Publications.

Table 2-5 Households with Income of \$100,000 and Above (2020 vs 2026)

| | Air Service Area | Michigan | United States |
|---|------------------|-----------|---------------|
| Total Households | | | |
| 2020 estimate | 2,391,243 | 4,684,287 | 142,148,018 |
| 2026 forecast | 2,437,028 | 4,791,689 | 149,010,085 |
| Increase in households | 45,785 | 107,402 | 6,862,067 |
| CAGR ^{1/} 2020-2026 | 0.3% | 0.4% | 0.8% |
| Households with Income of \$100,000 and Above² | | | |
| 2020 estimate | 693,460 | 1,199,177 | 42,786,553 |
| 2026 forecast | 796,908 | 1,394,381 | 50,365,409 |
| Increase in households with income of \$100,000 and above | 103,448 | 195,204 | 7,578,855 |
| CAGR 2020-2026 | 2.3% | 2.5% | 2.8% |
| Percent of Households with Income of \$100,000 and Above² | | | |
| 2020 estimate | 29.0% | 25.6% | 30.1% |
| 2026 forecast | 32.7% | 29.1% | 33.8% |

Notes: ¹ Compound annual growth rate.

² In current dollars.

³ Calculations of 2026 households and income distribution are based on 2025 estimates from Esri.

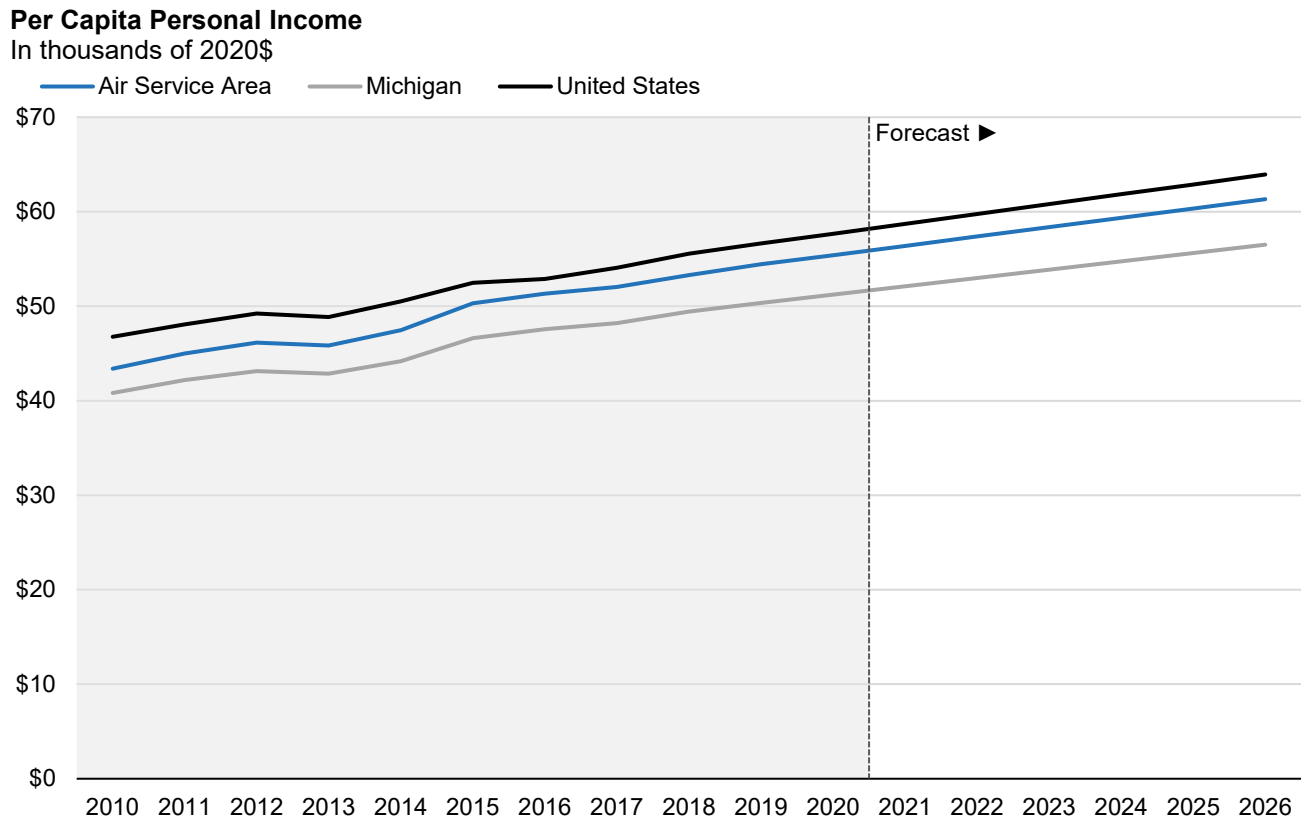
Source: Esri Market Profiles for Detroit-Warren-Ann Arbor CSA, Michigan, and United States, June 2020. Compiled by Partners for Economic Solutions, March 2021.

2.2.1.4 Per Capita Personal Income

Personal income is a key indicator of a region’s demand for air travel and includes the sum of wages and salaries, other labor income, proprietors’ income, rental income of persons, dividend income, personal interest income, and transfer payments fewer personal contributions for government social insurance. Per capita personal income is a measure of the relative affluence of a region’s residents and, consequently, of their ability to afford air travel.

Figure 2-6 shows annual per capita personal income for the Air Service Area, Michigan, and the U.S. From 2010 to 2020, per capita personal income in the Air Service Area was higher than that of Michigan by an average of 7.5% and was below that of the U.S. by an average of 5.0%. Between 2010 and 2020, per capita personal income for the Air Service Area increased at a CAGR of 2.5%, higher the CAGR for both Michigan (2.3%) and the U.S. (2.1%) during the same period. Forecasts for 2026 show that per capita income in the Air Service Area is expected to increase from \$55,389 in 2020 to \$61,325 in 2026. This reflects a CAGR of 1.7% for the Air Service Area, equal to the CAGR for Michigan and the U.S.

Figure 2-6 Historical and Forecast Per Capita Personal Income (2010-2026)



Note: 2020 is an estimate and does not reflect changes from the pandemic. 2021-2026 forecast data was also prepared prior to the impact of COVID-19 on the data.

Source: Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source, April 2020
Compiled by Partners for Economic Solutions, March 2021.

2.2.2 Per Capita Gross Regional Product / Gross Domestic Product

Per capita gross domestic product (national level) and per capita gross regional product (state- and county-level) are measures of the value of all final goods and services produced within a geographic area, divided by the total population. These per capita measures are general indicators of the economic health of a geographic area and, consequently, of the area’s potential demand for air transportation services.

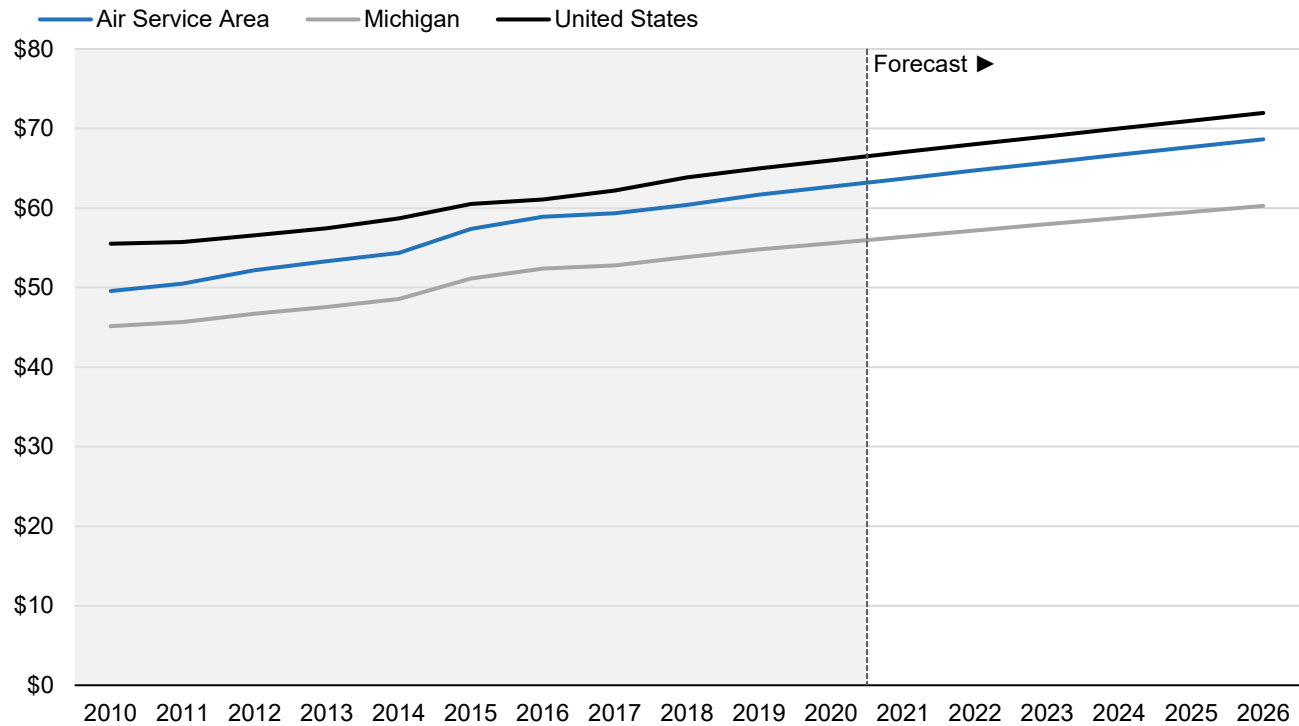
Figure 2-7 shows the per capita gross regional product for the Air Service Area and Michigan, and per capita gross domestic product data for the U.S. from 2010 through 2020. Air Service Area’s per capita gross regional product increased from \$49,564 in 2010 to \$62,658 in 2020, reflecting a CAGR of 2.5% and a higher growth rate compared to Michigan (2.1%) and the U.S. (1.7%).

Forecasts for 2026 show that per capita gross regional product for the Air Service Area is expected to increase from \$62,658 in 2020 to \$68,642 in 2026. This projected increase represents a CAGR of 1.5% for the Air Service Area, equal to the U.S. growth rate and slightly higher than the CAGR for Michigan (1.4%) between 2020 and 2026.

Figure 2-7 Historical and Forecast Per Capita Gross Regional and Gross Domestic Product (2010-2026)

Per Capita Gross Domestic / Regional Product

In thousands of 2020\$



Note: 2020 is an estimate and does not reflect changes from the pandemic. 2021-2026 forecast data was also prepared prior to the impact of COVID-19 on the data.

For impacts to Gross Domestic/Regional Product related to COVID-19, refer to Figure 2-14.

Source: Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source, April 2020
Compiled by Partners for Economic Solutions, February 2021

2.2.3 Labor Market Trends

Civilian labor force data, unemployment rates, and employment by industry data for the Air Service Area are discussed below. Parallel data for Michigan and the U.S. are also shown to provide a basis of comparison for trends in the Air Service Area.

2.2.3.1 Labor Force and Unemployment Trends (2010 – March 2021)

Figure 2-8 includes annual civilian labor force and unemployment data from 2010 through March 2021 for the Air Service Area, Michigan, and the U.S. Data in Figure 2-8 show that between 2010 and 2019, the Air Service Area labor force increased at a CAGR of 0.5%—growing slightly more than the labor force CAGR in Michigan (0.3%), but lagging the growth rate in the U.S. (0.7%). In absolute terms, the labor force in the Air Service Area increased by approximately 110,000 workers between 2010 and 2019.

The Air Service Area’s annual unemployment rate was higher than Michigan’s in all years from 2010 through 2020, except for 2017 when the rates were equal. The annual unemployment rate in the Air Service Area was higher than that of the U.S. from 2010 through 2020.

The global pandemic has had a major impact on employment throughout the nation starting in March 2020. Details about these impacts are described below. In terms of recent unemployment rates, Figure 2-8 shows that in March 2021, the non-seasonally adjusted unemployment rate in the Air Service Area was 4.7%.⁴⁷ This figure is far below the Air Service Area's 10.8% annual unemployment rate in 2020 and it reflects the region's ongoing economic recovery. The Air Service Area's March 2021 non-seasonally adjusted unemployment rate was below the rates in both Michigan (5.1%) and the U.S. (6.2%).⁴⁸

2.2.3.2 Employment by Industry

The Air Service Area is known as the automotive capital of the world and is home to the global headquarters of General Motors and Ford Motor, as well the North American headquarters of Stellantis North America (formerly Fiat Chrysler Automobiles),⁴⁹ Maserati North American, Mazda North American, SAIC Motor, China FAW Group, and Volkswagen Group of America. Innovative all-electric vehicle manufacturers with operations in the Air Service Area include Bollinger Motors (electric trucks), Rivian (electric trucks and SUVs), Lordstown Motors (electric trucks) and SERES (SUVs).

Michigan is also the location of headquarters or other facilities of 96 of North America's largest 100 automotive suppliers such as Magna International, Lear Corp., Adient PLC, Delphi Automotive PLC, ZF North America, BorgWarner Inc., Robert Bosch LLC, Faurecia North America, Continental Automotive Systems, Denso International, Tenneco, BASF Corp., Piston Group, ThyssenKrupp North America, Autoliv North America, Panasonic Automotive Systems, Yanfeng, Hitachi Automotive Systems Americas, Gestamp North America, Grupo Antolin North America, Mitsubishi Electric, Toyota Boshoku America, Visteon, Cooper Standard, WABCO, Garrett Motion, Mentor, American Axle & Manufacturing, Ryobi Die Casting, and Johnson Electric North America. Automotive research facilities also have a significant presence in the Air Service Area and include Toyota Technical Center, Ford Research and Innovation Center, GM Technical Center, Daimler R&D Center North America, Honda Research and Development, Hyundai American Technical Center, Isuzu Technical Center of America, Changan U.S. R&D Center, Guangzhou Automobile Group (GAC) R&D Center, American Haval Motor Technology/Great Wall Motors, Mahindra North American Technical Center, Mitsubishi Motors R&D of America, Nissan Technical Center North America, Subaru Research and Development, and the University of Michigan's Center for Automotive Research.⁵⁰ Additional information about the automotive industry is discussed later in this chapter.

Beyond its strong manufacturing base, the Air Service Area economy provides employment across a diverse range of industries. **Table 2-6** shows the number of jobs by major industry sector in the Air Service Area and the U.S. in 2010, 2015, and 2019. Between 2010 and 2019, the Air Service Area gained approximately 452,000 jobs and experienced relatively stronger job growth in construction and manufacturing compared to the U.S. The Air Service Area's most significant job growth from 2010 to 2019 occurred in services (123,000), manufacturing (87,000), transportation/utilities (56,000), finance/insurance and real estate (49,000), and leisure/hospitality (48,000).

⁴⁷ Monthly civilian labor force data published for the Air Service Area are not seasonally adjusted.

⁴⁸ In March 2021, the seasonally adjusted unemployment rate was 5.2% in Michigan and 6.0% in the U.S.

⁴⁹ In January 2021, shareholders approved the \$52 billion merger of Fiat Chrysler Automobiles with PSA (Peugeot). The new company, named Stellantis, is the world's fourth largest automaker. "Fiat Chrysler, Peugeot Get Green Light for \$52 Billion Carmaker," *Reuters*, January 4, 2021, <https://www.reuters.com/article/us-fiat-chrysler-m-a-psa-approval/fiat-chrysler-peugeot-get-green-light-for-52-billion-carmaker-idUSKB N2990YD>, accessed February 2021.

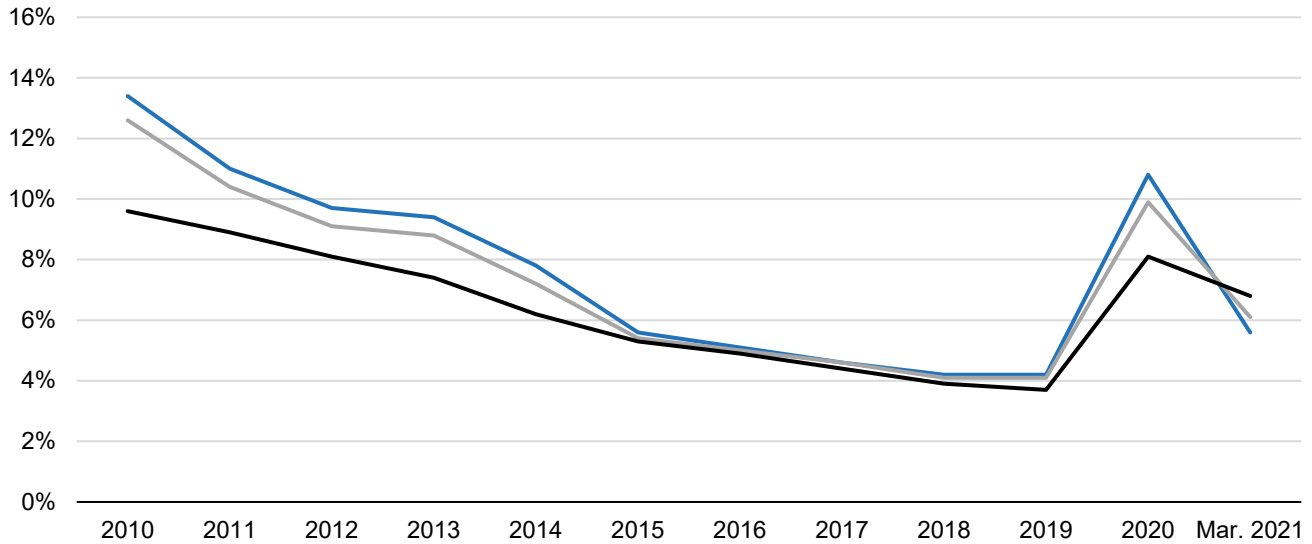
⁵⁰ OEM HQ – R&D, MICHAuto Automobility Asset Map, <https://michauto.org/map>, accessed March 2021.

Figure 2-8 Civilian Labor Forecast and Unemployment Rate (2010 – March 2021)

Unemployment Rate

Share of labor force

— Air Service Area — Michigan — United States



| Year | Civilian Labor Force | | | Unemployment Rate | | |
|------------------------------|----------------------|-----------|---------------|-------------------|----------|---------------|
| | Air Service Area | Michigan | United States | Air Service Area | Michigan | United States |
| 2010 | 2,554,998 | 4,798,954 | 153,889,000 | 13.4% | 12.6% | 9.6% |
| 2011 | 2,486,623 | 4,685,164 | 153,617,000 | 11.0% | 10.4% | 8.9% |
| 2012 | 2,484,285 | 4,672,695 | 154,975,000 | 9.7% | 9.1% | 8.1% |
| 2013 | 2,511,932 | 4,727,619 | 155,389,000 | 9.4% | 8.8% | 7.4% |
| 2014 | 2,509,111 | 4,754,159 | 155,922,000 | 7.9% | 7.3% | 6.2% |
| 2015 | 2,495,843 | 4,757,457 | 157,130,000 | 5.9% | 5.4% | 5.3% |
| 2016 | 2,566,544 | 4,836,760 | 159,187,000 | 5.1% | 4.9% | 4.9% |
| 2017 | 2,617,192 | 4,884,100 | 160,320,000 | 4.6% | 4.6% | 4.4% |
| 2018 | 2,637,612 | 4,908,714 | 162,075,000 | 4.2% | 4.1% | 3.9% |
| 2019 | 2,664,599 | 4,937,266 | 163,539,000 | 4.2% | 4.1% | 3.7% |
| 2020 | 2,591,084 | 4,840,843 | 160,742,000 | 10.8% | 9.9% | 8.1% |
| Mar. 2021 | 2,497,926 | 4,703,446 | 160,397,000 | 4.7% | 5.1% | 6.2% |
| Compound Annual Growth Rates | | | | | | |
| 2010 – 2019 | 0.5% | 0.3% | 0.7% | | | |

Notes: March 2021 data are not seasonally adjusted. In March 2021 the seasonally adjusted unemployment rate was 5.2% in Michigan and 6.0% in the U.S. Seasonally adjusted civilian labor force data are not available for the Air Service Area.

Source: Bureau of Labor Statistics, U.S. Department of Labor; May 2021.
Compiled by Partners for Economic Solutions, May 2021.

Table 2-6 Historical and Forecast Employment by Industry (2010 - 2026)

| Industry ¹ | Air Service Area | | | | United States (in thousands) | | | |
|------------------------------|------------------|------------------|------------------|------------------|---------------------------------|--------------------|--------------------|--------------------|
| | Historical | | Forecast | | Historical | | Forecast | |
| | 2010 | 2015 | 2019 | 2026 | 2010 | 2015 | 2019 | 2026 |
| Construction ² | 114,400 | 133,675 | 146,330 | | 10,888,448 | 12,307,807 | 13,730,076 | |
| Manufacturing | 224,335 | 287,197 | 311,858 | | 12,094,053 | 13,078,425 | 13,516,319 | |
| Wholesale/Retail Trade | 382,148 | 415,312 | 422,602 | | 23,592,416 | 25,908,582 | 26,599,346 | |
| Transportation/ Utilities | 82,727 | 107,923 | 138,711 | | 6,054,161 | 7,534,029 | 10,278,149 | |
| Information | 259,909 | 281,857 | 308,767 | | 16,892,035 | 18,514,013 | 20,784,054 | |
| Fin/Ins/Real Estate | 45,531 | 47,830 | 46,238 | | 3,222,736 | 3,316,463 | 3,470,025 | |
| Health Care | 366,302 | 384,205 | 402,039 | | 19,075,244 | 21,349,572 | 23,533,642 | |
| Leisure/Hospitality | 246,183 | 271,209 | 294,415 | | 15,763,439 | 18,199,120 | 20,525,656 | |
| Services | 704,016 | 804,777 | 827,557 | | 38,011,158 | 43,315,781 | 47,130,751 | |
| Government | 323,475 | 295,734 | 302,377 | | 22,572,000 | 22,189,000 | 22,811,951 | |
| Total | 2,749,026 | 3,029,719 | 3,200,894 | 3,255,733 | 168,165,690 | 185,712,792 | 202,379,969 | 219,479,035 |

Notes: **Forecast employment by industry is not available.**
 2026 forecast data was prepared prior to the impact of COVID-19 on the data.

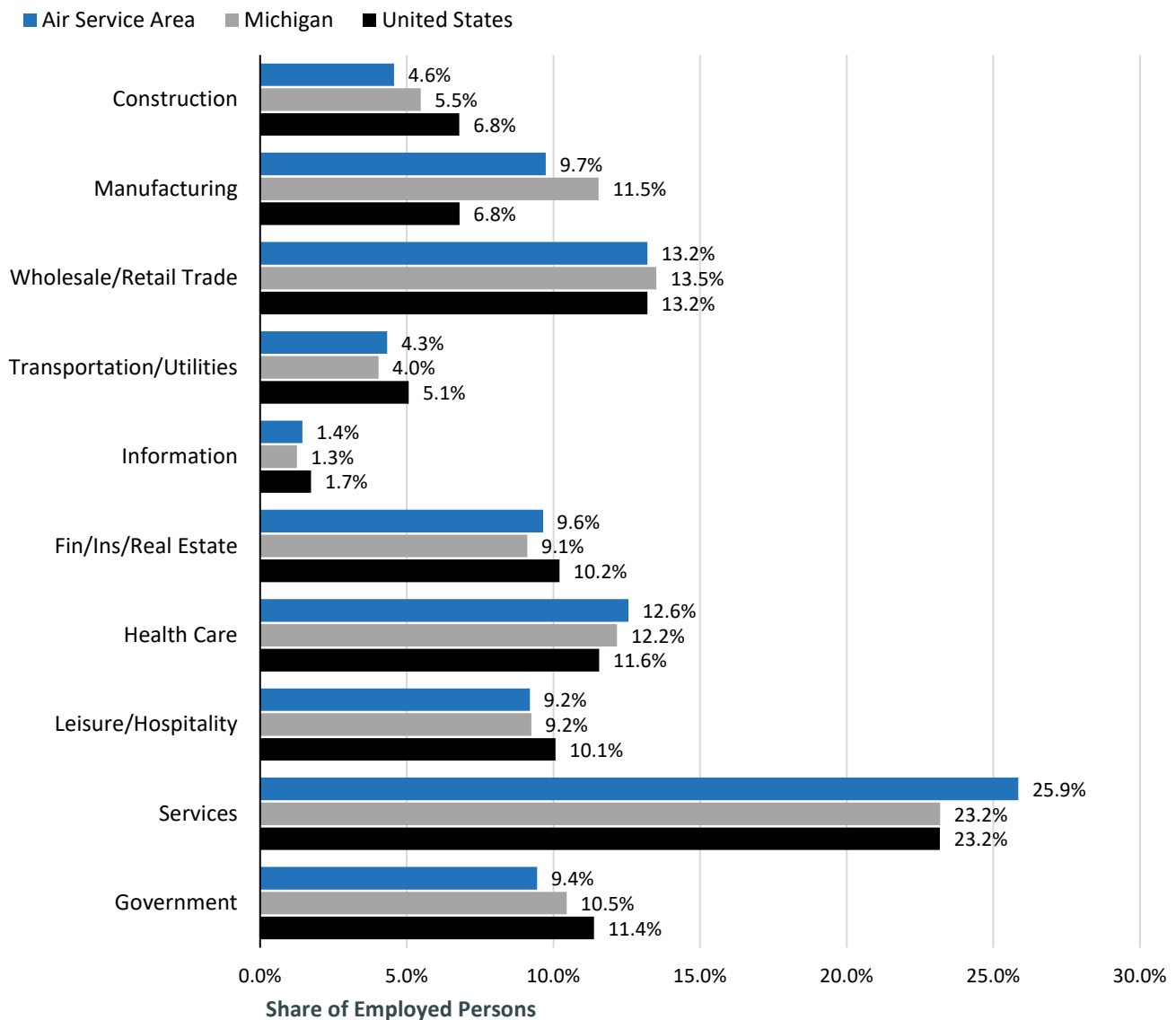
¹ Civilian, non-agricultural employment only.

² Includes mining and forestry employment.

Source: Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source, April 2020
 Compiled by Partners for Economic Solutions, March 2021.

Figure 2-9 presents employment by industry for the Air Service Area, the State, and the U.S. The figure shows that in 2019 the Air Service Area had a higher percentage of jobs in manufacturing, health care, and services compared to the U.S. In the wholesale/retail trade and information industries, the Air Service Area had a similar proportion of workers compared with the U.S. The Air Service Area had a lower percentage of jobs in construction, transportation/utilities, finance/insurance/real estate, leisure/hospitality, and government compared to the U.S. in 2019. The Air Service Area's employment forecast for 2019 through 2026 reflects a CAGR of 0.2%, compared with a CAGR of 1.2% for the U.S.

Figure 2-9 Employment by Industry (2019)



Notes: Civilian, non-agricultural employment only. Construction includes mining and forestry employment.

Source: Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source, April 2020

Compiled by Partners for Economic Solutions, March 2021.

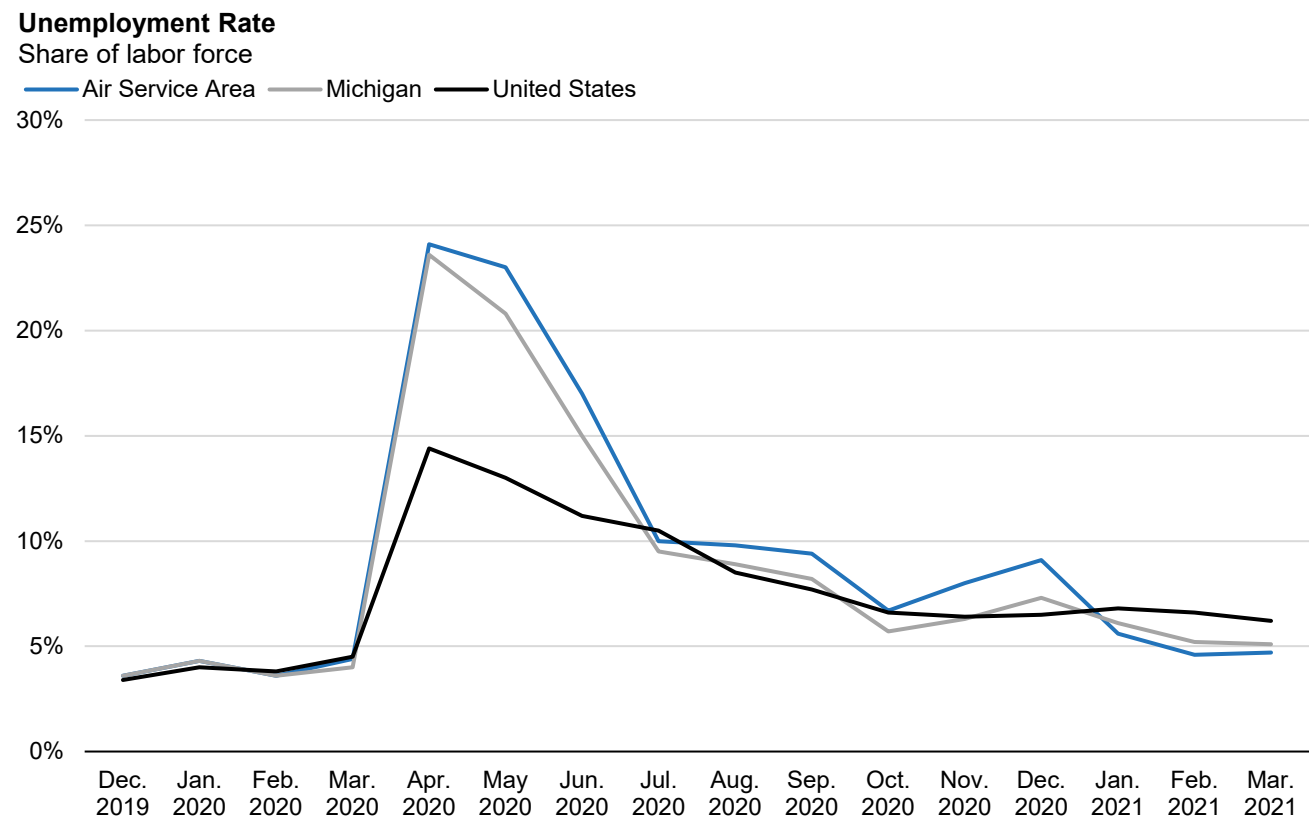
Data in Table 2-6 and Figure 2-9 indicate that the Air Service Area has a diversified employment base that is expected to generate additional demand for airline service at the Airport.

2.2.3.3 Job Recovery Following Impact of COVID-19 on 2020 Unemployment

The 2020 unemployment rate in the Air Service Area, Michigan, and the U.S. peaked in April primarily as a result of impacts associated with the COVID-19 pandemic and the shutdown of most sectors of the U.S. economy.

Figure 2-10 shows that as the Air Service Area economy adjusted to public health measures aimed at reducing the risk of COVID-19 exposure, unemployment fell 19.4 percentage points from a peak of 24.1% in April 2020 to 4.7% in March 2021 (non-seasonally adjusted). Michigan’s non-seasonally adjusted unemployment rate of 5.1% in March 2021 was 18.5 percentage points below its peak non-seasonally adjusted unemployment rate of 23.6% in April 2020. The U.S. unemployment rate decreased by 8.2 percentage points from 14.4% in April 2020 to 6.2% in March 2021 (non-seasonally adjusted).

Figure 2-10 Unemployment Rates (December 2019 – March 2021)

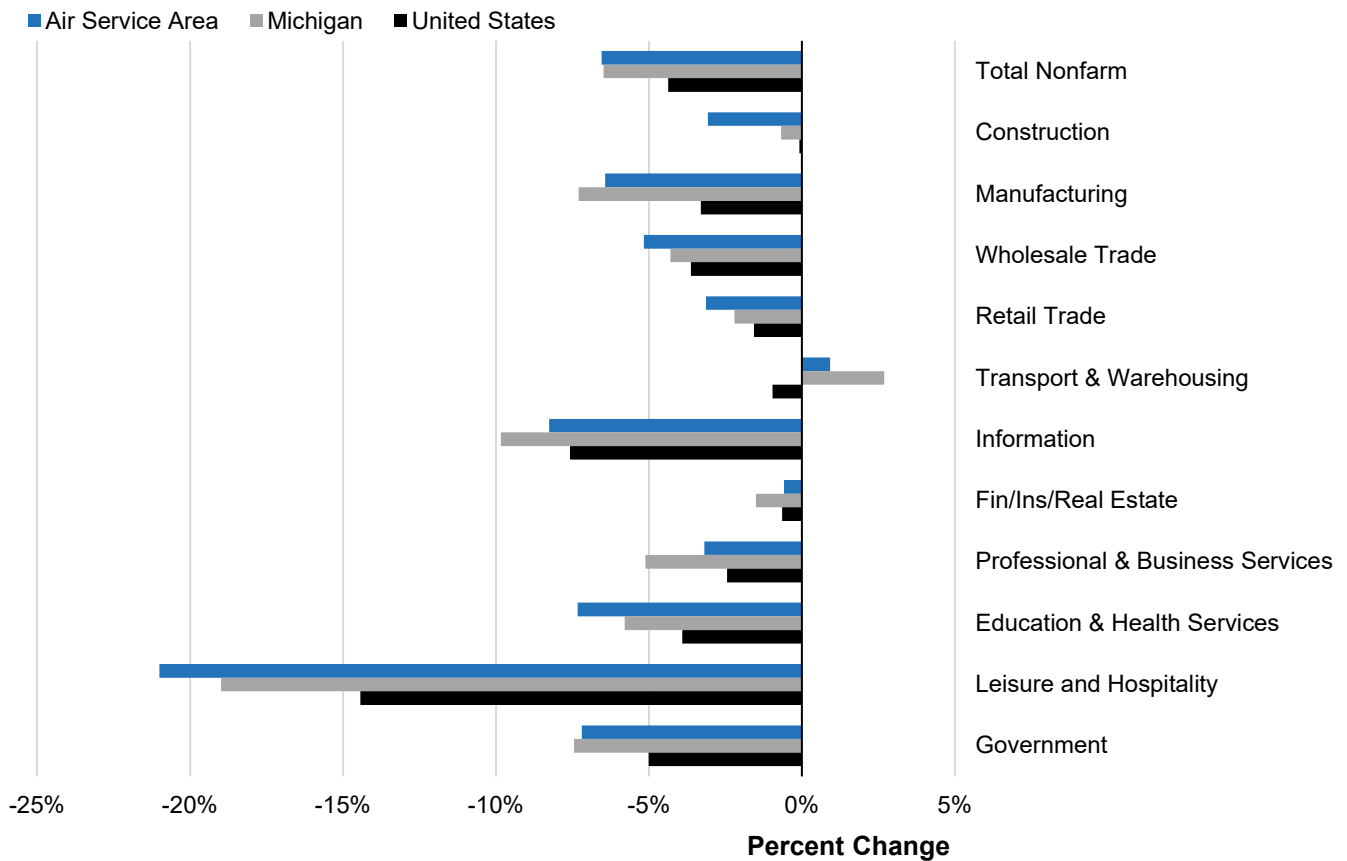


Source: U.S. Department of Labor, Bureau of Labor Statistics, May 2021
Compiled by Partners for Economic Solutions, May 2021

2.2.3.4 Change in Industry Employment Due to COVID-19

Figure 2-11 shows percent changes in employment in the Air Service Area, Michigan, and the United States in total nonfarm employment and selected industry sectors from March 2020 to March 2021. While nearly all industries suffered job loss as a result of both the pandemic and restrictions aimed at reducing the spread of COVID-19, the greatest impact has been felt by leisure/hospitality workers. On the positive side, jobs in transportation/warehousing employment in Michigan grew by 2.7% between January 2020 and January 2021, comparing favorably to a 1.0% decline in U.S. transportation/warehousing jobs. Air Service Area employment in transportation/warehousing grew by 0.9% over the same period.

Figure 2-11 Percent Change in Industry Employment (March 2020 – March 2021)

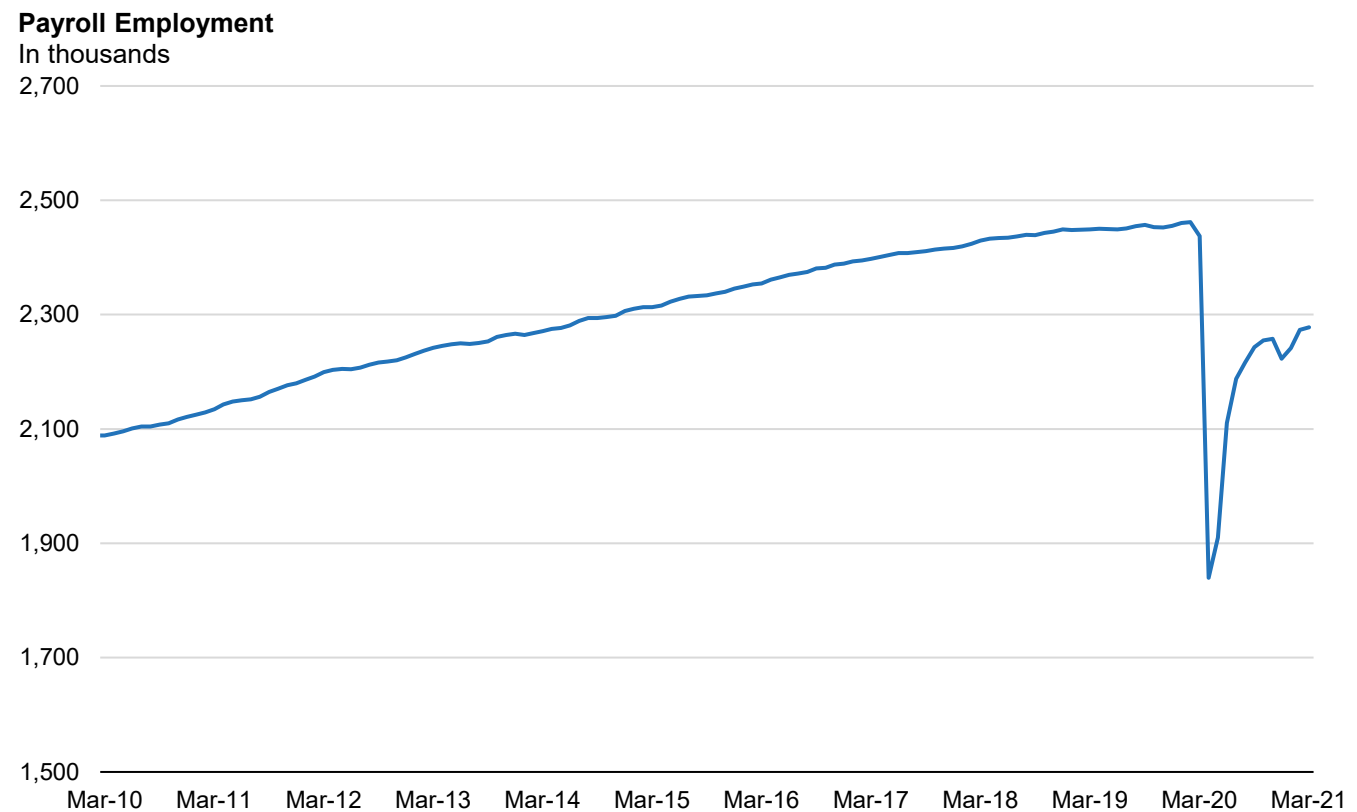


Sources: U.S. Department of Labor, Bureau of Labor Statistics; Michigan Bureau of Labor Market Information and Strategic Initiatives, May 2021.
Compiled by Partners for Economic Solutions, May 2021.

2.2.3.5 Payroll Employment Recovery

While Air Service Area industries such as leisure/hospitality, education and health services, and manufacturing experienced significant and rapid job loss in 2020, employment in the Air Service Area recovered considerably between May 2020 and March 2021. **Figure 2-12** shows that total payroll employment in the Air Service Area fell from a 10-year annual high in 2019 to a record loss of approximately 612,000 jobs by April 2020. However, the Air Service Area has recovered approximately 73% of this loss, regaining approximately 438,000 jobs between April 2020 and March 2021.

Figure 2-12 Total Air Service Area Nonfarm Payroll Employment (March 2010 – March 2021)



Source: U.S. Department of Labor, Bureau of Labor Statistics, Current Employment Statistics, State and Area Employment, May 2021.
Compiled by Partners for Economic Solutions, May 2021.

2.2.4 Regional Economic Profile

This section discusses the Air Service Area's major employers, regional collaboration, cost advantages, the automotive industry, and the tourism industry.

2.2.4.1 Major Employers

Fortune magazine publishes a yearly list of the top 1,000 publicly traded companies in the U.S., ranked by annual revenue. **Table 2-7** shows that 19 Fortune 1,000 corporations are headquartered in the Air Service Area,

including: Ford Motor (ranked 12th); General Motors (18th); Dow (78th); Penske Automotive Group (136th); Lear (166th); DTE Energy (253rd); Ally Financial (273rd); BorgWarner (312th); Masco (384th); Kelly Services (521st); Domino's Pizza (679th); and TCF Financial (979th). As of 2020, the 19 Fortune 1,000 companies headquartered in the Air Service Area had combined annual revenue of approximately \$464.7 billion and over 831,000 employees worldwide.

Table 2-7 Air Service Area Fortune 1,000 Company Headquarters (2020)

| Fortune 1000 Rank | Company | Revenue (in billions USD) | Worldwide Employees | Industry |
|-------------------|-------------------------------|---------------------------|---------------------|--------------------------|
| 12 | Ford Motor Co. | \$155.9 | 190,000 | Automobile Manufacturing |
| 18 | General Motors | \$137.2 | 164,000 | Automobile Manufacturing |
| 78 | Dow | \$42.9 | 36,500 | Chemical Manufacturing |
| 136 | Penske Automotive Group | \$23.2 | 26,980 | Automotive Retailing |
| 166 | Lear | \$19.8 | 164,100 | Automotive Supplier |
| 253 | DTE Energy | \$12.7 | 10,700 | Utility |
| 273 | Ally Financial | \$11.6 | 8,700 | Financial Services |
| 312 | BorgWarner | \$10.2 | 29,000 | Automotive Supplier |
| 369 | Autoliv | \$8.5 | 61,957 | Automotive Supplier |
| 384 | Masco | \$8.2 | 22,000 | Home Improvement |
| 460 | American Axle & Manufacturing | \$6.5 | 20,000 | Automotive Supplier |
| 521 | Kelly Services | \$5.4 | 7,700 | Staffing Services |
| 609 | Meritor | \$4.4 | 9,100 | Automotive Supplier |
| 679 | Domino's Pizza | \$3.6 | 13,100 | Restaurant |
| 708 | WABCO ¹ | \$3.4 | 13,911 | Automotive Supplier |
| 739 | Garrett Motion | \$3.2 | 7,400 | Automotive Supplier |
| 759 | Cooper-Standard | \$3.1 | 28,000 | Automotive Supplier |
| 794 | Visteon | \$2.9 | 11,000 | Automotive Supplier |
| 979 | TCF Financial | \$2.0 | 7,732 | Financial Services |
| | Total: | \$464.7 | 831,880 | |

Notes: Based on 2019 revenue.

¹ Acquired by ZF in June 2020.

Source: Fortune, <https://fortune.com/fortune500>, accessed March 2021

Compiled by Partners for Economic Solutions, March 2021

Table 2-8 lists the major employers in the Air Service Area. These employers represent a variety of industries including automobile manufacturing and suppliers (Ford Motor, Fiat Chrysler, General Motors, Magna International of America, etc.), education (University of Michigan, Detroit Public Schools Community District,

Wayne State University), health care (Beaumont Health, Trinity Health Michigan, Ascension Michigan, etc.), financial services (Rocket Mortgage, Comerica Bank), utilities (DTE Energy), and government.

In addition to contributing to the Air Service Area's diverse economic base, these companies depend on air passenger and freight service for the continued health and expansion of their business enterprises.

Table 2-8 Major Air Service Area Employers

| Company (Fortune 1,000 Ranking) | Industry | Local Employees |
|---|--------------------------|-----------------|
| Ford Motor (#12) | Automobile Manufacturing | 46,000 |
| University of Michigan | Education | 36,323 |
| Fiat Chrysler Automobiles | Automobile Manufacturing | 34,833 |
| General Motors (#18) | Automobile Manufacturing | 32,320 |
| Beaumont Health | Health Care | 27,128 |
| Henry Ford Health System | Health Care | 26,929 |
| U.S. Government | Government | 18,893 |
| Rocket Mortgage | Financial Services | 17,000 |
| Trinity Health Michigan | Health Care | 14,575 |
| Ascension Michigan | Health Care | 12,830 |
| U.S. Postal Service | Government | 11,500 |
| State of Michigan | Government | 9,644 |
| City of Detroit | Government | 9,408 |
| Detroit Medical Center | Health Care | 9,191 |
| DTE Energy (#253) | Utility | 7,438 |
| Blue Cross Blue Shield of Michigan | Health Care | 7,399 |
| Ilitch Companies | Entertainment | 7,000 |
| Detroit Public Schools Community District | Education | 6,992 |
| Wayne State University | Education | 5,913 |
| McLaren Health Care Corp. | Health Care | 5,440 |
| Magna International of America | Automotive Supplier | 4,818 |
| Comerica Bank | Financial Services | 4,373 |
| ZF North America | Automotive Supplier | 4,150 |
| Robert Bosch LLC | Automotive Supplier | 3,800 |
| Oakland County | Government | 3,618 |

Note: (#) indicates 2020 Fortune 1,000 ranking.

Source: "Largest Southeast Michigan Employers," Crain's Detroit Business, August 24, 2020
Compiled by Partners for Economic Solutions, March 2021.

2.2.4.2 From Motor City to Global Mobility Leader

Nicknamed Motor City, Detroit has been the center of the auto industry in North America for over 100 years. Ranking first in North American car, truck, and motor vehicle manufacturing, the Air Service Area produced 17% of vehicles built in the U.S. and 11% of vehicles built in North America in 2019. Michigan is also a center of automotive innovation, with 72% of annual business-funded U.S. automotive research and development (R&D), or approximately \$14 billion per year.⁵¹

Michigan's forward-looking connected and automated vehicle technology (CAV) policies have made the Air Service Area a global leader in the next generation of mobility technology. Designed to improve safety and traffic flows, connected vehicles (CVs) use wireless technology to communicate with other vehicles, traffic signals, road infrastructure, and smartphones, and to obtain data from cloud-based storage systems. Automated vehicles (AVs) use sensors, cameras, and computers to take control of driving tasks such as steering, braking, and accelerating. CAV is a broad term that encompasses both CV and AV technology.⁵²

The recent nomination of former Michigan governor Jennifer Granholm to be Secretary of Energy may indicate that the Biden administration will adopt policies that encourage a more energy efficient U.S. auto fleet and greater investment in next generation transportation technologies. During her two terms as governor, Granholm supported the production of electrical vehicles and alternative energy technology in an effort to mitigate climate change as well as to diversify Michigan's manufacturing economy and strengthen its industrial base.⁵³

More than 14 years ago, in 2006, the Michigan Department of Transportation (MDOT) inaugurated the Southeast Michigan Connected Vehicle Test Bed facility for R&D testing and certification for innovative safety, mobility, and environmental components and applications.⁵⁴ Michigan leads the nation in CAV legislation, permitting driverless car testing on public roads, and truck platooning test support.

The 32-acre MCity testing facility opened in Ann Arbor in 2015 with \$25 million in funding from the Michigan Department of Transportation and the University of Michigan. The CAV testing environment includes urban and suburban streetscapes, intersections, buildings, streetlights, road signs, guard rails, construction barriers, and other features. MCity's 59 industry partners have invested \$28.2 million in research, development, and deployment projects for future mobility solutions such as driverless shuttle safety, object detection by vehicle-based sensors, and simulation software.⁵⁵

⁵¹ 2020 Michigan Is Automobility Report, MICHAuto, February 2020, <https://michauto.org/latest-reports>, accessed February 2021.

⁵² "Recent Advances in Connected and Automated Vehicles," Journal of Traffic and Transportation Engineering, Volume 6 Issue 2, April 2019, <https://www.sciencedirect.com/science/article/pii/S2095756418302289>, accessed February 2021.

⁵³ "Biden's Choice of Ex-Michigan Governor as Energy Secretary Points to Focus on Electric Cars," Washington Post, 16 December 2020, <https://www.washingtonpost.com/politics/2020/12/16/energy-202-biden-choice-ex-michigan-governor-energy-secretary-points-focus-electric-cars>, accessed February 2021.

⁵⁴ Deployments and Proving Grounds, MICHAuto Automobility Asset Map, <https://michauto.org/map>, accessed February 2021.

⁵⁵ Mcity Test Facility, <https://mcity.umich.edu/our-work/mcity-test-facility>, accessed February 2021.

In April 2018, the 500-acre, \$135 million American Center for Mobility (ACM) opened at GM's former Willow Run power train plant in Ypsilanti Township. ACM is a massive, purpose-built, non-profit testing facility for CAV and other mobility technologies. This unique facility offers a 2.5-mile highway loop, a 700-foot curved tunnel, and two double overpasses for high-speed driverless vehicle testing in all weather conditions. ACM is one of only 10 U.S. Department of Transportation designated Automated Vehicle Proving Grounds in the U.S. for testing CAV technologies.⁵⁶

2.2.4.3 Defense and Homeland Security Industry

The Air Service Area is a major location for the defense and homeland security industry. In 2019, the region was home to 3,115 defense industry businesses with a total of 95,000 employees. Major defense contractors in the Air Service Area include General Dynamics Land Systems, BAE Systems, MTU America, Avfuel, Williams International, Humanetics Innovation Solutions, Pratt & Miller Engineering and Fabrication, and Quantum Signal. Air Service Area businesses were awarded approximately \$4.1 billion in defense and homeland security contracts in 2018.

The Air Service Area's colleges and universities are home to numerous defense and homeland security related programs that provide graduates and workforce training for the region's defense industry. Areas of specialization for these educational institutions include innovative materials for defense applications, cybersecurity, advanced vehicle systems, intelligent electronics, autonomous aerial vehicle testing, and smart sensors and integrated micro systems.

U.S. Department of Defense organizations located in the Air Service Area include: the Defense Logistics Agency; U.S. Army Tank-automotive and Armaments Command; U.S. Army Combat Capabilities Development Command Ground Vehicle System Center; Army Contracting Command-Warren; Program Executive Office Ground Combat Systems; and Program Office Combat Support and Combat Service Support. The U.S. Army Garrison Detroit Arsenal, located in Warren, is a 178-acre, 200 million-square-foot facility that is home to 7,750 military and Department of Defense civilian and contract workers. Selfridge Air National Guard Base located in Macomb County hosts all four Department of Defense services (U.S. Army, Navy, Air Force, and Marines) plus the Department of Homeland Security.⁵⁷

2.2.4.4 Business Taxes and Incentives

Business tax rates and incentives in Michigan are structured to assist existing businesses and encourage new investment.⁵⁸ In 2012, Michigan replaced its tax on business activity and gross receipts with a simpler and more competitive 6.0% corporate income tax. Michigan's personal property tax was phased out for many businesses beginning in 2014 and the State sales tax rate is 6.0%.

While many states offer tax credits that provide future savings based on jobs and investment targets, Michigan has adopted programs that provide immediate benefits such as loans, grants, or other economic assistance. For example, the New Facility Property Tax Abatement Program provides incentives to build new facilities by offering manufacturing or high-tech companies 12-year, 50 percent property tax abatements. Michigan has also designated approximately 100 sites as tax-free "Renaissance Zones," "Renewable Energy Renaissance Zones," "Agriculture Food Processing Renaissance Zones," or "Tool & Dye Renaissance Zones" where new investment can be eligible for a 100 percent property tax abatement.

⁵⁶ American Center for Mobility, <https://www.acmwillowrun.org/smart-city-test-center>, accessed February 2021.

⁵⁷ A Defined Defense Presence, Detroit Regional Chamber, <http://www.detroitchamber.com/defense>, accessed February 2021.

⁵⁸ Incentives and Tax Rates: A Top 15 State To Do Business, Detroit Regional Chamber, <https://www.detroitchamber.com/destination/detroit/incentives-and-tax-rates>, accessed February 2021.

These programs encourage the replacement, restoration, or new construction of job creating facilities. As a result of its business tax and incentives structure, Michigan currently ranks 14th among the 50 states in the Tax Foundation's Business Tax Climate Index; Michigan's ranking improves to 10th place among states with the lowest sales tax rates.⁵⁹

2.2.4.5 Regional Collaboration and Economic Development

Economic development officials throughout the Air Service Area work collaboratively to attract national and foreign investment to the region. Partners include the Detroit Regional Chamber, Detroit Economic Growth Corp., Wayne County Economic Development, Ann Arbor SPARK, Oakland County Department of Economic Development and Community Affairs, Economic Development Alliance of St. Clair County, Flint and Genesee Chamber of Commerce, Lapeer Development Corp., Lenawee Economic Development Corp., Macomb County Department of Planning and Economic Development, and Monroe County Business Development Corp.⁶⁰

Foreign Investment

These regional organizations work with the Michigan Economic Development Corp. and numerous foreign chambers of commerce to help Air Service Area companies gain greater access to international markets. In November 2020, Site Selection magazine named Detroit the number one metro area in the U.S. for investments by foreign based companies from 2015 through 2019. Major investment projects include auto plants by Fiat Chrysler Automobiles, a tractor manufacturing plant by Mahindra, an expanded technical and test facility by Nissan, plant modernization by Faurecia, and the North American headquarters for Tata Technologies. Michigan was named the third highest ranking state (after Texas and Georgia) for foreign direct investment projects between 2015 and 2019.⁶¹

Economic Development Awards

In spite of economic challenges presented by COVID-19, Michigan received noteworthy economic development accolades in 2020, including: "Deal of the Year" from Business Facilities for Fiat Chrysler Automobiles' \$4.5 billion investment in Detroit and Macomb County; "#1 Ranking for Automotive Manufacturing Strength from Business Facilities; #7 Rank for Site Readiness Programs from Area Development; "#13 Best State for Business" from Chief Executive—a 19-point increase from 2019, the largest in ranking history; Silver Shovel Award from Area Development for excellence in economic development and job creating projects; and top 10 rankings from Business Facilities for Manufacturing Output Percentage of GNP (#3), Manufacturing Employment (#4), Opportunity Zones (#8), Cybersecurity (#9), Tech Jobs (#9), and Gross Domestic Product (#10).⁶²

⁵⁹ 2021 State Business Tax Climate Index, Tax Foundation, October 2020, <https://taxfoundation.org/2021-state-business-tax-climate-index>, accessed February 2021.

⁶⁰ News & Media, "Detroit Regional Chamber and County Partners Sign Agreement to Collaborate on Business Attraction for Southeast Michigan," Detroit Regional Chamber, 31 March 2015, <https://www.detroitchamber.com/detroit-regional-chamber-and-county-partners-sign-agreement-to-collaborate-on-business-attraction-for-southeast-michigan>, accessed February 2021.

⁶¹ "Where FDI Drives the Bus," Site Selection, November 2020, <https://siteselection.com/issues/2020/nov/fdi-in-america-where-fdi-drives-the-bus.cfm#gsc.tab=0>, accessed February 2021.

⁶² "Michigan's Fiat Chrysler Expansion Is BF's Deal Of The Year," Business Facilities, 6 January 2020, <https://businessfacilities.com/2020/01/michigans-fiat-chrysler-expansion-is-bfs-deal-of-the-year>; "Business Facilities' 16th Annual Rankings: State Rankings Report," Business Facilities, 29 July 2020, <https://businessfacilities.com/2020/07/business-facilities-16th-annual-rankings-state-rankings-report>; "Michigan Continues to Rise in National Rankings with Area Development's 2020 Top States for Doing Business," Michigan Economic Development Corp., 3 September 2020, <https://www.michiganbusiness.org/press-releases/2020/09/this-just-in-michigan-continues-to-rise-in-national-rankings-with-area-developments-2020-top-states-for-doing-business>; "The 2020 Best & Worst States For Business," Chief Executive, 2 June 2020, <https://chiefexecutive.net/the-best-worst-states-for-business2020>; "2020 Gold & Silver Shovel Awards Recognize State and Local Economic Development Efforts," Area Development, Second Quarter 2020, <https://www.areadevelopment.com/Gold-Shovel-Econdev-Awards/Q2-2020/recognize-state-and-local-economic-development-efforts.shtml>, accessed February 2021.

PlanetM

The Michigan Economic Development Corporation's (MEDC) PlanetM initiative is a partnership of private industry, educational institutions, research and development programs, and government agencies that work together to develop and deploy mobility technologies driving the future. Working with mobility-focused startups, established companies, and investors, PlanetM is a no-cost, concierge service that facilitates industry connections to government decision makers to help the mobility industry grow at a faster rate.

Its services include providing testing grants that allow companies to access Michigan's advanced, state-of-the-art testing facilities, and pilot grants that help mobility companies deploy their technologies throughout Michigan in partnership with Michigan communities. Landing Zone is PlanetM's shared workspace facility that provides office space to EV, CAV, and shared transportation technology companies. In addition, PlanetM convenes Mobility Meetups to foster collaboration between new mobility startups and established companies. It also sponsors and attends mobility events throughout the world and showcases Michigan as the leader in next generation transportation technology.⁶³

Office of Future Mobility and Electrification (OFME)

In July 2020, Governor Whitmer announced the launch of the Office of Future Mobility and Electrification (OFME), a division of the state's Department of Labor and Economic Opportunity, to work across state government, academia and private industry to support the startup and growth of businesses with emerging transportation technologies. OFME's mission is to advance the competitiveness of Michigan's auto industry, especially in the development and production of next-generation transportation technologies.

The creation of the OFME is a response to changes in automotive manufacturing and the consequent need for a comprehensive statewide approach to help Michigan's auto industry through legislation, public policy, smart infrastructure, and innovative partnerships. Headed by a Chief Mobility Officer, OFME will focus on six objectives: increase EV and CAV technology investment and job creation; expand smart infrastructure to reduce traffic crashes and fatalities; increase mobility startups; develop a stronger pipeline of software engineering talent; accelerate electric vehicle ownership in Michigan; and increase Michigan's share of EV production. Working within the Michigan Economic Development Corporation (MEDC), OFME will augment the current concierge-level services being provided to mobility companies by PlanetM (see above).⁶⁴

Detroit Region Aerotropolis

The Detroit Region Aerotropolis is a four-community (Romulus, Taylor, Huron Township, Van Buren Township), two-county (Wayne and Washtenaw) public-private partnership focused on investment, corporate expansion, and economic development in industrial areas surrounding the Airport and Willow Run Airport. Offering 6,000 acres of development-ready land with access to two world-class airports, three major interstates, and five Class-A rail lines, the Aerotropolis is the premier location for greenfield expansion in Southeast Michigan. The ability to rapidly transport cargo to U.S. and international customers provides an advantage to Aerotropolis companies over their competitors. The benefit of easy airport access was recently demonstrated when local companies were able to fly personal protective equipment and other supplies to aid other parts of the U.S. in the fight against COVID-19.⁶⁵

⁶³ PlanetM, Michigan Economic Development Corporation, <https://www.planetm.com>, accessed February 2021.

⁶⁴ "Michigan's Office of Future Mobility and Electrification Formally Launches, Sets Course for Economic Growth, Job Creation," The Office of Governor Gretchen Whitmer, Press Releases, 2 July 2020, https://www.michigan.gov/whitmer/0,9309,7-387-90499_90640-533468--,00.html, accessed February 2021.

⁶⁵ Spotlight: Detroit Regional Aerotropolis, City of Romulus, http://romulusgov.com/news_detail_T35_R407.php, accessed February 2021.

Beyond offering incentives to promote investment in the region, Aerotropolis assists companies with economic development services such as site identification, infrastructure analysis, market data, demographic information, and community engagement. Aerotropolis' target industries include advanced manufacturing, next-generation mobility, and logistics. A recent partnership between Kroger (the largest U.S. grocery retailer) and Ocado (an ecommerce technology expert) resulted in the investment of \$95 million in the city of Romulus for a 135,000-square-foot customer fulfillment center. Businesses that have recently located operations in Detroit Region Aerotropolis include Mayser Polymer, S&F Foods, Plastisteel Corp., UPS Supply Chain Solutions, Brose, and Crane Worldwide Logistics. Recent business expansions include Penske Logistics, Piston Automotive, Medline Industries, and Amazon (see below).⁶⁶

Amazon

Currently, Amazon operates 10 fulfillment and sorting centers in the Air Service Area, including four facilities that launched in 2020. The 84-acre, \$40 million, 855,000-square-foot regional fulfillment center opened by Amazon in Romulus in 2018 was viewed as a potential catalyst for the development of 1,000 acres of industrial land near the Airport. In January 2021, Amazon announced it will expand its operations in the Air Service Area, adding five new sites in Wayne County (Detroit, Huron Township, Plymouth) and Oakland County (Hazel Park, Pontiac). Amazon will invest \$400 million to build a 3.8 million-square-foot fulfillment center in Detroit that will be its largest facility in Michigan. Located on 78 acres at the former site of the Michigan State Fairgrounds, the facility is expected to open in 2022 and will employ 1,200 workers. Amazon will operate a combined fulfillment and sorting center in Huron Township that will be located at Pinnacle Park, the former Pinnacle Race Course horse racing track, and will create 1,000 new jobs. According to Amazon, the company has created 13,500 jobs in Michigan since 2010 and has invested more than \$2.5 billion across the state, including infrastructure and compensation to its employees.⁶⁷

Michigan Central Station

In 2018, Ford announced plans to restore Michigan Central Station (MCS) as the centerpiece of its 45-acre, 1.2 million-square-foot, multi-building Corktown Campus that will be focused on developing advancements in electric and automated vehicles. Dominating Corktown's skyline near downtown Detroit, MCS was once a world-class train station but was abandoned in 1988. The 21-floor, 1914 Beaux Arts landmark building, which shares the same architect with the Grand Central Terminal in New York, will be redeveloped into an innovative office facility for an estimated 5,000 workers—2,500 from Ford and 2,500 from its EV and CAV business partners.

The Corktown Campus is designed to facilitate collaboration between teams of engineers and innovators and to give them access to a first-of-its-kind mobility testing platform. The facility will allow Ford and its partners to try out new mobility solutions on real-world streets and in real-world situations. Ford's dedicated electric vehicle organization and autonomous vehicle business team are currently located in the neighborhood.

Plans for Ford's Corktown Campus include flexible workspaces, co-working areas, labs, and innovation studios throughout the four-building project. It is designed as a walkable community that will be anchored by the restored MCS building. Public amenities include new open spaces, biking trails, pedestrian-friendly streetscapes, and abundant green space. MCS will also be a node on the connected and autonomous vehicle corridor running from

⁶⁶ 2020 Aerotropolis Annual Report, January 2021, <https://www.detroitaero.org/news/news/2020-detroit-region-aerotropolis-annual-report-available>, accessed February 2021.

⁶⁷ "Amazon Looks to Open \$400-Million Distribution Center at Michigan State Fairgrounds in Detroit," Detroit Free Press, 12 August 2020, <https://www.freep.com/story/news/local/michigan/detroit/2020/08/11/amazon-fulfillment-center-detroit-state-fairgrounds/3342702001>; "Amazon Plans to Add 5 Sites, Create 2,000 Jobs in Metro Detroit," The Detroit News, 11 January 2021, <https://www.detroitnews.com/story/news/local/michigan/2021/01/11/amazon-5-sites-2-000-jobs-metro-detroit/6632876002>, accessed February 2021.

Detroit to Dearborn to Ann Arbor that has been proposed by the state of Michigan. This corridor will link the Corktown Campus to a regional network of testing, research and innovation centers. Ford is one of the founding partners of this groundbreaking project, working with the State of Michigan and other collaborators.⁶⁸

GM Factory Zero

In 2018 GM announced the closure of its Detroit-Hamtramck Assembly Plant, which produced models for Chevrolet and Cadillac, with the loss of 1,600 jobs. However, in 2019 closure plans were reversed when GM decided to invest \$2.2 billion to convert the facility into the company's first fully dedicated electric vehicle (EV) assembly plant. Once it is at full capacity, it will be GM's most technologically advanced plant, employing 2,200 workers and producing an estimated 270,000 EVs per year. In October 2020, GM renamed the facility Factory ZERO Detroit-Hamtramck Assembly Center to reflect the company's investment in a zero-emissions, zero-congestion, and zero-collision future.⁶⁹

Apple Developer Academy

In January 2021, Apple announced it will open its first Apple Developer Academy in the U.S., to be located in downtown Detroit. As part of Apple's \$100 million Racial Equity and Justice Initiative, the program in Detroit is a collaboration with Michigan State University to provide free coding classes to students from minority groups. In addition to a 30-day introductory course about computers and software development, the Academy will offer a 12-month intensive program to give students the skills to develop online applications. Participants will study coding, app design, marketing, and professional skills., and Apple expects to teach nearly 1,000 students per year. The Academy will begin as a virtual program because of the COVID-19 pandemic, but plans to eventually offer in-person instruction. The Apple Developer Academy will be open to students over 18 and has no requirement to be enrolled in school or to have any prior coding experience.⁷⁰

⁶⁸ "Ford Unveils Plans for Mobility Innovation District Around Michigan Central Station," 18 November 2020, <https://www.planetm.com/news/2020/11/ford-unveils-plans-for-mobility-innovation-district-around-michigan-central-station>; About Corktown, Ford Motor Company, <https://corporate.ford.com/operations/locations/corktown.html>, accessed February 2021.

⁶⁹ "GM to Delay Closing Detroit-Hamtramck Assembly Plant," 23 February 2019, <https://www.michiganradio.org/post/gm-delay-closing-detroit-hamtramck-assembly-plant>; "GM Plant Closing Feb. 28, Retooling for EVs," Wards Auto, 28 January 2020, <https://www.wardsauto.com/alternative-propulsion/gm-plant-closing-feb-28-retooling-evs>; "When Old Detroit-Hamtramck Plant Reopens as Factory ZERO, It'll be Unlike Any Other in U.S.," Detroit Free Press, 4 December 2020, <https://www.freep.com/picture-gallery/money/cars/general-motors/2020/12/04/when-old-detroit-hamtramck-plant-reopens-factory-zero-itll-unlike-any-other-us/3788057001>; "State, City of Detroit to Fund \$11.7 Million in Road Work Around GM's Factory Zero," Crain's Detroit Business, 19 January 2021, https://www.craisdetroit.com/infrastructure/state-city-detroit-fund-117-million-road-work-around-gms-factory-zero?utm_source=morning-newsletter-wednesday&utm_medium=email&utm_campaign=20210120&utm_content=article10-readmore, accessed February 2021.

⁷⁰ "Apple to Open Developer School in Detroit, the First Program of its Kind in the U.S.," Detroit Free Press, 13 January 2021, <https://www.freep.com/story/money/business/2021/01/13/apple-open-developer-school-detroit/6641351002>, accessed February 2021.

Gordie Howe International Bridge

The \$4.4 billion Gordie Howe International Bridge, connecting Detroit to Windsor, Ontario across the Detroit River, is currently under construction. Project completion is scheduled for 2024 despite COVID-19-related construction delays. Named for Detroit Red Wings ice hockey star, and Canadian citizen, Gordie Howe, the 1.6-mile bridge will have two 820-foot "A" shaped towers (taller than Detroit's GM Renaissance Center), six auto lanes, and a bicycle and pedestrian path. When completed, it will be the longest cable-stayed bridge in North America.⁷¹

While the existing Ambassador Bridge crossing terminates in Windsor's city streets, the new bridge, which is located approximately 3.5 miles downriver from the Ambassador Bridge, will connect the U.S. and Canadian freeway systems and allow for uninterrupted traffic flow. The Gordie Howe International Bridge is one of the largest infrastructure projects under construction in North America. In addition to the bridge itself, the project includes toll collection facilities, border inspection facilities, connecting ramps, re-configured freeway interchange ramps, railway relocation, and maintenance buildings. The facility will be the largest Canadian port along the U.S.-Canada border and one of the largest ports in North America.⁷²

Rocket Companies⁷³

Investments in real estate, facilities, and businesses by Rocket Companies chairman Dan Gilbert have been among the highest-profile ventures in the Air Service Area in recent years. In 2010, Quicken Loans relocated to downtown Detroit from Livonia and other suburbs in the Air Service Area, bringing 3,600 workers. Several of Quicken Loans' sister companies have also moved to Detroit. Along with real estate company Bedrock Detroit, Rock Ventures, and start-up companies funded and expanded by Rock Ventures, Quicken Loans/Rocket Mortgage and other Rocket Companies affiliates employ over 17,000 workers in the Air Service Area.⁷⁴

University of Michigan Detroit Center for Innovation

Announced in 2019, the University of Michigan's Detroit Center for Innovation (DCI) will be a \$300 million, 190,000-square-foot facility located on a 14-acre site at the edge of downtown Detroit. U-M graduates Dan Gilbert and Stephen Ross (founder of Related Companies) are the principal financial sponsors of DCI which will be operated by U-M. DCI will offer graduate programs and upper division undergraduate courses to approximately 1,000 students studying artificial intelligence, data science, cybersecurity, mobility, sustainability, and entrepreneurship.⁷⁵

⁷¹ Project Overview, Gordie Howe International Bridge, <https://www.gordiehoweinternationalbridge.com/en/project-overview>; "Gordie Howe Bridge on Track to Open in 2024 Despite Construction Delays," The Detroit News, 20 November 2020, <https://www.detroitnews.com/story/news/local/detroit-city/2020/11/20/gordie-howe-bridge-track-open-2024-despite-construction-delays/6354584002>, accessed February 2021.

⁷² Gordie Howe International Bridge, Michigan Department of Transportation, https://www.michigan.gov/mdot/0,4616,7-151-9621_11008_87891--,00.html; "Towers for \$5.7-Billion Gordie Howe Bridge Will Soon Begin to Rise," ENRMidwest, 15 January 2020, <https://www.enr.com/articles/48479-towers-for-57-billion-gordie-howe-bridge-will-soon-begin-to-rise>, accessed February 2021.

⁷³ Rocket Companies, the parent of Quicken Loans/Rocket Mortgage, Rocket Auto, Rocket Homes, Amrock, Lendesk, Edison Financial, and Core Digital Media issued \$1.8 billion in shares in an initial public offering in August 2020. Our Companies, Rocket Companies, <https://www.rocketcompanies.com/our-companies>; "Dan Gilbert's Rocket IPO Soars More Than 20% in Trading," Detroit Free Press, 6 August 2020, <https://www.freep.com/story/money/2020/08/06/rocket-ipo-dan-gilbert-wall-street/3291237001>, accessed February 2021.

⁷⁴ Our Companies, Rocket Companies, <https://www.rocketcompanies.com/our-companies>; About Us, Quicken Loans, <https://www.quickenloans.com/about?q|source=nav>; "Dan Gilbert's Rocket IPO Soars More Than 20% in Trading," Detroit Free Press, 6 August 2020, <https://www.freep.com/story/money/2020/08/06/rocket-ipo-dan-gilbert-wall-street/3291237001>, accessed February 2021.

⁷⁵ "Ross, Gilbert Teaming on \$300 Million UM Innovation Center at Former Jail Site in Detroit," Crain's Detroit Business, 29 October 2019, <https://www.craindetroit.com/real-estate/ross-gilbert-teaming-300-million-um-innovation-center-former-jail-site-detroit>; "Renderings Show What U-M's New Innovation Center in Detroit Could Look Like," Detroit Free Press, 30 October 2019,

In February 2020, Ross announced a \$100 million gift to U-M to launch DCI's fundraising campaign. Gilbert will transfer ownership of the site from his Bedrock development company to the university. In addition to the DCI facility, the project will include a conference center, event space and a business start-up incubator, collaboration space for established companies, a new hotel, and residential units. Although groundbreaking has been delayed because of the COVID-19 pandemic, U-M envisions an interdisciplinary faculty at DCI who have expertise in technology-related fields and are associated with entrepreneurs and business enterprises to create a collaborative approach to learning. DCI is expected to build on Detroit's growing momentum as a center for innovation that provides a pipeline of graduates to local businesses, and offers training and education to current workers to expand their skills in a world of fast-paced technological change.⁷⁶

Economic development officials in the Air Service Area underscore the importance of the Airport's links to destinations in the U.S. and around the world. Because access to domestic and international markets is a major factor in the site selection process, the Airport plays a significant role in attracting new businesses and the expansion of existing enterprises in the Air Service Area.

2.2.4.6 Cost Advantages

Another important factor in business attraction and employee retention is the Air Service Area's favorable cost of living. According to the Council for Community and Economic Research, the Air Service Area's living costs are 22.7% below the average of the 20 most populous metropolitan areas in the U.S., ranking it the fifth most affordable major metro region (see **Figure 2-13**). Overall living costs in the Air Service Area are 0.5% below the average for all U.S. metro areas. Housing costs in the Air Service Area are 46.3% lower than the average for the nation's 20 most populous metro areas and 3.8% below the average for all U.S. metros.

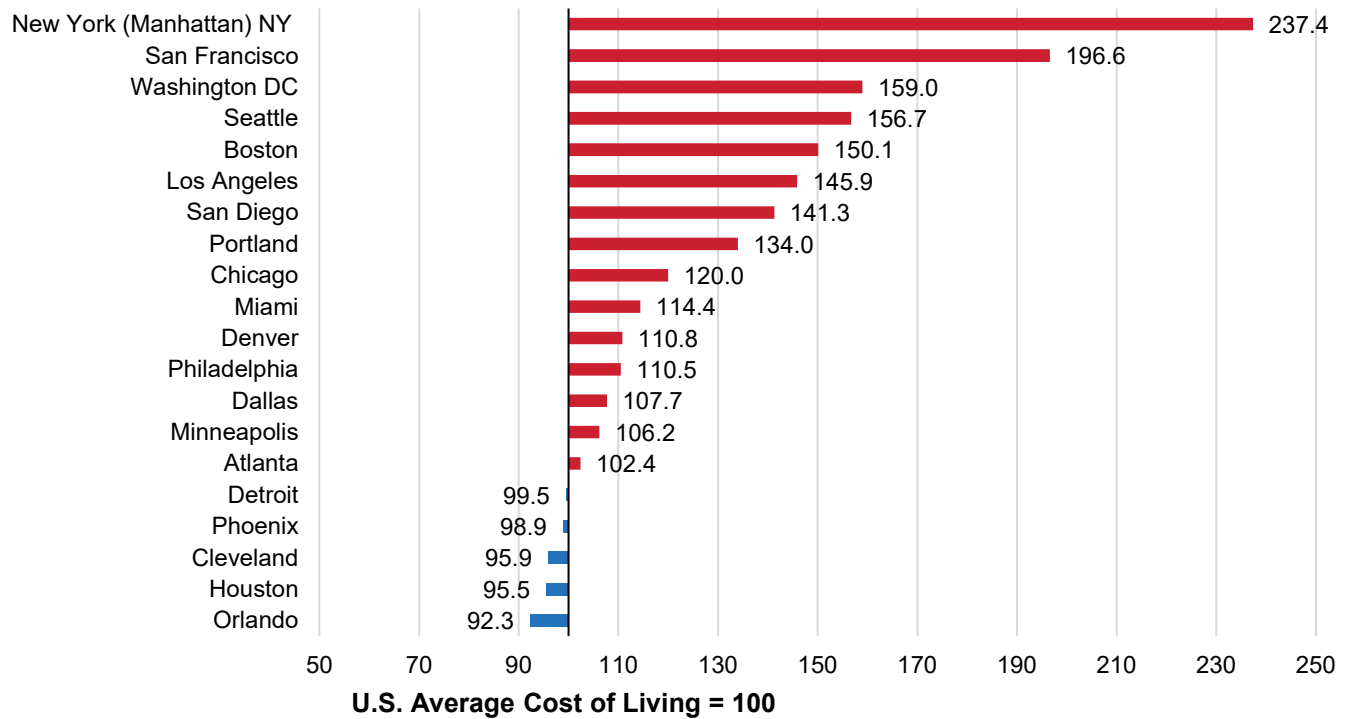
Furthermore, in addition to low living costs, the Air Service Area offers desirable urban amenities such as professional sports teams, nationally recognized art museums and cultural institutions, internationally renowned performing arts companies, and other attractions (see Tourism Industry below). As a result, Air Service Area residents enjoy a high quality of life in terms of numerous cultural and entertainment amenities compared to other low-cost regions in the U.S.⁷⁷

<https://www.freep.com/story/money/business/2019/10/30/university-michigan-innovation-center-detroit/4095673002>, accessed February 2021.

⁷⁶ "Stephen Ross Announces \$100 Million Gift to Detroit Center for Innovation," 21 February 2020, <https://detroit.umich.edu/news-stories/stephen-ross-announces-100-million-gift-to-detroit-center-for-innovation>; The Detroit Center for Innovation, <https://detroitcenterforinnovation.com>, accessed February 2021.

⁷⁷ Council for Community and Economic Research, Cost of Living Index, www.coli.org, accessed February 2021.

Figure 2-13 Cost of Living Index for Top 20 Metro Areas



Notes: Data not available for San Jose CA.

Average U.S. Cost of Living Index = 100.

Source: Cost of Living Index, Council for Community and Economic Research, August 2020

Compiled by Partners for Economic Solutions, March 2021

2.2.4.7 Tourism Industry

The COVID-19 pandemic has had a negative impact on tourism in the Air Service Area, Michigan, the U.S., and around the world. A successful statewide and national vaccine program, as well as decreased COVID-19 transmission rates, are likely to have the most influence on the tourism industry's rate of recovery. In anticipation of this, the Detroit Metro Convention & Visitors Bureau and Travel Michigan (the state tourism office) are encouraging visitors who are traveling to and within the state to follow the most up-to-date information and guidance offered by the CDC and Michigan Department of Health and Human Services (MDHHS). Michigan businesses that have taken the Pure Michigan Pledge are committed to maintaining social distancing and hygiene protocols in restaurants, shops, attractions and outdoor spaces to stop the spread of COVID-19.⁷⁸ In addition, in July 2020 the Detroit Regional Chamber launched a #MaskUpMichigan campaign to encourage businesses and individuals to commit to wearing a face mask.⁷⁹

⁷⁸ Our Go Safely Initiative: Combating COVID-19, Learn How Detroit Businesses are Committing to Visitor Safety, Detroit Metro Convention & Visitors Bureau, <https://visitdetroit.com/our-go-safely-initiative-combating-covid-19>, accessed February 2021.

⁷⁹ Mask Up Michigan, Detroit Regional Chamber, <https://www.detroitchamber.com/covid19/mask-up-michigan>, accessed February 2021.

Visitors to the Air Service Area will be able to enjoy a rich variety of cultural, educational, and entertainment attractions including: the Detroit Institute of Arts, the sixth largest comprehensive fine arts museum in the U.S.; Cranbrook Art Museum; the Charles H. Wright Museum of African American History, the largest collection of African-American art and artifacts in the world; Motown Museum; the Henry Ford Museum; Greenfield Village; Detroit Historical Museum; Museum of Contemporary Art Detroit; Automotive Hall of Fame; Birmingham Bloomfield Art Center; Michigan Science Center; Sea Life Michigan Aquarium; Legoland Discovery Center Michigan; and others.

Performing arts companies in the Air Service Area include: the Detroit Symphony Orchestra under music director Jader Bignamini; Michigan Opera Theatre; Ann Arbor Symphony Orchestra; Dearborn Symphony; Livonia Symphony Orchestra; Macomb Symphony; Academy of Early Music; Cranbrook Music Guild; Rackham Choir; Detroit Children's Choir; Michigan Philharmonic, Detroit Chamber Winds & Strings; Chamber Music Society of Detroit; Civic Jazz Orchestra; Motor City Brass Band; Birmingham Concert Band; Eisenhower Dance Detroit; The Purple Rose Theatre Company; Detroit Public Theatre; Shakespeare in Detroit; and Detroit Repertory Theatre. Although arts organizations, entertainment attractions, shows, and venues in the Air Service were closed or had reduced schedules in 2020, they are expected to revive in 2021 and future years as patrons return following the successful implementation of a statewide and national COVID-19 vaccination program.

Detroit has hosted auto shows for over 100 years. The North American International Auto Show (NAIAS) has been held at TCF Center (formerly Cobo Center) in downtown Detroit every January from 1987 to 2019 and attracts approximately 5,000 journalists and 800,000 attendees annually. NAIAS is regarded as the premier annual event where car makers unveil new products and was rescheduled to June 2020 to allow for more outdoor events. Ultimately, the 2020 NAIAS was canceled because of the COVID-19 pandemic and the conversion of TCF Center into a temporary field hospital. The next NAIAS is planned for October 2021 and will include outdoor product shows, self-driving vehicle exhibitions, and a street festival. In future years, the NAIAS is planned to be held in the fall months to take advantage of warmer weather and additional outdoor exhibit areas.⁸⁰ Although these events were canceled in 2020 because of COVID-19, annual automobile- and transportation-related shows that are typically held in the Air Service Area include: Autorama; Concours d'Elegance of America; Fall Camper Show; Snowmobile USA Show; Detroit Boat Show; and Novi Boat Show.

While numerous cancellations occurred in 2020 owing to the COVID-19 pandemic, festivals and events held throughout the year in the Air Service Area typically include: Detroit International Jazz Festival; Great Lakes Chamber Music Festival; Detroit Music Awards; Movement Electronics Music Festival; Royal Starr Film Festival; Detroit Free Press Talmer Bank Marathon; ArtWorks Detroit; Fall Beer Festival; Maker Faire at the Henry Ford; Plymouth International Ice Sculpture Festival; the Ann Arbor Art Fair; and others.

The Air Service Area is among only 12 metro regions that has teams from all four major U.S. professional sports organizations. Located between downtown Detroit, Midtown, and Corktown, District Detroit is a 50-block, mixed-use entertainment complex that features three professional sports facilities: Comerica Park, Ford Field, and Little Caesar's Arena. It brings together the Air Service Area's four professional sports teams within three blocks of each other: the National Football League's Detroit Lions; Major League Baseball's Detroit Tigers; National Basketball Association's Detroit Pistons; and National Hockey League's Detroit Red Wings. The U-M Wolverines also offer major collegiate sports in Air Service Area. Nicknamed "The Big House", the football stadium for U-M in Ann Arbor hosts crowds in excess of 100,000. Crisler Center is the U-M basketball arena and has a capacity of

⁸⁰ "The 2020 Detroit Auto Show Has Been Canceled," *Automobile*, 29 March 2020, <https://www.automobilemag.com/news/2020-detroit-auto-show-naias-cancelled>; "Detroit Auto Show is Pushed Back Again — To Fall 2021," *The Detroit News*, 21 September 2020, <https://www.detroitnews.com/story/business/autos/2020/09/21/detroit-auto-show-moves-fall-2021/5856777002>, accessed February 2021.

over 12,700.⁸¹ Educational institutions in the Air Service Area offering National Collegiate Athletic Association (NCAA) sports include University of Detroit-Mercy, Eastern Michigan University, Oakland University, and Wayne State University.

The Air Service Area's wide array of cultural choices and entertainment options is an important factor supporting repeat visits. The ability to see attractions or undertake activities that were missed on a previous visit has been cited as a significant element in a visitor's intent to return to a travel destination.⁸²

2.2.5 Economic Outlook

Prior to the COVID-19 pandemic, economic growth in the U.S., Michigan, and the Air Service Area was supported by low unemployment, low inflation, and modest gains in per capita personal income. Unfortunately, the outbreak of COVID-19 in the U.S. in early 2020 has caused significant and ongoing disruptions to the economy and job market at the national, state, and local level.

2.2.5.1 Real GDP Growth Forecasts

Figure 2-14 shows real GDP growth forecasts for the U.S. between 2021-2031 from the CBO, FOMC, Moody's Analytics, and Woods & Poole Economics. The 2021 real GDP growth forecasts range from 2.3% (Woods & Poole Economics) to 4.6% (CBO); Moody's expects real U.S. GDP to grow at a rate of 4.1% and the FOMC projects 4.2% growth. While Moody's predicts real GDP growth of 4.7% in 2022, the other forecasters expect real GDP growth in 2022 to range from 2.2% (Woods & Poole Economics) to 2.9% (CBO) to 3.2% (FOMC). The forecasts project lower real GDP growth in 2023, 2024, and 2025 compared to 2022. From 2026-2031, the CBO, FOMC, Moody's, and Woods & Poole Economics forecasts expect real GDP growth in the U.S. to range from 1.5% to 2.0%.

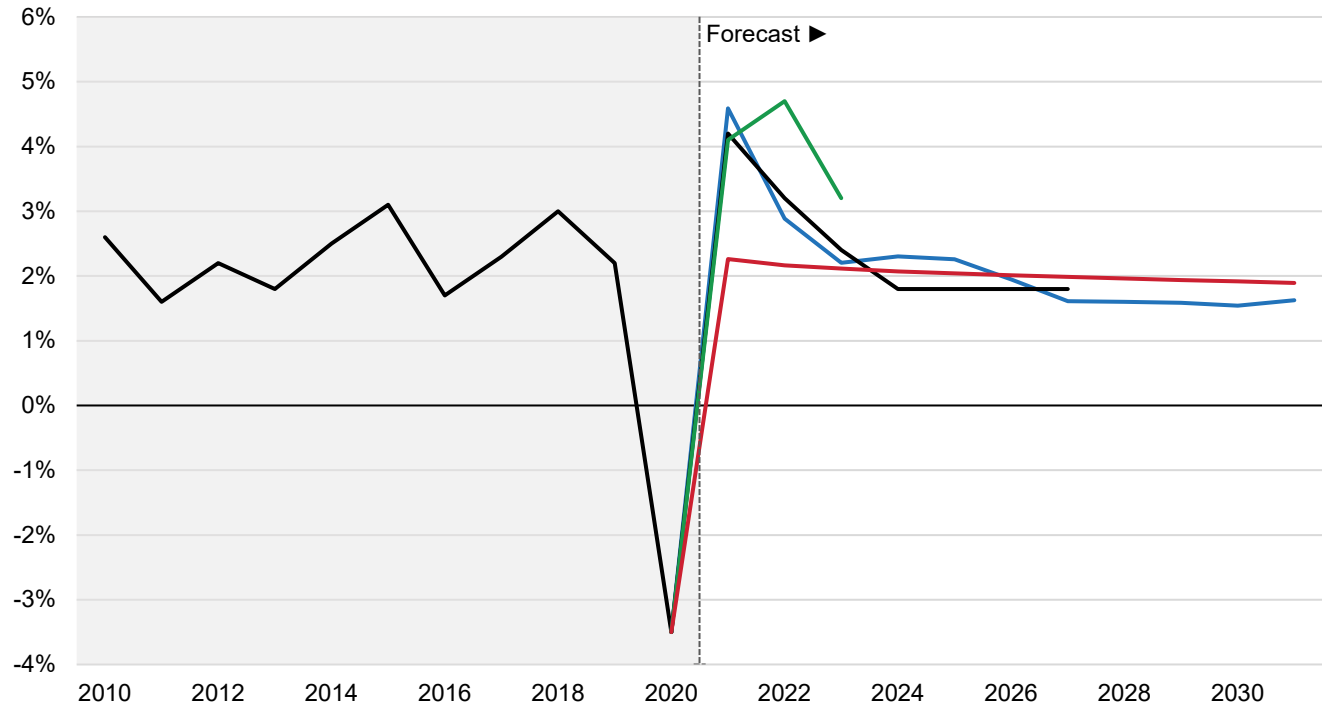
⁸¹ University of Michigan, <http://www.mgoblue.com/facilities>, accessed February 2021.

⁸² Jeffrey M. Caneen, "Cultural Determinants of Tourist Intention to Return," published in *Consumer Psychology of Tourism, Hospitality and Leisure*, CABI Publishing, 2004; "Active Research Directions for Studying Repeat Tourist Behaviour," Manisha Agarwal et al., *Advances in Social Science, Education and Humanities Research*, Volume 259, 3rd International Seminar on Tourism (ISOT 2018), <https://www.atlantispress.com/article/125909381.pdf>, accessed February 2021.

Figure 2-14 U.S. Real GDP Growth Forecast**Real GDP**

Year-over-year growth rates

— BEA (Historical) — Congressional Budget Office — Federal Open Market Committee
 — Moody's Analytics — Woods & Poole



Note: Woods & Poole 2021-2026 forecast data was prepared prior to the impact of COVID-19 on the data.

Sources: Bureau of Economic Analysis, Annual Real Gross Domestic Product, Chained 2012 Dollars, January 2021; Congressional Budget Office, Budget and Economic Data, 10-Year Economic Projections, February 2021; Board of Governors of the Federal Reserve System, Federal Open Market Committee, Summary of Economic Projections, December 2020; Moody's Analytics, U.S. Real Gross Domestic Product Forecast, December 2020
 Compiled by Partners for Economic Solutions, March 2021

The most recently published forecast by business economists from the National Association for Business Economics (NABE) indicates consensus for real GDP growth of 4.8% in 2021 and 4.0% in 2022. The NABE forecast also projects an average annual U.S. unemployment rate of 5.8% in 2021 and 4.7% in 2022.⁸³

Similarly, the most recent Michigan Economic and Revenue Outlook projects an annual U.S. unemployment rate of 7.1% in 2021 that will fall to 6.2% in 2022, and then decline to 5.3% in 2023. The University of Michigan Research Seminar in Quantitative Economics (RSQE) forecasts slow job recovery in leisure, hospitality, retail trade, and government in 2021 and 2022.⁸⁴

⁸³ National Association for Business Economics, *NABE Outlook*, March 2021.

⁸⁴ Economic and Revenue Outlook FY 2020-21, FY 2021-22 and FY 2022-23, Michigan Department of Treasury, 15 January 2021, https://www.michigan.gov/documents/treasury/Administration_Economic_and_Revenue_Outlook_January_15_2021_Final_713089_7.pdf; Michigan Forecast, 20 November 2020, University of Michigan Research Seminar in Quantitative Economics (RSQE), <https://lsa.umich.edu/econ/rsqe/forecasts/michigan-forecast.html>, accessed February 2021.

2.2.5.2 Pre-COVID-19 Health Indicators

In addition to economic measures such as gross domestic product and unemployment, it is useful to examine health indicators that existed prior to the onset of the COVID-19 pandemic such as population aged 65 years or above, households with a disability, households with internet at home, households without a vehicle, households below the poverty level, households receiving SNAP⁸⁵ benefits, and population without health insurance.

Table 2-9 shows that in the Air Service Area, 17.4% of the population is aged 65 years or above, 26.6% of households have a person with a disability, 8.6% of households lack a vehicle, 14.0% of households are below the poverty level, and 14.8% of households receive SNAP benefits. While the Air Service Area’s population aged 65 years or older and its percentage of households receiving SNAP benefits are higher than nationwide levels, other measures are nearly equivalent to or better than rates in the U.S. as a whole. For example, the number of households with internet at home in the Air Service Area is equal to the U.S. rate (89.0%), and the Air Service Area has a lower percentage of the population without health insurance (5.7%) compared to the U.S (9.0%).

The pre-COVID-19 health indicators shown in Table 2-9 may indicate that the Air Service Area population could be relatively more vulnerable to the impact of COVID-19 compared to the U.S. overall. In response, public health officials and government agencies in the Air Service Area and Michigan have adopted the *Michigan Safe Start Plan*, issued emergency orders, and taken numerous measures to reduce the spread of COVID-19 and expedite the vaccination of the State’s population.

Table 2-9 Comparative Health Indicators, Pre-COVID-19 (2019)

| Indicator | Air Service Area | Michigan | United States |
|-------------------------------------|------------------|----------|---------------|
| Population Aged 65+ Years | 17.4% | 18.3% | 16.9% |
| Households with a Disability | 26.6% | 27.0% | 24.4% |
| Households with Internet at Home | 89.0% | 90.0% | 89.0% |
| Households without a Vehicle | 8.6% | 7.6% | 8.3% |
| Households Below the Poverty Level | 14.0% | 13.7% | 12.8% |
| Households Receiving SNAP | 14.8% | 13.8% | 11.7% |
| Population without Health Insurance | 5.7% | 5.9% | 9.0% |

Source: Esri COVID-19 Impact Planning Reports for the Air Service Area, Michigan, and U.S., March 2021.
Compiled by Partners for Economic Solutions, March 2021.

⁸⁵ The U.S. Department of Agriculture Supplemental Nutrition Assistance Program is a domestic food and nutrition benefits program that supplements the food budget of low-income Americans.

Data in **Table 2-10** show 2020 and 2026 economic variables for the Air Service Area and U.S. including population, employment, personal income, and gross regional and domestic product. Growth forecasts for employment, personal income, and gross regional product (GRP) for the Air Service Area are all positive and indicate a steady though modest recovery between 2020-2026. Although growth rates for some measures in the Air Service Area are lower compared to those of the U.S. (population, employment, total personal income, gross regional product), the Air Service Area economy will nonetheless add nearly 30,000 jobs over the forecast period. In addition, the Air Service Area and U.S. share equal growth rates in per capita personal income and per capita GRP. These economic factors, added to the Air Service Area's existing population of 5.3 million residents and 3.2 million jobs, indicate the ongoing capacity of the Air Service Area to generate demand for air travel services during the forecast period.

Table 2-10 Passenger Demand Forecast Variables (2020 - 2026)

| Variable | 2020 Estimate | 2026 | CAGR 2020-26 |
|---|---------------|-------------|--------------|
| Population | | | |
| Air Service Area | 5,358,011 | 5,453,310 | 0.3% |
| United States | 331,472,851 | 344,486,604 | 0.6% |
| Employment | | | |
| Air Service Area | 3,225,742 | 3,255,733 | 0.2% |
| United States | 202,379,969 | 219,479,035 | 1.4% |
| Personal Income (in billions) | | | |
| Air Service Area | \$296.8 | \$334.4 | 2.0% |
| United States | \$19,114.6 | \$22,026.5 | 2.4% |
| Per Capita Personal Income | | | |
| Air Service Area | \$55,389 | \$61,325 | 1.7% |
| United States | \$57,666 | \$63,940 | 1.7% |
| Gross Regional Product (in billions) | | | |
| Air Service Area | \$335.8 | \$374.3 | 1.8% |
| United States | \$21,869.1 | \$24,788.9 | 2.1% |
| Per Capita Gross Regional Product | | | |
| Air Service Area | \$62,678 | \$68,642 | 1.5% |
| United States | \$65,975 | \$71,959 | 1.5% |

Notes: 2020 is an estimate and does not reflect changes from the pandemic.
All dollar amounts are in 2020 dollars.
CAGR = Compound annual growth rate.

Sources: State of Michigan, Bureau of Labor Market Information and Strategic Initiatives, September 2019; Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source, April 2020
Compiled by Partners for Economic Solutions, March 2021.

3 Air Service and Traffic Analysis

This chapter describes and evaluates the state of air service at the Airport, analyzes historical trends in air traffic, identifies key factors that generally affect demand for air travel, and provides the projection of air traffic activity. **This chapter also addresses the impacts on air traffic associated with the COVID-19 pandemic using data and information available to date. It should be noted however, that impacts are still emerging, and at this time L&B is unable to fully quantify the effect that the COVID-19 pandemic will have on air service and air traffic and the length of time over which this effect will occur. No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the projections described herein. In this respect, the words “estimate,” “forecast,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Report are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Report and the Official Statement.**

3.1 Air Service at the Airport

The following sections evaluate current air service capacity and operating performance for the primary passenger airlines serving the Airport. The Airport’s overall O&D market is also assessed at the market level, comparing performance with prior years. Additionally, the Airport’s role as a connecting hub for Delta when compared to other U.S. hubs is examined. To the extent airline market data and related information is available, impacts associated with the COVID-19 pandemic are also identified. Due to Delta’s significant presence at the Airport and of Spirit Airlines (Spirit) dramatic growth in recent years, both airlines were evaluated in greater detail.

3.1.1 Airlines Operating at the Airport

The Airport has historically been served by the largest U.S. airlines in the industry. For 12-months ending February 2020, the Airport was served by 18 U.S. flag scheduled passenger air carriers, including eight mainline carriers. During that period, five foreign flag airlines provided scheduled passenger service at the Airport and three all-cargo carriers provided scheduled cargo service at the Airport.

Since the onset of the COVID-19 pandemic in March 2020, all domestic scheduled passenger airlines have maintained service at the Airport, albeit at lower levels. Air France and Royal Jordanian are the only foreign flag scheduled passenger airlines to resume service at the Airport. Lufthansa and Air Canada are scheduled to resume service in June 2021 and July 2021, respectively. **Table 3-1** presents the airlines that operated at the Airport for the 12-months ended February 2021.

Table 3-1 Airlines Serving the Airport (12-Months Ended February 2021)

| Mainline Carriers (8) | | Foreign Flag Airlines (5) | Cargo Airlines (3) |
|---------------------------------------|--|---|-----------------------------|
| Alaska Airlines | | Aeromexico ¹ | DHL (ABX/Atlas/ATI/Kalitta) |
| American Airlines* | | Air Canada ² | FedEx* |
| Delta Air Lines* | | Air France* | United Parcel Service* |
| Frontier Airlines | | Lufthansa German Airlines ^{3*} | |
| JetBlue Airways* | | Royal Jordanian Airlines | |
| Southwest Airlines* | | | |
| Spirit Airlines* | | | |
| United Airlines* | | | |
| Regional Carriers (8) | | | |
| Endeavor Air(d/b/a Delta Connection) | | Piedmont Airlines (d/b/a American Eagle) | |
| Envoy Air (d/b/a American Eagle) | | PSA Airlines (d/b/a American Eagle) | |
| GoJet Airlines (d/b/a United Express) | | Republic Airlines (d/b/a American Eagle, Delta Connection and United Express) | |
| Mesa Airlines (d/b/a United Express) | | SkyWest Airlines (d/b/a American Eagle, Delta Connection and United Express) | |

Notes:

* Signatory Airline.

1 Aeromexico suspended service in March 2020 and is not scheduled to return to the Airport at this time.

2 Air Canada suspended service in March 2020 and is currently scheduled to resume service at the Airport in July 2021.

3 Lufthansa German Airlines suspended service in March 2020 and is currently scheduled to resume service at the Airport in June 2021.

Source:

Wayne County Airport Authority.

In 2016, Delta accounted for 73.7% of the total enplaned passengers at the Airport. In 2017 and 2018 Delta passenger market share dropped slightly while Spirit expanded its flight schedule at the Airport. However, Delta had significant growth in 2019, extending its market share to 74.0%. Spirit is the second largest airline at the Airport. From 2016 through 2019, Spirit increased its enplaned passenger market share at the Airport from 7.9% to 10.0%. While Spirit increased over this period, American Airlines (American) and Southwest Airlines (Southwest), the third and fourth largest carriers at the Airport, both declined in enplaned passengers and market share. United Airlines (United) is the only other primary airline besides Delta and Spirit to increase enplaned passenger market share at the Airport from 2016 to 2019. In 2020, Delta experienced a significant decline in enplaned passenger market share as passenger traffic was substantially impacted as a result of the COVID-19 pandemic. **Table 3-2** presents enplaned passengers by airline along with the associated market share at the Airport from 2016 through 2020.

In order to provide context as to the recovery of the airlines at the Airport since the beginning of the COVID-19 pandemic, **Table 3-3** compares key air service metrics at the Airport for March 2019 versus March 2021 by airline. As a result of the COVID-19 pandemic, all foreign flag scheduled passenger airlines suspended service at the Airport. Air France and Royal Jordanian are the only foreign flag scheduled passenger airlines that have resumed service at the Airport as of April 2021. As of March 2021, all the domestic scheduled passenger airlines had continued service at the Airport, albeit at reduced capacity. Total departures and scheduled departing seats were down in March 2021 by approximately 36.4% and 35.5%, respectively, as compared to March 2019.

3.1.2 Delta's Operations at the Airport

As described previously, the Airport serves as a key hub for Delta. Delta is the dominant airline at the Airport, historically enplaning over 70% of the Airport's passengers. The Airport is one of Delta's primary connecting hubs, along with Hartsfield-Jackson Atlanta International Airport (ATL), Minneapolis-St. Paul International Airport (MSP), and Salt Lake City International Airport (SLC). As shown in **Table 3-4**, in 2019 the Airport was Delta's second largest airport and its third largest international gateway based on departing seats. The period chosen for this table is 2019 to provide some perspective prior to the impacts associated with the COVID-19 pandemic. Those impacts on Delta's operation are identified later in this section.

Table 3-2 Airport Enplaned Passengers and Airline Market Share (2016 - 2020)

| Airline | Enplaned Passengers | | | | | Market Share | | | | |
|--------------------|---------------------|-------------------|-------------------|-------------------|------------------|---------------|---------------|---------------|---------------|---------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Delta Air Lines | 12,676,844 | 12,632,658 | 12,761,293 | 13,580,977 | 4,960,667 | 73.7% | 72.9% | 72.5% | 74.0% | 70.6% |
| Spirit Airlines | 1,364,587 | 1,477,044 | 1,685,762 | 1,827,761 | 934,265 | 7.9% | 8.5% | 9.6% | 10.0% | 13.3% |
| American Airlines | 1,116,744 | 1,119,012 | 1,001,441 | 976,082 | 453,006 | 6.5% | 6.5% | 5.7% | 5.3% | 6.4% |
| Southwest Airlines | 855,117 | 848,897 | 835,474 | 699,652 | 271,066 | 5.0% | 4.9% | 4.7% | 3.8% | 3.9% |
| United Airlines | 556,057 | 579,667 | 623,914 | 621,796 | 215,664 | 3.2% | 3.3% | 3.5% | 3.4% | 3.1% |
| Frontier Airlines | 170,474 | 193,778 | 154,127 | 175,327 | 89,045 | 1.0% | 1.1% | 0.9% | 1.0% | 1.3% |
| Other | 458,328 | 474,544 | 546,371 | 482,366 | 101,879 | 2.7% | 2.7% | 3.1% | 2.6% | 1.5% |
| Grand Total | 17,198,151 | 17,325,600 | 17,608,382 | 18,363,961 | 7,026,591 | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics>, February 2021

Table 3-3 Key Air Service Metrics at the Airport by Airline (March 2019 vs March 2021)

| Airline | Departures | | | Scheduled Seats | | | Nonstop Markets Served | | |
|--------------------|---------------|---------------|----------------|------------------|------------------|----------------|------------------------|------------|------------|
| | March 2019 | March 2021 | Percent Change | March 2019 | March 2021 | Percent Change | March 2019 | March 2021 | Change |
| Delta Air Lines | 12,532 | 8,396 | -33.0% | 1,418,586 | 956,635 | -32.6% | 131 | 104 | -27 |
| American Airlines | 1,119 | 496 | -55.7% | 108,805 | 54,878 | -49.6% | 8 | 6 | -2 |
| Spirit Airlines | 1,069 | 769 | -28.1% | 204,540 | 143,438 | -29.9% | 21 | 14 | -7 |
| United Airlines | 717 | 393 | -45.2% | 61,958 | 26,732 | -56.9% | 6 | 5 | -1 |
| Southwest Airlines | 495 | 266 | -46.3% | 75,489 | 42,486 | -43.7% | 11 | 8 | -3 |
| Air Canada | 116 | 0 | -100.0% | 5,800 | 0 | -100.0% | 1 | 0 | -1 |
| Frontier Airlines | 53 | 62 | 17.0% | 11,140 | 12,432 | 11.6% | 2 | 4 | 2 |
| JetBlue Airways | 83 | 16 | -80.7% | 8,300 | 1,600 | -80.7% | 1 | 2 | 1 |
| Aeroméxico | 106 | 0 | -100.0% | 11,368 | 0 | -100.0% | 4 | 0 | -4 |
| Alaska Airlines | 31 | 26 | -16.1% | 4,986 | 4,628 | -7.2% | 1 | 1 | 0 |
| Lufthansa | 31 | 0 | -100.0% | 8,685 | 0 | -100.0% | 1 | 0 | -1 |
| Air France | 30 | 13 | -56.7% | 8,320 | 3,627 | -56.4% | 1 | 1 | 0 |
| WOW Air | 18 | 0 | -100.0% | 3,600 | 0 | -100.0% | 1 | 1 | 0 |
| Royal Jordanian | 8 | 4 | -50.0% | 2,160 | 1,080 | -50.0% | 1 | 1 | 0 |
| Total | 16,408 | 10,441 | -36.4% | 1,933,737 | 1,247,536 | -35.5% | 133 | 106 | -27 |

Notes: Data includes regional affiliates, as applicable.
WOW Air ended service in March 2019 when the airline declared bankruptcy.

Source: Diao Mi, Schedule – Dynamic Table, accessed April 2021.

Table 3-4 Delta's Top 10 Airports Based on Scheduled Departing Seats (2019)

| Total Scheduled Departing Seats | | | International Scheduled Departing Seats | | |
|---------------------------------|----------------|-------------------|---|----------------|------------------|
| Rank | Market | Seats | Rank | Market | Seats |
| 1 | Atlanta | 49,608,004 | 1 | Atlanta | 5,818,753 |
| 2 | Detroit | 16,298,442 | 2 | New York-JFK | 3,408,742 |
| 3 | Minneapolis | 16,179,258 | 3 | Detroit | 1,838,052 |
| 4 | Salt Lake City | 10,767,015 | 4 | Minneapolis | 1,482,497 |
| 5 | New York-JFK | 10,685,822 | 5 | Los Angeles | 974,710 |
| 6 | Los Angeles | 8,308,123 | 6 | Seattle | 942,882 |
| 7 | New York-LGA | 8,288,064 | 7 | Salt Lake City | 518,038 |
| 8 | Seattle | 7,239,509 | 8 | Boston | 491,183 |
| 9 | Boston | 4,966,689 | 9 | Honolulu | 253,950 |
| 10 | Orlando | 3,661,582 | 10 | Portland | 194,701 |

Source: Diio Mi Innovate Schedules, Accessed December 2020

3.1.2.1 Delta's O&D Traffic at the Airport

The size of the Airport's O&D market is another key consideration in being a Delta hub. As shown in **Table 3-5**, Delta generated approximately \$3.0 billion in estimated revenue on a roundtrip basis at the Airport in 2019. The Airport was the fourth largest market in Delta's network based upon O&D passengers and was the fourth largest based upon revenue.

Table 3-5 Delta's Top 10 Domestic O&D Airports Based on Estimated Revenue (2019)

| Rank | City | Airport Code | O&D Passengers (millions) | Average Paid One-way Fare | Roundtrip Revenue (billions) |
|------|----------------|--------------|---------------------------|---------------------------|------------------------------|
| 1 | Atlanta | ATL | 11.8 | \$231 | \$5.4 |
| 2 | New York-JFK | JFK | 6.3 | \$276 | \$3.5 |
| 3 | Minneapolis | MSP | 6.3 | \$237 | \$3.0 |
| 4 | Detroit | DTW | 5.9 | \$254 | \$3.0 |
| 5 | New York-LGA | LGA | 5.4 | \$184 | \$2.0 |
| 6 | Los Angeles | LAX | 5.1 | \$246 | \$2.5 |
| 7 | Salt Lake City | SLC | 4.3 | \$226 | \$1.9 |
| 8 | Boston | BOS | 3.7 | \$214 | \$1.6 |
| 9 | Seattle | SEA | 3.6 | \$235 | \$1.7 |
| 10 | Orlando | MCO | 3.1 | \$195 | \$1.2 |

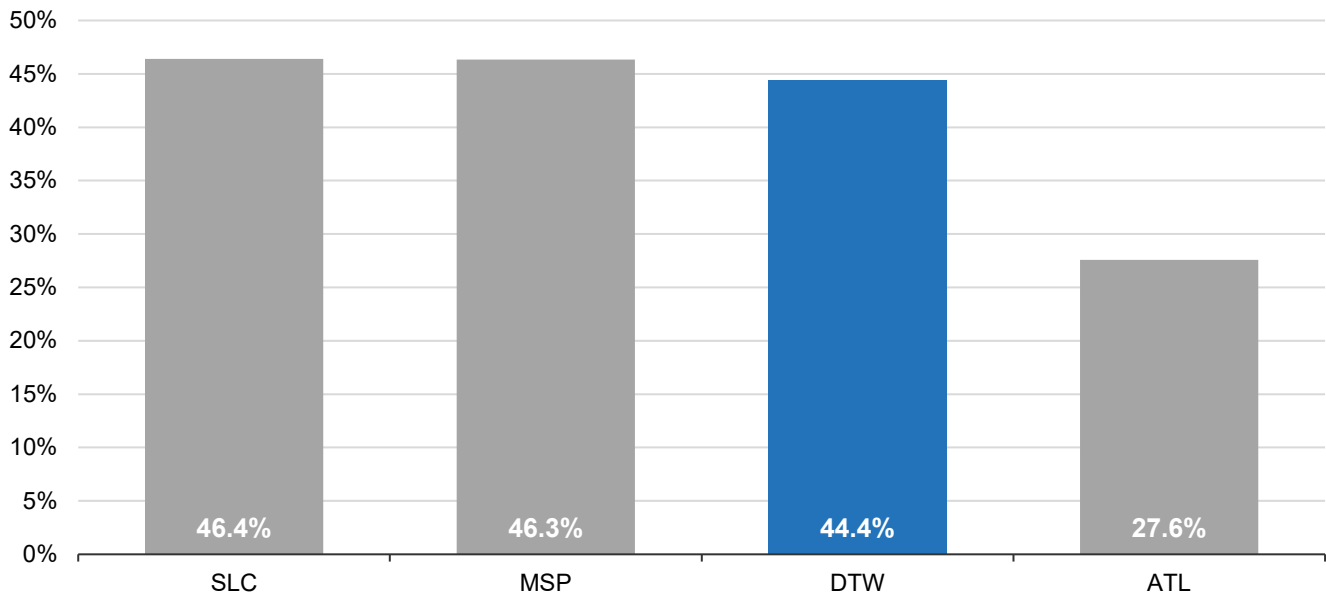
Source: U.S. Department of Transportation via Diio, accessed January 2021; fare is net of taxes and fees.

Figure 3-1 presents the percentage of O&D enplaned passengers at Delta's key "interior" airport hubs including ATL, MSP, SLC, and the Airport. Interior hubs are considered to be those hub airports that are geographically located within the middle of the U.S. and not on either the east or west coast. As shown, approximately 44% of Delta's enplaned passengers at the Airport were O&D passengers in 2019, which is an increase from 39% in 2015. This percentage of O&D traffic was generally in-line with its other major connecting hubs at MSP and SLC. Delta's mix of O&D traffic at the Airport was also well above that for Delta's ATL hub. However, given ATL's role as Delta's largest global connecting hub airport, comparisons to ATL are not as relevant as the other hub comparisons. Per discussions with Delta, serving large O&D markets and maintaining a ratio of approximately 40% to 50% of O&D traffic at its primary connecting hubs, with the exception of ATL, is considered to be a sustainable balance for its network. Over the past few decades, other Delta connecting hubs that served much smaller local O&D markets and, subsequently, were unable to sustain a similar share of O&D passenger traffic were either significantly downsized or discontinued as connecting hubs within Delta's network.

Figure 3-1 Delta's Percent of O&D Enplaned Passengers at Major Connecting Hubs (2019)

Enplaned O&D Passengers

Percent Share of Total Enplaned Passengers

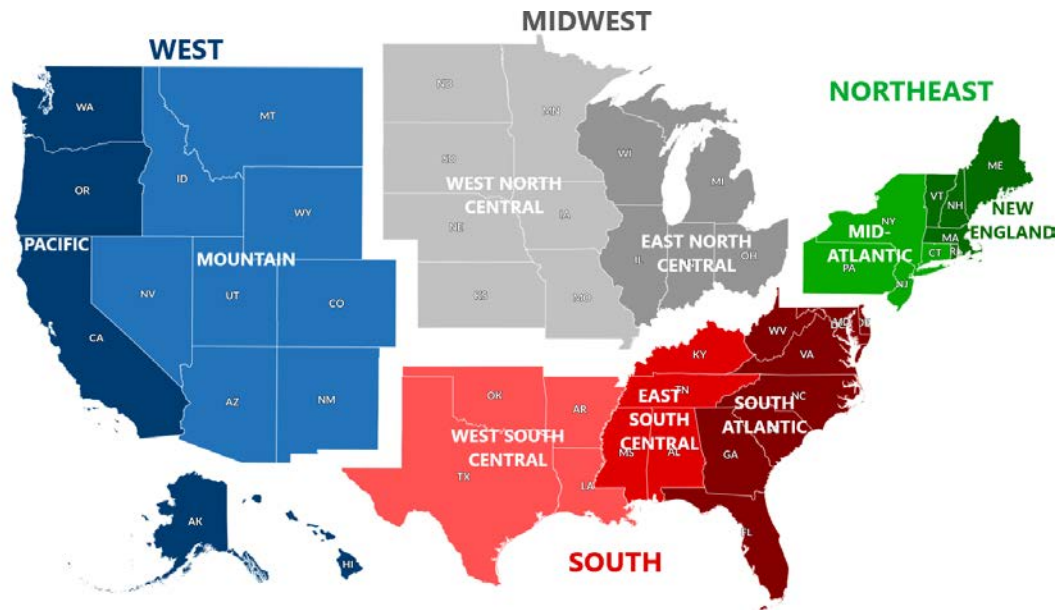


Source: U.S. Department of Transportation via Diio, accessed December 2020

3.1.2.2 Delta's Connecting Traffic at the Airport

The Airport is also one of Delta's primary connecting hubs. The Airport provides Delta a strategic presence in the central U.S., allowing for connectivity from the upper Midwest, Great Lakes region, and the east and west coasts to the rest of the country and world. **Figure 3-2** and **Table 3-6** present a summary by U.S. region and internationally where passengers either began or ended their trips while connecting through several of Delta's hub airports in 2019. The data provides some insight as to the primary differences between Delta's key connecting hubs, as summarized further below.

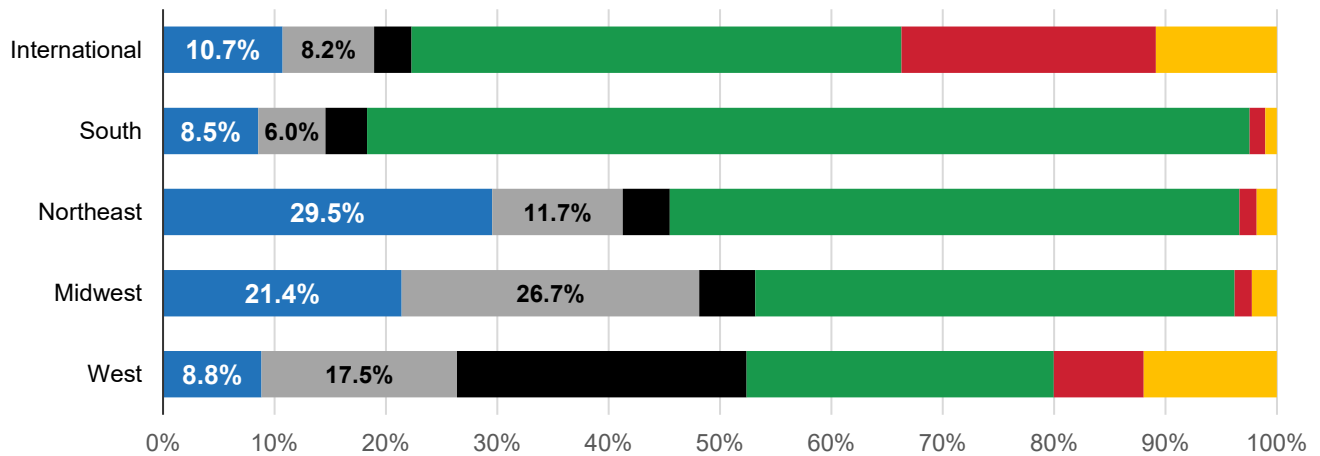
Figure 3-2 Delta Hub Connecting Passengers by Region (2019)



Connecting Passengers

Percent Share of Flow Through

■ DTW ■ MSP ■ SLC ■ ATL ■ LAX ■ SEA



Source: USDOT via Diio, accessed December 2020

Table 3-6 Delta Connecting Passengers by Hub by Region (in thousands; 2019)

| US Region | DTW | MSP | SLC | ATL | LAX | SEA |
|----------------------|--------------|--------------|--------------|---------------|--------------|--------------|
| West | 1,057 | 2,100 | 3,112 | 3,301 | 965 | 1,431 |
| Pacific | 649 | 1,215 | 1,503 | 1,904 | 694 | 1,137 |
| Mountain | 409 | 885 | 1,609 | 1,397 | 272 | 295 |
| Midwest | 1,962 | 2,447 | 462 | 3,942 | 140 | 207 |
| West North Central | 418 | 1,301 | 234 | 1,443 | 68 | 83 |
| East North Central | 1,544 | 1,146 | 228 | 2,500 | 72 | 124 |
| Northeast | 1,471 | 584 | 211 | 2,547 | 78 | 90 |
| Middle Atlantic | 1,025 | 381 | 153 | 1,782 | 58 | 61 |
| New England | 446 | 203 | 58 | 765 | 19 | 29 |
| South | 1,745 | 1,235 | 765 | 16,188 | 289 | 213 |
| West South Central | 259 | 239 | 261 | 2,693 | 104 | 25 |
| East South Central | 389 | 235 | 101 | 3,279 | 48 | 43 |
| South Atlantic | 1,098 | 761 | 403 | 10,216 | 138 | 145 |
| International | 1,034 | 795 | 325 | 4,241 | 2,203 | 1,048 |
| Grand Total | 7,269 | 7,160 | 4,875 | 30,220 | 3,676 | 2,991 |

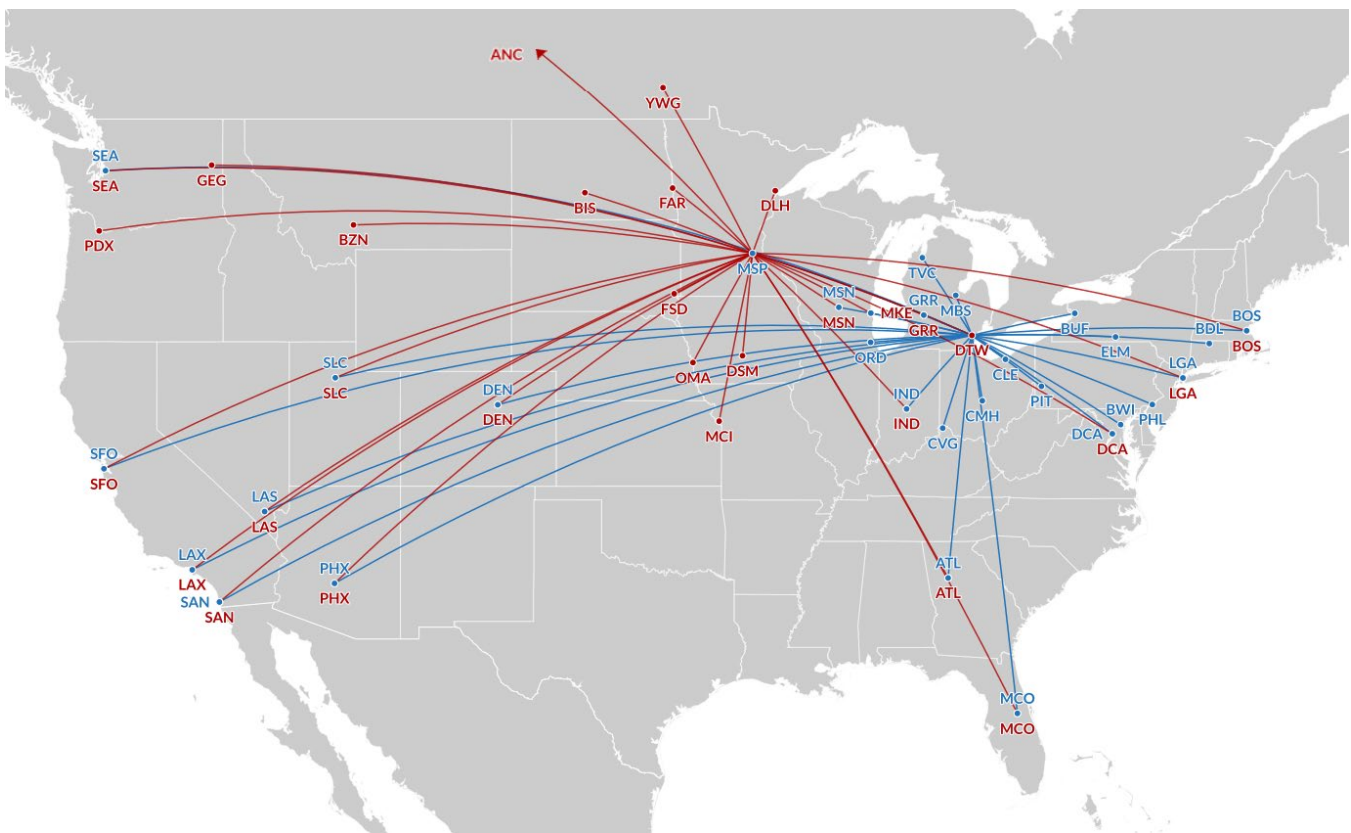
Note: Totals may not equal due to rounding.

Source: USDOT via Diio, accessed December 2020

As shown, the Airport was Delta’s second largest connecting hub. The Airport’s top connecting markets are primarily in the East North Central, Middle Atlantic and South Atlantic regions of the U.S. The Airport is the second largest Delta connecting hub serving the Atlantic, East North Central, Middle Atlantic and South Atlantic regions, all second to ATL. The Airport also augments some of the same connecting markets as MSP, SLC and ATL, particularly on east-west traffic flows in very large O&D markets, which serves to enhance Delta’s presence in key markets. Still, the Airport’s primary focus for Delta appears to be in the northeast U.S., Ohio Valley and Great Lakes regions. Given the size of Delta’s hub at ATL, it serves as a top connecting hub to and from many U.S. regions, and it naturally serves as the top connecting airport for markets in the south and southeast. SLC offers Delta connectivity to the mountain west region of the U.S. while further strengthening its presence and connecting options in larger U.S. west coast markets. Delta primarily connects passengers through SLC to serve the U.S. western mountain region and other airports on the U.S. west coast. It also connects passengers through SLC to augment larger O&D markets on east/west traffic flows. The majority of Delta’s Seattle-Tacoma International Airport (SEA) connecting traffic comes from the northwest U.S., Alaska and Hawaii (Pacific region). It also enables connectivity in high growth, trans-pacific markets. Delta has historically operated SEA as an international gateway to Asia and domestically to Hawaii, in addition to offering connecting service in selected west coast markets. As with other Delta hubs, it also allows for additional passenger connectivity to larger U.S. O&D markets.

Although the Airport and MSP are relatively close in geographical proximity to each other in the upper Midwest, both airports are operated by Delta in such a way that they complement and augment each other to better serve separate regions of the U.S. **Figure 3-3** depicts the top 30 connecting markets in terms of passengers for the Airport and MSP. **Table 3-7** presents the top 30 airports where Delta passengers either began or ended their trips while connecting through the Airport or MSP in 2019. As shown, Delta primarily connects domestic markets in the upper Midwest and central U.S. through MSP, with more of an emphasis on connections to markets on the U.S. west coast. Four of the top five airports with passengers connecting through MSP on Delta are on the U.S. west coast, and six of the top ten are in the western U.S. The other two top connecting airports from MSP are Milwaukee; Madison, Wisconsin; and Fargo, North Dakota. Delta also experienced passenger connectivity to the U.S. west coast at the Airport; however, to a lesser degree. Delta’s passenger connecting traffic to the U.S. west coast is approximately 40% less at the Airport than as compared to MSP. Connecting traffic at the Airport is more oriented to serve the eastern half of the U.S., with an emphasis in the Great Lakes region.

Figure 3-3 Delta’s Top 30 Connecting Markets at the Airport and MSP (2019)



Source: Innovata via Diio, accessed January 2021

Table 3-7 Top 30 Delta Air Lines Domestic Connecting Markets at the Airport and MSP (2019)

| Top Airports Connecting at DTW | | | | | Top Airports Connecting at MSP | | | | |
|--------------------------------|----------------------|------|-----------------|------------------|--------------------------------|----------------|------|-----------------|------------------|
| Rank | Airport | Code | Passenger Share | Cumulative Share | Rank | Airport | Code | Passenger Share | Cumulative Share |
| 1 | Grand Rapids | GRR | 2.5% | 2.5% | 1 | Seattle | SEA | 2.5% | 2.5% |
| 2 | Boston | BOS | 2.1% | 4.6% | 2 | Los Angeles | LAX | 2.5% | 4.9% |
| 3 | Seattle | SEA | 2.0% | 6.6% | 3 | Fargo | FAR | 2.3% | 7.2% |
| 4 | Minneapolis/St. Paul | MSP | 1.8% | 8.4% | 4 | Las Vegas | LAS | 2.1% | 9.3% |
| 5 | Los Angeles | LAX | 1.8% | 10.3% | 5 | Portland | PDX | 2.1% | 11.4% |
| 6 | Milwaukee | MKE | 1.7% | 12.0% | 6 | Milwaukee | MKE | 2.0% | 13.3% |
| 7 | Las Vegas | LAS | 1.7% | 13.7% | 7 | San Francisco | SFO | 1.8% | 15.1% |
| 8 | Madison | MSN | 1.6% | 15.3% | 8 | Madison | MSN | 1.8% | 16.9% |
| 9 | Indianapolis | IND | 1.6% | 16.9% | 9 | Sioux Falls | FSD | 1.8% | 18.7% |
| 10 | San Francisco | SFO | 1.6% | 18.5% | 10 | San Diego | SAN | 1.7% | 20.4% |
| 11 | Atlanta | ATL | 1.6% | 20.1% | 11 | Boston | BOS | 1.7% | 22.1% |
| 12 | Wash, D.C. | DCA | 1.6% | 21.6% | 12 | Detroit | DTW | 1.6% | 23.7% |
| 13 | Orlando | MCO | 1.5% | 23.1% | 13 | Wash, D.C. | DCA | 1.6% | 25.3% |
| 14 | Baltimore | BWI | 1.5% | 24.6% | 14 | Salt Lake City | SLC | 1.6% | 26.9% |
| 15 | Hartford | BDL | 1.4% | 26.0% | 15 | Phoenix | PHX | 1.6% | 28.5% |
| 16 | Columbus | CMH | 1.3% | 27.3% | 16 | Orlando | MCO | 1.5% | 30.0% |
| 17 | Buffalo | BUF | 1.3% | 28.6% | 17 | Denver | DEN | 1.5% | 31.5% |
| 18 | Phoenix | PHX | 1.3% | 29.8% | 18 | Grand Rapids | GRR | 1.4% | 32.9% |
| 19 | Philadelphia | PHL | 1.2% | 31.1% | 19 | Kansas City | MCI | 1.4% | 34.3% |
| 20 | Cleveland | CLE | 1.2% | 32.3% | 20 | Winnipeg | YWG | 1.4% | 35.7% |
| 21 | Chicago | ORD | 1.2% | 33.6% | 21 | Atlanta | ATL | 1.4% | 37.0% |
| 22 | NY-La Guardia | LGA | 1.2% | 34.8% | 22 | Bismarck | BIS | 1.4% | 38.4% |
| 23 | San Diego | SAN | 1.2% | 36.0% | 23 | Spokane | GEG | 1.3% | 39.7% |
| 24 | Pittsburgh | PIT | 1.2% | 37.2% | 24 | Bozeman | BZN | 1.3% | 41.0% |
| 25 | Traverse City | TVC | 1.2% | 38.4% | 25 | Omaha | OMA | 1.2% | 42.3% |
| 26 | Salt Lake City | SLC | 1.2% | 39.6% | 26 | NY-La Guardia | LGA | 1.2% | 43.5% |
| 27 | Elmira | ELM | 1.1% | 40.7% | 27 | Des Moines | DSM | 1.2% | 44.7% |
| 28 | Denver | DEN | 1.1% | 41.8% | 28 | Indianapolis | IND | 1.2% | 45.8% |
| 29 | Cincinnati | CVG | 1.1% | 43.0% | 29 | Duluth | DLH | 1.1% | 47.0% |
| 30 | Saginaw | MBS | 1.1% | 44.1% | 30 | Anchorage | ANC | 1.1% | 48.1% |
| | Other | | 55.9% | 100.0% | | Other | | 51.9% | 100.0% |

Source: U.S. Department of Transportation via Diio, accessed January 2021

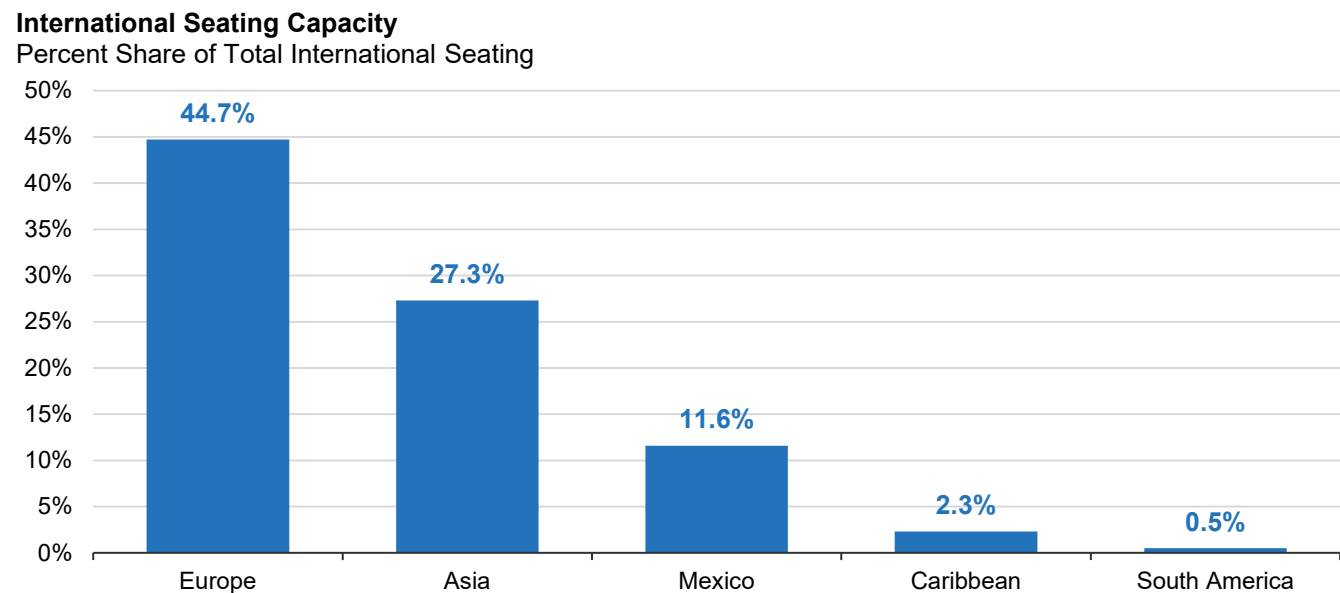
In summary, the Airport serves a relatively large O&D market which is beneficial to its long-term viability as a major U.S. hub for Delta. It primarily connects East North Central, Middle Atlantic and South Atlantic regions of the U.S. to points to the west, while augmenting connectivity in the largest markets in the U.S. to the east and west coasts. Finally, the Airport has been a major international gateway for Delta, particularly to Europe and Asia as described in more detail below.

3.1.2.3 Delta's International Traffic at the Airport

In 2019, Delta operated an average of 28 daily departures to 26 international destinations with 5,036 daily scheduled departing seats from the Airport. **Figure 3-4** illustrates Delta's international markets by region from the Airport in 2019, which generally consists of the following major groups. As shown, Europe and Asia comprised 72% of Delta's international capacity from the Airport in 2019.

- **Transatlantic Routes:** Delta operated six European destinations in 2019: Amsterdam (AMS), Paris (CDG), Rome (FCO), Frankfurt (FRA), London-Heathrow (LHR) and Munich (MUC). Delta's AMS seat capacity from the Airport was roughly twice as large as the next largest airport. AMS, CDG and LHR benefit from Delta's joint ventures (coordinated pricing and scheduling) with Air France/KLM.
- **Caribbean and Mexican Routes:** In 2019, Delta offered an average of 4.5 daily departures to five destinations in the Caribbean and four in Mexico. Much of this is seasonal service.
- **Canadian Routes:** In 2019, Delta operated ten daily departures to four Canadian destinations—Montreal, Toronto (Pearson), Vancouver, and Ottawa.
- **Asian Routes:** In 2019, Delta provided an average of 4.7 daily departures to five Asian destinations—Seoul, (ICN), Nagoya, Tokyo-Narita, Beijing, and Shanghai. Delta had the most scheduled departing seats to Asia from the Airport than from any other airport in the U.S.
- **South American Routes:** Delta had just started service Sao Paulo in 2019, with limited service.

Figure 3-4 Delta's Distribution of International Seat Capacity by World Region from the Airport (2019)



Notes: Data includes Delta's regional affiliates.

Source: Diio Mi, Innovata, accessed January 2021.

3.1.2.4 COVID-19 Impact on Delta

As discussed earlier, the COVID-19 Pandemic has impacted all airlines worldwide including the U.S. From April 2020 through December 2020, Delta’s scheduled seat capacity declined 57% year-over-year. During this same period of time, Delta’s seat capacity at the Airport declined 51%, comparable to other major U.S. hubs. Since the pandemic started, Delta has eliminated 24 markets (airports) from their system and 24 nonstop routes from the Airport.

Table 3-8 below highlights where Delta has reduced service the most throughout its system. This table is for Delta’s 20 largest markets in March 2019 and is ranked by percentage seat decline in descending order as compared to March 2021.

Table 3-8 Top 20 Delta Markets: Capacity Declines (March 2019 vs March 2021)

| Airport | March 2019 | | March 2021 | | Percent Difference | |
|------------|---------------|------------------|--------------|----------------|--------------------|----------------|
| | Flights | Seats | Flights | Seats | Flights | Seats |
| LGA | 7,309 | 720,544 | 2,391 | 258,561 | (67.3%) | (64.1%) |
| ORD | 1,540 | 164,522 | 743 | 65,768 | (51.8%) | (60.0%) |
| DCA | 1,560 | 186,585 | 571 | 76,732 | (63.4%) | (58.9%) |
| BOS | 3,328 | 403,999 | 1,365 | 189,113 | (59.0%) | (53.2%) |
| SFO | 1,299 | 201,910 | 801 | 101,320 | (38.3%) | (49.8%) |
| CVG | 2,158 | 220,133 | 898 | 115,351 | (58.4%) | (47.6%) |
| JFK | 6,470 | 887,183 | 3,262 | 496,487 | (49.6%) | (44.0%) |
| RDU | 2,119 | 209,388 | 1,172 | 132,331 | (44.7%) | (36.8%) |
| DTW | 12,532 | 1,418,586 | 8,379 | 952,842 | (33.1%) | (32.8%) |
| MSP | 11,916 | 1,400,689 | 8,155 | 980,264 | (31.6%) | (30.0%) |
| LAS | 1,682 | 249,008 | 1,089 | 180,300 | (35.3%) | (27.6%) |
| SEA | 4,364 | 566,682 | 3,283 | 415,610 | (24.8%) | (26.7%) |
| ATL | 29,696 | 4,270,369 | 22,390 | 3,154,181 | (24.6%) | (26.1%) |
| LAX | 4,581 | 693,727 | 3,643 | 529,175 | (20.5%) | (23.7%) |
| DEN | 1,178 | 179,003 | 908 | 150,756 | (22.9%) | (15.8%) |
| MCO | 1,897 | 353,323 | 1,683 | 314,507 | (11.3%) | (11.0%) |
| SLC | 7,952 | 934,791 | 7,246 | 889,504 | (8.9%) | (4.8%) |
| TPA | 1,202 | 204,755 | 1,186 | 208,620 | (1.3%) | 1.9% |
| FLL | 1,087 | 203,941 | 1,246 | 221,701 | 14.6% | 8.7% |
| PHX | 1,093 | 173,691 | 1,028 | 203,877 | (5.9%) | 17.4% |

Source: U.S. Department of Transportation via Diio, accessed January 2021

As shown in **Table 3-9**, in 2020 the Airport remained Delta's second largest airport and its third largest international gateway based on departing seats.

Table 3-9 Delta's Top 10 Airports Based on Scheduled Departing Seats (2020)

| Total Scheduled Departing Seats | | | International Scheduled Departing Seats | | |
|---------------------------------|----------------|-------------------|---|----------------|----------------|
| Rank | Market | Seats | Rank | Market | Seats |
| 1 | Atlanta | 29,499,027 | 1 | Atlanta | 2,440,909 |
| 2 | Detroit | 10,052,503 | 2 | New York-JFK | 1,379,427 |
| 3 | Minneapolis | 9,791,041 | 3 | Detroit | 748,027 |
| 4 | Salt Lake City | 8,542,478 | 4 | Minneapolis | 475,121 |
| 5 | New York-JFK | 4,941,214 | 5 | Los Angeles | 450,476 |
| 6 | Los Angeles | 4,883,946 | 6 | Seattle | 349,876 |
| 7 | Seattle | 4,659,148 | 7 | Salt Lake City | 234,276 |
| 8 | New York-LGA | 3,427,642 | 8 | Boston | 164,576 |
| 9 | Boston | 2,411,937 | 9 | Honolulu | 49,995 |
| 10 | Orlando | 2,049,122 | 10 | New York-LGA | 29,345 |

Source: Diio Mi Innovate Schedules, Accessed December 2020

The COVID-19 global pandemic has had a significant impact on air traffic through the world and in the U.S. In general, airports that have one or more of the following characteristics have been impacted to a higher degree. At this time, it is difficult to determine how long-lasting or temporary these impacts will be.

- **Hub overflying.** Delta has shifted more traffic to connect to the nearest hub airport unless O&D demand supports otherwise. The primary impact is that nonstop service to such markets from the Airport has been suspended. For example, airports in the southeast U.S. are being served from Delta's ATL hub; these markets include Huntsville, AL (HSV), Little Rock, AR (LIT), and Chattanooga, TN (CHA). Nonstop service from the Airport has been suspended to these airports and others and is expected to not resume until demand returns.
- **Consolidation to one airport in multi-airport regions.** Examples of this include Chicago-Midway (MDW) being eliminated with capacity re-allocated at Chicago O'Hare (ORD); Manchester, NH (MHT) and Providence, RI (PVD) being eliminated, with focus being Boston (BOS). In addition, the Airport will likely benefit from this, as Delta has sharply reduced capacity in close-in markets such as Lansing (LAN), Midland-Saginaw (MBS) and completely eliminating service in Flint (FNT). Subsequently, demand from these Michigan markets will likely now drive directly to the Airport as opposed to connecting through the Airport on Delta or another airport.
- **International markets.** Many trans-oceanic markets have seen capacity eliminated at least in the near-term, particularly as lockdowns and border-crossing restrictions continue. This includes markets such as Beijing (PEK), Tokyo-Narita (NRT), Nagoya (NGO), Frankfurt (FRA), London-Heathrow (LHR) and Paris (CDG). While difficult to predict, it is likely that destinations that are more leisure traffic-oriented will recover faster than traditional business markets.

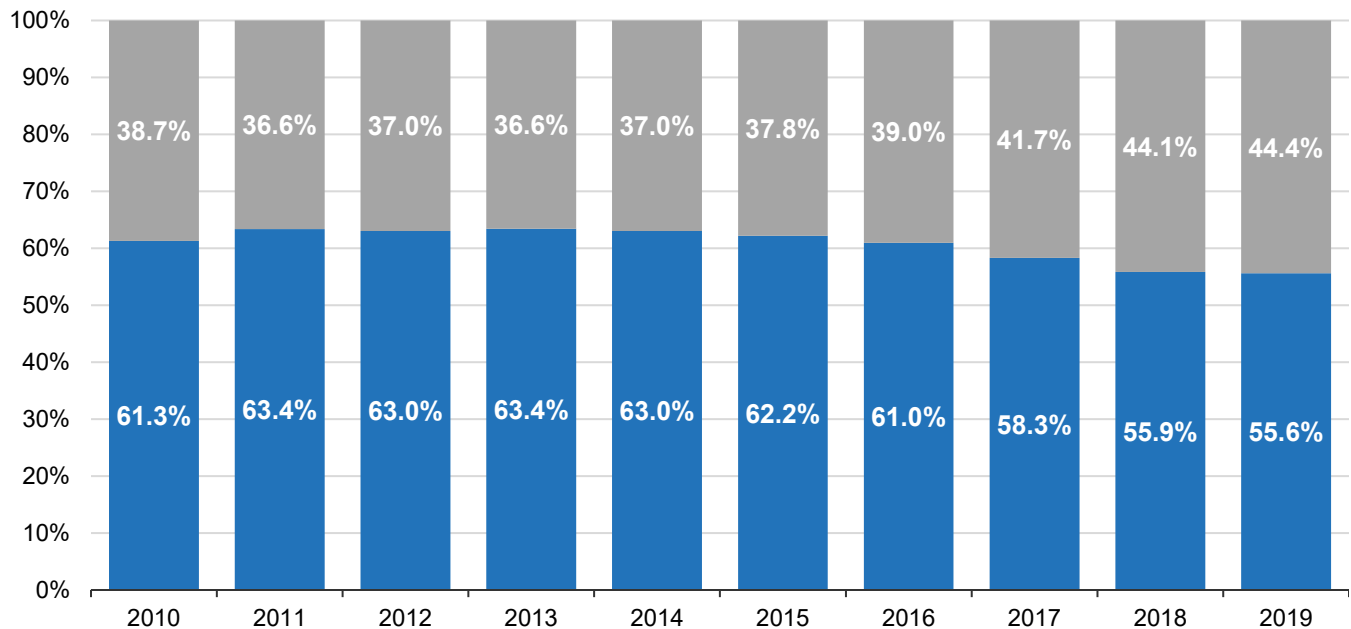
- **Outdoor-leisure markets.** Traffic demand to airports that serve beach and mountain regions has been relatively higher than compared to other markets. This includes airports such as Myrtle Beach, SC (MYR), Fort Myers (RSW) Fort Lauderdale (FLL) and Tampa (TPA). In addition, other major leisure destinations that have struggled in 2020 will likely start to recover in 2021 (e.g., Las Vegas).
- **Continued higher share of O&D traffic.** The continuation of the longer-term trend will likely quicken post-COVID as higher yielding traffic will grow in importance. **Figure 3-5** below shows trends pre-COVID.

Figure 3-5 Delta O&D versus Connecting Traffic at the Airport (2010 – 2019)

Delta Air Lines Share of O&D and Connecting Passengers

Percent of Total Enplanements

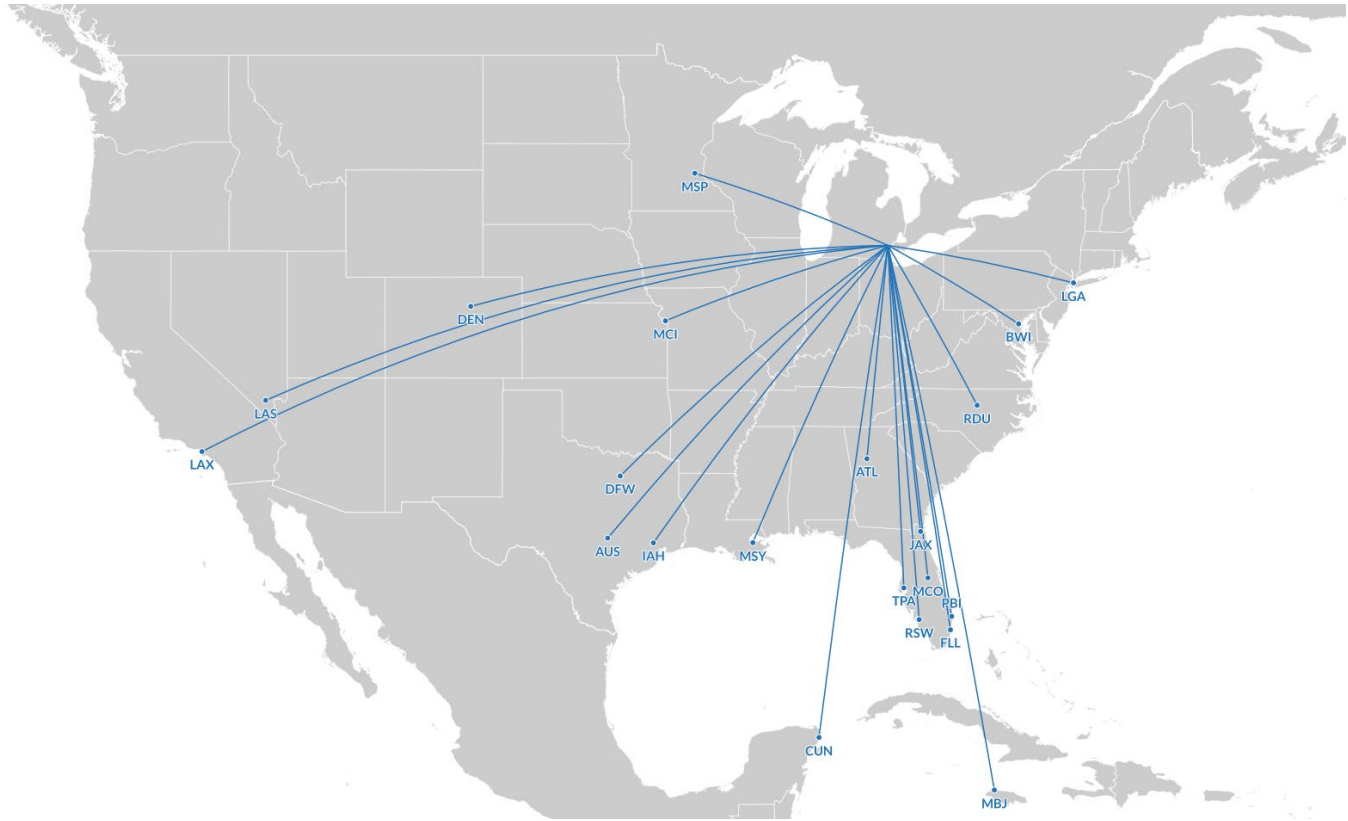
■ Connecting ■ Origin & Destination



Source: U.S. Department of Transportation via Diio, accessed January 2021

3.1.3 Spirit’s Operations at the Airport

Spirit was the Airport’s second largest airline with almost 31 daily departures in 2019 (seasonally more) to 21 markets nonstop. Spirit’s total enplaned passenger market share at the Airport was nearly 10% in 2019; however, its O&D passenger market share at the Airport was 16.6% in 2019. **Figure 3-6** presents Spirit’s route map at the Airport as of December 2019.

Figure 3-6 Spirit Nonstop Destinations at the Airport (As of December 2019)

Source: U.S. Department of Transportation via Diio, accessed January 2021

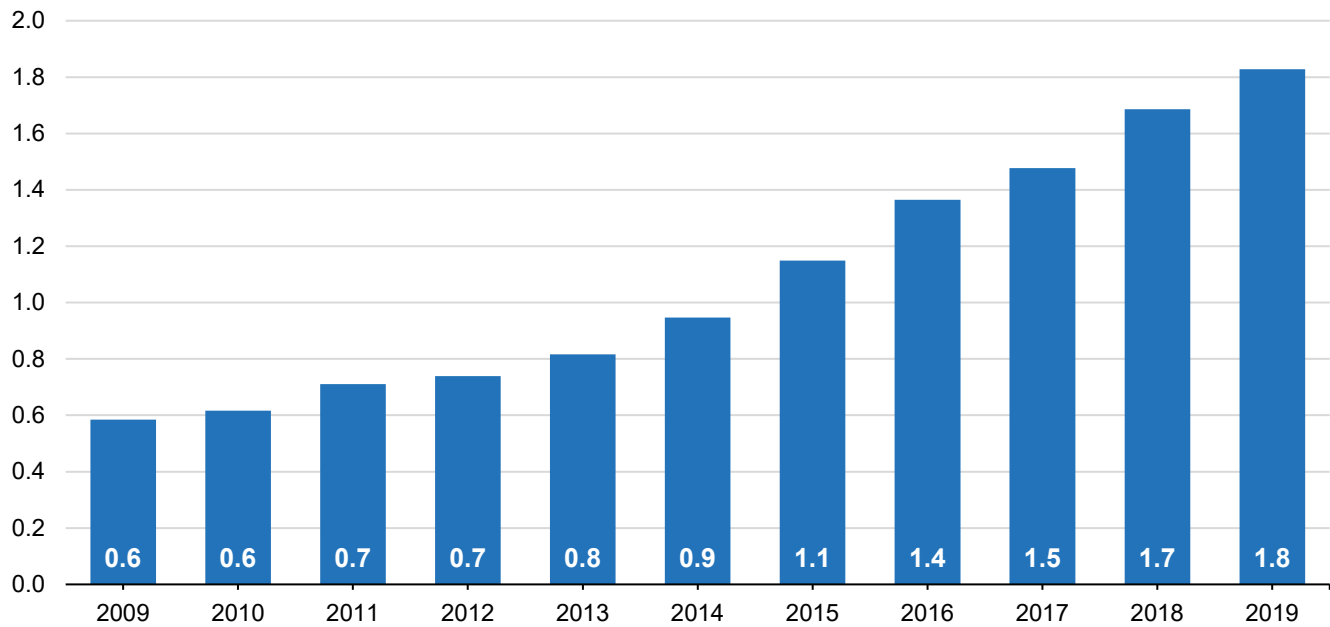
Historically, Spirit's impact at the Airport was to offer lower fares to stimulate incremental passenger demand. Spirit's business model focuses on leisure passenger traffic to larger destination markets in addition to catering to the "visit friends and relatives" (VFR) airline market segment. Spirit has historically operated from the Airport to traditional destination markets, such as those in Florida, the Caribbean, and Las Vegas. More recently, Spirit added service to markets with a mix of vacation and VFR demand, such as larger cities on the east coast, Midwest, south central, and west coast of the U.S. Overall, Spirit has generated additional O&D traffic growth in these markets, in addition to stimulating O&D traffic on Delta, as Delta selectively matches lower Spirit air fares. While Spirit has served the Airport since 1992, the vast majority of Spirit's growth at the Airport has occurred since CY 2000. According to the O&D Survey, since CY 2000 through CY 2019, the average fare paid on Spirit at the Airport has declined by 45%.

Since 2009, Spirit has almost tripled its passenger volume from the Airport, growing from about 572,000 enplaned passengers in 2009 to almost 1.8 million passengers in 2019 (a CAGR of 12.15%). This ranked the Airport as the 6th fastest growing airport in the Spirit system during that time period. **Figure 3-7** presents Spirit's growth in enplaned passengers from 2009 through 2019. **Table 3-10** shows that for 2019 that the Airport was the 4th largest station in the Spirit Airlines system.

Figure 3-7 Spirit Enplaned Passengers at the Airport (2009 – 2019)

Enplaned Passengers

In millions



Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics>

Table 3-10 Top Spirit Airports Ranked in Descending Order by Passengers (2019)

| Rank | Market Name | Code | Average Daily Departures | Enplaned Passengers | Load Factor |
|--------------|--------------------------|------------|--------------------------|---------------------|-------------|
| 1 | Fort Lauderdale | FLL | 71.7 | 4,122,604 | 84% |
| 2 | Orlando | MCO | 51.4 | 2,921,927 | 86% |
| 3 | Las Vegas | LAS | 48.0 | 2,679,442 | 86% |
| 4 | Detroit | DTW | 30.9 | 1,786,726 | 84% |
| 5 | Chicago | ORD | 26.6 | 1,660,690 | 88% |
| 6 | Baltimore | BWI | 27.8 | 1,512,218 | 84% |
| 7 | Dallas-Fort Worth | DFW | 24.2 | 1,461,147 | 87% |
| 8 | Atlanta | ATL | 25.2 | 1,398,825 | 86% |
| 9 | Los Angeles | LAX | 22.5 | 1,281,141 | 87% |
| 10 | Houston-Intercontinental | IAH | 20.7 | 1,259,801 | 85% |
| All Other | | | 256.8 | 13,877,858 | 82% |
| Total | | | 302.9 | 16,981,189 | 84% |

Source: U.S. Department of Transportation via Diio, accessed January 2021

3.1.3.1 COVID-19 Impact on Spirit

In summary as described above, the Airport was among the largest markets in Spirit's network prior to the impacts of the COVID-19 pandemic. In terms of enplaned passengers, Spirit remained the second largest airline at the Airport in 2020, and it increased its overall enplaned passenger market share from 10.0% in 2019 to 13.3% in 2020. However, as with the entire airline industry, Spirit has also been impacted by the COVID-19 pandemic. From April 2020 through February 2021, Spirit's scheduled seat capacity system-wide declined by 46.7% as compared to the same period in 2019. During this same period of time, Spirit's seat capacity at the Airport declined by 46.2%, which is consistent with its overall system decrease.

However, being an ULCC, Spirit generally focusses on leisure travel, which has been more resilient since the COVID-19 pandemic as compared to business travel. Certain Indicators anticipate that leisure traffic will recover quicker than business as a broader segment of the population is vaccinated and there is increased confidence in the safety of travel. Tied to this, Spirit's preliminary March schedule is "only" showing a 13.8% decline system-wide versus March 2019, although Spirit's seat capacity at the Airport is down 29.8% during this same period. Both are much better than the prior few months and could possibly be an indication of things to come. In addition, dependent upon how network airlines react, including Delta, Spirit could be in position to continue to grow disproportionately to take advantage of underserved market opportunities.

3.1.4 Origin and Destination Markets

O&D passengers at the Airport accounted for approximately 57.2% of passenger traffic in 2019.⁸⁶ **Table 3-11** provides information regarding the Airport's top O&D markets, including the number of daily O&D enplaned passengers for 2019. The table also presents daily departures, daily departing seats, and the airlines offering nonstop service for each market.

Table 3-12 presents the change in air service at the Airport's top 25 O&D markets for January 2021 compared to January 2020. While O&D data is not currently available for this period, this analysis helps to illustrate how the Airport's air travel demand has changed since the start of the COVID-19 pandemic. In total, the number of nonstop flights from the Airport decreased from 14,983 in January 2020 to 9,458 in January 2021, a 36.9% decrease. Similarly, the number of departing seats decreased by 646,106 seats or 36.7%.

3.1.5 Current Nonstop Service

Prior to the COVID-19 pandemic, in February 2020 there was scheduled service to 108 domestic destinations and 25 international destinations from the Airport. The largest airline at the Airport, Delta, had service to 107 domestic destinations and 22 international destinations. Beginning in February 2020, service to 56 airports (36 domestic and 20 international) was suspended as a primary result of the COVID-19 pandemic. As of April 2021, service to 21 domestic and 7 international destinations have resumed leaving 15 domestic and 13 international destinations yet to resume. Three new domestic nonstop markets from the Airport (Bloomington, Illinois, Houston, Texas, and Charleston, South Carolina) and one international market (Tokyo, Japan) have been added since February 2020. **Figure 3-8** provides a map of the scheduled nonstop domestic destinations service in February 2020 as compared to April 2021. **Figure 3-9** provides a map of the scheduled nonstop international destinations service in February 2020 as compared to April 2021. As shown on Figure 3-9, nonstop service to Tokyo on Delta was shifted from Narita International Airport to Haneda Airport. Delta announced this change to its route network

⁸⁶ Data used to estimate an airport's share of O&D passengers is from the USDOT. These data are a random 10% sample of tickets either ticketed by a U.S. carrier or where a U.S. carrier operated at least one flight in the ticket's itinerary. Therefore, the calculation of the Airport's share of O&D passengers is an estimate based on this data, which is generally accepted in the industry as the best publicly available data source for such purposes.

effective March 29, 2020.⁸⁷ The federal inspection services (FIS) facility at the Airport has remained open throughout the COVID-19 pandemic.

In these maps, the blue lines indicate service without interruption, black lines indicate service that has been resumed after a temporary suspension, red lines indicate the service has been suspended and yet to resume, and the green lines indicate new service.

⁸⁷ Delta Air Lines, "All flights to & from Tokyo will operate through Haneda Airport", <https://www.delta.com/us/en/airports/asia/tokyo-haneda-overview>, accessed April 2021.

Table 3-11 Top 25 Origin and Destination Markets at the Airport (2019)

| Rank | Region | Annual O&D Passengers | Annual Departures | Annual Departing Seats | Airports Served Nonstop | Airlines Operated Nonstop |
|------|------------------------|-----------------------|-------------------|------------------------|-------------------------|---------------------------|
| 1 | New York / Newark | 597,980 | 10,946 | 1,141,035 | LGA, JFK, EWR | DL, AA, NK, UA |
| 2 | Orlando | 580,587 | 3,717 | 753,114 | MCO | DL, NK, WN, F9 |
| 3 | South Florida | 547,652 | 4,341 | 786,225 | FLL, MIA, PBI | DL, AA, NK, F9 |
| 4 | Baltimore / Washington | 424,401 | 8,923 | 1,066,957 | DCA, IAD, BWI | DL, AA, NK, UA, WN |
| 5 | Las Vegas | 402,586 | 3,363 | 643,858 | LAS | DL, NK, WN, F9 |
| 6 | Los Angeles Basin | 384,311 | 3,012 | 593,128 | LAX, SNA | DL, NK |
| 7 | Atlanta | 359,495 | 5,184 | 929,208 | ATL | DL, NK, WN |
| 8 | Denver | 314,212 | 3,189 | 559,597 | DEN | DL, NK, UA, WN, F9 |
| 9 | Dallas / Ft. Worth | 313,880 | 4,450 | 617,414 | DFW, DAL | DL, AA, NK, WN |
| 10 | Tampa | 307,162 | 2,216 | 413,734 | TPA | DL, NK |
| 112 | Fort Myers | 291,413 | 2,109 | 403,007 | RSW | DL, NK, F9 |
| 123 | San Francisco Bay Area | 280,573 | 2,206 | 409,338 | OAK, SJC, SFO | DL, NK, UA |
| 13 | Chicago | 257,925 | 9,885 | 946,623 | ORD, MDW | DL, AA, UA, WN |
| 14 | Phoenix | 257,833 | 2,448 | 430,054 | PHS | DL, AA, WN, F9 |
| 15 | Boston | 256,417 | 3,562 | 539,382 | BOS | DL, NK, B6 |
| 16 | Houston | 187,461 | 3,782 | 340,547 | IAH | DL, NK, UA |
| 17 | Philadelphia | 178,798 | 3,641 | 399,675 | PHL, TTN | DL, AA, NK, F9 |
| 18 | Minneapolis | 176,278 | 3,116 | 509,487 | MSP | DL, NK |
| 19 | Nashville | 162,179 | 2,711 | 358,667 | BNA | DL, WN |
| 20 | Seattle | 160,007 | 2,321 | 442,808 | SEA | DL, NK, AS |
| 21 | Austin | 134,850 | 1,491 | 219,207 | AUS | DL, NK, F9 |
| 22 | San Diego | 134,571 | 1,075 | 205,758 | SAN | DL, NK |
| 23 | New Orleans | 122,740 | 1,422 | 194,200 | MSY | DL, NK |
| 24 | Charlotte | 119,394 | 3,767 | 426,938 | CLT | DL, AA |
| 25 | Raleigh / Durham | 115,311 | 1,697 | 225,845 | RDU | DL, NK, F9 |
| | Top 25 Total | 7,068,016 | 94,574 | 13,555,806 | | |
| | Others | 3,214,393 | 95,946 | 8,621,141 | | |
| | Total | 10,282,409 | 190,520 | 22,176,947 | | |

Notes: DL = Delta Air Lines; AA = American Airlines; NK = Spirit Airlines; UA = United Airlines; WN = Southwest Airlines; F9 = Frontier Airlines; AS = Alaska Airlines; B6 = JetBlue

Source: Diio, US DOT Reports DB1A; Diio Mi, Schedule – Dynamic Table, accessed January 2020.

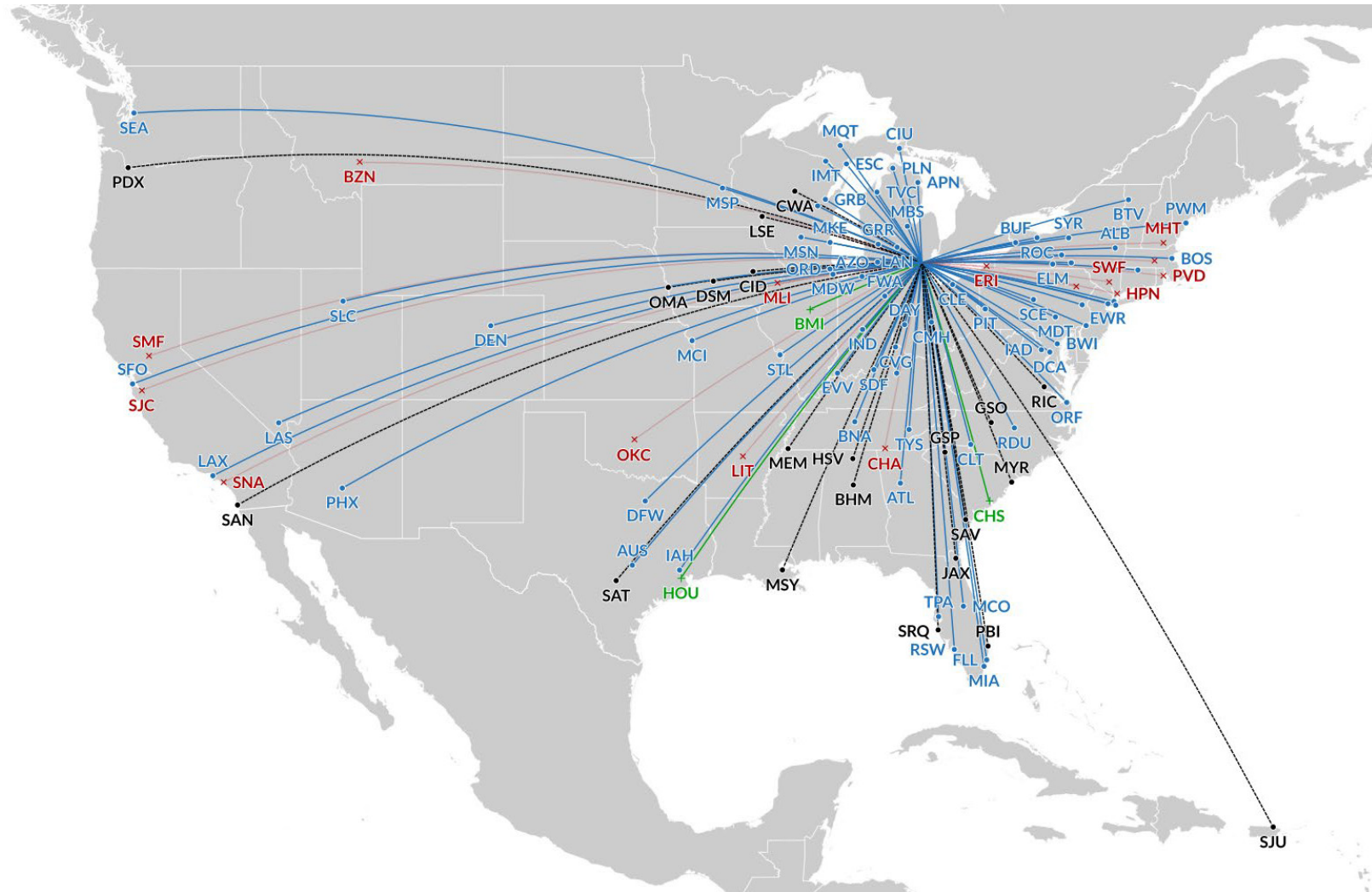
Table 3-12 Air Service Changes at Top 25 O&D Markets (January 2020 vs January 2021)

| Rank | Region | Monthly Departures | | | Monthly Departing Seats | | |
|------|------------------------|--------------------|--------------|----------------|-------------------------|------------------|----------------|
| | | January 2020 | January 2021 | Percent Change | January 2020 | January 2021 | Percent Change |
| 1 | New York / Newark | 890 | 349 | -60.8% | 88,905 | 31,228 | -64.9% |
| 2 | Orlando | 339 | 294 | -13.3% | 68,417 | 60,457 | -11.6% |
| 3 | South Florida | 461 | 365 | -20.8% | 82,612 | 68,592 | -17.0% |
| 4 | Baltimore / Washington | 655 | 392 | -40.2% | 77,298 | 41,303 | -46.6% |
| 5 | Las Vegas | 302 | 253 | -16.2% | 57,570 | 49,076 | -14.8% |
| 6 | Los Angeles Basin | 204 | 179 | -12.3% | 40,021 | 34,444 | -13.9% |
| 7 | Atlanta | 387 | 346 | -10.6% | 72,019 | 65,878 | -8.5% |
| 8 | Denver | 204 | 209 | 2.5% | 34,997 | 30,931 | -11.6% |
| 9 | Dallas / Ft. Worth | 300 | 233 | -22.3% | 42,537 | 32,184 | -24.3% |
| 10 | Tampa | 265 | 237 | -10.6% | 50,951 | 45,436 | -10.8% |
| 11 | Fort Myers | 263 | 249 | -5.3% | 52,315 | 50,029 | -4.4% |
| 12 | San Francisco Bay Area | 163 | 80 | -50.9% | 28,811 | 14,444 | -49.9% |
| 13 | Chicago | 766 | 344 | -55.1% | 69,941 | 29,099 | -58.4% |
| 14 | Phoenix | 218 | 186 | -14.7% | 38,492 | 37,707 | -2.0% |
| 15 | Boston | 270 | 109 | -59.6% | 37,493 | 14,063 | -62.5% |
| 16 | Houston | 296 | 174 | -41.2% | 25,396 | 15,396 | -39.4% |
| 17 | Philadelphia | 255 | 187 | -26.7% | 23,832 | 14,077 | -40.9% |
| 18 | Minneapolis | 235 | 144 | -38.7% | 38,072 | 24,499 | -35.7% |
| 19 | Nashville | 218 | 180 | -17.4% | 31,596 | 19,422 | -38.5% |
| 20 | Seattle | 151 | 127 | -15.9% | 27,824 | 22,843 | -17.9% |
| 21 | Austin | 116 | 35 | -69.8% | 18,603 | 4,160 | -77.6% |
| 22 | San Diego | 57 | 50 | -12.3% | 10,887 | 9,550 | -12.3% |
| 23 | New Orleans | 113 | 41 | -63.7% | 17,783 | 6,290 | -64.6% |
| 24 | Charlotte | 308 | 250 | -18.8% | 36,404 | 24,780 | -31.9% |
| 25 | Raleigh / Durham | 118 | 118 | 0.0% | 13,966 | 8,941 | -36.0% |
| | Top 25 Total | 7,554 | 5,131 | -32.1% | 1,086,742 | 754,829 | -30.5% |
| | Others | 7,429 | 4,327 | -41.8% | 671,837 | 357,644 | -46.8% |
| | Total | 14,983 | 9,458 | -36.9% | 1,758,579 | 1,112,473 | -36.7% |

Source: Diio, US DOT Reports DB1A; Diio Mi, Schedule – Dynamic Table, accessed January 2020.

Figure 3-8 Domestic Nonstop Destinations at the Airport (As of April 2021)

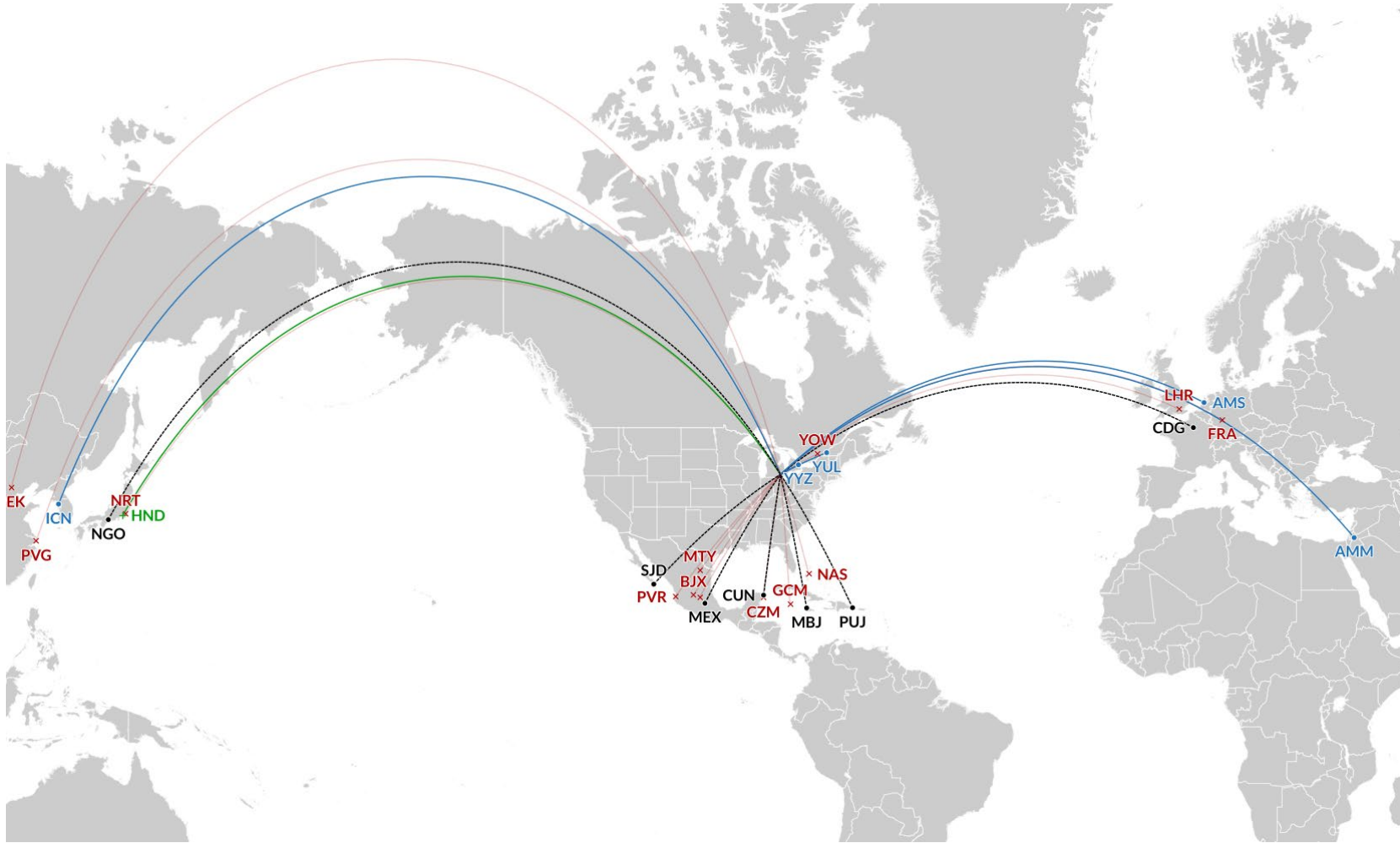
—●— Continuous Service —×— Suspended Service -●- Resumed Service —+— New Service



Source: Diio Mi, Schedule – Dynamic Table, accessed January 2021.

Figure 3-9 International Nonstop Destinations at the Airport (As of April 2021)

—●— Continuous Service —×— Suspended Service -●- Resumed Service —+— New Service



Source: Diao Mi, Schedule – Dynamic Table, accessed January 2021.

3.2 Air Traffic Activity and Trends

This section analyzes historical trends in air traffic activity at the Airport including enplaned passengers, aircraft operations, and landed weight. It also discusses the primary factors affecting these trends. This section also identifies, to the extent data is available, air traffic trends at the Airport that have been impacted by the COVID-19 pandemic. ***Certain historical information about the Airport's traffic activity predates the ongoing COVID-19 pandemic and should be considered in light of possible or probable negative effects the COVID-19 pandemic may have on current and future Airport traffic activity.***

3.2.1 Enplaned Passengers

Passenger activity at an airport drives numerous revenues and financial measures including such items as non-airline revenues (e.g., parking, rental cars, terminal concessions, etc.) PFC revenues, and FAA Airport Improvement Program (AIP) entitlement grant distributions. Enplaned passengers are also the denominator for airline costs per enplaned passenger (CPE). The relationship of the enplaned passengers to the financial analysis is discussed in more detail in Chapter 5 of this report.

3.2.1.1 2012 – 2019

From 2012 through 2019, enplaned passenger traffic at the Airport experienced a consistent upward trend as demonstrated in **Table 3-13**, which presents the total enplaned passengers by domestic and international segments. Enplaned passengers at the Airport increased from approximately 16.1 million in 2012 to approximately 18.0 million in 2019, representing a CAGR of 1.9%. A majority of that growth occurred in domestic traffic, which accounted for 91.1% of the Airport's enplaned passengers in 2019. International passengers have increased at a slightly faster rate from 2012 to 2019 (a CAGR of 2.6% versus 1.9% for domestic).

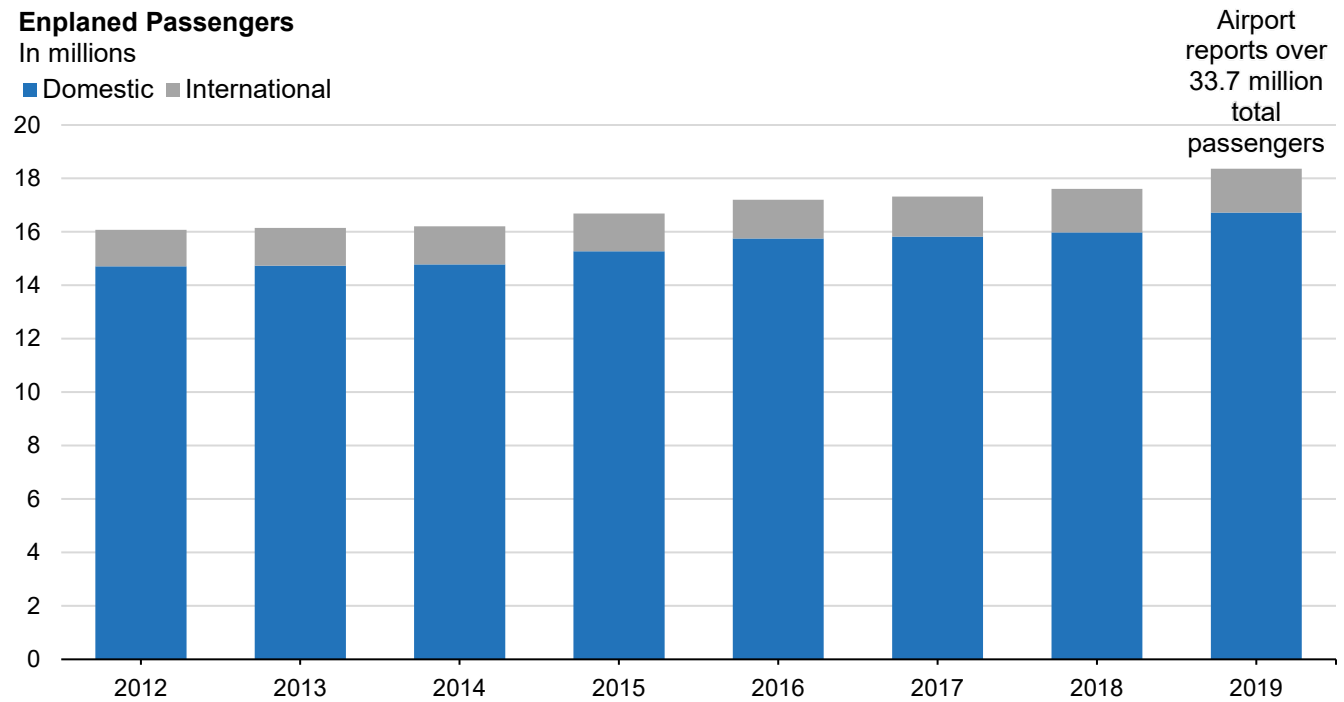
From 2012 through 2019, Delta enplaned passengers increased from 12.7 million to 13.6 million, representing a CAGR of 0.9%, slightly higher than the airline's increase in seating capacity during that time which increased at a CAGR of 0.8%. Existing markets accounted for the majority of this increase in seating capacity with SEA, BOS, ATL, and CDG having the most added seats. However, there were some notable new markets added since 2012 including John Wayne Airport (SNA), Norman Y. Mineta San Jose International Airport (SJC), and Munich International Airport (MUC).

Spirit experienced an incremental 1.1 million enplaned passengers at the Airport from 2012 through 2019, the largest increase of any carrier at the Airport. Much of this growth can be attributed to the airline's increase in destinations. From 2012 to 2019, the airline added 17 new nonstop destinations which accounted for 63.9% of the airline's increased capacity at the Airport.

The remainder of the growth in enplaned passengers was from United, Frontier, and Aeroméxico as well as the introduction of Alaska and JetBlue.

Table 3-13 Historical Enplaned Passengers (2012 – 2019)

| Year | Domestic | International | Total | Year-Over-Year Growth Rate |
|------------------------------------|------------|---------------|------------|----------------------------|
| 2012 | 14,708,580 | 1,370,452 | 16,079,032 | |
| 2013 | 14,733,216 | 1,414,956 | 16,148,172 | 0.4% |
| 2014 | 14,784,497 | 1,429,237 | 16,213,734 | 0.4% |
| 2015 | 15,279,125 | 1,406,960 | 16,686,085 | 2.9% |
| 2016 | 15,750,502 | 1,447,649 | 17,198,151 | 3.1% |
| 2017 | 15,818,599 | 1,507,001 | 17,325,600 | 0.7% |
| 2018 | 15,978,720 | 1,629,662 | 17,608,382 | 1.6% |
| 2019 | 16,726,629 | 1,637,332 | 18,363,961 | 4.3% |
| Compound Annual Growth Rate | | | | |
| 2012-19 | 1.9% | 2.6% | 1.9% | |



Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics>

3.2.1.2 COVID-19 Pandemic Impact

In March 2020, the number of enplaned passengers at the Airport decreased dramatically primarily due to the impacts of the COVID-19 pandemic, including international travel restrictions and stay-at-home orders throughout the U.S. Overall, the number of enplaned passengers at the Airport decreased by 61.7% in 2020 as compared to 2019 levels, with all of the impact occurring after mid-March 2020 when the impacts from the COVID-19 pandemic generally took hold in the U.S. **Table 3-14** depicts the number of monthly enplaned passengers at the Airport for 2019, 2020, and 2021 through March. As shown, in March 2020, the number of enplaned passengers decreased by approximately 55.9% from March 2019 enplaned passenger numbers. The dramatic decline continued into April 2020 when enplaned passenger numbers were 94.0% lower than in April 2019. Since April 2020, enplaned passengers at the Airport have slowly started to increase on a monthly basis. By March 31, 2021, the number of enplaned passengers at the Airport had increased such that enplaned passenger numbers in March 2021 were 47.6% of the number of enplaned passengers in March 2019.

Figure 3-10 depicts the impacts associated with the COVID-19 pandemic on passenger security checkpoint throughput at both the Airport and for the U.S. as a whole, per data from the Transportation Security Administration (TSA). This figure presents the recovery trend for security checkpoint throughput indexed to 2019 levels (i.e., 2019 levels equal 100). As shown during the early days of the pandemic, the impact on the Airport's security checkpoint throughput tracked closely with the general nationwide trend, however, was slightly better. The recovery at the Airport has been more pronounced than in the nation as a whole, especially, as we have moved on from the early days of the pandemic. For the weekly average in early April 2021, the Airport handled around 67% of the security checkpoint throughput at the Airport in early April 2019 compared to about 60% for U.S. airports as whole.

Figure 3-11 presents the decreases in total passengers at the Airport for the period March 2020 through November 2020 (the latest available data) as compared to the same period in 2019 for the largest 20 airports in the U.S. based on 2019 total passengers, including the Airport. The weighted average for these airports is a 72.2% decline in total passengers. It also presents the overall decrease for the U.S. based on TSA throughput data for the same period. As shown, the Airport has been in line with the largest U.S. airports and the overall U.S.

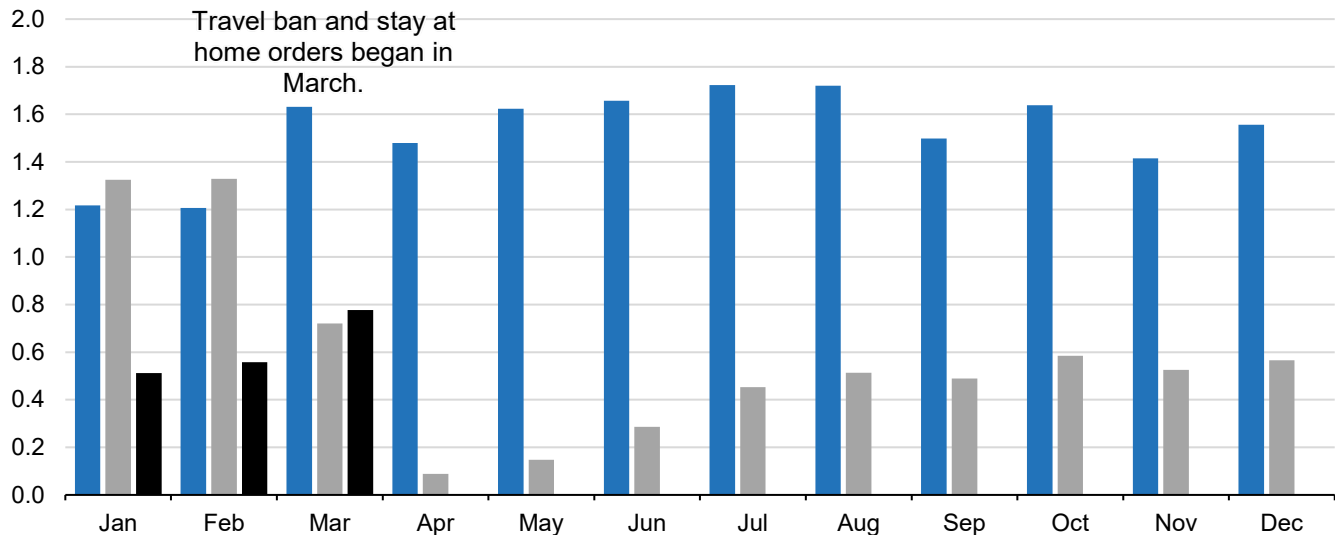
Table 3-14 Change in Monthly Enplaned Passengers at the Airport (January 2019 – March 2021)

| Month | Enplaned Passengers | | | Percent Change from Prior Year | |
|--------------|---------------------|------------------|------------------|--------------------------------|---------------|
| | 2019 | 2020 | 2021 | 2020 | 2021 |
| January | 1,217,652 | 1,324,303 | 512,114 | 8.8% | -61.3% |
| February | 1,205,789 | 1,328,878 | 557,501 | 10.2% | -58.0% |
| March | 1,631,425 | 720,121 | 776,599 | -55.9% | 7.8% |
| April | 1,479,430 | 88,548 | | -94.0% | |
| May | 1,623,604 | 147,970 | | -90.9% | |
| June | 1,657,063 | 286,367 | | -82.7% | |
| July | 1,722,369 | 452,782 | | -73.7% | |
| August | 1,720,321 | 512,927 | | -70.2% | |
| September | 1,498,100 | 489,102 | | -67.4% | |
| October | 1,637,969 | 584,159 | | -64.3% | |
| November | 1,414,837 | 525,140 | | -62.9% | |
| December | 1,555,402 | 566,294 | | -63.6% | |
| Total | 18,363,961 | 7,026,591 | 1,846,214 | -61.7% | -45.3% |

Enplaned Passengers

In millions

■ 2019 ■ 2020 ■ 2021



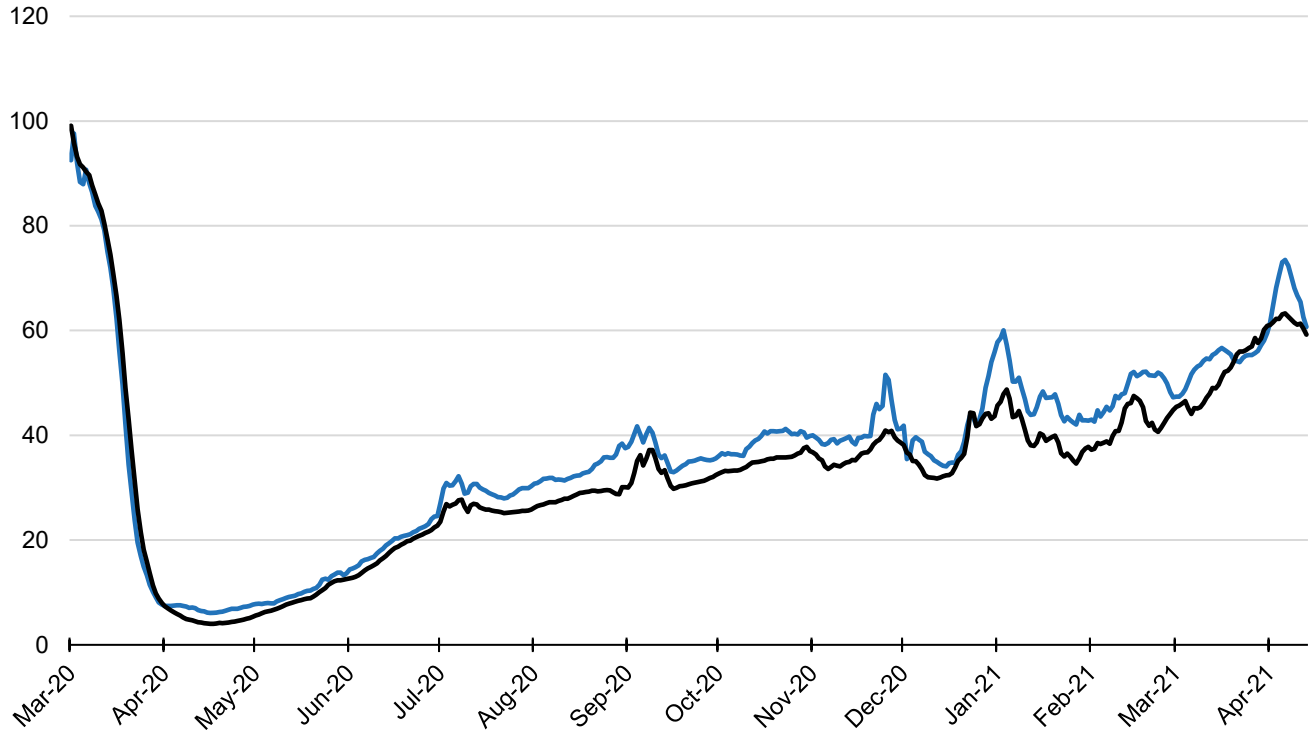
Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics>

Figure 3-10 Comparison of Airport and U.S. TSA Checkpoint

TSA Security Checkpoint Throughput

Seven-day moving average; Index (2019 = 100)

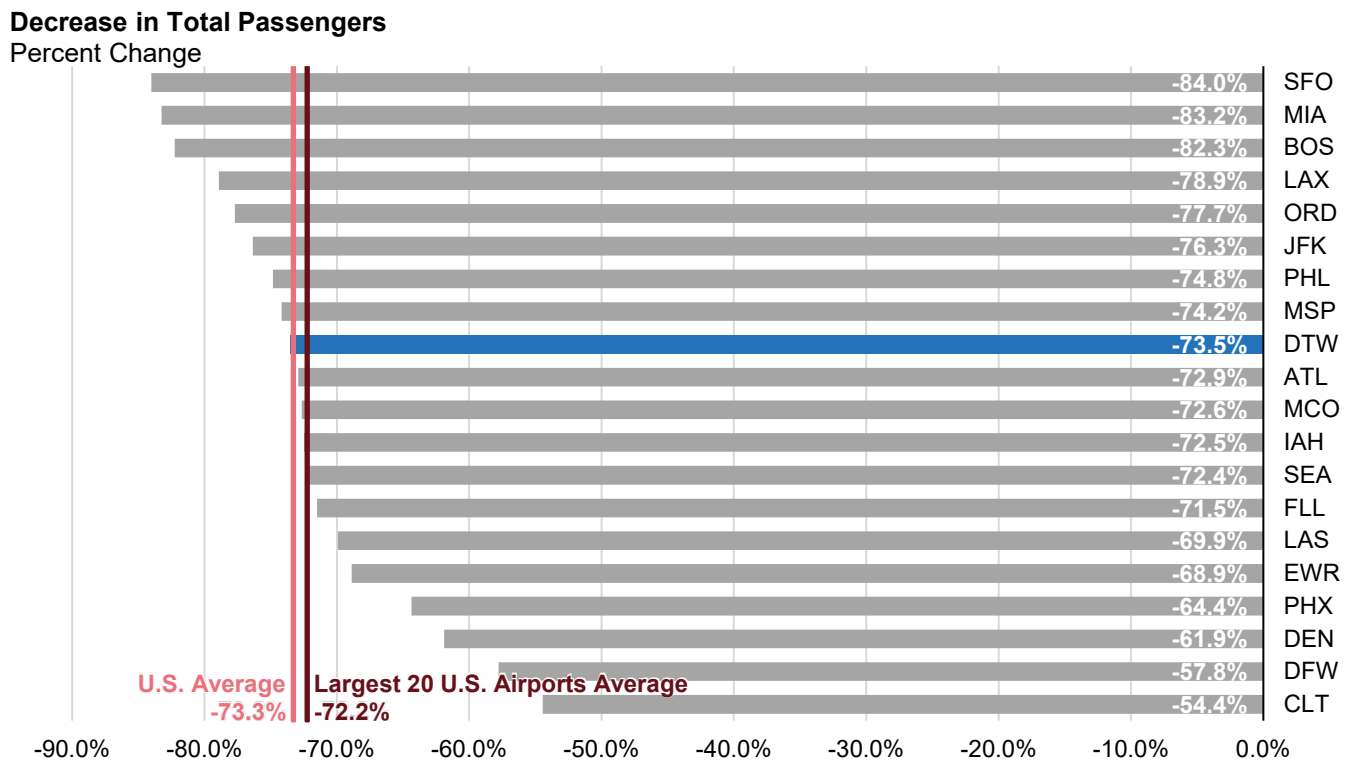
— Detroit Metropolitan Wayne County Airport — United States



Note: Values for January 2019 were estimated.

Sources: Wayne County Airport Authority, Management records, accessed April 2021.
Transportation Security Administration, accessed April 2021.

**Figure 3-11 Change in Total Passengers for Largest 20 U.S. Airports
(March 2020 – November 2020 vs March 2019 – November 2019)**



Sources: Individual airport websites; Transportation Security Administration, accessed January 2020.

3.2.2 Aircraft Operations

Although aircraft operations have a minimal impact on revenue performance, aircraft operations impact decisions regarding airport capital programs. Airlines’ decisions on aircraft type and the number of operations to accommodate passenger demand ultimately determine overall aircraft landed weight. Airlines are constantly evaluating how to best serve the passenger demand with their available aircraft fleet. In markets that exhibit strong business travel, an airline may decide to operate smaller aircraft on the route several times per day to offer customers more choice and redundancy. In other cases, an airline may choose to offer larger aircraft and less frequency. Airlines also make decisions to change aircraft capacity on particular routes in reaction to load factors and profitability. Aircraft fleet mix and operations are important considerations for airport operators when planning for the appropriately size airport facilities and to ensure the airport has sufficient capacity to accommodate operations in the future.

3.2.2.1 2012 – 2019

Aircraft operations at the Airport declined from 2012 through 2015 as network carriers shifted from smaller regional jets to smaller narrow-body aircraft. However, in 2016 the number of aircraft operations increased by 3.7% from 2015, and from 2016 to 2019, aircraft operations were relatively static. **Table 3-15** presents the aircraft operations at the Airport from 2012 through 2019.

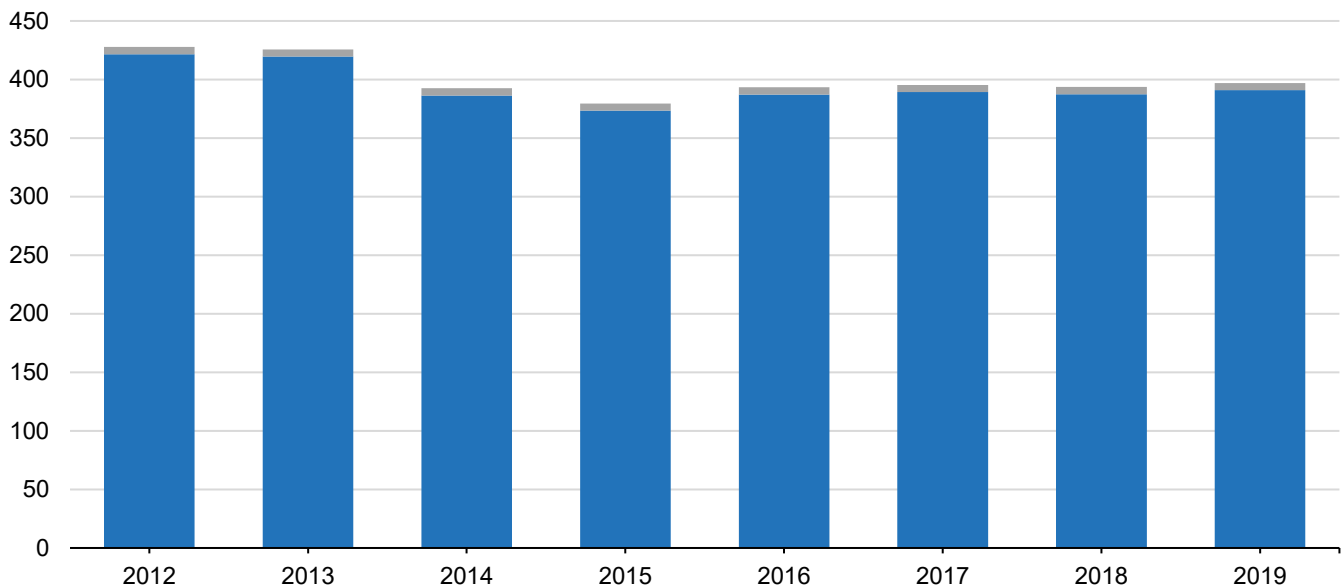
Table 3-15 Historical Aircraft Operations (2012 – 2019)

| Year | Air Carrier | Air Taxi | General Aviation | Military | Total | Year-Over-Year Growth |
|-----------------------------|-------------|----------|------------------|----------|----------------|-----------------------|
| 2012 | 218,736 | 202,822 | 6,033 | 223 | 427,814 | |
| 2013 | 229,560 | 190,178 | 5,930 | 64 | 425,732 | -0.5% |
| 2014 | 243,117 | 143,122 | 6,264 | 132 | 392,635 | -7.8% |
| 2015 | 276,898 | 96,533 | 5,843 | 102 | 379,376 | -3.4% |
| 2016 | 287,584 | 99,581 | 6,124 | 138 | 393,427 | 3.7% |
| 2017 | 302,118 | 87,065 | 6,084 | 90 | 395,357 | 0.5% |
| 2018 | 315,995 | 71,412 | 6,188 | 86 | 393,681 | -0.4% |
| 2019 | 328,192 | 62,856 | 5,772 | 89 | 396,909 | 0.8% |
| Compound Annual Growth Rate | | | | | | |
| 2012-19 | 6.0% | -15.4% | -0.6% | -12.3% | -1.1% | |

Aircraft Operations

In thousands

■ Commercial ■ Non-Commercial



Note: Commercial operations refers to commercial passenger and all-cargo aircraft operations.

Non-commercial operations refer to general aviation and military aircraft operations.

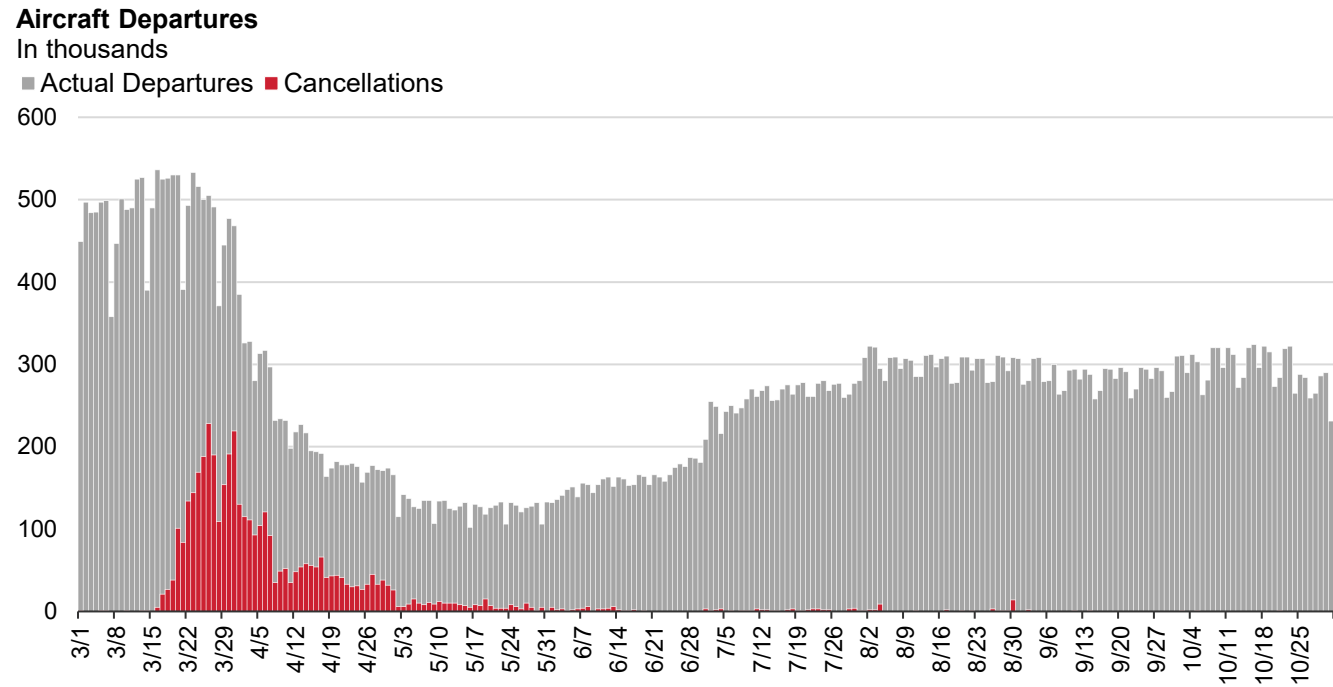
Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics>

3.2.2.2 COVID-19 Pandemic Impact - 2020

In response to the significant decline in enplaned passengers in the U.S. and at the Airport during the ongoing COVID-19 pandemic, the airlines reduced the number of daily flights and air service in kind. There were 2,008 flight cancellations at the Airport in March 2020 and 1,744 in April 2020 before tailing off in May and June.⁸⁸

Figure 3-12 illustrates the high concentration of flight cancellations early in the pandemic, followed by a reduction in flights, and a gradual increase in flights in the summer before remaining flat through October.

Figure 3-12 Flight Departures and Cancellations (March 2020 - October 2020)



Source: Federal Aviation Administration, Airline Service Quality Performance System: Airport View: Causal Report, accessed online at <https://aspm.faa.gov/asqp/sys/Airport.asp>

Overall, aircraft operations decreased by 39.9% in 2020 as compared to 2019 levels with the primary impacts occurring after mid-March 2020. **Table 3-16** depicts the monthly aircraft operations for 2019, 2020, and 2021. As shown, starting in March 2020, aircraft operations decreased by approximately 15.8% from March 2019, as compared to a 55.9% decrease in enplaned passengers. Normally, aircraft operations would be more directly related to enplaned passengers. However, there was an initial reluctance to remove service because of the implementation of social distancing practices (i.e. restricting the use of middle seats) and to a smaller degree the continued operations of all-cargo airlines that were impacted to a lesser degree by the pandemic. The decline continued into April 2020 and May 2020 when aircraft operations were 66.8% and 74.8%, respectively, lower than the same month of the prior year. Since May 2020, aircraft operations at the Airport have slowly started to increase and aircraft operations in March 2021 were down 22.7% compared to March 2020 and down 34.9% compared to March 2019.

⁸⁸ Federal Aviation Administration, Airline Service Quality Performance System: Airport View: Causal Report, accessed online at <https://aspm.faa.gov/asqp/sys/Airport.asp>

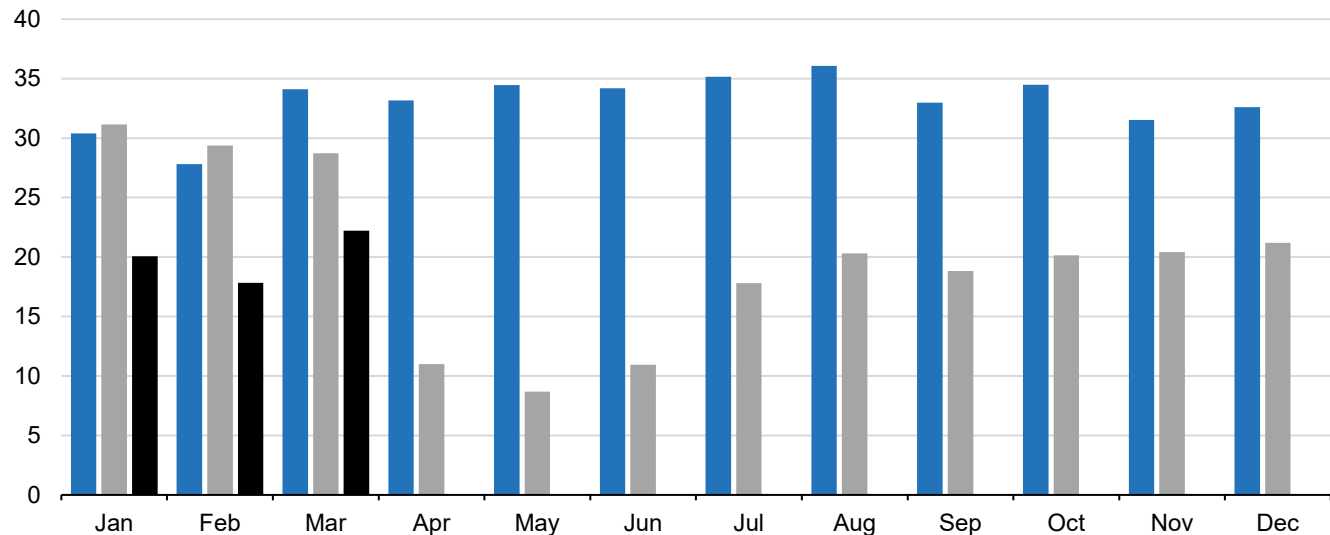
Table 3-16 Change in Monthly Aircraft Operations at the Airport (January 2019 – March 2021)

| Month | Aircraft Operations | | | Percent Change from Prior Year | |
|--------------|---------------------|----------------|---------------|--------------------------------|---------------|
| | 2019 | 2020 | 2021 | 2020 | 2021 |
| January | 30,404 | 31,141 | 20,073 | 2.4% | -35.5% |
| February | 27,806 | 29,365 | 17,837 | 5.6% | -39.3% |
| March | 34,103 | 28,729 | 22,206 | -15.8% | -22.7% |
| April | 33,174 | 11,008 | | -66.8% | |
| May | 34,463 | 8,696 | | -74.8% | |
| June | 34,178 | 10,956 | | -67.9% | |
| July | 35,144 | 17,815 | | -49.3% | |
| August | 36,082 | 20,302 | | -43.7% | |
| September | 32,970 | 18,815 | | -42.9% | |
| October | 34,470 | 20,149 | | -41.5% | |
| November | 31,526 | 20,415 | | -35.2% | |
| December | 32,589 | 21,183 | | -35.0% | |
| Total | 396,909 | 238,574 | 60,116 | -39.9% | -32.6% |

Aircraft Operations

In thousands

■ 2019 ■ 2020 ■ 2021



Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics>

3.2.3 Aircraft Landed Weight

Aircraft landed weight, expressed in 1,000-pound units, is the sum of the maximum gross certificated landing weight as certified by the FAA for passenger and all-cargo aircraft landing at the Airport. Per the Airport Use and Lease Agreement with the Signatory Airlines that operate at the Airport, aircraft landed weight is used as the denominator in the calculation of Activity Fees (landing fees) which are used to pay the net cost of the Airport. Therefore, landed weight is an important measure for the Authority as it provides a method to recover costs from each airline based on its share of landed weight.

3.2.3.1 2012 – 2019

Aircraft landed weight at the Airport increased from 20.5 billion units in 2012 to 22.7 billion units in 2019, representing a CAGR of 1.5%. Both passenger airlines and all-cargo airlines contributed to landed weight growth, increasing at a CAGR of 1.4% and 4.1%, respectively. A significant portion of the all-cargo airlines landed weight growth can be attributed to increased e-commerce traffic at the Airport during this period, particularly due to the airlines operating on behalf of Amazon Prime. **Table 3-17** provides the landed weight at the Airport by category for the period of 2012 through 2019.

3.2.3.2 COVID-19 Pandemic Impact - 2020

Overall, aircraft landed weight decreased by 40.8% in 2020 as compared to 2019 levels with the primary impacts occurring after mid-March 2020. **Table 3-18** depicts the monthly aircraft landed weight for 2019, 2020, and 2021. Aircraft operations have a more direct relationship to landed weight as individual passengers account for such a small percentage of the landed weight. As shown, starting in March 2020, aircraft landed weight decreased by approximately 18.5% from March 2019, compared to a decrease of 55.9% in the number of enplaned passengers and a 15.8% decrease in aircraft operations. The decline continued into April 2020 and May 2020 when aircraft landed weight was 68.5% and 75.3%, respectively, lower than the same month from year prior. Since May 2020, aircraft landed weight at the Airport has slowly started to increase and aircraft landed weight in March 2021 was down 20.1% compared to March 2020 and was down 34.8% compared to March 2019.

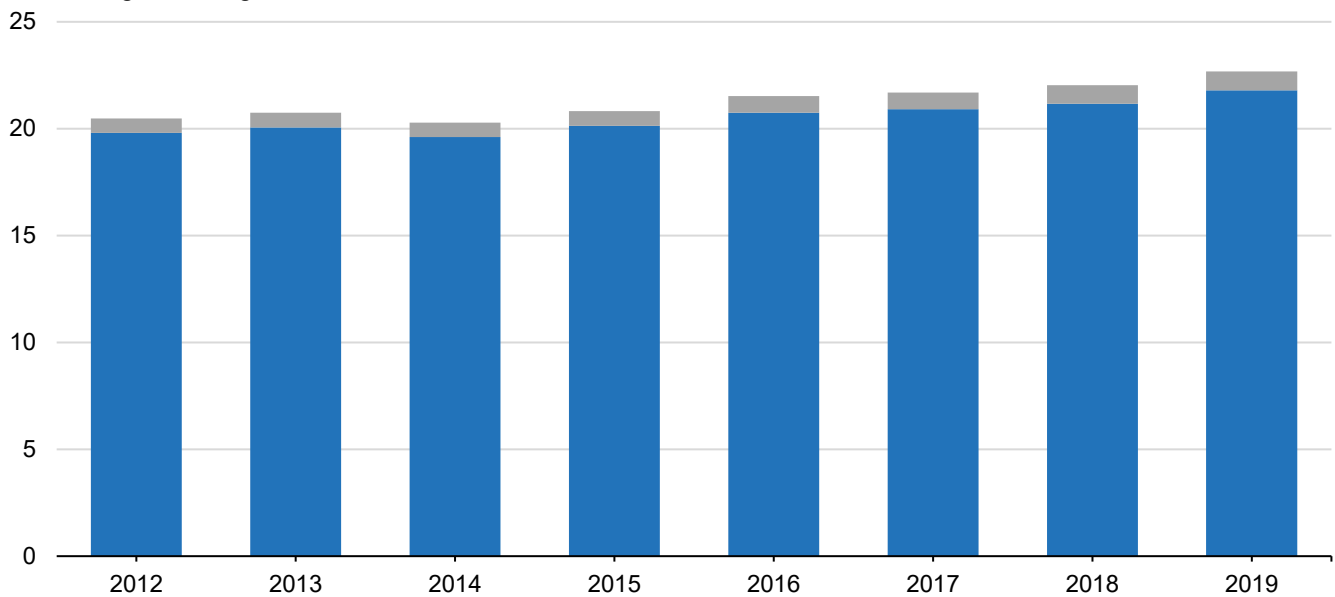
Table 3-17 Historical Landed Weight (in thousand-pound units; 2012 – 2019)

| Year | Passenger | Cargo | Total | Year-Over-Year Growth |
|-----------------------------|------------|---------|-------------------|-----------------------|
| 2012 | 19,808,298 | 665,478 | 20,473,776 | |
| 2013 | 20,066,276 | 681,902 | 20,748,174 | 1.3% |
| 2014 | 19,610,316 | 674,519 | 20,284,835 | -2.2% |
| 2015 | 20,131,092 | 685,687 | 20,816,776 | 2.6% |
| 2016 | 20,744,066 | 781,548 | 21,525,615 | 3.4% |
| 2017 | 20,907,197 | 789,890 | 21,697,088 | 0.8% |
| 2018 | 21,164,591 | 871,844 | 22,036,435 | 1.6% |
| 2019 | 21,792,018 | 884,000 | 22,676,018 | 2.9% |
| Compound Annual Growth Rate | | | | |
| 2012-19 | 1.4% | 4.1% | 1.5% | |

Landed Weight

In billions of pounds

■ Passenger ■ Cargo



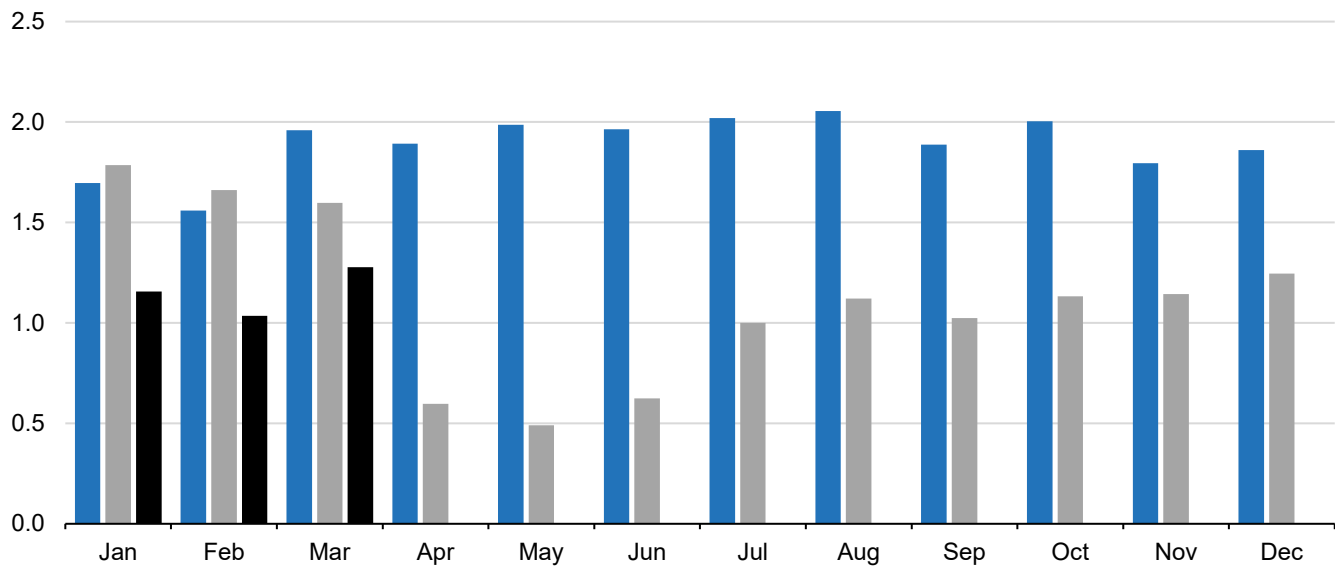
Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics>

**Table 3-18 Change in Monthly Aircraft Landed Weight at the Airport
(in thousand-pound units; 2019 – February 2021)**

| Month | Aircraft Landed Weight | | | Percent Change from Prior Year | |
|--------------|------------------------|-------------------|------------------|--------------------------------|---------------|
| | 2019 | 2020 | 2021 | 2020 | 2021 |
| January | 1,695,565 | 1,786,307 | 1,155,773 | 5.4% | -35.3% |
| February | 1,558,800 | 1,660,882 | 1,034,604 | 6.5% | -37.7% |
| March | 1,959,042 | 1,597,022 | 1,276,907 | -18.5% | -20.1% |
| April | 1,892,426 | 596,557 | | -68.5% | |
| May | 1,985,674 | 490,420 | | -75.3% | |
| June | 1,964,611 | 625,020 | | -68.2% | |
| July | 2,019,228 | 1,000,693 | | -50.4% | |
| August | 2,055,132 | 1,121,235 | | -45.4% | |
| September | 1,887,771 | 1,024,177 | | -45.7% | |
| October | 2,003,249 | 1,132,378 | | -43.5% | |
| November | 1,794,402 | 1,143,248 | | -36.3% | |
| December | 1,860,117 | 1,245,016 | | -33.1% | |
| Total | 22,676,018 | 13,422,955 | 3,467,287 | -40.8% | -31.3% |

Aircraft Landed Weight

In billions of pounds
■ 2019 ■ 2020 ■ 2021



Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics>

3.3 Key Factors Affecting Air Traffic Demand

The following section addresses certain qualitative factors that may impact air traffic activity, both nationwide and at the Airport.

3.3.1 The COVID-19 Pandemic

While national air traffic was initially decimated by the impacts associated with the outbreak of COVID-19, it began to recover during 2020; however, recovery plateaued during the winter months. While still being significantly impacted, the Airport has fared slightly better than the nation as a whole in passenger traffic. As shown in **Table 3-19**, security checkpoint throughput for the nation as a whole, as reported by the TSA, was down 61.6% in 2020 as compared to 2019, compared to 58.9% for the Airport for the same period. The percentage decrease in security checkpoint throughput at the Airport has been less than that of the nation as a whole in each month since April 2020. In March 2021, security checkpoint throughput at the Airport was 28.5% above March 2020, compared to 7.8% for the nation as a whole during the same month.

The COVID-19 pandemic and measures being taken to limit its spread have been the primary constraint on the return of air travel demand. As of February 2021, the Air Service Area's COVID-19 confirmed daily case rate peaked in late November 2020 and has shown some slow recovery as of the date of the Report. Subsequently, since the initial recovery of air traffic through the summer and into the fall of 2020, air travel has been slow to recover in recent months. Two factors are assumed necessary for air traffic to recover back to levels experienced prior to the COVID-19 pandemic. First, confidence needs to be restored such that passengers feel that traveling on aircraft and using airport facilities is safe from a health standpoint. Second, our public health response must constrain the spread of the virus sufficiently to demonstrate that our travel origins and destinations are deemed safe.

Table 3-19 TSA Security Checkpoint Throughput for the U.S. and the Airport (2020 vs 2019 and 2021 vs 2020)

| Month | U.S. TSA Throughput (in thousands) | | | | | Airport TSA Throughput (in thousands) | | | | |
|--------------|---------------------------------------|----------------|----------------------|---------------|----------------------|--|--------------|----------------------|--------------|----------------------|
| | 2019 | 2020 | | 2021 | | 2019 | 2020 | | 2021 | |
| | | Total | % Change vs. 2019 | Total | % Change vs. 2020 | | Total | % Change vs. 2019 | Total | % Change vs. 2020 |
| January | 59,406 | 61,930 | 4.2% | 23,598 | -61.9% | 918 | 942 | 2.7% | 424 | -55.0% |
| February | 59,285 | 60,429 | 1.9% | 24,446 | -59.5% | 999 | 963 | -3.6% | 488 | -49.3% |
| March | 72,680 | 35,140 | -51.7% | 37,882 | 7.8% | 1,172 | 529 | -54.9% | 680 | 28.5% |
| April | 70,125 | 3,287 | -95.3% | | | 1,032 | 75 | -92.8% | | |
| May | 74,499 | 7,166 | -90.4% | | | 1,125 | 125 | -88.9% | | |
| June | 76,620 | 14,482 | -81.1% | | | 1,144 | 245 | -78.6% | | |
| July | 79,512 | 20,741 | -73.9% | | | 1,215 | 375 | -69.1% | | |
| August | 74,776 | 21,708 | -71.0% | | | 1,153 | 405 | -64.9% | | |
| September | 66,531 | 21,488 | -67.7% | | | 1,031 | 378 | -63.3% | | |
| October | 72,096 | 25,636 | -64.4% | | | 1,120 | 452 | -59.7% | | |
| November | 68,788 | 25,513 | -62.9% | | | 1,037 | 419 | -59.6% | | |
| December | 70,219 | 26,392 | -62.4% | | | 1,128 | 466 | -58.6% | | |
| Total | 844,537 | 323,912 | -61.6% | 85,926 | -45.4% | 13,074 | 5,374 | -58.9% | 1,592 | -34.6% |

Note: Values for January 2019 were estimated.

Source: TSA throughput records, accessed April 2021.

Airlines and airports appear to have generally shown that air transportation is safe during this pandemic. Despite the CDC concluding “that the risk for on-board transmission of SARS-CoV-2 during long flights is real and has the potential to cause COVID-19 clusters of substantial size”,⁸⁹ another study suggests that on-board transmission is a rare event.⁹⁰ Airlines and airports, including the Airport, have taken further steps to reduce risks through enhanced cleaning contactless boarding, use of physical barriers, physical distancing, temperature screening of employees, and requiring use of face coverings. According to a report from the Harvard’s Aviation Public Health Initiative, airports have made “consistent and impressive commitments to reduce the risks of disease transmission in their facilities” between passengers, employees, concessionaires, contractors and visitors through layered, interlinked, risk-mitigation strategies that, when used together, effectively can control the risk of exposure. The report concluded that, overall, the probability of being infected in an airport is very low.⁹¹

The U.S. government has been focused on the development of an effective vaccine since the start of the pandemic. To-date, three vaccines have been approved for full use, Pfizer’s Comirnaty, Moderna’s mRNA-1273, and Johnson & Johnson’s Ad26.COV2.S. These vaccines have begun distribution and the Pfizer and Moderna vaccines require two doses to be effective, while the Johnson & Johnson vaccine requires a single dose. The first COVID-19 vaccination in the U.S. administered to the public occurred on December 14, 2020. As of May 17, 2021, more than 272.9 million vaccine doses have been administered with over 157 million people receiving the first dose and nearly 123 million people fully vaccinated.⁹² This equates to 37% of Americans being completely vaccinated.⁹³ Certain experts have indicated that it is becoming more unlikely that population immunity will be reached in the U.S. as people may opt not to take the vaccine and variants of the virus spread. Some experts believe that without reaching immunity the virus will continue to circulate but will become more manageable but will still result in hospitalizations and deaths by in much smaller numbers.⁹⁴

3.3.2 Economic Conditions and Events

Historically, the U.S. economy, as measured by GDP grew at a relatively steady rate, averaging 3.1% per annum between CY 1960 and CY 2019. The rate of growth had been remarkably stable reflecting both the size and maturity of the U.S. economy. Individual years have fluctuated around the long-term trend for a variety of reasons including macroeconomic factors, fuel shocks, war, and terrorist attacks.

Prior to 2020, there were two official economic recessions in the U.S. in the 21st century. The negative impact of these events on the airline industry is well documented. The first occurred between March 2001 and November of 2001 and was compounded by the September 11, 2001, terrorist attacks. This recession was short-lived by historical standards and the economy returned to positive growth rates quickly, fueled by a gradual but prolonged reduction in interest rates. The Great Recession occurred between December 2007 and June 2009.⁹⁵ As a result of the Great Recession, the nation’s unemployment rate rose from 5.0% in December 2007 to a previous high of 10.0% in October 2009.⁹⁶

The outbreak of COVID-19 in early 2020 and the declaration of a pandemic by the WHO on March 11, 2020 coupled with the subsequent travel restrictions have led to disruptions of economies around the world, resulting in

⁸⁹ Transmission of SARS-CoV 2 During Long-Haul Flight, Ngyugen Cong Khanh et al, EID Journal Volume 26, Number 11, accessed via CDC website https://wwwnc.cdc.gov/eid/article/26/11/20-3299_article accessed February 10, 2021

⁹⁰ Risk of COVID-19 During Air Travel, Rui Pombal, MD et al, Journal of the American Medical Association, October 1, 2020, accessed via <https://jamanetwork.com/journals/jama/fullarticle/2771435>, accessed on February 10, 2021

⁹¹ AAE, Top Stories for Thursday, February 11, 2021: Harvard: Risk of Virus Infection ‘Low’ In Airports.

⁹² CDC COVID Data Tracker accessed at <https://covid.cdc.gov/covid-data-tracker/#vaccinations>

⁹³ CDC COVID Data Tracker accessed at <https://covid.cdc.gov/covid-data-tracker/#vaccinations>

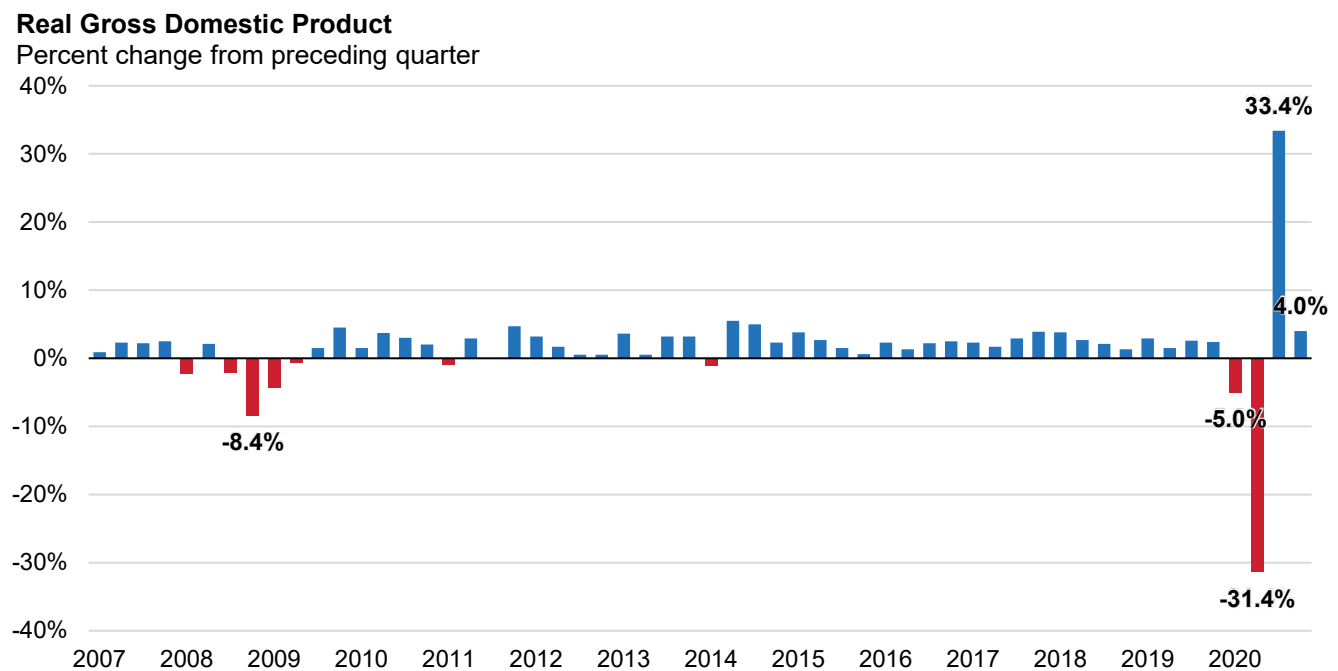
⁹⁴ The New York Times, Reaching ‘Herd Immunity’ Is Unlikely in the U.S., Experts Now Believe, <https://www.nytimes.com/2021/05/03/health/covid-herd-immunity-vaccine.html>, accessed May 2021.

⁹⁵ National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.

⁹⁶ National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.

dramatic increases in unemployment and significant decreases in air traffic. Business failures, worker layoffs, and consumer business bankruptcies are occurring and are expected to continue into the near future as the COVID-19 global pandemic continues. According to the Bureau of Economic Analysis, real GDP decreased at an annual rate of 31.4% in the second quarter of 2020 after decreasing by 5.0% in the first quarter of 2020. In comparison, the worst decline in GDP during the Great Recession was 8.4% in the fourth quarter of 2008. There was significant recovery in GDP in the third quarter, increasing 33.4%. Although the growth was significant real GDP still remains below first quarter 2020. The advanced estimate for fourth quarter of 2020 shows a 4.0% increase. **Figure 3-13** depicts the magnitude of the impact the COVID-19 pandemic has had on the U.S. economy, thus far, when compared to the Great Recession.

Figure 3-13 U.S. Economic Impact of the COVID-19 Pandemic

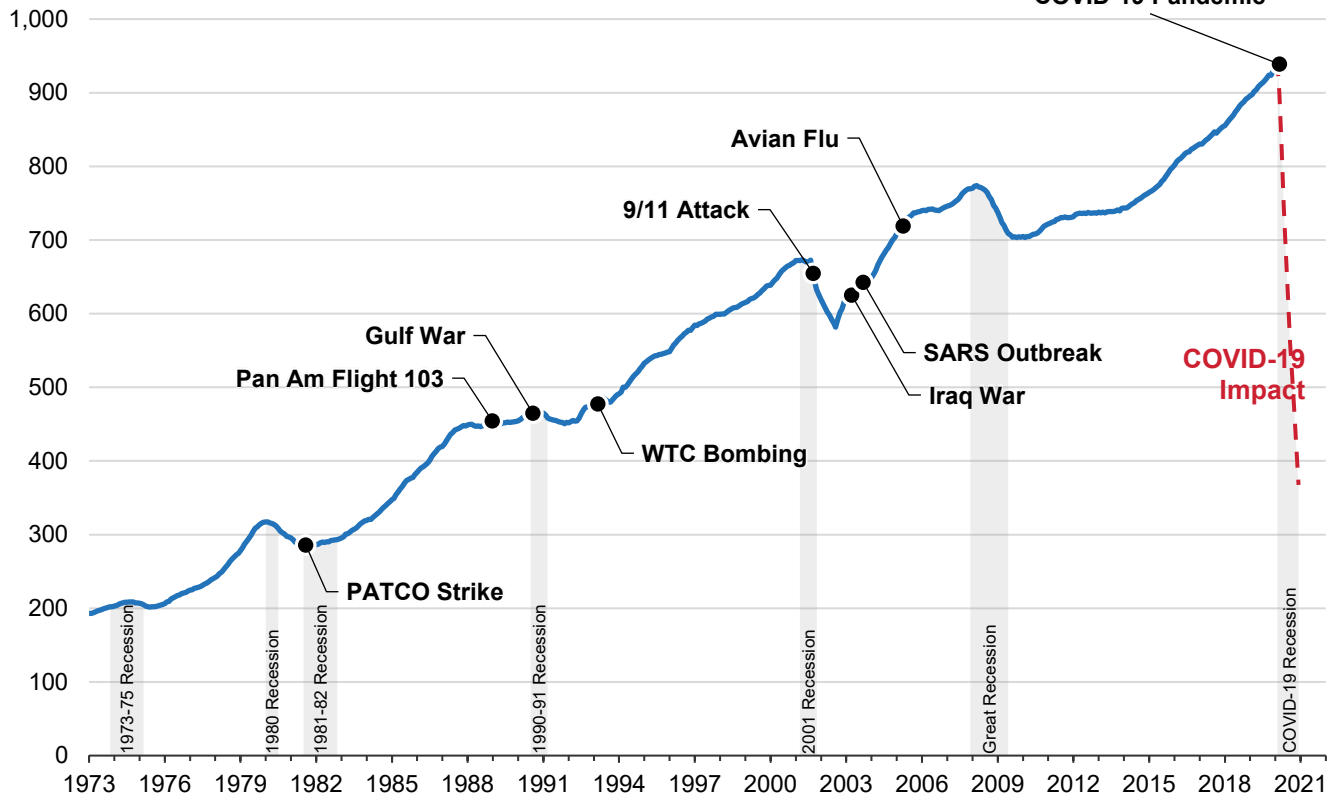


Note: Rates are seasonally adjusted at annual rates.
Source: U.S. Bureau of Economic Analysis, National Income and Product Accounts.

Figure 3-14 shows the strong correlation between enplaned passenger traffic in the U.S. and the nation’s economy in addition to significant shocks/events. During periods of economic contractions and exogenous events, there is a notable decline in passenger volumes and during the subsequent economic expansions and recovery periods, there is significant growth in passenger volumes. Additionally, exogenous shocks such as terrorist attacks have generally had a short but significant impact on passenger volumes. As presented on this figure, the COVID-19 pandemic has been the most disruptive event to negatively impact aviation in history. There is still much uncertainty on when air traffic will recover to “pre-COVID-19” levels. However, it is assumed the ultimate ability to control the spread of COVID-19 throughout the world and/or the mass distribution of an effective vaccine or treatment will play a significant role in restoring passenger confidence in air travel and airlines being able to return to pre-COVID-19 load factors. Future waves and/or threats of future waves of COVID-19 including associated travel restrictions and stay-at-home orders could have a further negative impact on air travel in the future.

Figure 3-14 U.S. Aviation System Shocks and Recoveries

United States Enplaned Passengers
12-month rolling; In millions



Note: Excludes non-revenue enplaned passengers.

Source: U.S. Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statistics; National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions.

3.3.3 The U.S. Airlines Industry

3.3.3.1 Airline Bankruptcies

Over the past two decades, the U.S. airline industry has undergone a significant transformation. Although it has been profitable in recent years prior to the impacts associated with the COVID-19 pandemic, the U.S. airline industry cumulatively experienced losses of approximately \$62 billion from 2000 through 2009 on domestic operations. Many airlines filed for Chapter 11 bankruptcy protection and some ceased operations altogether.

Table 3-20 presents the U.S. airlines that declared bankruptcy from 2000 through 2019. During this period, airlines suffered from excess capacity, which drove down yields. Yields adjusted for inflation had dropped by approximately 70%. With oil prices spiking to near \$150 per barrel in 2008, industry changes were critical. As a result, all of the major network airlines restructured their route networks and reached agreements with lenders, employees, vendors, and creditors to decrease their cost structure.

Table 3-20 U.S. Airline Bankruptcies (2000 - 2019)

| Airline | Status |
|----------------------|--|
| Trans World Airways | Filed Chapter 11 in January 2001 as part of its acquisition by American Airlines. |
| US Airways | Filed Chapter 11 in August 2002 and again in September 2004; emerged in September 2005 in conjunction with its acquisition by America West. Acquired by American Airlines in 2013. |
| United Airlines | Filed Chapter 11 in December 2002; emerged in February 2006. |
| Northwest Airlines | Filed Chapter 11 in September 2005; emerged in May 2007. Acquired by Delta in 2008. |
| Delta Air Lines | Filed Chapter 11 in September 2005; emerged in April 2007. Wholly owned subsidiary Comair Airlines went into bankruptcy with Delta Airlines. |
| Frontier Airlines | Filed Chapter 11 in April 2008; emerged in October 2009. |
| SkyBus Airlines | Ceased operations in April 2008. |
| Sun Country Airlines | Filed Chapter 11 in October 2008; emerged in July 2011. |
| American Airlines | Filed Chapter 11 in November 2011. Wholly owned subsidiary American Eagle Airlines went into bankruptcy with American Airlines. Emerged in December 2013. |

Source: Airlines for America, U.S. Airline Bankruptcies.

Currently, airlines are experiencing significant financial difficulty given the significant passenger decreases primarily as a result of the COVID-19 pandemic. As of April 2021, five U.S. airlines including three regional carriers and one charter airline have ceased operations primarily as a result of the COVID-19 pandemic.⁹⁷ As of April 2021, no U.S. scheduled mainline passenger airline has filed for Chapter 11 or ceased operations. However, given the ongoing financial struggles and the uncertain recovery of air traffic, it is possible that airlines may file for Chapter 11 or potentially cease operations in the future primarily as a result of the COVID-19 pandemic.

3.3.3.2 Airline Profitability

Since 2008, the U.S. airline industry has decreased capacity, particularly in short-haul markets with smaller, short range aircraft types. The result has been significant improvement in yields, RASMs, and subsequently profitability prior to outbreak of the COVID-19 pandemic. In recent years, the U.S. airline industry had been at its most stable, profitable point in history. According to the Bureau of Transportation Statistics, the 23 U.S. scheduled passenger airlines reported a pre-tax net operating profit of \$15.8 billion in CY 2019, which was a 19.7% increase from 2018 and marked the eleventh consecutive year of pre-tax operating profits. The scheduled passenger airlines reported an operating profit margin of 7.5% in 2019, which was up from 6.3% in 2018.⁹⁸ Profitability during this period can also be attributed to airlines unbundling services and increasing the use of ancillary fees such as charges for checked baggage.

⁹⁷ The five U.S. airlines that have gone into bankruptcy in 2020 are the regional carriers: Expressjet (UA), Trans States Airlines (UA), and Compass Airlines (AA and DL), and the charter carriers: Miami Air International, and Shoreline Aviation. The major carriers served by the regional partner carriers contracted with other carriers to provide regional service.

⁹⁸ Bureau of Transportation Statistics, 2019 Annual and 4th Quarter U.S. Airline Financial Data.

As a result of the impacts of the COVID-19 pandemic, U.S. airlines incurred record losses in 2020 and likely into 2021. Delta reported \$12.4 billion in losses for all of 2020⁹⁹ while Spirit lost \$428.7 million.¹⁰⁰ The DOT has reported that U.S. scheduled passenger airlines reported a second straight quarter after-tax net loss. Through the third quarter of 2020, airlines experienced an after-tax net loss of \$28.0 billion.¹⁰¹ The International Air Transport Association (IATA) projects that globally the airlines are expected to lose \$118.5 billion in 2020. In 2021, losses are expected to be cut to \$38.7 billion as revenues rise to \$459 billion.¹⁰² To help support U.S. air carriers through this crisis, on March 25, 2020 the U.S. Senate passed by unanimous vote the CARES Act. Under Title IV of the CARES Act, Congress approved \$500 billion in federal assistance to severely distressed sectors of the economy as part of the larger \$2 trillion stimulus package. The approved programs include \$61 billion to the airline sector as follows:

- \$29 billion in loans and loan guarantees for air carriers, FAA Part 145 aircraft repair stations and ticket agents;
- \$32 billion in payroll protection grants for air carriers and their contractors; and
- Relief to air carriers from federal excise taxes that apply to transporting passengers and cargo and the purchase of aviation jet fuel.

As of January 31, 2021, 352 passenger carriers, 39 cargo carriers, and 220 contractors have applied for payroll support under CARES Act funds.¹⁰³ As a condition of accepting these funds, U.S. airlines were required to (1) refrain from imposing involuntary furloughs on U.S.-based employees or reducing employee pay or benefits through September 30, 2020; (2) maintain certain limitations on executive compensation through March 24, 2022; (3) suspend the payment of dividends or other distributions and cease stock buybacks through September 30, 2021; and (4) continue service as is reasonable and practicable under DOT regulations.

As discussed above, it is expected that the airlines will continue to experience financial distress for the foreseeable future until air traffic is able to recover to reasonable levels. It is generally assumed that the airlines will continue to right-size capacity to meet suppressed demand and evolve business models in the near-term to limit the spread of COVID-19.

3.3.3.3 Airline Mergers

Industry consolidation has taken place as a result of competitive pressures and economic conditions. Many airlines have merged or been acquired since the turn of the 21st century. **Figure 3-15** provides a graphical representation of the major U.S. airline mergers during this period.

These mergers have resulted in significant economic control of passenger ridership. For 2019, the four largest U.S. airlines (American, Delta, Southwest, and United) account for 82.3% of the domestic seating capacity. The potential impacts associated with consolidation include limited industry seats, capacity growth, and continued increase in fares.

As of April 2021, there has been no announcement of a U.S. scheduled mainline passenger airline seeking to acquire or merge with another U.S. scheduled mainline passenger airline. However, given the ongoing financial struggles and the uncertain recovery of air traffic, it is possible that airlines may seek further industry

⁹⁹ AP, A \$12 billion loss for 2020, Delta is cautious in early 2021, <https://apnews.com/article/travel-air-travel-coronavirus-pandemic-e6304e8edfcf83a42a29ce9b5faee542>

¹⁰⁰ CNBC, Spirit Airlines is hiring pilots and flight attendants again in hopes of pandemic recovery, <https://www.cnbc.com/2021/02/12/spirit-airlines-hires-pilots-flight-attendants-in-hopes-of-covid-recovery.html>

¹⁰¹ Bureau of Transportation Statistics, U.S. Airlines Report Third Quarter 2020 Losses.

¹⁰² International Air Transport Association, Deep Losses Continue Into 2021, <https://www.iata.org/en/pressroom/pr/2020-11-24-01/>

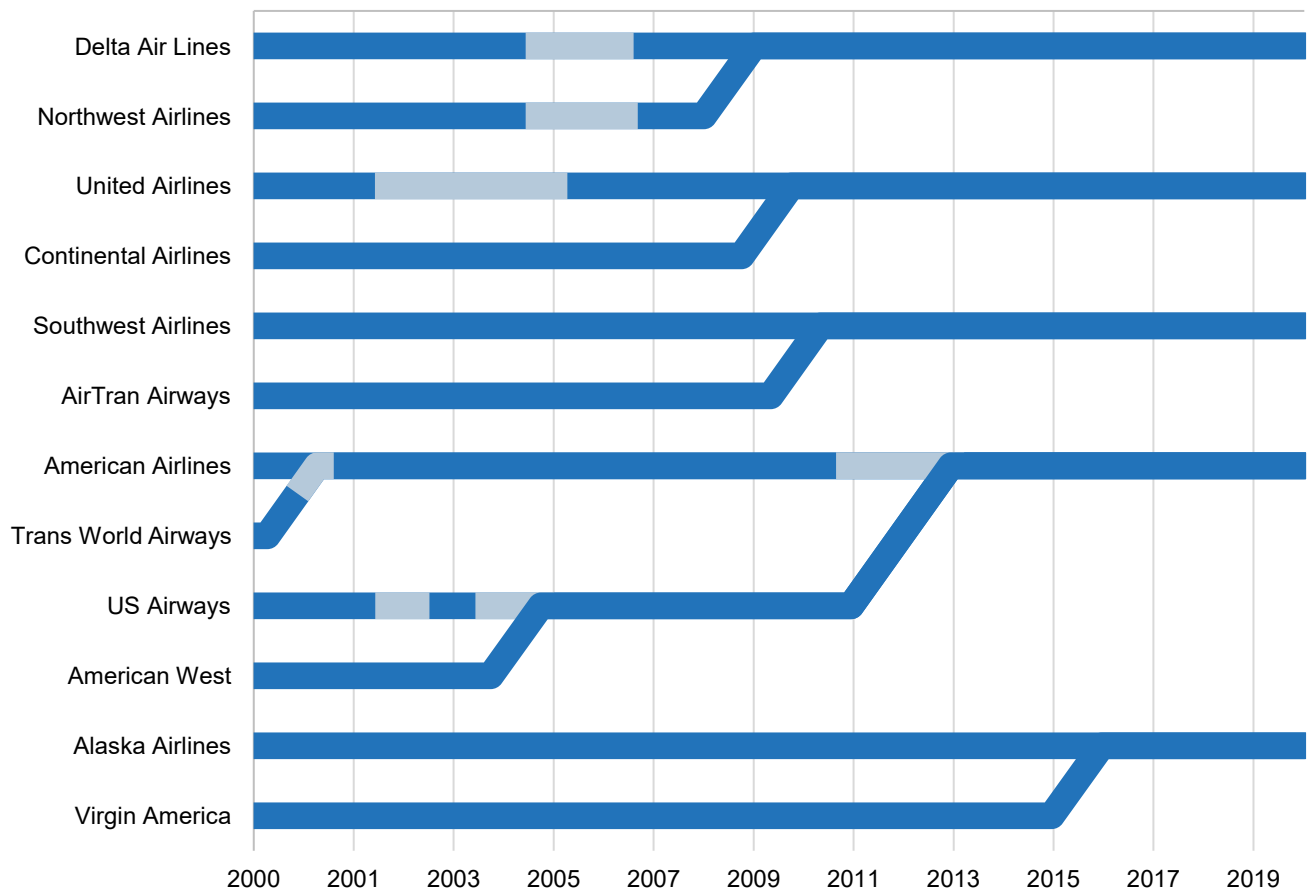
¹⁰³ Department of the Treasury, Payroll Support Program Payments, <https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-payments>

consolidation in the future primarily as a result of the financial difficulties experienced during the COVID-19 pandemic.

In July 2020, Alaska Airlines officially announced its invitation to join the oneworld airline alliance and joined the alliance on March 31, 2021. Alaska will become the 14th member airline of oneworld. This partnership is expected to allow Alaska to better compete with Delta and United, particularly in certain U.S. West Coast markets.

Similarly, on July 16, 2020, American and JetBlue announced a code-sharing partnership in which the airlines are planning to expand their operations primarily on the U.S. east coast.

Figure 3-15 Major U.S. Airline Mergers of the 21st Century



Note: Shading indicates bankruptcy.
Source: Airlines for America, U.S. Airline Mergers and Acquisitions.

3.3.4 Aviation Fuel

The price of oil and the associated cost of jet fuel has historically been one of the largest operating costs affecting the airline industry. In 2000, jet fuel sold to end users averaged \$0.89 per gallon. The average cost of jet fuel climbed steadily through 2007. However, in 2008, crude oil prices and consequently, jet fuel surged in price as a result of strong global demand, a weak U.S. dollar, commodity speculation, political unrest, and a reluctance to

materially increase supply. In July 2008, jet fuel reached an average price of \$4.01 per gallon, nearly double the price the year prior. Reduced demand in 2009 stemming from the global financial crisis and subsequent economic downturn resulted in a sharp decline in price. However, as the economic climate improved and political unrest continued in the Middle East, oil prices increased in the subsequent three years. The increase in the price of jet fuel put upwards pressure on airline operating costs. As a result, airlines were faced with cutting capacity or increasing fares, and sometimes both. The average price of jet fuel dropped significantly in 2015 and 2016, reaching a low of \$1.03 per gallon in February 2016. Since then, jet fuel prices increased steadily to a peak of \$2.25 in October 2018 before falling to \$1.70 per gallon in December 2019 due to increased oil supplies. In 2019, jet fuel prices remained fairly stable, averaging approximately \$1.90 per gallon from February 2019 through January 2020.

As a result of the COVID-19 pandemic, the global demand for crude oil and fuel decreased dramatically starting in January 2020. As a result, the price of crude oil dropped below \$20 in April 2020. Since then, crude oil supply curtailments have caused oil prices to recover. Prices hovered near \$40 per barrel from early June 2020 through December but increased to nearly \$64 per barrel in March 2021.

The U.S. Energy Information Administration (EIA) provides forecasts of jet fuel refiner price to end users in a report entitled Short-Term Energy Outlook. In the January 2021 release, the EIA projects that jet fuel prices will reach \$1.64 per gallon by December 2022. **Figure 3-16** presents the historical price for jet fuel refiner price to end users and the EIA's forecast of that price.

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, 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.

It is expected that aviation fuel costs will continue to impact the airline industry in the future. If aviation fuel costs increase significantly over current levels, air traffic activity could be negatively affected as airlines attempt to pass costs on to consumers through higher airfares and fees in order to remain profitable. At this time, alternative fuels are not yet commercially cost effective.

Figure 3-16 Jet Fuel Prices

Jet Fuel Refiner Price to End Users
Cents per Gallon



Source: U.S. Energy Information Administration, Short-Term Energy Outlook (January 2020).

3.3.5 Aviation Security

Since the September 11, 2001, terrorist attacks (9/11), government agencies, airlines, and airport operators have upgraded security measures to guard against threats and to maintain the public's confidence in the safety of air travel. Security measures have included cargo and baggage screening requirements, deployment of explosive detection devices, strengthening of aircraft cockpit doors, the increased presence of armed air marshals, awareness programs for personnel at airports, and new programs for flight crews. Aviation security is under the control of the federal government through the TSA.

The threat of terrorism poses risks to the continued growth of the aviation industry. Although terrorist events targeting aviation interests would likely have negative and immediate impacts on the demand for air travel, the industry and demand have historically recovered from such events. There have been terrorist attacks at airports internationally including at the Brussels Airport in March 2016, the Istanbul Atatürk Airport in June 2016, and the Orly International Airport in March 2017. So long as government agencies continue to seek processes and procedures to mitigate potential risks and to maintain confidence in the safety of aircraft, without requiring unreasonable levels of costs or inconvenience to the passengers, economic influences are expected to be the primary driver for aviation demand as opposed to security and safety.

3.3.6 National Air Traffic Capacity

The U.S. aviation system has a major impact on the national economy because it provides a means of transporting people and cargo over long distances in a relatively short period. As demand for air travel increases, the national aviation system must maintain sufficient capacity to allow for travel without unacceptable delays or congestion. It is generally assumed that the required infrastructure improvements needed to maintain capacity will keep pace with demand. Although not likely over the projection period evaluated herein, the inability of the national aviation system to keep pace with demand could create congestion and delays on a national level that could adversely affect the passenger experience and impact future demand.

3.4 Air Traffic Activity Projections

This section presents industry research on various forecast recovery scenarios from the impacts of the COVID-19 pandemic as well as a presentation of the air traffic activity projections including the key assumptions used to develop those projections.

This section contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The air traffic activity projections included in this Report represent L&B’s opinion, based on information available to L&B as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of L&B. Prospective investors should assume that the restrictions and limitations related to the ongoing COVID-19 pandemic, and the current upheaval to the air travel industry and the national and global economies, may increase at least over the near term, recovery may be prolonged, and, therefore, have an adverse impact on Authority revenues. As a result, projected results may not be realized and actual results could be significantly higher or lower than projected. L&B is not obligated to update, or otherwise revise, the projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

3.4.1 Industry Recovery Scenarios

Several industry sources have made predictions as to the length of recovery of air traffic to levels prior to the COVID-19 pandemic. **Table 3-21** presents summaries of various scenarios. As shown, the general consensus of those cited below is that air traffic will not recover to 2019 levels until sometime around 2023 to 2024.

Table 3-21 Industry Recovery Scenario Forecasts

| Source Company / Agency | Expected Recovery Period | Citation | Source |
|--|--------------------------|--|---|
| International Air Transport Association (IATA) | CY 2024 | <p><i>“We assume a vaccine(s) is deployed in the second half of 2021, but it looks likely that there will be production and distribution challenges that mean it will only be in late 2021 and in 2022 when air travel rises back substantially. On this basis we don’t expect 2019 levels to be regained until around 2024.</i></p> <p><i>We should also acknowledge the huge amount of uncertainty over virus behavior, vaccine effectiveness and government responses...”</i></p> | <p><i>“Deep Losses Continue Into 2021”, November 24, 2020.</i> https://www.iata.org/en/pressroom/pr/2020-11-24-01/</p> |
| Airports Council International | CY 2023-24 | <p><i>“Passengers expected to recover to 2019 levels in 2023-2024. Domestic markets by 2023 and international markets by 2024-2025”</i></p> | <p><i>“State of the Airport Industry – COVID-19 Impact and Outlook,” December 2020</i></p> |
| Fitch Ratings | CY 2024 | <p><i>“Fitch Ratings expects air traffic recovery in U.S. and Canadian markets to be slower in 1H21 than previous forecasts, given ongoing low levels of passenger demand observed through the early weeks of 2021. Accelerated growth is expected in 2H21 with greater vaccination rates and the release of pent-up leisure and holiday travel demand.</i></p> <p><i>Airports and airlines are highly sensitive to the pace of recovery from the coronavirus pandemic and new, more contagious variants of the virus may hinder a rapid rebound in the near term. A prolonged rebound for the air travel industry is part of our forecast, with full recovery not expected until 2024 at the earliest.”</i></p> | <p><i>“North American Airport and Airline Pressures to Ease, Accelerating Recovery Later This Year”, March 11, 2021</i> https://www.fitchratings.com/research/infrastructure-project-finance/north-american-airport-airline-pressures-to-ease-accelerating-recovery-later-this-year-virus-variants-travel-restrictions-vaccine-rollouts-present-uncertainties-11-03-2021</p> |

| Source Company / Agency | Expected Recovery Period | Citation | Source |
|--------------------------|--------------------------|---|--|
| Moody's Investor Service | CY 2024 | <i>"Enplanement levels have divorced from traditional GDP correlations because of unpredictable consumer behavior and local and international restrictions on travel or onerous quarantine requirements. Enplanement levels depend on the perceived spread of the virus, but we expect enplanements to be 25% to 45% of 2019 volumes in the first half of 2021 before recovering with warmer weather and expected adoption of a vaccine."</i> | <i>"2021 outlook negative with high degree of traffic uncertainty, airline financial health",</i> December 1, 2020. https://www.moody.com/research/Moodys-2021-outlook-for-US-airports-remains-negative-amid-ongoing--PBC_1255600?cid=7QFRKQSZE021 |
| Standard & Poor's (S&P) | CY 2024 | <i>"U.S. public transit and airport sectors face the longest recovery relative to other U.S. transportation subsectors, with our current baseline activity estimates for 2021 compared with pre-COVID-19 levels showing annualized declines of approximately 50% for public transit, and 40% for airports; and public transit ridership recovering to approximately 15% below pre-COVID-19 levels by the end of 2023 and enplanements returning to or near pre-pandemic levels in 2024 for most airports.."</i> | <i>"Updated Activity Estimates for U.S. Transportation Infrastructure Show Public Transit and Airport Operators Still Face A Long Recovery".</i> January 13, 2021 https://www.spglobal.com/ratings/en/research/articles/210113-updated-activity-estimates-for-u-s-transportation-infrastructure-show-public-transit-and-airport-operators-st-11797812 |

Sources: Cited in table above. Accessed February 2021.

3.4.2 Projection Assumptions

There are two main factors determining the recovery in air travel: safety from COVID-19 and economic recovery. To determine when it is deemed safe to travel, assumptions regarding the timeframe to achieve population immunity were developed. Once safe travel is available through population immunity, it was assumed recovery of air travel will be predicated on recovery in the economy.

3.4.2.1 Reaching Manageable Infection Rates

Achieving population or “herd” immunity is generally viewed as one of the largest obstacles to returning to normal activities. This immunity is achieved through a combination of natural immunity through infection and vaccination. A survey from PEW Research Center in February 2021 indicated that approximately 69% of Americans intend to get a vaccine or already have.¹⁰⁴ While this presents a gap between the amount required and the number of those likely to be vaccinated, it should be noted that this is an increase of nine percent from those surveyed in November 2020 and 18% from those surveyed in September 2020. However, 31% said they would either probably not or definitely not get the vaccine.¹⁰⁵ Certain experts have indicated that it is becoming more unlikely that population immunity will be reached in the U.S. as people may opt not to take the vaccine and variants of the virus spread. Some experts believe that without reaching immunity the virus will continue to circulate but will become more manageable but will still result in hospitalizations and deaths by in much smaller numbers.¹⁰⁶

As of May 17, 2021, more than 272.9 million vaccine doses have been administered with over 157 million people receiving the first dose and nearly 123 million people fully vaccinated.¹⁰⁷ This equates to 37% of Americans being completely vaccinated.

While developing the enplaned passenger projections, two timelines for population immunity were developed. The following presents the timelines based on the assumptions made.

- **Rapid-Adoption:** The rapid-adoption timeline assumes that the general public will continue to quickly adopt to the vaccine. It is assumed that those wanted to be vaccinated will be by the fourth quarter of 2021, resulting in more manageable infection rates.
- **Slow-Adoption:** The slow-adoption timeline assumes that people are slow to adopt the vaccine for various reasons. It is also assumed that those wanting to be vaccinated will be by the third quarter of 2022 resulting in more manageable infection rates.

Due to the initially slow start to the COVID-19 vaccine rollout, it was originally assumed that the rapid-adoption timeline would be an optimistic scenario. However, now that initial supply issues have largely been resolved. The slow-rollout timeline would likely only happen with severe vaccine shortages and a large portion of the population opting not to take the vaccine. Therefore, it represents a more pessimistic scenario in the ability to achieve population immunity. Therefore, under baseline conditions, it is assumed that the adoption timeline for the vaccine will be between the two timeframes outlined above for domestic travel. It was assumed that for international travel, the adoption timeline will lag behind given the complexities associated with opening borders, varying vaccine distribution, and other adoption issues.

¹⁰⁴ Pew Research Center, *Growing Share of Americans Say They Plan to Get a COVID-19 Vaccine – or Already Have*, accessed online at <https://www.pewresearch.org/science/2021/03/05/growing-share-of-americans-say-they-plan-to-get-a-covid-19-vaccine-or-already-have/>

¹⁰⁵ Ibid.

¹⁰⁶ The New York Times, *Reaching ‘Herd Immunity’ Is Unlikely in the U.S., Experts Now Believe*, <https://www.nytimes.com/2021/05/03/health/covid-herd-immunity-vaccine.html>, accessed May 2021.

¹⁰⁷ CDC COVID Data Tracker accessed at <https://covid.cdc.gov/covid-data-tracker/#vaccinations>

3.4.2.2 Loss of Business Travelers

Prior to the Great Recession, air fares did not typically have a significant impact on air travel for business travelers. However, the economic climate after the Great Recession prompted businesses to seek measures in order to save cost, part of which included shrinking travel budgets. As such, companies began substituting air travel with telecommunication when the cost to travel becomes too great. While most of the business travel has since recovered, there are still some lost traffic.

The COVID-19 pandemic halted all travel in March 2020 which required many business travelers to quickly pivot from in-person meetings to conducting videoconferencing meetings. Stay-at-home orders required many businesses to shift to work-at-home temporarily with many still operating a hybrid of work at home and the office. Both of these acted as an experiment to determine what meetings could be conducted remotely and what jobs can be done effectively from home versus an office setting. The pandemic has been a catalyst to some companies to move to work-at-home on a permanent basis. A survey from July 2020 indicated that 93% of companies believe that their remote working and meeting policies will permanently change.¹⁰⁸

Business travelers conducting in-person sales or client meetings, traffic has been recovering quicker and is expected to make a full recovery as face-to-face conversations will continue to be seen as worth the cost of travel. However, internal meetings, training programs, trade shows, and conferences have seen little to no recovery to date. It is possible that if more people work-at-home, in-person internal meetings and training programs previously done in-person will be drastically reduced, with people opting for virtual meetings. There are a number of estimates as to how much business travel will be permanently lost. According to a business travel analyst, the data suggests that between 19% and 36% of all air traffic are likely to be lost.¹⁰⁹

Historically, there has been a number of events over the past 20 years such as the terrorist attack of September 11, 2001 and the Great Recession that have prompted theories of an ultimate decline in business air travel. However, the industry has continued to prove resilient and business air travel recovered from both of those events. Therefore, given the data above, it was assumed that business air travel would fare better than those estimates. Subsequently, for the purposes of this Report, it was assumed for the baseline projection that about 8% of business travel would be lost upon recovery during the projection period.

3.4.2.3 Socioeconomic Conditions

Biannually, the Congressional Budget Office (CBO) provides 10-year economic projections which includes output, prices, labor market measures, interest rates, and income. Part of this work includes projections of potential GDP. In July 2020, the CBO released the first an update to these projections since the beginning of the pandemic. At the time, the CBO forecast that real U.S. GDP contracted by 10.1% in the second quarter of 2020, which is equivalent to an annual decline of 34.6%, followed by a 17.0% recovery in the third quarter. The CBO projected that GDP would recover to fourth quarter of 2019 levels by the third quarter of 2022, making the recession the second longest U.S. recession since 1947.

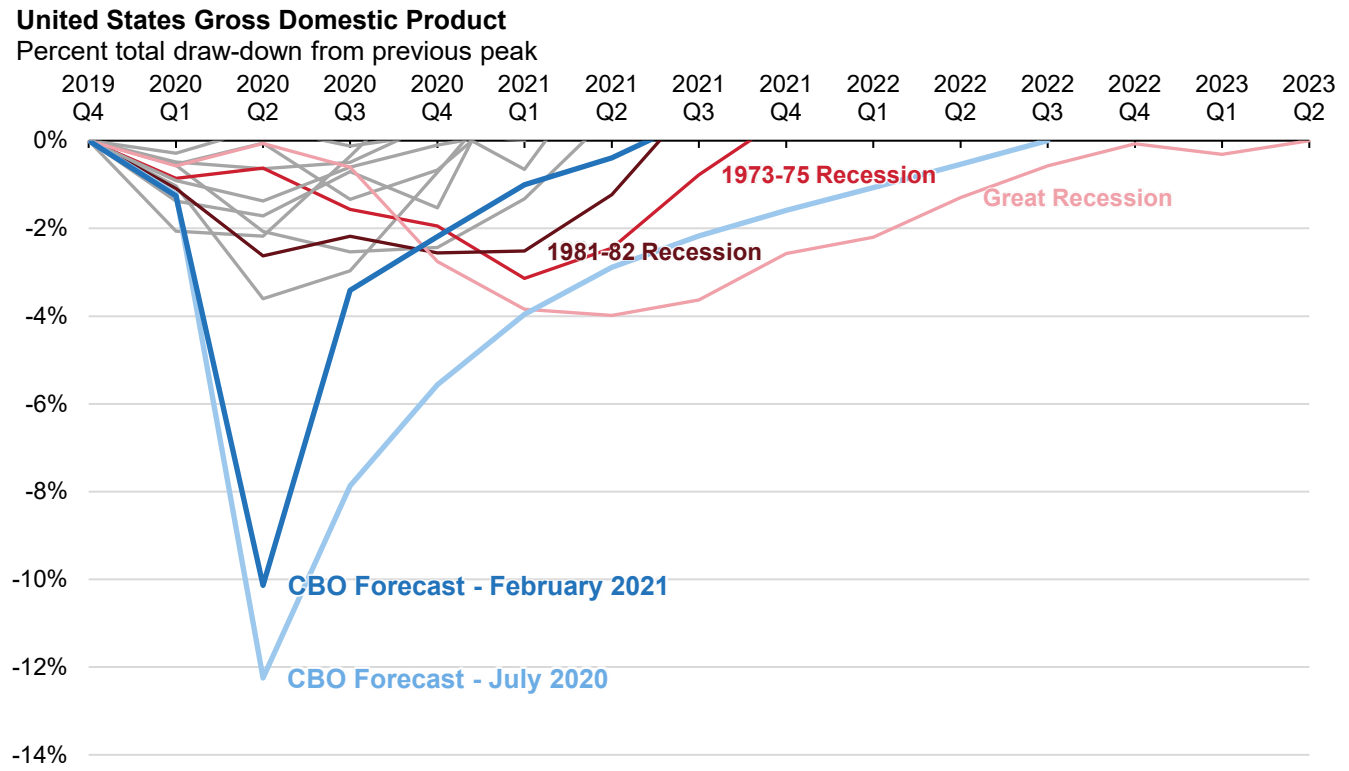
However, when actual results became available, the real U.S. GDP contracted by 8.9% in the second quarter of 2020, which is equivalent to an annual decline of 31.4%, before rebounding by 6.7% in the third quarter of 2020. According to the most recent release of 10-year projections released early February 2021, the U.S. GDP is estimated to continue rebounding during the fourth quarter of 2020 as concerns about the pandemic diminish and as state and local governments ease stay-at-home orders, bans on public gatherings, and other measures to limit

¹⁰⁸ BCG, COVID-19 Consumer Sentiment Snapshot #11: Getting to the Other Side, June 2, 2020. Accessed online at <https://www.bcg.com/publications/2020/covid-consumer-sentiment-survey-snapshot-6-02-20>

¹⁰⁹ The Wall Street Journal, The Covid Pandemic Could Cut Business Travel by 36%—Permanently, December 1, 2020. Accessed online at <https://www.wsj.com/articles/the-covid-pandemic-could-cut-business-travel-by-36permanently-11606830490>

the spread of COVID-19. On an annual basis, the CBO estimates that the U.S. GDP decreased by 3.4% in 2020 and forecasts that GDP will increase by 4.6% in 2021. The February release projects that GDP would recover to fourth quarter of 2019 levels by the third quarter of 2021. **Figure 3-17** provides a comparison of GDP declines (as of second quarter 2020) to the current CBO forecast (February 2021), the previous release of the forecast, and other major U.S. recessions since 1947. Should the U.S. economy deviate materially from these estimates, aviation activity could vary from the projections presented herein.

Figure 3-17 U.S. GDP Comparison during Recessions



Sources: U.S. Bureau of Economic Analysis, National Income and Product Accounts; Congressional Budget Office, An Overview of the Budget and Economic Outlook: 2021 to 2031, February 2020.

For the purposes of the projections used for this analysis, it is assumed that the February 2021 CBO projections represent more of an optimistic scenario for economic recovery. For the purposes of developing a projection for financial feasibility purposes, the baseline projection assumes that long-term recovery will be somewhat more protracted resembling the tail of the July 2020 CBO projection and that GDP recovery will occur closer to the first quarter of 2022.

3.4.3 Enplaned Passengers Projection

Based on the assumptions detailed above, enplaned passengers at the Airport are projected to recover to 2019 levels, or 18.4 million, by 2024. Under the baseline projection, total enplaned passengers at the Airport are projected to reach 18.8 million in 2026. **Table 3-22** provides a summary of the enplaned passenger projection by segment.

Table 3-22 Enplaned Passenger Projection (2019-2026)

| Year | Enplaned Passengers (in thousands) | | | |
|-----------------------------|------------------------------------|---------------|--------|-----------------|
| | Domestic | International | Total | Percent of 2019 |
| 2019 (actual) | 16,727 | 1,637 | 18,364 | 100.0% |
| 2020 (actual) | 6,663 | 363 | 7,027 | 38.3% |
| 2021 (budget) | 10,293 | 707 | 11,000 | 60.0% |
| 2022 | 14,470 | 1,215 | 15,685 | 85.5% |
| 2023 | 15,849 | 1,540 | 17,390 | 94.8% |
| 2024 | 16,869 | 1,630 | 18,499 | 100.8% |
| 2025 | 17,029 | 1,638 | 18,668 | 101.7% |
| 2026 | 17,171 | 1,645 | 18,816 | 102.5% |
| Compound Annual Growth Rate | | | | |
| 2019-20 | -60.2% | -77.8% | -61.7% | |
| 2020-21 | 54.5% | 94.8% | 56.5% | |
| 2021-26 | 10.8% | 18.4% | 11.3% | |

Note: This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics> (actual data).

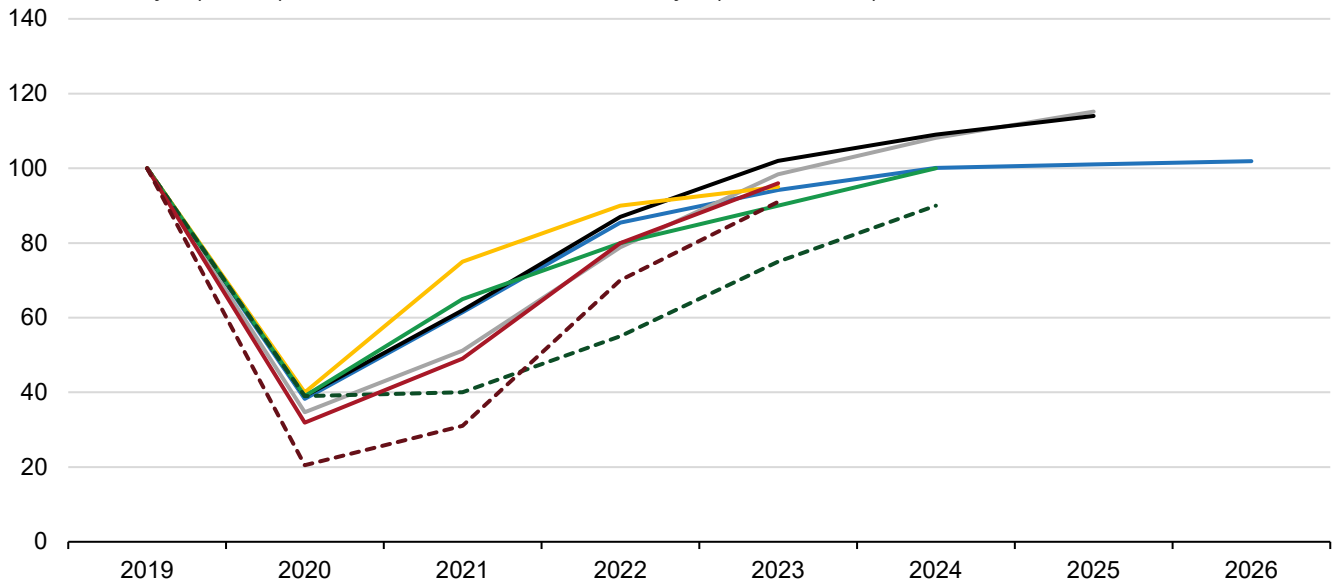
Figure 3-18 compares the enplaned passenger projection with a selection of recovery forecasts from ACI, Fitch Ratings, IATA, Moody's Investor Service, and S&P Global Ratings. As shown, the projection for the Airport is generally in-line with ACI and Fitch (Rating Case) in the early years of the recovery. The projection for the Airport is somewhat more conservative in assume a recovery to 2019 levels by 2024 than the ACI and IATA forecast and similar to the Fitch (Rating Case). This project is somewhat more aggressive than the Fitch Ratings (Severe Downside) and Moody's (Slower/Base) scenarios. However, a slower recovery projection scenario is also presented later in this chapter.

Figure 3-18 Comparison of Enplaned Passenger Projections

Air Passenger Traffic Forecast

Index 2019 = 100

- Report Forecast
- ACI (Domestic Passenger Forecast)
- Fitch Ratings (Rating Case)
- Moody's (Faster)
- IATA Forecast (Global RPKs)
- S&P Global Ratings
- Fitch Ratings (Severe Downside)
- Moody's (Slower/Base)



Note: This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

Sources: IATA Outlook for Air Transport and the Airline Industry, November 24, 2020. ACI, State of the Airport Industry - COVID-19 Impact and Outlook, December 20, 2020. Fitch Ratings, North American Airport and Airline Pressures to Ease, Accelerating Recovery Later This Year”, March 11, 2021. Moody's Analytics, 2021 outlook negative with high degree of traffic uncertainty, airline financial health, December 1, 2020. S&P Global Ratings, Updated Activity Estimates for U.S. Transportation Infrastructure Show Public Transit and Airport Operators Still Face A Long Recovery”. January 13, 2021.

3.4.4 Aircraft Landed Weight Projection

It was assumed that the passenger airlines’ average landed weights will generally follow the enplaned passenger trends described above. Cargo airlines’ landed weights have not experienced as deep of a downturn from COVID-19 and are projected to remain relatively stable. **Table 3-23** provides a summary of the landed weight passenger forecast by segment.

Table 3-23 Landed Weight Projection (2019-2026)

| Year | Landed Weight (in million-pound units) | | | |
|-----------------------------|--|-----------|--------|-----------------|
| | Passenger Airlines | All-Cargo | Total | Percent of 2019 |
| 2019 | 21,792 | 883 | 22,675 | 100.0% |
| 2020 | 12,584 | 867 | 13,451 | 59.3% |
| 2021 | 15,024 | 876 | 15,900 | 70.1% |
| 2022 | 18,479 | 872 | 19,352 | 85.3% |
| 2023 | 20,491 | 872 | 21,362 | 94.2% |
| 2024 | 21,800 | 875 | 22,674 | 100.0% |
| 2025 | 21,998 | 875 | 22,874 | 100.9% |
| 2026 | 22,173 | 876 | 23,049 | 101.6% |
| Compound Annual Growth Rate | | | | |
| 2019-20 | -42.3% | -1.8% | -40.7% | |
| 2020-21 | 19.4% | 1.0% | 18.2% | |
| 2021-26 | 8.1% | 0.0% | 7.7% | |

Note: This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics>.

3.4.5 Slower Recovery Projection

Given the uncertainty on the pace and magnitude of the recovery from the impacts associated with the COVID-19 pandemic, L&B prepared a slower recovery projection for the enplaned passengers at the Airport. The financial impacts associated with this enplaned passenger scenario are analyzed in Chapter 5. The following summarizes the assumptions and presents the results of the slower recovery projection.

- **Slow-Adoption of Vaccine:** The slow-adoption timeline assumes that a portion of the population is hesitant to take the vaccine for various reasons. This requires that natural immunity will have to account for a larger share of required persons to be immune in order to achieve population immunity. Based on this, population immunity is assumed to be achieved in the third quarter of 2022.
- **Long-Term GDP Recovery:** In the July release of its GDP forecast, the CBO projected that GDP would recover to fourth quarter of 2019 levels by the third quarter of 2022. It was assumed for the purposes of the slower recovery that it will take until the third quarter of 2022 for the U.S. GDP to recover.
- **Loss of Business Travelers:** Under the baseline projection, it was assumed that there would be an 8% loss in business traffic during the projection period. For the purposes of the slower recovery projection, this loss was assumed to be 15% during the projection period.
- **Reduced Connecting Traffic:** In 2019, 42.8% of domestic enplaned passengers at the Airport were connecting. For the purposes of the slower recovery projection, it was assumed that is a loss of approximately 20% of connecting traffic at the Airport during the projection period. At this time and as

presented earlier in this chapter, the loss of connecting traffic does not appear likely; however, it has been assumed for the purposes of preparing a hypothetical pessimistic scenario.

Table 3-24 presents the results of the slower recovery projection as compared to the baseline. As shown, under the baseline, enplaned passengers are projected to reach over 18.8 million in 2026. Under the slower recovery scenario, enplaned passengers are projected to reach approximately 16.7 million in 2026.

Table 3-24 Enplaned Passenger Sensitivity Projections

| Year | Enplaned Passengers (in thousands) | | |
|-----------------------------|------------------------------------|-----------------|--|
| | Baseline | Slower Recovery | Slower Recovery as a Percent of Baseline |
| 2019 (actual) | 18,364 | 18,364 | 100.0% |
| 2020 (actual) | 7,027 | 7,027 | 100.0% |
| 2021 (budget) | 11,000 | 8,318 | 73.7% |
| 2022 | 15,685 | 12,189 | 77.7% |
| 2023 | 17,390 | 15,272 | 88.3% |
| 2024 | 18,499 | 16,328 | 88.9% |
| 2025 | 18,668 | 16,489 | 88.9% |
| 2026 | 18,816 | 16,654 | 89.0% |
| Compound Annual Growth Rate | | | |
| 2019-20 | -61.7% | -61.7% | |
| 2020-26 | 17.8% | 15.5% | |

Note: These projections are based on current expectations and information and are not intended as a representation of facts or guarantee of results.

Source: Wayne County Airport Authority, Aviation Statistics, accessed at <https://www.metroairport.com/business/about-wcaa/facts-figures/aviation-statistics> (actual data).

As indicated above, many of the factors affecting air travel demand are not necessarily quantifiable. As a result, all projections are subject to uncertainty. While the global COVID-19 pandemic is currently ongoing, other economic disturbances could occur over the forecast period. Therefore, these projection scenarios, as with any projection, should be viewed as a general indication of future aviation activity as opposed to a precise prediction. Actual future traffic is likely to vary from this projection, and such variances could be material.

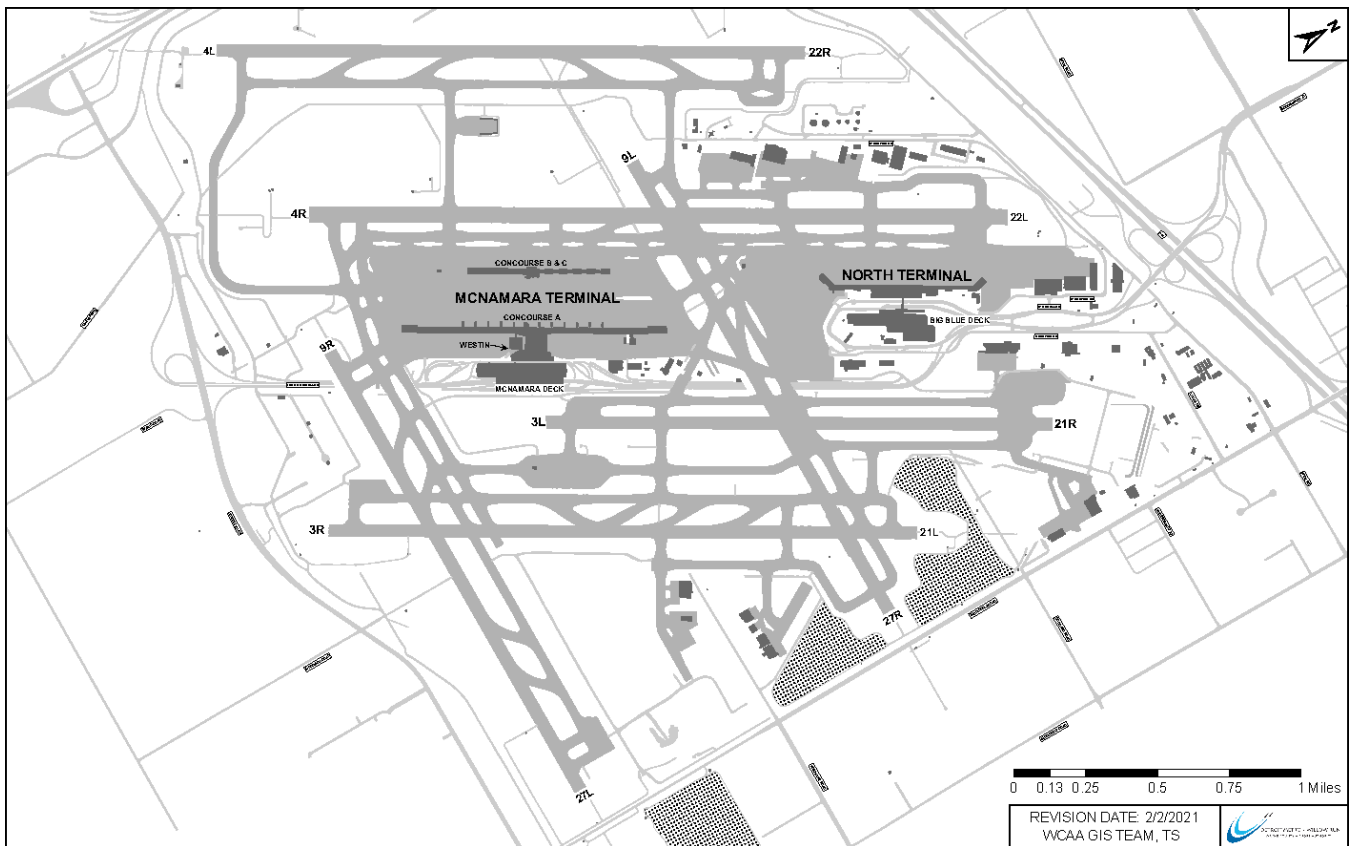
4 Airport Facilities and Capital Program

This Chapter provides an overview of existing Airport facilities and describes the Airport’s Capital Improvement Program (CIP), the Series 2021 Projects, and other planned capital improvements at the Airport with Weighted Majority approval from the Signatory Airlines, referred to as Other Approved Capital Projects for the purposes of this Report.

4.1 Existing Airport Facilities

The Airport comprises approximately 6,255 acres of land in Wayne County, Michigan and the City of Romulus. It is located approximately 21 miles southwest of the City of Detroit’s downtown. Access to the Airport is primarily from Interstate 94 (north of the Airport), Interstate 275 (west of the Airport), and Interstate 75 and the Southfield Freeway (east of the Airport). Existing Airport facilities are described in sections below and are graphically illustrated on **Figure 4-1**.

Figure 4-1 Airport Layout



Source: Authority management records.

4.1.1 Airport History

The plan to build a major commercial airport in Detroit was conceived on April 12, 1927. Originally called Wayne County Airport, the Airport served as a general aviation facility. In 1929, a landing strip was installed along with several maintenance buildings, and the Wayne County Airport was dedicated and opened to the public in September 1929. Thompson Aeronautical Corporation, a predecessor company of American Airlines, inaugurated service from Wayne County Airport and, in 1931, the Airport became the base for the Michigan Air National Guard. In 1958, the Airport was renamed Detroit Metropolitan Wayne County Airport. A history of the Airport's growth over certain historical time periods is summarized below.

- **1960s and 1970s.** In the 1960s several Airport facilities were completed including those for general aviation, freight forwarders, a new fire station, power plant, a United Airlines Cargo building and an in-flight kitchen, a Hertz Rent-A-Car Service building, an addition to the American Airlines Air Freight building, and a parking structure. In 1966, Terminal 2 was constructed. In 1967, L.C. Smith Terminal, Runway 9-27, and Runway 3L-21R were expanded. In 1974, the Michael Berry International Terminal was completed. In 1975, Terminal 2 was renamed J. M. Davey Terminal, honoring former Airport Manager, James M. Davey. In 1976, the third parallel runway (3R-21L) was completed.
- **1980s and 1990s.** In 1984, Republic Airlines created its hub at the Airport, spurring a boom in air traffic. Later in 1986, Northwest Airlines and Republic Airlines merged, creating an even larger hub at the Airport. That same year the renovation and expansion of facilities at the Airport including new taxiways and hold pads on the airfield to better facilitate the flow of aircraft traffic were financed. In 1993, a second Crosswind Runway, 9R-27L, opened with a length and width of 8,500 feet by 150 feet. In 1997, Northwest Airlines opened an extension to Concourse C, including a new moving walkway to accommodate passengers to six new gates. The Airport's gate total increased to 99 gates.
- **2000s to Present.** In December 2001, the Authority opened its fourth parallel runway (4L-22R). February 24, 2002 marked the opening of the new \$1.2 billion state-of-the-art Edward H. McNamara Terminal/Northwest World Gateway. This terminal had 97 gates for Northwest Airlines, more than 80 shops and restaurants, an indoor express tram that travels the mile-long Concourse A in less than three minutes, international and domestic connections in the same facility, and an 11,500-space parking garage. On March 26, 2002, Michigan Public Act 90 (the Authority Act) was enacted, establishing the Wayne County Airport Authority and transferring sole and exclusive operational jurisdiction of the Airport and Willow Run Airport to the Authority on August 9, 2002. In 2005, the James M. Davey Terminal, formerly the home of Northwest Airlines' hub at Detroit, was demolished to make room for a new North Terminal, which opened on September 17, 2008. At the same time, the Airport's Smith and Berry Terminals were retired as passenger facilities. On December 31, 2009, Delta and Northwest Airlines officially merged operating certificates, operating under the Delta Air Lines name and continuing to operate a major hub at the Airport. The Authority's administrative staff officially moved from the former Smith Terminal into the newly constructed Michael Berry Administration Building, adjacent to the North Terminal in August 2017. The Berry Terminal and Smith Terminal were demolished in December 2019 and December 2020, respectively.

4.1.2 Airfield Facilities

The Airport has six runways, including four parallel runways that are oriented northeast-southwest (designated 4L-22R, 4R-22L, 3L-21R, and 3R-21L) and two parallel runways oriented east-west (designated 9L-27R and 9R-27L). **Table 4-1** summarizes the published lengths and widths of each runway, and the runways are also depicted on Figure 4-1.

Table 4-1 Runway Dimensions

| Runway | Length (Feet) | Width (Feet) |
|--------|---------------|--------------|
| 4L-22R | 10,000 | 150 |
| 4R-22L | 12,003 | 200 |
| 3L-21R | 8,501 | 200 |
| 3R-21L | 10,001 | 150 |
| 9L-27R | 8,708 | 150 |
| 9R-27L | 8,500 | 150 |

Source: Federal Aviation Administration, Airport Facility Directory.

The Airport's runways are equipped with high intensity runway lighting systems and centerline lighting (except for Runway 9L-27R). Precision instrument landing systems (ILS) have been installed on the ends of Runway 4L-22R, Runway 4R-22L, and 3R-21L for approaches during instrument flight rules (IFR) conditions. An ILS is also installed on runway ends 27R and 27L. Runway 3L-21R and runway ends 9L and 9R are not equipped with an ILS.

The Airport has an extensive taxiway system providing safe and efficient access to and from runway ends, terminal facilities, apron areas, and cargo and hangar facilities. Each runway has an associated parallel, full-length taxiway.

4.1.3 Terminal Facilities

The Airport has two passenger terminal complexes, one comprised of – the Edward H. McNamara Terminal, located on the south side of the Airport; and the other comprised of the North Terminal, located on the north side. Figure 4-1 also depicts the Airport's existing terminal complexes.

The Edward H. McNamara Terminal (McNamara Terminal or South Terminal) and its adjacent parking structure opened in February 2002. The terminal was originally constructed to serve as a hub for Northwest Airlines, and is now used exclusively by Delta, the Delta Connection Carriers, and Delta's SkyTeam Alliance partners. At the time of its opening, the terminal and concourses provided 97 aircraft gates, and in December 2002, the Westin Hotel, with direct connection to the terminal, opened. The one-mile long Concourse A was the first in the U.S. to have an indoor tram that traverses the length of the concourse. Concourses B and C are located to the west of Concourse A connected by an underground tunnel and moving walkways. The Lower Level contains the FIS facility, customs facility, and international passenger baggage claim. It also contains offices for Customs and Border Protection (CBP), as well as airline support space, and security re-check for connecting passengers. In 2005, Concourses B and C were expanded to accommodate increased service, raising the aircraft gate total to 121, and total terminal space to approximately 2.28 million square feet. In 2015 and 2016, because of changes in aircraft fleet mix and the ongoing phase out of 50-seat regional jets, Delta closed 16 gates on the north end of Concourse C; but continues to lease these now unoccupied gates. While the 16 gates are not currently in operation, they could be re-opened for use if demand warrants. In addition, Gate A1 is not currently being operated because of various operational constraints. A pedestrian bridge connects the McNamara Terminal to level 6 of the parking garage and provides vertical circulation to a Ground Transportation Center.

The North Terminal was opened for operation in September 2008 and accommodates all domestic and foreign flag passenger airlines except Delta, the Delta Connection Carriers, and certain other SkyTeam affiliated airlines.

It was constructed to replace the Berry and Smith Terminals. The North Terminal currently provides a total of 29 gates and approximately 923,000 square feet of space on two levels.¹¹⁰ Five of the gates are controlled by the Authority as common use gates and four of the five common use gates can serve both international and domestic flights. The facility is designed to be expandable as demand warrants. The North Terminal includes a central terminal facility, a 29-aircraft gate airside concourse, approximately 50,200 square feet of concessions space, and an FIS facility of approximately 26,000 square feet with the capacity to process up to 800 passengers per hour.

The Lower Level of the North Terminal contains both the passenger baggage claim and the baggage handling and sorting areas used by airline personnel. Additionally, there are airline office spaces adjacent to the claim areas to support passenger luggage retrieval, Airport police, Authority building maintenance office space, and storage and mechanical spaces. The Upper Level contains ticket counter check-in positions, airline electronic kiosks for passenger check-in, airline office space, two passenger security screening checkpoints, several concessions spaces in the secure areas of the building and building mechanical rooms. A vertical circulation core at the front of the building provides access to a bridge over the departures level roadway which connects to the ground transportation center (GTC) and parking garage.

Table 4-2 presents the current number of aircraft gate positions at the Airport by concourse and used by the airlines.

Table 4-2 Aircraft Gate Use at the Airport

| Airline | McNamara Terminal | | | North Terminal | Total |
|----------------------|-------------------|-------------|-----------------|----------------|------------|
| | Concourse A | Concourse B | Concourse C | Concourse D | |
| American | | | | 7 | 7 |
| Delta | 63 ¹ | 17 | 41 ¹ | | 121 |
| Frontier | | | | 1 | 1 |
| JetBlue | | | | 1 | 1 |
| Southwest | | | | 4 | 4 |
| Spirit | | | | 6 | 6 |
| United | | | | 5 | 5 |
| Authority Controlled | | | | 5 | 5 |
| Total | 63 | 17 | 41 | 29 | 150 |

Note: ¹ In 2015 and 2016, because of changes in aircraft fleet mix and the ongoing phase out of 50-seat regional jets, Delta closed 16 gates on the north end of Concourse C; however, Delta is still leasing these now unoccupied gates and they have been included in the amounts on the table. In addition, Gate A1 is not currently being operated because of various operational constraints.

Source: Detroit Metropolitan Wayne County Airport Master Plan Update

¹¹⁰ In 2019, three additional passenger boarding gates and passenger loading bridges were opened at the north end of the North Terminal and were funded with the proceeds from the Series 2018 Bonds as a Series 2018 Project. These three new gates were accommodated within the existing North Terminal building footprint.

4.1.4 Public Parking Facilities

Public parking at the Airport currently consists of 18,430 spaces at both structured facilities and surface lots. Structured parking is currently available adjacent to both the McNamara Terminal and North Terminal to allow for convenient pedestrian access. The various parking products offered to passengers at the Airport are described below.

- The McNamara Terminal provides a 10-level garage containing long-term parking for 8,343 vehicles and short-term parking for 729 vehicles. This garage also provides 404 spaces for valet parking.
- The Big Blue Deck, a six-level garage, provides public parking at the North Terminal. The Big Blue Deck provides long-term parking for 6,335 vehicles and short-term parking for 203 vehicles.
- The Airport also has had in the past additional public parking for a flat daily rate at two surface lots located near the North Terminal. Green Lot 1 contains 1,520 long-term parking spaces and Green Lot 2 contains 896 economy and long-term spaces available for public use. Free continuous shuttles had been available to both the North and McNamara Terminals from these lots. The Green Lots are currently closed because of the current impacts associated with the COVID-19 pandemic. There is currently no planned date to reopen these lots; however, they are planned to be re-opened when demand returns.
- In addition, two cell phone lots are available near the northern and southern entrances of the Airport. These lots were created as part of an initiative to reduce curbside waiting at the Airport.

The Airport currently provides over 6,000 employee parking spaces primarily at three separate locations. The South Employee Lot is designated as an employee-only surface lot with approximately 4,500 spaces, situated off Eureka Road just east of the south Airport entrance. The North Employee Lot provides approximately 600 employee parking spaces, and the McNamara Parking Garage contains approximately 780 designated employee parking spaces. Additional locations for employee parking are the parking lots adjacent to the prior L.C. Smith Terminal with approximately 250 spaces and 172 parking spaces for use outside of the Authority's Public Safety building.

4.1.5 Rental Car Facilities

The rental car facilities are located in the northeast corner of Airport property and encompass approximately 65 acres. These areas include ready/return spaces, service areas, quick turn-around facilities, and customer service buildings and areas. The rental car facilities are bounded by Goddard Road (north), Middlebelt Road (east), and East Service Drive (west). Lucas Drive bisects the rental car area and provides the primary access and egress to each of the on-Airport rental car sites. There are six on-Airport rental car sites (Budget-Payless, Hertz-Firefly, Avis, Alamo-National, Dollar-Thrifty, and Enterprise). All rental car facilities are accessed by arriving passengers by following signage to each terminal's GTC and then riding the rental car company's shuttle. Most rental car companies operate two independent shuttle routes, one for each terminal.

4.1.6 Ancillary Facilities

Ancillary facilities support the aviation-related activities at the Airport. The facilities identified as ancillary are categorized as general aviation, cargo facilities, aircraft maintenance facilities, fuel farm, the public safety building, and other airport facilities.

- **General Aviation.** General aviation and corporate aviation facilities are generally located on the southern portion of the Airport with one facility on the northern end. The fixed base operator (FBO) at the Airport is Signature Flight Support, which accommodates aircraft parking, fuel, hangars, catering, and other flight support services.
- **Air Cargo/Mail Facilities.** Air cargo facilities at the Airport are located in three general areas of Airport property. The largest air cargo tenants, DHL, FedEx and United Parcel Service, are in different areas of the airfield. DHL and FedEx are in the northwest area of the Airport in Building 714A adjacent to Taxiway Z. United Parcel Service's facility is located on the southern portion of the Airport between the ends of Runways 27R and 27L. Delta Cargo operates out of Building 536, located adjacent to the Green Lot 2. Several other passenger airline and smaller cargo facilities are also located in the northern area of the Airport with access from Merriman Road.
- **Aircraft Maintenance Facilities.** Several aircraft maintenance operation facilities are based at the Airport. These facilities are located in various areas of the of the North Terminal core area. Some of these include facilities for Delta, Spirit, United Parcel Service, and FedEx. Aircraft serviced at these facilities include large wide-body aircraft (i.e., Boeing 747s) to smaller general aviation type aircraft.
- **Fuel Farm.** The fuel farm at the Airport is located in the northwestern section of the airfield and consists of four 20,000-barrel fuel storage tanks and two 65,000-barrel fuel storage tanks. The fuel farm has a capacity of over four million gallons and an estimated five days of storage capacity. The fuel facilities at the Airport also include a truck load rack, underground pipelines and underground hydrant systems that serve the McNamara Terminal and North Terminal. Delta operates the entire fuel system at the Airport for its benefit as well as the benefit of the other air carriers at the Airport pursuant to a fueling system lease with the Authority, and under an operating agreement with Swissport.
- **Public Safety Building.** This building houses the consolidated functions related to the Airport Response Center (ARC), Emergency Operations Center (EOC), Badging and Credentials, and the Police Operations Facility (POC) within a "state of the art" single story building.
- **Berry Administration Building.** In August 2017, the Authority moved its administration offices from the Smith Building (formerly the Smith Terminal, which was demolished in December 2020) to the Berry Administration Building. This new facility is a four-story, 85,600 square-foot office building connected to the north end of the North Terminal. The Berry Administration Building is connected to the non-secure side of the North Terminal through a pedestrian bridge. The building's design considers modern workplace best practices along with security concerns, and sustainable principles. The Authority obtained Leadership in Energy and Environmental Design (LEED) certification with the United States Green Building Council (USGBC) for the building.
- Other Airport support facilities include, but are not limited to, aircraft rescue and firefighting (ARFF) facilities, flight kitchens, and an airport traffic control tower (ATCT). The primary ARFF station is located just north of the McNamara Terminal and south of Runway 9L-27R. The Airport also has a smaller secondary ARFF facility located near Taxiway V adjacent to the FedEx cargo apron. Additionally, the Airport has a landside ARFF station serving the roadways and terminals located along Rogell Drive. LSG Sky Chefs prepares meals for flights departing from the Airport and operates out of the one flight kitchen facility at the Airport (Building 505), which is leased to Delta and subleased to DO & CO. The ATCT is located north of the McNamara Terminal and it also houses the Terminal Radar Approach Control (TRACON) facility that serves the Airport and other regional airports.

4.2 Willow Run Airport

The Authority also operates and maintains Willow Run Airport, which is approximately 11 driving miles west of the Airport. Willow Run is situated between Ypsilanti and Van Buren townships (between Wayne and Washtenaw counties) on approximately 2,600 acres of land north of I-94 and southeast of Michigan Avenue. Willow Run is classified in the FAA's National Plan of Integrated Airport Systems (NPIAS) as a "reliever" airport to the Airport. It does not have any commercial passenger airline service and accommodates general aviation activity, as well as on demand air cargo operators. According to the FAA's Air Carrier Activity Information System (ACAIS), Willow Run was the nation's sixth largest non-passenger commercial service airport in terms of all-cargo aircraft landed weight for 2019, which is the latest data available.

Willow Run Airport was originally constructed in 1941 during World War II to support aircraft production. The original airfield consisted of six runways, three of which remain today. The airport's main hangar was used as a passenger terminal from 1946 to 1966 when Willow Run served as the primary commercial service airport for the region. Following development of the Airport, Willow Run was used exclusively for general aviation activity. Beginning in the early 1990s, on-demand/just-in-time air cargo operators specializing in transportation of automotive-related parts and supplies and other freight began to use the facility. Today, Willow Run serves as a base for many of the Detroit region's on-demand/just-in-time cargo operators, including USA Jet, Kalitta Charters, and Ameristar.

The following briefly summarizes the key facilities at Willow Run:

- **Airfield.** The airfield includes three runways (two northeast-southwest oriented parallel runways and one crosswind east-west oriented runway), and associated taxiways, aprons, and other safety-related protection zones.
- **Air Cargo.** Willow Run Airport accommodates air cargo operators who provide on-demand air cargo services that support the timely movement of manufactured components for the automobile industry in Southeast Michigan. Cargo operators are currently located in the southwest section of the airport.
- **General Aviation.** A number of prominent businesses in the region base aircraft at the airport, as well as recreational general aviation aircraft owners. There are three general aviation terminals located at the airport operated by AvFlight and Odyssey Aviation. Eastern Michigan University's Eagle Flight Centre is based at the airport and conducts a significant amount of flight training activity. In addition, the Yankee Air Museum bases a number of historical World War II military aircraft at the airport.
- **Ground Transportation and Parking.** Tyler Road provides the primary access to Willow Run Airport from both the east via Beck Road and the west via Interstate 94 and U.S. Route 12. Parking is available at a surface lot west of Hangar 1 on the west side of the airfield, and at a number of individually maintained lots located adjacent to hangar facilities on the east side of the airfield. Parking is also located adjacent to Kalitta Charters on the south side of the airfield and the Hanz Air hangar on the north side of the airfield.
- **Aviation Support Facilities.** The ARFF building and the airfield electrical vault are located adjacent to the east apron. The snow removal equipment/maintenance facility is also located on the west side of the airfield along Tyler Road and the fuel farm is located on Tyler Road to the south. The ATCT is located midfield of the airport with access provided via the east apron.

4.3 Airport Capital Improvement Program

The Authority manages Airport capital projects through an on-going five-year Capital Improvement Program. The current Capital Improvement Program encompasses plans for current and future Airport capital projects for OY 2021 through OY 2025 (CIP). The CIP is an important tool used for formulating future project financing plans, maximizing federal and state grant opportunities and pro-actively planning for the replacement or reconstruction of essential infrastructure components that are nearing the end of their useful or service life. The CIP provides a framework for scheduling and coordinating execution of multiple projects to minimize operational impact. The majority of the capital projects in the CIP tend to be "routine" projects for a major airport, including reconstruction or rehabilitation of runways, taxiways, parking decks and roadways, and environmental or planning studies.

This Report divides the capital projects in the CIP into three main categories, described below, for the purpose of identifying the CIP projects included in the financial analysis contained in Chapter 5 of this Report.

The categories of the Airport's five-year CIP used in this Report are further described as follows.

- **Series 2021 Projects.** This CIP category is comprised of those projects to be funded, either in whole or in part, with proceeds of the Series 2021 Bonds. A Weighted Majority has approved all of the Series 2021 Projects. The capital and operating costs associated with the Series 2021 Projects are included in the financial analysis contained in Chapter 5 of this Report. The Series 2021 Projects are further described later in this chapter.
- **Other Approved Capital Projects.** This CIP category is comprised of additional projects that a Weighted Majority has approved but have not been previously funded in whole and also are not being funded with proceeds of the Series 2021 Bonds. The Authority presently intends to issue Additional Bonds during the projection period of this Report to fund the balance of the cost of these Other Approved Capital Projects. The capital costs of the Other Approved Capital Projects are included in the financial analysis contained in Chapter 5 of this Report. The Other Approved Capital Projects are described later in this chapter.
- **Other CIP Projects.** This CIP category is comprised of all other CIP projects that are neither Series 2021 Projects nor Other Approved Capital Projects as defined above. These projects include: (i) those CIP projects that a Weighted Majority has approved and have been funded previously with proceeds of bonds issued by the Authority in the past, and which either currently are in process or have not yet been started, and (ii) those CIP projects that the Authority has not yet fully formulated and/or still are in the conceptual phase, and for which the Authority has not yet requested Weighted Majority approval. It is possible that certain Other CIP Projects may be deferred or not otherwise undertaken by the Authority during the projection period (depending on circumstances such as whether a Weighted Majority is willing to approve the as-yet unapproved projects, level of aviation demand, the availability of project funding, more refined scope and cost information for various projects, etc.). The capital costs related to the existing bond proceeds for previously funded Other CIP Projects are included in the financial analysis contained in Chapter 5 of this Report. However, the capital costs for the Other CIP Projects for which Weighted Majority approval has not yet been requested are not included in the financial analysis contained in Chapter 5 of this Report.

The following sections describe in more detail the CIP, the Series 2021 Projects, and the Other Approved Capital Projects.

4.3.1 Overall Five-Year Capital Improvement Program

As described above, the Authority plans for its overall capital development program through an on-going five-year Capital Improvement Program. The CIP includes all of the categories of projects described above for the purposes of this Report. **Table 4-3** presents the CIP and projected expenditures from OY 2021 through OY 2025. As shown, the capital projects in the CIP are estimated to cost approximately \$823.6 million.

The Authority anticipates that the CIP projects will be funded from a combination of federal grants, other Airport funds, proceeds from existing bonds, proceeds from the Series 2021 Bonds, and proceeds from Additional Bonds. **Table 4-4** presents the CIP by project element and anticipated funding sources for the planned \$823.6 million of project costs. As shown on Table 4-4, future bond proceeds required to fund the CIP are further categorized into two separate groups for the purposes of this Report: "Future Bond Proceeds" and "Other CIP Projects Future Bond Proceeds." Future Bond Proceeds with respect to the Other Approved Capital Projects are the proceeds of Bonds currently planned to be issued in the future to fund the Other Approved Capital Projects. Future Bond Proceeds of approximately \$43.3 million are included as part of the financial analysis included in this Report. Other CIP Projects Future Bond Proceeds are the proceeds of Bonds currently planned to be issued in the future to fund those Other CIP Projects that have not been approved yet by a Weighted Majority and are not included in the financial analysis of this Report.

To further summarize the five-year CIP, **Table 4-5** presents the funding plan for the three main CIP categories used in this Report.

As shown above in Table 4-5, the Series 2021 Projects have estimated project costs of approximately \$195.2 million and are planned to be funded by approximately \$15.2 million of expected federal grant funds, \$3.0 million of proceeds of existing Bonds, and approximately \$177.0 million of proceeds of the Series 2021 Bonds.

The Other Approved Capital Projects have estimated project costs of approximately \$48.3 million and are planned to be funded by \$4.9 million of existing Bond proceeds and approximately \$43.3 million of Future Bond Proceeds. The planned funding for both the Series 2021 Projects and the Other Approved Capital Projects is discussed in more detail below.

The Other CIP Projects have estimated project costs of approximately \$580.1 million and are planned to be funded by approximately \$47.4 million of other funds, approximately \$1.2 million of proceeds of existing bonds, and approximately \$511.9 million of Other CIP Future Bond Proceeds. As indicated previously, many of the Other CIP Projects still require Weighted Majority approval in order to be funded by Bond proceeds, and, the Other CIP Projects Future Bond Proceeds are not included in the financial analysis contained in this Report.

Table 4-3 Airport's Five-Year Capital Improvement Program Costs by Element
(in thousands of dollars) ^{1, 2}

| Project Element | Estimated Total Project Costs | Expenditures Prior to 12/31/2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025+ |
|--|-------------------------------|----------------------------------|------------------|-----------------|------------------|------------------|------------------|
| Airfield ³ | \$555,762 | \$477 | \$63,250 | \$62,500 | \$120,085 | \$44,200 | \$265,250 |
| Power Plants & Electrical Distribution | 51,400 | 6,300 | 19,600 | 5,900 | 9,600 | 500 | 9,500 |
| Parking & Ground Transportation Facilities | 88,150 | 2,150 | 12,150 | 6,000 | 14,000 | 18,250 | 35,600 |
| Bridges & Roadways ³ | 48,000 | -- | 1,300 | 9,800 | 9,300 | 21,700 | 5,900 |
| Security & Communications | 22,870 | 8,145 | 2,125 | 4,070 | 3,830 | 3,500 | 1,200 |
| Support Facilities | 28,849 | 880 | 144 | 1,725 | 2,000 | 10,800 | 13,300 |
| Site Redevelopment & Demolitions | 4,600 | 1,560 | 1,200 | -- | -- | 400 | 1,440 |
| Terminals | 14,975 | 100 | 3,884 | 4,367 | 1,625 | 5,000 | -- |
| Water, Sanitary, & Stormwater System | 8,200 | -- | -- | -- | 4,400 | 3,800 | -- |
| Other Projects | 800 | -- | -- | -- | 800 | -- | -- |
| Total | \$823,606 | \$19,612 | \$103,653 | \$94,362 | \$165,640 | \$108,150 | \$332,190 |

Notes: ¹ All of the Series 2021 Projects and Other Approved Capital Projects (defined herein) have been approved by a Weighted Majority. Many of the Other CIP Projects require approval by a Weighted Majority in order to fund such projects with Bond proceeds, expenditure schedules are subject to change, and projects are subject to demand and available funding.

² Current cost estimates and construction schedules may vary from the Board-approved five-year CIP.

³ The CIP approved by the Board of the Authority in December 2020, has a total estimated project cost of approximately \$868.9 million.

Amounts may not add because of rounding.

Source: Authority management records, May 2021

Table 4-4 Airport's Five-Year Capital Improvement Program Costs by Funding Source (in thousands of dollars)^{1, 2}

| Project Element | Estimated Total Project Costs | Expenditures Prior to 12/31/2020 | Other Funds | Existing Bond Proceeds | Series 2021 Bond Proceeds | Future Bond Proceeds ³ | Other CIP Projects Future Bond Proceeds ⁴ |
|--|-------------------------------|----------------------------------|-----------------|------------------------|---------------------------|-----------------------------------|--|
| Airfield ⁵ | \$555,762 | \$477 | \$60,200 | \$4,904 | \$110,550 | \$33,096 | \$346,535 |
| Power Plants & Electrical Distribution | 51,400 | 6,300 | 400 | -- | 25,100 | -- | 19,600 |
| Parking & Ground Transportation Facilities | 88,150 | 2,150 | 500 | 3,000 | 14,650 | -- | 67,850 |
| Bridges & Roadways ⁵ | 48,000 | -- | 700 | -- | 10,400 | -- | 36,900 |
| Security & Communications | 22,870 | 8,145 | -- | -- | 6,195 | -- | 8,530 |
| Support Facilities | 28,849 | 880 | -- | -- | 1,869 | 10,250 | 15,850 |
| Site Redevelopment & Demolitions | 4,600 | 1,560 | -- | 1,200 | -- | -- | 1,840 |
| Terminals | 14,975 | 100 | -- | -- | 8,250 | -- | 6,625 |
| Water Mains & Stormwater System | 8,200 | -- | -- | -- | -- | -- | 8,200 |
| Other Projects | 800 | -- | 800 | -- | -- | -- | -- |
| Total | \$823,606 | \$19,612 | \$62,600 | \$9,104 | \$177,014 | \$43,346 | \$511,930 |

Notes: ¹ A Weighted Majority has approved all of the of the Series 2021 Projects and Other Approved Capital Projects (defined herein). Certain of the Other CIP Projects require approval by a Weighted Majority in order to fund such projects with Bond proceeds, expenditure schedules are subject to change, and projects are subject to demand and available funding.

² Current cost estimates and construction schedules may vary from the Board-approved CIP.

³ Future Bond Proceeds with respect to the Other Approved Capital Projects are the proceeds of bonds currently planned to be issued in future years to fund the Other Approved Capital Projects. Future Bond Proceeds are included as part of the financial analysis included in this Report.

⁴ Other CIP Projects Future Bond Proceeds are the proceeds of bonds currently planned to be issued in future years to fund Other CIP Projects for which the Authority would need to obtain Weighted Majority approval in order to fund the projects with Bond proceeds and include the debt service on such Bonds in airline rates and charges. Other CIP Projects Future Bond Proceeds are not included in the financial analysis included in this Report.

⁵ The CIP approved by the Board of the Authority in December 2020, has a total estimated project cost of approximately \$868.9 million.

Amounts may not add because of rounding.

Source: Authority management records, May 2021

Table 4-5 Airport’s Five-Year Capital Improvement Program Funding Plan by Category (in thousands of dollars)^{1, 2}

| CIP Category | Estimated Total Project Costs | Expenditures Prior to 12/31/2020 | Other Funds | Existing Bond Proceeds | Series 2021 Bond Proceeds | Future Bond Proceeds ³ | Other CIP Projects Future Bond Proceeds ⁴ |
|---------------------------------|-------------------------------|----------------------------------|-----------------|------------------------|---------------------------|-----------------------------------|--|
| Series 2021 Projects | \$195,214 | \$ -- | \$15,200 | \$3,000 | \$177,014 | \$ -- | \$ -- |
| Other Approved Capital Projects | 48,250 | -- | -- | 4,904 | -- | 43,346 | -- |
| Other CIP Projects | 580,142 | 19,612 | 47,400 | 1,200 | -- | -- | 511,930 |
| Total CIP | \$823,606 | \$19,612 | \$62,600 | \$9,104 | \$177,014 | \$43,346 | \$511,930 |

Notes: ¹ A Weighted Majority has approved all of the of the Series 2021 Projects and Other Approved Capital Projects (defined herein). Certain of the Other CIP Projects require approval by a Weighted Majority in order to fund such projects with Bond proceeds, expenditure schedules are subject to change, and projects are subject to demand and available funding.

² Current cost estimates and construction schedules may vary from the Board-approved CIP. The CIP approved by the Board of the Authority in December 2020, has a total estimated project cost of approximately \$868.9 million.

³ Future Bond Proceeds with respect to the Other Approved Capital Projects are the proceeds of bonds currently planned to be issued in future years to fund the Other Approved Capital Projects. Future Bond Proceeds are included as part of the financial analysis included in this Report.

⁴ Other CIP Projects Future Bond Proceeds are the proceeds of bonds currently planned to be issued in future years to fund Other CIP Projects for which the Authority would need to obtain Weighted Majority approval in order to fund the projects with Bond proceeds and include the debt service on such Bonds in airline rates and charges. Other CIP Projects Future Bond Proceeds are not included in the financial analysis included in this Report. Amounts may not add because of rounding.

Source: Authority management records, May 2021

4.3.2 The Series 2021 Projects

As described earlier, the Series 2021 Projects include those CIP projects to be funded in whole or in part with proceeds of the Series 2021 Bonds. The Series 2021 Projects include various airfield reconstruction and/or rehabilitation projects, electrical distribution systems, parking rehabilitation, bridges and roadway rehabilitation, security and communication upgrades, and support facilities which are described in detail in the following sections. **Exhibit A** presents detail on the estimated project costs for the Series 2021 Projects along with planned funding sources.

The Series 2021 Projects are estimated to cost approximately \$195.2 million (including design, engineering, construction, escalation for inflation, and contingency amounts, but excluding financing costs). Sources of funding for the Series 2021 Projects are presented in Exhibit A of this Report. The Series 2021 Projects were subject to the Signatory Airline Weighted Majority approval process described in Section 5.4.3.2, Airline Approval of Capital Improvement Projects, and a Weighted Majority has approved all of the Series 2021 Projects. A description of each of the Series 2021 Projects is contained in the following subsections.

Taxiway Y Reconstruction Phase I

The CIP includes a project consisting of the design, engineering, and full-depth reconstruction of Taxiway Y. That CIP project also includes construction of communication ductwork within the project area since the airfield will be closed during construction. The Taxiway Y Reconstruction is anticipated to be completed in a phased schedule over multiple construction seasons. This Series 2021 Project is for Phase I, which consists of the design of the taxiway located north of Runway 9L-27R which began in 2020 and is anticipated to be completed in 2021. This Series 2021 Project also includes a portion of the construction work, which is planned for 2022. The total estimated cost of this Series 2021 Project is \$55.8 million. The Authority is planning to fund \$40.6 million of this project cost with proceeds of the Series 2021 Bonds and \$15.2 million with expected FAA AIP grant funds. The Authority intends to seek Weighted Majority approval in the future for Phase II of the Taxiway Y Reconstruction project, consisting of the completion of the construction work for the Taxiway Y Reconstruction project.

Taxiway Z, Taxiway K, and Other AOA Pavement Rehabilitation (2021 and 2022 Design and Construction)

This project consists of the planning, design/engineering, and construction work in 2021 and 2022 to rehabilitate aged pavement sections of Taxiway Z, Taxiway K, and other airfield pavement in order to maintain safe operations prior to the future planned full-depth reconstruction of both of these taxiways. The Authority will determine the scope of the interim rehabilitation work based on the type of pavement, pavement function, severity of deterioration, operational constraints, economies of scale opportunities, and other pertinent considerations. This Series 2021 Project is estimated to cost \$10.0 million all of which is anticipated to be funded with proceeds of the Series 2021 Bonds. The Authority intends to fund the full-depth reconstruction of both of these taxiways in the future as a separate project and Weighted Majority approval for such project will be sought.

McNamara Terminal Apron Rehabilitation/Reconstruction Phase 1 – Gates A1 through A35 and Taxilanes J7 and J8 (Design and Construction)

The Authority has an on-going rehabilitation/reconstruction plan in place to address failed pavement surfaces and long-term capital maintenance repairs to apron pavement serving the McNamara Terminal. The method of rehabilitation, replacement, or reconstruction will be determined based on severity of deterioration, timing of future reconstruction, operational constraints, and other factors affecting the safe and efficient operation of the airfield. This Series 2021 Project consists of Phase 1 of the plan, which includes apron pavement work at McNamara Terminal Gates A1 through A35 and Gate A2, and pavement work for Taxilanes J7 and J8 and a portion of Taxiway J. Construction activity is anticipated to occur in 2021 and 2022. The cost of this project is estimated at \$56.0 million and is planned to be funded with proceeds of the Series 2021 Bonds.

McNamara Terminal Apron Rehabilitation/Reconstruction Phase 2 – Gates B1 through B21, C1 through C27, and A74 through A78 (Design Only)

The Authority has an on-going airfield pavement rehabilitation/reconstruction plan in place to address failed pavement surfaces and long-term maintenance repairs to apron pavement serving the McNamara Terminal. The method of rehabilitation, replacement, or reconstruction will be determined based on severity of deterioration, timing of future reconstruction, operational constraints, and other factors affecting the safe and efficient operation of the airfield. Phase 2 of the plan includes apron pavement work at McNamara Terminal Gates B1 through B21, and Gates C1 through C27, Gates A74 through A78, and pavement work for a portion of Taxiway Q and a portion of Taxiway U. This Series 2021 Project consists of the work of the Phase 2 design only, which is planned for 2022. The cost of this project is estimated at \$4.0 million and is planned to be funded with proceeds of the Series 2021 Bonds. Weighted Majority approval for the construction of Phase 2 will be sought in the future.

North Campus Electrical Distribution Loops 1 and 2 (Design and Construction)

The Airport's North Campus primary electrical distribution system consists of three primary loops. The majority of "Loop 1" has been upgraded to distribute medium voltage power from the North Power Plant. This Series 2021 Project consists of the work necessary to complete the upgrade of Loop 1, and work to verify duct bank capacity within Loop 2, inspect switchgear and design and install system upgrades and expansion of Loop 2 beginning in 2021. The cost of this project is estimated at \$8.6 million and is planned to be funded with proceeds of the Series 2021 Bonds.

Medium Voltage Transmission Lines for Primary Service to the North Campus and Airfield - Phase 1 (Construction)

This Series 2021 Project consists of the final design, engineering, and construction to extend medium voltage (13.8kV) electrical power from the South Power Plant to the North Power Plant and replaces the current 4.8V power to the north campus and airfield. This project replaces the aging power source feeding the North Power Plant with a more reliable source for improved efficiency. There will be a second phase to this project which will include the preparation of specifications, design, engineering, and construction for updated controls for the North Power Plant equipment to maximize the redundancies provided by connecting the North Power Plant and South Power Plant for which future Weighted Majority approval will be sought. The cost of this Series 2021 Project is estimated at \$16.5 million and is planned to be funded with proceeds of the Series 2021 Bonds.

Blue Deck Rehabilitation – Phase 4 (Design and Construction)

Phase 4 of the Blue Deck Rehabilitation provides for the design, engineering, and construction necessary to address structural systems within the Big Blue Parking Deck. This Series 2021 Project consists of design, engineering and construction services to address needed repairs associated with the replacement of joint sealant throughout the deck, concrete rehabilitation of columns, tee stems, corbels and other associated structural systems, waterproofing of critical areas and replacement of portions of steel roof systems, or other systems. This project is estimated to cost approximately \$6.0 million and is planned to be funded with \$3.0 million of proceeds of existing Bonds and \$3.0 million of the proceeds of the Series 2021 Bonds.

Big Blue Parking Deck Rehabilitation – Concrete Floor Repairs, Guardrails and Waterproofing (Design and Construction)

Parking structures, based on their construction and exposure to elements, require on-going structural maintenance to maximize their useful life. The Authority has an asset management plan (AMP) in place for routine improvements to both parking structures at the Airport. This Series 2021 Project consists of the design/engineering and construction services for the replacement of concrete floors, guardrails, and waterproofing on the ramps in the eastern half of the Big Blue Parking Deck. Design work for this project is planned for 2021 and construction for 2022. The project is estimated to cost \$3.15 million, all of which is intended to be funded with Series 2021 Bond proceeds. In the future, the Authority will request Weighted Majority approval for continuation of the AMP work.

Big Blue Parking Deck Steam Condensate Line Replacement (Construction)

This Series 2021 Project consists of the replacement/relocation of deteriorated existing steam and condensate lines running from the Big Blue Parking Deck to the North Power Plant at the Airport. This project is estimated to cost \$1.0 million, all of which is planned to be funded with the proceeds of the Series 2021 Bonds.

McNamara Parking Deck Elastomeric Coating (Design and Construction – 2021 and 2022)

This Series 2021 Project consists of the design and construction work planned for 2021 and 2022 for the initial portions of a multi-year CIP project that includes elastomeric coating and waterproofing of concrete wall surfaces at the McNamara Parking Deck to prevent water damage to structural elements of the deck. Applications of the coatings will require removal of portions of the guardrail systems. This project will include replacement of weathered or damaged guardrail elements prior to reinstallation. This Series 2021 Project is estimated to cost \$5.5 million. In the future, the Authority will request Weighted Majority approval for projects consisting of work on additional elements of the CIP project in years beyond 2022.

Parking Lots Rehabilitation – North Power Plant, ARFF Station #2, and WCAA Employee Lot (Design and Construction – 2021)

The Authority has a multi-year project CIP consisting of the design/engineering and reconstruction of surface asphalt parking lots at the south end of the Big Blue Parking Deck (the WCAA Employee Lot), the North Power Plant, and the ARFF Station #2. This Series 2021 Project consists of the design and construction work scheduled to occur in 2021. This project is estimated to cost \$2.0 million and is planned to be funded by the proceeds of the Series 2021 Bonds.

Bridges and Roadways Rehabilitation – Northbound Dingell Drive North Tunnel to Rogell Drive (Design and Construction)

This Series 2021 Project consists of the planning, design/engineering, and construction to complete certain portions of the Authority's on-going Bridge and Roadway Improvement Program. This project is for the design and construction activity planned to occur in 2021 and 2022 to replace deteriorated portions of roadway pavement, curbs and associated components/systems, and construct safety improvements on northbound Dingell Drive from the north tunnel to Rogell Drive. The project is estimated to cost \$4.4 million and is intended to be funded with proceeds of the Series 2021 Bonds. In the future, the Authority will request Weighted Majority approval for additional bridge and roadway project work as required.

Tunnel Rehabilitation Program – South Tunnel Phase I

Dingell Drive, a main artery at the Airport, contains three tunnels under two runways and a taxiway. This Series 2021 Project is Phase I of the design/engineering work and a portion of the construction work necessary to repair/replace fans and life safety systems including electrical supply in the south tunnel under Runway 9R-27L. This Series 2021 Project is estimated to cost approximately \$6.0 million and is planned to be funded with proceeds of the Series 2021 Bonds. Phase II of the Tunnel Rehabilitation Program consists of the construction work planned for 2023, and the Authority will request Weighted Majority approval for Phase II in the future.

Perimeter Security Fence Enhancements

This Series 2021 Project consists of the design/engineering services and construction necessary to install federally mandated improvements to portions of the perimeter fence system at the Airport. The project is estimated to cost approximately \$1.6 million and is planned to be completed in 2021 and funded with proceeds of the Series 2021 Bonds.

Security System and Network Upgrades (SSNU)

The Authority's Security System and Network Upgrade Program is a multi-year effort to improve coverage of the security and communication network systems at the Airport, and to upgrade the system as technology evolves. This Series 2021 Project consists of the design/engineering services and construction necessary to complete the Inner Loop (Phase 2) of the Security System Network, portions of which were started in 2019, and the planning/design and replacement of equipment included in Phases 3 and 4 as identified in the Security System Network Master Plan. System upgrades necessary to complete Phase 2 include the connections of the NE Loop under Dingell Drive to Building 610 (Public Service Building) and connection to the Airfield Check Point #1, including installation of ductwork and cables, as necessary. Design and planning for this project will begin in 2021 with construction planned for 2021 and 2022. Future phasing and design of Phases 3 and 4 includes the design and installation of core switches, edge switches, and network cores at the North Terminal, McNamara Terminal, and the Public Safety Building. Planning and design of the network is planned for 2021 with equipment installation in 2022. This project is estimated to cost approximately \$4.6 million and is planned to be funded with the proceeds of the Series 2021 Bonds.

Roof Replacement Plan

This Series 2021 Project consists of the planning, environmental, design/engineering, and construction efforts necessary to remove and replace the roofing components and systems at Building #509 – ARFF Station #2, Building #403 – Stormwater Pumpstation #6, Building #450 – Pump House, Building #821 – Midfield Power Plant, and Building #455 – Stormwater Pumpstation #2. The design/engineering and construction for this project is planned to be completed in 2021 and 2022. This project is estimated to cost approximately \$1.9 million and is planned to be funded with the proceeds of the Series 2021 Bonds.

North Terminal Pre-Conditioned Air Unit Replacement

Pre-conditioned air units installed on the 28 original passenger boarding bridges at the North Terminal have reached the end of their useful service life. The pre-conditioned air units will be replaced with the new units designed to serve the aircraft fleet for airlines operating at the North Terminal. The cost of this Series 2021 Project is estimated at \$3.1 million and is planned to be funded with proceeds of the Series 2021 Bonds.

North Terminal Ground Power Unit Replacement

Ground power units installed on the 28 original passenger boarding bridges at the North Terminal have reached the end of their useful service life. The ground power units will be replaced with the new units designed to serve the aircraft fleet for airlines operating at the North Terminal. The cost of this Series 2021 Project is estimated at \$1.85 million and is planned to be funded with proceeds of the Series 2021 Bonds.

North Terminal Baggage Handling System Controls

This Series 2021 Project will provide for the replacement of baggage handling system programmable logic controllers (PLC) and associated components at the North Terminal. The existing PLC system is at the end of its useful life. The cost of this project is estimated at \$3.3 million and is planned to be funded with proceeds of the Series 2021 Bonds.

4.3.3 Other Approved Capital Projects

As described earlier, the Other Approved Capital Projects are those CIP projects that a Weighted Majority has approved but have not been previously funded in whole and also are not being funded with Series 2021 Bond proceeds. The Authority presently intends to issue Additional Bonds during the projection period of this Report to fund the balance of the cost of these Other Approved Capital Projects. The Other Approved Capital Projects are shown in **Exhibit B**. Preliminary cost estimates for the Other Approved Capital Projects total approximately \$48.3 million. The capital costs of the Other Approved Capital Projects are included in the financial analysis contained in Chapter 5 of this Report.

The Other Approved Capital Projects include the following:

- Taxiway K Reconstruction
- Taxiway Z (southern portion) Relocation and AOA Service Road Modification and Extension
- Fire Training Facility Restoration and Burn Pit Replacement

4.4 Plan of Finance

Exhibits A and B, respectively, present the total project costs along with estimated funding sources for the Series 2021 Projects and the Other Approved Capital Projects. These estimates are based on currently available information regarding the estimated cost and timing of the Series 2021 Projects and Other Approved Capital Projects. As presented in Exhibit A, the Series 2021 Projects are estimated to cost approximately \$195.2 million and the Other Approved Capital Projects are estimated to cost approximately \$48.3 million as shown on Exhibit B. Additional detail regarding the estimated funding sources for the Series 2021 Projects and Other Approved Capital Projects is presented in this section.

The Series 2021 Projects and Other Approved Capital Projects are planned to be funded primarily with proceeds of the Series 2021 Bonds and future Bonds, respectively. Specifically, the Authority plans to issue the Series 2021 Bonds to pay the costs of the Series 2012 Projects in whole or in part. Currently, the Authority is planning to issue Additional Bonds over the next several years to fund the cost of the Other Approved Capital Projects based on future timing and cash flow needs. As presented on Exhibit A, the Series 2021 Projects are estimated to be funded by approximately \$15.2 million of other Airport funds, \$3.0 million of existing Bond proceeds, and \$177.0 million of Series 2021 Bond proceeds. As shown on Exhibit B, approximately \$4.9 million of existing Bond proceeds and approximately \$43.3 million of Future Bond Proceeds are expected to fund costs of the Other Approved Capital Projects. Assumptions related to the issuance of the Series 2021 Bonds and future Bonds for the Other Approved Capital Projects are provided in Section 5.5.

4.5 Financial Impact for the Series 2021 Projects and the Other Approved Capital Projects

Sources of funding for the Series 2021 Projects and the Other Approved Capital Projects are presented on Exhibits A and B. The estimated financial impacts of the Series 2021 Projects and Other Approved Capital Projects are incorporated in this Report.

Also, as indicated previously, the capital costs related to the existing bond proceeds for previously funded Other CIP Projects are included in the financial analysis contained in Chapter 5 of this Report. However, the capital costs of the Other CIP Projects for which Weighted Majority approval has not yet been requested are not included in the financial analysis in Chapter 5 of this Report.

It is likely that the Authority will issue Additional Bonds during the projection period to fund certain Other CIP Projects not yet approved by a Weighted Majority. In addition, it is possible that during the projection period, the Authority could consider other future Airport improvements not planned at this time. However, it is assumed that the Authority will only undertake other future projects when demand warrants, necessary environmental reviews have been completed, approvals have been obtained, and associated project costs can be supported by a reasonable level of Airport user fees or other discrete funding sources such as state and federal grants, PFCs, and third-party funds.

5 Financial Framework and Analysis

This Chapter discusses the financial framework for the Airport, including an overview of the governing body, management structure of the Authority, financial structure including Airport cost centers, certain obligations of the Master Airport Revenue Bond Ordinance (Master Bond Ordinance), and certain provisions contained in the Airport Use and Lease Agreements (Airline Agreements) with the Signatory Airlines (defined herein) and in other key agreements at the Airport. Debt Service projections for the Series 2021 Bonds, Operation and Maintenance (O&M) Expenses, Revenues projections, debt service coverage, and other key financial analyses are also described in this Chapter.

Prior to January 1, 2020, the Authority's OY was the 12-month period from October 1 through September 30. As of January 1, 2020, the Authority revised its OY to be the 12-month period from January 1 through December 31 or consistent with a calendar year (CY). Historical operating results (prior to OY 2020) are presented in the Authority's previous OY (year ending September 30), however, for comparative purposes in presenting short-term trends and COVID-19 related impacts for O&M Expenses and non-airline revenues, the amounts are also presented on a CY basis for 2019, which differs from the Authority's audited financial statements for OY 2019.

The financial analysis contained in this Chapter as well as the Exhibits provided at the end of this Chapter present results for actual OY 2020 and projections for OY 2021 through OY 2026, also referred to as the 'projection period.' Financial projections for OY 2021 are based on the Authority's OY 2021 Budget plus offsets from the use of funds provided under the CARES Act and the CRRSAA not included in the Authority's OY 2021 Budget.

5.1 Airport Governing Body

Pursuant to the Authority Act the Authority has sole and exclusive operational jurisdiction for the Airport and Willow Run Airport, with the exclusive right, responsibility and authority to occupy, operate, control and use them. The Authority is a political subdivision and instrumentality of the Charter County of Wayne, Michigan (Wayne County) and a public agency of Wayne County for the purposes of federal and state laws, but is not subject to any county charter requirements or the direction or control of either the Wayne County Executive or Commission. The Authority is managed by an independent, seven-member Board. Four members are appointed by the Wayne County Executive, two members are appointed by the Governor of the State of Michigan, and one member is appointed by the Wayne County Commission.

5.2 Management Structure

The day-to-day operations of the Authority are managed by the Chief Executive Officer, who is appointed by the Authority Board. The Chief Executive Officer appoints the Chief Financial Officer and other senior staff of the Authority. The Chief Executive Officer and senior management team lead seven Authority Divisions: Chief Executive Officer Division, Public Safety Division, Facilities & Terminal Operations Division, Operations & Maintenance Division, Compliance, Procurement & Safety Division, Human Resources Division, and Technology Services Division. Each Division of the Authority is responsible for several Departments. The executive team of the Authority is a full-time staff of professional and technical personnel located at the Airport.

5.3 Financial Structure

The Authority's airports include both the Airport and Willow Run Airport (together, the Airports). For accounting purposes, the Authority segregates expenses and revenues into cost centers, which can be units of activities, groups of employees, and geographical areas of the Airports.

The Authority funds its operation of the Airports with Revenues generated from Airports rentals, fees, and charges. The Authority is financially self-sustaining with Revenues generated from airline and other tenant fees, grants, Passenger Facility Charges (PFCs), concession fees, and other Revenues of the Airports. Airport capital improvements are funded by the Authority with: (1) federal, state, and other grants-in-aid, (2) Revenues generated from the Airports rentals, fees and charges; (3) Airport revenue bond proceeds; (4) PFC revenues, (5) CFC revenues, and (6) other Authority funds.

5.4 Accounting Structure

Pursuant to the Airline Agreements, the Authority created various cost centers for the purpose of accounting for and allocating costs and revenues of the Airport in order to establish airline rentals, fees, and charges for the use of the Airfield and the Terminals. Per the Airline Agreements, the airline cost centers are the South Terminal Cost Center, North Terminal Cost Center, and the Airport Cost Center. As described below, rate-setting at the Airport is per a residual methodology, where Activity Fees (landing fees) are calculated on an Airport-wide residual basis and Terminal Rentals are calculated to recover the costs of each respective terminal cost center. The Signatory Airlines have the financial risk for the Airport operation and benefit from non-airline revenue credits in the calculation of Activity Fees. The Airline Agreements also have an annual settlement provision that sets a process for the reconciliation of rates and charges with the airlines at the end of each OY.

The Airline Agreements specifically indicate how O&M Expenses, Bond Debt Service, Other Available Moneys, and Revenues of the Airport are allocated to each cost center. The Series 2021 Bonds are payable from the Net Revenues from all cost centers of the Airport. A definition of each cost center per the Agreement is contained below.

5.4.1 Cost Centers:

- **South Terminal Cost Center** shall mean the Cost Center which includes the land identified as the South Terminal and all facilities, equipment and improvements now or hereafter located thereon, including all passenger terminal buildings, connecting structures, passenger walkways and tunnels, concourses, hold areas and FIS facilities, and any additions and improvements thereto, as that land, facilities, equipment and improvements may change from time to time.
- **North Terminal Cost Center** shall mean the Cost Center which includes the land identified as the North Terminal and all facilities, equipment and improvements now or hereafter located thereon, including all passenger terminal buildings, connecting structures, passenger walkways and tunnels, concourses, hold areas and FIS facilities, and any additions and improvements thereto, as that land, facilities, equipment and improvements may change from time to time.
- **Airport Cost Center** shall mean the Cost Center which includes the land identified as the Airport and all facilities, equipment and improvements now or hereafter located thereon, and any additions and improvements thereto, as that land, facilities, equipment and improvements may change from time to time with the exception of those areas of the Airport that are part of the South Terminal Cost Center and North Terminal Cost Center.

5.4.2 Master Bond Ordinance

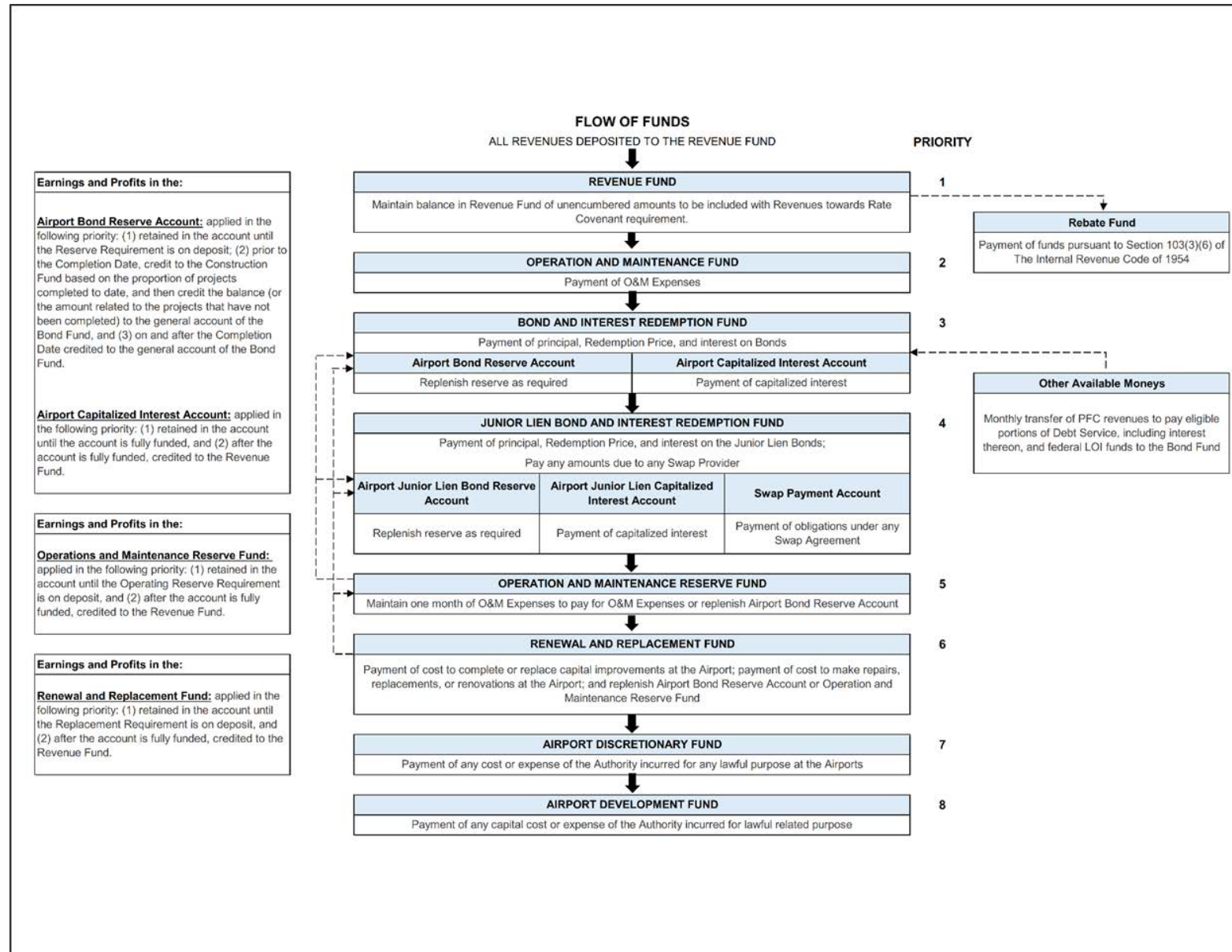
The Master Bond Ordinance as adopted by the Board of the Authority on September 26, 2003, and as thereafter amended, authorizes the issuance of airport revenue bonds to pay the costs of acquiring and constructing Airport improvements, among other items. The Series 2021 Bonds are being issued pursuant to the provisions of the Master Bond Ordinance and the Series 2021 Ordinance, adopted by the Board on February 17, 2021. The Master Bond Ordinance and the Series 2021 Ordinance are collectively referred to as the “Ordinance.” The Series 2021 Bonds are payable solely from the Net Revenues of the Authority, certain funds and accounts under the Ordinance, and other amounts payable under the Ordinance.

Pursuant to the Ordinance, the Authority has pledged Net Revenues to the payment of the Series 2021 Bonds. Net Revenues are all Revenues of the Authority remaining after payment of O&M Expenses at the Airport. Revenues include all amounts derived from the operation of the Airport, including all moneys deposited into the Revenue Fund, from whatever source, and all income derived from the charges, fees, rentals and rates charged for services, facilities and commodities furnished by the Airport, whether such income shall be derived from its function as an Airport or not, and including, but not by way of limitation, concessions, rentals, auto parking fees, service charges derived from the operation of the terminal complex buildings and facilities, airplane landing fees, non-airline gasoline fees and miscellaneous charges and rentals from other facilities and services and investment earnings or general revenues derived from the operation of the Airport accumulated by the Authority prior to deposit in the Revenue Fund. Revenues do not include (i) rentals or other amounts to be paid in the future by any Person pursuant to a lease or other agreement with the County or the Authority, which rentals or other amounts are pledged for the payment of bonds issued to provide funds to construct Special Facilities, (ii) the proceeds of federal grants or PFCs, or the proceeds of any other grant, charge or tax intended as a replacement therefor or other capital contributions from any source, (iii) the Net Proceeds of insurance or condemnation proceeds resulting from the damage or destruction or taking of any portion of the Airport, or (iv) Special Purpose Revenues, which include Customer Facility Charges (CFCs) imposed on Airport rental car customers.

5.4.2.1 Flow of Funds

Article V of the Master Bond Ordinance establishes certain funds and accounts and the priority for the flow of Revenues and certain other amounts to such funds and accounts, as described below. Figure 5-1 illustrates the flow of funds as set forth in the Ordinance.

Figure 5-1 Flow of Funds



Source: Master Bond Ordinance

As long as there are Bonds outstanding, all Revenues are required to be deposited into the Revenue Fund. Revenues will be set aside for the payment of the following amounts or deposited or transferred to the following funds and accounts in the following order of priority:

- **First: to the Operation and Maintenance Fund.** On or prior to the 25th day of the month by the Trustee at the direction of an Authorized Officer, a sum sufficient to provide for the payment of the next calendar month's O&M Expenses for the Airport. Moneys in the Operation and Maintenance Fund, held by Trustee, shall be used only for the purpose of paying O&M Expenses, including payments on lines of credit, notes or other obligations issued for operating cash flow purposes.
- **Second: to the Bond and Interest Redemption Fund (Bond Fund).** Except as otherwise provided in the Master Bond Ordinance, moneys on deposit in the Bond Fund are used for the purpose of paying the principal, Redemption Price, and interest on Bonds, or paying obligations under a Swap Agreement entered into by the County prior to January 1, 1998. Separate accounts created in the Bond Fund include the Airport Bond Reserve Account and the Airport Capitalized Interest Account. Out of the Revenues and other moneys remaining in the Revenue Fund, after transfers, if required, for deposit into the Operation and Maintenance Fund, there shall be set aside monthly on the first day of the month and transferred to the Bond Fund a sum sufficient to provide for the next payment when due of the principal and interest on the Bonds or in the subaccount in the Airport Capitalized Interest Account for Bonds of a particular Series available to pay capitalized interest for the current OY on such Series of Bonds, and less (i) the sum of any funds, including Other Available Moneys, actually on deposit in the Bond Fund and (ii) payments received from a Swap Provider. In the event of a deficiency in the amount required to be on deposit in the Airport Bond Reserve Account, an amount from Revenues is required to restore the amount on deposit in the Airport Bond Reserve Account to required levels in accordance with the terms of the Master Bond Ordinance.
- **Third: to the Junior Lien Bond and Interest Redemption Fund (Junior Lien Bond Fund).** Except as otherwise provided in the Master Bond Ordinance, moneys on deposit in the Junior Lien Bond Fund are used for the purpose of paying the principal, Redemption Price, and interest on Junior Lien Bonds. Separate accounts created in the Junior Lien Bond Fund include the Airport Junior Lien Bond Reserve Account and the Airport Junior Lien Capitalized Interest Account. Out of the Revenues and other moneys remaining in the Revenue Fund, after transfers, if required, for deposit into the Operation and Maintenance Fund and Bond Fund, there shall be set aside monthly on the first day of the month and transferred to the Junior Lien Bond Fund a sum sufficient to provide for the next payment when due of the principal and interest on the Junior Lien Bonds or in the subaccount in the Airport Capitalized Interest Account for Junior Lien Bonds of a particular Series available to pay capitalized interest for the current OY on such Series of Junior Lien Bonds, and less (i) the sum of any funds, including Other Available Moneys, actually on deposit in the Junior Lien Bond Fund and (ii) payments received from a Swap Provider.
- **Fourth: to the Operation and Maintenance Reserve Fund.** On the last day of each fiscal quarter, from the Revenues and other moneys remaining in the Revenue Fund after satisfying the requirements of the above Funds there shall be transferred to and deposited into the Operation and Maintenance Reserve Fund an amount equal to one forty-eighth of the estimated annual O&M Expenses of the Airport until the estimated annual O&M Expenses for the period of one month as projected in the most recent Authority budget for the Airport (the Operating Reserve Amount) is on deposit in the Operation and Maintenance Reserve Fund. While any of the Bonds remain Outstanding, the Operating Reserve Amount shall be adjusted to reflect changes in O&M Expenses as the same are estimated by the Authority in its budgets for the Airport. Transfers from the Operation and Maintenance Reserve Fund for the payment of O&M

Expenses, or for the restoration of the Senior Lien Bond Reserve Account or Junior Lien Bond Reserve Account as provided for in the Ordinance, to be replaced from Revenues first received thereafter in the Revenue Fund which are not required for O&M Expenses, current debt service requirements, or to restore the Senior Lien Bond Reserve Account or the Junior Lien Bond Reserve Account. In addition, when required by a Swap Agreement, a reserve requirement as established by that agreement, and is held in in the Operation and Maintenance Reserve Fund.

- **Fifth: to the Renewal and Replacement Fund.** Except as otherwise provided in the Master Bond Ordinance, the money credited to the Renewal and Replacement Fund shall be disbursed to the Authority by the Trustee at the request of an Authorized Officer, confirmed in writing, for the purpose of paying (i) cost of completing or replacing capital improvements at the Airport, and (ii) making repairs, replacements or renovations at the Airport. Moneys in the Renewal and Replacement Fund shall also be used to restore the Bond Reserve Account or the Junior Lien Bond Reserve Account to the Reserve Requirement to the extent moneys in the Revenue Fund and the Operation and Maintenance Reserve Fund are insufficient therefor and to restore the Operation and Maintenance Reserve Fund to the Operating Reserve Amount to the extent moneys in the Revenue Fund are insufficient therefor. On the last day of each fiscal quarter, there shall be transferred from the Revenues on deposit in the Revenue Fund after satisfying the funds described above, the sum of \$125,000 until the sum of \$2,500,000 (the Replacement Requirement) is on deposit in the Renewal and Replacement Fund. Transfers from the Renewal and Replacement Fund are replaced in quarterly installments of \$125,000 from moneys in the Revenue Fund not required by the Ordinance to be used for the Operation and Maintenance Fund, the Bond Fund, the Senior Lien Bond Reserve Account, the Junior Lien Bond Reserve Account, or the Operation and Maintenance Reserve Fund.
- **Sixth: to the Airport Discretionary Fund.** After satisfying the requirement of the Ordinance, quarterly, the sum of \$87,500 shall be transferred from the Revenue Fund to the Airport Discretionary Fund and applied, in the discretion of the Chief Executive Officer subject to applicable agreements, to the payment of any cost or expense of the Authority incurred for any lawful purpose at the Airports. In the event of a deficiency in any \$87,500 quarterly transfer, the amount of such deficiency shall be added to the deposit required to be made by the Authority in the next quarterly transfer.
- **Seventh: to the Airport Development Fund.** In addition to and after satisfying the foregoing requirements of the Ordinance, on the last day of each quarter of each OY, one quarter of the amount calculated in accordance with applicable agreements and included in the budgeted rates and charges for the Airport for the OY for deposit in the Airport Development Fund shall be transferred from the Revenue Fund to the Airport Development Fund and applied, at the written discretion of the Chief Executive Officer, to the payment of any capital cost or expense of the Authority incurred for any lawful related purpose. In the event of any deficiency in the required quarterly transfer, the amount of such deficiency shall be added to the deposit required to be made to the Airport Development Fund in the next quarterly transfer. As later described in this Report, the Airport Development Fund as defined in the Agreement is an amount of \$5 million, which such amount has been and shall be escalated each OY beginning in OY 2002 to reflect percentage increases in the Producer Price index. The amount budgeted for OY 2021 for the Airport Development Fund is \$9.6 million.

5.4.2.2 Rate Covenant

In Section 604 of the Master Bond Ordinance, the Authority covenants, while any Bonds are Outstanding, to fix, charge and collect rates, fees, rentals and charges for the use and operation of the Airport as may be necessary or appropriate to produce Revenues in each OY which will be at least sufficient to provide for:

- The payment of O&M Expenses for the OY;
- Together with PFC proceeds, including interest thereon, deposited with the Trustee with respect to such OY, the amounts needed to make the deposits required for the Application of Revenues pursuant to the Master Bond Ordinance for such OY to the Bond Fund; and
- Together with Other Available Moneys deposited with the Trustee with respect to such OY, to the extent not needed to make the deposits required under the Master Bond Ordinance for such OY to the Bond Fund, and any unencumbered cash balance held in the Revenue Fund on the last day of the OY preceding the OY for which the calculation is made not then required to be deposited in any Fund or Account.
 - The amounts needed to make the deposits required under the Master Bond Ordinance for such OY to the Junior Lien Bond Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund, the Airport Discretionary Fund, and the Airport Development Fund, and
 - An amount not less than 25% of the Debt Service due and payable on Bonds during such OY.

The Authority also covenants that the rates, fees, rentals, and charges shall be revised from time to time as may be necessary to produce the above amounts, provided that any fee, rent, charge, or rate fixed pursuant to a lease or contract shall not be revised except as provided in such lease or contract.

5.4.2.3 Additional Bonds

Pursuant to the Master Bond Ordinance in Section 208, the Authority is permitted to issue a Series of Bonds on a parity basis with Outstanding Bonds or Additional Bonds as long as no Default or Event of Default under the Master Bond Ordinance is known to the Authority at the time of adoption of such Series Ordinance. Prior to issuing any Additional Bonds, the Authority must obtain an opinion of Bond Counsel that the issuance will not impair the tax-exempt status of any prior Series of Bonds or Junior Lien Bonds. For Additional Bonds, either of the following is required, unless the purpose for which a Series of Bonds to be issued is to finance the cost of completing the acquisition, construction and installation of an element of the CIP with respect to which a Series of Bonds proposed to be issued for such purpose are proposed to be issued in principal amount of not to exceed 10% of the face amount of Series of Bonds originally issued to pay for the costs of that element of the CIP.

- A report of an Airport Consultant projecting (i) Revenues and Revenue Fund balances plus (ii) Other Available Moneys and any amounts estimated to be available to pay capitalized interest sufficient for the first three full OYs commencing after completion of construction of the capital projects to be funded from the proceeds of the Series of Bonds proposed to be issued to satisfy the rate covenant described in Section 604 of the Master Bond Ordinance and any other applicable covenants contained in any Series Ordinance taking into account the Series of Bonds proposed to be issued; or
- The Authority may authorize the issuance of a Series of Bonds if it delivers to the Trustee a certificate of the Chief Financial Officer, accompanied by an Accountant's report, certifying that, taking all Outstanding Bonds, other than any Bonds proposed to be refunded by the Series of Bonds proposed to be issued, and the Series of Bonds proposed to be issued into account as if it had been issued at the beginning of the most recent OY for which audited financial statements for the Authority are available, the Net Revenues together with Other Available Moneys actually deposited in the Bond Fund for such OY were not less than 125% of the Debt Service with respect to such Outstanding Bonds and proposed Series of Bonds for such period. In calculating Net Revenues, any unencumbered fund balance in the Revenue Fund on the last day of the OY preceding the OY for which the calculation is made may be taken into account as provided in Section 604 of the Master Bond Ordinance.

5.4.2.4 Additional Junior Lien Bonds

Pursuant to the Master Bond Ordinance in Section 208A, the Authority is permitted to issue one or more additional series of Junior Lien Bonds upon the satisfaction of the following conditions: (1) the Authority is not aware of the existence of any Default or Event of Default under the Master Bond Ordinance at the time the Series Ordinance for such Series of Junior Lien Bonds is adopted; and (2) the issuance of the Junior Lien Bonds will not, in the opinion of Bond Counsel, impair the tax exempt status of any prior Series of Bonds or Junior Lien Bonds.

In addition, prior to issuing a Series of Junior Lien Bonds, other than Junior Lien Bonds proposed to be issued to refund Bonds or Junior Lien Bonds, the Chief Financial Officer shall certify to the Trustee that the sum of the following is not less than 110% of the Debt Service with respect to such Outstanding Bonds and Outstanding Junior Lien Bonds and of the average annual Debt Service with respect to the proposed Series of Junior Lien, in each case for the OY in which the Series of Junior Lien Bonds is proposed to be issued and the four next succeeding OYs.

- The Net Revenues for the most recently completed OY,
- The amount of Other Available Moneys actually deposited in the Bond Fund for the most recently completed OY, and
- The average of (i) the amount of Other Available Moneys actually deposited in the Junior Lien Bond Fund for the most recently completed OY, and (ii) each annual amount of Other Available Moneys which the Airport Consultant certifies to the Authority may reasonably be expected to be received by the Authority and deposited in the Junior Lien Bond Fund over the period that the proposed and outstanding Series of Junior Lien Bonds are projected to be Outstanding.

In calculating Net Revenues, any unencumbered fund balance in the Revenue Fund on the last day of the OY preceding the OY for which the calculation is made may be taken into account as provided in Section 604 of the Master Bond Ordinance. In making the calculations required, the Authority shall also take into account (a) all Outstanding Bonds and Outstanding Junior Lien Bonds, other than Bonds or Junior Lien Bonds proposed to be refunded by the Series of Junior Lien Bonds proposed to be issued, and (b) the Series of Junior Lien Bonds proposed to be issued as if it had been issued at the beginning of the most recent OY for which audited financial statements for the Airport are available. The certificate of the Chief Financial Officer shall also be accompanied by an Accountant's report verifying compliance with the requirements for the Master Bond Ordinance.

5.4.3 Airport Use and Lease Agreements

The Authority has long-term Airline Agreements with certain airlines operating at the Airport (Signatory Airlines). The Airline Agreements are effective through September 30, 2032. The Agreements establish, among other things, procedures for setting and adjusting Signatory Airline rentals, fees and charges to be collected for the use of Airport facilities. The Signatory Airlines at the Airport include the following: Air France, American, Delta, FedEx, Jet Blue Airways, KLM Royal Dutch Airlines,¹¹¹ Lufthansa German Airlines, Southwest, Spirit, United, and United Parcel Service. Together, the Signatory Airlines and their respective regional affiliates accounted for over 98% of enplaned passengers and over 97% of landed weight at the Airport in OY 2020.

The Airline Agreements govern airline use of certain Airport facilities, including the Airfield, aircraft aprons, both Terminals, including baggage claim, ticket counters and gate areas and permits the Signatory Airlines to lease Preferential Use Premises and Shared Use Premises. Preferential Use Premises generally include holdroom areas and gates, ticket counters, office space, storage areas, airline club lounges, and employee break rooms

¹¹¹ KLM Royal Dutch Airlines has not operated at the Airport since 2009.

leased to a Signatory Airline and to which the Signatory Airline has a preferential right over all other air carriers. Shared Use Premises are space and facilities at the Airport used jointly or in common by air carriers and generally include baggage claim areas and baggage makeup equipment, excluding Authority-controlled airline space and FIS facilities.

The airline rate-setting approach and capital projects approval provisions of the Airline Agreements are summarized in the following sections. The airline rate-setting methodology is used as the basis for projecting airline revenues for this Report.

5.4.3.1 Airline Rate-Setting Methodology

As described earlier in this Chapter, the Airport has been segregated into three cost centers for the purposes of setting rates and charges: the South Terminal Cost Center, the North Terminal Cost Center, and the Airport Cost Center. Overall, the airline rate-setting approach per the Airline Agreements is considered an Airport-wide residual methodology. Per this approach, the Signatory Airlines are obligated to pay the net cost of operating the entire Airport, including O&M Expenses, Debt Service, and other obligations of the Master Bond Ordinance. Therefore, the Signatory Airlines ensure that the Authority will meet its Rate Covenant obligations set forth in the Master Bond Ordinance.

Pursuant to the Agreements, the Terminal Rental Rates for the South Terminal and North Terminal are calculated by dividing the cost for each by the total preferential space and shared use space of each terminal. The cost for each of the terminals is calculated as the sum of the following for each OY:

- O&M Expenses allocated to each terminal cost center; and
- Bond Debt Service allocated to each terminal cost center;
- Minus, for such OY:
 - Other Available Moneys, including PFC revenues, allocated to each terminal cost center and used by the Authority in such OY to pay Bond Debt Service allocated to each cost center;
 - The total amount of International Facilities Use Fees allocated to each cost center; and
 - The total amount of Authority-Controlled Airline Space Revenue other Terminal Rental Revenue allocated to each terminal.

The remaining costs of the Airport, including O&M Expenses, Debt Service, and other obligations of the Master Bond Ordinance, not paid for through other Revenues, such as South Terminal Rentals, North Terminal Rentals, and other non-airline Revenues, are paid for by the airlines through Activity Fees. The Activity Fee Rate is established through the Airline Agreements, and is a rate charged on the basis of a thousand pounds of aircraft maximum landing weight. As described above, Activity Fees under the Airline Agreements are calculated on an Airport-wide residual basis where the Authority recovers the net Revenue Requirement from the Signatory Airlines. This net Revenue Requirement is calculated per the sum of the following for each OY:

- Total Airport O&M Expenses; plus
- 125% of the amount of principal and interest due, net of any capitalized interest on all then Outstanding Bonds, less (a) any unencumbered amounts on deposit in the Revenue Fund on the last day of the OY preceding such OY that are useable to satisfy the rate covenant requirements of the Master Bond Ordinance and (b) Other Available Moneys used in such OY to pay Bond Debt Service; plus

- Deposits into the Bond Reserve Account, the Junior Lien Bond Reserve Account, the Operation and Maintenance Reserve Fund and the Renewal and Replacement Fund required for such OY pursuant to the provisions of all applicable Ordinances; plus
- An amount equal to the Airport Development Fund transfer for such OY (this amount is escalated each OY to reflect percentage increases in the Producer Price Index and was budgeted at \$9.6 million in OY 2021); plus
- The annual Airport Discretionary Fund transfer, which is established as an amount of \$350,000 for each OY;
- Minus, for such OY:
 - All Terminal Charges collected by the Authority, taking into account all end-of-year payments by the Signatory Airlines or end-of-year refunds by the Authority pursuant to the Airline Agreements and as described below;
 - All International Use Fees collected by the Authority;
 - All Authority-Controlled Airline Space Revenue, North Terminal Rental Revenue, and South Terminal Rental Revenue;
 - All concession and parking revenue; and
 - All other Revenues received, except (a) up to but not exceeding \$2.5 million of Revenues attributable to an automated vehicle identification program for the entire Airport, and (b) all proceeds received by the Authority from the sale of certain parcels of Airport property located on the west side of the Airfield.

The Airline Agreements allow for the annual calculation, adjustment, and settlement of Signatory Airline rentals, fees, and charges for each OY. Per the Airline Agreements, the Authority calculates a “Mid-Year Projection” of Signatory Airline rentals, fees, and charges. If the Mid-Year Projection results in a variation to the budgeted rentals, fees, and charges, the Authority may adjust such accordingly to conform to the Mid-Year Projection. The Airline Agreements also allow for an annual settlement of Signatory Airline rentals, fees, and charges. Any resulting adjustment-to-actual resulting from the settlement calculation is either refunded to the Signatory Airlines or collected by the Authority from the Signatory Airlines as the case may be.

5.4.3.2 Signatory Airline Approval of Capital Improvement Projects (Weighted Majority approval)

The Authority and the Signatory Airlines agreed in the Airline Agreements that certain Capital Projects are subject to Signatory Airline approval, referred to as Weighted Majority approval. The Airline Agreements specify that the Authority may issue bonds to finance the costs of capital projects and may include the Bond Debt Service, including among other things, coverage requirements) on such bonds in Signatory Airline rentals, fees, and charges only after receiving approval of a Weighted Majority for such capital projects. A Weighted Majority is defined as either (a) Signatory Airlines which, in the aggregate, landed 85% or more of the landed weight of all Signatory Airlines for the preceding 12-month period for which records are available, or (b) all but one of the Signatory Airlines regardless of landed weight. The Authority has received all required approvals from the Signatory Airlines to undertake the Series 2021 Projects as described in Chapter 4 and on Exhibit A, and to include the Series 2021 Bond Debt Service in the calculation of Signatory Airline rentals, fees, and charges.

The Authority may, at any time, make capital expenditures for any lawful Authority purpose that are not subject to Signatory Airline approval from the Airport Discretionary Fund and the Airport Development Fund with some limitations as outlined in the Airline Agreements.

5.4.4 Other Agreements

The Authority has agreements with other entities that operate, provide services or occupy space at the Airport, including food court restaurants, cafes, pubs, full-service restaurants, newsstands, retail shops, and display advertising, among other specialties. In addition, several Airport tenants have executed lease agreements with the Authority governing their occupancy and use of space on Airport property. In regard to terminal food and beverage, the Authority has contracts with nine concessionaires at both terminals. For retail, the Authority also has contracts with nine concessionaires at both terminals.

The following rental car brands operate at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, and Thrifty. All of these rental car companies pay privilege fees to the Authority.

The Authority contracts with SP Plus Corporation to manage and operate on-Airport automobile parking facilities.

In addition, the Authority has agreements with cargo facility and fixed base operators and tenants leasing hangars and other buildings.

In general, the business terms of these Airport non-airline agreements are based on industry standards and practices. Additional summaries of key non-airline agreement terms are provided below:

Terminal Food and Beverage Agreements:

- Concession fees average approximately 17% of gross revenues
- Minimum annual guarantee (MAG) equal to 85% of prior year concession fees or prior year MAG, whichever is greater annually
- Total MAG amounts for OY 2019 were approximately \$14.4 million

Terminal Retail Agreements:

- Percentage rents average approximately 19% of gross revenues
- MAG equal to 85% of prior year concession fees or prior year MAG, whichever is greater annually
- Total MAG amounts for OY 2019 were approximately \$13.5 million

Parking Management Agreement:

- Includes automobile parking facilities
- Term of agreement with SP Plus, Inc. is from October 2018 through September 2023

Rental Car Concession Agreements:

- Concession fees equal to 10% gross revenues or the MAG, whichever is greater annually
- MAG equal to 85% of prior year concession fees or prior year MAG, whichever is greater annually
- Total MAG amounts for OY 2019 were approximately \$21.9 million
- Term of agreements is six years with an exercised two-year extension option, expiring June 30, 2022

Transportation Network Company Permits:

- Authority has permits with Uber Technologies, Inc. and Lyft that went into effect in March 2017
- Permittees pay access fee of \$5 per Airport pick-up and drop-off
- Term of permit is one year with one-year extension periods at Authority's option. Authority and permittees may terminate at any time.

5.4.4.1 COVID-19 Financial Relief Measures

The significant declines in passenger traffic associated with the COVID-19 pandemic have also had a negative financial impact on non-airline businesses at the Airport. In March 2020, Governor Whitmer issued an Executive Order prohibiting on-premises consumption at restaurants, bars, taverns, brew pubs, wine bars, cafes, coffee

shops, clubs, or similar establishments offering food or drink. The Executive Order has negatively affected full-service dine-in restaurants at the Airport but allows for some limited service to passengers and employees. Airport concessionaires have adjusted to provide only take-out service. Many concessionaires have temporarily closed operations at the Airport as a result of the COVID-19 pandemic.

The Authority received requests for financial relief from Airport concessionaires, rental car companies, and other non-airline tenants at the Airport. Effective May 29, 2020, the Authority COVID-19 Hardship Relief Policy went into effect. A summary of the measures the Authority has agreed to are summarized below.

For terminal concessionaires at the Airport, including food and beverage, retail services, the Authority implemented the following measures:

- Deferral of payment of 100% of April, May and June 2020 MAG, Minimum Concession Fees (“MCF”), or other applicable minimum payment amount(s) over this period, plus any excess amounts based on revenues or sales, without late fee or penalty, until September 30, 2020; or
- Deferral of payment of 50% of April through September 2020 MAG, MCF, or other applicable minimum payment amount(s) over this period, plus any excess amounts based on revenues or sales, without late fee or penalty, until December 31, 2020; and
- In addition to either of the above options, if the concessionaire holds a contract containing a provision under which its MAG, MCF, or other applicable minimum payment amount(s) may be reduced in proportion to a decrease in enplaned or deplaned passengers at the end of a given agreement or calendar year, then that contract is eligible for deferral of payment of 50% of April through December 2020 MAG, MCF, or other applicable minimum payment amount(s) over this period, without late fee or penalty, until final passenger counts for calendar year 2020 are available.

5.4.5 CARES Act Grant Assistance

As described in Section 3.2 of this Report, the CARES Act was approved by the U.S. Congress and signed by President Trump on March 27, 2020. It is one of the legislative actions taken to address the crisis associated with the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for U.S. airports, as well as direct aid, loans and loan guarantees for passengers and cargo airlines.

The CARES Act provides \$10 billion of grant assistance to airports. It generally includes the following provisions:

- \$3.7 billion allocated among all U.S. commercial service airports based on number of enplanements in CY 2018;
- \$3.7 billion allocated among all U.S. commercial service airports based on formulas that consider fiscal year 2018 debt service relative to other U.S. commercial service airports, and cash-to-debt service ratios;
- \$2.0 billion apportioned in accordance with AIP entitlement formulas, subject to CARES Act formula revisions;
- \$500 million to increase the federal share to 100% for FAA AIP grants awarded in federal FY 2020; and
- \$100 million reserved for general aviation airports.

The FAA announced in April 2020 that it had allocated approximately \$141.9 million to the Authority for the Airport. In May 2020, the Authority accepted and signed the CARES Act grant agreement from the FAA. The Authority was subsequently awarded an additional \$5.6 million of CARES Act funds in March 2021. The Authority

may draw on such funds, on a reimbursement basis, for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations.

The Authority drew down approximately \$113.1 million of CARES Act funds in FY 2020 to reimburse the payment of operation and maintenance expenses and to reimburse the payment of debt service on existing bonds, and the remaining \$34.4 million will be drawn down by the Authority for approved uses in FY 2021.

It is important to note that these amounts and allocations by OY are still preliminary at this time and are subject to change. The Authority will continue to monitor its budgeted plan throughout FY 2021 and may, ultimately, apply a different amount of CARES Act funding in the Authority's discretion.

5.4.6 Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA)

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed. Division M of that Act is the Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSAA). Title IV of CRRSAA provides approximately \$2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including relief from rent and MAGs for eligible airport concessions at primary airports.

The FAA announced on February 12, 2021 that it had allocated approximately \$25.9 million to the Authority for the Airport. Of that amount, approximately \$3.9 million must be used for concessionaire relief. Under the grant program, the Airport may use these funds to retain its workforce, make debt service payments, or offset increased operational costs from enhanced mitigation efforts to limit the spread of COVID-19. Funds must be obligated by September 30, 2021. The Authority intends to draw all CRRSAA funds awarded for approved uses in FY 2021.

5.4.7 American Rescue Plan Act (ARPA)

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARPA), a \$1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates \$8 billion to assist such airports to prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024. ARPA requires that, of the \$8 billion appropriated, not more than \$6.492 billion will be made available for primary airports such as the Airport for costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The allocation of amounts appropriated by ARPA has not yet been announced, and the Authority can make no assurance that the Airport will receive any funding pursuant to ARPA, or the amount or timing of any such funding if received, until such allocations have been announced.

5.5 The Series 2021 Bonds and Future Bonds

The Authority is planning to use the proceeds of the Series 2021 Bonds, together with other available funds, to (1) pay all or a portion of the costs of acquiring, constructing and installing the Series 2021 Projects, (2) make a deposit to the Airport Bond Reserve Account, (3) pay capitalized interest during construction of the Series 2021 Projects, and (4) pay the costs of issuance of the Series 2021 Bonds.

For the purposes of this Report, the financial analysis contained herein includes, in addition to all Outstanding Bonds, the planned issuance of the Series 2021 Bonds and Additional Bonds assumed to be issued to fund certain portions of the Other Approved Capital Projects.

Table 5-1 presents a listing of estimated sources and uses of funds for the proposed Series 2021 Bonds and assumed future bonds. The estimated sources and uses of funds and debt service for the proposed Series 2021 Bonds and assumed future bonds were prepared by the Authority’s financial advisor, PFM Financial Advisors LLC (PFM).

Table 5-1 Series 2021 Bonds Estimated Sources and Uses (in thousands of dollars)¹

| Sources | Series 2021A (Non-AMT) | Series 2021B (AMT) | Total |
|----------------------|---------------------------|-----------------------|------------------|
| Par Amount | \$131,215 | \$31,950 | \$163,165 |
| Premium | 32,574 | 7,086 | \$39,660 |
| Total Sources | \$163,789 | \$39,036 | \$202,825 |

| Uses: | Series 2021A (Non-AMT) | Series 2021B (AMT) | Total |
|---------------------------|---------------------------|-----------------------|------------------|
| Project Fund | \$143,164 | \$33,850 | \$177,014 |
| Capitalized Interest Fund | 8,706 | 2,281 | 10,987 |
| Debt Service Reserve Fund | 10,996 | 2,677 | 13,673 |
| Cost of Issuance | 924 | 228 | 1,152 |
| Total Uses | \$163,789 | \$39,036 | \$202,825 |

Notes: ¹ Amounts in this table will not be updated to reflect the final terms of sale on the Series 2021 Bonds. Amounts may not add because of rounding.

Source: PFM Financial Advisors LLC, May 2021

Exhibit C-1 presents annual Debt Service net of capitalized interest on Outstanding Bonds, by series, for actual OY 2020 and projections for OY 2021 through OY 2026 and **Exhibit C-2** presents a summary of annual Debt Service net of capitalized interest including the proposed Series 2021 Bonds and Additional Bonds assumed to be issued to fund certain portions of some of the Series 2021 Projects and the Other Approved Capital Projects. Series 2021 Bonds debt service is projected to increase each year from OY 2021 through 2024, from approximately \$256,000 in OY 2021 to approximately \$3.3 million in OY 2022, then to approximately \$6.5 million in OY 2023, and then to approximately \$8.6 million in OY 2024 and then remain level through the forecast period. Debt service on Additional Bonds assumed to be issued to fund certain portions of some of the Series 2021 Projects and the Other Approved Capital Projects is currently estimated to total approximately \$625,000 in OY 2024, increase to approximately \$1.1 million in OY 2025, and then increase to approximately \$1.8 million in OY 2026. Total Debt Service on Outstanding Bonds, the Series 2021 Bonds, and assumed Additional Bonds, net of adjustments for bond fund and reserve account interest and other transfers was approximately \$175.5 million in OY 2020, is estimated to be approximately \$171.6 million in OY 2021, and is estimated to then range between approximately \$175.8 million and \$181.2 million during the remaining projection period. Debt Service estimates for the Series 2021 Bonds and future Bonds were provided by PFM and are based on the assumptions included in **Table 5-2**.

Table 5-2 Assumptions for the Series 2021 Bonds and Future Bonds

| Assumption | Series 2021 Bonds | Future Bonds - 2022 | Future Bonds - 2024 |
|--------------------------------|-------------------|---------------------|---------------------|
| Issuance Date | 6/22/2021 | 6/1/2022 | 6/1/2024 |
| Estimated Principal Amount | \$163,165,000 | \$20,995,000 | \$20,835,000 |
| Estimated Project Fund Deposit | \$177,014,000 | \$22,000,000 | \$21,346,000 |
| Bond Yield | 3.24% | 3.93% | 4.09% |
| Final Maturity | 12/1/2046 | 12/1/2052 | 12/1/2054 |

Source: PFM Financial Advisors LLC, May 2021

5.6 O&M Expenses

Table 5-3 presents historical O&M Expenses of the Authority by category. The primary categories of O&M Expenses include salaries, wages, and employee benefits; contractual services; repairs and maintenance; hotel management, utilities, supplies and other operating expenses, capital expenses, and insurance/other.

The table presents actual O&M Expenses for OY 2016 through OY 2019, as well as for calendar year (CY) 2019 and OY 2020. CY2019 is provided for comparative purposes to reflect the change in OY from October-September to January-December beginning January 1, 2020. The table also presents the CAGR in O&M Expenses for OY 2016 through OY 2019 and the percent change in O&M Expenses from calendar year 2019 through estimated OY 2020. As shown, total O&M Expenses increased from approximately \$248.6 million in OY 2016 to approximately \$267.8 million in OY 2019, reflecting a CAGR of approximately 2.5% during that time. The primary categories of O&M Expenses that contributed to this increase included contract, professional and consultant services; supplies and other expenses; and personnel services (i.e., personnel and benefits costs of the Authority), which increased at CAGRs of approximately 5.0%, 3.3%, and 3.2%, respectively.

As shown in Table 5-3, O&M Expenses were approximately \$279.8 million in CY 2019. The Authority took additional measures to control expenses during OY 2020 when the COVID-19 pandemic impacts began, resulting in a 21.5% reduction of total O&M Expenses to approximately \$219.7 million in OY 2020 as compared to CY 2019.

Table 5-3 Historical O&M Expenses (in thousands of dollars)¹

| Category | OY 2016 | OY 2017 | OY 2018 | OY 2019 | 2016–19 CAGR | CY 2019 | OY 2020 | 2019-20 CAGR |
|--|------------------|------------------|------------------|------------------|--------------|------------------|------------------|----------------|
| Salaries, wages, and employee benefits | \$88,181 | \$86,231 | \$94,533 | \$96,820 | 3.2% | \$102,597 | \$88,592 | (13.6%) |
| Contractual services | 55,813 | 58,799 | 63,735 | 64,562 | 5.0% | 67,369 | 53,854 | (20.1%) |
| Repairs and maintenance | 33,123 | 32,251 | 33,039 | 36,445 | 3.2% | 37,003 | 27,372 | (26.0%) |
| Hotel management | 22,678 | 18,612 | 19,702 | 19,746 | -4.5% | 20,415 | 10,550 | (48.3%) |
| Utilities | 21,939 | 22,947 | 23,388 | 22,870 | 1.4% | 22,706 | 19,217 | (15.4%) |
| Supplies and other operating expenses | 13,904 | 14,044 | 14,921 | 15,345 | 3.3% | 15,637 | 9,889 | (36.8%) |
| Capital expenses | 10,874 | 13,216 | 8,816 | 10,177 | -2.2% | 12,179 | 8,264 | (32.1%) |
| Insurance | 2,075 | 2,049 | 1,902 | 1,878 | -3.3% | 1,923 | 1,942 | 1.0% |
| Total O&M Expenses | \$248,587 | \$248,149 | \$260,036 | \$267,845 | 2.5% | \$279,829 | \$219,681 | (21.5%) |

Notes: OY 2016 – OY 2019 reflect the Authority’s previous October 1 – September 30 OY, and CY 2019 is included for comparative purposes to present the annual change over the Authority’s new January 1 – December 31 OY.
¹ Does not include interest expense and trustee fees. Amounts in this table may vary from those presented in other Authority financial reports because of certain reclassifications consistent with financial reporting standards. Amounts may not add because of rounding.

Source: Wayne County Airport Authority

Key O&M Expenses categories and assumptions in projecting future growth are summarized below.

- **Salaries, wages, and employee benefits.** This expense category includes salaries, wages, and benefits associated with Authority staff for 625 employees. Employee benefits includes expenses for active and retired employee health care, pension contributions, Federal Insurance Contributions Act (FICA) taxes, workers’ compensation insurance, disability insurance, unemployment insurance, and tuition reimbursements. Salaries, wages, and employee benefits is the largest single category of O&M Expenses as it represents approximately 33.5% of total O&M Expenses budgeted for OY 2021. As presented above, these expenses increased at a CAGR of approximately 3.2% for the period OY 2016 through OY 2019. These expenses decreased approximately 13.6% from CY 2019 through OY 2020, due to COVID-19-related O&M Expense reductions. Salaries, wages, and employee benefits are budgeted to decrease by approximately 13.1% in OY 2021 to approximately \$77.0 million. Salaries, wages, and employee benefits expenses are projected to increase 4.0% annually from OY 2022 through OY 2026.
- **Contractual services.** This expense category includes costs associated with the Authority’s outsourcing for parking management, shuttle bus services, janitorial services, security, professional services, and other contractual services. It is the second largest category of O&M Expenses at the Airport as it represents approximately 28.8% of total O&M Expenses budgeted for OY 2021. This category of expenses increased at a CAGR of approximately 5.0% for the period OY 2016 through OY 2019. These expenses decreased approximately 20.1% from CY 2019 through OY 2020, due to COVID-19-related O&M Expense reductions. Contractual services expenses are budgeted to total approximately \$66.2 in OY 2021 million. Contractual services expenses are projected to increase to CY 2019 levels by OY 2024,

adjusted for inflation, and are then projected to increase at a CAGR of 4.0% over the remaining projection period (OY 2024 – OY 2026).

- **Repairs and maintenance.** This expense category includes corrective and preventative maintenance expenses for facilities, equipment, systems, and non-capital infrastructure repairs and maintenance. Repairs and maintenance expenses comprise approximately 14.8% of total O&M Expenses budgeted for OY 2021. This category of expenses increased at a CAGR of approximately 3.2% for the period OY 2016 through OY 2019. These expenses decreased approximately 26.0% from CY 2019 through OY 2020, due to COVID-19-related O&M Expense reductions. Repairs and maintenance expenses are budgeted to total approximately \$33.9 million in OY 2021. Future repairs and maintenance expenses are projected to increase to CY 2019 levels by OY 2024, adjusted for inflation, and are then projected to increase at a CAGR of 3.0% over the remaining projection period (OY 2024 – OY 2026).
- **Hotel management.** Hotel management comprise approximately 6.3% of total O&M Expenses budgeted for OY 2021. This category of expenses decreased from approximately \$22.7 million in OY 2016 to approximately \$18.6 million in OY 2017, then increased at a CAGR of approximately 3.0% for the period OY 2017 through OY 2019. These expenses decreased approximately 48.3% from CY 2019 through OY 2020, due to COVID-19-related O&M Expense reductions. Hotel management expenses are budgeted to total approximately \$14.5 million in OY 2021. Future hotel management expenses are projected to increase to CY 2019 levels by OY 2024, adjusted for inflation, and are then projected to increase at a CAGR of 3.0% over the remaining projection period (OY 2024 – OY 2026).
- **Utilities.** This expense category includes expenses for electricity, gas, water, and heating, ventilation, and air conditioning (HVAC). Utilities expenses comprised approximately 9.5% of total O&M Expenses budgeted for OY 2021. This category of expenses increased at a CAGR of approximately 1.4% for the period OY 2016 through OY 2019. These expenses decreased approximately 15.4% from CY 2019 through OY 2020, due to COVID-19-related O&M Expense reductions. Utilities expenses are budgeted to total approximately \$21.8 million in OY 2021. Utilities expenses are budgeted based on a three-year average for rate and volume. Utilities expenses are projected to increase to CY 2019 levels by OY 2024, adjusted for inflation, and are then projected to increase at a CAGR of 2.0% over the remaining projection period (OY 2024 – OY 2026).
- **Supplies and other operating expenses.** This expense category includes costs associated with materials and supplies needed for Airport operations and the most significant components of these are bulk chemicals for snow and ice removal, gasoline and diesel fuel, and other supplies for the terminals. Also, included in this category are other miscellaneous expenses such as property taxes, telephone charges, travel, professional development and advertising. This category of O&M Expenses comprises approximately 4.2% of total O&M Expenses budgeted for OY 2021, and increased at a CAGR of approximately 3.3% for the period OY 2016 through OY 2019. These expenses decreased approximately 36.8% from CY 2019 through OY 2020, due to COVID-19-related O&M Expense reductions. Supplies and other operating expenses are budgeted to decrease by another 2.3% to approximately \$9.7 million in OY 2021 and are projected to increase to CY 2019 levels by OY 2024, adjusted for inflation, and are then projected to increase at a CAGR of 3.0% over the remaining projection period (OY 2024 – OY 2026).
- **Capital expenses.** This expense category includes expenditures to (1) buy fixed assets with an individual unit value of \$5,000 or greater and a useful life beyond one year, or (2) add to the value of an existing fixed asset with a useful life that extends beyond one year. Capital expenses comprise approximately 2.0% of total O&M Expenses budgeted for OY 2021. This category of expenses decreased at a compound annual rate of approximately 2.2% for the period OY 2016 through OY 2019. These expenses decreased approximately 32.1% from CY 2019 through OY 2020, due to COVID-19-related O&M

Expense reductions. Capital expenses are budgeted to decrease by another 43.3% in OY 2021 to approximately \$4.7 million. Budgeted capital expenses primarily include the replacement of servers and network equipment, the replacement of water heaters, effluent pumps, safety-related equipment and LED lighting to the South Terminal as well as zero emission electric buses. Future capital O&M Expenses are projected to increase to CY 2019 levels by OY 2026.

- **Insurance.** This expense category includes both property and liability insurance at the Airport. Insurance expenses comprise 0.8% of total O&M Expenses budgeted for OY 2021. This category of expenses decreased at a compound annual rate of approximately 3.3% from OY 2016 through OY 2019. These expenses increased approximately 1.0% from CY 2019 through OY 2020 and are budgeted to decrease by approximately 3.4% in OY 2021 to approximately \$1.9 million. Future insurance/other O&M Expenses are projected to increase to CY 2019 levels by OY 2024, adjusted for inflation, and are then projected to increase at a CAGR of 2.4% over the remaining projection period (OY 2024 – OY 2026).

Overall, the projection of O&M Expenses is based on historical trend reviews, the anticipated impacts of inflation, projected activity levels, and impacts associated with the capital projects, as applicable. **Exhibit D** presents the projection of O&M Expenses by category and cost center for actual OY 2019, actual OY 2020 and projections for OY 2021 through OY 2026. Total Operating Expenses are projected to increase to CY 2019 levels by OY 2024 and are then projected to increase at a CAGR of 3.6% over the remaining projection period from OY 2024 through OY 2026.

5.7 Non-Airline Revenues

Table 5-4 below presents historical non-airline revenues for the Airport. The table presents actual non-airline revenues for OY 2016 through OY 2019, as well as for CY 2019 and OY 2020. CY 2019 is provided for comparative purposes to reflect the change in OY from October-September to January-December beginning January 1, 2020. As shown, the five primary categories of non-airline revenues (e.g., automobile parking, concessions, hotel, rental car, and ground transportation) accounted for approximately 92% of the Airport's total non-airline revenues and are presented along with growth rates during this period. Total non-airline revenues increased from approximately \$189.0 million in OY 2016 to approximately \$214.2 million in OY 2019, representing a CAGR of approximately 4.3% over this period. Additionally, Non-Airline Revenues grew faster than enplaned passengers for this period; these revenues grew from approximately \$11.04 per enplaned passenger in OY 2016 to approximately \$11.82 per enplaned passenger in OY 2019.

Non-Airline Revenues for the Airport decreased significantly in OY 2020 from CY 2019 levels, from approximately \$217.6 million to approximately \$104.0 million, or by 52.2%. This decrease is primarily attributed to the reductions in air traffic associated with the COVID-19 pandemic.

Table 5-4 Historical Airport Non-Airline Revenues (in thousands of dollars)¹

| Category | OY 2016 | OY 2017 | OY 2018 | OY 2019 | 2016–19 CAGR | CY 2019 | OY 2020 | 2019-20 CAGR |
|-----------------------------------|------------------|------------------|------------------|------------------|--------------|------------------|------------------|----------------|
| Automobile Parking | \$74,498 | \$76,707 | \$80,248 | \$83,657 | 3.9% | \$85,358 | \$34,905 | (59.1%) |
| Concessions | 37,506 | 39,290 | 42,298 | 42,937 | 4.6% | 43,160 | 21,073 | (51.2%) |
| Hotel | 33,890 | 29,928 | 31,368 | 32,735 | -1.1% | 34,153 | 12,224 | (64.2%) |
| Rental Car | 23,872 | 24,950 | 26,164 | 25,867 | 2.7% | 25,577 | 11,476 | (55.1%) |
| Ground Transportation | 5,125 | 7,814 | 10,199 | 11,375 | 30.4% | 11,644 | 3,781 | (67.5%) |
| Other | 14,151 | 16,101 | 17,036 | 17,636 | 7.6% | 17,681 | 20,559 | 16.3% |
| Total Non-Airline Revenues | \$189,042 | \$194,790 | \$207,315 | \$214,207 | 4.3% | \$217,573 | \$104,018 | (52.2%) |
| Enplaned Passengers (000s) | 17,131 | 17,281 | 17,559 | 18,121 | 1.9% | 18,364 | 7,027 | (61.7%) |
| Non-Airline Revenues per EP | \$11.04 | \$11.27 | \$11.81 | \$11.82 | 2.3% | \$11.85 | \$14.80 | 24.9% |

Notes: ¹ OY 2016 – OY 2019 reflect the Authority's previous October 1 – September 30 OY, and CY 2019 is included for comparative purposes to present the annual change over the Authority's new January 1 – December 31 OY. Amounts in this table include non-operating revenues and may vary from those presented in other Authority financial reports because of certain reclassifications consistent with financial reporting standards.

Source: Wayne County Airport Authority

Exhibit E presents non-airline revenues at the Airport for actual CY 2019, actual OY 2020 and projections for OY 2021 through OY 2026. Non-airline revenues are budgeted to approximately \$131.4 million in OY 2021. Non-airline revenues are projected to recover to CY 2019 levels by OY 2024, adjusted to generally reflect half the rate of assumed inflation, and are projected to increase to approximately \$244.2 million by OY 2026. This increase in non-airline revenues between CY 2019 and OY 2024 represents a CAGR of approximately 1.4%. Non-airline revenues are projected to increase at a CAGR of 1.7% between OY 2024 and OY 2026. In general, the projection of non-airline revenues is based on historical trend reviews, projected passenger recovery levels, assumed economic recovery from the COVID-19 pandemic, and impacts associated with the CIP, as applicable. Non-airline revenues are further described in the following sections.

5.7.1 Automobile Parking

The Authority offers several parking products to Airport parkers including short-term structured parking, long-term structured parking, economy parking at surface lots, and premium valet service at the McNamara Terminal. These parking products are priced based on level of service.

As of April 2021, five off-airport parking companies also provide parking services to passengers, in competition with the Authority. These off-airport operators include Qwik Park (and Qwik Park's overflow lot), Valet Connections, Park-N-Go, Fast Lane Parking, and US Park. Combined, these operators have an inventory of approximately 14,000 parking spaces.

Table 5-5 presents public parking rates at the Airport in recent years. As shown in the table, the Authority monitors public parking rates and implements rate changes periodically. The Authority has been able to realize revenue gains resulting from these increases and the differing products as demand has continued to increase.

Table 5-5 Public Parking Rates at the Airport (Daily Maximum Rates)

| Parking Facility | Dec. 14, 2015 | Oct. 1, 2016 | Aug. 6, 2018 | Sept. 30, 2019 | Current (effective Oct. 28, 2019) |
|--------------------------------------|---------------|--------------|--------------|----------------|-----------------------------------|
| Valet (McNamara parking garage)* | \$38.00 | \$40.00 | \$43.00 | \$45.00 | \$45.00 |
| Short-term (both parking structures) | \$31.00 | \$33.00 | \$36.00 | \$38.00 | \$38.00 |
| Long-term (McNamara parking garage) | \$23.00 | \$23.00 | \$24.00 | \$26.00 | \$26.00 |
| Long-term (Big Blue Deck) | \$13.00 | \$13.00 | \$14.00 | \$16.00 | \$16.00 |
| Economy (Green Lots)* | \$11.00 | \$11.00 | \$12.00 | \$12.00 | \$14.00 |

Note: Valet Parking and Green Lots are currently closed.

Source: Authority management records

Automobile parking revenues represent the largest component of non-airline revenues at the Airport, accounting for approximately 39.0% of total non-airline revenues budgeted for OY 2021. As presented on Table 5-5, auto parking revenues increased at a CAGR of approximately 3.9% from OY 2016 through OY 2019, from approximately \$74.5 million to \$83.7 million annually. As a result of the decline in traffic from the COVID-19 pandemic, automobile parking revenues decreased significantly in OY 2020 from CY 2019 levels, from approximately \$85.4 million to approximately \$34.9 million, or by 59.1%.

In order to reduce operating costs and enhance customer safety, the economy Green Lots and Valet Parking are temporarily closed during the pandemic. No date has been announced for the reopening of these parking facilities, however, it is assumed that they will reopen as demand returns during the recovery from the pandemic.

Auto parking revenues are budgeted to be approximately \$51.2 million in OY 2021 and are projected to recover to CY 2019 levels by OY 2024, adjusted for inflation, and are then projected to increase at a CAGR of 1.6% over the remaining projection period (OY 2024 – OY 2026). The projection after the assumed recovery from the pandemic assumes rate increases generally in line with inflationary trends along with the increase in O&D enplaned passengers at the Airport.

5.7.2 Terminal Concessions

Terminal concessions include food and beverage, retail, advertising, inflight catering, and other miscellaneous concession revenues at the Airport. These revenues represent the second largest component of non-airline revenues at the Airport, accounting for approximately 17.4% of total non-airline revenues budgeted for OY 2021. As presented on Table 5-4, concessions revenues increased at a CAGR of approximately 4.6% from OY 2016 through OY 2019, from approximately \$37.5 million to \$42.9 million annually.

As discussed in section 5.4.4.1, the Michigan Department of Health and Human Services Order placing restrictions on bars and restaurants impacted concessions revenues at the Airport. The food & beverage concessions were previously limited to carry-out service, which have since been reopened in a limited capacity. Retail locations were not impacted by the order. However, many shops and restaurants have limited hours or are temporarily closed. The concessionaires and the Airport are striving to make essential products and services available, while protecting the health of the traveling public and employees. As a result of the decline in traffic from the COVID-19 pandemic, concessions revenues decreased significantly in OY 2020 from CY 2019 levels, from approximately \$43.2 million to approximately \$21.1 million, or by 51.2%. Per the terms of the concession agreements, the MAG for food and beverage concessionaires was reduced from approximately \$18.2 million to \$8.0 million in OY 2020.

Concessions revenues are budgeted to be approximately \$22.9 million in OY 2021 and are projected to recover to CY 2019 levels by OY 2024, adjusted for inflation, and are then projected to increase at a CAGR of 1.6% over the remaining projection period (OY 2024 – OY 2026). The projection after the assumed recovery from the pandemic assumes rate increases generally in line with inflationary trends along with the increase in enplaned passengers at the Airport.

5.7.3 Hotel

Revenues generated from the operation of the Airport's Westin Hotel comprise approximately 16.2% of non-airline revenues budgeted for OY 2021. These revenues totaled approximately \$33.9 million in OY 2016, then decreased to \$29.9 million in OY 2017 after certain related tax revenues were reclassified, and increased to approximately \$32.7 million in OY 2019, representing a CAGR of approximately 4.6% from OY 2017 to OY 2019. As a result of the decline in traffic from the COVID-19 pandemic, hotel revenues also decreased in OY 2020 from CY 2019 levels, from approximately \$34.2 million to approximately \$12.2 million, or by 64.2%. Hotel revenues are budgeted to be approximately \$21.3 million in OY 2021 and are projected to recover to CY 2019 levels by OY 2024, adjusted for inflation, and are then projected to increase at a CAGR of 1.8% over the remaining projection period (OY 2024 – OY 2026). The projection after the assumed recovery from the pandemic assumes rate increases generally in line with inflationary trends along with the increase in O&D enplaned passengers at the Airport.

5.7.4 Rental Car

Rental car revenues comprise approximately 11.5% of budgeted OY 2021 non-airline revenues. Rental car revenues increased at a CAGR of approximately 2.7% from OY 2016 to OY 2019 from approximately \$23.9 million to \$25.9 million. As a result of the decline in traffic from the COVID-19 pandemic, rental car revenues decreased significantly in OY 2020 from CY 2019 levels, from approximately \$25.6 million to approximately \$11.5 million, or by 55.1%. Per the terms of the rental car agreements, the MAG for rental car concessionaires was reduced from approximately \$22.5 million to \$12.0 million in OY 2020. Rental car revenues are budgeted to be approximately \$15.1 million in OY 2021 and are projected to recover to CY 2019 levels by OY 2024, adjusted for inflation, and are then projected to increase at a CAGR of 1.6% over the remaining projection period (OY 2024 – OY 2026). The projection after the assumed recovery from the pandemic assumes rate increases generally in line with inflationary trends along with the increase in O&D enplaned passengers at the Airport.

5.7.4.1 Customer Facility Charges

Under the Master Bond Ordinance, the Authority may establish, by ordinance, a separate category or portion of revenue of a type not previously included in Revenues, relating to or arising from a definable service, program or facility that will be treated as Special Purpose Revenues and may be pledged for the payment of bonds (Special Purpose Bonds) payable solely from such Special Purpose Revenues. On July 15, 2015, the Board adopted an

ordinance (the CFC Ordinance) providing for the establishment of a car rental customer facility charge (CFC) as a Special Purpose Revenue, starting September 1, 2015. The CFC Ordinance authorized the Authority to initially impose a CFC of \$1.00 (later adjusted to \$5.50) per vehicle per transaction day, on every vehicle rental by a car rental company that uses Airport facilities or operates under a permit or license with the Authority. As Special Purpose Revenues, the CFCs are not included as Revenues and are not pledged for payment of Bonds, but may instead be used for the payment of debt service on Special Purpose Bonds issued to finance such rental car facilities. The Authority does not currently intend to issue Special Purpose Bonds for such purpose and ceased collection of the CFC effective June 1, 2020. The Authority anticipates applying its previously collected CFCs on a pay-as-you-go basis to pay the costs associated with the planning, design, construction, operation, maintenance, repair, equipping, and replacement of existing rental car facilities at the Airport.

5.7.5 Ground Transportation

Ground transportation revenues consist primarily of transportation network company (TNC) revenues, and also include revenues generated from taxi and other public transportation operations at the Airport. Two TNCs, Uber and Lyft, offer vehicle-for-hire access to the Airport and pay a fee of \$5 per passenger drop off or pick-up on Airport property. Ground transportation revenues increased at a CAGR of approximately 20.7% from OY 2017 (the first year of TNC revenues) to OY 2019 from approximately \$7.8 million to \$11.6 million. As a result of the decline in traffic from the COVID-19 pandemic, ground transportation revenues also decreased significantly in OY 2020 from CY 2019 levels, from approximately \$11.6 million to approximately \$3.8 million, or by 67.5%. Ground transportation revenues are budgeted to approximately \$6.2 million in OY 2021 and are projected to recover to CY 2019 levels by OY 2024, adjusted for inflation, and are then projected to increase at a CAGR of 1.6% over the remaining projection period (OY 2024 – OY 2026). The projection after the assumed recovery from the pandemic assumes rate increases generally in line with inflationary trends along with the increase in O&D enplaned passengers at the Airport.

5.7.6 Other

Other non-airline revenues primarily include other non-airline tenant leases, cargo building rents, hangar rents, utility service fees, shuttle bus revenue, and other buildings at the Airport leased by the Authority. These revenues increased at a CAGR of approximately 7.6% from OY 2016 through OY 2019. Other non-airline revenues increased in OY 2020 from CY 2019 levels, from approximately \$17.7 million to approximately \$20.6 million, or by 16.3%. Other non-airline revenues are budgeted to be approximately \$14.6 million for OY 2021. The projection for other non-airline revenues assumes increases generally in line with about half of the rate of inflation.

5.8 PFC Revenues

PFC revenues are used to pay for certain FAA-approved, PFC-eligible projects, either by using certain PFC revenues to pay for approved project costs on a pay-as-you-go basis or by applying certain PFC revenues to pay debt service associated with Bonds issued to fund approved projects. Pursuant to the Master Bond Ordinance, PFC revenues are excluded from the definition of Revenues, and therefore, are not pledged to the payment of debt service on the Bonds or Junior Lien Bonds. However, PFC revenues are applied to pay a portion of the debt service on Bonds and Junior Lien Bonds issued to pay for PFC eligible projects and are considered Other Available Moneys as defined in the Master Bond Ordinance. Other Available Moneys for any OY is the amount of money determined by the Chief Financial Officer in concurrence with the Chief Executive Officer to be transferred by the Authority for such OY from PFC revenues or other sources other than Revenues to the Bond Fund or the Junior Lien Bond Fund.

As of April 2021, the Authority is authorized by the FAA to impose and use approximately \$3.1 billion of PFC revenues (at the \$4.50 level) for various projects. Based on Final Agency Decisions, the FAA estimates the charge-expiration date to be February 1, 2034. As of January 1, 2021, the Authority had collected approximately \$1.6 billion of its total approved collection and had spent approximately \$1.6 billion on approved projects. The Authority is obligated under the Airline Agreements to use PFCs to pay debt service on airport revenue bonds issued to pay the costs of certain PFC-eligible projects at the Airport. The vast majority of the Authority's PFC eligible projects were funded with Bonds or Junior Lien Bonds and the Authority has dedicated its PFC revenues toward the payment of debt service on Bonds issued to fund these projects, which is assumed to continue at least through the FAA's current charge-expiration date of February 2034. Therefore, at the current PFC rate of \$4.50, the Authority is not projected to have additional PFC capacity for additional projects during the projection period.

Exhibit F presents the PFC revenues of the Authority for actual OY 2020 and projections for OY 2021 through OY 2026. PFC revenues are driven by enplaned passengers at the Airport as presented on the exhibit. Based on historical trends, the projection assumes that the Authority will collect PFC revenues from 89% of enplaned passengers at a net collection rate of \$4.39, which is the \$4.50 rate less the \$0.11 administrative fee. PFC revenues collected were approximately \$26.5 million in OY 2020 and are projected to increase to approximately \$71.0 million by OY 2026. Per the Master Bond Ordinance Rate Covenant, these PFC revenues are assumed to be included as Other Available Moneys and are assumed to pay a portion of outstanding Debt Service throughout the projection period as presented on Exhibits G, H, and I.

5.9 Aviation Fuel Tax

Beginning on October 1, 2016, the State of Michigan approved a number of senate bills amending various statutes to earmark 2% of the sales tax revenue on aviation fuel and use tax revenue in order to fund the State Aeronautics Fund and a Qualified Airport Fund for the State. These funds are used to support capital improvement projects to air traffic landing areas (i.e., airfield areas) throughout Michigan. The State Aeronautics Fund receives 35% of this amount and the remaining 65% is directed to the Qualified Airport Fund. A Qualified Airport is defined in the State Aeronautics Code as an airport with 10 million or more enplaned passengers within any 12-month period. Currently, the Airport is the only Qualified Airport in the State. The Authority receives approximately \$5 million per year of aviation fuel tax revenue and includes this amount as part of Other Available Moneys to pay a portion of debt service associated with airfield capital projects.¹¹²

5.10 Airline Revenues

Airline revenues at the Airport include Terminal Rentals, Terminal Use Charges for Shared Use Premises, Activity Fees and International Facilities Use Fees. **Table 5-6** presents historical airline revenues for the Airport for OY 2016 through OY 2019, as well as for CY 2019 and OY 2020. The table also presents the CAGR in airline revenues for OY 2016 through OY 2019 and the percent change from CY 2019 through estimated OY 2020. Total airline revenues remained relatively level between OY 2016 and OY 2018 at approximately \$170 million annually, then increased to approximately \$178.3 million in OY 2019, representing a CAGR of approximately 1.5% from OY 2016 through OY 2019. Additionally, enplaned passengers grew faster than airline revenues for this period; resulting in a decrease in airline cost per enplaned passenger (CPE) from \$9.95 in OY 2016 to approximately \$9.84 per enplaned passenger in OY 2019.

¹¹² The State of Michigan, http://www.michigan.gov/documents/aero/Aviation_in_Michigan_482063_7.pdf, accessed January 2021.

Table 5-6 Historical Airport Airline Revenues (in thousands of dollars)¹

| Category | OY 2016 | OY 2017 | OY 2018 | OY 2019 | 2016–19 CAGR | CY 2019 | OY 2020 | 2019-20 CAGR |
|-------------------------------|------------------|------------------|------------------|------------------|---------------|------------------|------------------|----------------|
| Activity Fees | \$78,046 | \$79,494 | \$76,739 | \$79,731 | 0.7% | \$83,867 | \$57,545 | (31.4%) |
| Airline Rents | 84,286 | 81,981 | 84,732 | 88,897 | 1.8% | 90,176 | 85,688 | (5.0%) |
| Facility Use Fees | 8,036 | 8,475 | 8,876 | 9,714 | 6.5% | 9,702 | 2,276 | (76.5%) |
| Total Airline Revenues | \$170,368 | \$169,950 | \$170,348 | \$178,343 | 1.5% | \$183,745 | \$145,509 | (20.8%) |
| Enplaned Passengers (000s) | 17,131 | 17,281 | 17,559 | 18,121 | 1.9% | 18,364 | 7,027 | (61.7%) |
| Airline CPE | \$9.95 | \$9.83 | \$9.98 | \$9.84 | (0.4%) | \$10.10 | \$20.71 | 105.0% |

Notes: ¹ OY 2016 – OY 2019 reflect the Authority’s previous October 1 – September 30 OY, and CY 2019 is included for comparative purposes to present the annual change over the Authority’s new January 1 – December 31 OY. Amounts in this table include non-operating revenues and may vary from those presented in other Authority financial reports because of certain reclassifications consistent with financial reporting standards.

Source: Wayne County Airport Authority

Airline revenues for the Airport decreased in OY 2020 from CY 2019 levels, from approximately \$183.7 million to approximately \$145.5 million, or by 20.8%. Under the Airport’s residual agreement methodology, this decrease is primarily attributed to the reductions in O&M Expenses offset by decreases in non-airline revenues associated with impacts related to the COVID-19 pandemic, with the Signatory Airlines bearing the financial risk of the Airport to ensure that the Authority can comply with its covenants under the Master Bond Ordinance. The 20.8% decrease in airline revenues from CY 2019 through OY 2020, compared to a 61.7% decrease in enplaned passengers, resulted in an increase in airline CPE from \$10.10 to \$20.71 during that period. The Authority has used, and continues to use, the federal funding assistance opportunities described in section 5.4 herein to reduce airline revenue requirements.

The rate-setting formulas for Terminal Rentals and Activity Fees are consistent with the rate-setting methodologies set forth in the Airline Agreements and described earlier in this Chapter. **Exhibits G, H, and I** further illustrate the rate-setting methodologies for the South Terminal Rentals, North Terminal Rentals, and Activity Fees, respectively. The business terms of the Airline Agreements are used as the basis for projecting airline revenues for the purposes of this Report.

The Authority recently determined to use a portion of the funds received by the Authority under the CARES Act and CRRSAA in a manner that benefits the airlines operating at the Airport, by applying such portions to pay Airport expenses, thereby reducing the Fiscal Year 2021 rentals, fees and charges imposed under the Airline Agreements. The application of such funds will be deemed effective as of January 1, 2021. In order to implement the application of such funds as of January 1, 2021, beginning with the monthly payment in May 2021 of rentals, fees and charges due from the Signatory Airlines under the Airline Agreements, the Signatory Airlines shall begin to utilize revised Terminal Rental, Terminal Charge and Activity Fee rates to make their monthly payments, which revised rates have been calculated to take into account the Authority’s use of such federal funds for the payment of certain Airport expenses effective as of the beginning of OY 2021.

This adjustment of the OY 2021 Signatory Airline Terminal Rental rates, Activity Fee rate and Terminal Charge rate is not an adjustment called for by the Airline Agreements, and the Authority reserves all rights under the

Airline Agreements, including, but not limited to, the right to adjust airline rentals, fees and charges on July 1, 2021.

5.10.1 South Terminal Rentals

Exhibit G presents the calculation of South Terminal Rentals for actual OY 2020 and projections for OY 2021 through OY 2026. Per the rate-setting methodology, the Authority receives South Terminal Rentals from Signatory Airlines leasing space in the South Terminal, calculated on a cost center residual basis, but excluding from such calculation South Terminal concessions revenues which instead are taken into account in the Airport-wide residual Activity Fee calculation. The Signatory Airlines South Terminal Rental Rate per square foot for projected OY 2021 is \$61.00. Over the projection period, the Signatory Airlines South Terminal Rental Rate is projected to increase to \$73.00 by OY 2026. Exhibit G presents the projected South Terminal Rentals and Rental Rates over the projection period. Total South Terminal Rentals are projected to increase from approximately \$55.5 million in OY 2021 to approximately \$66.6 million in OY 2026.

5.10.2 North Terminal Rentals

Exhibit H presents the calculation of North Terminal Rentals for actual OY 2020 and projections for OY 2021 through OY 2026. Per the rate-setting methodology, the Authority receives North Terminal Rentals from Signatory Airlines leasing space in the North Terminal, calculated on a cost center residual basis, but excluding from such calculation North Terminal concessions revenues which instead are taken into account in the Airport-wide residual Activity Fee calculation. The Signatory Airlines North Terminal Rental Rate per square foot for projected OY 2021 is \$158.00. Over the projection period, the Signatory Airlines North Terminal Rental Rate is expected to decrease to \$145.00 per square foot by OY 2026, primarily as a result of the increasing availability of PFC revenues as Other Available Moneys to offset the North Terminal airline requirement as airline traffic recovers. Exhibit H presents the projected North Terminal Rentals and Rental Rates over the projection period. Total North Terminal Rentals are projected to decrease from approximately \$10.7 million in OY 2021 to approximately \$9.8 million in OY 2026.

5.10.3 Activity Fees

Exhibit I presents the calculation of Activity Fees for actual OY 2020 and projections for OY 2021 through OY 2026. Per the Airport-wide residual rate-setting methodology, the Authority fully recovers the Revenue Requirement of the Airport Cost Center. The Revenue Requirement for any OY is the amount of Revenue required to produce total net Revenue as described in the Activity Fee calculation methodology described in Section 5.4.3 of this Report.

As presented in Exhibit I, the Signatory Airline Activity Fee Rate per 1,000-pound units of landed weight for projected OY 2021 \$4.87. Over the projection period, the Signatory Airline Activity Fee Rate is projected to decrease in each year through OY 2024 to \$2.56 per 1,000-pounds of landed weight, as traffic recovers from the COVID-19 pandemic and non-airline revenues and PFC revenues increase accordingly, and then increase to \$2.69 per 1,000-pounds of landed weight by OY 2026. Activity Fees are projected to decrease from approximately \$77.9 million in OY 2021 to approximately \$58.5 million in OY 2024, then increase to approximately \$62.5 million by OY 2026.

5.10.4 Airline Cost per Enplaned Passenger

A key performance indicator for airline costs at an airport is the average airline cost per enplaned passenger (CPE). **Exhibit J** presents the projection of CPE for the airlines at the Airport. As shown, the airline CPE includes the Activity Fees and Terminal Rentals, and other facility use fees divided by total enplaned passengers. The

airline CPE at the Airport was approximately \$10.10 in CY 2019. With airline traffic declining significantly due to the onset of the pandemic, airline CPE increased to approximately \$20.71 in OY 2020, and is projected to be \$16.08 in OY 2021. As airline traffic recovers, airline CPE is projected to decrease each year through OY 2024 to \$9.20 per enplaned passenger and then projected to increase to \$9.49 per enplaned passenger by OY 2026. Airline CPE throughout this period is projected to remain within reasonable levels as compared to other U.S. Large Hub airports.

Table 5-7 presents actual and projected airline rates, airline revenues, and airline CPE from OY 2019 through OY 2026. As shown, as airline traffic is projected to recover during the projection period, airline revenues and CPE are forecast to return to pre-COVID-19 levels by OY 2024, adjusted for inflation and debt service on the Series 2021 Bonds and Additional Bonds assumed to be issued.

Table 5-7 Airport Airline Rate and Revenue Summary (in thousands, except rates)¹

| Category | OY 2019 | OY 2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Signatory South Terminal Rental Rate | \$62.08 | \$58.00 | \$61.00 | \$66.00 | \$68.00 | \$69.00 | \$71.00 | \$73.00 |
| Signatory North Terminal Rental Rate | \$117.35 | \$129.00 | \$158.00 | \$164.00 | \$156.00 | \$143.00 | \$142.00 | \$145.00 |
| Signatory Activity Fee | \$3.52 | \$4.26 | \$4.87 | \$3.84 | \$2.92 | \$2.56 | \$2.60 | \$2.69 |
| Facility Use Fee | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 |
| Total Airline Revenues | \$178,343 | \$145,509 | \$176,830 | \$183,852 | \$174,160 | \$170,264 | \$173,183 | \$178,581 |
| Enplaned Passengers (000s) | 18,121 | 7,027 | 11,000 | 15,685 | 17,389 | 18,499 | 18,667 | 18,816 |
| Airline CPE | \$9.84 | \$20.71 | \$16.08 | \$11.72 | \$10.02 | \$9.20 | \$9.28 | \$9.49 |

Note: ¹ OY 2019 reflects the Authority's previous OY ending September 30th. Amounts in this table include non-operating revenues and may vary from those presented in other Authority financial reports because of certain reclassifications consistent with financial reporting standards. North and South Terminal rental rates per square foot. Activity fee per 1,000-lb units of landed weight. Facility Use fee per enplaned passengers.

Source: Wayne County Airport Authority records (actual 2019 and 2020), Landrum & Brown, Inc. (projected)

5.11 Application of Revenues

Exhibit K presents the application of Revenues for the Airport throughout the projection period consistent with the requirements of the Master Bond Ordinance. As presented, the Authority is projected to have sufficient Revenues to make all required deposits per the Master Bond Ordinance.

5.12 Debt Service Coverage

Exhibit L presents the debt service coverage ratios for Senior Lien debt service and Junior Lien debt service for the projection period. As presented, the Net Revenues available for Senior Lien debt service are projected to be

approximately \$248.8 million in OY 2021 and are projected to remain relatively stable throughout the projection period, ranging between approximately \$251.7 million and \$258.4 million each year. Per the Master Bond Ordinance, the Authority is able to include unencumbered amounts available in the Revenue Fund on the last business day of the prior OY for the purposes of calculating debt service coverage. Debt service coverage ratios for Senior Lien Bonds are projected to range from 1.47x to 1.48x during the projection period. Debt service coverage ratios including Junior Lien Bonds are projected to be 1.39x during the projection period.

As required pursuant to the Rate Covenant in the Master Bond Ordinance, Revenues must be sufficient in each OY to pay the following amounts:

- The payment of O&M Expenses for the OY;
- Together with PFC proceeds, including interest thereon, deposited with the Trustee with respect to such OY, the amounts needed to make the deposits required for the Application of Revenues pursuant to the Master Bond Ordinance for such OY to the Bond Fund; and
- Together with Other Available Moneys deposited with the Trustee with respect to such OY, to the extent not needed to make the deposits required under the Master Bond Ordinance for such OY to the Bond Fund, and any unencumbered cash balance held in the Revenue Fund on the last day of the OY preceding the OY for which the calculation is made not then required to be deposited in any Fund or Account.
 - The amounts needed to make the deposits required under the Master Bond Ordinance for such OY to the Junior Lien Bond Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund, the Airport Discretionary Fund, and the Airport Development Fund, and
 - An amount not less than 25% of the Debt Service due and payable on Bonds during such OY.

As presented on Exhibit L, the Authority is projected to satisfy the Rate Covenant requirement in each year of the projection. A summary of debt service coverage and CPE projections is also presented below in **Table 5-8**.

Table 5-8 Debt Service Coverage Projection and Passenger Airline CPE Projection
(in thousands of dollars, except CPE)

| Operating Year | Net Revenues, Revenue Fund Balances and Other Available Moneys | Total Senior Lien Debt Service Requirements | Senior Lien Debt Service Coverage Ratio | Total Senior Lien and Junior Lien Debt Service Requirements | Senior Lien and Junior Lien Debt Service Coverage Ratio | Airline CPE |
|----------------|--|---|---|---|---|-------------|
| OY 2021 | \$248,760 | \$167,711 | 1.48x | \$178,342 | 1.39x | \$16.08 |
| OY 2022 | \$251,682 | \$170,094 | 1.48x | \$180,728 | 1.39x | \$11.72 |
| OY 2023 | \$256,307 | \$173,914 | 1.47x | \$184,550 | 1.39x | \$10.02 |
| OY 2024 | \$257,944 | \$175,127 | 1.47x | \$185,758 | 1.39x | \$9.20 |
| OY 2025 | \$257,140 | \$174,707 | 1.47x | \$185,298 | 1.39x | \$9.28 |
| OY 2026 | \$258,353 | \$175,549 | 1.47x | \$186,141 | 1.39x | \$9.49 |

Source: Landrum & Brown, Inc.

5.13 Financial Analysis of Slower Recovery Scenario

As presented in Chapter 3, L&B prepared a slower recovery enplaned passengers projection scenario in addition to the baseline projection. This scenario was prepared because of the ongoing uncertainty related to the level of impact and duration of the COVID-19 pandemic on air traffic recovery. The assumptions for this scenario are described in more detail in Section 3.4.5 of this Report. For the purposes of the financial analysis, key assumptions are as follows:

- Current Airline Agreements business terms and conditions remain in effect through the projection period.
- Funding and timing of the Series 2021 Projects and the Other Approved Capital Projects remain as assumed in the baseline financial analysis.
- O&M Expenses increase as projected in the baseline financial analysis.
- Non-airline revenues assumed to increase at a consistent ratio of revenues per enplanement as the baseline financial analysis, however, projected non-airline revenues are reduced based on the assumed slower recovery of enplaned passengers.
- PFC revenues used as Other Available Moneys are lower as compared to the baseline financial analysis based on lower enplaned passengers projected.

Table 5-9 presents projected debt service coverage and airline CPE for each scenario. As shown, under each scenario, the Authority is projected to continue to satisfy its covenant set forth in the Master Bond Ordinance throughout the projection period. However, it should be noted that, given the uncertainty regarding the COVID-19 pandemic, it is possible that airline traffic recovery could be delayed beyond what is assumed under the slower recovery scenario. Such a scenario may require additional steps taken by the Authority to reduce O&M Expenses and/or net debt service beyond what it contemplated in this Report in order to mitigate airline costs under the residual Airline Agreement.

Table 5-9 Sensitivity Analysis Results: Debt Service Coverage and Airline CPE

| Operating Year | Net Revenues, Revenue Fund Balances and Other Available Moneys | Total Senior Lien Debt Service Requirements | Senior Lien Debt Service Coverage Ratio | Total Senior Lien and Junior Lien Debt Service Requirements | Senior Lien and Junior Lien Debt Service Coverage Ratio | Airline CPE |
|----------------|--|---|---|---|---|-------------|
| OY 2021 | \$248,760 | \$167,711 | 1.48x | \$178,342 | 1.39x | \$24.68 |
| OY 2022 | \$251,344 | \$170,094 | 1.48x | \$180,728 | 1.39x | \$19.27 |
| OY 2023 | \$255,863 | \$173,914 | 1.47x | \$184,550 | 1.39x | \$13.46 |
| OY 2024 | \$257,674 | \$175,127 | 1.47x | \$185,758 | 1.39x | \$12.45 |
| OY 2025 | \$256,861 | \$174,707 | 1.47x | \$185,298 | 1.39x | \$12.54 |
| OY 2026 | \$258,067 | \$175,549 | 1.47x | \$186,141 | 1.39x | \$12.75 |

Source: Landrum & Brown, Inc.

As previously indicated, many of the factors affecting air travel demand are not necessarily quantifiable. As a result, all projections are subject to uncertainty. While the global COVID-19 pandemic is currently ongoing, other economic disturbances could occur over the projection period. Therefore, these projected sensitivity scenarios and financial results, as with any projection, should be viewed as a general indication of future results as opposed to a precise prediction. Actual future results are likely to vary from this projection, and such variances could be material.

Exhibit A**SERIES 2021 PROJECTS - PLAN OF FINANCE**
(Dollars in Thousands)**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

| | | Estimated Project Cost | Other Funds | Existing Bond Proceeds | Series 2021 Bond Proceeds |
|--|--------------------------|---------------------------|-----------------|---------------------------|------------------------------|
| <u>SERIES 2021 PROJECTS</u> | | | | | |
| <u>Airfield</u> | | | | | |
| Taxiway Y Reconstruction Phase I | | \$55,750 | \$15,200 | \$0 | \$40,550 |
| Taxiway Z, Taxiway K, and Other Airport Operational Area Pavement Rehabilitation | | 10,000 | 0 | 0 | 10,000 |
| McNamara Terminal Apron Rehabilitation/Reconstruction (Phase 1 - Gates A1-A35 and Taxilanes J7 and J8) | | 56,000 | 0 | 0 | 56,000 |
| McNamara Terminal Apron Rehabilitation/Reconstruction Phase 2 - Gates B1-B20, C1-C27, and A74-A78 (Design Only) | | 4,000 | 0 | 0 | 4,000 |
| Subtotal Airfield Improvements | [A] | \$125,750 | \$15,200 | \$0 | \$110,550 |
| <u>Power Plants & Electrical Distribution System</u> | | | | | |
| North Campus Electrical Distribution Loops 1 & 2 | | \$8,600 | \$0 | \$0 | \$8,600 |
| Medium Voltage Transmission Lines - Phase 1 | | 16,500 | 0 | 0 | 16,500 |
| Subtotal Power Plants & Electrical Distribution System | [B] | \$25,100 | \$0 | \$0 | \$25,100 |
| <u>Parking Decks, Lots, and GTCs</u> | | | | | |
| Blue Deck Rehabilitation - Phase 4 (design and construction) | | \$6,000 | \$0 | \$3,000 | \$3,000 |
| Big Blue Parking Deck Rehabilitation - Concrete Floor Repairs, Guardrails, and Waterproofing | | 3,150 | 0 | 0 | 3,150 |
| Big Blue Parking Deck Steam Condensate Line Replacement | | 1,000 | 0 | 0 | 1,000 |
| McNamara Parking Deck Elastomeric Coating | | 5,500 | 0 | 0 | 5,500 |
| Parking Lots Rehabilitation - North Power Plant, ARFF #2, and WCAA Employee Lot | | 2,000 | 0 | 0 | 2,000 |
| Subtotal Parking Decks, Lots, and GTCs | [C] | \$17,650 | \$0 | \$3,000 | \$14,650 |
| <u>Bridges & Roadways</u> | | | | | |
| Bridges & Roadways Rehabilitation - Northbound Dingell Drive - North Tunnel to Rogell Drive | | \$4,400 | \$0 | \$0 | \$4,400 |
| Tunnel Rehabilitation Program - South Tunnel Phase I | | 6,000 | 0 | 0 | 6,000 |
| Subtotal Bridges & Roadways | [D] | \$10,400 | \$0 | \$0 | \$10,400 |
| <u>Security & Communications</u> | | | | | |
| Perimeter Security Fence Enhancements | | \$1,575 | \$0 | \$0 | \$1,575 |
| Security System & Network Upgrades (SSNU) | | 4,620 | 0 | 0 | 4,620 |
| Subtotal Security & Communications | [E] | \$6,195 | \$0 | \$0 | \$6,195 |
| <u>Support Facilities</u> | | | | | |
| Roof Replacement Plan | | \$1,869 | \$0 | \$0 | \$1,869 |
| Subtotal Support Facilities | [F] | \$1,869 | \$0 | \$0 | \$1,869 |
| <u>Terminals</u> | | | | | |
| North Terminal Pre-conditioned Air Unit Replacement | | \$3,100 | \$0 | \$0 | \$3,100 |
| North Terminal Ground Power Unit Replacement | | 1,850 | 0 | 0 | 1,850 |
| North Terminal Baggage Handling System Controls | | 3,300 | 0 | 0 | 3,300 |
| Subtotal Terminals | [G] | \$8,250 | \$0 | \$0 | \$8,250 |
| Total Series 2021 Projects | [H=A+B+C+D+E+F+G] | \$195,214 | \$15,200 | \$3,000 | \$177,014 |

Note: Amounts may not add due to rounding.

Source: Authority management records, April 2021.
Compiled by Landrum & Brown, Inc.

Exhibit B**OTHER APPROVED CAPITAL PROJECTS - PLAN OF FINANCE¹****DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

(Dollars in Thousands)

| | | Estimated Project Cost | Existing Bond Proceeds | Future Bond Proceeds ² |
|--|----------------|---------------------------|---------------------------|--------------------------------------|
| <u>OTHER APPROVED CAPITAL PROJECTS</u> | | | | |
| <u>Airfield</u> | | | | |
| Taxiway Kilo (K) Reconstruction | | \$22,000 | \$0 | \$22,000 |
| Taxiway Z (Southern Portion) Relocation and AOA Service Road Modification and Extension | | 16,000 | 4,904 | 11,096 |
| Subtotal Airfield Improvements | [A] | \$38,000 | \$4,904 | \$33,096 |
| <u>Support Facilities</u> | | | | |
| Fire Training Facility Restoration and Burn Pit Replacement (construction) | | \$10,250 | \$0 | \$10,250 |
| Subtotal Support Facilities | [B] | \$10,250 | \$0 | \$10,250 |
| Total Other Approved Projects | [C=A+B] | \$48,250 | \$4,904 | \$43,346 |

Note: Amounts may not add due to rounding.

¹ Includes costs for projects with Weighted Majority approval, which costs have not been previously funded in whole and are not being funded with the Series 2021 Bond proceeds.² Reflects Future Bond Proceeds for costs of projects with Weighted Majority approval, which costs have not been previously funded in whole and are not being funded with the proceeds.

Source: Authority management records, April 2021.

Compiled by Landrum & Brown, Inc.

Exhibit C-1**OUTSTANDING BOND DEBT SERVICE BY SERIES****DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

(Dollars in Thousands for Operating Years Ending December 31)

| | ACTUAL | | | PROJECTED | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | OY 2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 |
| Senior Lien Debt Service by Series (a) | | | | | | | |
| Series 2010C | \$15,350 | \$14,976 | \$9,514 | \$0 | \$0 | \$0 | \$0 |
| Series 2010D | 3,452 | 3,171 | 0 | 0 | 0 | 0 | 0 |
| Series 2011A | 42,755 | 42,806 | 39,284 | 0 | 0 | 0 | 0 |
| Series 2011B | 2,642 | 0 | 0 | 0 | 0 | 0 | 0 |
| Series 2012A | 12,347 | 12,358 | 12,338 | 12,337 | 12,335 | 12,336 | 12,341 |
| Series 2012B | 1,949 | 1,948 | 1,946 | 1,951 | 1,949 | 1,945 | 1,949 |
| Series 2012C | 248 | 0 | 0 | 0 | 0 | 0 | 0 |
| Series 2012D | 1,487 | 1,487 | 1,487 | 1,487 | 1,487 | 1,487 | 1,487 |
| Series 2014B | 3,402 | 3,399 | 3,395 | 3,390 | 3,387 | 3,384 | 3,381 |
| Series 2014C | 1,667 | 1,664 | 1,660 | 1,655 | 1,652 | 1,648 | 1,644 |
| Series 2015A | 16,426 | 0 | 0 | 0 | 0 | 0 | 0 |
| Series 2015B | 3,537 | 20,042 | 20,043 | 20,040 | 18,365 | 0 | 0 |
| Series 2015C | 962 | 962 | 962 | 962 | 962 | 962 | 962 |
| Series 2015D | 10,747 | 10,743 | 10,739 | 10,735 | 10,731 | 10,727 | 10,723 |
| Series 2015E | 388 | 388 | 388 | 388 | 388 | 388 | 388 |
| Series 2015F | 11,208 | 11,208 | 11,208 | 11,208 | 12,858 | 31,010 | 31,038 |
| Series 2015G | 6,050 | 6,048 | 6,049 | 6,049 | 6,051 | 6,050 | 6,048 |
| Series 2017A | 2,629 | 2,625 | 2,621 | 2,617 | 2,613 | 2,608 | 2,603 |
| Series 2017B | 2,133 | 2,129 | 2,125 | 2,121 | 2,117 | 2,113 | 2,108 |
| Series 2017C | 9,469 | 9,475 | 9,489 | 9,493 | 9,509 | 9,518 | 9,535 |
| Series 2017D (b) | 2,940 | 0 | 0 | 0 | 0 | 0 | 0 |
| Series 2017E | 2,896 | 2,897 | 3,935 | 15,261 | 13,907 | 14,093 | 14,279 |
| Series 2017F | 3,453 | 3,451 | 5,123 | 23,559 | 23,449 | 23,466 | 23,483 |
| Series 2018A | 2,238 | 2,347 | 7,032 | 7,459 | 7,454 | 7,449 | 7,444 |
| Series 2018B | 300 | 300 | 300 | 300 | 300 | 300 | 300 |
| Series 2018C | 6,803 | 6,573 | 6,336 | 6,097 | 5,677 | 3,152 | 0 |
| Series 2018D | 2,151 | 2,151 | 2,151 | 2,151 | 2,336 | 4,660 | 7,763 |
| Series 2019 | 968 | 965 | 963 | 960 | 957 | 954 | 951 |
| Series 2020A (b) | 47 | 315 | 582 | 582 | 582 | 582 | 582 |
| Series 2020B (b) | 103 | 1,329 | 3,064 | 11,515 | 11,615 | 11,311 | 11,342 |
| Series 2020C (b) | 134 | 1,697 | 4,019 | 15,122 | 15,261 | 14,869 | 14,900 |
| Total Senior Lien Debt Service - | \$171,136 | \$167,456 | \$166,753 | \$167,439 | \$165,943 | \$165,013 | \$165,250 |
| Junior Lien Debt Service by Series (a) | | | | | | | |
| Series 2017A Jr. Lien | \$4,934 | \$4,937 | \$4,935 | \$4,937 | \$4,932 | \$4,914 | \$4,915 |
| Series 2017B Jr. Lien | 4,466 | 4,463 | 4,469 | 4,468 | 4,469 | 4,446 | 4,446 |
| Series 2017C Jr. Lien | 1,231 | 1,231 | 1,231 | 1,231 | 1,231 | 1,231 | 1,231 |
| Total Junior Lien Debt Service - | | | | | | | |
| Outstanding Bonds | \$10,631 | \$10,631 | \$10,634 | \$10,636 | \$10,632 | \$10,592 | \$10,591 |
| Total Debt Service on Outstanding Bonds | \$181,767 | \$178,086 | \$177,387 | \$178,075 | \$176,574 | \$175,604 | \$175,841 |

Notes:

(a) Debt service is net of capitalized interest.

(b) Variable rate bonds assume a rate of 2.5%.

Source: Airport records for Outstanding Bonds (actual and projected)

Exhibit C-2**OUTSTANDING BOND AND FUTURE BOND DEBT SERVICE****DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

(Dollars in Thousands for Operating Years Ending December 31)

| | ACTUAL | | | PROJECTED | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | OY 2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 |
| Senior Lien Debt Service (a) | | | | | | | |
| Outstanding Senior Lien Bonds | \$171,136 | \$167,456 | \$166,753 | \$167,439 | \$165,943 | \$165,013 | \$165,250 |
| Proposed Series 2021A (Non-AMT) Bonds (b) | | 254 | 3,175 | 4,737 | 6,826 | 6,821 | 6,816 |
| Proposed Series 2021B (AMT) Bonds (c) | | 2 | 166 | 1,738 | 1,733 | 1,728 | 1,723 |
| Future Bonds - Series 2022 (d) | | | | | 625 | 1,145 | 1,140 |
| Future Bonds - Series 2024 (e) | | | | | | | 621 |
| Total Outstanding and Future Senior Lien Debt Service | \$171,136 | \$167,711 | \$170,094 | \$173,914 | \$175,127 | \$174,707 | \$175,549 |
| Junior Lien Debt Service (a) | | | | | | | |
| Outstanding Junior Lien Bonds | \$10,631 | \$10,631 | \$10,634 | \$10,636 | \$10,632 | \$10,592 | \$10,591 |
| Junior Lien Debt Service | \$10,631 | \$10,631 | \$10,634 | \$10,636 | \$10,632 | \$10,592 | \$10,591 |
| Total Outstanding and Future Debt Service | \$181,767 | \$178,342 | \$180,728 | \$184,550 | \$185,758 | \$185,298 | \$186,141 |
| Less: Bond Fund interest, Bond Reserve Account interest and transfers | (\$6,270) | (\$6,694) | (\$4,959) | (\$4,999) | (\$4,989) | (\$4,971) | (\$4,986) |
| Total Outstanding and Future Adjusted Debt Service (f) | \$175,496 | \$171,648 | \$175,769 | \$179,551 | \$180,769 | \$180,327 | \$181,154 |
| Adjusted Debt Service by Cost Center (f) | | | | | | | |
| Airport | \$86,614 | \$83,934 | \$83,447 | \$83,537 | \$85,695 | \$85,697 | \$86,083 |
| South Terminal | 57,854 | 56,112 | 58,409 | 58,842 | 57,665 | 57,356 | 57,531 |
| North Terminal | 31,028 | 31,346 | 33,913 | 37,172 | 37,409 | 37,274 | 37,540 |
| Total Outstanding and Future Adjusted Debt Service (f) | \$175,496 | \$171,392 | \$175,769 | \$179,551 | \$180,769 | \$180,327 | \$181,154 |

Notes:

- (a) Debt service is net of capitalized interest.
(b) Debt Service assumes \$143.2 million in bond funded project costs, debt service on proposed Series 2021 Bonds not included in budgeted OY 2021 rates.
(c) Debt Service assumes \$33.9 million in bond funded project costs, debt service on proposed Series 2021 Bonds not included in budgeted OY 2021 rates.
(d) Debt Service assumes \$22.0 million in bond funded project costs.
(e) Debt Service assumes \$21.3 million in bond funded project costs.
(f) Debt service is net of capitalized interest, Bond Fund interest, and Bond Reserve Account interest and transfers.

Source: Airport records for Outstanding Bonds (actual and projected); PFM Financial Advisors LLC for Series 2021 Bonds and Future Bonds.

Exhibit D**O&M EXPENSES****DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

(Dollars in Thousands for Operating Years Ending December 31)

| | ACTUAL | ACTUAL | PROJECTED | | | | CY 19- OY 24 | OY 24-26 | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|-------------|
| | CY 2019 | OY 2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 | CAGR | CAGR |
| Total O&M Expenses | | | | | | | | | | |
| Salaries, Wages, and Employee Benefits | \$102,597 | \$88,592 | \$77,000 | \$80,080 | \$83,283 | \$86,615 | \$90,079 | \$93,682 | -3.3% | 4.0% |
| Contractual Services | 67,369 | 53,854 | 66,214 | 69,418 | 72,621 | 75,825 | 78,857 | 82,012 | 2.4% | 4.0% |
| Repairs and Maintenance | 37,003 | 27,372 | 33,896 | 36,480 | 39,064 | 41,647 | 42,897 | 44,184 | 2.4% | 3.0% |
| Hotel Management | 20,415 | 10,550 | 14,457 | 17,297 | 20,137 | 22,977 | 23,667 | 24,377 | 2.4% | 3.0% |
| Utilities | 22,706 | 19,217 | 21,752 | 23,020 | 24,288 | 25,556 | 26,067 | 26,588 | 2.4% | 2.0% |
| Supplies and Other Operating Expenses | 15,637 | 9,889 | 9,664 | 12,309 | 14,954 | 17,599 | 18,127 | 18,671 | 2.4% | 3.0% |
| Capital Expenses | 12,179 | 8,264 | 4,682 | 6,489 | 8,436 | 10,967 | 11,515 | 12,091 | -2.1% | 5.0% |
| Insurance/Other | 1,923 | 1,942 | 1,877 | 1,973 | 2,069 | 2,164 | 2,208 | 2,252 | 2.4% | 2.0% |
| Total O&M Expenses | \$279,829 | \$219,681 | \$229,543 | \$247,066 | \$264,852 | \$283,350 | \$293,417 | \$303,856 | 0.3% | 3.6% |
| Total O&M Expenses by Cost Center | | | | | | | | | | |
| Airport | \$206,958 | \$162,998 | \$166,051 | \$178,230 | \$190,696 | \$203,653 | \$211,133 | \$218,896 | -0.3% | 3.7% |
| South Terminal | 52,620 | 42,819 | 47,439 | 50,815 | 54,284 | 57,960 | 59,834 | 61,773 | 2.0% | 3.2% |
| North Terminal | 20,251 | 13,864 | 16,053 | 18,021 | 19,871 | 21,737 | 22,450 | 23,187 | 1.4% | 3.3% |
| Total O&M Expenses | \$279,829 | \$219,681 | \$229,543 | \$247,066 | \$264,852 | \$283,350 | \$293,417 | \$303,856 | 0.3% | 3.6% |

Note: Amounts shown are those included in airline rates and charges and may vary from the Airport's financial reports for various reasons, including the treatment of non-cash items.

Source: Wayne County Airport Authority records (actual), Landrum & Brown, Inc. (projected)

Exhibit E**NON-AIRLINE REVENUE****DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

(Dollars in Thousands for Operating Years Ending December 31)

| | ACTUAL | ACTUAL | PROJECTED | | | | | | CY 19-OY 24 | OY 24-26 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|----------|
| | CY 2019 | OY 2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 | CAGR | CAGR |
| Total Non-Airline Revenue | | | | | | | | | | |
| Automobile Parking | \$85,358 | \$34,905 | \$51,215 | \$74,481 | \$84,179 | \$91,263 | \$93,460 | \$95,608 | 1.3% | 1.6% |
| Concessions | 43,160 | 21,073 | 22,896 | 34,808 | 40,983 | 46,145 | 47,257 | 48,343 | 1.3% | 1.6% |
| Hotel | 34,153 | 12,224 | 21,325 | 30,593 | 34,120 | 36,515 | 37,611 | 38,739 | 1.3% | 1.8% |
| Rental Car | 25,577 | 11,476 | 15,096 | 22,079 | 25,092 | 27,346 | 28,005 | 28,648 | 1.3% | 1.6% |
| Ground Transportation | 11,644 | 3,781 | 6,237 | 9,448 | 11,088 | 12,449 | 12,749 | 13,042 | 1.3% | 1.6% |
| Other | 17,681 | 20,558 | 14,581 | 16,153 | 17,729 | 19,309 | 19,664 | 20,026 | 1.8% | 1.8% |
| Total Non-Airline Revenue | \$217,573 | \$104,018 | \$131,350 | \$187,561 | \$213,191 | \$233,028 | \$238,746 | \$244,407 | 1.4% | 1.7% |
| Total Non-Airline Revenue by Cost Center | | | | | | | | | | |
| Airport | \$214,517 | \$101,176 | \$128,647 | \$184,675 | \$210,121 | \$229,771 | \$235,422 | \$241,015 | 1.4% | 1.7% |
| South Terminal | 1,802 | 1,590 | 1,634 | 1,721 | 1,810 | 1,899 | 1,936 | 1,973 | 1.1% | 1.3% |
| North Terminal | 1,254 | 1,251 | 1,069 | 1,164 | 1,261 | 1,358 | 1,388 | 1,419 | 1.6% | 1.8% |
| Total Non-Airline Revenue | \$217,573 | \$104,018 | \$131,350 | \$187,561 | \$213,191 | \$233,028 | \$238,746 | \$244,407 | 1.4% | 1.7% |

Note: Amounts shown are those included in airline rates and charges and may vary from the Airport's financial reports for various reasons, including the treatment of non-cash items.

Source: Wayne County Airport Authority records (actual), Landrum & Brown, Inc. (projected)

Exhibit F**PFC REVENUE APPLIED AS OTHER AVAILABLE MONEYS****DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

(Dollars in Thousands for Operating Years Ending December 31)

| | ACTUAL | | | PROJECTED | | | |
|--|----------|----------|----------|-----------|----------|----------|----------|
| | OY 2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 |
| <u>PFC Collections (a)</u> | | | | | | | |
| Enplaned Passengers | | 11,000 | 15,685 | 17,389 | 18,499 | 18,667 | 18,816 |
| % Enplaned Passengers paying PFCs | | 93.0% | 86.0% | 86.0% | 86.0% | 86.0% | 86.0% |
| PFC Enplaned Passengers | | 10,235 | 13,489 | 14,955 | 15,909 | 16,054 | 16,182 |
| PFC Collection Level | | \$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) |
| Adjusted PFC Rate | | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 | \$4.39 |
| PFC Collections (a) | | \$44,932 | \$59,217 | \$65,650 | \$69,841 | \$70,475 | \$71,038 |
| <u>PFC Expenditures - Allocated to Cost Centers as Other Available Moneys</u> | | | | | | | |
| Airport | \$195 | \$3,810 | \$4,010 | \$3,844 | \$3,739 | \$3,735 | \$3,752 |
| South Terminal | 35,851 | 35,529 | 40,538 | 41,220 | 41,656 | 41,787 | 42,039 |
| North Terminal | 2,755 | 5,593 | 14,669 | 20,586 | 24,446 | 24,954 | 25,247 |
| Total PFC Expenditures | \$38,801 | \$44,932 | \$59,217 | \$65,650 | \$69,841 | \$70,475 | \$71,038 |

Note: Amounts may not add because of rounding. Airline rates, charges, and fees may not agree to budget due to minimal differences in activity and other assumptions.

(a) PFC collections reflect the amount assumed to be used as part of Other Available Moneys to pay eligible debt service.

Source: Wayne County Airport Authority records (actual), Landrum & Brown, Inc. (projected)

Exhibit G**SOUTH TERMINAL RENTALS****DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

(Dollars in Thousands for Operating Years Ending December 31)

| | | ACTUAL | | PROJECTED | | | | |
|---|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | OY 2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 |
| South Terminal Building Requirement | | | | | | | | |
| South Terminal O&M Expenses | | \$42,819 | \$47,439 | \$50,815 | \$54,284 | \$57,960 | \$59,834 | \$61,773 |
| South Terminal Debt Service (a) | | 57,854 | 56,112 | 58,409 | 58,842 | 57,665 | 57,356 | 57,531 |
| Total Terminal Requirement | [A] | \$100,673 | \$103,551 | \$109,224 | \$113,126 | \$115,626 | \$117,190 | \$119,305 |
| Less: | | | | | | | | |
| Other Available Moneys (b) | | \$35,851 | \$35,529 | \$40,538 | \$41,220 | \$41,656 | \$41,787 | \$42,039 |
| International Facility Use Fees | | 2,036 | 3,864 | 6,404 | 8,116 | 8,591 | 8,633 | 8,670 |
| South Terminal Non-Airline Revenue | | 1,590 | 1,634 | 1,721 | 1,810 | 1,899 | 1,936 | 1,973 |
| Other Grants and Transfers (c) | | 8,171 | 7,000 | 0 | 0 | 0 | 0 | 0 |
| South Terminal Airline Rent Requirement | [B] | \$53,024 | \$55,524 | \$60,560 | \$61,980 | \$63,480 | \$64,834 | \$66,622 |
| South Terminal Airline Premises (square feet) (d) | [C] | 917,685 | 917,685 | 917,685 | 917,685 | 917,685 | 917,685 | 917,685 |
| South Terminal Rental Rate | [D] = [B] / [C] | \$58.00 | \$61.00 | \$66.00 | \$68.00 | \$69.00 | \$71.00 | \$73.00 |

Notes: Amounts may not add because of rounding. Airline rates, charges, and fees may not agree to OY 2021 budget due to differences in the use of federal funding and other assumptions.

(a) Debt service is net of capitalized interest, Bond Fund interest, and Bond Reserve Account interest and transfers.

(b) PFC funds transferred to the Bond Fund or Junior Lien Bond Fund for the payment of PFC-eligible debt service.

(c) Includes amounts received through CARES Act and CRRSAA; including amounts not included in budgeted OY 2021 rates

(d) Preferential South Terminal Space leased to Signatory Airlines and Shared Use South Terminal Space.

Source: Wayne County Airport Authority records (actual), Landrum & Brown, Inc. (projected)

Exhibit H**NORTH TERMINAL RENTALS****DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

(Dollars in Thousands for Operating Years Ending December 31)

| | | ACTUAL | | PROJECTED | | | | |
|--|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | OY 2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 |
| North Terminal Building Requirement | | | | | | | | |
| North Terminal O&M Expenses | | \$13,864 | \$16,053 | \$18,021 | \$19,871 | \$21,737 | \$22,450 | \$23,187 |
| North Terminal Debt Service (a) | | 31,028 | 31,346 | 33,913 | 37,172 | 37,409 | 37,274 | 37,540 |
| Total North Terminal Requirement | [A] | \$44,892 | \$47,399 | \$51,934 | \$57,043 | \$59,146 | \$59,723 | \$60,727 |
| Less: | | | | | | | | |
| Other Available Moneys (b) | | \$2,755 | \$5,593 | \$14,669 | \$20,586 | \$24,446 | \$24,954 | \$25,247 |
| International Facility Use Fees | | 240 | 359 | 886 | 1,124 | 1,189 | 1,195 | 1,200 |
| North Terminal Non-Airline Revenue | | 1,251 | 1,069 | 1,164 | 1,261 | 1,358 | 1,388 | 1,419 |
| Other Grants and Transfers (c) | | 13,857 | 7,000 | 0 | 0 | 0 | 0 | 0 |
| North Terminal Shared Use Fees (d) | | 15,594 | 19,468 | 20,547 | 19,876 | 18,747 | 18,767 | 19,164 |
| Authority Controlled Space Revenue (e) | | 2,472 | 3,238 | 3,599 | 3,650 | 3,768 | 3,792 | 3,874 |
| Net North Terminal Requirement | [B] | \$8,723 | \$10,672 | \$11,068 | \$10,547 | \$9,637 | \$9,627 | \$9,823 |
| Preferential North Terminal Space leased to Signatory Airlines (square feet) | [C] | 67,610 | 67,610 | 67,610 | 67,610 | 67,610 | 67,610 | 67,610 |
| North Terminal Rental Rate (per square foot) | [D] = [B] / [C] | \$129.00 | \$158.00 | \$164.00 | \$156.00 | \$143.00 | \$142.00 | \$145.00 |

Notes: Amounts may not add because of rounding. Airline rates, charges, and fees may not agree to OY 2021 budget due to differences in the use of federal funding and other assumptions.

(a) Debt service is net of capitalized interest, Bond Fund interest, and Bond Reserve Account interest and transfers.

(b) PFC funds transferred to the Bond Fund or Junior Lien Bond Fund for the payment of PFC-eligible debt service.

(c) Includes amounts received through CARES Act and CRRSAA; including amounts not included in budgeted OY 2021 rates

(d) Collected on a per enplaned passenger basis from all airlines for the use of approximately 125,000 square feet of shared use space, including baggage claim, baggage make-up, and outbound baggage area.

(e) Comprised of revenues received for the use of North Terminal Authority-Controlled Airline Space. Amounts include Common Use Gate Fees, Overnight Common Use Gate Rental, non-signatory airline space rentals, and rental for member-only airline clubs.

Source: Wayne County Airport Authority records (actual), Landrum & Brown, Inc. (projected)

Exhibit I**ACTIVITY FEES****DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

(Dollars in Thousands for Operating Years Ending December 31)

| | | ACTUAL | | PROJECTED | | | | |
|---|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | OY 2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 |
| Revenue Requirement | | | | | | | | |
| O&M Expenses | | \$219,681 | \$229,543 | \$247,066 | \$264,852 | \$283,350 | \$293,417 | \$303,856 |
| Debt Service (a) | | 175,496 | 171,648 | 175,769 | 179,551 | 180,769 | 180,327 | 181,154 |
| Less: Other Available Moneys (b) | | (45,193) | (51,674) | (65,815) | (72,232) | (76,422) | (77,051) | (77,613) |
| Fund Requirements (c) | | 14,223 | 15,500 | 16,036 | 16,839 | 17,268 | 16,924 | 17,295 |
| Interest expense | | 373 | 373 | 373 | 373 | 373 | 373 | 373 |
| Total Revenue Requirement | [A] | \$364,579 | \$365,390 | \$373,429 | \$389,381 | \$405,338 | \$413,989 | \$425,065 |
| Less: | | | | | | | | |
| Non-Airline Revenues | | \$104,018 | \$131,350 | \$187,561 | \$213,191 | \$233,028 | \$238,746 | \$244,407 |
| International Facility Use Fees (d) | | 2,276 | 4,223 | 7,290 | 9,240 | 9,780 | 9,828 | 9,870 |
| Other Grants and Transfers (e) | | 115,052 | 57,210 | 2,015 | 2,030 | 2,046 | 2,061 | 2,077 |
| Rentals from South Terminal | | 53,024 | 55,524 | 60,560 | 61,980 | 63,480 | 64,834 | 66,622 |
| Rentals from North Terminal | | 26,789 | 33,378 | 35,214 | 34,072 | 32,153 | 32,186 | 32,861 |
| Airline hangar & other facilities rentals | | 5,875 | 5,800 | 5,974 | 6,153 | 6,338 | 6,528 | 6,724 |
| Net Revenue Requirement | [B] | \$57,545 | \$77,905 | \$74,815 | \$62,715 | \$58,514 | \$59,806 | \$62,504 |
| Calculated Activity Fee | | | | | | | | |
| Signatory Landed Weight | [C] | 13,105 | 15,500 | 18,865 | 20,825 | 22,104 | 22,299 | 22,469 |
| Non-Signatory Landed Weight | [D] | 318 | 400 | 487 | 537 | 570 | 575 | 580 |
| Signatory Activity Fee per 1,000 lbs. | [E] = [B]/([C]+([D]x1.25)) | \$4.26 | \$4.87 | \$3.84 | \$2.92 | \$2.56 | \$2.60 | \$2.69 |
| Non-Signatory Activity Fee per 1,000 lbs. (125%) | [F] = [E] x 1.25 | \$5.33 | \$6.09 | \$4.80 | \$3.65 | \$3.21 | \$3.25 | \$3.37 |

Notes: Amounts may not add because of rounding. Airline rates, charges, and fees may not agree to OY 2021 budget due to differences in the use of federal funding and other assumptions.

(a) Debt service is net of capitalized interest, Bond Fund interest, and Bond Reserve Account interest and transfers. Debt service on proposed Series 2021 Bonds not included in budgeted OY 2021 rates.

(b) Includes PFC funds transferred to the Bond Fund or Junior Lien Bond Fund for the payment of PFC-eligible debt service, and amounts treated as Other Available Moneys from Aviation Fuel Tax, the Airport Development Fund, Hotel Transfer, and the Noise Fund.

(c) Includes all fund and reserve requirements, including the hotel.

(d) Includes revenues from both the South and North terminals.

(e) Includes amounts received through CARES Act and CRRSAA; including amounts not included in budgeted OY 2021 rates

Source: Wayne County Airport Authority records (actual), Landrum & Brown, Inc. (projected)

Exhibit J**AIRLINE COST PER ENPLANEMENT****DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

(Dollars in Thousands for Operating Years Ending December 31)

| | ACTUAL | | | PROJECTED | | | |
|---|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
| | OY 2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 |
| <u>Airline Revenues</u> | | | | | | | |
| Terminal Rentals and Shared Use Fees: | | | | | | | |
| North Terminal | \$26,789 | \$33,378 | \$35,214 | \$34,072 | \$32,153 | \$32,186 | \$32,861 |
| South Terminal | 53,024 | 55,524 | 60,560 | 61,980 | 63,480 | 64,834 | 66,622 |
| Activity Fee Revenue | 57,545 | 77,905 | 74,815 | 62,715 | 58,514 | 59,806 | 62,504 |
| International Facility Use Fees | 2,276 | 4,223 | 7,290 | 9,240 | 9,780 | 9,828 | 9,870 |
| Airline Hangar & Other Facilities Rentals | 5,875 | 5,800 | 5,974 | 6,153 | 6,338 | 6,528 | 6,724 |
| Total Airline Revenue | \$145,509 | \$176,830 | \$183,852 | \$174,160 | \$170,264 | \$173,183 | \$178,581 |
| Enplaned Passengers | 7,027 | 11,000 | 15,685 | 17,389 | 18,499 | 18,667 | 18,816 |
| Airline Cost per Enplanement | \$20.71 | \$16.08 | \$11.72 | \$10.02 | \$9.20 | \$9.28 | \$9.49 |

Note: Amounts may not add because of rounding. Airline rates, charges, and fees may not agree to OY 2021 budget due to differences in the use of federal funds and other assumptions.

Source: Wayne County Airport Authority records (actual), Landrum & Brown, Inc. (projected)

Exhibit K**APPLICATION OF REVENUES****DETROIT METROPOLITAN WAYNE COUNTY AIRPORT**

(Dollars in Thousands for Operating Years Ending December 31)

| | ACTUAL | | PROJECTED | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | OY 2020 | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 |
| Revenues | | | | | | | |
| Airline Revenues | \$145,509 | \$176,830 | \$183,852 | \$174,160 | \$170,264 | \$173,183 | \$178,581 |
| Non-Airline Revenues | 104,018 | 131,350 | 187,561 | 213,191 | 233,028 | 238,746 | 244,407 |
| Non-Operating Revenues | 115,052 | 57,210 | 2,015 | 2,030 | 2,046 | 2,061 | 2,077 |
| Other Available Moneys (a) | 45,193 | 51,674 | 65,815 | 72,232 | 76,422 | 77,051 | 77,613 |
| Bond Fund interest, Bond Reserve Account interest and transfers | 6,270 | 6,694 | 4,959 | 4,999 | 4,989 | 4,971 | 4,986 |
| Total Revenues and Other Available Moneys | \$416,043 | \$423,758 | \$444,203 | \$466,613 | \$486,749 | \$496,011 | \$507,665 |
| Application of Revenue | | | | | | | |
| Operation and Maintenance Fund (b) | \$220,054 | \$229,916 | \$247,439 | \$265,225 | \$283,723 | \$293,790 | \$304,229 |
| Bond and Interest Redemption Fund (c) | 171,136 | 167,711 | 170,094 | 173,914 | 175,127 | 174,707 | 175,549 |
| Junior Lien Bond and Interest Redemption Fund (c) | 10,631 | 10,631 | 10,634 | 10,636 | 10,632 | 10,592 | 10,591 |
| Operation and Maintenance Reserve Fund | 654 | 1,755 | 1,500 | 1,500 | 1,500 | 800 | 900 |
| Transfer to Hotel FF&E | 585 | 795 | 1,386 | 1,989 | 2,218 | 2,374 | 2,445 |
| Renewal and Replacement Fund | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Airport Discretionary Fund | 350 | 350 | 350 | 350 | 350 | 350 | 350 |
| Airport Development Fund (d) | 12,134 | 12,100 | 12,300 | 12,500 | 12,700 | 12,900 | 13,100 |
| Total Application of Revenue | \$416,043 | \$423,758 | \$444,203 | \$466,613 | \$486,749 | \$496,011 | \$507,665 |

Notes:

(a) Includes PFC funds transferred to the Bond Fund or Junior Lien Bond Fund for the payment of PFC-eligible debt service, and amounts treated as Other Available Moneys from Aviation Fuel Tax, the Airport Development Fund, and the Noise Fund.

(b) Includes interest expense and capital acquisition.

(c) Debt service is net of capitalized interest. Debt service on proposed Series 2021 Bonds not included in budgeted OY 2021 rates.

(d) Includes AVI transfer up to \$2.5 million

Source: Wayne County Airport Authority records (actual), Landrum & Brown, Inc. (projected)

Exhibit L

| DEBT SERVICE COVERAGE (Dollars in Thousands for Operating Years Ending December 31) | DETROIT METROPOLITAN WAYNE COUNTY AIRPORT | | | | | |
|--|---|-------------|-------------|-------------|-------------|-------------|
| | PROJECTED | | | | | |
| | OY 2021 | OY 2022 | OY 2023 | OY 2024 | OY 2025 | OY 2026 |
| Debt Service Coverage | | | | | | |
| Total Revenue and Other Available Moneys | \$423,758 | \$444,203 | \$466,613 | \$486,749 | \$496,011 | \$507,665 |
| Plus: Revenue Fund Balance (a) | 54,918 | 54,918 | 54,918 | 54,918 | 54,918 | 54,918 |
| Less: Operation and Maintenance Fund (b) | 229,916 | 247,439 | 265,225 | 283,723 | 293,790 | 304,229 |
| Net Revenue Available for Senior Lien Debt Service | \$248,760 | \$251,682 | \$256,307 | \$257,944 | \$257,140 | \$258,353 |
| Senior Lien Bonds | | | | | | |
| Debt Service (c) | \$167,711 | \$170,094 | \$173,914 | \$175,127 | \$174,707 | \$175,549 |
| Bond debt service coverage | 1.48 | 1.48 | 1.47 | 1.47 | 1.47 | 1.47 |
| Senior Lien Bonds and Junior Lien Bonds | | | | | | |
| Debt Service (c) | \$178,342 | \$180,728 | \$184,550 | \$185,758 | \$185,298 | \$186,141 |
| Bond debt service coverage | 1.39 | 1.39 | 1.39 | 1.39 | 1.39 | 1.39 |
| Rate Covenant | | | | | | |
| Net Revenue Available for Senior Lien Debt Service | \$248,760 | \$251,682 | \$256,307 | \$257,944 | \$257,140 | \$258,353 |
| Less: | | | | | | |
| Senior Lien Bond Debt Service | 167,711 | 170,094 | 173,914 | 175,127 | 174,707 | 175,549 |
| Net Revenue Available for Junior Lien Debt Service | \$81,049 | \$81,589 | \$82,393 | \$82,817 | \$82,433 | \$82,804 |
| Less: | | | | | | |
| Junior Lien Debt Service | \$10,631 | \$10,634 | \$10,636 | \$10,632 | \$10,592 | \$10,591 |
| Operation and Maintenance Reserve Fund | 1,755 | 1,500 | 1,500 | 1,500 | 800 | 900 |
| Transfer to Hotel FF&E | 795 | 1,386 | 1,989 | 2,218 | 2,374 | 2,445 |
| Renewal and Replacement Fund | 500 | 500 | 500 | 500 | 500 | 500 |
| Authority Discretionary Fund | 350 | 350 | 350 | 350 | 350 | 350 |
| 25% Senior Lien Bond Debt Service | 41,928 | 42,523 | 43,479 | 43,782 | 43,677 | 43,887 |
| Airport Development Fund | 12,100 | 12,300 | 12,500 | 12,700 | 12,900 | 13,100 |
| Subtotal | \$68,059 | \$69,194 | \$70,953 | \$71,681 | \$71,192 | \$71,773 |
| Net Revenues Remaining in Revenue Fund | \$12,990 | \$12,395 | \$11,439 | \$11,136 | \$11,241 | \$11,031 |

Notes:

(a) Includes certain amounts, generally made up of 25% Senior Lien Bond Debt Service and Net Revenues Remaining in the Revenue Fund, that the Authority has accumulated, which are available for debt service until used for such other purposes.

(b) Includes interest expense and capital acquisition.

(c) Debt Service is net of amounts used to pay capitalized interest resulting in coverage that differs from the results presented in the Authority's Comprehensive Annual Financial Report. Debt service on proposed Series 2021 Bonds not included in budgeted OY 2021 rates.

Source: Landrum & Brown, Inc.

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APPENDIX B
AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY

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DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY

ANNUAL COMPREHENSIVE '20 FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020
DETROIT, MICHIGAN

WAYNE COUNTY AIRPORT AUTHORITY

Detroit, Michigan

Annual Comprehensive Financial Report

Year Ended December 31, 2020



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DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY

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April 30, 2021

To the Wayne County Airport Authority Board:

The Annual Comprehensive Financial Report (ACFR) of the Wayne County Airport Authority (the Authority) as of and for the year ended December 31, 2020 is submitted herewith. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America (GAAP). It includes disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities included within the ACFR. The report of the independent auditors on the financial statements is included on pages 1 – 3 of the ACFR.

The ACFR was prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards Certificates of Achievement to those governments whose annual financial reports are judged to conform substantially to the high standards of public financial reporting, including GAAP promulgated by the Governmental Accounting Standards Board (GASB).

The management of the Authority is responsible for establishing and maintaining an internal control structure that is designed to ensure that the assets of the Authority are safeguarded. In addition, as a recipient of federal financial assistance, the Authority is responsible to make certain that an adequate internal control structure is in place to ensure compliance with general and specific laws and regulations related to the Airport Improvement Program and the Aviation Safety and Capacity Expansion Act.

The objectives of an internal control structure are to provide management with reasonable assurance that the resources are safeguarded against waste, loss and misuse and reliable data are recorded, maintained and fairly disclosed in reports. The current internal controls provide the Authority with a solid base of reliable financial records from which the financial statements are prepared. These accounting controls ensure that accounting data are reliable and available to facilitate the preparation of financial statements on a timely basis. Inherent limitations should be recognized in considering the potential effectiveness of any system of internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgment by management.

State laws require an annual audit of the financial records and transactions of the Authority by a firm of independent licensed certified public accountants. The Board appoints an Audit Committee of three Board members to ensure compliance with this requirement. The Audit Committee is to meet at least four times each year with the Chief Executive Officer, the Chief Financial Officer (who is appointed by the Chief Executive Officer) and the Authority's independent public auditors to review the financial condition, operations, performance and management of the Authority. In addition, the Chief Executive Officer appoints an Internal Auditor to evaluate the Authority's internal accounting and administrative control system and conduct audits relating to the Authority's financial activities.

The Authority's financial statements for the year ended December 31, 2020 have received an "unmodified opinion" from Plante & Moran, PLLC, the Authority's independent certified public accountants. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

An independent audit was also performed by Plante & Moran, PLLC, in accordance with the requirements of the Uniform Grant Guidance (2 CFR Part 200), i.e., Single Audit. The auditor's reports related specifically to the Single Audit are immediately following the ACFR in the Compliance Section.

A third audit was performed by Plante & Moran, PLLC, as required under Federal Aviation Regulation, Part 158 (Passenger Facility Charges). The auditor's reports related to the Schedule of Passenger Facility Charges are immediately following the ACFR in the Compliance Section.

This ACFR was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section – In addition to serving as a transmittal letter, this section provides the reader an introduction to the ACFR and the Authority. The introductory section includes background information on the reporting entity, its operations and services, accounting systems and budgetary controls, overview of the local economic conditions, its long-term financial planning and certain other pertinent information. It is complementary to financial and analytical data offered in the Management Discussion and Analysis (MD&A) and the Statistical Section of the ACFR discussed below.

Financial Section – The independent auditor's report, MD&A, financial statements, notes to the financial statements and required supplementary information are included here. These are the Authority's basic financial statements and provide an overview of the Authority's financial position. MD&A immediately follows the independent auditor's report and complements this letter of transmittal and should be read in conjunction with it.

Statistical Section – The supplementary information presented in this section is designed to provide additional historical perspective, context and detail to assist a reader to understand and assess the Authority's economic condition beyond what is provided in the financial statements and notes to the financial statements. The information contained in this section is prepared by the Authority and is not part of the independent auditor's report.

Continuing Disclosure Section – The continuing disclosure schedules reflect information in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission and as set forth in the Continuing Disclosure Undertaking for issued debt. The information contained in this section is prepared by the Authority and is not part of the independent auditor’s report.

Compliance Section – This section presents schedules and footnotes prepared to meet the requirements of the U.S. Office of Management and Budget 2 CFR Part 200 as well as Federal Aviation Administration requirements applicable to The Passenger Facility Charge Program and in accordance with 14 CFR Part 158.

REPORTING ENTITY BACKGROUND

The Authority is an independent public benefit agency and considered an agency of the Charter County of Wayne, Michigan (the County), which owns the Detroit Metropolitan Wayne County Airport (DTW) and Willow Run Airport (YIP), (collectively, the “Airports”). Until August 9, 2002, the County operated the Airports. Pursuant to an amendment to the Aeronautics Code of the State of Michigan, known as the Public Airport Authority Act (the Authority Act), Public Act 90, Michigan Public Acts of 2002, effective March 26, 2002, the Authority has operational jurisdiction of the Airports, with the exclusive right, responsibility and authority to occupy, operate, control and use the Airports and the Airport Hotel.

Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Airports and the Airport Hotel.

The Authority is directed and governed by a Board consisting of seven members. The governor of the State appoints two members of the Board; one member is appointed by the legislative body of the County and four members of the Board are appointed by the Chief Executive Officer of the County. The Board appoints the Chief Executive Officer of the Authority.

AUTHORITY OPERATIONS AND SERVICES

The Authority is self-supporting, using aircraft landing fees, fees from terminal and other rentals and revenue from parking, concessions and various additional sources to fund operating expenses. The Authority is not taxpayer-funded. The Capital Improvement Program is funded by bonds issued by the Authority, federal and state grants, passenger facility charges (PFCs) and other discretionary funds.

Airline Use and Lease Agreement

Leases. Revenues received by the Authority in accordance with the Master Airport Revenue Bond Ordinance (Master Bond Ordinance) are derived from rentals, fees and charges imposed upon airlines operating at the Airport under Airline Use and Lease Agreements relating to their use of the Airport. The following airlines are parties to such agreements: Air France, American Airlines, Delta Air Lines, Federal Express, JetBlue Airways, Lufthansa German Airlines, Southwest Airlines, Spirit Airlines, United Airlines and United Parcel Service (collectively, the “Signatory Airlines”).

Activity Fees. Under the Airline Use and Lease Agreements, the Signatory Airlines also are obligated to pay activity fees, which are calculated on an Airport residual basis (Activity Fees). Essentially, the Activity Fee calculation for each Operating Year is based on all airport revenue bond Debt Service (net of Debt Service

paid by PFCs and federal grant funds) and all Operation and Maintenance (O&M) Expenses for such Operating Year minus all non-airline revenue for such Operating Year, all airline rental payments for such Operating Year, all international facility use fees for such Operating Year and all payments for use of the Authority-controlled airline space, if any, in each terminal for such Operating Year.

Amendment to End of Year True-Up of Fees and Charges. In order to enable the Authority to issue airport revenue bonds for airfield-related capital projects without the bonds being subject to the federal alternative minimum tax, all of the Signatory Airlines agreed in 2012 to an amendment of the Airline Use and Lease Agreements that revised the end of year true-up provision so that the amount to be refunded/charged would include the Signatory and Non-Signatory Airlines. Prior to 2012, Non-Signatory Airlines did not participate in year-end refunds/charges.

Weighted Majority Approval. The Airline Use and Lease Agreements provide that a Weighted Majority of the Signatory Airlines can approve additional capital projects for which airport revenue bonds may be issued to pay the costs. A Weighted Majority is defined as either Signatory Airlines which, in the aggregate, landed eighty-five percent (85%) or more of the landed weight of all Signatory Airlines for the preceding 12-month period for which records are available or all but one of the Signatory Airlines regardless of landed weight.

Passenger Facility Charges. The Authority is obligated under the Airline Use and Lease Agreements to use PFCs to pay Debt Service on airport revenue bonds issued to pay the costs of certain PFC-eligible projects at the Airport. These projects include the construction of both the South Terminal and the North Terminal. The Airline Use and Lease Agreements also set forth a required priority for the application of PFCs to pay Debt Service in the event there is insufficient PFC revenue available in any Operating Year to pay all PFC-eligible debt service.

The Airline Industry

The airline industry has been acutely impacted by the effects of COVID-19. The World Health Organization (WHO) declared the outbreak of COVID-19 a public health emergency of international concern on January 30, 2020, and subsequently declared it a pandemic on March 11, 2020. Since the first reported U.S. cases in January 2020, there has been a focus on containing the disease by prohibiting non-essential travel, limiting person-to-person contact, and restricting travel into the U.S. of certain nationals. Across the U.S., states and local governments have issued “stay at home” or “shelter in place” orders designed to restrict movement and limit businesses and activities to essential functions, which substantially reduced activities that normally engaged or facilitated air travel. Various state and local governments and agencies have also imposed restrictions on travel, including state-level restrictions requiring travelers to self-isolate for up to 14 days upon arrival. Additionally, other countries have effectively closed their borders by restricting entry and exit to only essential travel during the initial period of the COVID-19 pandemic, and while these restrictions are gradually being lifted, many countries around the world have restricted entry to U.S. citizens, including the European Union.

The COVID-19 pandemic resulted in a 95% decrease of total passengers being screened at the Transportation Security Administration (TSA) security checkpoints in the U.S. in early-to-mid April 2020 as compared to the same period in 2019, improving to a decrease of about 62% in December 2020. In response to the dramatic decrease in passengers, airlines reduced their scheduled flights and seat capacity starting in late March 2020.

Prior to the pandemic, the U.S. airline industry had been at its most stable, profitable point in history. After navigating through a period of bankruptcies and mergers between 2000 and 2013, the industry adopted the strategy of decreasing capacity, particularly in short-haul markets, with smaller, short range aircraft types. This resulted in a significant improvement in yields and subsequently profitability. According to the Bureau of Transportation Statistics, the 23 U.S. scheduled passenger airlines reported a pre-tax net operating profit of \$15.8 billion in CY 2019, which was a 19.7% increase from 2018 and marked the eleventh consecutive year of pre-tax operating profits. Profitability during this period can also be attributed to airlines unbundling services and increasing the use of ancillary fees such as charges for checked baggage.

As a result of the impacts of the COVID-19 pandemic, U.S. airlines incurred record losses in 2020. The International Air Transport Association (IATA) projects that, globally, the airlines are expected to lose \$118.5 billion in 2020. In 2021, losses are expected to be cut to \$38.7 billion as revenues rise to \$459 billion. It is expected that the airlines will continue to experience financial distress for the foreseeable future until air traffic is able to recover to reasonable levels. It is generally assumed that the airlines will continue to right-size capacity to meet suppressed demand and evolve business models in the near-term to limit the spread of COVID-19.

Airport Activity

In line with national trends, DTW ended calendar year 2020 with a 61.7 percent decrease in enplaned passengers and a 40.8 percent decrease in landed weight as compared to calendar year 2019. During the same period, operations decreased by 39.9 percent and cargo decreased by 19.8 percent. DTW’s activities for the years ended December 31, 2020 and 2019 were as follows:

| | 2020 | 2019 | % Change |
|-----------------------------------|------------|------------|----------|
| Enplanements | 7,026,591 | 18,363,961 | -61.7% |
| Landed Weights (in thousand, lbs) | 13,423,510 | 22,676,018 | -40.8% |
| Operations | 238,574 | 396,909 | -39.9% |
| Cargo (in metric tons) | 171,171 | 213,495 | -19.8% |

A 40 percent decrease in air travel from 2019 levels is forecasted for fiscal year 2021.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The Authority’s Budget

Prior to the commencement of each fiscal year, the Authority is required by the Master Bond Ordinance and Public Act 90 to prepare and adopt a budget.

The budget contains an itemized statement of the estimated current operational expenses and the expenses for capital, including funds for the operation and development of the Airports under the jurisdiction of the Authority and the amount necessary to pay the principal and interest of any outstanding bonds or other obligations of the Authority maturing during the ensuing fiscal year. The budget also contains an estimate of the revenues of the Authority from all sources for the next fiscal year.

Budgeting serves as an important management tool to plan, control and evaluate the operations of the Authority. DTW (including the Westin Hotel) and YIP Operation & Maintenance funds budgets are the Authority's annual financial plan for operating and maintaining the airports and hotel. These budgets must be sufficient to cover the operation and maintenance expenses of the Airports, the debt service payable on bonds and other known financial requirements for the ensuing fiscal year. The Capital Improvement Program budget is the Authority's plan for the design and construction of major improvements and new facilities at the Airports with a five-year horizon.

The Authority's basis of budgeting is in accordance to the terms of the Airline Use & Lease Agreements with the Airlines, which differs from Accounting Principles Generally Accepted in the United States of America – the Authority's accounting basis.

Budgetary control is required to ensure that expenditures do not exceed appropriations. The Authority maintains this control through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved by the use of encumbrances to prevent overspending. Amendments to the budget are subject to approval by the Board in accordance with the terms contained in the Board resolution adopted with the budget. The independent monitoring of the budget continues throughout the fiscal year for management control purposes. Each month, Financial Planning & Analysis (FP&A) reviews and analyzes all revenue and expense accounts to compare actual to prior year actual and to budget. The findings are reported to the Board in the monthly management report.

AUTHORITY'S ECONOMIC CONDITION

Population and Air Trade Area

DTW resides in a region which the United States Office of Management and Budget (OMB) defines as the Detroit-Warren-Ann Arbor Combined Statistical Area (CSA) and includes the ten Michigan counties of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw and Wayne. These counties represent the primary geographical area served by DTW and is referred to as its "Air Trade Area". The Air Trade Area was the 12th most populous CSA in the nation in 2020 with approximately 5.3 million people and accounted for approximately 53.5% of the entire population of Michigan.

DTW serves as the primary commercial service airport for the CSA and is by far the largest airport in the region. Within a 100-mile driving radius from DTW there are four commercial service airports that offer limited scheduled airline service. These airports are Windsor International Airport (YQG), Toledo Express Airport (TOL), Bishop International Airport (FNT) in Flint, Michigan and Capital Regional Airport (LAN) in Lansing, Michigan.

Chicago Midway International Airport (MDW) and Chicago O'Hare International Airport (ORD) are the nearest large U.S. hub airports at approximately 270 and 290 driving miles from DTW. Toronto Pearson International Airport (YYZ) in Ontario, Canada is the nearest large airport somewhat comparable in size to DTW, however, it is across the U.S. boarder and is approximately 240 driving miles from DTW. The nearest medium hub airport is Cleveland-Hopkins International Airport, which is approximately 145 driving miles from DTW.

Economy

Historically, air travel demand for origin-destination (O&D) traffic, passengers beginning or ending their trip at the Airport, is largely correlated with a region's demographic and economic characteristics. The economic strength of the Air Trade Area has a major impact on the aviation activity at the Airport since approximately 61% of the Airport's domestic passenger traffic is O&D.

The Air Trade area is home to 11 Fortune 500 Company Headquarters, seven of which are part of the automotive industry. Three of the five largest employers in the Air Trade Area, as of July 2020, are automobile manufacturers; Ford Motor (approx. 46,000 employees), Fiat Chrysler Automobiles (now Stellantis – approx. 39,000 employees) and General Motors (approx. 33,000 employees). The University of Michigan (approx. 36,000 employees) and Beaumont Health (approx. 26,000 employees) complete the top five employers.

Per capita personal income is a measure of the relative affluence of a region's residents and, consequently, of their ability to afford air travel. Prior to the pandemic, the Air Trade Area had seen steady improvement in employment rates and a high percentage of households in the uppermost income categories when compared to Michigan and the nation. For the ten-year period of 2010-2020, per capita personal income for the Air Trade Area increased at a compounded annual growth rate (CAGR) of 2.5 percent. In the same time period, the CAGR for Michigan was 2.3 percent and the CAGR for the United States was 2.1 percent.

As a result of the impacts associated with the COVID-19 pandemic and the shutdown of most sectors of the U.S. economy, the 2020 unemployment rate peaked in April 2020. As different sectors of the economy began to reopen, unemployment in the Air Trade Area fell 15.0 percentage points from 24.1 percent in April 2020 to 9.1 percent in December 2020 (non-seasonally adjusted). Overall U.S. unemployment decreased by 7.9 percentage points from 14.4 percent in April 2020 to 6.5 percent in December 2020 (non-seasonally adjusted).

LONG-TERM FINANCIAL PLANNING

The Authority's long-term financial planning includes the completion of certain approved capital projects and the accumulation of sufficient resources required to service the debt issued to finance these projects, as well as to operate and maintain the Airports. Under the terms of the Airline Use and Lease Agreement, fees and charges paid by the Airlines are used along with other income from DTW to service the debt issued to finance the construction program.

The Authority covenants in the Master Bond Ordinance state that DTW's net revenues plus other available monies as defined by the Master Bond Ordinance are sufficient to provide debt service coverage of 125 percent of the average annual debt service requirement on senior lien bonds. This coverage ratio for the year ended December 31, 2020 was in excess of the requirements at 140 percent of senior lien debt service and 132 percent of total debt service.

Capital Improvement Program

The Authority maintains an ongoing Capital Improvement Program (CIP) to expand, modernize and maintain the Airports. In addition to renovations and modernization of certain existing facilities, the CIP

includes construction of the principal elements of the Master Plan for each Airport. The Master Plans establish the framework for the CIP that is necessary for the development of the Airports.

The Authority's CIP represents current expectations of future capital needs. The current five-year plan for 2021-2025 includes planned funding of approximately \$868.9 million and \$80.9 million for Detroit Metropolitan and Willow Run Airports, respectively.

The Authority's funding sources for the CIP are airport revenue bonds, PFCs, grants and Authority discretionary funds. Given the multiple funding sources that comprise this plan, Board approval of the CIP does not imply that the source of funding has been determined.

Airport Improvement Program

Since 1986, the Authority has participated in the Airport Improvement Program (AIP), the Federal government's airport grant program. The AIP provides funding for airport development, airport planning and noise compatibility programs from the Airport and Airway Trust Fund. The AIP also provides both entitlement and discretionary grants for eligible projects. The Authority also receives grants from the State of Michigan.

Passenger Facility Charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorized domestic airports to impose a PFC on enplaning passengers. In May 1991, the FAA issued the regulations for the use and reporting of PFCs. PFCs may be used for projects which meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

Since 1992, the FAA has approved six PFC applications and amendments submitted by the Authority. The Authority is currently authorized to impose and use a PFC of \$4.50 per enplaned passenger up to \$3.2 billion, which includes amounts for the payment of principal, interest and other financing costs on bonds for which the proceeds are used to pay PFC-eligible costs on approved projects.

As of December 31, 2020, the Authority received approximately \$1.57 billion of PFC revenue and interest earnings of approximately \$73.7 million. The Authority expended approximately \$1.64 billion on approved projects. The current PFC expiration date is estimated at February 1, 2034.

OTHER INFORMATION

Awards and Achievement

The GFOA awarded the Authority a "Certificate of Achievement" for Excellence in Financial Reporting for its ACFR for the year ended September 30, 2019. This was the seventeenth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The ACFR must satisfy both

accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting this 2020 ACFR to the GFOA for consideration.

Acknowledgments

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of this Division.

This report also could not have been possible without the leadership and support of the governing body of the Authority's Board.

Respectfully submitted,



Chad Newton
Chief Executive Officer



Amber Hunt
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

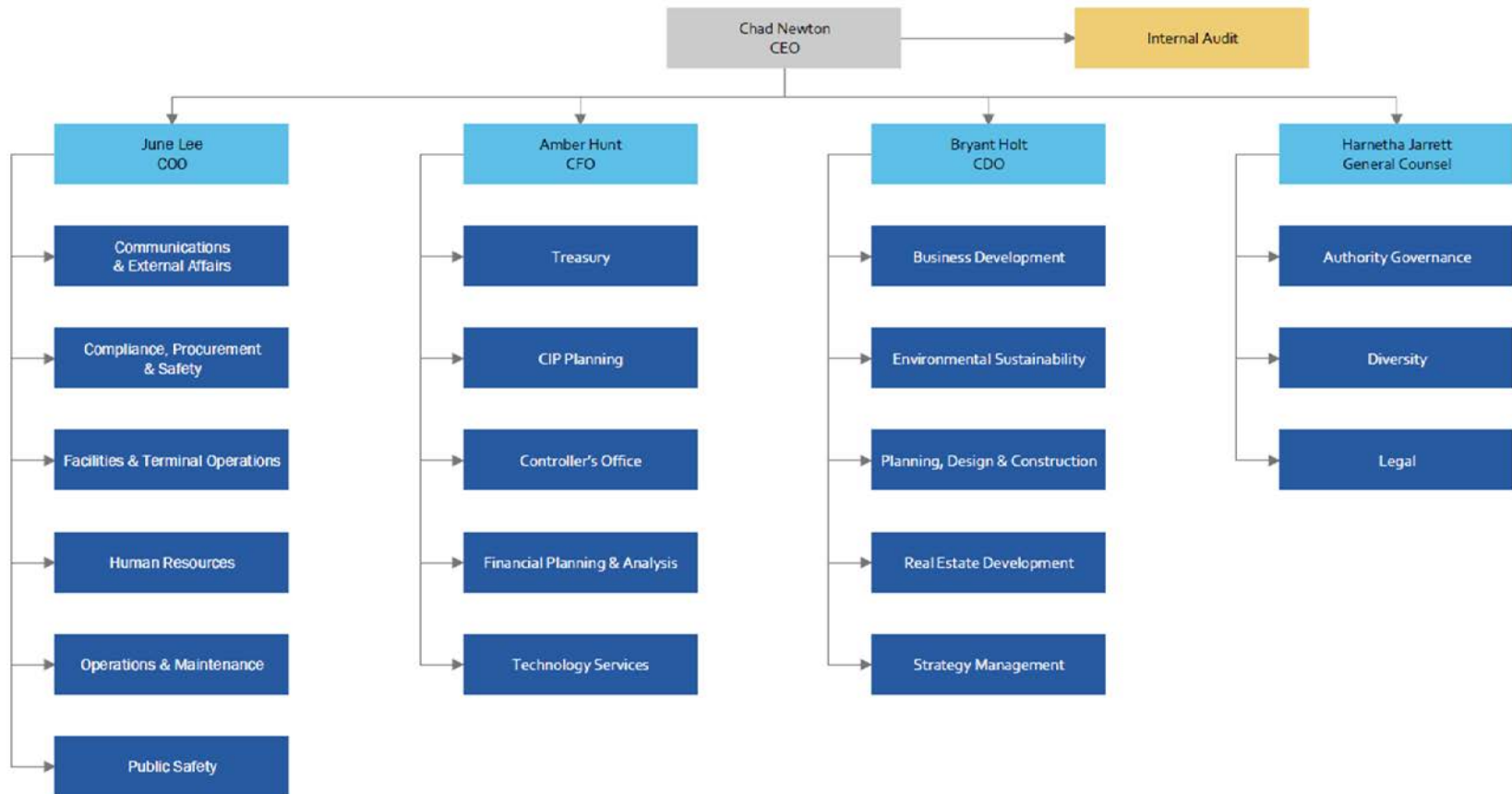
**Wayne County Airport Authority
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO



LIST OF PRINCIPAL OFFICIALS

| <u>Authority Board</u> | <u>Position</u> | <u>Term Expires</u> |
|-------------------------------|------------------------|----------------------------|
| Marvin W. Beatty | Chairperson | October 2023 |
| Al Haidous | Vice-Chairperson | October 2024 |
| Athina Papas | Secretary | October 2026 |
| Michael Ajami | Board Member | October 2026 |
| Dennis W. Archer Jr., Esq. | Board Member | October 2026 |
| Dr. Curtis L. Ivery | Board Member | October 2024 |
| Mark Ouimet | Board Member | October 2022 |

| <u>Airport Management</u> | <u>Position</u> |
|----------------------------------|---|
| Chad Newton | Chief Executive Officer |
| Amber Hunt | Chief Financial Officer |
| June Lee | Chief Operating Officer |
| Bryant Holt | Chief Development Officer |
| Harnetha Jarrett | General Counsel |
| Angela Frakes | Vice President – Facilities and Terminal Operations |
| Darryl Brown | Vice President – Public Safety |
| Erica Donerson | Vice President – Communications and External Affairs |
| James Montgomery | Vice President – Operations and Maintenance |
| John Scrivens | Vice President – Technology Services |
| Lynda Racey | Vice President – Human Resources |
| Shannon Ozga | Vice President – Procurement, Compliance and Strategy |

Independent Auditor's Report

To the Board of Directors
Wayne County Airport Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of each major fund and the aggregate remaining funds of the Wayne County Airport Authority (the "Authority") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Wayne County Airport Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining funds of the Wayne County Airport Authority as of December 31, 2020 and the respective changes in its financial position and its cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Wayne County Airport Authority

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, statistical section, and continuing disclosure section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section, statistical section, and continuing disclosure section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.



April 30, 2021

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The following discussion and analysis provide an overview of the financial performance and activities of the Wayne County Airport Authority (the Authority) as of and for the year ended December 31, 2020, with selected comparative information for the year ended December 31, 2019. This discussion and analysis has been prepared by the Authority's management and should be read in conjunction with the basic financial statements and notes thereto, which follow this section.

The Authority is a business-type entity and, as such, the basic financial statements consist of three statements and notes to the basic financial statements. The three basic statements are: (a) Statement of Net Position, which presents the assets, liabilities, deferred inflows and outflows of resources and net position of the Authority as of the end of the fiscal year (b) Statement of Revenues, Expenses, and Changes in Net Position, which reflects revenues and expenses recognized during the fiscal year and (c) Statement of Cash Flows, which provides information on all of the cash inflows and outflows for the Authority by major category during the fiscal year. The Authority includes a Postemployment Health Benefits Trust Fund (Fiduciary Fund) to account for postemployment healthcare payments to qualified employees.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S.) as promulgated by Governmental Accounting Standards Board (GASB) principles.

The financial statements include the operations of Detroit Metropolitan Wayne County Airport, including the Airport Hotel (the Airport), and Willow Run Airport.

The Airport Funding Methodology

Funding for the Airport's operations is predicated upon the stipulations in the Airport Use and Lease Agreements (the agreements) between the Authority and the Airlines. The agreements set the terms of the business relationship between the Authority and the Airlines. Key terms in the agreements include rental rates, activity fee methodology, cost center, etc. Once an airline signs an agreement, they are designated a "Signatory Airline." The agreements also determine the budget and financing (activity fee) methodology that the Authority and Airlines agree to follow. Airport budget methodologies throughout the United States are usually characterized as either compensatory or residual, although some airports have a hybrid methodology that combines both features.

The Airport operates under a residual methodology. The methodology places additional risk on the Airlines as these Airlines guarantee the net cost of operating the entire Airport. This obligation includes operating expenses and all debt service requirements of the Airport. If the Airport incurs a deficit in a particular year, it has the ability to increase rates to all Airlines up to the amount of the deficit. Conversely, if the Airport realizes a surplus, the Airport must refund the surplus to all the Airlines. The total amount to be charged or refunded is based on a pro rata allocation between the Signatory Airlines and the Non-Signatory Airlines, which reflects the same ratio as the ratio of total activity fees paid by each group.

The residual methodology agreed upon by the Signatory Airlines and the Authority creates a funding mechanism that is not congruent with financial statement reporting standards. Although the Airlines are required to fund any deficit of the Airport, this deficit is not equivalent to "Operating Loss" or any other designation on the financial statements. Since the Airport utilizes the residual methodology, all annual operating costs and debt service requirements of the Airport have been funded.



Financial Highlights

For the year ended December 31, 2020, operating revenues, which are comprised of airline and non-airline revenues, decreased \$139.5 million (35.1 percent) as compared to the prior year. The world wide outbreak of a highly contagious respiratory disease caused by a novel strain of coronavirus (“COVID-19”) caused significant disruption in both domestic and international air travel in 2020, resulting in reductions in flights and declines in passenger volume at the Airport, and at airports throughout the world. As a result, the Airport experienced a 61.6 percent year-over-year decline in total passenger volume, from 36.8 million passengers to 14.1 million passengers, and a 40.8 percent year-over-year decline in airline landed weights. These declines significantly impacted total operating revenues, causing reductions in both airline and non-airline operating revenues in 2020. Airline revenues decreased by \$31.1 million (17.5 percent) year-over-year primarily due to a \$22.3 million reduction in landing and related fees and a \$7.6 million reduction in facility use fees. Non-airline revenues decreased by \$108.4 million (49.2 percent) year-over-year with significant reductions being experienced in all major non-airline revenue categories.

Operating expenses are \$56.1 million (13.8 percent) lower than in the prior year. This decrease is primarily attributed to decreases in salaries, wages and fringe benefits (\$19.7 million), hotel management (\$10.3 million), professional and contractual services (\$8.8 million) and building, ground and equipment maintenance (\$11.4 million). The significant reductions in operating expenses experienced in 2020 were primarily the result of cost savings measures implemented by the organization as a result of the disruptions caused by the COVID-19 pandemic, which included reductions in staffing levels and restrictions of non-essential service and maintenance activities.

Nonoperating revenues, net of nonoperating expenses, increased by \$44.0 million (127.2 percent) over the prior year. This increase was primarily the result of \$113.1 million and \$157,000 in grant revenue received by the Airport and Willow Run Airport as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). Increases in non-operating revenues realized from the CARES Act were offset by reductions in Passenger Facility Charges (PFC’s) of \$43.8 million and Customer Facility Charges (CFC’s) of \$19.7 million year-over-year. PFC’s were negatively impacted by declines in passenger volume, and CFC’s were reduced as a result of both the decline in passenger volume, and a suspension of the Customer Facility Charge which become effective on June 1, 2020. The suspension of the Customer Facility Charge remains in effect pending further notice from the Authority to the car rental concessionaires.

Statement of Net Position

The Statement of Net Position includes all assets, liabilities, deferred inflows and outflows of resources and the resulting net position. Assets and liabilities are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation. The condensed summary of the Authority’s net position as of December 31, 2020 and December 31, 2019 is as follows:



MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2020

| | Dec. 31, 2020 <u>(000's)</u> | Dec. 31, 2019 <u>(000's)</u> |
|--|---------------------------------|---------------------------------|
| Assets: | | |
| Current unrestricted assets | \$ 276,007 | \$ 283,172 |
| Restricted assets | 193,030 | 277,660 |
| Capital assets (net) | 2,007,053 | 2,023,484 |
| Other assets | <u>1,100</u> | <u>1,144</u> |
| Total assets | <u>2,477,190</u> | <u>2,585,460</u> |
| Deferred Outflows: | <u>31,632</u> | <u>30,913</u> |
| Liabilities: | | |
| Current liabilities | 81,573 | 84,859 |
| Liabilities payable from restricted assets | 120,781 | 120,597 |
| Long-term liabilities | <u>2,060,510</u> | <u>2,189,557</u> |
| Total liabilities | <u>2,262,864</u> | <u>2,395,013</u> |
| Deferred Inflows: | <u>21,081</u> | <u>8,582</u> |
| Net Position: | | |
| Net investment in capital assets | (41,822) | (58,877) |
| Restricted | 257,069 | 276,649 |
| Unrestricted | <u>9,630</u> | <u>(4,994)</u> |
| Total Net Position | <u>\$ 224,877</u> | <u>\$ 212,778</u> |

Current unrestricted assets, which primarily consists of cash and investments, accounts receivable, amounts due from other governmental units and amounts due from other funds, decreased \$7.2 million year-over-year. This decrease can be attributed to a decrease in unrestricted cash and investments (\$23.2 million) offset by increases in amounts due from other governmental units (\$10.9 million) and amounts due from other funds (\$4.4 million). The \$23.2 million decrease in unrestricted cash and investments is primarily the result of a \$25.3 million decrease in Airport Development Fund cash. The \$10.9 million increase in amounts due from other governmental units is primarily for grant revenue obtained through the Federal Aviation Administration Airport Improvement Program for the reconstruction of Taxiway P, and for grant revenue obtained through the CARES Act. The \$4.4 million due to other funds represents funding for capital projects at Willow Run Airport.

Restricted assets consist of cash and investments and accounts receivable which are restricted for debt service and bonded construction. Restricted assets decreased approximately \$84.6 million over the prior year, as proceeds from airport revenue bonds were used to pay capital costs. All cash and investments of the Authority are invested according to legal requirements established by the legislature of the State of Michigan. In accordance with State law, investments are restricted to various U.S. government securities, certificates of deposit, commercial paper and repurchase agreements. Other assets consist primarily of



prepaid bond insurance premiums, net of related amortization. Deferred outflows of resources represent the consumption of net position in one period that is applicable to future periods. They are reported separately from assets and consist of the deferred amount on debt refunding and deferred outflows related to pensions and other post-employment benefits (OPEB).

In accordance with the terms of applicable ordinances, the Authority is required to restrict assets for various purposes. The components of net position have been restricted related to certain restrictions on the use of those assets. Net position has been restricted for operations and maintenance, replacement and improvements, construction, bond and interest redemption, passenger facility charges, customer facility charges and drug enforcement.

Current liabilities consist mainly of accounts payable, payroll-related liabilities, self-insurance liabilities, accrued vacation and sick time, amounts due to other governmental units and security/performance deposits. Long-term liabilities consist primarily of long-term debt, net pension liability, net OPEB liability, other accrued liabilities and amounts due to other governmental units. Current liabilities decreased by \$3.3 million in the year ended December 31, 2020.

Long-term liabilities decreased approximately \$129.0 from December 31, 2019 to December 31, 2020. The decrease was a result of cash payments on debt of approximately \$100.0 million, a reduction in net OPEB liability of \$15.6 million, and amortization of bond premiums of \$12.3 million. Deferred inflows of resources represent an acquisition of net position that is applicable to future periods, and increased \$12.5 million. The change was a result of a \$9.4 million increase in deferred inflows resulting from differences between expected and actual experience from pension and OPEB activities, and a \$3.1 million increase in the difference between projected and actual earning on OPEB plan investments.

Total net position at December 31, 2020 was \$224.9 million, which is an increase in net position of \$12.1 million from December 31, 2019. The increase is the result of net non-operating revenues of \$78.5 million and capital contributions of \$27.4 million offsetting the total operating loss of \$93.8 million. A total of \$257.1 million of the Airport's December 31, 2020 net position is restricted for future debt service, capital construction and replacement, bond and interest redemption and passenger facility charges, subject to federal regulations. Net investment in capital assets was a negative \$41.8 million and represents land, intangible assets, buildings, improvements and equipment, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition of, construction or improvement of those assets. The Authority reported an unrestricted net position of \$9.6 million.

Capital Assets and Long-Term Debt Activity

The Authority is authorized to issue airport revenue bonds to finance the cost of capital projects and include the debt service on such bonds in the fees and charges of the Signatory Airlines only after receiving approval of a Weighted Majority for such capital projects. As of December 31, 2020, the Authority had approximately \$2.1 billion in outstanding bonds and other debt, both senior and subordinate, paying fixed and variable rates. The total debt service (principal and interest) for the year ending December 31, 2020 was approximately \$188.1 million and long-term debt amounting to \$100.0 million was paid off. More



MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2020

detailed information on capital assets and long-term debt activity can be found in Notes 7 and 8 included in the Notes to Basic Financial Statements section of this report.

Statement of Revenues, Expenses and Changes in Net Position

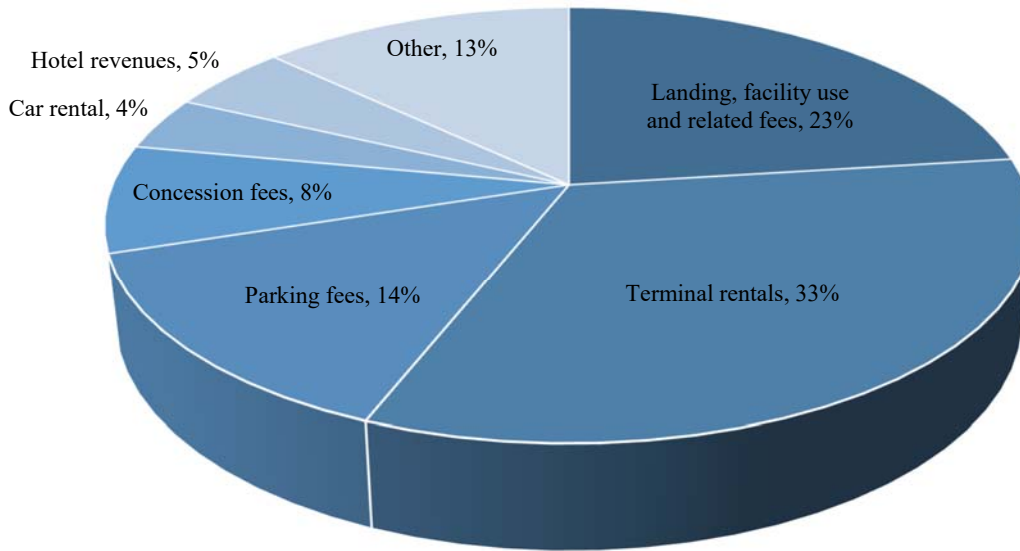
The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of the Authority, as well as the nonoperating revenues and expenses. Operating revenues include both airline and non-airline revenues and consist primarily of landing and related fees, terminal building rental and fees, parking fees, concession fees, car rental and hotel revenues. Nonoperating revenues consist primarily of passenger facility charges, federal and state sources and interest income. Interest expense is the most significant nonoperating expense. A summarized comparison of the Authority's revenues, expenses, and changes in net position for the years ended December 31, 2020 and December 31, 2019 follows:

| | Year Ended Dec. 31, 2020 (000's) | (Unaudited) Year Ended Dec. 31, 2019 (000's) |
|---|--|---|
| Operating revenues: | | |
| Airline revenues: | | |
| Airport landing and related fees | \$ 58,106 | \$ 80,391 |
| Terminal building rentals and fees | 85,861 | 87,049 |
| Facility use fees | 2,466 | 10,103 |
| Non-airline revenues: | | |
| Parking fees | 34,905 | 85,358 |
| Concession fees | 21,272 | 43,664 |
| Car rental | 11,476 | 25,577 |
| Hotel | 12,224 | 34,060 |
| Other | 31,897 | 31,490 |
| Total operating revenues | <u>258,207</u> | <u>397,692</u> |
| Operating expenses: | | |
| Salaries, wages, and fringe benefits | 79,425 | 99,141 |
| Parking management | 5,488 | 7,727 |
| Hotel management | 11,128 | 21,416 |
| Depreciation | 135,414 | 125,816 |
| Professional and contractual services | 25,962 | 34,804 |
| Utilities | 19,727 | 22,888 |
| Building, ground, equipment maintenance | 36,702 | 48,064 |
| Other | 38,170 | 48,269 |
| Total operating expenses | <u>352,016</u> | <u>408,125</u> |
| Operating loss | (93,809) | (10,433) |
| Nonoperating revenues (expense): | | |
| Passenger facility charges | 28,408 | 72,180 |
| Other nonoperating revenues | 128,288 | 48,554 |
| Interest expense | (78,130) | (84,523) |
| Other nonoperating expenses | (42) | (1,646) |
| Net nonoperating revenues | <u>78,524</u> | <u>34,565</u> |
| Net gain (loss) before capital contribution | (15,285) | 24,132 |
| Capital Contribution | <u>27,384</u> | <u>34,020</u> |
| Changes in net position | 12,099 | 58,152 |
| Net position, beginning of the year | <u>212,778</u> | <u>154,626</u> |
| Net position, end of the year | <u>\$ 224,877</u> | <u>\$ 212,778</u> |



Operating Revenues

The chart below illustrates the sources of total operating revenue for the year ended December 31, 2020:



Operating revenues, which can be further sub-categorized as airline and non-airline revenues, decreased by 35.1 percent or \$139.5 million to \$258.2 million.

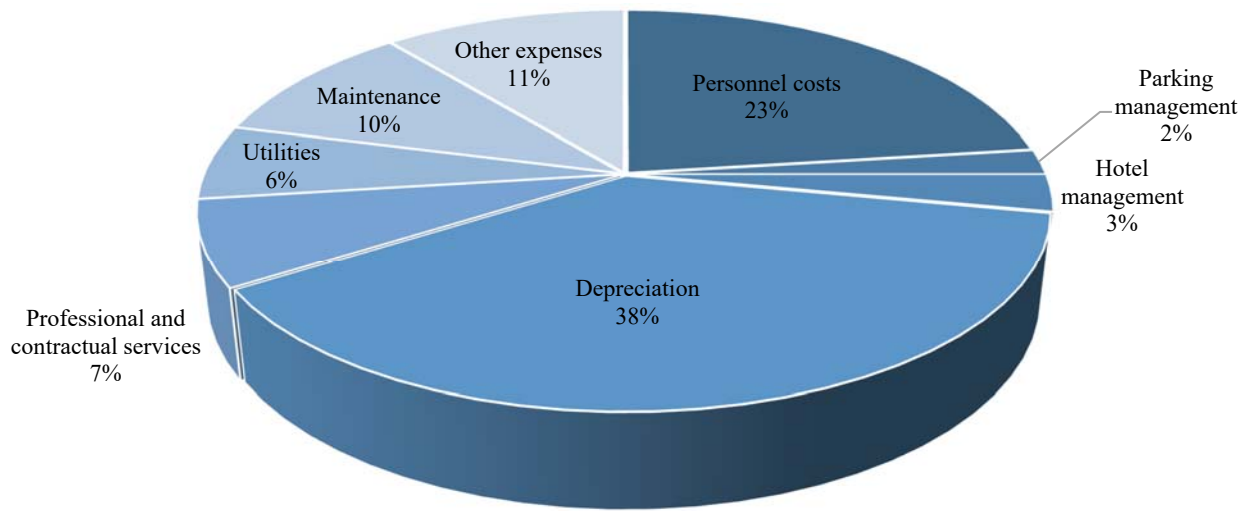
As previously noted, the effects of COVID-19 and actions taken at the state and national levels to halt its spread had a significant adverse effect on both airline and non-airline revenue in 2020. The previously noted reductions in passenger volume and airline landed weights resulted in an overall decrease in airline revenue from \$177.5 million at December 31, 2019 to \$146.4 million at December 31, 2020.

Non-airline revenues include revenue collected for activities that are not specifically aviation related. In the year ended December 31, 2020, total non-airline operating revenues decreased by \$108.4 million or 49.2 percent from the same period in 2019 to \$111.8 million. The decrease was due to reduced passenger volume at the Airport in 2020 as a result of the COVID-19 pandemic. Significant declines in revenue were experienced for all significant categories of non-airline revenue, with parking revenue declining by \$50.5 million, concession revenue declining by \$22.4 million, car rental revenue declining by \$14.1 million and hotel revenue declining by \$21.8 million.



Operating Expenses

The chart below illustrates the sources of total operating expenses for the year ended December 31, 2020:



Operating expenses decreased by \$56.1 million or 13.8 percent to \$352.0 million. The expense categories which had significant decreases were salaries, wages and fringe benefits (\$19.7 million), hotel management (\$10.3 million), professional and contractual services (\$8.8 million) and building, ground and equipment maintenance (\$11.4 million).

Salaries, wages and fringe benefits totaled \$79.4 million for the year December 31, 2020, as compared to \$99.1 million for the year ended December 31, 2019. The decrease is primarily attributable to reductions in staffing levels and a \$6.6 million expense reduction attributable to a decrease in the Authority’s net other postemployment benefit liability. The decrease in the net other postemployment benefit liability was significantly impacted by an increase in the co-pay obligation of retirees. Hotel management expenses decreased from \$21.4 million to \$11.1 year-over-year, as decreased occupancy rates resulted in lower overall operating costs. Reductions in professional and contractual services of \$8.8 million and building, ground and equipment maintenance of \$11.4 million were the result of restrictions placed on non-essential service and maintenance activities.

Nonoperating Revenues, Expenses and Contributed Capital

Nonoperating revenues increased from \$120.7 million at December 31, 2019 to \$156.7 million at December 31, 2020. As previously noted, the increase was primarily the result of grant revenue received via the CARES Act, with that increase offset by year-over-year decreases in PFC revenue from \$72.2 million to \$28.4 million and year-over-year decreases in CFC’s from \$24.6 million to \$5.0 million. In addition, the Authority realized \$7.6 million in forfeiture revenue as the result of criminal proceedings against a former vendor.



Nonoperating expense decreased by \$8.0 million, from \$86.2 million at December 31, 2019 to \$78.2 million at December 31, 2020. The decrease was attributable to a year-over-year decline in interest expense of \$6.4 million and a year-over-year increase in losses on asset disposal of \$1.6 million.

Capital contributions decreased by \$6.6 million, from \$34.0 million at December 31, 2019 to 27.4 million at December 31, 2020. Capital contributions in 2020 were primarily for grant revenue obtained through the Federal Aviation Administration Airport Improvement Program for the reconstruction of Taxiway P.

Economic Conditions

The Authority utilizes a mix of airline and non-airline revenue to off-set the cost of operating the Airport. Airline and non-airline revenue are either derived from or are significantly impacted by demand for air transportation and the operations of the Airlines meeting this demand at the Airport. Changes in economic conditions which impact passenger traffic and aviation activity may be reflected in the airline and non-airline revenue realized by the Authority. As a residual Airport, should economic conditions create a reduction in revenue resulting in a deficit between revenues and expenses, the Authority has the ability to increase rates charged to all Airlines up to the amount of the deficit. Conversely, should revenues exceed expenses, the excess is returned to the Airlines.

As previously noted, in calendar year 2020 economic conditions in the State of Michigan, the United States, and countries throughout the world were impacted by the spread of COVID-19. The virus has continued to impact the economy in 2021, and although the availability of vaccinations may inhibit the spread of the virus and contribute to improved economic activity, there remains significant economic uncertainty.

To provide economic aid to those industries and individuals impacted by COVID-19, three significant relief measure were signed into law over the past year. First, the CARES Act, through which the Authority obtained \$141.9 million for the Airport and \$157,000 for Willow Run Airport provided economic support for the Authority in 2020, and funding from this grant remains available for use in 2021. Second, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) will provide approximately \$31.5 million in grant funds for the Airport, approximately \$3.9 million of which must be used for concessionaire relief. Finally, the American Rescue Plan Act which was signed into law on March 11, 2021 will provide \$8 billion dollars in economic relief for U.S. Airports. It is not known at this time how much funding the Airport may be eligible to receive through the American Rescue Plan Act.

The ultimate impact of the virus upon the economy as a whole and upon the Authority is not known at this time. The Authority continues to monitor the situation and its ongoing economic impact.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Net Position

December 31, 2020

| | <u>Detroit Metropolitan Airport Fund</u> | <u>Willow Run Airport Fund</u> | <u>Total</u> |
|--|--|------------------------------------|-------------------------|
| Assets: | | | |
| Current assets: | | | |
| Cash and investments (note 4) | \$ 196,171,723 | \$ 451,457 | \$ 196,623,180 |
| Accounts receivable, less allowance (note 2) | 26,642,176 | 488,034 | 27,130,210 |
| Due from other governmental units | 44,585,487 | 475,612 | 45,061,099 |
| Due from other funds | 213,593 | 5,413,605 | 5,627,198 |
| Prepays and deposits | <u>1,538,237</u> | <u>27,815</u> | <u>1,566,052</u> |
| Total current assets | <u>269,151,216</u> | <u>6,856,523</u> | <u>276,007,739</u> |
| Restricted assets (notes 4 and 6): | | | |
| Cash and investments | 192,884,216 | — | 192,884,216 |
| Accounts receivable | 145,457 | — | 145,457 |
| Capital assets (note 7): | | | |
| Capital assets not being depreciated | 262,134,073 | 28,437,349 | 290,571,422 |
| Capital assets being depreciated | <u>3,988,350,895</u> | <u>167,650,044</u> | <u>4,156,000,939</u> |
| Total capital assets | 4,250,484,968 | 196,087,393 | 4,446,572,361 |
| Less accumulated depreciation | <u>2,319,619,852</u> | <u>119,899,410</u> | <u>2,439,519,262</u> |
| Net capital assets | <u>1,930,865,116</u> | <u>76,187,983</u> | <u>2,007,053,099</u> |
| Other assets: | | | |
| Prepays and deposits | 478,675 | — | 478,675 |
| Prepaid bond insurance premiums (note 2) | <u>620,623</u> | <u>—</u> | <u>620,623</u> |
| Total noncurrent assets | <u>2,124,994,087</u> | <u>76,187,983</u> | <u>2,201,182,070</u> |
| Total assets | \$ <u>2,394,145,303</u> | \$ <u>83,044,506</u> | \$ <u>2,477,189,809</u> |
| Deferred outflows of resources: | | | |
| Deferred amount on refunding (note 2) | \$ 14,665,651 | \$ — | \$ 14,665,651 |
| Deferred outflows from pensions (note 10) | 10,694,570 | 186,932 | 10,881,502 |
| Deferred outflows from other postemployment benefits (note 11) | <u>5,981,140</u> | <u>103,438</u> | <u>6,084,578</u> |
| Total deferred outflows of resources | \$ <u>31,341,361</u> | \$ <u>290,370</u> | \$ <u>31,631,731</u> |

See accompanying notes to basic financial statements.

(continued)

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Net Position

December 31, 2020

| | Detroit Metropolitan Airport Fund | Willow Run Airport Fund | Total |
|--|--|------------------------------------|-------------------------|
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 47,641,843 | \$ 4,266,154 | \$ 51,907,997 |
| Accrued wages and benefits | 1,601,169 | 9,317 | 1,610,486 |
| Due to other governmental units | 746,881 | — | 746,881 |
| Due to other funds | 5,413,605 | 213,593 | 5,627,198 |
| Advance billings and payments received in advance | 6,936,524 | 11,966 | 6,948,490 |
| Bonds payable and other debt (note 8) | 583,218 | 55,000 | 638,218 |
| Other accrued liabilities | <u>11,927,856</u> | <u>2,165,515</u> | <u>14,093,371</u> |
| Total current liabilities | <u>74,851,096</u> | <u>6,721,545</u> | <u>81,572,641</u> |
| Payable from restricted assets: | | | |
| Accrued interest and other payables | 20,356,822 | — | 20,356,822 |
| Bonds payable and other debt (note 8) | 100,425,000 | — | 100,425,000 |
| Other accrued liabilities | 217,232 | 940,200 | 1,157,432 |
| Payments received in advance | 46,949 | — | 46,949 |
| Due to other governmental units (note 12) | 4,218,000 | — | 4,218,000 |
| Net pension liability (note 10) | 45,112,360 | 788,525 | 45,900,885 |
| Net other postemployment benefit liability (note 11) | 33,600,092 | 581,080 | 34,181,172 |
| Bonds payable and other debt, net (note 8) | <u>1,974,680,124</u> | <u>325,000</u> | <u>1,975,005,124</u> |
| Total noncurrent liabilities | <u>2,178,656,579</u> | <u>2,634,805</u> | <u>2,181,291,384</u> |
| Total liabilities | <u>\$ 2,253,507,675</u> | <u>\$ 9,356,350</u> | <u>\$ 2,262,864,025</u> |
| Deferred inflows of resources: | | | |
| Deferred inflow from pension (note 10) | \$ 3,275,385 | \$ 57,251 | \$ 3,332,636 |
| Deferred inflows from other postemployment benefits (note 11) | <u>17,446,498</u> | <u>301,720</u> | <u>17,748,218</u> |
| Total deferred inflows of resources | <u>\$ 20,721,883</u> | <u>\$ 358,971</u> | <u>\$ 21,080,854</u> |
| Net position: | | | |
| Net investment in capital assets | \$ (118,010,277) | \$ 76,187,983 | \$ (41,822,294) |
| Restricted for: | | | |
| Capital assets | 51,838,337 | — | 51,838,337 |
| Debt service | 160,879,765 | — | 160,879,765 |
| Operations | 40,018,317 | — | 40,018,317 |
| Drug enforcement | 4,332,338 | — | 4,332,338 |
| Unrestricted (deficit) | <u>12,198,626</u> | <u>(2,568,428)</u> | <u>9,630,198</u> |
| Total net position | <u>\$ 151,257,106</u> | <u>\$ 73,619,555</u> | <u>\$ 224,876,661</u> |

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended December 31, 2020

| | Detroit Metropolitan Airport Fund | Willow Run Airport Fund | Total |
|---|--|------------------------------------|-----------------------|
| Operating revenues: | | | |
| Airline revenues: | | | |
| Airport landing and related fees | \$ 57,545,076 | \$ 561,351 | \$ 58,106,427 |
| Terminal building rentals and related fees | 85,687,673 | 173,494 | 85,861,167 |
| Facility use fees | 2,276,203 | 189,839 | 2,466,042 |
| Nonairline revenues: | | | |
| Parking fees | 34,905,184 | — | 34,905,184 |
| Concession fees | 21,271,464 | — | 21,271,464 |
| Car rental | 11,476,048 | — | 11,476,048 |
| Hotel | 12,224,405 | — | 12,224,405 |
| Employee shuttle bus | 3,741,727 | — | 3,741,727 |
| Ground transportation | 3,781,150 | — | 3,781,150 |
| Utility service fees | 3,758,809 | 83,422 | 3,842,231 |
| Rental facilities | 4,009,602 | 944,596 | 4,954,198 |
| Other | 14,798,569 | 778,546 | 15,577,115 |
| Total operating revenues | <u>255,475,910</u> | <u>2,731,248</u> | <u>258,207,158</u> |
| Operating expenses: | | | |
| Salaries, wages, and fringe benefits | 78,158,712 | 1,266,796 | 79,425,508 |
| Parking management | 5,487,982 | — | 5,487,982 |
| Hotel management | 11,128,419 | — | 11,128,419 |
| Shuttle bus services | 6,702,749 | — | 6,702,749 |
| Janitorial services | 14,037,523 | 28,185 | 14,065,708 |
| Security | 4,881,470 | — | 4,881,470 |
| Professional and other contractual services | 22,674,972 | 3,287,255 | 25,962,227 |
| Utilities | 19,153,386 | 573,722 | 19,727,108 |
| Buildings and grounds maintenance | 20,578,115 | 360,990 | 20,939,105 |
| Equipment repair and maintenance | 15,638,136 | 124,642 | 15,762,778 |
| Materials and supplies | 6,318,886 | 122,515 | 6,441,401 |
| Insurance | 1,942,306 | 35,721 | 1,978,027 |
| Other | 4,074,038 | 25,862 | 4,099,900 |
| Depreciation | 131,066,252 | 4,347,905 | 135,414,157 |
| Total operating expenses | <u>341,842,946</u> | <u>10,173,593</u> | <u>352,016,539</u> |
| Operating loss | <u>(86,367,036)</u> | <u>(7,442,345)</u> | <u>(93,809,381)</u> |
| Nonoperating revenues (expenses): | | | |
| Passenger facility charges | 28,407,906 | — | 28,407,906 |
| Customer facility charges | 4,950,594 | — | 4,950,594 |
| Federal and state sources | 118,169,432 | 157,000 | 118,326,432 |
| Net insurance recovery | 457,728 | 1,000 | 458,728 |
| Interest income | 4,549,522 | 2,406 | 4,551,928 |
| Interest expense | (78,129,584) | — | (78,129,584) |
| Amortization of bond insurance premiums | (42,223) | — | (42,223) |
| Net nonoperating revenues | <u>78,363,375</u> | <u>160,406</u> | <u>78,523,781</u> |
| Net loss before capital contributions | <u>(8,003,661)</u> | <u>(7,281,939)</u> | <u>(15,285,600)</u> |
| Capital contributions | 26,908,560 | 475,612 | 27,384,172 |
| Transfers (out) in | <u>(11,503,332)</u> | <u>11,503,332</u> | <u>—</u> |
| Changes in net position | 7,401,567 | 4,697,005 | 12,098,572 |
| Net position – Beginning of year | <u>143,855,539</u> | <u>68,922,550</u> | <u>212,778,089</u> |
| Net position – End of year | <u>\$ 151,257,106</u> | <u>\$ 73,619,555</u> | <u>\$ 224,876,661</u> |

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Cash Flows

Year Ended December 31, 2020

| | Detroit Metropolitan Airport Fund | Willow Run Airport Fund | Total |
|---|--|------------------------------------|-----------------------|
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 248,287,988 | \$ 2,521,983 | \$ 250,809,971 |
| Payments to suppliers | (142,551,705) | (2,808,361) | (145,360,066) |
| Payments to employees | (88,459,464) | (1,619,414) | (90,078,878) |
| Payments (to) from other funds for services provided | (1,588,298) | 1,588,298 | — |
| Return of customer deposits | (997,263) | (1,942) | (999,205) |
| Collection of customer deposits | 1,455,367 | 3,500 | 1,458,867 |
| Net cash (used) provided by operating activities | <u>16,146,625</u> | <u>(315,936)</u> | <u>15,830,689</u> |
| Cash flows from noncapital financing activities: | | | |
| Passenger facility charges received | 31,625 | — | 31,625 |
| Customer facility charges received | 21,117 | — | 21,117 |
| Insurance proceeds | 457,728 | 1,000 | 458,728 |
| Grants from federal/state government | 114,304,158 | 157,000 | 114,461,158 |
| Net cash provided by noncapital financing activities | <u>114,814,628</u> | <u>158,000</u> | <u>114,972,628</u> |
| Cash flows from capital and related financing activities: | | | |
| Capital contributions received | 18,769,283 | — | 18,769,283 |
| Passenger facility charges received | 34,303,830 | — | 34,303,830 |
| Customer facility charges received | 6,751,698 | — | 6,751,698 |
| Transfers (to) from other funds | (5,520,652) | 5,520,652 | — |
| Principal paid on capital debt | (99,978,596) | (60,000) | (100,038,596) |
| Acquisition and construction of capital assets | (111,426,835) | (5,397,049) | (116,823,884) |
| Grants from federal/state government | 1,543,449 | — | 1,543,449 |
| Interest paid on capital debt | (88,025,368) | — | (88,025,368) |
| Net cash (used in) provided by capital related financing activities | <u>(243,583,191)</u> | <u>63,603</u> | <u>(243,519,588)</u> |
| Cash flows from investing activities: | | | |
| Interest and dividends received | 5,481,283 | 2,406 | 5,483,689 |
| Purchases of investments | (373,668,710) | — | (373,668,710) |
| Maturities of investments | 469,214,944 | — | 469,214,944 |
| Net cash provided by investing activities | <u>101,027,517</u> | <u>2,406</u> | <u>101,029,923</u> |
| Net decrease in cash and cash equivalents | (11,594,421) | (91,927) | (11,686,348) |
| Cash and cash equivalents – Beginning of year | 331,294,768 | 543,384 | 331,838,152 |
| Cash and cash equivalents – End of year | \$ <u>319,700,347</u> | \$ <u>451,457</u> | \$ <u>320,151,804</u> |

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Cash Flows

Year Ended December 31, 2020

| | Detroit Metropolitan Airport Fund | Willow Run Airport Fund | Total |
|---|--|------------------------------------|-----------------------|
| Reconciliation of operating loss to net cash provided by operating activities: | | | |
| Operating loss | \$ (86,367,036) | \$ (7,442,345) | \$ (93,809,381) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | |
| Depreciation expense | 131,066,252 | 4,347,905 | 135,414,157 |
| Increase in accounts receivable | (7,752,620) | (202,720) | (7,955,340) |
| (Decrease) increase in due from/to other funds | (1,588,298) | 1,588,298 | — |
| Increase in prepaids/deposits | (25,549) | (5,055) | (30,604) |
| Decrease in accounts payable | (8,623,388) | (142,664) | (8,766,052) |
| Decrease in accrued wages and benefits | (2,687,657) | (66,543) | (2,754,200) |
| Increase (decrease) in unearned revenue | 4,284,651 | (6,545) | 4,278,106 |
| Decrease in due to other governmental units | (1,490,949) | — | (1,490,949) |
| (Decrease) increase in other accrued liabilities | (3,733,236) | 1,834,315 | (1,898,921) |
| (Decrease) in net OPEB liability | (8,903,328) | (153,974) | (9,057,302) |
| Increase (decrease) in net pension liability | 1,967,783 | (66,608) | 1,901,175 |
| Total adjustments | <u>102,513,661</u> | <u>7,126,409</u> | <u>109,640,070</u> |
| Net cash provided (used) in operating activities | \$ <u>16,146,625</u> | \$ <u>(315,936)</u> | \$ <u>15,830,689</u> |
| Cash and investments at December 31, 2020 consist of: | | | |
| Cash and cash equivalents | \$ 319,700,347 | \$ 451,457 | \$ 320,151,804 |
| Investments | <u>69,355,592</u> | <u>—</u> | <u>69,355,592</u> |
| Total cash and investments | \$ <u>389,055,939</u> | \$ <u>451,457</u> | \$ <u>389,507,396</u> |

Noncash capital and related financing activities:

- The issuance of refunding bonds resulted in several non-cash activities. The major components are as follows: \$221.4 million of principal additions offset by \$221 million of principal reductions. In addition, deferred refunding charges of \$3.8 million were transferred from the refunded debt to the new debt.

Noncash investing activities:

- Detroit Metropolitan Airport Fund had a noncash change in the fair value of investments of approximately \$513,000 in the year ended December 31, 2020

See accompanying notes to basic financial statements.

(continued)

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Fiduciary Net Position

December 31, 2020

| | Postemployment Health Benefits Trust Fund |
|--|--|
| Assets: | |
| Interest in pooled investments (note 4): | |
| Bonds | \$ 27,335,915 |
| Stocks | 51,932,980 |
| Private markets | <u>9,714,761</u> |
| Total interest in pooled investments | <u>\$ 88,983,656</u> |
| Net position: | |
| Net position restricted for other post-employment benefits | <u>\$ 88,983,656</u> |

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2020

| | <u>Postemployment Health Benefits Trust Fund</u> |
|--|---|
| Additions | |
| Investment income: | |
| Net appreciation in fair value | \$ 9,592,619 |
| Investment expenses | <u>(139,511)</u> |
| Net investment income | 9,453,108 |
| Health benefit contributions: | |
| Employer | 2,476,067 |
| Employee | <u>313,107</u> |
| Total health benefit contributions | <u>2,789,174</u> |
| Total additions | <u>12,242,282</u> |
| Deductions | |
| Health insurance payments | <u>789,172</u> |
| Changes in net position | 11,453,110 |
| Net position - restricted for other post-employment benefits – Beginning of year | <u>77,530,546</u> |
| Net position - restricted for other post-employment benefits - End of year | <u>\$ 88,983,656</u> |

See accompanying notes to basic financial statements.



(1) The Reporting Entity

The Wayne County Airport Authority (the Authority) is an independent public benefit agency and considered an agency of the Charter County of Wayne, Michigan (the County) for the purposes of federal and state laws, but is not subject to any County charter requirements or the direction or control of either the Wayne County Executive or Commission. Pursuant to Public Act 90 (the Authority Act), Michigan Public Acts of 2002 (effective March 26, 2002), the Authority has operational jurisdiction of the Detroit Metropolitan Wayne County Airport (Metro Airport), the Willow Run Airport, and the Airport Hotel, with the exclusive right, responsibility, and authority to occupy, operate, control, and use them. The financial statements of the Authority include the operations of Metro Airport (which includes the Airport Hotel) and Willow Run Airport. The Authority is not deemed a component unit of the County.

The Authority is directed and governed by a board consisting of seven members. The governor of the State appoints two members of the board, one member is appointed by the legislative body of the County that owns Metro Airport, and four members of the board are appointed by the chief executive officer of the County.

Metro Airport has airport use agreements with 10 airlines. These airlines, along with their affiliates, constitute approximately 97 percent of total landed weight in the year ended December 31, 2020. Metro Airport has agreements with various concessionaires (parking, food service, rental car agencies, etc.) for which Metro Airport pays a management fee or receives revenue.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The Authority reports the following major funds:

Detroit Metropolitan Airport Fund – This fund is used to account for the operations and maintenance of the Detroit Metropolitan Wayne County Airport, which includes the Airport Hotel.

Willow Run Airport Fund – This fund is used to account for the operations and maintenance of the Willow Run Airport.

The Authority also reports the following fiduciary fund:

Postemployment Health Benefits Trust Fund – This fund accounts for the activities of the employee benefit plan that accumulates resources for other postemployment benefit (OPEB) payments to qualified employees.



(b) Basis of Accounting and Measurement Focus

The financial statements of the Authority are presented on the accrual basis of accounting and are accounted for on the flow-of-economic-resources measurement focus as applicable to governmental units; revenues are recorded when earned, and expenses are recorded as incurred.

(c) Cash and Investments

Cash resources of the individual funds of the Authority, except as specifically stated by ordinance, are pooled and invested. Interest on pooled investments is allocated monthly among the respective funds based on average investment balances. Interest earned but not received at year end is accrued. Investments are stated at fair value or estimated fair value, and investments with a maturity of three-months or less are considered cash and cash equivalents.

(d) Cash Flows

For the purpose of the statement of cash flows, the Authority considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. All pooled investments qualify as cash equivalents.

(e) Passenger Facility Charges

The Authority assesses passenger facility charges of \$4.50 per passenger enplanement. The passenger facility charges are recorded as nonoperating revenues and may only be expended on capital and noncapital projects approved by the federal government. Passenger facility charges from airlines are recorded on an accrual basis. Unspent PFC cash and accounts receivable are classified as restricted net position for eligible debt service.

(f) Customer Facility Charges

Formerly, the Authority collected a customer facility charge (CFC) from all rental car concessionaires operating at Detroit Metropolitan Airport. From October 1, 2019 through May 31, 2020, \$5.50 was charged to each airport rental car concessionaire customer on a per transaction day basis. This charge was suspended effective June 1, 2020. CFC revenues are classified as nonoperating on the statement of revenue, expenses, and changes in net position. Such amounts are classified as restricted net position for capital improvements related to the rental car operations at Detroit Metropolitan Airport.

(g) Revenue Recognition

Operating revenues are recorded as revenues at the time services are rendered. Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include grants and capital contributions. Federal and state grants and capital contributions are recognized as revenues when the eligibility requirements, if any, are met.



(h) Net Position

Equity is displayed in three components, as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority’s policy to use restricted resources first and then unrestricted resources when they are needed.

Unrestricted – This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

(i) Classification of Revenues and Expenses

The Authority has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as revenues from landing and related fees and concession fees, and expenses paid to employees and vendors.

Nonoperating – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions that are defined as nonoperating by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, such as revenue from federal and state grants and contributions and investment income, and expenses for capital debt.

(j) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Capital Assets

Capital assets are stated at the estimated historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|----------------------------|---------------|
| Buildings and improvements | 10 - 50 years |
| Equipment | 3 - 12 years |
| Infrastructure | 10 - 40 years |



Purchases with a cost of \$5,000 or more for capital assets and for major renewals and betterments that extend the estimated useful life of the assets are capitalized; routine maintenance and repairs are charged to expense as incurred. All costs relating to the construction of property and equipment owned by the Authority are capitalized. At the time capital assets are sold, retired, or disposed of, the costs of such assets and related accumulated depreciation are removed from the accounts, and any gain or loss is reflected in the results of operations.

(l) Compensated Absences

The Authority’s employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned, and sick pay vests upon completion of two years of service. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding these limitations are forfeited. A liability for accumulated unpaid vacation and sick pay has been recorded in the financial statements as a current “other accrued liability” and will be paid with resources from both the Detroit Metropolitan Airport Fund and the Willow Run Airport Fund. Activity for the year ended December 31, 2020 was as follows:

| | | |
|-------------------|----|--------------------|
| Beginning Balance | \$ | 4,309,581 |
| Increases | | 5,798,707 |
| Decreases | | <u>(6,187,021)</u> |
| Ending Balance | \$ | <u>3,921,267</u> |

(m) Retirement Contributions and Other Postemployment Benefit Costs

The Authority offers defined benefit and defined contribution retirement benefits through the Wayne County Employees’ Retirement System (WCERS), an agent multiemployer retirement system. Related to the defined benefit plans, the Authority records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan’s fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan’s fiduciary net position have been determined on the same basis as they are reported by WCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Related to the defined contribution plans, employer and employee contributions are recognized in the period in which the contributions are due.

The Authority offers healthcare benefits to retirees. For purposes of measuring the net retiree healthcare benefit liability, deferred outflows of resources and deferred inflows of resources, and retiree healthcare benefit plan expense, information about the fiduciary net position of the retiree healthcare benefit plan and additions to/deductions from the retiree healthcare benefit plans



fiduciary net position have been determined on the same basis as they are reported by the Authority. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In addition, the Authority has agreed to contribute 11.25 percent for its estimated share of stipend payments made to participants in the Wayne County Health and Welfare Plan that retired before September 1, 2002. Members of the Wayne County Health and Welfare Plan are required to file annual certifications related to the use of this stipend for healthcare benefits. The Authority's obligation for its share of stipend payments is estimated to be \$4,218,000 at December 31, 2020.

(n) Accounts Receivable

Net receivables at December 31, 2020 consist of trade receivables incurred by customers during the normal course of business and \$5,363,253 million in restitution receivable by the Authority as part of a judgement in a criminal case, of which \$5,158,598 is owed to the Detroit Metropolitan Airport Fund and \$204,655 is owed to the Willow Run Airport Fund. The total allowance for uncollectible accounts at December 31, 2020 was \$1,284,444, of which \$1,259,444 was for the Detroit Metropolitan Airport Fund and \$25,000 was for the Willow Run Airport Fund.

(o) Accounts Payable

Total payables at December 31, 2020 consist of payables due to vendors used during the normal course of business.

(p) Restricted Assets and Liabilities

Restricted assets consist of cash, investments, and accounts receivable that are legally required to be trustee or maintained in separate depository accounts. Capital program funds are restricted to pay the costs of certain capital projects as defined in various bond agreements. Debt service funds are restricted to make payments for principal and interest as required by the specific bond agreements. Liabilities payable from restricted assets are the accrued interest and current portion of long-term debt associated with the purchase and construction of the capital projects funded by the restricted assets.

(q) Interfund Balances, Advances, and Transfers

The interfund balances resulted from (1) the time lag between the dates interfund goods and services are provided or reimbursable expenses occur, (2) the time lag between the dates payment between funds is made, and (3) overdrafts by individual funds of its share of pooled cash. Noncurrent balances arising in connection with interfund loans are reported as advances. *Due from other funds* is an asset account used to record current portions of loans from one reporting fund to another reporting fund. Similarly, *due to other funds* is a liability account used to record current portions of debt owed by one reporting fund to another reporting fund. At December 31, 2020, the following interfund balances existed between the Detroit Metropolitan Airport Fund and the Willow Run Airport Fund:



| Fund Name | Due From | Due To |
|-----------------------------------|-------------|---------------|
| Detroit Metropolitan Airport Fund | \$ 213,593 | \$(5,413,605) |
| Willow Run Airport Fund | \$5,413,605 | \$ (213,593) |

Interfund transfers are used to transfer unrestricted resources from one reporting fund to another to fund operations and capital projects.

(r) Prepaid Bond Insurance Premiums

Prepaid bond insurance premium costs are amortized over the period the bond is outstanding using the straight-line method. Accumulated amortization at December 31, 2020 is \$268,575.

(s) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority has three items that qualify for reporting in this category. One is the deferred charge on refunding reported on the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second and third items are the deferred outflows for pension and OPEB. See the detailed categories of the deferred outflows for pension in Note 10 and OPEB in Note 11.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category, deferred inflows for pension and OPEB. See the detailed categories of the deferred inflows for pension in Note 10 and OPEB in Note 11.

(t) Environmental Matters

Environmental accruals are calculated and recorded using an expected cash flow technique applied to probabilities, ranges, and assumptions developed in response to a potential remediation liability as based on current law and existing technologies. These accruals are evaluated periodically for changes due to additional assessment and remediation efforts, as well as more detailed legal or technical information. Environmental liabilities are included in the statement of net position as current and long-term "other accrued liabilities."

In certain instances, environmental remediation costs cannot be reasonably estimated; however, the nature of the matters is disclosed in the notes to the basic financial statements as commitments and contingencies. As components of the remediation efforts are able to be projected, they are calculated using an expected cash flow technique and recorded accordingly.



(u) Self-Insurance

During the year ended September 30, 2004, the Authority became self-insured for disability, unemployment, and liability insurance. The Authority charges its departments a specified percentage of the department’s regular biweekly payroll for these liabilities. Claims related to unemployment, disability, claim administration, deductibles, self-insured retentions, and legal bills are paid out of these funds. The Authority purchases commercial insurance for general liability claims in excess of \$25,000, auto liability insurance for claims in excess of \$25,000, public officials/employment practices liability insurance for claims in excess of \$500,000, and Law Enforcement liability insurance for claims in excess of \$50,000. There has been one claim that was submitted in 2018 involving the theft of funds by a former employee.

During the year ended September 30, 2005, the Authority became self-insured for health insurance and workers’ compensation. The Authority charges its departments a specified percentage of the department’s regular biweekly payroll for these liabilities. The funds collected for workers’ compensation are used to pay claims (wages and medical), third-party administration services, and loss control services. The Authority purchases workers’ compensation insurance for claims that exceed \$1 million. There has been one claim (two claimants) that has exceeded the \$1 million deductible wherein the insurer has been responsible for settlement of all future wages, medical, and legal costs. The funds collected for health insurance are used to pay self-insured claims to Blue Cross Blue Shield, the primary healthcare provider, premiums for Health Alliance Plan, dental, and life insurance. The Authority purchases stop/loss coverage from Blue Cross Blue Shield for healthcare claims that exceed \$1 million. There have been no claims in the past three years that have exceeded this threshold.

The liability for self-insurance claims has been recorded in the financial statements as a current “other accrued liability”. The Detroit Metropolitan Airport Fund resources are used to liquidate this liability. A reconciliation of the Authority’s self-insured claims liability at December 31, 2020 follows:

| | <u>Health Insurance</u> | <u>Workers' Compensation</u> | <u>Other Claims</u> | <u>Total</u> |
|--|-----------------------------|----------------------------------|---------------------|---------------------|
| Claims liability, September 30, 2018 | \$ 1,910,574 | \$ 970,491 | \$ 482,865 | \$ 3,363,930 |
| Claims incurred during fiscal year 2019 | 13,108,654 | 186,676 | 372,137 | 13,667,467 |
| Payments on claims | (13,103,454) | (224,788) | (347,348) | (13,675,590) |
| Decrease in the reserve | <u>(1,202,574)</u> | <u>(147,379)</u> | <u>(120,654)</u> | <u>(1,470,607)</u> |
| Claims liability, September 30, 2019 | \$ 713,200 | \$ 785,000 | \$ 387,000 | \$ 1,885,200 |
| Claims incurred Oct. 1, 2019 - Dec. 31, 2019 | 4,804,825 | - | 128,922 | 4,933,747 |
| Payments on claims | (4,805,408) | (95,746) | (96,267) | (4,997,421) |
| Increase (decrease) in the reserve | <u>37,113</u> | <u>(274,254)</u> | <u>(112,655)</u> | <u>(349,796)</u> |
| Claims liability, December 31, 2019 | \$ 749,730 | \$ 415,000 | \$ 307,000 | \$ 1,471,730 |
| Claims incurred during fiscal year 2020 | 12,130,434 | 245,523 | 456,156 | 12,832,113 |
| Payments on claims | (12,188,334) | (420,115) | (414,194) | (13,022,643) |
| Increase in the reserve | <u>170</u> | <u>2,592</u> | <u>7,038</u> | <u>9,800</u> |
| Claims liability, December 31, 2020 | <u>\$ 692,000</u> | <u>\$ 243,000</u> | <u>\$ 356,000</u> | <u>\$ 1,291,000</u> |



(3) Major Customer

Delta Air Lines (Delta) and its affiliates account for approximately 39 percent of total Authority operating revenues for the year ended December 31, 2020, including 71 percent of landing and related fees, 66 percent of airline rental and related fees, and 75 percent of facility use fees. Approximately 71 percent of total enplanements during the period are attributable to Delta's (and affiliates) operations. In the event that Delta discontinues its operations, there are no assurances that another airline would replace its hub activities. Existing operating agreements with all Signatory Airlines servicing the Authority require that all remaining airlines would continue to pay the net operating costs and debt service requirements of the Authority. The Authority had approximately \$4.4 million in receivables from Delta at December 31, 2020.

It is reasonable to assume that any financial or operational difficulties incurred by Delta, the predominant airline servicing the Airport, or another Signatory Airline may, whether directly or indirectly, have a material adverse impact on Airport operations.

(4) Deposits and Investments

Michigan Compiled Laws Section 129.9 1 (Public Act 20 of 1943, as amended), authorizes the Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Authority in accordance with Public Act 20 of 1943, as amended, authorizes investments in U.S. Treasuries, U.S. agencies and instrumentalities (date-specific maturities only), non-negotiable certificates of deposits, commercial paper (rated A2/P2 or above), bankers' acceptances, repurchase agreements, overnight deposits, or mutual funds. For overnight deposits, the treasurer may invest overnight or short-term liquid assets to cover cash flow requirements in the following types of pools: investment pools organized under the Surplus Funds Investment Pool Act of 1982, PA 367, 1 MCL 129.111 to MCL 129.118, or investment pools organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to 124.512. For mutual funds, the treasurer may invest in no-load fixed-income mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, either taxable or tax-exempt. This authorization is limited to mutual funds whose intent is to maintain a net asset value of \$1.00 per share.

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below.



Credit risk - In compliance with state law, the Authority’s investment policy limits investments of commercial paper to the two top ratings issued by nationally recognized statistical rating organizations. As of year-end, the credit quality ratings of investments (other than the U.S. government and municipal bonds) are as follows:

| Investments of the Primary Gov. | Fair value | Rating | Rating Organization |
|--|-------------------|---------------|----------------------------|
| Money market funds | \$ 11,031,927 | AAA | S&P |
| Commercial paper | 62,974,675 | A1, P1 | S&P, Moody |

Custodial credit risk of bank deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority’s investment policy requires that deposits over the \$250,000 insured limit in a commercial bank shall not equal more than 25 percent of the combined capital and surplus of that bank, and that bank must meet the minimum standards of at least one standard rating service. At year-end, the Authority had \$163,762,711 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Custodial credit risk of investments - Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority’s investment policy requires that all investments not purchased directly from an issuer must be held in the name of the Authority, be purchased using the delivery vs. payment procedure, and be held in third party safekeeping. At year-end, none of the Authority’s investments were subject to custodial credit risk due to one of the following:

- Investments were held by a third-party safe-keeper in the Authority’s name
- Investments were held by the Authority’s trustee in the Authority’s name
- Investments were part of a mutual fund

Interest rate risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority’s investment policy addresses this risk by setting limits by investment fund type as follows:



| Investment fund | Maturity maximum |
|---|---|
| General Pool | 1 year |
| Bond Reserve | 5 years |
| Bond Payment and Capital Interest Funds | 1 business day prior to bond payment date |
| Construction Funds | Must match draw schedule or less |

Note: All Commercial Paper is limited by state statute to 270 days maximum

At year end, the deposits and investments of the primary government and the fiduciary fund totaled \$478,491,052. The average maturities of investments subject to interest rate risk at year end are as follows:

| Primary Government | Fair Value | Average Maturity |
|---|-----------------------|------------------|
| Investments subject to risk: | | |
| Bond reserves: | | |
| U.S. Treasuries | \$ 100,445,106 | 1.3 months |
| U.S. Agencies | 26,358,950 | 7.6 months |
| Long-term repo | 3,629,278 | 11 months |
| Commercial paper | 5,099,949 | 7 days |
| Bond payment funds: | | |
| U.S. Treasuries | 14,695,443 | 4.9 months |
| 2018A Capitalized Interest: | | |
| Commercial paper | 3,599,820 | 26 days |
| Construction funds: | | |
| 2017A Construction: | | |
| Commercial paper | 6,499,610 | 1.1 months |
| 2018A Construction: | | |
| Commercial paper | 499,980 | 21 days |
| 2018B Construction: | | |
| Commercial paper | 999,960 | 21 days |
| FF&E Construction: | | |
| Commercial paper | 5,299,735 | 26 days |
| Operating funds: | | |
| Commercial paper | 40,975,621 | 3.3 months |
| Total of investments subject to risk | <u>\$ 208,103,452</u> | |
| Deposits/investments not subject to risk: | | |
| Deposits | \$ 170,372,017 | |
| Money market funds | 11,031,927 | |
| Total Primary Government | <u>\$ 389,507,396</u> | |



| Fiduciary Fund | Fair Value |
|---|---------------|
| Deposits/investments not subject to risk: | |
| Investment Pool | \$ 88,983,656 |
| Total Fiduciary Fund | \$ 88,983,656 |

Concentration of credit risk – Through its investment policy, the Authority places limits on the amount the Authority may invest in any one issuer, along with the minimal capital strength of those issuers. There are also limits as to the use of specific types of instruments, along with limits upon use of a single institution. These limits are as follows:

Limits using capital strength test: Maximum investment is 25 percent of combined capital and surplus position of that financial institution.

Limits based upon use of specific instruments

| Investment type | Limit | Actual at Year-End |
|--------------------------------|-------|--------------------|
| Bankers' acceptances | 50% | - |
| Repurchase agreements | 25 | 0.8 |
| Certificates of deposit (bank) | 50 | 1.3 |
| Money market funds | 50 | 20.9 |
| Commercial paper | 60 | 13.2 |
| U.S. Government | 100 | 29.6 |

Authority limits based upon use of a single issuer:

| Investment type | Limit |
|--------------------------------|------------------------|
| Bankers' acceptances | 25% of total portfolio |
| Repurchase agreements | 10% of total portfolio |
| Certificates of Deposit (bank) | 33% of total portfolio |
| Certificates of Deposit (S&L) | 5% of total portfolio |

Actual year-end investments in a single issuer exceeding 5 percent of total portfolio are as follows:

| Issuer | Investment type | Fair value | Percentage of Portfolio | Rating |
|---------------|------------------|---------------|-------------------------|--------|
| MUFG Bank LTD | Commercial paper | \$ 34,798,750 | 7.30% | A1, P1 |

(5) Fair Market Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical



assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Authority has the following recurring fair value measurements as of December 31, 2020:

- U.S. Treasury securities of \$115,140,549 - are valued using quoted market prices (Level 1 inputs).
- Commercial paper of \$62,974,675 - are valued using a matrix pricing model and par value (Level 2 inputs).
- U.S. Government Agency securities of \$26,358,950 - are valued using quoted market prices and various market and industry inputs (Level 2 inputs).

A total of \$11,031,926 of bank pools are recorded at amortized cost in accordance with GASB Statement No. 79 and are not included in the fair value disclosures above. In addition, a total of \$3,629,278 of repurchase agreements are recorded at cost in accordance with GASB Statement No. 31 and are not included in the fair value disclosures above.

Investments in Entities that Calculate Net Asset Value Per Share - The Authority holds an interest in the MERS Total Market Portfolio and the MERS Established Market Portfolio whereby the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment as a practical expedient. At December 31, 2020, the fair values were \$44,158,011 and \$44,825,645, respectively. There were no unfunded commitments or redemption rules.

The MERS Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. The Municipal Employees' Retirement System (MERS) manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio.

The MERS Established Market Portfolio (60/40) seeks to provide long-term growth of capital and income through a diversified mix of stocks and bonds. The objective is to outperform a traditional 60/40 mix of stocks and bonds. MERS manages the asset allocation and monitors the underlying investment managers of the MERS Established Market Portfolio (60/40). The MERS Established Market Portfolio (60/40) is part of the MERS Total Market Portfolio.



(6) Restricted Assets

In accordance with the terms of applicable ordinances and federal and state laws, the Authority is required to restrict assets for various purposes. Net position has been restricted related to certain restricted assets. A summary of the restricted assets at December 31, 2020 is as follows:

| | |
|-------------------------------|------------------------------|
| Construction: | |
| Cash and investments | 31,140,693 |
| Accounts receivable | <u>107</u> |
| Total | <u>31,140,800</u> |
| Bond and interest redemption: | |
| Cash and investments | 161,743,523 |
| Accounts receivable | <u>145,350</u> |
| Total | <u>161,888,873</u> |
| Total restricted assets | <u><u>\$ 193,029,673</u></u> |

(7) Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

| | Beginning balance | Increases - [1] | Decreases | Ending balance |
|---|-------------------------|-----------------------|-------------------------|-------------------------|
| Detroit Metropolitan Airport Fund: | | | | |
| Capital assets not being depreciated: | | | | |
| Land and nondepreciable assets | \$ 224,367,511 | \$ - | \$ - | \$ 224,367,511 |
| Construction in progress | <u>97,554,283</u> | <u>108,750,525</u> | <u>(168,538,246)</u> | <u>37,766,562</u> |
| Total capital assets not being depreciated | <u>321,921,794</u> | <u>108,750,525</u> | <u>(168,538,246)</u> | <u>262,134,073</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 2,116,014,716 | 37,979,914 | (358,618) | 2,153,636,012 |
| Equipment | 120,225,330 | 7,302,501 | (15,518) | 127,512,313 |
| Infrastructure | <u>1,582,350,286</u> | <u>124,852,284</u> | <u>-</u> | <u>1,707,202,570</u> |
| Total capital assets being depreciated | <u>3,818,590,332</u> | <u>170,134,699</u> | <u>(374,136)</u> | <u>3,988,350,895</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 1,285,488,266 | 62,342,310 | (358,618) | 1,347,471,958 |
| Equipment | 74,150,221 | 8,325,178 | (15,518) | 82,459,881 |
| Infrastructure | <u>829,237,119</u> | <u>60,450,894</u> | <u>-</u> | <u>889,688,013</u> |
| Total accumulated depreciation | <u>2,188,875,606</u> | <u>131,118,382</u> | <u>(374,136)</u> | <u>2,319,619,852</u> |
| Total capital assets being depreciated, net | <u>1,629,714,726</u> | <u>39,016,317</u> | <u>-</u> | <u>1,668,731,043</u> |
| Total Detroit Metropolitan Airport Fund capital assets, net | <u>\$ 1,951,636,520</u> | <u>\$ 147,766,842</u> | <u>\$ (168,538,246)</u> | <u>\$ 1,930,865,116</u> |

[1] – During the year Willow Run transferred a \$52,130 asset with associated accumulated depreciation of \$52,120 to the Detroit Metropolitan Airport Fund.



NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

| | Beginning balance | Increases | Decreases - [1] | Ending balance |
|---|-------------------------|-----------------------|-------------------------|-------------------------|
| Willow Run Airport Fund: | | | | |
| Capital assets not being depreciated: | | | | |
| Land and nondepreciable assets | \$ 17,476,885 | \$ - | \$ - | \$ 17,476,885 |
| Construction in progress | 2,720,187 | 8,240,277 | - | 10,960,464 |
| Total capital assets not being depreciated | <u>20,197,072</u> | <u>8,240,277</u> | <u>-</u> | <u>28,437,349</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 13,934,137 | - | - | 13,934,137 |
| Equipment | 7,145,487 | 447,954 | (52,130) | 7,541,311 |
| Infrastructure | 146,174,596 | - | - | 146,174,596 |
| Total capital assets being depreciated | <u>167,254,220</u> | <u>447,954</u> | <u>(52,130)</u> | <u>167,650,044</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 7,035,066 | 537,345 | - | 7,572,411 |
| Equipment | 5,647,562 | 277,440 | (52,130) | 5,872,872 |
| Infrastructure | 102,921,007 | 3,533,120 | - | 106,454,127 |
| Total accumulated depreciation | <u>115,603,635</u> | <u>4,347,905</u> | <u>(52,130)</u> | <u>119,899,410</u> |
| Total capital assets being depreciated, net | <u>51,650,585</u> | <u>(3,899,951)</u> | <u>-</u> | <u>47,750,634</u> |
| Total Willow Run Airport Fund capital assets, net | <u>71,847,657</u> | <u>4,340,326</u> | <u>-</u> | <u>76,187,983</u> |
| Total Authority capital assets, net | <u>\$ 2,023,484,177</u> | <u>\$ 152,107,168</u> | <u>\$ (168,538,246)</u> | <u>\$ 2,007,053,099</u> |

[1] – During the year Willow Run transferred a \$52,130 asset with associated accumulated depreciation of \$52,120 to the Detroit Metropolitan Airport Fund.



(8) Long-term Debt

The detail of long-term debt at December 31, 2020 is as follows:

Detroit Metropolitan Airport Fund:

Airport Revenue Bonds - Direct Placement:

| | |
|---|--------------------|
| Series 2015B, 2.716%, due 12/1/2024 | 75,000,000 |
| Series 2015C, 3.75%, due 12/1/2034 | 25,640,000 |
| Series 2017C, Jr. Lien, 5.00%, due 12/1/2037 | 24,615,000 |
| Series 2017E, 4.00%, due 12/1/2028 | 67,185,000 |
| Series 2017F, 2.6835%, due 12/1/2028 | 113,165,000 |
| Series 2019, 2.92%, due 12/1/2034 | 29,640,000 |
| Series 2020A, Variable, Crnt. Yield at 12/31/20, 1.20%, due 12/1/2019 | 23,285,000 |
| Series 2020B, Variable, Crnt. Yield at 12/31/20, 1.184% due 12/1/2033 | 85,640,000 |
| Series 2020C, Variable, Crnt. Yield at 12/31/20, 0.965% due 12/1/2033 | 112,500,000 |
| Total Direct Placement Airport Revenue Bonds | 556,670,000 |

Airport Revenue Bonds - Other:

| | |
|---|----------------------|
| Series 2010C, 1.50% to 5.50%, due 12/1/2022 | 24,075,000 |
| Series 2010D, 1.50% to 5.50%, due 12/1/2021 | 3,295,000 |
| Series 2011A, 4.00% to 5.00%, due 12/1/2022 | 79,830,000 |
| Series 2012A, 3.00% to 5.00%, due 12/1/2042 | 162,500,000 |
| Series 2012B, 5.00%, due 12/1/2037 | 21,965,000 |
| Series 2012D, 3.00% to 5.00%, due 12/1/2028 | 29,740,000 |
| Series 2014B, 3.00% to 5.00%, due 12/1/2044 | 66,195,000 |
| Series 2014C, 3.00% to 5.00%, due 12/1/2044 | 31,445,000 |
| Series 2015D, 3.00% to 5.00%, due 12/1/2045 | 213,030,000 |
| Series 2015E, 5.00%, due 12/1/2038 | 7,755,000 |
| Series 2015F, 5.00%, due 12/1/2034 | 224,155,000 |
| Series 2015G, 2.00% to 5.00%, due 12/1/2036 | 65,560,000 |
| Series 2017A, 4.00% to 5.00%, due 12/1/2047 | 50,570,000 |
| Series 2017B, 4.00% to 5.00%, due 12/1/2047 | 40,670,000 |
| Series 2017C, 5.00%, due 12/1/2028 | 61,475,000 |
| Series 2017A, Jr. Lien, 4.00% to 5.00%, due 12/1/2037 | 57,350,000 |
| Series 2017B, Jr. Lien, 5.00%, due 12/1/2032 | 39,560,000 |
| Series 2018A, 5.00%, due 12/1/2043 | 147,390,000 |
| Series 2018B, 5.00%, due 12/1/2048 | 6,005,000 |
| Series 2018C, 4.00% to 5.00%, due 12/1/2025 | 24,860,000 |
| Series 2018D, 5.00%, due 12/1/2032 | 43,020,000 |
| Total Other Airport Revenue Bonds | 1,400,445,000 |

Shuttle lease - Direct Placement 2,318,808

Total Detroit Metropolitan Airport Fund 1,959,433,808



WAYNE COUNTY AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

| | |
|---|-------------------------|
| Willow Run Airport Fund: | |
| Direct Placement – Downriver Community Conference, 0%, due 5/1/2027 | 380,000 |
| Total Authority bonds payable and other debt | <u>1,959,813,808</u> |
| Add (less): | |
| Certain bond discounts | (384,498) |
| Certain bond premiums | <u>116,639,032</u> |
| Total Authority bonds payable and other debt, net | 2,076,068,342 |
| Less current portion | <u>101,063,218</u> |
| Total Authority bonds payable and other debt, noncurrent | <u>\$ 1,975,005,124</u> |

The annual requirements to pay principal and interest on the Authority’s debt outstanding at December 31, 2020 are summarized as follows:

| | Principal | | | | Total |
|--------------|-----------------------------|-------------------------|-----------------------------|--------------------------------|-------------------------|
| | Direct Placement Airport | Other Airport | Direct Placement Shuttle | Direct Placement Willow Run | |
| | Revenue Bonds | Revenue Bonds | Lease | Debt | |
| 2021 | 19,095,000 | 81,330,000 | 583,218 | 55,000 | 101,063,218 |
| 2022 | 19,595,000 | 76,705,000 | 608,142 | 60,000 | 96,968,142 |
| 2023 | 74,085,000 | 26,940,000 | 634,130 | 60,000 | 101,719,130 |
| 2024 | 74,915,000 | 28,035,000 | 493,318 | 60,000 | 103,503,318 |
| 2025 | 56,445,000 | 48,950,000 | - | 60,000 | 105,455,000 |
| 2026 to 2030 | 186,915,000 | 334,035,000 | - | 85,000 | 521,035,000 |
| 2031 to 2035 | 91,765,000 | 360,340,000 | - | - | 452,105,000 |
| 2036 to 2040 | 33,855,000 | 248,620,000 | - | - | 282,475,000 |
| 2041 to 2045 | - | 175,890,000 | - | - | 175,890,000 |
| 2046 to 2050 | - | 19,600,000 | - | - | 19,600,000 |
| Total | <u>\$ 556,670,000</u> | <u>\$ 1,400,445,000</u> | <u>\$ 2,318,808</u> | <u>\$ 380,000</u> | <u>\$ 1,959,813,808</u> |

| | Interest | | | |
|--------------|-----------------------------|-----------------------|-----------------------------|-------------------------|
| | Direct Placement Airport | Other Airport | Direct Placement Shuttle | Total |
| | Revenue Bonds | Revenue Bonds | Lease | |
| 2021 | 16,666,119 | 73,225,038 | 86,082 | 89,977,239 |
| 2022 | 16,322,413 | 69,374,967 | 61,158 | 85,758,537 |
| 2023 | 15,800,679 | 65,341,321 | 35,170 | 81,177,169 |
| 2024 | 15,134,197 | 61,812,977 | 8,656 | 76,955,830 |
| 2025 | 13,012,419 | 60,467,925 | - | 73,480,344 |
| 2026 to 2030 | 38,801,762 | 267,510,521 | - | 306,312,283 |
| 2031 to 2035 | 16,863,296 | 179,881,117 | - | 196,744,412 |
| 2036 to 2040 | 3,880,546 | 95,186,158 | - | 99,066,704 |
| 2041 to 2045 | - | 34,070,479 | - | 34,070,479 |
| 2046 to 2050 | - | 7,630,958 | - | 7,630,958 |
| Total | <u>\$ 136,481,430</u> | <u>\$ 914,501,460</u> | <u>\$ 191,066</u> | <u>\$ 1,051,173,957</u> |



Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Authority and is obligated to perform all of the duties, and is bound by all of the covenants, with respect to the Authority under any ordinances (including Ordinance 319), agreements or other instruments and under law. Under the Authority Act, all airport revenue bonds issued by the Authority may be issued on a parity basis with the Outstanding Senior Lien Bonds and Additional Bonds issued by the Authority under the Master Bond Ordinance and secured by net revenues.

Net revenues (as defined in the various bond ordinances) of Metro Airport have been pledged toward the repayment of the Airport Revenue Bonds. Net revenues consist of operating revenues, certain cash balances, interest income and other, federal and state sources, passenger facility charges, and customer facility charges reduced by operating expenses not including depreciation. For the year ended December 31, 2020, the net revenue was approximately \$239,328,000 compared to the net debt service (principal and interest) of approximately \$181,531,000.

The Airport Revenue Bond Ordinances require that Metro Airport reserve assets to provide for the operations, maintenance, and administrative expenses of the subsequent month, the redemption of bond principal and interest, and for other purposes as defined in those ordinances.

During the year, the Authority established a \$50 million line of credit facility with a bank in order to provide liquidity for funding of operation and maintenance expenses. The line of credit represents a direct borrowing and carries an interest rate of LIBOR or a base floor of 0.75% plus a margin ranging from 130 – 210 basis points. At December 31, 2020, the outstanding balance on the line of credit was \$0.

Direct Placement Debt – Detroit Metropolitan Airport Fund

In September 2015, the Authority issued an \$85 million Direct Placement Bond with PNC Bank, N.A., Series 2015A Bonds. The Series 2015A Refunding Bonds were issued to refund a portion of the Series 2005A Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2015A Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport. The Series 2015A Bonds were paid in full on December 1, 2020.

The Authority defeased the Series 2005A Bonds by placing the proceeds of the Series 2015A Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2005A Bonds were subsequently called and paid in full in December 2015. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$10.5 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$8.3 million.

In September 2015, the Authority issued a \$75 million Direct Placement Bond with Bank of America, N.A., Series 2015B Bonds. The Series 2015B Refunding Bonds were issued to refund a portion of the Series 2005A Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2015B Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.



The Authority defeased the Series 2005A Bonds by placing the proceeds of the Series 2015B Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2005A Bonds were subsequently called and paid in full in December 2015. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$16 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$12.7 million.

In September 2015, the Authority issued a \$25.6 million Direct Placement Bond with Citibank, N.A., Series 2015C Bonds. The Series 2015C Refunding Bonds were issued to refund a portion of the Series 2005A Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2015C Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2005A Bonds by placing the proceeds of the Series 2015C Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2005A Bonds were subsequently called and paid in full in September 2015. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$4.4 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$3.5 million.

In October 2017, the Authority issued a \$24.6 million Direct Placement Bond with Citibank, N.A., Series 2017C Jr. Lien Bonds. The Series 2017C Jr. Lien Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2017C Jr. Lien Refunding Bonds were issued to refund a portion of the Series 2007A Jr. Lien Bonds. The Series 2017C Jr. Lien Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport and available after net revenues have first been set aside as required to pay the principal and interest and redemption price, if any, of Senior Lien Bonds as provided in the Ordinance. The Series 2017C Jr. Lien Bonds are “Junior Lien Bonds” under the Ordinance, and a statutory lien subordinate to the prior lien in respect of Senior Lien Bonds has been established under the Ordinance upon and against the net revenues to secure the payment of the Series 2017C Jr. Lien Bonds.

The Authority defeased the Series 2007A Jr. Lien Bonds by placing the proceeds of the Series 2017C Jr. Lien Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2007A Jr. Lien Bonds were subsequently called and paid in full in December 2018. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$6.8 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$4.3 million.



In December 2017, the Authority issued a \$67.8 million Direct Placement Bond with Citibank, N.A., Series 2017E Bonds. The Series 2017E Refunding Bonds were issued to refund the Series 2013B Direct Placement Bonds which were initially issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2017E Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2013B Direct Placement Bond by placing the proceeds of the Series 2017E Bonds in the 2013B Bond Fund to be immediately paid to the Direct Placement Bondholder. The Series 2013B Direct Placement Bond was paid in full on December 21, 2017.

In December 2017, the Authority issued a \$114.3 million Direct Placement Bond with Bank of America, N.A., Series 2017F Bonds. The Series 2017F Refunding Bonds were issued to refund the Series 2013C Direct Placement Bonds which were initially issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2017F Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the Series 2013C Direct Placement Bond by placing the proceeds of the Series 2017F Bonds in the 2013C Bond Fund to be immediately paid to the Direct Placement Bondholder. The Series 2013C Direct Placement Bond was paid in full on December 21, 2017.

In April 2019, the Authority issued a \$29.8 million Direct Placement Bond with DNT Asset Trust, Series 2019 Bonds. The Series 2019 Refunding Bonds were issued to refund the Series 2014A Direct Placement Bond which was initially issued to finance the cost of various capital projects at Metro Airport. The Series 2019 Bonds are revenue obligations of the Authority payable solely from the operations of Metro Airport.

The Authority defeased the Series 2014A Direct Placement Bond by placing the proceeds of the Series 2019 Bonds in the 2014A Bond Fund to be immediately paid to the Direct Placement Bondholder. The Series 2014A Direct Placement Bond was paid in full on April 18, 2019. An estimate of the minimum economic gain (the difference between the present value of the debt service payments on the old and new debt) has not been calculated due to the uncertainty of future debt service payments for the 2014A Direct Placement Bond, which is a variable interest obligation.

In October 2020, the Authority issued a \$23.3 million Direct Placement Bond with Bank of America, N.A., Series 2020A Bonds. The Series 2020A Refunding Bonds were issued to refund the Series 2015H Direct Placement Bond which was initially issued to refund certain outstanding indebtedness previously issued to refinance the cost of the Westin Hotel located in the McNamara Terminal. The Series 2020A Bonds are revenue obligations of the Authority payable solely from the operations of Metro Airport.



The Authority defeased the Series 2015H Direct Placement Bond by placing the proceeds of the Series 2020A Bonds in the 2015H Bond Fund to be immediately paid to the Direct Placement Bondholder. The Series 2015H Direct Placement Bond was paid in full on October 1, 2020. An estimate of the minimum economic gain (the difference between the present value of the debt service payments on the old and new debt) has not been calculated due to the uncertainty of future debt service payments for the 2015H Direct Placement Bond and the 2020A Direct Placement Bond, both of which are variable interest obligations.

The Series 2020A Bonds are variable-rate bonds. Bank of America N.A. is responsible under an agreement with Metro Airport to establish the interest rate monthly. The interest rate is determined as the rate of interest which, in the judgment of Bank of America N.A., would cause the Series 2020A Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In December 2020, the Authority issued \$198.1 million in direct placement bonds. An \$85.6 million Direct Placement Bond with Bank of America, N.A., Series 2020B Bonds, and a \$112.5 million Direct Placement Bond with JPMorgan Chase Bank, N.A., Series 2020C Bonds. The Series 2020B and 2020C Refunding Bonds were issued to refund the Series 2017D Direct Placement Bond which was initially issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2020B and 2020C Bonds are revenue obligations of the Authority payable solely from the operations of Metro Airport.

The Authority defeased the Series 2017D Direct Placement Bond by placing the proceeds of the Series 2020B and 2020C Bonds in the 2017D Bond Fund to be immediately paid to each respective Direct Placement Bondholder. The Series 2017D Direct Placement Bond was paid in full on December 1, 2020. An estimate of the minimum economic gain (the difference between the present value of the debt service payments on the old and new debt) has not been calculated due to the uncertainty of future debt service payments for the 2017D Direct Placement Bond and the 2020B and 2020C Direct Placement Bonds, all of which are variable interest obligations.

The Series 2020B and 2020C Bonds are variable-rate bonds. Each bondholders is responsible under their respective agreements with Metro Airport to establish the interest rate monthly. The interest rate is determined as the rate of interest which, in the bondholder, would cause the Series 2020B and Series 2020C Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

Direct Placement Debt – Detroit Metropolitan Airport Fund- Additional Information

The Authority's Series 2020A Bonds, 2020B Bonds, and 2020C Bonds are subject to continuing covenant agreements. Significant events of default under each continuing covenant agreement include: (1) the failure to pay when due the principal, premium, or interest on the applicable series of bonds, or to pay any other obligation (other than the obligation to pay the principal of or interest on the applicable series of bonds) and the failure to pay the obligation shall continue for three business days; (2) any representation, warranty, or statement made by the Authority in the



applicable continuing covenant agreement proves to have been untrue in any material respect and is not corrected within the applicable cure period; (3) any document furnished to the applicable purchaser by the Authority in connection with the transactions contemplated by the applicable continuing covenant agreement, taken as a whole, proves to be materially inaccurate; (4) the failure of the Authority to perform or observe any of the affirmative or negative covenants specified in the applicable continuing covenant agreement (certain of which contain limited or no notice or cure rights, and others of which constitute events of default only after the passage of thirty days during which default is not remedied); (5) the occurrence of certain bankruptcy or insolvency events; (6) the long-term unenhanced ratings assigned to any of the Authority's outstanding debt secured by Net Revenues are reduced below "BBB" by Fitch, "Baa2" by Moody's, or "BBB" by S&P, or such ratings are withdrawn or suspended; (7) the entry of a final and non-appealable judgment against the Authority for the payment of money equaling or exceeding \$5,000,000, to be paid out of Net Revenues, that remains unsatisfied for a period of sixty days; (8) the Authority shall default in any payment of any outstanding parity debt or debt secured by Net Revenues, beyond the applicable grace period, or shall default in the observance or performance of any agreement or condition relating to any outstanding parity debt or debt secured by Net Revenues, beyond the applicable grace period.

Upon occurrence of an event of default under the applicable continuing covenant agreement, the bondholder may exercise certain rights and remedies, including the right to require the Authority to cause a mandatory tender of the Bonds governed by the continuing covenant agreement and/or declare the unpaid principal amount and interest accrued on all such Bonds due and payable.

The Authority's Series 2015B, 2015C, 2017E, 2017F and 2019 Bonds, and its Series 2017C Junior Lien Bonds, are all subject to bond purchase agreements which provide no significant events of default with finance-related consequences, termination events with finance-related consequences or subjective acceleration clauses.

Other Debt – Detroit Metropolitan Airport Fund

In September 2012, the Authority issued \$202.7 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include the reconstruction and rehabilitation of airfield pavement and parking decks/lots, the replacement and construction of support facilities, acquisition of fleet and heavy equipment, design of powerhouse control room, watermain replacements, security network upgrades and roof replacements. The Series 2012A Bonds and Series 2012B Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

In September 2012, the Authority issued \$75.4 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2012C and 2012D. The Series 2012C and 2012D Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2012C Refunding Bonds were issued to



refund a portion of the Series 2002C Bonds. The Series 2012D Refunding Bonds were issued to refund a portion of the Series 1998A Bonds and the Series 2002D Bonds. The Series 2012C Bonds and Series 2012D Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the refunded portions of the Series 1998A Bonds, the refunded portions of the Series 2002C Bonds and the refunded Series 2002D Bonds by placing the proceeds of the Series 2012C Bonds and Series 2012D Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds, Series 2002C Bonds and Series 2002D Bonds were subsequently called and paid in full in October 2012 and December 2012. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$10.0 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$7.8 million.

In August 2014, the Authority issued \$98.4 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include taxiway rehabilitation and reconstruction, road reconstruction, bridges and roadway rehabilitation, fleet and heavy equipment acquisitions, various electrical projects, power plant equipment replacements and demolition of various buildings. The Series 2014B Bonds and Series 2014C Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

In October 2015, the Authority issued \$221.1 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include reconstruction and rehabilitation of airfield pavement, acquisition of fleet and heavy equipment, roadway rehabilitation and lighting, GTC heating system reconfiguration, retaining wall reconstruction, construction of an administration building, power plant building rehabilitation and security system upgrades. The series 2015D Bonds and Series 2015E Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

In October 2015, the Authority issued \$299 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2015F and 2015G. The Series 2015F and 2015G Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2015F Refunding Bonds were issued to refund a portion of the Series 2005A Bonds. The Series 2015G Refunding Bonds were issued to refund a portion of the Series 2001A Airport Hotel Revenue Bonds. The Series 2015F Bonds and the Series 2015G Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the refunded portion of the Series 2005A Bonds and the refunded portion of the Series 2001A Bonds by placing the proceeds of the Series 2015F Bonds and Series 2015G Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2005A



Bonds and the Series 2001A Bonds were subsequently called and paid in full in December 2015. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$27.1 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$29.6 million.

In October 2017, the Authority issued \$91.4 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include reconstruction and rehabilitation of airfield pavement, acquisition of fleet and heavy equipment, roadway rehabilitation, improvements to the baggage handling system at the McNamara Terminal and improvements to the passenger tram control system at the McNamara Terminal. The series 2017A Bonds and Series 2017B Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

In October 2017, the Authority issued \$78.4 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2017C. The Series 2017C Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2017C Refunding Bonds were issued to refund the Series 2007B Bonds. The Series 2017C Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the refunded portion of the Series 2007B Bonds by placing the proceeds of the Series 2017C Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2007B Bonds were subsequently called and paid in full in December 2017. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$15.2 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$12.8 million.

In October 2017, the Authority issued \$109.1 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2017A Jr. Lien and 2017B Jr. Lien. The Series 2017A Jr. Lien and 2017B Jr. Lien Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2017A Jr. Lien and Series 2017B Jr. Lien Refunding Bonds were issued to refund a portion of the Series 2007A Jr. Lien Bonds. The Series 2017A Jr. Lien Bonds and the Series 2017B Jr. Lien Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport and available after net revenues have first been set aside as required to pay the principal and interest and redemption price, if any, of Senior Lien Bonds as provided in the Ordinance. The Series 2017A Jr. Lien Bonds and Series 2017B Jr. Lien Bonds are "Junior Lien Bonds" under the Ordinance, and a statutory lien subordinate to the prior lien in respect of Senior Lien Bonds has been established under the Ordinance upon and against the net revenues to secure the payment of the Series 2017A Jr. Lien Bonds and Series 2017B Jr. Lien Bonds.



The Authority defeased the refunded portion of the Series 2007A Jr. Lien Bonds by placing the proceeds of the Series 2017A Jr. Lien Bonds and Series 2017B Jr. Lien Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2007A Jr. Lien Bonds were subsequently called and paid in full in December 2017. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$26 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$18.8 million.

In November 2018, the Authority issued \$153.4 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include reconstruction and rehabilitation of airfield pavement, site demolitions and North Terminal Gate Expansion. The Series 2018A Bonds and Series 2018B Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operations of Metro Airport.

In November 2018, the Authority issued \$78.5 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2018C and 2018D. The Series 2018C and 2018D Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2018C and 2018D Refunding Bonds were issued to refund the Series 2008A Bonds. The Series 2018C and 2018D Bonds are revenue obligations of the Authority payable solely from the revenues derived by the Authority from the operations of Metro Airport.

The Authority defeased the refunded portion of the Series 2008A Bonds by placing the proceeds of the Series 2018C Bonds and the Series 2018D Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2008A Bonds were subsequently called and paid in full in December 2018. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$16.4 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$11.7 million.

Other Debt – Detroit Metropolitan Airport Fund – Additional Information

The Authority's Series 2010C, 2010D, 2011A, 2012A, 2012B, 2012D, 2014B, 2014C, 2015D, 2015E, 2015F, 2015G, 2017A, 2017B, 2017C, 2017A Jr. Lien, 2017B Jr. Lien, 2018A, 2018B, 2018C and 2018D Bonds are each subject to the provisions of specific Series Ordinances as well as the Authority's Master Bond Ordinance. Neither the Series Ordinances nor the Master Bond Ordinance provides significant events of default with finance-related consequences, termination events with finance-related consequences or subjective acceleration clauses.

Other Debt – Willow Run Airport

In May 2014, the Authority entered into a loan agreement with Downriver Community Conference (DCC) to assist Willow Run Airport with remediation activities at Hangar 2. The loan agreement with



the DCC defines certain events of default with finance-related consequences. The events of default as defined in the agreement are summarized as follows: (a) default in any payment; (b) any representation or warranty made by the Authority that proves at the time made were false or misleading in any material respect; (c) use of the proceeds of the loan for purposes other than those stated in section 3 of the loan agreement or approved in writing by the DCC; (d) default in the performance of any other term, covenant or agreement contained herein, or in the loan documents, which by default is not cured within 30 days of receipt of a notice of default or such longer period as shall be reasonably necessary to cure such default provided the Authority promptly commences such cure and thereafter diligently pursues such cure to completion; (e) the Authority defaults under the terms of article 4 of the agreement. Article 4 provides that: (1) the Authority will not pledge its Airport Development Fund (“ADF”) to secure any debt of the Borrower without the written consent of the DCC; (2) the Authority will maintain available funds in the ADF in an amount not less than the then outstanding balance due under the loan.

Upon the occurrence of an event of default, any indebtedness under the loan agreement shall, at the DCC’s option and without notice, become immediately due and payable without presentment, notice or demand.

Long-term debt activity for the year ended December 31, 2020 was as follows:

| | Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|--|-------------------------|-----------------------|-------------------------|-------------------------|------------------------|
| Detroit Metropolitan Airport Fund: | | | | | |
| Direct Placement - airport revenue bonds | \$ 574,985,000 | \$ 221,425,000 | \$ (239,740,000) | \$ 556,670,000 | \$ 19,095,000 |
| Other - airport revenue bonds | 1,481,120,000 | — | (80,675,000) | 1,400,445,000 | 81,330,000 |
| Direct Placement - shuttle lease | 2,832,403 | — | (513,595) | 2,318,808 | 583,218 |
| Add (less): | | | | | |
| Other - bond discounts | (421,914) | 37,416 | — | (384,498) | — |
| Direct Placement- bond premiums | 8,053,460 | — | (1,051,015) | 7,002,445 | — |
| Other - bond premiums | 121,002,405 | — | (11,365,818) | 109,636,587 | — |
| Total Detroit Metropolitan Airport Fund | <u>2,187,571,354</u> | <u>221,462,416</u> | <u>(333,345,428)</u> | <u>2,075,688,342</u> | <u>101,008,218</u> |
| Willow Run Airport Fund: | | | | | |
| Direct Placement - DCC Note | 440,000 | — | (55,000) | 385,000 | 55,000 |
| Total Willow Run Airport Fund | <u>440,000</u> | <u>—</u> | <u>(55,000)</u> | <u>385,000</u> | <u>55,000</u> |
| Total Long-Term Debt | <u>\$ 2,188,011,354</u> | <u>\$ 221,462,416</u> | <u>\$ (333,400,428)</u> | <u>\$ 2,076,073,342</u> | <u>\$ 101,063,218</u> |

(9) Commitments and Contingencies

(a) Litigation

The Authority is a defendant in a number of lawsuits and claims that have resulted from the ordinary course of providing services. The ultimate effect on the Authority’s financial statements upon the resolution of these matters is, in the opinion of the Authority’s counsel, not expected to be material.

(b) Construction

The estimated costs to complete Metro Airport’s current capital improvement program totaled



\$535.2 million at December 31, 2020, which will be funded by previously issued and anticipated debt, federal grants, and passenger facility charges. Unexpended commitments on construction and professional services contracts in connection with Metro Airport's program totaled \$27.7 million at December 31, 2020.

The estimated costs to complete Willow Run Airport's current capital improvement program totaled \$74.1 million at December 31, 2020, which will be funded with federal and state grants. Unexpended commitments on construction and professional services contracts in connection with Willow Run Airport's program totaled \$12.7 million at December 31, 2020.

(c) Environmental Matters

Environmental accruals are calculated and recorded using an expected cash flow technique applied to probabilities, ranges, and assumptions developed in response to a potential remediation liability as based on current law and existing technologies. At December 31, 2020, the Authority had accrued obligations of \$3.1 million for environmental remediation and restoration costs. This is management's best estimate of the costs with respect to environmental matters; however, these estimates contain inherent uncertainties primarily due to unknown conditions, changing regulations, and developing technologies. In accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the liability has been recorded at the current value estimated using the expected cash flow technique, a probability-weighted approach. Eight percent of the recorded environmental liabilities are related to a Consent Decree and judgment issued during 1994 that identifies the Airport as one of the fourteen responsible parties to the improvements to the Wayne County Downriver Sewage Disposal System (the System). The remainder is for asbestos and PFAS remediation estimates. See additional discussion on asbestos, PFAS and additional remediation matters below.

Asbestos Remediation

It is known that certain Willow Run Airport buildings hold asbestos-containing materials (ACMs) that will need to be disposed of upon demolition of affected structures. While the pollutant is currently contained due to prior remediation efforts during the late 1980's and early 1990's, the environmental assessments have indicated that remediation will be necessary during the demolition of the affected buildings to ensure containment of the pollutants and proper disposal.

WCAA personnel, with the assistance of WCAA contractors, have performed preliminary assessments of the nature and extent of the material. Based upon the information gathered and provided the Authority has recorded asbestos-related liabilities \$940,000 at Willow Run Airports as of December 31, 2020.

PFAS Remediation

The Michigan PFAS Action Response Team (MPART) was created as an advisory body within the Michigan Department of Environment, Great Lakes and Energy (EGLE) to address perfluoroalkyl and polyfluoroalkyl substance (PFAS) contamination in Michigan. MPART has identified Willow Run Airport as a PFAS site. The Authority has commenced cleanup activities at the site to facilitate street



expansion and parking lot construction associated with a new hangar development. The known remediation costs associated with this development have been estimated at approximately \$1.9 million at December 31, 2020.

Additional Remediation Matters

In the mid-1990's, it was discovered that soils near the Willow Run airport were adversely impacted. Various public and private entities (including the County of Wayne, the predecessor entity to WCAA) were tasked by the Environmental Protection Agency (EPA) to remediate the areas. The soils were dredged from Tyler Pond, Edison Pond, and the Willow Run Sludge Lagoon. Subsequently, the materials were encapsulated and placed in an approved landfill. Pursuant to the various documents and orders governing the remediation, title to the real property where the controlled facility is located was to be transferred to General Motors because General Motors was documented as the main Partial Responsible Party (PRP). In June of 2009, before taking title to the real property, where the controlled facility is located, General Motors filed for bankruptcy protection. As such Ford Motor Company by default, became the foremost PRP. While Ford Motor Company has continued to operate the controlled facility, to date, and despite the WCAA's attempts, Ford Motor Company has not taken title to the real property where the controlled facility is located. WCAA is in negotiation to facilitate the transfer of real property to the Ford Motor Company.

(10) Employee Benefits

(a) Plan Description

The Authority provides retirement benefits to its employees through the Wayne County Employees' Retirement System (WCERS), an agent multi-employer public employee retirement system that is governed by the Wayne County Retirement Ordinance as amended. The Retirement System provides both defined benefit plan and defined contribution plan retirement options. The Defined Benefit Plan consists of Plan Option 1, Plan Option 2, Plan Option 3, Plan Option 5 and Plan Option 5A (collectively, the Plan). Three of the Plan options require employee contributions (Plan Option 1, Plan Option 3 and Plan Option 5A) and two do not require employee contributions (Plan Option 2 and Plan Option 5). Two of the Plan options are hybrid plans (Plan Option 5 and Plan Option 5A) which consist of both a defined benefit component and a defined contribution component. The Defined Contribution Plan consists of Plan Option 4, Plan Option 4A, Plan Option 5 and Plan Option 5A.

The Retirement System provides retirement, survivor, and disability benefits to substantially all County and Authority employees. The Retirement Board issues separate financial statements for the Defined Benefit Plan and the Defined Contribution Plan annually. Copies of these financial statements can be obtained at 28 W. Adams, Suite 1900, Detroit, Michigan 48226. The statements are also available on WCERS website at www.wcers.org.

Effective October 1, 2012, WCERS established Wayne County Defined Contribution Plan #4A and Wayne County Hybrid Retirement Plan #5A, which contains both a defined benefit component and a defined contribution component. Participants in the plan options previously in existence (Plan



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Option 4 and Plan Option 5) could elect to transfer their account balances to Plan Option 5A. Plan Options 1, 2, 3, and 4 were closed to new hires.

At the September 30, 2020 measurement date, the following employees were covered by the Plan:

| | |
|---|------------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 243 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits | 12 |
| Active Plan Members | 305 |
| Total Plan Members | <u>560</u> |

(b) Pension Benefits

Benefits are paid monthly over the member’s or survivor’s lifetime, after meeting normal retirement or duty disability retirement requirements, which vary by option, based on the following percentages of average final compensation, for each year of credited service:

Plan Option 1 – 2.65 percent for each year of service. Maximum Authority-financed portion is 75 percent of average final compensation (less workers’ compensation payments). Minimum monthly pension is \$5 times years of service.

Plan Option 2 – 1.00 percent for each year up to 20 years and 1.25 percent for each year over 20 years. Maximum Authority-financed portion is 75 percent of average final compensation (less worker’s compensation payments).

Plan Option 3 – 1.50 percent for each year up to 20 years, 2 percent for each year between 20 and 25 years, and 2.5 percent for each year over 25 years. Maximum Authority-financed portion is 75 percent of average final compensation (less workers’ compensation payments).

Plan Option 5 – 1.25 percent for each year up to 20 years and 1.5 percent for each year over 20 years. Maximum pension is 75 percent of average final compensation (less workers’ compensation payments). For members of International Association of Fire Fighters Local 741, 2.0 percent for each year of service credited after July 24, 2019.

Plan Option 5A – 1.50 percent for each year up to 20 years and 1.75 percent for each year over 20 years. Maximum pension is 75 percent of average final compensation (less workers’ compensation payments). For members of International Association of Fire Fighters Local 741, 2.0 percent for each year of service credited after July 24, 2019.

Death and disability benefits – The Plan also provides nonduty death and disability benefits to members after 10 years of credited service for Plan Options 1, 5, 5A and 5B, along with nonduty disability for Plan Option 2 and nonduty death benefits for Plan Option 3. The 10-year service provision is waived for duty disability and death benefits for Plan Options 1, 5, 5A and 5B and duty disability for Plan Option 2.



(c) Contributions

Participants in Plan Option 1 contribute 2.00 percent to 6.58 percent of annual compensation, depending on years of credited service. Participants in Plan Option 2 do not make plan contributions, but receive a lower final benefit. Plan Option 3 participants make contributions of 3.0 percent of covered compensation and receive a lower final benefit.

Participants in Plan Option 5 with a 1.25/1.5 percent multiplier contribute 0 percent of covered compensation depending on the collective bargaining agreement. Participants in Plan 5 who are members of International Association of Fire Fighters Local 741 contribute 6.0 percent.

Participants in Plan 5A contribute 2.00 percent of annual compensation, unless the Annual Actuarial Valuation Report of the Wayne County Employees' Retirement System show the Authority's funding level less than 100 percent, then the participant's contribution level will increase to 3.00 percent until the funding level is at 100 percent. Participants in Plan 5A who are members of International Association of Fire Fighters Local 741 contribute 6.00 percent.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the County's and subsequently the Authority's collective bargaining units. For the year ended September 30, 2019, the average Authority's contribution rate was 24.41 percent of annual payroll.

(d) Pension Plan Investments – Policy and Rate of Return

The Retirement Commission is vested with a fiduciary responsibility for administration, management, and proper operation of WCERS. The Plan's assets are held and invested in accordance with the Michigan Public Pension Investment Act 314 of 1965, as amended (Act 55, P.A. 1982). Act 314 incorporates the prudent person rule and requires investment fiduciaries to act solely in the interest of the Plan's participants and beneficiaries.

Accordingly, the Retirement Commission has the authority to invest the Plan's assets in common and preferred stock, obligations of the United States, its agencies or United States government-sponsored enterprises, obligations of any state or political subdivision of a state having the power to levy taxes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, reverse repurchase agreements, real and personal property, mortgages, and certain other investments.

Investment Allocation Policy. The Retirement Commission has established an investment policy statement ("IPS") for the Plan. The IPS outlines the goals and investment objectives of WCERS and is intended to provide guidelines for the investment and management of the Plan's assets. The IPS pursues an investment strategy that protects the financial health of the Plan and reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets are invested in the broad investment categories and asset classes to achieve the allocation targets in the below table. Recognizing that returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the Plan may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the



the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long term, the Plan will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

The adopted asset allocation policy as of September 30, 2020, was as follows:

| Asset Class | Target Allocation | Allocation Range | |
|-------------------------------|----------------------|------------------|---------|
| | | Minimum | Maximum |
| Equity | 50% | 40% | 70% |
| Domestic fixed income | 15% | 5% | 50% |
| International fixed income | 5% | 0% | 20% |
| Real estate | 15% | 5% | 20% |
| Alternative investments | 15% | 10% | 20% |
| Michigan-based private equity | 0% | 0% | 2% |
| Short-term or cash | 0% | 0% | 5% |
| | <u>100%</u> | | |

Rate of Return. For the year ended September 30, 2020, the annual money-weighted rate of return on plan investments, net of investment expenses, was 2.86 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(e) Net Pension Liability

The Authority has chosen to use September 30, 2020 as its measurement date for the net pension liability. The December 31, 2020 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of September 30, 2020. The September 30, 2020 total pension liability was determined by an actuarial valuation performed as of September 30, 2019.

Changes in the net pension liability during the measurement year were as follows:



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| | Total Pension Liability | Plan Net Position | Net Pension Liability |
|-------------------------------------|----------------------------|-----------------------|--------------------------|
| Balance at September 30, 2019 | \$ 178,981,027 | \$ 132,858,056 | \$ 46,122,971 |
| Changes for the year: | | | |
| Service cost | 1,915,559 | — | 1,915,559 |
| Interest | 12,688,440 | — | 12,688,440 |
| Changes to benefit terms | 930,598 | — | 930,598 |
| Experience differences | (4,324,462) | — | (4,324,462) |
| Contributions - employer | — | 7,554,761 | (7,554,761) |
| Contributions - employee | — | 517,092 | (517,092) |
| Net investment income | — | 3,729,737 | (3,729,737) |
| Benefit payments, including refunds | (9,855,674) | (9,855,674) | — |
| Administrative expenses | — | (365,369) | 365,369 |
| Other | 4,000 | — | 4,000 |
| Balance at September 30, 2020 | <u>\$ 180,339,488</u> | <u>\$ 134,438,603</u> | <u>\$ 45,900,885</u> |

For the year ended December 31, 2020, the Authority recognized pension expense of \$8,543,373. At fiscal year end, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 6,789,327 | \$ — |
| Changes in actuarial assumptions | 1,267,648 | — |
| Difference between projected and actual experience | 1,260,502 | (3,332,636) |
| Employer contributions to the plan subsequent to the measurement date | 1,564,025 | — |
| Total | <u>\$ 10,881,502</u> | <u>\$ (3,332,636)</u> |

Deferred outflows of pension resources related to contributions after the measurement date will be a reduction of the net pension liability at September 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year | Outflow |
|-------------|---------------------|
| 2021 | \$ 2,443,811 |
| 2022 | 1,597,054 |
| 2023 | 1,136,218 |
| 2024 | 807,758 |
| 2025 | — |
| Thereafter | — |
| Total | <u>\$ 5,984,841</u> |



Actuarial Assumptions. The total pension liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

| | |
|---------------------------|------------------------------------|
| Inflation | 3.0% |
| Salary increases | 3.0% to 13.15% including inflation |
| Investment rate of return | 7.25% |

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the base year of 2006.

The actuarial assumptions used to calculate contribution rates in the September 30, 2019 valuation were determined using an experience-based table of rates specific to the type of eligibility condition. The experience-based table of rates was last updated for the 2016 valuation pursuant to an experience study of the period beginning October 1, 2010 and ending September 30, 2015.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine this rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The assumed rate of investment return was adopted by the plan’s trustees after considering input from the plan’s investment consultant(s) and actuary. Additional information about the assumed rate of investment return is included in the September 30, 2019 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rate of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class, and in conjunction with a formal study of experience during the period October 1, 2010 through September 30, 2015. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan’s target asset allocation as of September 30, 2020, these best estimates of the arithmetic real rates of return are as follows:



| <u>Asset Class</u> | <u>Long Term Real Return</u> |
|----------------------|----------------------------------|
| Domestic Equity | 5.10% |
| International Equity | 5.63% |
| Domestic Bonds | 1.40% |
| Domestic High Yield | 3.46% |
| Real Estate | 4.43% |
| Alternatives | 6.41% |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Authority, calculated using the discounted rate of 7.25 percent, as well as what the Authority’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

| | <u>1% Decrease 6.25%</u> | <u>Current Rate 7.25%</u> | <u>1% Increase 8.25%</u> |
|--------------------------|------------------------------|-------------------------------|------------------------------|
| Net Pension Liability \$ | 65,982,805 | \$ 45,900,886 | \$ 28,937,226 |

Pension Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued financial report. For purposes of measuring the net pension liability, deferred outflows of resources or deferred inflow of resources related to pension and pension expense, information about the Plan’s fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting, and investments are stated at fair value. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with benefit terms.

(f) Pre-2002 Retirees

The Authority participates in the Wayne County Employees’ Retirement System with the County, an agent multiple employer defined benefit plan. Pursuant to Public Act 90 and Michigan Public Act of 2002, the Authority was granted operational jurisdiction of the Detroit Metropolitan Wayne County Airport, the Willow Run Airport, and the Airport Hotel, with the exclusive right, responsibility, and authority to occupy, operate, control, and use them. Prior to the Act, the Authority and its employees were employees of the County. In connection with the Authority’s assumption of control and operation of the Airports pursuant to Act 90, the Authority was responsible for funding any retirement obligations for those employees that were previously County employees. During fiscal year 2016, the Authority committed to a five-year payment schedule of \$1.1 million per quarter for its estimated share (10.25 percent) of the Combined Pre-2002 Retiree Liability of \$20,948,822 as of September 30, 2015. Prior to the end of the fifth payment year, an actuarial valuation will be prepared to determine the Authority’s remaining estimated share of the liability (if any). The funding requirement and payment amortization of any remaining liability will be determined at that



time. The terms of this commitment were memorialized in a memorandum of understanding between the Authority, Wayne County and WCERS in fiscal year 2017. The Authority has concluded that this arrangement represents a special funding situation under GASB Statement No. 68. The Authority's liability under this arrangement has been fully paid as of the Authority's measurement date of September 30, 2019, and therefore no liability is presented on the Authority's balance sheet as of December 31, 2020.

(g) Retirement System Wayne County Employees' Defined Contribution Plan

The Wayne County Employees' Retirement System instituted a Defined Contribution Plan (Plan Option 4, Plan Option 4A, Plan Option 5 and Plan Option 5A) under the County's Enrolled Ordinance No. 86-486 (November 20, 1986), as amended. The Plan was established to provide retirement, survivor, and disability benefits to County and Authority employees. The administration, management, and responsibility for the proper operation of the Plan are vested in the trustees of the Wayne County Retirement Commission.

Under Plan Option 4, the Authority contributes \$4.00 for every \$1.00 contributed by each member or, for eligible executives, \$5.00 for every \$1.00 contributed by each member, with the member contributions ranging from 1.0 percent to 2.5 percent (3 percent for employees with 20 or more years of service and 3 percent for eligible executives with 10 or more years of service) of base compensation. Employees hired prior to July 1, 1984 were eligible to transfer from the WCERS Defined Benefit Plan to the Plan through September 30, 2002. Effective September 30, 2012, the Authority closed the Plan Option 4 to new hires.

Classified employees are vested as to employer contributions after three years of service, and executive members are vested after two years of service.

In Plan Option 4, members are able to receive loans from the Defined Contribution Plan. Only active employees with a vested account balance of \$2,000 or more are eligible. Interest on the loans is at the rate of five-year Treasury notes plus 300 basis points (3 percent), rounded to the nearest quarter of a percent.

Participants in Plan Option 4A must contribute 4 percent and can elect to contribute an additional 7.5 percent of their compensation. The Authority makes matching contribution of 8 percent of an employee's compensation. Employees are vested after three years.

Participants in Plan Option 5 and Plan Option 5A contribute 3 percent of gross pay. The Authority makes matching contributions at a rate equal to the amount contributed by each employee. Employees are vested at 50 percent after one year of service, 75 percent after two years of service, and 100 percent after three years of service.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the Authority's collective bargaining units. Total Authority employer and employee contributions to the Plan during the year ended December 31, 2020 were \$3,745,162 and \$2,564,073, respectively.



(11) Other Post-Employment Benefits

Wayne County Airport Authority Retiree Health Care Plan

(a) Plan Description

As provided for in the Authority Act, the Authority provides hospitalization and other health insurance benefits for retirees, pursuant to agreements with various collective bargaining units or other actions of the Authority Board. Benefits are provided through the Wayne County Airport Authority Retiree Health Care Plan, a single employer defined benefit plan administered by the Municipal Employees’ Retirement System (MERS). The plan does not issue a separate stand-alone financial statement.

At the September 30, 2019 valuation date, the following members were covered by the plan:

| | |
|--|-----|
| Retirees and Beneficiaries Currently Receiving Benefits | 272 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits | 0 |
| Active Plan Members | 383 |
| Total Plan Members | 655 |

(b) Benefits Provided

Benefits are provided after normal retirement or non-duty disability subject to age and service requirements established in respective collective bargaining agreements. Benefits are provided after duty disability with no age or service requirement. Medical and prescription drug coverage is provided to retirees under the age of 65 and their eligible dependents, and the cost of federal Medicare premiums and supplemental hospitalization is paid for retirees over 65 and their eligible dependents, as these costs are incurred by the retirees.

(c) Contributions

In September 2008, the Authority created and began funding an Act 149 Health Care Trust (Trust). The Trust provides a funding mechanism for the Wayne County Airport Authority Retiree Healthcare Plan. In September 2012, the Authority transferred the assets of the Trust into a MERS of Michigan Retiree Health Funding Vehicle, which is held in a separate reserve, but invested on a pooled basis by MERS with other governmental units. The balance as of December 31, 2020 in this restricted plan is \$88,983,656.

Retiree healthcare costs are generally paid by the Authority on a “pay-as-you-go” basis, and funds are accumulated in the Trust for the payment of future benefits. The Authority is under no obligation to make contributions to the Trust in advance of when costs are incurred; however, the Authority’s financial plan is to fund these obligations annually based upon the actuarial recommended contribution. Non-Medicare retirees are required to contribute either 10 percent of



the Blue Cross Blue Shield illustrative rate or 10 percent of the lesser of HAP active and HAP retiree premium. For the fiscal year ended December 31, 2020 the Authority has paid postemployment healthcare benefits of \$789,173, plus it contributed \$2,000,000 into the Trust.

(d) Net OPEB Liability

The Authority has chosen to use December 31, 2020 as its measurement date for the net OPEB liability. The December 31, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2020 measurement date. The December 31, 2020 total OPEB liability was determined by an actuarial valuation performed as of September 30, 2019. Update procedures were performed to roll forward the estimated liability to December 31, 2020.

Changes in the net OPEB liability during the measurement year were as follows:

| <u>Changes in Net OPEB Liability</u> | <u>Total OPEB Liability</u> | <u>Plan Net Position</u> | <u>Net OPEB Liability</u> |
|--|---------------------------------|------------------------------|-------------------------------|
| Balance at December 31, 2019 | \$ 127,342,169 | \$ 77,530,546 | \$ 49,811,623 |
| Changes for the year: | | | |
| Service cost | 1,578,773 | - | 1,578,773 |
| Interest | 8,941,588 | - | 8,941,588 |
| Changes to benefit terms | (7,789,535) | - | (7,789,535) |
| Differences between expected and actual experience | (11,045,310) | - | (11,045,310) |
| Changes in actuarial assumptions | 4,926,317 | - | 4,926,317 |
| Contributions - Employer | - | 2,476,067 | (2,476,067) |
| Contributions - Employee | - | 313,107 | (313,107) |
| Net investment income | - | 9,453,110 | (9,453,110) |
| Benefit payments, including refunds | <u>(789,172)</u> | <u>(789,172)</u> | <u>-</u> |
| Net changes | <u>(4,177,339)</u> | <u>11,453,112</u> | <u>(15,630,451)</u> |
| Balance at December 31, 2020 | <u>\$ 123,164,830</u> | <u>\$ 88,983,658</u> | <u>\$ 34,181,172</u> |

The Plan's fiduciary net position represents 72.25 percent of the total OPEB liability. Reductions in the total OPEB liability associated with changes in benefit terms were impacted by an increase in retiree contributions towards the cost of benefits. Formerly, retirees were generally required to contribute 10% towards the cost of benefits until reaching Medicare eligibly. Currently, retirees are generally required to contribute 10% towards the cost of benefits regardless of Medicare status. Reductions in the total OPEB liability associated with differences between expected and actual experience are the result of favorable claims experience over the last several years.



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For the year ended December 31, 2020, the Authority recognized OPEB revenue of \$6,581,237. At year end, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ - | \$ (14,628,082) |
| Changes in actuarial assumptions | 6,084,578 | - |
| Net difference between projected and actual on OPEB plan investments | <u>-</u> | <u>(3,120,134)</u> |
| Total | <u>\$ 6,084,578</u> | <u>\$ (17,748,216)</u> |

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

| Fiscal Year | Amount |
|-------------|------------------------|
| 2021 | \$ (3,501,818) |
| 2022 | (3,499,192) |
| 2023 | (2,937,584) |
| 2024 | (1,725,044) |
| 2025 | - |
| Thereafter | <u>-</u> |
| Total | <u>\$ (11,663,638)</u> |

Actuarial Assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using a wage inflation assumption of 3.0 percent; assumed salary increases (including inflation) ranging from 3.0 percent to 13.15 percent; an investment rate of return (net of investment expenses) of 7.0 percent; an initial healthcare cost trend rate of 8.25 percent for 2020, gradually decreasing to an ultimate rate of 3.5 percent for 2029 and later years; and using the RP-2014 Healthy Annuitant Mortality table with the MP-2016 mortality improvement scale. These assumptions were applied to all periods included in the measurement.

The actuarial assumptions used to calculate contribution rates in the September 30, 2019 valuation were determined using an experience-based table of rates specific to the type of eligibility condition. The experience-based table of rates was last updated pursuant to an experience study of the period beginning October 1, 2010 and ending September 30, 2015.



Discount Rate. The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. The discount rate reflects 1) the long-term expected rate of return on OPEB plan investments of 7.0 percent and 2) a municipal bond rate of 2.00 percent (based on fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year GO AA Index" as of December 31, 2020).

Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a forward-looking estimate of capital market returns model for each investment major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment percentages. The target allocation and best estimate of arithmetic real rates of return for each asset class are summarized in the following table:

| Fund Name | Long Term Real Return |
|-----------------------------------|--------------------------|
| MERS Established Market Portfolio | 4.20% |
| MERS Total Market Portfolio | 4.85% |

Sensitivity of Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Authority, calculated using the discount rate of 7.0 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease 6.0% | Current Rate Assumption 7.0% | 1% Increase 8.0% |
|-----------------------|---------------------|------------------------------------|---------------------|
| Net OPEB Liability \$ | 50,684,519 \$ | 34,181,172 \$ | 20,570,655 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net OPEB liability of the Authority, calculated using the healthcare cost trend rate of 8.25 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:



| | 1% Decrease 7.25% | Current Healthcare Cost Trend Rate Assumption 8.25% | 1% Increase 9.25% |
|-----------------------|----------------------|--|----------------------|
| Net OPEB Liability \$ | 18,751,499 | 34,181,172 | 53,021,084 |

(12) Due to Other Governmental Units - Wayne County Health and Welfare Plan (Pre-2002)

As provided for in the Authority Act, the Authority, through the County, provides hospitalization and other health insurance for retirees pursuant to agreements with various collective bargaining units or other actions of the Wayne County Board of Commissioners, the Wayne County Retirement Board, or the Authority Board. Benefits are provided to retirees under the age of 65 and their eligible dependents, and the cost of federal Medicare premiums and supplemental hospitalization is paid for retirees over 65 and their eligible dependents as these costs are incurred by the retirees. Currently, the plan’s members include retirees for the County and the Authority that retired before September 1, 2002. The plan is closed to new members.

During the year ended September 30, 2016, the County Commission adopted an ordinance amending the 1990 Wayne County Health and Welfare Plan. The ordinance provided for stipend payments in lieu of healthcare benefits for Plan members that meet certain eligibility requirements. Plan members that receive the stipend benefit are required to file annual certifications related to the use of this stipend for health care benefits. Plan members may become ineligible for this stipend benefit upon eligibility for another health care plan.

The Authority’s liability under this arrangement as of December 31, 2020 is \$4,218,000. To date, the Authority has made \$1,727,205 in payments related to these stipend benefits.

(13) Upcoming Reporting Changes

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were initially effective for the Authority's financial statements for the year ending December 31, 2020. However, implementation of the statement was deferred until the year ending December 31, 2022.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value



measurements, and derivative instruments. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The removal of LIBOR as an appropriate benchmark interest rate for a hedging derivative instrument is effective for the Authority's financial statements for the December 31, 2022 fiscal year. All other requirements of the statement are effective for the Authority's financial statements for the December 31, 2021 fiscal year. Lease modification requirements are effective one year later.

In March, 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which improves accounting and financial reporting for arrangements where a governmental entity contracts with an operator to provide public services by conveying control of the right to operate or use nonfinancial assets, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. It establishes the definitions of public-private and public-public partnerships (PPP's) and availability payment arrangements (APA's) and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. It requires governments to report assets and liabilities related to PPP's consistently and disclose important information about PPP transactions. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2023.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, in order to provide temporary relief to government agencies in the midst of the Coronavirus pandemic by allowing agencies to postpone, among other Statements, the implementation of Statement No. 87. As noted above, the authority has opted to delayed implementation of Statement No. 87.

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2023.

(14) Subsequent Events

On December 27, 2020, the Consolidated Appropriations Act, 2021 was enacted into law. Division M of that Act is the Coronavirus Response and Relief Supplemental Appropriation Act, 2021 ("CRRSA"). CRRSA provides approximately \$2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including relief from rent and

MAGs for eligible airport concessions. On February 12, 2021, the FAA announced that it had allocated approximately \$31.5 million of CRSSA grant funds to the Authority. Of that amount, approximately \$3.9 million must be used for concessionaire relief. CRRSA grant funds must be obligated by not later than September 30, 2021.

On March 11, 2021, the President of the United States signed the American Rescue Plan Act of 2021 (“ARPA”), a \$1.9 trillion economic stimulus package designed to help the United States’ economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates \$8 billion to assist to prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024. ARPA requires that, of the \$8 billion appropriated, not more than \$6.492 billion will be made available for primary airports such as the Airport, for “costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments.” ARPA further appropriates not more than \$608 million to pay a federal share of one hundred percent of the costs for any grant awarded in federal fiscal year 2021 (or in federal fiscal year 2020 with less than a one hundred percent federal share) for any airport redevelopment project, and provides for not more than \$800 million for sponsors of primary airports to provide relief from rent and minimum annual guarantees to airport concessions. The allocation of amounts appropriated by ARPA has not yet been announced, accordingly, it is not known at this time how much funding the Airport may be eligible to receive through the ARPA.

REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020

Schedule of Changes in the Authority's Net Pension Liability and Related Ratios

| Reporting Period End: Measurement Period End: | [1] | | | | | | |
|--|-------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 12/31/2020 9/30/2020 | 12/31/2019 9/30/2019 | 9/30/2019 9/30/2018 | 9/30/2018 9/30/2017 | 9/30/2017 9/30/2016 | 9/30/2016 9/30/2016 | 9/30/2015 9/30/2015 |
| Total Pension Liability | | | | | | | |
| Service cost | \$ 1,915,559 | \$ 1,980,987 | \$ 1,980,134 | \$ 2,078,813 | \$ 2,035,141 | \$ 1,910,254 | \$ 1,784,942 |
| Interest | 12,688,440 | 12,340,373 | 11,886,244 | 11,459,580 | 10,943,315 | 10,408,880 | 10,007,566 |
| Changes in benefits | 930,598 | - | - | - | - | - | 1,083,361 |
| Difference between expected and actual experience | (4,324,462) | - | 1,299,631 | 913,793 | 3,004,584 | 2,360,317 | - |
| Changes in actuarial assumptions | - | - | - | - | 8,982,156 | - | - |
| Benefit payments, including refunds | (9,855,674) | (9,166,646) | (8,682,126) | (8,359,546) | (7,901,621) | (7,790,299) | (7,621,347) |
| Other | 4,000 | 42,898 | 697 | 5,315 | - | - | - |
| Net Change in Total Pension Liability | 1,358,461 | 5,197,612 | 6,484,580 | 6,097,955 | 17,063,575 | 6,889,152 | 5,254,522 |
| Total Pension Liability - Beginning of Period | 178,981,027 | 173,783,415 | 167,298,835 | 161,200,880 | 144,137,305 | 137,248,153 | 131,993,631 |
| Total Pension Liability - End of Period | \$ 180,339,488 | \$ 178,981,027 | \$ 173,783,415 | \$ 167,298,835 | \$ 161,200,880 | \$ 144,137,305 | \$ 137,248,153 |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions - Employer | \$ 7,554,761 | \$ 9,342,133 | \$ 7,265,285 | \$ 6,345,861 | \$ 11,021,191 | \$ 13,105,600 | \$ 8,475,718 |
| Contributions - Member | 517,092 | 401,266 | 345,445 | 367,168 | 334,437 | 2,168,732 | 1,359,927 |
| Net investment income | 3,729,737 | 4,482,538 | 8,118,259 | 13,119,125 | 10,247,311 | 786,957 | 8,502,195 |
| Administrative expenses | (365,369) | (327,917) | (326,599) | (344,164) | (318,694) | (919,758) | (319,237) |
| Benefit payments, including refunds | (9,855,674) | (9,166,646) | (8,682,126) | (8,359,546) | (7,901,621) | (7,790,299) | (7,621,347) |
| Net Change in Plan Fiduciary Net Position | 1,580,547 | 4,731,374 | 6,720,264 | 11,128,444 | 13,382,624 | 7,351,232 | 10,397,256 |
| Plan Fiduciary Net Position - Beginning of Period | 132,858,056 | 128,126,682 | 121,406,418 | 110,277,974 | 96,895,350 | 89,544,118 | 79,146,862 |
| Plan Fiduciary Net Position - End of Period | \$ 134,438,603 | \$ 132,858,056 | \$ 128,126,682 | \$ 121,406,418 | \$ 110,277,974 | \$ 96,895,350 | \$ 89,544,118 |
| Authority's Net Pension Liability - Ending | \$ 45,900,885 | \$ 46,122,971 | \$ 45,656,733 | \$ 45,892,417 | \$ 50,922,906 | \$ 47,241,955 | \$ 47,704,035 |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 74.55% | 74.23% | 73.73% | 72.57% | 68.41% | 67.22% | 65.24% |
| Covered Payroll | \$ 28,178,030 | \$ 29,101,990 | \$ 29,101,990 | \$ 29,022,520 | \$ 30,105,635 | \$ 28,300,056 | \$ 27,197,880 |
| Authority's Net Pension Liability as a % of Covered Payroll | 162.90% | 158.49% | 156.89% | 158.13% | 169.15% | 166.93% | 175.40% |

Schedule of Contributions

| Period End: | 12/31/2020 | 12/31/2019 | 9/30/2019 | 9/30/2018 | 9/30/2017 | 9/30/2016 | 9/30/2015 |
|--|----------------------|---------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Actuarially determined contribution | \$ 6,575,468 | \$ 1,829,472 | \$ 7,059,410 | \$ 7,167,820 | \$ 5,958,323 | \$ 6,924,296 | \$ 7,001,434 |
| Contributions in relation to the actuarially determined contr. | 6,642,195 | 2,476,590 | 7,342,133 | 7,265,285 | 6,345,861 | 11,021,191 | 13,105,600 |
| Contribution Deficiency (Excess) | \$ (66,727) | \$ (647,118) | \$ (282,723) | \$ (97,465) | \$ (387,538) | \$ (4,096,895) | \$ (6,104,166) |
| Covered Payroll | \$ 25,101,995 | \$ 6,960,405 | \$ 28,829,452 | \$ 29,101,990 | \$ 29,022,520 | \$ 30,105,635 | \$ 28,300,056 |
| Contributions as a Percentage of Covered Payroll | 26.46% | 35.58% | 25.47% | 24.96% | 21.87% | 36.61% | 46.31% |

[1] –A three-month stub period (October 1, 2019 through December 31, 2020) was completed to facilitate a change in the fiscal year end from September 30 to December 31. All other periods are one-year periods.

GASB Statement No. 68 was implemented on September 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.



Notes to Schedule of Authority Contributions

Valuation date Actuarially determined contribution rates are calculated as of September 30 each year, which is one period prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates

Actuarial cost method Entry Age Normal

Amortization method Level Dollar, Closed

Remaining amortization period 16 years decreased by one year annually

Asset valuation method 4-year smoothed market; 20% corridor

Wage inflation 3.00% as of September 30, 2016. Before that, 3.50%.

Salary increases 3.00% to 13.15% including inflation as of September 30, 2016. Before that, 3.50% to 8.80% including inflation.

Investment rate of return 7.25% as of September 30, 2016. Before that, 7.75%.

Retirement age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2016 valuation pursuant to an experience study of the period October 1, 2010 - September 30, 2015.

Mortality **As of September 30, 2016:** RP-2014 Healthy Annuitant Mortality table for males and females, adjusted for mortality improvement back to the base year of 2006. Mortality rates for a particular calendar year are determined by applying the MP-2016 Mortality Improvement scale to the above described tables. The corresponding Disabled and Employee tables were used for disability and pre-retirement mortality, respectively.
Before September 30, 2016: RP-2000 Combined Healthy Mortality Table projected 20 years. Set forward 5 years for disabled retirees.

Cost of living adjustment None

Other Information The investment rate of return was assumed to be 7.25% as of September 30, 2016. Before that, it was assumed to be 7.75%.

A new mortality table was used as of September 30, 2016. See "Mortality" section above for detail of mortality assumptions used as of September 30, 2016 and before.



REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratio

| Period End: | [1] | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 12/31/2020 | 12/31/2019 | 9/30/2019 | 9/30/2018 |
| Total OPEB Liability | | | | |
| Service cost | \$ 1,282,887 | \$ 334,581 | \$ 1,403,556 | \$ 1,644,712 |
| Interest | 8,941,588 | 2,206,606 | 8,504,400 | 8,092,952 |
| Changes in benefits | (7,789,535) | - | - | - |
| Difference between expected and actual experience | (11,045,310) | (1,005,326) | (8,533,132) | (2,346,793) |
| Changes in actuarial assumptions | 4,926,316 | - | 4,332,630 | - |
| Benefit payments, including refunds | (493,287) | (236,315) | (908,974) | (1,875,930) |
| Other | - | - | - | - |
| Net Change in Total OPEB Liability | (4,177,341) | 1,299,546 | 4,798,480 | 5,514,941 |
| Total OPEB Liability - Beginning of Period | 127,342,169 | 126,042,623 | 121,244,143 | 115,729,202 |
| Total OPEB Liability - End of Period | \$ 123,164,828 | \$ 127,342,169 | \$ 126,042,623 | \$ 121,244,143 |
| Plan Fiduciary Net Position | | | | |
| Contributions - Employer | \$ 2,493,288 | \$ 1,736,315 | \$ 6,908,974 | \$ 9,573,821 |
| Net investment income | 9,453,108 | 3,682,051 | 1,846,127 | 3,264,931 |
| Administrative expenses | 0 | 0 | 0 | 0 |
| Benefit payments, including refunds | (493,286) | (236,315) | (908,974) | (1,875,930) |
| Net Change in Plan Fiduciary Net Position | 11,453,110 | 5,182,051 | 7,846,127 | 10,962,822 |
| Plan Fiduciary Net Position - Beginning of Period | 77,530,546 | 72,348,495 | 64,502,368 | 53,539,546 |
| Plan Fiduciary Net Position - End of Period | \$ 88,983,656 | \$ 77,530,546 | \$ 72,348,495 | \$ 64,502,368 |
| Authority's Net OPEB Liability - Ending | \$ 34,181,172 | \$ 49,811,623 | \$ 53,694,128 | \$ 56,741,775 |
| Plan Fiduciary Net Position as a % of Total OPEB Liability | 72.25% | 60.88% | 57.40% | 53.20% |
| Covered Employee Payroll | \$ 35,818,558 | \$ 6,963,888 | \$ 39,597,109 | \$ 41,144,209 |
| Net OPEB Liability as a % of Covered Payroll | 95.43% | [2] | 135.60% | 137.91% |

| Period End: | [1] | | | |
|--|----------------------|------------------|-------------------|-----------------------|
| | 12/31/2020 | 12/31/2019 | 9/30/2019 | 9/30/2018 |
| Actuarially determined contribution | \$ 6,911,646 | 1,727,912 | 6,738,758 | \$ 6,885,604 |
| Contributions in relation to the actuarially determined contribution | 2,493,288 | 1,736,315 | 6,908,974 | 9,573,821 |
| Contribution Deficiency (Excess) | \$ 4,418,358 | (8,403) | (170,216) | \$ (2,688,217) |
| Covered Employee Payroll | \$ 35,818,558 | 6,963,888 | 39,597,109 | \$ 41,144,209 |
| Contributions as a Percentage of Covered Employee Payroll | 6.96% | 24.93% | 17.45% | 23.27% |

Schedule of OPEB Contributions

| Period End: | [1] | | | |
|--|----------------------|------------------|-------------------|-----------------------|
| | 12/31/2020 | 12/31/2019 | 9/30/2019 | 9/30/2018 |
| Actuarially determined contribution | \$ 6,911,646 | 1,727,912 | 6,738,758 | \$ 6,885,604 |
| Contributions in relation to the actuarially determined contribution | 2,493,288 | 1,736,315 | 6,908,974 | 9,573,821 |
| Contribution Deficiency (Excess) | \$ 4,418,358 | (8,403) | (170,216) | \$ (2,688,217) |
| Covered Employee Payroll | \$ 35,818,558 | 6,963,888 | 39,597,109 | \$ 41,144,209 |
| Contributions as a Percentage of Covered Employee Payroll | 6.96% | 24.93% | 17.45% | 23.27% |

Schedule of Returns

| Period End: | [1] | | | |
|---------------------------------|------------|------------|-----------|-----------|
| | 12/31/2020 | 12/31/2019 | 9/30/2019 | 9/30/2018 |
| Return on OPEB plan investments | 12.51% | 5.05% | 2.95% | 5.78% |

[1]—A three-month stub period (October 1, 2019 through December 31, 2020) was completed to facilitate a change in the fiscal year end from September 30 to December 31. All other periods are one-year periods.



REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020

[2] - Calculation not reported for the stub period as covered payroll presented includes only three months of activity.

GASB Statement No. 75 was implemented September 30, 2018 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

Notes to Schedule of Authority Contributions

Valuation date Actuarially determined contribution amounts for the year ended December 31, 2020 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates

| | |
|-------------------------------|--|
| Actuarial cost method | Entry-Age Normal |
| Amortization method | Level Dollar |
| Remaining amortization period | 22 years, Closed |
| Asset valuation method | Market Value of Assets |
| Price inflation | 2.50% |
| Wage inflation | 3.00% |
| Salary increases | 3.00% to 13.15% |
| Investment rate of return | 7.00%, net of OPEB plan investment expense |
| Retirement age | Experience-based table of rates that are specific to the type of eligibility condition. |
| Mortality | RP-2014 Healthy Annuitant Mortality table, adjusted back to the base year of 2006. Mortality rates are determined by applying the MP-2016 Mortality Improvement scale. |
| Healthcare trend rates | Initial trend of 8.25% gradually decreasing to an ultimate trend rate of 3.50% in year |
| Excise Tax | No load was applied in connection with the "Cadillac" tax |
| Aging Factors | Based on the 2013 SOA Study "Health Care Costs - From Birth to Death" |

Other Information

Notes The total OPEB liability reflects a benefit change which instituted a 10% cost share for all current and future retirees post-65. Additionally, the total OPEB liability reflects reported benefit corrections applicable to the benefit eligibility conditions.

STATISTICAL SECTION

This section of the Wayne County Airport Authority's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

CONTENTS

Financial Trends – Exhibits S-1, S-2

These exhibits contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity – Exhibits S-3, S-5

These exhibits contain information to help the reader assess the factors affecting the Authority's ability to generate revenue.

Debt Capacity – Exhibits S-6 to S-8

These exhibits present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic & Economic Information – Exhibits S-10 series

These exhibits offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time with other entities. In certain instances, due to the nature of the Authority's operations, 10 years of data may not be necessary for readers to understand the Authority's environment or to make comparisons with other entities. In these instances, less than 10 years of data may be presented.

Operating Information – Exhibits S-4, S-5, S-9, S-11, S-12

These exhibits contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs. In the case of S-11 and S-12, due to the nature of the Authority's operations, 10 years of data may not be necessary for readers to understand the Authority's environment or to make comparisons with other entities. In these instances, less than 10 years of data may be presented.

Sources: Unless otherwise noted, the information in these exhibits is derived from the Annual Comprehensive Financial Reports of the relevant year.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-1

Annual Revenues, Expenses, and Changes in Net Position

(Unaudited)

| | 2020 | 2019 Stub ⁴ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|-----------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Operating revenues: | | | | | | | | | | | |
| Airport landing and related fees | \$ 58,106,427 | \$ 20,430,971 | \$ 80,563,419 | \$ 77,550,626 | \$ 80,160,100 | \$ 78,661,781 | \$ 73,888,139 | \$ 76,406,397 | \$ 65,493,268 | \$ 67,299,967 | \$ 69,099,578 |
| Concession fees | 32,747,512 | 16,790,198 | 69,304,639 | 68,950,984 | 64,702,113 | 61,820,000 | 57,615,102 | 54,161,908 | 51,696,676 | 51,689,387 | 50,575,848 |
| Parking fees | 34,905,184 | 21,833,720 | 83,657,331 | 80,248,186 | 76,706,962 | 74,497,683 | 68,017,761 | 61,187,198 | 57,828,811 | 56,091,494 | 54,145,257 |
| Hotel | 12,224,405 | 8,816,337 | 32,734,957 | 31,368,028 | 29,928,448 | 33,889,957 | 33,345,294 | 32,922,844 | 29,301,463 | 27,611,922 | 29,372,498 |
| Rental facilities | 100,804,284 | 28,776,649 | 118,441,203 | 112,099,910 | 106,121,745 | 104,913,627 | 107,356,129 | 105,234,040 | 103,155,137 | 107,353,758 | 96,449,901 |
| Expense recoveries | 3,842,231 | 1,191,196 | 4,854,869 | 5,096,397 | 5,026,053 | 4,812,705 | 4,722,477 | 5,027,074 | 5,282,902 | 4,927,372 | 5,010,457 |
| Other | 15,577,115 | 1,845,824 | 7,167,681 | 7,332,061 | 5,486,987 | 4,473,948 | 4,790,511 | 4,784,310 | 6,007,508 | 3,664,924 | 6,406,295 |
| Total operating revenues | 258,207,158 | 99,684,895 | 396,724,099 | 382,646,192 | 368,132,408 | 363,069,701 | 349,735,413 | 339,723,771 | 318,765,765 | 318,638,824 | 311,059,834 |
| Nonoperating revenues: | | | | | | | | | | | |
| Passenger facility charges | 28,407,906 | 16,415,341 | 72,760,924 | 69,774,131 | 68,128,397 | 66,764,363 | 63,840,589 | 62,016,364 | 61,705,013 | 62,134,255 | 62,197,495 |
| Customer facility charges | 4,950,594 | 5,726,133 | 22,130,671 | 4,548,815 | 4,442,148 | 4,260,370 | 304,510 | — | — | — | — |
| Federal and state sources | 118,326,432 | 1,783,827 | 8,507,741 | 6,650,317 | 6,655,554 | 5,568,130 | 1,339,342 | 1,029,619 | 1,353,122 | 1,378,911 | 1,326,034 |
| Interest income and other | 5,010,656 | 2,529,138 | 16,589,419 | 7,617,673 | 3,681,738 | 3,956,859 | 2,209,999 | 2,808,958 | 2,048,283 | 1,834,241 | 3,390,214 |
| Total nonoperating revenues | 156,695,588 | 26,454,439 | 119,988,755 | 88,590,936 | 82,907,837 | 80,549,722 | 67,694,440 | 65,854,941 | 65,106,418 | 65,347,407 | 66,913,743 |
| Total revenues | 414,902,746 | 126,139,334 | 516,712,854 | 471,237,128 | 451,040,245 | 443,619,423 | 417,429,853 | 405,578,712 | 383,872,183 | 383,986,231 | 377,973,577 |
| Operating expenses: | | | | | | | | | | | |
| Salaries, wages, and fringe benefits | 79,425,508 | 31,450,044 | 93,147,440 | 96,282,328 | 110,655,997 | 85,906,812 | 77,278,115 | 80,339,925 | 72,891,273 | 70,105,901 | 71,489,016 |
| Parking management | 5,487,982 | 1,822,857 | 7,607,497 | 8,404,763 | 7,986,688 | 7,908,549 | 7,882,292 | 6,630,160 | 6,280,332 | 6,048,290 | 6,794,062 |
| Hotel management | 11,128,419 | 5,534,138 | 20,702,876 | 19,775,235 | 18,049,328 | 22,357,224 | 18,793,497 | 23,063,942 | 21,064,105 | 20,888,610 | 22,644,120 |
| Janitorial services | 14,065,708 | 4,128,379 | 16,949,290 | 14,427,918 | 13,537,224 | 12,014,456 | 11,967,572 | 11,809,916 | 11,400,627 | 11,498,166 | 11,164,616 |
| Security | 4,881,470 | 1,553,162 | 5,999,972 | 6,031,481 | 5,149,362 | 3,745,339 | 2,557,818 | 2,511,402 | 2,260,167 | 2,288,013 | 2,401,473 |
| Utilities | 19,727,108 | 5,362,169 | 23,043,039 | 23,876,461 | 23,258,507 | 22,220,804 | 24,499,913 | 28,939,467 | 27,035,597 | 26,676,454 | 24,886,104 |
| Repairs, professional services, and other | 81,886,187 | 24,699,872 | 103,815,331 | 96,041,405 | 88,001,189 | 98,458,024 | 94,162,429 | 82,616,234 | 75,658,752 | 71,689,848 | 79,689,990 |
| Depreciation | 135,414,157 | 31,625,118 | 125,028,606 | 124,774,415 | 134,753,534 | 173,101,695 | 167,105,516 | 141,539,710 | 140,526,973 | 142,828,398 | 142,754,436 |
| Total operating expenses | 352,016,539 | 106,175,739 | 396,294,051 | 389,614,006 | 401,391,829 | 425,712,903 | 404,247,152 | 377,450,756 | 357,117,826 | 352,023,680 | 361,823,817 |
| Nonoperating expenses: | | | | | | | | | | | |
| Interest expense | 78,129,584 | 20,710,928 | 85,182,866 | 82,468,769 | 72,739,426 | 71,351,499 | 80,334,978 | 82,352,146 | 82,825,198 | 85,514,177 | 91,549,044 |
| Loss on disposal of assets | — | 5,849 | 2,805,881 | 2,399,305 | 8,209,718 | 9,513,323 | 1,564,607 | 1,016,927 | 5,488,973 | 2,555,076 | — |
| Amortization of bond insurance premiums | 42,223 | 10,556 | 42,223 | 101,414 | 175,438 | 175,438 | 371,068 | 371,068 | — | — | — |
| Amortization of bond issuance costs | — | — | — | — | — | — | — | — | 1,968,924 | 2,035,607 | 1,902,952 |
| Total nonoperating expenses | 78,171,807 | 20,727,333 | 88,030,970 | 84,969,488 | 81,124,582 | 81,040,260 | 82,270,653 | 83,740,141 | 90,283,095 | 90,104,860 | 93,451,996 |
| Total expenses | 430,188,346 | 126,903,072 | 484,325,021 | 474,583,494 | 482,516,411 | 506,753,163 | 486,517,805 | 461,190,897 | 447,400,921 | 442,128,540 | 455,275,813 |
| Capital contributions | 27,384,172 | 1,124,530 | 33,636,386 | 389,653 | 7,278,160 | 32,953,269 | 8,560,699 | 32,679,821 | 41,637,536 | 27,121,478 | 17,750,671 |
| Change in net position | \$ 12,098,572 | \$ 360,792 | \$ 66,024,219 | \$ (2,956,713) | \$ (24,198,006) | \$ (30,180,471) | \$ (60,527,253) | \$ (22,932,364) | \$ (21,891,202) | \$ (31,020,831) | \$ (59,551,565) |
| Net position at year end composed of: | | | | | | | | | | | |
| Net investment in capital assets | (41,822,294) | (58,876,996) | (83,043,017) | (118,242,129) | (90,041,234) | (97,448,351) | (6,890,342) | 39,760,424 | 27,234,267 | 36,778,052 | 86,906,586 |
| Restricted | 257,068,757 | 276,648,919 | 347,444,439 | 296,207,385 | 295,809,085 | 319,728,265 | 287,087,714 | 314,707,433 | 323,698,561 | 338,786,218 | 322,488,477 |
| Unrestricted | 9,630,198 | (4,993,834) | (51,984,125) | (31,572,178) | (56,418,060) | 19,224,185 | (8,512,802) | (22,256,034) | 48,582,410 | 58,895,731 | 56,085,769 |
| Total net position | \$ 224,876,661 | \$ 212,778,089 | \$ 212,417,297 | \$ 146,393,078 | \$ 149,349,791 | \$ 241,504,099 | \$ 271,684,570 | \$ 332,211,823 | \$ 399,515,238 | \$ 434,460,001 | \$ 465,480,832 |

¹ In 2014, the Authority restated beginning net position by \$13,053,561. This amount less the increase/decrease in net position is used to arrive at ending net position.

² In 2015, the Authority restated beginning net position by \$44,371,051. This amount less the increase/decrease in net position is used to arrive at ending net position.

³ In 2018, the Authority restated beginning net position by \$67,956,302. This amount less the increase/decrease in net position is used to arrive at ending net position.

⁴ The Authority converted from a September 30 fiscal year end to a December 31 fiscal year end. To facilitate the fiscal year end conversion a "stub" reporting period encompassing the three month period from October 1, 2019 through December 31, 2019 was completed.

Source: Audited Financial Statements of the Wayne County Airport Authority.

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-2

Principal Revenue Sources and Revenues per Enplaned Passenger

(Unaudited)

| | 2020 | 2019 Stub ¹ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Airline revenues: | | | | | | | | | | | |
| Airport landing and related fees | \$ 58,106,427 | \$ 20,430,971 | \$ 80,563,419 | \$ 77,550,626 | \$ 80,160,100 | \$ 78,661,781 | \$ 73,888,139 | \$ 76,406,397 | \$ 65,493,268 | \$ 67,299,967 | \$ 69,099,578 |
| Terminal building rentals and fees | 85,861,167 | 21,394,396 | 89,089,734 | 84,929,354 | 82,231,045 | 84,580,455 | 86,816,124 | 85,169,050 | 84,354,836 | 86,463,382 | 74,347,911 |
| Facility use fees | 2,466,042 | 2,207,153 | 10,156,940 | 9,378,232 | 8,829,376 | 8,288,005 | 8,367,454 | 8,608,737 | 7,552,051 | 7,489,497 | 7,143,733 |
| Total airline revenues | 146,433,636 | 44,032,520 | 179,810,093 | 171,858,212 | 171,220,521 | 171,530,241 | 169,071,717 | 170,184,184 | 157,400,155 | 161,252,846 | 150,591,222 |
| Percentage of total revenues | 35.3% | 34.9% | 34.8% | 36.5% | 38.0% | 38.7% | 40.5% | 42.0% | 41.0% | 42.0% | 39.8% |
| Non-Airline revenues: | | | | | | | | | | | |
| Parking fees | 34,905,184 | 21,833,720 | 83,657,331 | 80,248,186 | 76,706,962 | 74,497,683 | 68,017,761 | 61,187,198 | 57,828,811 | 56,091,494 | 54,145,257 |
| Concession fees | 21,271,464 | 10,686,331 | 43,437,381 | 42,786,536 | 39,752,574 | 37,947,768 | 35,185,895 | 32,253,029 | 31,536,249 | 32,063,017 | 31,592,316 |
| Car rental | 11,476,048 | 6,103,867 | 25,867,258 | 26,164,448 | 24,949,539 | 23,872,232 | 22,429,207 | 21,908,879 | 20,160,427 | 19,626,370 | 18,983,532 |
| Hotel | 12,224,405 | 8,816,337 | 32,734,957 | 31,368,028 | 29,928,448 | 33,889,957 | 33,345,294 | 32,922,844 | 29,301,463 | 27,611,922 | 29,372,498 |
| Employee shuttle bus | 3,741,727 | 773,732 | 3,048,721 | 2,891,239 | 2,833,329 | 2,316,970 | 2,100,820 | 2,032,346 | 2,502,311 | 5,210,640 | 5,869,315 |
| Ground transportation | 3,781,150 | 3,132,819 | 11,375,371 | 10,199,443 | 7,813,795 | 5,125,120 | 5,428,501 | 5,452,612 | 5,094,540 | 4,882,553 | 4,944,291 |
| Utility service fees | 3,842,231 | 1,191,196 | 4,854,869 | 5,096,397 | 5,026,053 | 4,812,705 | 4,722,477 | 5,027,074 | 5,282,902 | 4,927,372 | 5,010,457 |
| Rental facilities | 4,954,198 | 1,268,549 | 4,770,437 | 4,701,642 | 4,414,200 | 4,603,077 | 4,643,230 | 3,971,295 | 3,651,399 | 3,307,686 | 4,144,651 |
| Other | 15,577,115 | 1,845,824 | 7,167,681 | 7,332,061 | 5,486,987 | 4,473,948 | 4,790,511 | 4,784,310 | 6,007,508 | 3,664,924 | 6,406,295 |
| Total non-airline revenues | 111,773,522 | 55,652,375 | 216,914,006 | 210,787,980 | 196,911,887 | 191,539,460 | 180,663,696 | 169,539,587 | 161,365,610 | 157,385,978 | 160,468,612 |
| Percentage of total revenues | 26.9% | 44.1% | 42.0% | 44.7% | 43.7% | 43.2% | 43.3% | 41.8% | 42.0% | 41.0% | 42.5% |
| Nonoperating revenues: | | | | | | | | | | | |
| Passenger facility charges | 28,407,906 | 16,415,341 | 72,760,924 | 69,774,131 | 68,128,397 | 66,764,363 | 63,840,589 | 62,016,364 | 61,705,013 | 62,134,255 | 62,197,495 |
| Customer facility charges | 4,950,594 | 5,726,133 | 22,130,671 | 4,548,815 | 4,442,148 | 4,260,370 | 304,510 | — | — | — | — |
| Federal and state grants | 118,326,432 | 1,783,827 | 8,507,741 | 6,650,317 | 6,655,554 | 5,568,130 | 1,339,342 | 1,029,619 | 1,353,122 | 1,378,911 | 1,326,034 |
| Interest | 4,551,928 | 2,312,274 | 16,519,284 | 7,617,673 | 3,567,954 | 3,856,859 | 1,454,197 | 1,388,246 | 1,616,192 | 1,810,277 | 3,241,109 |
| Other | 458,728 | 216,864 | 70,135 | — | 113,784 | 100,000 | 755,802 | 1,420,712 | 432,091 | 23,964 | 149,105 |
| Total nonoperating revenues | 156,695,588 | 26,454,439 | 119,988,755 | 88,590,936 | 82,907,837 | 80,549,722 | 67,694,440 | 65,854,941 | 65,106,418 | 65,347,407 | 66,913,743 |
| Percentage of total revenues | 37.8% | 21.0% | 23.2% | 18.7% | 18.3% | 18.1% | 16.2% | 16.2% | 17.0% | 17.0% | 17.7% |
| Total revenues | \$ 414,902,746 | \$ 126,139,334 | \$ 516,712,854 | \$ 471,237,128 | \$ 451,040,245 | \$ 443,619,423 | \$ 417,429,853 | \$ 405,578,712 | \$ 383,872,183 | \$ 383,986,231 | \$ 377,973,577 |
| Enplaned passengers | 6,998,199 | 4,608,208 | 18,121,193 | 17,558,618 | 17,281,219 | 17,130,687 | 16,443,778 | 16,216,673 | 16,077,652 | 16,169,584 | 16,226,201 |
| Total revenue per enplaned passenger | \$ 59.29 | \$ 27.37 | \$ 28.51 | \$ 26.84 | 26.10 | 25.90 | 25.39 | 25.01 | 23.88 | 23.75 | 23.29 |
| Airline revenue per enplaned passenger | \$ 20.92 | \$ 9.56 | \$ 9.92 | \$ 9.79 | 9.91 | 10.01 | 10.28 | 10.49 | 9.79 | 9.97 | 9.28 |

¹ The Authority converted from a September 30 fiscal year end to a December 31 fiscal year end. To facilitate the fiscal year end conversion a "stub" reporting period encompassing the three month period from October 1, 2019 through December 31, 2019 was completed.

Source: Audited Financial Statements of the Wayne County Airport Authority.

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-3

Airlines Rates and Charges **

(Unaudited)

| | <u>2020</u> | <u>2019 Stub</u> ⁴ | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--|-------------|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Landing Fees: | | | | | | | | | | | |
| Signatory Airlines ¹ | \$ 4.26 | 3.55 | 3.52 | 3.48 | 3.65 | 3.62 | 3.54 | 3.71 | 3.14 | 3.23 | 3.26 |
| Non-Signatory Airlines ² | 5.33 | 4.44 | 4.40 | 4.35 | 4.56 | 4.52 | 4.43 | 4.64 | 3.93 | 4.04 | 4.08 |
| General Aviation ³ | 2.50 | See Note ⁵ | 2.32 | 2.32 | 2.32 | 2.25 | 2.00 | 2.00 | 1.75 | 1.50 | 1.50 |
| Facility Use Fees: | | | | | | | | | | | |
| South Terminal | \$ 6.00 | 6.00 | 6.00 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.00 | 5.00 | 5.00 |
| North Terminal | 6.00 | 6.00 | 6.00 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.00 | 5.00 | 5.00 |
| Terminal Rental Rates (per SF per year): | | | | | | | | | | | |
| South Terminal - Signatory Airlines ¹ | \$ 57.78 | 60.44 | 62.08 | 60.32 | 56.81 | 56.90 | 58.74 | 60.00 | 57.71 | 60.00 | 57.70 |
| South Terminal - Non-Signatory Airlines | 66.45 | 69.51 | 71.39 | 69.37 | 65.33 | 65.44 | 67.55 | 69.00 | 66.36 | 69.00 | 69.00 |
| North Terminal - Signatory Airlines ¹ | 129.03 | 109.88 | 117.35 | 98.89 | 109.26 | 119.35 | 124.12 | 117.00 | 118.95 | 118.00 | 51.20 |
| North Terminal - Non-Signatory Airlines | 148.38 | 126.36 | 134.95 | 113.73 | 125.65 | 137.25 | 142.74 | 134.00 | 136.79 | 136.00 | 78.00 |

** The revenue bases to which these rates are applied and their principal payers can be found in Schedules S-2 and S-4.

¹ Calculated pursuant to the formulas set forth in the Airport Use and Lease Agreement. The agreement provides the calculation of the annual landing fee and terminal rental rates, with rate adjustments at mid-year, if required.

² Average billed rate per 1,000 lbs. MGLW.

³ Billing rate at Willow Run Airport for aircraft weighing 150,000 lbs. and over, charged per 1,000 lbs. MGLW. A tiered rate structure exists for smaller aircraft.

⁴ The Authority converted from a September 30 fiscal year end to a December 31 fiscal year end. To facilitate the fiscal year end conversion a "stub" reporting period encompassing the three month period from October 1, 2019 through December 31, 2019 was completed.

⁵ During the stub period, the rate was \$2.32 until October 31, 2019. Thereafter the rate was \$2.50

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-4

Airline Landed Weights

(in thousands of pounds)

| Airline ¹ | 2020 | | 2019 Stub ³ | | 2019 | | 2018 | | 2017 | | 2016 | |
|--|----------------|--------|------------------------|--------|----------------|--------|----------------|--------|----------------|--------|----------------|--------|
| | Landed weights | Share | Landed weights | Share | Landed weights | Share | Landed weights | Share | Landed weights | Share | Landed weights | Share |
| Delta | 6,096,548 | 45.3% | 2,851,469 | 50.4% | 11,051,357 | 49.2% | 10,584,280 | 48.2% | 10,505,297 | 48.6% | 10,616,006 | 49.5% |
| Delta (Endeavor) ⁵ | 1,846,538 | 13.7 | 300,065 | 5.3 | 1,269,995 | 5.7 | 1,315,655 | 6.0 | 1,439,231 | 6.7 | 1,960,734 | 9.1 |
| Delta (Sky West) | 1,295,227 | 9.6 | 702,962 | 12.4 | 2,386,789 | 10.6 | 2,069,010 | 9.4 | 1,643,645 | 7.6 | 864,151 | 4.0 |
| Spirit Airlines | 1,107,975 | 8.3 | 417,647 | 7.4 | 1,730,349 | 7.7 | 1,601,875 | 7.3 | 1,405,062 | 6.5 | 1,293,177 | 6.0 |
| Federal Express | 513,341 | 3.8 | 131,799 | 2.3 | 488,855 | 2.2 | 496,174 | 2.3 | 470,760 | 2.2 | 483,114 | 2.3 |
| Southwest/AirTran Airways ³ | 455,280 | 3.4 | 180,464 | 3.2 | 797,062 | 3.6 | 903,968 | 4.1 | 931,658 | 4.3 | 898,636 | 4.2 |
| American/US Airways ⁷ | 421,003 | 3.1 | 170,845 | 3.0 | 722,725 | 3.2 | 785,679 | 3.6 | 855,276 | 4.0 | 861,963 | 4.0 |
| Delta (Republic) | 322,682 | 2.4 | 49,807 | 0.9 | 242,409 | 1.1 | 226,916 | 1.0 | 130,371 | 0.6 | — | — |
| United Parcel Service | 285,213 | 2.1 | 76,748 | 1.4 | 244,804 | 1.1 | 221,034 | 1.0 | 189,156 | 0.9 | 179,533 | 0.8 |
| Frontier | 99,951 | 0.7 | 46,770 | 0.8 | 136,903 | 0.6 | 150,280 | 0.7 | 189,950 | 0.9 | 140,122 | 0.7 |
| Delta (GoJet) | 98,198 | 0.7 | 209,028 | 3.7 | 1,194,965 | 5.3 | 1,253,053 | 5.7 | 888,262 | 4.1 | 271,737 | 1.3 |
| United/Continental (Republic) ⁴ | 87,953 | 0.7 | 52,911 | 0.9 | 230,252 | 1.0 | 217,724 | 1.0 | 169,454 | 0.8 | 114,619 | 0.5 |
| United/Continental (SkyWest) ⁴ | 78,366 | 0.6 | 22,265 | 0.4 | 66,929 | 0.3 | 77,164 | 0.4 | 53,126 | 0.2 | 73,679 | 0.4 |
| American/US Airways (Republic) ⁷ | 72,776 | 0.5 | 59,136 | 1.0 | 148,217 | 0.7 | 131,669 | 0.6 | 149,076 | 0.7 | 194,949 | 0.9 |
| United/Continental (Mesa) ⁴ | 71,255 | 0.5 | 40,231 | 0.7 | 173,846 | 0.8 | 165,922 | 0.8 | 183,080 | 0.8 | 157,475 | 0.7 |
| American/US Airways (PSA) ⁷ | 63,580 | 0.5 | 17,491 | 0.3 | 96,018 | 0.4 | 128,353 | 0.6 | 102,934 | 0.5 | 68,183 | 0.3 |
| United/Continental ⁴ | 58,525 | 0.4 | 20,515 | 0.9 | 234,668 | 1.0 | 244,621 | 1.1 | 275,721 | 1.3 | 209,604 | 1.0 |
| American/US Airways (SkyWest) ⁷ | 52,327 | 0.4 | 23,785 | 0.4 | 136,722 | 0.6 | 123,201 | 0.5 | 76,389 | 0.4 | — | — |
| JetBlue Airways | 48,566 | 0.4 | 29,754 | 0.5 | 120,070 | 0.5 | 167,276 | 0.8 | 162,534 | 0.8 | 168,108 | 0.8 |
| Air France | 47,486 | 0.4 | 38,779 | 0.7 | 144,745 | 0.7 | 137,656 | 0.6 | 134,507 | 0.6 | 134,644 | 0.6 |
| Alaska Airlines | 45,965 | 0.3 | 14,369 | 0.3 | 69,143 | 0.3 | 117,327 | 0.5 | 76,993 | 0.4 | 65,210 | 0.3 |
| DHL (Kalitta) | 41,454 | 0.5 | 34,240 | 0.8 | 135,952 | 0.6 | 71,360 | 0.3 | — | — | — | — |
| Lufthansa | 30,516 | 0.2 | 39,894 | 0.7 | 193,610 | 0.9 | 194,131 | 0.9 | 170,089 | 0.8 | 165,418 | 0.8 |
| United/Continental (GoJet) ⁴ | 29,334 | 0.2 | 2,412 | — | 25,996 | 0.1 | 24,522 | 0.1 | 7,705 | — | 36,917 | 0.2 |
| Aeromexico Connect | 21,244 | 0.2 | 23,281 | 0.4 | 84,050 | 0.4 | 27,353 | 0.1 | — | — | — | — |
| American/US Airways (Envoy) ^{6,7} | 17,320 | 0.1 | 13,771 | 0.2 | 48,758 | 0.2 | 47,843 | 0.2 | 52,670 | 0.2 | 77,245 | 0.4 |
| DHL (Atlas) | 16,864 | 0.1 | 1,952 | — | 5,440 | — | 61,808 | 0.3 | 118,096 | 0.5 | 119,608 | 0.6 |
| American/US Airways (Piedmont) ⁷ | 15,670 | 0.1 | 5,718 | 0.1 | 21,083 | 0.1 | 26,015 | 0.1 | — | — | — | — |
| United/Continental (ExpressJet) ^{2,4} | 9,133 | 0.1 | 11,648 | 0.2 | 6,313 | — | — | — | — | — | — | — |
| Royal Jordanian | 9,120 | 0.1 | 9,880 | 0.2 | 45,220 | 0.2 | 39,520 | 0.2 | 38,380 | 0.2 | 39,520 | 0.2 |
| Air Canada (Air Georgian) | — | — | 15,134 | 0.3 | 68,244 | 0.3 | 61,180 | 0.3 | 61,194 | 0.3 | 43,749 | 0.2 |
| Aeromexico | — | — | — | — | 38,416 | 0.2 | 41,408 | 0.2 | 30,883 | 0.1 | — | — |
| Delta (ExpressJet) ² | — | — | — | — | — | — | 168,179 | 0.8 | 680,318 | 3.2 | 1,423,967 | 6.6 |
| Delta (Compass) | — | — | — | — | — | — | — | — | 149,528 | 0.7 | 154,667 | 0.7 |
| Virgin Atlantic Airways | — | — | — | — | — | — | — | — | 61,014 | 0.3 | 135,699 | 0.6 |
| Delta (Shuttle America) | — | — | — | — | — | — | — | — | 58,320 | 0.3 | 276,165 | 1.3 |
| American/US Airways (Air Wisconsin) ⁷ | — | — | — | — | — | — | — | — | 53,580 | 0.2 | 72,615 | 0.4 |
| Delta (Chataqua) | — | — | — | — | — | — | — | — | — | — | — | — |
| Lufthansa Cargo | — | — | — | — | — | — | — | — | — | — | — | — |
| Delta (Comair) | — | — | — | — | — | — | — | — | — | — | — | — |
| Mesaba | — | — | — | — | — | — | — | — | — | — | — | — |
| Other ⁸ | 64,098 | 0.5 | 13,301 | 0.2 | 85,712 | 0.4 | 77,313 | 0.3 | 87,553 | 0.3 | 165,380 | 0.6 |
| Total | 13,423,510 | 100.0% | 5,628,069 | 100.0% | 22,445,617 | 100.0% | 21,959,469 | 100.0% | 21,601,812 | 100.0% | 21,466,594 | 100.0% |

¹ Signatory Affiliate Airlines are associated based on 2020 affiliations and shown in parentheses to major carrier name. All historical landed weights for these affiliates are shown on one line regardless of prior affiliations.

² Atlantic Southwest Airlines acquired ExpressJet on November 22, 2011 and began operating as ExpressJet. For comparative purposes, entities are shown as one on this report.

³ Southwest Airlines acquired AirTran Airways on May 2, 2011 and for comparative purposes, are shown as one on this report.

⁴ Continental Airlines merged with and into United Airlines on October 1, 2010, and for comparative purposes, are shown as one on this report.

⁵ Effective August 1, 2013, Pinnacle Airlines changed its legal name to Endeavor Air.

⁶ Effective April 15, 2014, American Eagle changed its legal name to Envoy Air.

⁷ US Airways merged with American Airlines on April 8, 2015 and, for comparative purposes, are shown as one on this report.

⁸ Includes airlines no longer serving Detroit Metro or carriers with insignificant activity.

⁹ The Authority converted from a September 30 fiscal year end to a December 31 fiscal year end. To facilitate the fiscal year end conversion a "stub" reporting period encompassing the three month period from October 1, 2019 through December 31, 2019 was completed.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

(Continued)

Detroit Metropolitan Airport

| 2015 | | 2014 | | 2013 | | 2012 | | 2011 | |
|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| Landed weights | Share | Landed weights | Share | Landed weights | Share | Landed weights | Share | Landed weights | Share |
| 10,615,528 | 51.5% | 10,273,955 | 50.4% | 10,051,320 | 48.7% | 9,655,644 | 46.9% | 10,153,498 | 48.5% |
| 1,824,960 | 8.8 | 2,523,978 | 12.4 | 3,661,163 | 17.7 | 3,237,417 | 15.7 | 2,743,336 | 13.1 |
| 465,842 | 2.3 | 294,404 | 1.4 | — | — | — | — | — | — |
| 1,129,323 | 5.5 | 886,234 | 4.3 | 765,188 | 3.7 | 749,026 | 3.6 | 752,623 | 3.6 |
| 479,295 | 2.3 | 493,528 | 2.4 | 446,450 | 2.2 | 461,450 | 2.2 | 409,567 | 2.0 |
| 854,196 | 4.1 | 904,127 | 4.4 | 969,194 | 4.7 | 942,596 | 4.6 | 973,682 | 4.6 |
| 843,916 | 4.1 | 842,150 | 4.1 | 785,631 | 3.8 | 755,222 | 3.7 | 741,329 | 3.5 |
| — | — | — | — | — | — | — | — | — | — |
| 175,421 | 0.9 | 170,445 | 0.8 | 167,762 | 0.8 | 168,483 | 0.8 | 171,832 | 0.8 |
| 100,624 | 0.5 | 105,448 | 0.5 | 84,124 | 0.4 | 124,080 | 0.6 | 143,844 | 0.7 |
| 128,707 | 0.6 | 190,615 | 0.9 | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — | — |
| 69,752 | 0.3 | 33,738 | 0.2 | 65,129 | 0.3 | 50,850 | 0.3 | 29,405 | 0.1 |
| 225,467 | 1.1 | 107,669 | 0.5 | — | — | — | — | — | — |
| 91,642 | 0.4 | — | — | — | — | — | — | — | — |
| 40,838 | 0.2 | — | — | — | — | — | — | — | — |
| 136,885 | 0.7 | 100,958 | 0.5 | 95,890 | 0.5 | 166,107 | 0.8 | 242,335 | 1.2 |
| — | — | — | — | — | — | — | — | — | — |
| 129,654 | 0.6 | — | — | — | — | — | — | — | — |
| 138,530 | 0.7 | 136,291 | 0.7 | 142,397 | 0.7 | 146,639 | 0.7 | 146,476 | 0.7 |
| 55,208 | 0.3 | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — | — |
| 162,237 | 0.8 | 180,296 | 0.9 | 153,106 | 0.7 | 146,790 | 0.7 | 147,477 | 0.7 |
| 46,297 | 0.2 | 45,091 | 0.2 | 51,389 | 0.2 | 39,329 | 0.2 | 66,531 | 0.3 |
| — | — | — | — | — | — | — | — | — | — |
| 176,287 | 0.9 | 209,816 | 1.0 | 207,170 | 1.0 | 195,133 | 0.9 | 180,815 | 0.9 |
| — | — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — | — |
| 78,571 | 0.4 | 147,800 | 0.7 | — | — | — | — | — | — |
| 38,257 | 0.2 | 40,645 | 0.2 | 42,452 | 0.2 | 40,244 | 0.2 | 40,698 | 0.2 |
| 18,548 | 0.1 | 16,600 | 0.1 | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — | — |
| 1,544,732 | 7.5 | 1,351,443 | 6.6 | 1,260,107 | 6.1 | 1,110,252 | 5.4 | 795,381 | 3.8 |
| 165,734 | 0.8 | 252,328 | 1.2 | 225,942 | 1.1 | 288,096 | 1.4 | 371,436 | 1.8 |
| 49,683 | 0.2 | — | — | — | — | — | — | — | — |
| 480,607 | 2.3 | 97,562 | 0.5 | 139,035 | 0.7 | 221,668 | 1.1 | — | — |
| 48,927 | 0.2 | 69,466 | 0.3 | 77,597 | 0.4 | 85,634 | 0.4 | 97,431 | 0.5 |
| 141,015 | 0.7 | 564,145 | 2.8 | 467,713 | 2.3 | 217,005 | 1.1 | — | — |
| — | — | 17,657 | 0.1 | 52,480 | 0.3 | 31,390 | 0.2 | — | — |
| — | — | — | — | — | — | 942,080 | 4.6 | 1,115,580 | 5.3 |
| — | — | — | — | — | — | 144,408 | 0.7 | 872,731 | 4.2 |
| 168,969 | 0.8 | 326,312 | 1.9 | 717,622 | 3.5 | 688,808 | 3.2 | 727,706 | 3.5 |
| 20,625,652 | 100.0% | 20,382,701 | 100.0% | 20,628,861 | 100.0% | 20,608,351 | 100.0% | 20,923,713 | 100.0% |

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit 5-5

Enplaned Passengers
(Unaudited)

Detroit Metropolitan Airport

| Airline ¹ | 2020 | | 2019 Stub ³ | | 2019 | | 2018 | | 2017 | | 2016 | |
|--|------------------------|---------|------------------------|---------|------------------------|---------|------------------------|---------|------------------------|---------|------------------------|---------|
| | Passenger enplanements | Share | Passenger enplanements | Share | Passenger enplanements | Share | Passenger enplanements | Share | Passenger enplanements | Share | Passenger enplanements | Share |
| Domestic: | | | | | | | | | | | | |
| Alaska Airlines | 26,173 | 0.37 | 12,560 | 0.27 | 66,494 | 0.37 | 103,328 | 0.59 | 72,380 | 0.42 | 66,040 | 0.39 |
| American/US Airways (Air Wisconsin) ⁷ | — | — | — | — | — | — | 2,541 | 0.01 | 45,400 | 0.26 | 63,898 | 0.37 |
| American/US Airways (Envoy) ^{1,7} | 13,834 | 0.20 | 11,923 | 0.26 | 42,858 | 0.24 | 44,557 | 0.25 | 44,914 | 0.26 | 67,414 | 0.39 |
| American/US Airways (Mesa) ⁷ | — | — | — | — | — | — | — | — | — | — | — | — |
| American/US Airways (Piedmont) ⁷ | 12,325 | 0.18 | 5,794 | 0.13 | 22,024 | 0.12 | 25,553 | 0.14 | 8,985 | 0.05 | 3,621 | 0.02 |
| American/US Airways (PSA) ⁷ | 45,923 | 0.65 | 14,599 | 0.32 | 77,446 | 0.43 | 101,289 | 0.58 | 81,867 | 0.47 | 58,585 | 0.34 |
| American/US Airways (Republic) ⁷ | 41,195 | 0.59 | 42,222 | 0.92 | 110,491 | 0.61 | 99,408 | 0.57 | 118,354 | 0.68 | 156,144 | 0.91 |
| American/US Airways (SkyWest) ⁷ | 34,092 | 0.49 | 19,324 | 0.42 | 107,275 | 0.59 | 101,370 | 0.58 | 63,056 | 0.36 | — | — |
| American/US Airways ⁷ | 305,637 | 4.35 | 149,269 | 3.24 | 616,536 | 3.40 | 672,190 | 3.83 | 725,334 | 4.20 | 761,214 | 4.44 |
| Delta (Chautauqua) | — | — | — | — | — | — | — | — | — | — | — | — |
| Delta (Comair) | — | — | — | — | — | — | — | — | — | — | — | — |
| Delta (Compass) | — | — | — | — | — | — | — | — | 117,490 | 0.68 | 111,614 | 0.65 |
| Delta (Endeavor) ⁴ | 857,422 | 12.20 | 258,062 | 5.60 | 1,078,599 | 5.95 | 1,117,394 | 6.36 | 1,223,918 | 7.08 | 1,677,874 | 9.79 |
| Delta (ExpressJet) ⁵ | — | — | — | — | — | — | 137,411 | 0.78 | 547,541 | 3.17 | 1,150,700 | 6.72 |
| Delta (GoJet) | 72,599 | 1.03 | 180,630 | 3.92 | 1,020,755 | 5.63 | 1,056,632 | 6.02 | 745,286 | 4.31 | 230,733 | 1.35 |
| Delta (Mesaba Aviation) | — | — | — | — | — | — | — | — | — | — | — | — |
| Delta (Republic) | 144,056 | 2.05 | 41,827 | 0.91 | 202,409 | 1.12 | 193,050 | 1.10 | 111,888 | 0.65 | — | — |
| Delta (Shuttle America) | — | — | — | — | — | — | — | — | 48,860 | 0.28 | 264,188 | 1.54 |
| Delta (Sky West) | 555,566 | 7.91 | 484,418 | 10.51 | 1,607,625 | 8.87 | 1,351,867 | 7.70 | 1,114,479 | 6.45 | 570,927 | 3.33 |
| Delta Air Lines | 3,030,599 | 43.30 | 2,153,405 | 46.73 | 8,100,030 | 44.70 | 7,534,271 | 42.91 | 7,456,453 | 43.15 | 7,486,766 | 43.70 |
| Frontier | 89,045 | 1.27 | 53,179 | 1.15 | 156,073 | 0.86 | 162,764 | 0.93 | 208,426 | 1.21 | 149,124 | 0.87 |
| JetBlue Airways | 24,106 | 0.34 | 24,963 | 0.54 | 97,800 | 0.54 | 141,241 | 0.80 | 142,117 | 0.82 | 146,799 | 0.86 |
| Southwest/Airtran Airlines ⁵ | 271,066 | 3.86 | 168,250 | 3.65 | 739,895 | 4.08 | 836,627 | 4.76 | 848,036 | 4.91 | 845,604 | 4.94 |
| Spirit Airlines | 912,833 | 12.99 | 441,980 | 9.59 | 1,755,071 | 9.69 | 1,607,113 | 9.15 | 1,424,905 | 8.25 | 1,289,024 | 7.52 |
| United/Continental (ExpressJet) ^{2,3} | 6,030 | 0.09 | 10,111 | 0.22 | 5,374 | 0.03 | 1,637 | 0.01 | 5,268 | 0.03 | 9,002 | 0.05 |
| United/Continental (GoJet) ² | 18,381 | 0.26 | 2,101 | 0.05 | 23,516 | 0.13 | 22,350 | 0.13 | 7,011 | 0.04 | 31,741 | 0.19 |
| United/Continental (Mesa) ² | 48,704 | 0.69 | 35,272 | 0.77 | 151,636 | 0.84 | 148,448 | 0.85 | 153,771 | 0.89 | 140,502 | 0.82 |
| United/Continental (Republic) ² | 50,526 | 0.72 | 41,509 | 0.90 | 182,677 | 1.01 | 183,134 | 1.04 | 124,655 | 0.72 | 92,302 | 0.54 |
| United/Continental (Skywest) ² | 53,867 | 0.77 | 20,437 | 0.44 | 60,884 | 0.34 | 67,976 | 0.39 | 46,470 | 0.27 | 69,388 | 0.41 |
| United/Continental Airlines ² | 37,750 | 0.54 | 45,219 | 0.98 | 202,935 | 1.12 | 203,974 | 1.16 | 218,781 | 1.27 | 171,058 | 1.00 |
| USA 3000 | — | — | — | — | — | — | — | — | — | — | — | — |
| Other ⁴ | 4,828 | 0.07 | 2,118 | 0.05 | 10,805 | 0.06 | 1,412 | 0.01 | 19,868 | 0.11 | 65,294 | 0.38 |
| Total Domestic | 6,656,557 | 94.92 | 4,219,172 | 91.57 | 16,439,208 | 90.73 | 15,917,537 | 90.65 | 15,725,513 | 90.99 | 15,679,556 | 91.52 |
| International: | | | | | | | | | | | | |
| Aeromexico | — | — | — | — | 30,230 | 0.17 | 29,317 | 0.17 | 19,954 | 0.12 | — | — |
| Aeromexico Connect | 10,784 | 0.15 | 16,815 | 0.36 | 48,690 | 0.27 | 16,771 | 0.10 | — | — | — | — |
| Air Canada | 6,960 | 0.10 | 11,875 | 0.26 | 51,414 | 0.28 | 45,462 | 0.26 | 40,781 | 0.24 | 32,392 | 0.19 |
| Air France | 16,121 | 0.23 | 21,368 | 0.46 | 76,999 | 0.42 | 75,679 | 0.43 | 71,462 | 0.41 | 71,642 | 0.42 |
| American/US Airways ⁷ | — | — | — | — | — | — | — | — | — | — | 566 | — |
| Delta (Comair) | — | — | — | — | — | — | — | — | — | — | — | — |
| Delta (Compass) | — | — | — | — | — | — | — | — | 5,841 | 0.03 | 18,703 | 0.11 |
| Delta (Endeavor) ⁴ | — | — | — | — | — | — | — | — | — | — | — | — |
| Delta (Mesaba Aviation) | — | — | — | — | — | — | — | — | — | — | — | — |
| Delta Air Lines | 300,425 | 4.28 | 305,622 | 6.63 | 1,324,833 | 7.31 | 1,315,807 | 7.49 | 1,275,473 | 7.38 | 1,161,607 | 6.78 |
| KLM-Royal Dutch Airlines | — | — | — | — | — | — | — | — | — | — | — | — |
| Lufthansa | 10,969 | 0.16 | 19,410 | 0.42 | 80,019 | 0.44 | 89,688 | 0.51 | 77,521 | 0.45 | 71,472 | 0.42 |
| Royal Jordanian Airlines | 3,217 | 0.05 | 3,633 | 0.08 | 20,725 | 0.11 | 16,163 | 0.09 | 14,937 | 0.09 | 13,403 | 0.08 |
| Southwest/Airtran Airlines ⁵ | — | — | — | — | — | — | — | — | — | — | — | — |
| Spirit Airlines | 21,432 | 0.31 | 10,313 | 0.22 | 34,953 | 0.19 | 36,024 | 0.21 | 28,806 | 0.17 | 22,575 | 0.13 |
| Virgin Atlantic Airways | — | — | — | — | — | — | — | — | 19,417 | 0.11 | 47,380 | 0.28 |
| WOW air | — | — | — | — | 14,122 | 0.08 | 16,170 | 0.09 | — | — | — | — |
| Other ⁴ | 126 | — | — | — | — | — | — | — | 1,514 | 0.01 | 11,391 | 0.07 |
| Total International | 370,034 | 5.28 | 389,036 | 8.43 | 1,681,985 | 9.27 | 1,641,081 | 9.35 | 1,555,706 | 9.01 | 1,451,131 | 8.48 |
| Grand Total | 7,026,591 | 100.20% | 4,608,208 | 100.00% | 18,121,193 | 100.00% | 17,558,618 | 100.00% | 17,281,219 | 100.00% | 17,130,687 | 100.00% |

¹ Signatory Affiliate Airlines are associated based on 2020 affiliations and shown in parentheses to major carrier name.

All historical enplanements for these affiliates are shown on one line regardless of prior affiliations.

² Continental Airlines merged with and into United Airlines on October 1, 2010 and for comparative purposes, are shown as one in this report.

³ Atlantic Southeast Airlines acquired ExpressJet on November 22, 2011 and began operating as ExpressJet. For comparative purposes, entities are shown as one in this report

⁴ Effective August 1, 2013, Pinnacle Airlines changed its legal name to Endeavor Air.

⁵ Southwest Airlines acquired AirTran Airways on May 2, 2011 and for comparative purposes, are shown as one in this report.

⁶ Effective April 15, 2014, American Eagle changed its legal name to Envoy Air.

⁷ US Airways merged with American Airlines on April 8, 2015 and for comparative purposes, are shown as one in this report.

⁸ Includes airlines no longer serving Detroit Metro or carriers with insignificant activity.

⁹ The Authority converted from a September 30 fiscal year end to a December 31 fiscal year end. To facilitate the fiscal year end conversion a "stub" reporting period encompassing the three month period from October 1, 2019 through December 31, 2019 was completed.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

(Continued)

Detroit Metropolitan Airport

| 2015 | | 2014 | | 2013 | | 2012 | | 2011 | |
|------------------------|---------|------------------------|---------|------------------------|---------|------------------------|---------|------------------------|---------|
| Passenger enplanements | Share | Passenger enplanements | Share | Passenger enplanements | Share | Passenger enplanements | Share | Passenger enplanements | Share |
| 57,636 | 0.35 | — | — | — | — | — | — | — | — |
| 34,465 | 0.21 | 57,178 | 0.35 | 63,752 | 0.40 | 71,394 | 0.44 | 81,860 | 0.50 |
| 136,328 | 0.83 | 169,854 | 1.05 | 169,407 | 1.05 | 162,633 | 1.01 | 154,136 | 0.95 |
| 13,713 | 0.08 | 29,246 | 0.18 | 26,173 | 0.16 | 37,154 | 0.23 | 19,074 | 0.12 |
| — | — | — | — | — | — | — | — | — | — |
| 39,344 | 0.24 | 5,492 | 0.03 | 6,519 | 0.04 | 10,716 | 0.07 | 5,990 | 0.04 |
| 178,734 | 1.09 | 92,224 | 0.57 | 96,509 | 0.60 | 80,347 | 0.50 | 111,361 | 0.69 |
| — | — | — | — | — | — | — | — | — | — |
| 732,616 | 4.46 | 725,183 | 4.47 | 662,355 | 4.12 | 635,870 | 3.95 | 616,654 | 3.80 |
| 140,318 | 0.85 | 560,376 | 3.46 | 448,754 | 2.79 | 217,573 | 1.35 | 168,194 | 1.04 |
| — | — | — | — | — | — | 811,218 | 5.02 | 945,095 | 5.82 |
| 120,847 | 0.73 | 207,036 | 1.28 | 175,829 | 1.09 | 241,508 | 1.49 | 312,578 | 1.93 |
| 1,556,601 | 9.46 | 2,159,842 | 13.32 | 3,080,866 | 19.16 | 2,698,992 | 16.69 | 2,254,208 | 13.89 |
| 1,276,020 | 7.76 | 1,098,157 | 6.77 | 978,390 | 6.09 | 885,230 | 5.47 | 650,836 | 4.01 |
| 107,108 | 0.65 | 160,650 | 0.99 | — | — | — | — | — | — |
| — | — | — | — | — | — | 123,066 | 0.76 | 721,808 | 4.45 |
| — | — | — | — | — | — | — | — | — | — |
| 475,505 | 2.89 | 86,319 | 0.53 | 121,712 | 0.76 | 190,663 | 1.18 | 85,863 | 0.53 |
| 353,817 | 2.15 | 251,177 | 1.55 | — | — | — | — | — | — |
| 7,249,879 | 44.09 | 6,856,076 | 42.28 | 6,568,924 | 40.86 | 6,349,263 | 39.27 | 6,651,576 | 40.99 |
| 92,038 | 0.56 | 98,958 | 0.61 | 80,496 | 0.50 | 125,186 | 0.77 | 140,291 | 0.86 |
| 105,591 | 0.64 | — | — | — | — | — | — | — | — |
| 784,365 | 4.77 | 828,595 | 5.11 | 832,772 | 5.18 | 842,732 | 5.21 | 813,744 | 5.02 |
| 1,096,225 | 6.67 | 875,463 | 5.40 | 755,169 | 4.70 | 711,134 | 4.40 | 703,335 | 4.33 |
| 76,704 | 0.47 | 143,587 | 0.89 | 130,342 | 0.81 | 123,199 | 0.76 | 112,402 | 0.69 |
| 42,751 | 0.26 | 40,249 | 0.25 | 44,311 | 0.28 | 34,532 | 0.21 | 57,089 | 0.35 |
| 80,084 | 0.49 | 18,478 | 0.11 | 42,346 | 0.26 | 43,702 | 0.27 | 19,733 | 0.12 |
| — | — | — | — | — | — | — | — | — | — |
| 65,860 | 0.40 | 31,384 | 0.19 | 58,464 | 0.36 | 43,592 | 0.27 | 29,789 | 0.18 |
| 105,188 | 0.64 | 78,956 | 0.49 | 70,789 | 0.44 | 128,634 | 0.80 | 195,711 | 1.21 |
| — | — | — | — | — | — | — | — | 153 | — |
| 86,562 | 0.53 | 177,393 | 1.09 | 251,438 | 1.56 | 233,942 | 1.45 | 61,052 | 0.37 |
| 15,008,299 | 91.27 | 14,751,873 | 90.97 | 14,665,317 | 91.21 | 14,802,280 | 91.57 | 14,912,532 | 91.89 |
| — | — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — | — |
| 23,980 | 0.15 | 21,253 | 0.13 | 17,156 | 0.11 | 14,887 | 0.09 | 12,340 | 0.08 |
| 75,576 | 0.46 | 73,512 | 0.45 | 77,751 | 0.48 | 82,675 | 0.51 | 76,568 | 0.47 |
| 520 | — | 1,256 | 0.01 | 1,302 | 0.01 | 1,459 | 0.01 | 1,493 | 0.01 |
| — | — | — | — | — | — | — | — | — | — |
| 17,102 | 0.10 | 8,691 | 0.05 | — | — | — | — | — | — |
| — | — | — | — | 2,175 | 0.01 | 18,094 | 0.11 | 44,711 | 0.28 |
| — | — | — | — | — | — | — | — | 67 | — |
| 1,178,621 | 7.17 | 1,226,121 | 7.56 | 1,180,193 | 7.34 | 1,119,589 | 6.92 | 1,065,984 | 6.57 |
| — | — | — | — | — | — | — | — | — | — |
| 76,694 | 0.47 | 77,650 | 0.48 | 66,977 | 0.42 | 64,854 | 0.40 | 67,952 | 0.42 |
| 12,225 | 0.07 | 14,755 | 0.09 | 14,334 | 0.09 | 15,143 | 0.09 | 14,051 | 0.09 |
| — | — | 12,255 | 0.08 | 11,120 | 0.07 | 10,295 | 0.06 | 11,436 | 0.07 |
| 22,457 | 0.14 | 22,986 | 0.14 | 22,669 | 0.14 | 23,339 | 0.14 | 15,579 | 0.10 |
| 20,442 | 0.12 | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — | — |
| 7,862 | 0.05 | 6,321 | 0.04 | 18,658 | 0.12 | 16,969 | 0.10 | 3,488 | 0.02 |
| 1,435,479 | 8.73 | 1,464,800 | 9.03 | 1,412,335 | 8.79 | 1,367,304 | 8.43 | 1,313,669 | 8.11 |
| 16,443,778 | 100.00% | 16,216,673 | 100.00% | 16,077,652 | 100.00% | 16,169,584 | 100.00% | 16,226,201 | 100.00% |

WAYNE COUNTY AIRPORT AUTHORITY
Exhibit S-6
Debt Service Detail
(Unaudited)

| | Detroit Metropolitan and Willow Run Airports (a) | | | | | | | | | | | |
|------------------------------------|--|-----------------------|------------------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|
| | 2020 | | 2019 Stub ³ | | 2019 | | 2018 | | 2017 | | 2016 | |
| | Principal | Interest ¹ | Principal | Interest ¹ | Principal | Interest ¹ | Principal | Interest ¹ | Principal | Interest ¹ | Principal | Interest ¹ |
| Airport Revenue Bonds: | | | | | | | | | | | | |
| Series 1998A | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 1998B | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2002C | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2002D | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2005 | — | — | — | — | — | — | — | — | — | — | 257,075,000 | 539,025 |
| Series 2007A Jr. Lien | — | — | — | — | — | — | 157,970,000 | — | 4,220,000 | 7,870,985 | 3,985,000 | 8,080,440 |
| Series 2007B | — | — | — | — | — | — | 97,830,000 | — | 5,870,000 | 4,695,100 | 5,580,000 | 5,004,850 |
| Series 2008A | — | — | — | — | 93,190,000 | 861,231 | 5,470,000 | 5,215,250 | 5,390,000 | 5,501,725 | 5,505,000 | 5,783,957 |
| Series 2008B | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2008C | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2008D | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2008E | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2008F | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2010A | — | — | — | — | 32,170,000 | 268,083 | 30,615,000 | 1,863,625 | 29,115,000 | 3,381,875 | 27,680,000 | 4,825,667 |
| Series 2010B | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2010C | 13,405,000 | 1,879,586 | 12,645,000 | 590,631 | 11,785,000 | 2,671,483 | 11,290,000 | 3,256,608 | 22,700,000 | 3,916,192 | 21,275,000 | 5,039,317 |
| Series 2010D | 3,115,000 | 321,798 | 2,920,000 | 110,785 | 2,745,000 | 519,550 | 2,630,000 | 655,841 | 2,490,000 | 786,175 | 2,380,000 | 909,759 |
| Series 2010E-1 | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2010E-2 | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2010F | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2010G | — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2011A | 37,225,000 | 5,388,917 | 35,410,000 | 1,676,458 | — | 7,296,000 | — | 7,296,000 | — | 7,296,000 | — | 7,296,000 |
| Series 2011B | 2,745,000 | 125,813 | 2,615,000 | 56,105 | 2,540,000 | 280,700 | 2,420,000 | 364,366 | 2,310,000 | 484,450 | 2,200,000 | 599,034 |
| Series 2012A | 4,020,000 | 8,309,250 | 3,820,000 | 2,113,333 | 3,645,000 | 8,547,375 | 3,480,000 | 8,728,250 | 100,000 | 8,873,750 | — | 8,873,750 |
| Series 2012B | 810,000 | 1,135,375 | 780,000 | 291,188 | 735,000 | 1,183,875 | 700,000 | 1,220,333 | 100,000 | 1,280,333 | — | 1,254,500 |
| Series 2012C | 260,000 | 9,533 | 255,000 | 4,300 | 245,000 | 22,234 | 235,000 | 31,966 | 225,000 | 40,925 | 220,000 | 47,650 |
| Series 2012D | — | 1,487,000 | 5,560,000 | 418,084 | 5,490,000 | 1,810,750 | 5,240,000 | 2,083,166 | 4,960,000 | 2,342,834 | 7,065,000 | 2,668,375 |
| Series 2013A | — | — | — | — | — | — | 199,070,000 | 693,963 | 330,000 | 2,619,794 | 330,000 | 1,953,065 |
| Series 2013B | — | — | — | — | — | — | 74,375,000 | 260,566 | 185,000 | 976,469 | 180,000 | 716,651 |
| Series 2013C | — | — | — | — | — | — | 114,610,000 | 411,754 | 370,000 | 1,551,374 | 365,000 | 1,151,923 |
| Series 2014A | — | — | — | — | 29,800,000 | 367,605 | 100,000 | 538,723 | 100,000 | 404,728 | — | 300,414 |
| Series 2014B | 100,000 | 3,302,376 | 100,000 | 826,490 | 100,000 | 3,308,292 | 100,000 | 3,312,125 | — | 3,314,625 | — | 3,314,625 |
| Series 2014C | 100,000 | 1,567,250 | 100,000 | 392,446 | 100,000 | 1,572,916 | 100,000 | 1,576,750 | — | 1,579,250 | — | 1,579,250 |
| Series 2015A | 17,625,000 | 2,698,810 | 17,335,000 | 121,833 | 17,050,000 | 631,288 | 16,770,000 | 915,244 | 16,220,000 | 1,193,771 | — | 1,458,931 |
| Series 2015B | — | 2,037,000 | — | 509,250 | — | 2,037,000 | — | 2,037,000 | — | 2,037,000 | — | 2,093,583 |
| Series 2015C | — | 961,500 | — | 240,375 | — | 961,500 | — | 961,500 | — | 961,500 | — | 988,208 |
| Series 2015D | 100,000 | 10,647,166 | 100,000 | 2,662,375 | 100,000 | 10,651,000 | — | 10,653,500 | — | 12,996,670 | — | 7,896,028 |
| Series 2015E | — | 387,751 | — | 96,938 | — | 387,750 | — | 387,750 | — | 452,375 | — | 308,046 |
| Series 2015F | — | 11,207,750 | — | 2,801,937 | — | 11,207,750 | — | 11,207,750 | — | 11,207,750 | — | 10,771,893 |
| Series 2015G | 2,640,000 | 3,399,000 | 2,515,000 | 873,459 | 2,000,000 | 3,552,416 | 1,600,000 | 3,649,084 | 500,000 | 3,717,416 | — | 3,580,860 |
| Series 2015H | 23,125,000 | 218,194 | — | 1,222,339 | — | 587,225 | — | 483,042 | — | 312,880 | — | 223,981 |
| Series 2017A Sr | 100,000 | 2,529,166 | — | 632,375 | — | 2,529,500 | — | 2,452,210 | — | — | — | — |
| Series 2017B Sr | 100,000 | 2,033,167 | — | 508,375 | — | 2,033,500 | — | 1,971,365 | — | — | — | — |
| Series 2017C Sr | 6,090,000 | 3,352,875 | 5,785,000 | 892,771 | 5,010,000 | 3,709,250 | — | 3,798,283 | — | — | — | — |
| Series 2017A Jr | 2,130,000 | 2,794,425 | 2,030,000 | 717,741 | 1,545,000 | 2,917,675 | — | 2,890,932 | — | — | — | — |
| Series 2017B Jr | 2,370,000 | 2,086,625 | 2,260,000 | 542,958 | 1,850,000 | 2,224,917 | — | 2,231,661 | — | — | — | — |
| Series 2017C Jr | — | 1,230,751 | — | 307,688 | — | 1,220,750 | — | 1,193,144 | — | — | — | — |
| Series 2017D | 198,285,000 | 2,206,433 | 350,000 | 1,004,201 | 320,000 | 4,747,118 | — | 3,113,046 | — | — | — | — |
| Series 2017E | 200,000 | 2,694,733 | 200,000 | 675,184 | 180,000 | 2,704,600 | — | 2,108,244 | — | — | — | — |
| Series 2017F | 405,000 | 3,046,745 | 400,000 | 763,702 | 375,000 | 3,080,062 | — | 2,386,571 | — | — | — | — |
| Series 2018A | — | 7,360,500 | — | 1,842,375 | — | 6,489,254 | — | — | — | — | — | — |
| Series 2018B | — | 300,250 | — | 75,063 | — | 264,386 | — | — | — | — | — | — |
| Series 2018C | 5,365,000 | 1,439,716 | 5,290,000 | 399,667 | — | 1,469,823 | — | — | — | — | — | — |
| Series 2018D | — | 2,151,000 | — | 537,750 | — | 1,894,075 | — | — | — | — | — | — |
| Series 2019 | 100,000 | 796,041 | 100,000 | 217,588 | — | 394,518 | — | — | — | — | — | — |
| Series 2020A | — | 71,407 | — | — | — | — | — | — | — | — | — | — |
| Series 2020B | — | 87,315 | — | — | — | — | — | — | — | — | — | — |
| Series 2020C | — | 93,484 | — | — | — | — | — | — | — | — | — | — |
| Airport Hotel Bonds: | | | | | | | | | | | | |
| Series 2001A | — | — | — | — | — | — | — | — | — | — | 99,630,000 | 212,057 |
| Installment Purchase Contracts | | | | | | | | | | | | |
| | — | — | — | — | 1,814,983 | 37,414 | 337,782 | 86,345 | 779,704 | 108,657 | 747,395 | 129,884 |
| Shuttle Payable | | | | | | | | | | | | |
| | 513,596 | 99,929 | 45,721 | 10,054 | — | — | — | — | — | — | — | — |
| Willow Run Notes Payable: | | | | | | | | | | | | |
| Washtenaw County | — | — | — | — | 19,473 | — | 19,476 | — | 19,474 | — | 19,476 | — |
| Downriver Comm. Conf. | 60,000 | — | 19,869 | — | 25,000 | — | — | — | — | — | — | — |
| University of Michigan | — | — | — | — | — | — | — | — | — | — | — | — |
| Less: Bond Refundings ² | (220,950,000) | — | — | — | (117,355,000) | — | (632,310,000) | — | — | — | (343,200,000) | — |
| Totals | \$ 100,038,596 | \$ 87,038,630 | \$ 100,635,590 | \$ 23,036,218 | \$ 95,479,456 | \$ 94,432,865 | \$ 92,652,258 | \$ 90,035,957 | \$ 95,994,178 | \$ 89,874,600 | \$ 90,336,871 | \$ 87,544,123 |

| | Airport Hotel (a) | | | | | | | | | | | |
|------------------------------------|-------------------|-----------------------|------------------------|-----------------------|-----------|-----------------------|-----------|-----------------------|-----------|-----------------------|-----------|-----------------------|
| | 2020 | | 2019 Stub ³ | | 2019 | | 2018 | | 2017 | | 2016 | |
| | Principal | Interest ¹ | Principal | Interest ¹ | Principal | Interest ¹ | Principal | Interest ¹ | Principal | Interest ¹ | Principal | Interest ¹ |
| Airport Hotel Bonds: | | | | | | | | | | | | |
| Series 2001A | \$ — | — | — | — | — | — | — | — | — | — | — | — |
| Series 2001B | — | — | — | — | — | — | — | — | — | — | — | — |
| Less: Bond Refundings ² | | | | | | | | | | | | |
| Other Hotel Debt: | — | — | — | — | — | — | — | — | — | — | — | — |
| CapitalFF&E Reserve Loan | — | — | — | — | — | — | — | — | — | — | — | — |
| Working Capital Loan | — | — | — | — | — | — | — | — | — | — | — | — |
| Totals | \$ — | — | — | — | — | — | — | — | — | — | — | — |

¹ Interest does not include adjustments for capitalized interest, amortization of issuance costs, discount, premium, or refunding costs, and arbitrage.

² Amount of debt service paid through issuance of refunding bonds.

³ The Authority converted from a September 30 fiscal year end to a December 31 fiscal year end. To facilitate the fiscal year end conversion a "stub" reporting period encompassing the three month period from October 1, 2019 through December 31, 2019 was completed.

(a) In October 2015, the Authority entered into a new hotel management agreement and the 2001A Hotel Bonds, which were special facility revenue bonds, were refunded by the 2015G-H Airport Revenue Refunding Bonds. As a result, the operations of the Airport Hotel have been included with the operations of Detroit Metro Airport (see Note 2 of 2016 financial statements for additional discussion).

Source: WCAA Finance Department Records
 See accompanying independent auditor's report.

(Continued)

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-7

Revenue Coverage

(Unaudited)

| | 2020 | 2019 Stub ⁴ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|----------------|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Detroit Metro and Willow Run Airports (a) | | | | | | | | | | | |
| Net revenues: | | | | | | | | | | | |
| Operating revenues | \$ 258,207,158 | \$ 99,684,895 | \$ 396,724,099 | \$ 382,646,192 | \$ 368,132,408 | \$ 363,069,701 | \$ 316,390,119 | \$ 306,800,927 | \$ 289,464,302 | \$ 291,026,902 | \$ 281,687,336 |
| Interest income and other | 5,010,656 | 2,529,138 | 16,589,419 | 7,617,673 | 3,681,738 | 3,956,859 | 2,157,671 | 2,789,211 | 2,026,745 | 1,798,471 | 3,354,863 |
| Federal and state sources | 118,326,432 | 1,783,827 | 8,507,741 | 6,650,317 | 6,655,554 | 5,568,130 | 1,339,342 | 1,029,619 | 1,353,122 | 1,378,911 | 1,326,034 |
| Passenger facility charges | 28,407,906 | 16,415,341 | 72,760,924 | 69,774,131 | 68,128,397 | 66,764,363 | 63,840,589 | 62,016,364 | 61,705,013 | 62,134,255 | 62,197,495 |
| Customer facility charges | 4,950,594 | 5,726,133 | 22,130,671 | 4,548,815 | 4,442,148 | 4,260,370 | 304,510 | — | — | — | — |
| Total revenues | 414,902,746 | 126,139,334 | 516,712,854 | 471,237,128 | 451,040,245 | 443,619,423 | 384,032,231 | 372,636,121 | 354,549,182 | 356,338,539 | 348,565,728 |
| Less operating expenses, not including depreciation | (216,602,382) | (74,550,621) | (271,265,445) | (264,839,591) | (266,638,295) | (252,611,208) | (218,348,139) | (212,847,104) | (195,526,748) | (188,306,672) | (196,428,761) |
| Net revenues | 198,300,364 | 51,588,713 | 245,447,409 | 206,397,537 | 184,401,950 | 191,008,215 | 165,684,092 | 159,789,017 | 159,022,434 | 168,031,867 | 152,136,967 |
| Net debt service: | | | | | | | | | | | |
| Principal ³ | 100,038,596 | 100,635,590 | 95,479,456 | 92,652,258 | 95,994,178 | 90,336,871 | 86,409,236 | 83,228,434 | 80,467,061 | 69,627,483 | 70,086,416 |
| Interest ¹ | 87,038,630 | 23,036,218 | 94,432,865 | 90,035,957 | 89,874,600 | 87,544,123 | 84,525,509 | 85,031,425 | 86,277,279 | 79,703,054 | 84,231,580 |
| Net debt service | 187,077,225 | 124,036,164 | 189,912,321 | 182,688,215 | 185,868,778 | 177,880,994 | 170,934,745 | 168,259,859 | 166,744,340 | 149,330,537 | 154,317,996 |
| Debt Service Coverage ² | 1.06 | 0.42 | 1.29 | 1.13 | 0.99 | 1.07 | 0.97 | 0.95 | 0.95 | 1.13 | 0.99 |
| Pledged Revenue Coverage – Airport Hotel (a) | | | | | | | | | | | |
| Net revenues: | | | | | | | | | | | |
| Operating revenues | — | — | — | — | — | — | 33,345,294 | 32,922,844 | 29,301,463 | 27,611,922 | 29,372,498 |
| Interest income and other | — | — | — | — | — | — | 52,328 | 19,747 | 21,538 | 43,320 | 35,351 |
| Total revenues | — | — | — | — | — | — | 33,397,622 | 32,942,591 | 29,323,001 | 27,655,242 | 29,407,849 |
| Less operating expenses, not including depreciation | — | — | — | — | — | — | (18,793,497) | (23,063,942) | (21,064,105) | (20,888,610) | (22,640,620) |
| Net revenues | — | — | — | — | — | — | 14,604,125 | 9,878,649 | 8,258,896 | 6,766,632 | 6,767,229 |
| Net debt service: | | | | | | | | | | | |
| Principal | — | — | — | — | — | — | 4,185,000 | 3,145,000 | 4,402,147 | 1,639,308 | 1,385,640 |
| Interest ¹ | — | — | — | — | — | — | 5,283,910 | 5,463,680 | 5,703,957 | 5,957,275 | 6,062,988 |
| Net debt service | — | — | — | — | — | — | 9,468,910 | 8,608,680 | 10,106,104 | 7,596,583 | 7,448,628 |
| Debt Service Coverage ² | — | — | — | — | — | — | 1.54 | 1.15 | 0.82 | 0.89 | 0.91 |
| Combined net debt service: | | | | | | | | | | | |
| Principal | 100,038,596 | 101,010,000 | 95,479,456 | 92,652,258 | 95,994,178 | 90,336,871 | 90,594,236 | 86,373,434 | 84,869,208 | 71,266,791 | 71,472,056 |
| Interest ¹ | 87,038,630 | 23,026,164 | 94,432,865 | 90,035,957 | 89,874,600 | 87,544,123 | 89,809,419 | 90,495,105 | 91,981,236 | 85,660,329 | 90,294,568 |
| Total combined net debt service | \$ 187,077,225 | \$ 124,036,164 | \$ 189,912,321 | \$ 182,688,215 | \$ 185,868,778 | \$ 177,880,994 | \$ 180,403,655 | \$ 176,868,539 | \$ 176,850,444 | \$ 156,927,120 | \$ 161,766,624 |

Notes: The Authority has pledged all net Airport revenues solely for the payment of the Airport Revenue Bonds and the Parity Obligations, and a statutory first lien has been granted upon all net revenues for such purpose.

¹ Interest does not include adjustments for capitalized interest, amortization of issuance costs/ bond insurance premiums, discount, premium, refunding costs, or arbitrage.

² Coverage calculations presented in this schedule differ from those required by the Master Bond Ordinance and all series ordinances as shown in the Continuing Disclosures.

³ Principal payments do not include bond refunding payoffs.

⁴ The Authority converted from a September 30 fiscal year end to a December 31 fiscal year end. To facilitate the fiscal year end conversion a "stub" reporting period encompassing the three month period from October 1, 2019 through December 31, 2019 was completed.

(a) In October 2015, the Authority entered into a new hotel agreement and the 2001A Hotel Bonds, which were special facility bonds, were refunded by the 2015G-H Airport Revenue Refunding Bonds. As a result, the operations of the Airport Hotel have been included with the operations of Detroit Metro Airport (see Note 2 of 2016 financial statements for additional discussion).

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-8

Ratios of Outstanding Debt

(Unaudited)

| Outstanding Debt per Enplaned Passenger | 2020 | 2019 Stub ² | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|------------------|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Outstanding debt by type: | | | | | | | | | | | |
| Airport revenue bonds | \$ 1,957,115,000 | \$ 2,056,105,000 | \$ 2,156,675,000 | \$ 2,105,880,000 | \$ 2,145,910,000 | \$ 2,241,105,000 | \$ 2,031,565,000 | \$ 2,116,145,000 | \$ 2,070,180,000 | \$ 2,149,380,000 | \$ 2,026,685,000 |
| Installment purchase contracts | — | — | — | 1,814,983 | 2,152,765 | 2,932,469 | 3,679,864 | 4,454,624 | 5,273,582 | 6,120,019 | 4,354,379 |
| Shuttle Lease Agreement - Other | 2,318,808 | 2,832,404 | — | — | — | — | — | — | — | — | — |
| Willow Run notes payable | 380,000 | 440,000 | 459,869 | 504,342 | 523,820 | 543,294 | 562,770 | 102,246 | 102,246 | 542,346 | 569,365 |
| Airport hotel bonds | — | — | — | — | — | — | 99,630,000 | 103,815,000 | 105,460,000 | 106,940,000 | 108,140,000 |
| Other hotel debt | — | — | — | — | — | — | — | — | 1,500,000 | 4,422,147 | 4,861,455 |
| Bond discounts | (384,498) | (421,914) | (429,538) | (460,034) | (490,528) | (521,022) | (1,766,475) | (1,336,251) | (1,459,143) | (1,583,695) | (3,274,117) |
| Bond premiums | 116,639,031 | 129,055,864 | 132,163,640 | 119,320,631 | 74,855,937 | 89,758,579 | 51,018,768 | 59,941,546 | 60,323,458 | 67,169,038 | 38,070,986 |
| Total outstanding debt | \$ 2,076,068,341 | \$ 2,187,626,354 | \$ 2,288,868,971 | \$ 2,227,059,922 | \$ 2,222,951,994 | \$ 2,333,818,320 | \$ 2,184,689,927 | \$ 2,283,122,165 | \$ 2,241,380,143 | \$ 2,332,989,855 | \$ 2,179,407,068 |
| Enplaned passengers | 7,026,591 | 4,608,208 | 18,121,193 | 17,558,618 | 17,281,219 | 17,130,687 | 16,443,778 | 16,216,673 | 16,077,652 | 16,169,584 | 16,226,201 |
| Outstanding debt per enplaned passenger | \$ 295.46 | \$ 474.72 | \$ 126.31 | \$ 126.84 | \$ 128.63 | \$ 136.24 | \$ 132.86 | \$ 140.79 | \$ 139.41 | \$ 144.28 | \$ 134.31 |
| Combined net debt service per enplaned passenger | | | | | | | | | | | |
| Combined net debt service ¹ | \$ 187,077,225 | \$ 123,671,808 | \$ 189,912,321 | \$ 182,688,215 | \$ 185,868,778 | \$ 177,880,994 | \$ 180,403,655 | \$ 176,868,539 | \$ 176,850,444 | \$ 156,927,120 | \$ 161,766,624 |
| Enplaned passengers | 7,026,591 | 4,608,208 | 18,121,193 | 17,558,618 | 17,281,219 | 17,130,687 | 16,443,778 | 16,216,673 | 16,077,652 | 16,169,584 | 16,226,201 |
| Net debt service per enplaned passenger | \$ 26.62 | \$ 26.92 | \$ 10.48 | \$ 10.40 | \$ 10.76 | \$ 10.38 | \$ 10.97 | \$ 10.91 | \$ 11.00 | \$ 9.71 | \$ 9.97 |

¹ Combined Net Debt Service does not include adjustments for capitalized interest, amortization of issuance costs/bond insurance premiums, discount, premium, refunding costs, or arbitrage.

² The Authority converted from a September 30 fiscal year end to a December 31 fiscal year end. To facilitate the fiscal year end conversion a "stub" reporting period encompassing the three month period from October 1, 2019 through December 31, 2019 was completed.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-9

Authority Employees

(Unaudited)

| | Authority Full-Time Positions * | | | | | | | | | | |
|--------------------------------|---------------------------------|------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2020 | 2019 Stub ¹ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Administration | 12 | 16 | 16 | 15 | 12 | 10 | 11 | 9 | 8 | 8 | 16 |
| Internal Audit | 1 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Legal | 4 | 3 | 2 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Finance | 21 | 23 | 23 | 28 | 33 | 33 | 32 | 33 | 32 | 31 | 34 |
| Information Technology | 14 | 18 | 18 | 20 | 20 | 17 | 18 | 15 | 14 | 12 | 13 |
| Procurement/Business Diversity | 16 | 18 | 18 | 16 | 16 | 19 | 16 | 15 | 14 | 14 | 18 |
| Human Resources | 11 | 14 | 14 | 12 | 12 | 13 | 13 | 11 | 11 | 11 | 14 |
| Maintenance/Facilities | 230 | 249 | 249 | 245 | 235 | 216 | 196 | 199 | 194 | 192 | 206 |
| Airfield Operations | 36 | 44 | 45 | 47 | 47 | 47 | 42 | 40 | 39 | 40 | 44 |
| Public Safety | 208 | 237 | 240 | 231 | 224 | 223 | 205 | 204 | 203 | 204 | 209 |
| Planning & Development | 33 | 33 | 32 | 30 | 29 | 32 | 31 | 25 | 28 | 24 | 19 |
| Business Development | 36 | 46 | 45 | 45 | 46 | 41 | 37 | 37 | 32 | 33 | 34 |
| Willow Run | 3 | 13 | 13 | 14 | 13 | 13 | 11 | 11 | 11 | 11 | 11 |
| Pooled Positions | — | 3 | 3 | — | — | — | — | — | — | — | — |
| Totals | 625 | 719 | 720 | 711 | 695 | 672 | 620 | 607 | 594 | 588 | 626 |

* Represents both filled and budget-approved full-time positions as of each fiscal year end. Headcount actuals are lower due to employee turnover and amount of available positions at different times during the year.

¹ The Authority converted from a September 30 fiscal year end to a December 31 fiscal year end. To facilitate the fiscal year end conversion a "stub" reporting period encompassing the three month period from October 1, 2019 through December 31, 2019 was completed.

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

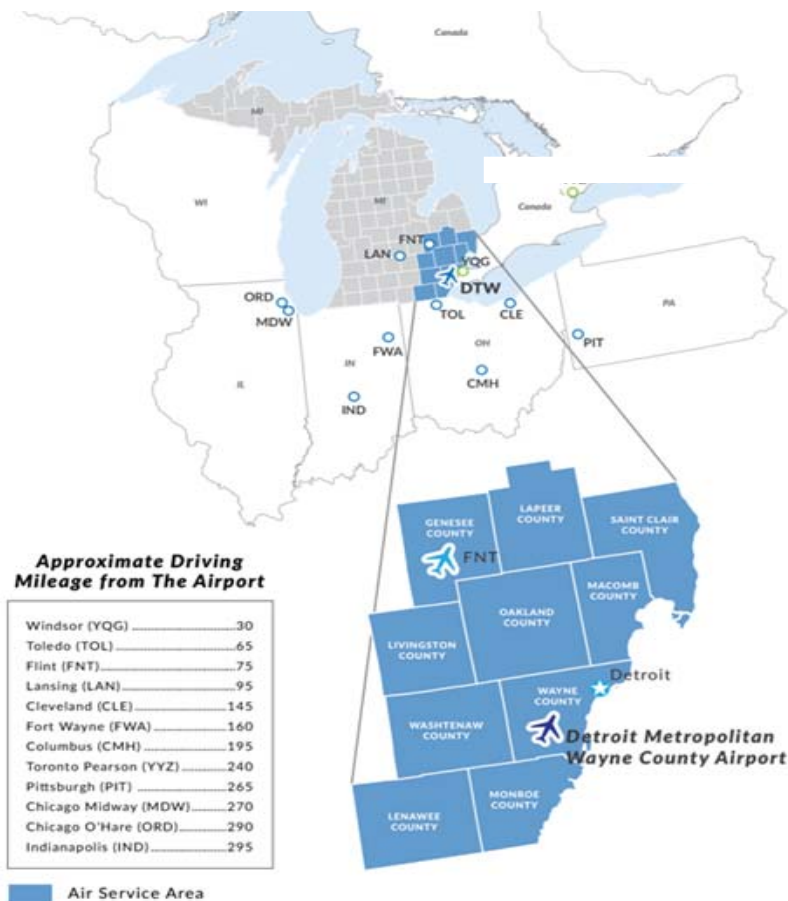
Exhibit S-10: Demographic and Economic Information

The Authority is a regional entity that spans multiple jurisdictions. The Authority has operational jurisdiction of Detroit Metropolitan Wayne County Airport (DTW) and Willow Run Airport (YIP), as well as an Airport Hotel.

Detroit Metropolitan Wayne County Airport is a major commercial airport located in Romulus, Michigan classified a large hub by the FAA with 1 percent or more of total U.S. passengers enplaned. As of 2019, Detroit Metro Airport is the eighteenth busiest airport in the United States and the thirty-fourth busiest airport in the world (by operations). Nearby to DTW is the smaller non-commercial airport Willow Run that serves freight, corporate, and general aviation clients. Together, these airports serve a Primary Air Trade Area commonly referred to as Metropolitan Detroit (Metro Detroit).

The United States Office of Management and Budget (OMB) defines the ten-county region in which DTW is located the *Detroit-Warren-Ann Arbor Combined Statistical Area (CSA)*. The region is comprised of the ten Michigan counties of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw and Wayne. This area is defined based on commuting patterns and constitutes the labor market region of Metro Detroit with a population of 5.3 million as of the 2010 census.

Detroit Metro Airport also serves the Toledo, Ohio, area, which is located approximately 47 miles south of the airport, and the city of Windsor, Ontario in nearby Canada. The Total Air Trade Area incorporates these regions along with the Primary Air Trade Area of Metro Detroit.



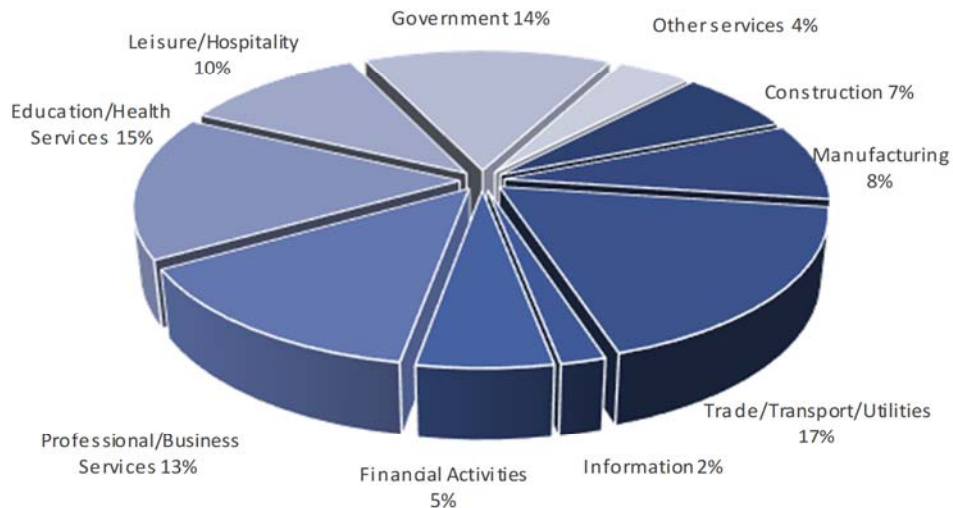
WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-10 A

Selected Demographic and Economic Information for the Primary Air Trade Area

(Unaudited)

| | |
|--|---------------|
| Population (2019) Est. | 5,341,994 |
| Population (2010) | 5,218,852 |
| Population (2000) | 5,357,538 |
| Population (1990) | 5,095,695 |
| Percentage Increase in Population - 2010 to 2019 | 2.4% |
| Percentage Female | 51.2% |
| Percentage Male | 48.8% |
| Personal Income (millions) (2019) | \$284,723,000 |
| Percent of U.S. Total | 1.5% |
| Per Capita Personal Income (2019) | \$53,299 |
| Per Capita Personal Income (2019) - U.S. | \$56,490 |
| Unemployment Rate (2019 December) | 5.3% |
| Unemployment Rate (2019 September) | 4.0% |
| Unemployment Rate (2018 September) | 3.7% |
| Total Households (millions) | 2.1 |
| Average Household Size (people) | 2.5 |



Note: Civilian, non-agricultural employment only. Construction includes mining and forestry
 SOURCE: Bureau of Labor Statistics, U.S. Department of Labor, data are not seasonally-adjusted.

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY
 Exhibit S-10 B
 Principal Employers in Primary Air Trade Area
 (Unaudited)

| Employer | City | Metro Employees 2020 * | Metro Employees 2019 ** | Percentage (%) Change | Type of Business |
|--------------------------|--------------|---------------------------------------|--|----------------------------------|--|
| Ford Motor Co. | Dearborn | 46,000 | 46,000 | 0.0% | Automobile Manufacturer |
| FCA US LLC | Auburn Hills | 38,744 | 34,452 | 12.5% | Automobile Manufacturer |
| University of Michigan | Ann Arbor | 36,323 | 35,350 | 2.8% | Public University & Health Care System |
| General Motors Corp. | Detroit | 32,645 | 32,770 | -0.4% | Automobile Manufacturer |
| Beaumont Health | Southfield | 25,786 | 27,492 | -6.2% | Health Care System |
| Henry Ford Health System | Detroit | 21,369 | 26,929 | -20.6% | Health Care System |
| U.S. Government | Detroit | 18,893 | 18,893 | 0.0% | Federal Government |
| Rock Ventures | Detroit | 15,250 | 17,887 | -14.7% | Financial Services/Real Estate |
| Trinity Health Michigan | Livonia | 14,575 | 16,403 | -11.1% | Health Care System |
| Ascension Michigan | Warren | 12,771 | 12,616 | 1.2% | Health Care System |

* Data as of July 2020

** Data as of July 2019

Source: Crain's Detroit Business, July 2020

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-11

Airport Information

(Unaudited)

Detroit Metropolitan Airport

Location: 20 miles southwest of Detroit in the city of Romulus

Area: 7,342 acres

Airport Code: DTW

| | <u>Length (ft)</u> |
|----------|--------------------|
| Runways: | |
| 3R/21L | 10,001 |
| 3L/21R | 8,501 |
| 9R/27L | 8,500 |
| 9L/27R | 8,708 |
| 4R/22L | 12,003 |
| 4L/22R | 10,000 |

| | | |
|------------|----------------------------|-----|
| Terminals: | McNamara Terminal | |
| | In-Service Passenger Gates | 104 |
| | Operating Concessions | 82 |
| | North Terminal | |
| | In-Service Passenger Gates | 29 |
| | Operating Concessions | 27 |

| | | |
|----------|------------------------------|------------|
| Parking: | Spaces Available: | |
| | McNamara Parking Structure | 10,117 |
| | Big Blue Deck and Short-Term | 6,530 |
| | Green Lot 1 | 1,517 |
| | Green Lot 2 | <u>900</u> |
| | Total Spaces | 19,064 |

International: Customs/Immigration F.I.S. Facility

Tower(s): AIR TRAFFIC CONTROL TOWER 24/7/365
Delta Air Lines Ramp Control Tower 24/7/365
North Terminal Ramp Control Tower 24/7/365

FBO(s): Signature Flight Support

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

WAYNE COUNTY AIRPORT AUTHORITY

Exhibit S-12

Airport Information

(Unaudited)

Willow Run Airport

Location: 7 miles west of Detroit Metropolitan Airport
bordering on Wayne and Washtenaw Counties

Area: 2,360 acres

Airport Code: YIP

| | | <u>Length (ft)</u> |
|----------|--------|--------------------|
| Runways: | 5L/23R | 5,996 |
| | 5R/23L | 7,543 |
| | 9/27 | 7,292 |

Corporate/Private Space: Three General Aviation Terminals
T-Hangars (qty. 110)
Yankee Air Museum

International: U.S. Customs (user fee airport)

Tower: FAA 24/7

FBOs: Avflight
Odyssey Aviation

Source: WCAA Finance Department Records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Documents Incorporated By Reference
Operating Year Ended December 31, 2020

Portions of the following documents are incorporated herein by reference into sections of the Financial Report as indicated:

| <u>Document</u> | <u>Part of Financial Report into which incorporated</u> |
|---------------------|---|
| None ^(a) | Not applicable |

(a) There was no public debt issued during the operating year ended December 31, 2020

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #1

Debt Service Requirements and Coverage

Operating Year 2020

(Unaudited)

| | Net revenues available - [1] (thousands) | Total debt service requirements (thousands) | Debt service coverage | Airline cost per enplaned passenger |
|-----------------------------------|---|--|----------------------------------|--|
| Senior Lien | \$ 239,327 | \$ 170,900 | 1.40 | \$ 20.71 |
| Total Senior Lien and Junior Lien | \$ 239,327 | \$ 181,531 | 1.32 | \$ 20.71 |

[1] - Includes net revenues, revenue fund balance, and other available monies

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #2

Operation and Maintenance Expenses

Operating years ended September 30 (2016 through 2019),

Three-month period ended December 31, 2019 and

Operating year ended December 31, 2020

(In thousands of dollars, except as noted)

(Unaudited)

| Description | Three-month | | | | | |
|--|-------------------|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| | OY 2020 | Period Ended Dec. 31, 2019 | OY 2019 | OY 2018 | OY 2017 | OY 2016 |
| Salaries and wages | \$ 57,696 | \$ 15,635 | \$ 60,996 | \$ 58,693 | \$ 57,511 | \$ 52,684 |
| Employee benefits | 30,897 | 10,514 | 35,825 | 35,840 | 28,720 | 35,497 |
| | <u>88,593</u> | <u>26,149</u> | <u>96,821</u> | <u>94,533</u> | <u>86,231</u> | <u>88,181</u> |
| Contractual services: | | | | | | |
| Parking management | 5,488 | 1,823 | 7,607 | 8,405 | 7,987 | 7,909 |
| Hotel management (a) | 10,550 | 5,399 | 19,746 | 19,702 | 18,612 | 22,678 |
| Security expenses | 4,882 | 1,553 | 6,000 | 6,031 | 5,149 | 3,745 |
| Janitorial services | 14,038 | 4,120 | 16,917 | 14,406 | 13,515 | 11,992 |
| Shuttle bus | 7,316 | 2,002 | 7,779 | 6,849 | 8,169 | 7,194 |
| Other services | 22,064 | 7,226 | 26,135 | 27,920 | 23,893 | 24,870 |
| Total contractual services | <u>64,338</u> | <u>22,123</u> | <u>84,184</u> | <u>83,313</u> | <u>77,325</u> | <u>78,388</u> |
| Wayne County administrative services | 67 | 18 | 123 | 123 | 86 | 103 |
| Repairs and maintenance | 27,372 | 8,740 | 36,445 | 33,039 | 32,251 | 33,123 |
| Supplies and other operating expenses | 9,863 | 3,550 | 15,677 | 14,740 | 13,921 | 13,791 |
| Insurance | 1,942 | 460 | 1,878 | 1,902 | 2,049 | 2,075 |
| Utilities | 19,217 | 5,195 | 22,870 | 23,388 | 22,947 | 21,939 |
| Rentals | 70 | 36 | 284 | 182 | 123 | 113 |
| Interest expense and paying agent fees | 373 | — | 95 | 109 | 121 | 92 |
| Capital expenses | 8,264 | 2,470 | 10,177 | 8,816 | 13,216 | 10,874 |
| | <u>67,168</u> | <u>20,469</u> | <u>87,549</u> | <u>82,299</u> | <u>84,714</u> | <u>82,110</u> |
| Total O&M expenses | <u>\$ 220,099</u> | <u>68,741</u> | <u>\$ 268,554</u> | <u>\$ 260,145</u> | <u>\$ 248,270</u> | <u>\$ 248,679</u> |

- (a) On October 15, 2015, the Authority entered into a new hotel management agreement and the 2001A Hotel Bonds, which were special facility revenue bonds, were refunded by the 2015G-H Airport Revenue Refunding Bonds. As a result, as of October 15, 2015, the net revenues of the Hotel are included in the Net Revenues pledged toward the repayment of all the Authority's general airport revenue bonds and hotel management expenses are included in the Authority's operation and management expenses. At this time, all outstanding bonds, including the 2015G-H Airport Revenue Refunding Bonds, are all general airport revenue bonds.

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #3

Operating Revenues

Operating years ended September 30 (2016 through 2019),

Three-month period ended December 31, 2019 and

Operating year ended December 31, 2020

(In thousands of dollars, except as noted)

(Unaudited)

| Description | OY 2020 | Three-month Period Ended Dec. 31, 2019 | OY 2019 | OY 2018 | OY 2017 | OY 2016 |
|---------------------------------------|-------------------|--|-------------------|-------------------|-------------------|-------------------|
| Airline revenues: | | | | | | |
| Rental and use fees: | | | | | | |
| Terminal building rentals and fees | \$ 65,867 | \$ 16,374 | \$ 66,670 | \$ 63,641 | \$ 60,688 | \$ 61,227 |
| Common-use/shared-use area rentals | 15,227 | 6,306 | 24,556 | 23,770 | 22,632 | 24,161 |
| Debt service recapture | 988 | 247 | 988 | 988 | 1,109 | 1,718 |
| Facilities use fees | 2,276 | 2,116 | 9,714 | 8,877 | 8,475 | 8,036 |
| Add/(Subtract) rental fee adjustment | 3,606 | (1,580) | (3,317) | (3,666) | (2,447) | (2,820) |
| Total rental and use fees | <u>87,964</u> | <u>23,463</u> | <u>98,611</u> | <u>93,610</u> | <u>90,457</u> | <u>92,322</u> |
| Activity fees: | | | | | | |
| Signatory airlines | 47,573 | 19,931 | 78,071 | 77,092 | 76,305 | 75,525 |
| Nonsignatory airlines | 1,508 | 771 | 5,941 | 3,151 | 3,832 | 3,452 |
| Add/(Subtract) landing fee adjustment | 8,464 | (489) | (4,281) | (3,505) | (643) | (931) |
| Total activity fees | <u>57,545</u> | <u>20,213</u> | <u>79,731</u> | <u>76,738</u> | <u>79,494</u> | <u>78,046</u> |
| Total airline revenues | <u>145,509</u> | <u>43,676</u> | <u>178,342</u> | <u>170,348</u> | <u>169,951</u> | <u>170,368</u> |
| Nonairline revenues: | | | | | | |
| Concessions: | | | | | | |
| Automobile parking | 34,905 | 21,834 | 83,657 | 80,248 | 76,707 | 74,498 |
| Hotel (b) | 12,224 | 8,816 | 32,735 | 31,368 | 29,928 | 33,890 |
| Rental car | 11,476 | 6,104 | 25,867 | 26,164 | 24,949 | 23,872 |
| Food and beverage | 2,116 | 5,396 | 21,178 | 20,703 | 19,427 | 18,016 |
| Retail | 13,850 | 3,665 | 14,815 | 14,734 | 13,296 | 12,745 |
| Marketing and communications | 1,123 | 463 | 1,671 | 1,721 | 1,566 | 1,635 |
| Other concessions | 3,983 | 1,038 | 5,273 | 5,141 | 5,001 | 5,110 |
| Total concessions | <u>79,677</u> | <u>47,316</u> | <u>185,196</u> | <u>180,079</u> | <u>170,874</u> | <u>169,766</u> |
| Rentals | 4,009 | 1,014 | 3,756 | 3,673 | 3,422 | 3,666 |
| Utility fees | 3,759 | 1,165 | 4,739 | 4,970 | 4,903 | 4,691 |
| Interest income | 631 | 328 | 1,502 | 792 | 337 | 162 |
| Ground transportation | 3,781 | 3,133 | 11,375 | 10,199 | 7,814 | 5,125 |
| Cares Act grant | 113,126 | - | - | - | - | - |
| Other (a) | 14,131 | 2,907 | 10,939 | 9,437 | 9,506 | 8,951 |
| Total nonairline revenues | <u>219,114</u> | <u>55,863</u> | <u>217,507</u> | <u>209,150</u> | <u>196,856</u> | <u>192,361</u> |
| Total operating revenues | <u>\$ 364,623</u> | <u>\$ 99,539</u> | <u>\$ 395,849</u> | <u>\$ 379,498</u> | <u>\$ 366,807</u> | <u>\$ 362,729</u> |

(a) Includes shuttle bus revenue, badging fees, miscellaneous fees, chargebacks, insurance recoveries, and state and federal grants

(b) On October 15, 2015, the Authority entered into a new hotel management agreement and the 2001A Hotel Bonds, which were special facility revenue bonds, were refunded by the 2015G-H Airport Revenue Refunding Bonds. As a result, as of October 15, 2015, the net revenues of the Hotel are included in the Net Revenues pledged toward the repayment of all the Authority's general airport revenue bonds and hotel management expenses are included in the Authority's operation and management expenses. At this time, all outstanding bonds, including the 2015G-H Airport Revenue Refunding Bonds, are all general airport revenue bonds.

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #4

Application of Revenues

Operating years ended September 30 (2016 through 2019),

Three-month period ended December 31, 2019 and

Operating year ended December 31, 2020

(In thousands of dollars, except as noted)

(Unaudited)

| | <u>OY 2020</u> | <u>Three-month Period Ended Dec. 31, 2019</u> | <u>OY 2019</u> | <u>OY 2018</u> | <u>OY 2017</u> | <u>OY 2016</u> |
|--|-------------------|---|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | | | |
| Airline revenues | \$ 145,509 | \$ 43,676 | \$ 178,342 | \$ 170,348 | \$ 169,951 | \$ 170,368 |
| Nonairline revenues | 219,114 | 55,863 | 217,507 | 209,150 | 196,856 | 192,361 |
| Interest income generated in bond funds and reserves | 6,032 | 628 | 2,817 | 5,415 | 5,649 | 8,091 |
| Other available monies: | | | | | | |
| PFC contributions | 38,795 | 18,850 | 70,941 | 73,174 | 66,473 | 66,178 |
| Capitalized interest contribution | 5,140 | 1,499 | 6,517 | 3,078 | 2,104 | 13,219 |
| Other | 6,401 | 2,039 | 8,696 | 4,550 | 6,751 | 4,604 |
| Total revenues | \$ 420,991 | \$ 122,555 | \$ 484,820 | \$ 465,715 | \$ 447,784 | \$ 454,821 |
| Priority | | | | | | |
| Application of revenues: | | | | | | |
| 1 Operation and Maintenance Fund (a) | \$ 223,183 | \$ 71,822 | \$ 279,746 | \$ 271,452 | \$ 258,266 | \$ 259,980 |
| 2 Bond Fund | 176,039 | 45,454 | 183,299 | 174,462 | 167,681 | 172,095 |
| 3 Junior Lien Bond Fund | 10,631 | 2,658 | 10,514 | 11,190 | 12,276 | 12,270 |
| 4 Operation and Maintenance Reserve Fund | 654 | — | 777 | 100 | 1,050 | 1,965 |
| 5 Renewal and Replacement Fund | 500 | 125 | 500 | 500 | 500 | 500 |
| 6 County Discretionary Fund | 350 | 88 | 350 | 350 | 350 | 350 |
| 7 Airport Development Fund | 9,634 | 2,408 | 9,634 | 7,661 | 7,661 | 7,661 |
| Total application of revenues | \$ 420,991 | \$ 122,555 | \$ 484,820 | \$ 465,715 | \$ 447,784 | \$ 454,821 |

(a) Includes amounts applied to the Hotel Furniture, Fixtures and Equipment Account established under the Authority's hotel management agreement effective October 15, 2015.

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #5

Net Revenues and Debt Service Coverage

Year Ended December 31, 2020

(In thousands of dollars, except as noted)

(Unaudited)

| | | |
|--|------------------|-------------------|
| Revenues: | | |
| Revenues | | \$ 364,623 |
| Revenue fund balance at beginning of year | | 46,659 |
| Other available monies: | | |
| PFC contributions | | 38,795 |
| Other | | 6,401 |
| Interest income generated in bond funds and reserves | | <u>6,032</u> |
| Total revenues | [A] | 462,510 |
| Operation and maintenance expenses | [B] | <u>223,183</u> |
| Net revenues available for Sr. Lien debt service | [A - B] = [C] | 239,327 |
| Bond debt service - Senior Lien | [D] | <u>170,900</u> |
| Net revenues available for Jr. Lien debt service | [C - D] = [E] | 68,427 |
| Bond debt service - Junior Lien | [F] | <u>10,631</u> |
| Net revenues remaining in revenue fund | [E - F] = [G] | 57,796 |
| Debt service coverage: | | |
| Senior Lien bonds | [C]/[D] | 1.40 |
| Senior Lien and Junior Lien bonds | [C]/[D + F] | 1.32 |
| Rate covenant elements: | | |
| Operation and maintenance expenses | [B] | \$ 223,183 |
| 125% debt service – Bonds | [(1.25 x D) + F] | 224,256 |
| Other fund requirements | | <u>11,138</u> |
| Total rate covenant elements | | <u>\$ 458,577</u> |

Source: Wayne County Airport Authority

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #6

Historical Airline Passenger Enplanements

Operating years ended September 30 (2016 through 2019),

Three-month period ended December 31, 2019 and

Operating year ended December 31, 2020

(Unaudited)

| <u>Operating Period</u> | <u>Domestic</u> | <u>International</u> | <u>Total</u> | <u>[1], [2] Percent Increase/(Decrease)</u> |
|--|-----------------|----------------------|--------------|---|
| Operating Year 2020 | 6,656,557 | 370,034 | 7,026,591 | (61.9)% |
| Three-month period ended Dec. 31, 2019 | 4,219,172 | 389,036 | 4,608,208 | 1.7 |
| Operating Year 2019 | 16,439,208 | 1,681,985 | 18,121,193 | 3.2 |
| Operating Year 2018 | 15,917,537 | 1,641,081 | 17,558,618 | 1.6 |
| Operating Year 2017 | 15,725,513 | 1,555,706 | 17,281,219 | 0.9 |
| Operating Year 2016 | 15,679,556 | 1,451,131 | 17,130,687 | 4.2 |

[1] - Percent decrease for operating year 2020 has been calculated by annualizing the total reported enplanements for the three-month period ended December 31, 2019 and comparing the annualized totals to the 2020 operating year.

[2] - Percent increase for the three-month period ended Dec. 31, 2019 has been calculated by annualizing the total reported enplanements and comparing the annualized totals to the prior operating year.

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #7

Historical Comparative Total Enplanements

Calendar years ending December 31

(Unaudited)

| Calendar year | Detroit Metro | | United States | | Detroit as a percentage of U.S. total |
|---------------|----------------------|---------------------|----------------------|----------------------|---------------------------------------|
| | Number of passengers | Percent inc./ (dec) | Number of passengers | Percent inc./ (dec.) | |
| 2020 | 6,673,669 | (62.6)% | 346,591,019 | (60.3)% | 1.9% |
| 2019 | 17,832,792 | 4.1 | 872,149,301 | 4.3% | 2.0 |
| 2018 | 17,126,910 | 2.0 | 836,503,477 | 4.8 | 2.0 |
| 2017 | 16,794,750 | 1.1 | 798,509,085 | 3.1 | 2.1 |
| 2016 | 16,613,139 | 3.6 | 774,740,631 | 3.3 | 2.1 |

Note: 2020 estimate based on nine months of data; 2019 updated with final data

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Airport Activity Statistics of Certificated Route Air Carriers, Form 41, Schedule T3

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #8

Historical Airline Departures

Calendar years ending December 31

(Unaudited)

| Calendar year | Departures by carrier type | | | Total departures | |
|---------------|----------------------------|-----------|-----------|------------------|------------------------------|
| | Majors | Nationals | Regionals | Total (a) | Percent increase/ (decrease) |
| 2020 | 85,558 | 28,843 | 408 | 114,809 | (39.1)% |
| 2019 | 149,111 | 38,934 | 569 | 188,614 | 0.7 |
| 2018 | 135,132 | 51,323 | 940 | 187,395 | (0.7) |
| 2017 | 136,630 | 51,590 | 498 | 188,718 | 0.2 |

(a) Total does not include departures by commuters or charters.

Note: 2020 estimate based on nine months of data; 2019 updated with final data

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Airport Activity Statistics of Certificated Route Air Carriers, Form 41, Schedule T3

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #9

Historical Domestic Originations and Connections

Calendar years ending December 31

(Unaudited)

| Calendar year | Domestic originations | | Domestic connections | |
|--------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Number | Percent of total | Number | Percent of total |
| 2020 | 3,965,847 | 60.8% | 2,561,297 | 39.2% |
| 2019 | 9,182,134 | 54.8 | 7,581,287 | 45.2 |
| 2018 | 8,859,449 | 55.4 | 7,119,271 | 44.6 |
| 2017 | 8,375,102 | 52.9 | 7,443,497 | 47.1 |

Note: 2020 estimate based on nine months of data; 2019 updated with final data

Source: U.S. Department of Transportation Origin and Destination Passenger Ticket Survey, 298c
Commuter Data, Airport Activity Statistics of Certificated Route Air Carriers, and Wayne County
Airport Authority records.

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating years ended September 30 (2016 through 2019),

Three-month period ended December 31, 2019 and

Operating year ended December 31, 2020

(Unaudited)

| Airline | OY 2020 | | Three-month period ended Dec. 31, 2019 | | OY 2019 | |
|---------------------------------------|------------------------|----------------------|---|----------------------|------------------------|----------------------|
| | Enplaned passengers | Percent of market | Enplaned passengers | Percent of market | Enplaned passengers | Percent of market |
| Domestic: | | | | | | |
| Alaska Airlines | 26,173 | 0.5% | 12,560 | 0.4% | 66,494 | 0.5% |
| American (Air Wisconsin) | — | — | — | — | — | — |
| American (Envoy) | 13,834 | 0.2 | 11,923 | 0.3 | 42,858 | 0.3 |
| American (Piedmont) ⁽¹⁾ | 12,325 | 0.2 | 5,794 | 0.1 | 22,024 | 0.1 |
| American (PSA) ⁽¹⁾ | 45,923 | 0.7 | 14,599 | 0.3 | 77,446 | 0.5 |
| American (Republic) ⁽¹⁾ | 41,195 | 0.6 | 42,222 | 1.0 | 110,491 | 0.7 |
| American (SkyWest) ⁽¹⁾ | 34,092 | 0.5 | 19,324 | 0.5 | 107,275 | 0.7 |
| American (TransStates) ⁽¹⁾ | — | — | — | — | — | — |
| American ⁽¹⁾ | 305,637 | 4.6 | 149,269 | 3.5 | 616,536 | 3.8 |
| Delta (Compass) | — | — | — | — | — | — |
| Delta (Endeavor) | 857,422 | 12.9 | 258,062 | 6.1 | 1,078,599 | 6.5 |
| Delta (ExpressJet) | — | — | — | — | — | — |
| Delta (GoJet) | 72,599 | 1.1 | 180,630 | 4.3 | 1,020,755 | 6.2 |
| Delta (Republic) | 144,056 | 2.2 | 41,827 | 1.0 | 202,409 | 1.2 |
| Delta (Shuttle America) | — | — | — | — | — | — |
| Delta (SkyWest) | 555,566 | 8.3 | 484,418 | 11.5 | 1,607,625 | 9.7 |
| Delta Air Lines | 3,030,599 | 45.4 | 2,153,405 | 51.0 | 8,100,030 | 49.3 |
| Frontier Airlines | 89,045 | 1.3 | 53,179 | 1.3 | 156,073 | 0.9 |
| JetBlue Airways | 24,106 | 0.4 | 24,963 | 0.6 | 97,800 | 0.6 |
| Southwest Airlines | 271,066 | 4.1 | 168,250 | 4.0 | 739,895 | 4.5 |
| Spirit Airlines | 912,833 | 13.6 | 441,980 | 10.5 | 1,755,071 | 10.7 |
| United Airlines (Air Wisconsin) | — | — | 75 | — | — | — |
| United Airlines (ExpressJet) | 6,030 | 0.1 | 10,111 | 0.2 | 5,374 | — |
| United Airlines (GoJet) | 18,381 | 0.3 | 2,101 | — | 23,516 | 0.1 |
| United Airlines (Mesa) | 48,704 | 0.7 | 35,272 | 0.8 | 151,636 | 0.9 |
| United Airlines (Republic) | 50,526 | 0.8 | 41,509 | 1.0 | 182,677 | 1.1 |
| United Airlines (Shuttle America) | — | — | — | — | — | — |
| United Airlines (SkyWest) | 53,867 | 0.8 | 20,437 | 0.5 | 60,884 | 0.4 |
| United Airlines (TransStates) | 406 | — | 662 | — | 553 | — |
| United Airlines | 37,750 | 0.6 | 45,219 | 1.1 | 202,935 | 1.2 |
| Other ⁽¹⁾ | 4,422 | 0.1 | 1,381 | — | 10,252 | 0.1 |
| Subtotal – Domestic | 6,656,557 | 100.0% | 4,219,172 | 100.0% | 16,439,208 | 100.0% |
| International: | | | | | | |
| Aeromexico | — | — | — | — | 30,230 | 1.8 |
| Aeromexico Connect | 10,784 | 3.2 | 16,815 | 4.3 | 48,690 | 2.9 |
| Air Canada (Jazz) | — | — | — | — | — | — |
| Air Canada (Air Georgian) | — | — | 11,875 | 3.0 | 51,414 | 3.0 |
| Air France | 16,121 | 4.7 | 21,368 | 5.5 | 76,999 | 4.6 |
| American | — | — | — | — | — | — |
| Delta (Compass) | — | — | — | — | — | — |
| Delta (ExpressJet) | — | — | — | — | — | — |
| Delta Air Lines | 300,425 | 88.0 | 305,622 | 78.6 | 1,324,833 | 78.8 |
| Frontier | — | — | — | — | — | — |
| Lufthansa | 10,969 | 3.2 | 19,410 | 5.0 | 80,019 | 4.8 |
| Royal Jordanian Airlines | 3,217 | 0.9 | 3,633 | 0.9 | 20,725 | 1.2 |
| Southwest Airlines | — | — | — | — | — | — |
| Spirit | — | — | 10,313 | 2.7 | 34,953 | 2.1 |
| Virgin Atlantic Airways | — | — | — | — | — | — |
| WOW air | — | — | — | — | 14,122 | 0.8 |
| Other ⁽¹⁾ | 126 | — | — | — | — | — |
| Subtotal – International | 341,642 | 100.0% | 389,036 | 100.0% | 1,681,985 | 100.0% |
| Total – All Markets | 6,998,199 | | 4,608,208 | | 18,121,193 | |

⁽¹⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2020.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating years ended September 30 (2016 through 2019),

Three-month period ended December 31, 2019 and

Operating year ended December 31, 2020

(Unaudited)

| Airline | OY 2018 | | OY 2017 | | OY 2016 | |
|---------------------------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| | Enplaned passengers | Percent of market | Enplaned passengers | Percent of market | Enplaned passengers | Percent of market |
| Domestic: | | | | | | |
| Alaska Airlines | 103,328 | 0.7% | 72,380 | 0.5% | 66,040 | 0.4% |
| American (Air Wisconsin) | 2,541 | — | 45,400 | 0.3 | 63,898 | 0.4 |
| American (Envoy) | 44,557 | 0.3 | 44,914 | 0.3 | 67,414 | 0.4 |
| American (Piedmont) ⁽¹⁾ | 25,553 | 0.2 | 8,985 | 0.1 | 3,621 | — |
| American (PSA) ⁽¹⁾ | 101,289 | 0.6 | 81,867 | 0.5 | 58,585 | 0.4 |
| American (Republic) ⁽¹⁾ | 99,408 | 0.6 | 118,354 | 0.8 | 156,144 | 1.0 |
| American (SkyWest) ⁽¹⁾ | 101,370 | 0.6 | 63,056 | 0.4 | — | — |
| American (TransStates) ⁽¹⁾ | — | — | 13,678 | 0.1 | 31,705 | 0.2 |
| American ⁽¹⁾ | 672,190 | 4.2 | 725,334 | 4.6 | 761,214 | 4.9 |
| Delta (Compass) | — | — | 117,490 | 0.7 | 111,614 | 0.7 |
| Delta (Endeavor) | 1,117,394 | 7.0 | 1,223,918 | 7.8 | 1,677,874 | 10.7 |
| Delta (ExpressJet) | 137,411 | 0.9 | 547,541 | 3.5 | 1,150,700 | 7.3 |
| Delta (GoJet) | 1,056,632 | 6.7 | 745,286 | 4.7 | 230,733 | 1.5 |
| Delta (Republic) | 193,050 | 1.2 | 111,888 | 0.7 | — | — |
| Delta (Shuttle America) | — | — | 48,860 | 0.3 | 264,188 | 1.7 |
| Delta (SkyWest) | 1,351,867 | 8.5 | 1,114,479 | 7.1 | 570,927 | 3.6 |
| Delta Air Lines | 7,534,271 | 47.3 | 7,456,453 | 47.4 | 7,486,766 | 47.8 |
| Frontier Airlines | 162,764 | 1.0 | 208,426 | 1.3 | 149,124 | 1.0 |
| JetBlue Airways | 141,241 | 0.9 | 142,117 | 0.9 | 146,799 | 0.9 |
| Southwest Airlines | 836,627 | 5.3 | 848,036 | 5.4 | 845,604 | 5.4 |
| Spirit Airlines | 1,607,113 | 10.1 | 1,424,905 | 9.1 | 1,289,024 | 8.2 |
| United Airlines (Air Wisconsin) | — | — | — | — | — | — |
| United Airlines (ExpressJet) | 1,637 | — | 5,268 | — | 9,002 | 0.1 |
| United Airlines (GoJet) | 22,350 | 0.1 | 7,011 | — | 31,741 | 0.2 |
| United Airlines (Mesa) | 148,448 | 0.9 | 153,771 | 1.0 | 140,502 | 0.9 |
| United Airlines (Republic) | 183,134 | 1.2 | 124,655 | 0.8 | 92,302 | 0.6 |
| United Airlines (Shuttle America) | — | — | 4,036 | — | 32,527 | 0.2 |
| United Airlines (SkyWest) | 67,976 | 0.4 | 46,470 | 0.3 | 69,388 | 0.4 |
| United Airlines (TransStates) | 579 | — | 1,268 | — | 1,051 | — |
| United Airlines | 203,974 | 1.3 | 218,781 | 1.4 | 171,058 | 1.1 |
| Other ⁽¹⁾ | 833 | — | 886 | — | 11 | — |
| Subtotal – Domestic | 15,917,537 | 100.0% | 15,725,513 | 100.0% | 15,679,556 | 100.0% |
| International: | | | | | | |
| Aeromexico | 29,317 | 1.8 | 19,954 | 1.3 | — | — |
| Aeromexico Connect | 16,771 | 1.0 | — | — | — | — |
| Air Canada (Jazz) | — | — | — | — | 4,502 | 0.3 |
| Air Canada (Air Georgian) | 45,462 | 2.8 | 40,781 | 2.6 | 27,890 | 1.9 |
| Air France | 75,679 | 4.6 | 71,462 | 4.6 | 71,642 | 4.9 |
| American | — | — | — | — | 566 | — |
| Delta (Compass) | — | — | 5,841 | 0.4 | 18,703 | 1.3 |
| Delta (ExpressJet) | — | — | — | — | — | — |
| Delta Air Lines | 1,315,807 | 80.2 | 1,275,473 | 82.0 | 1,161,607 | 80.1 |
| Frontier | — | — | — | — | — | — |
| Lufthansa | 89,688 | 5.4 | 77,521 | 5.0 | 71,472 | 4.9 |
| Royal Jordanian Airlines | 16,163 | 1.0 | 14,937 | 1.0 | 13,403 | 0.9 |
| Southwest Airlines | — | — | — | — | — | — |
| Spirit | 36,024 | 2.2 | 28,806 | 1.8 | 22,575 | 1.6 |
| Virgin Atlantic Airways | — | — | 19,417 | 1.2 | 47,380 | 3.3 |
| WOW air | 16,170 | 1.0 | — | — | — | — |
| Other ⁽¹⁾ | — | — | 1,514 | 0.1 | 11,391 | 0.8 |
| Subtotal – International | 1,641,081 | 100.0% | 1,555,706 | 100.0% | 1,451,131 | 100.0% |
| Total – All Markets | 17,558,618 | | 17,281,219 | | 17,130,687 | |

⁽¹⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2020.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #11

Historical Airline Cargo

Operating years ending September 30 (2016 through 2019),

Three-month period ended December 31, 2019 and

Operating year ended December 31, 2020

(Unaudited)

| Operating Period | Cargo by type (metric tons) | | | | Total Cargo | |
|--|-----------------------------|----------|----------|----------|----------------|--|
| | Freight and Express - [1] | | Mail | | Total Cargo | Percent incr./ (dec.) - [2], [3] |
| | Enplaned | Deplaned | Enplaned | Deplaned | | |
| Operating Year 2020 | 61,884 | 91,575 | 7,819 | 9,893 | 171,171 | (19.3)% |
| Three-month period ended Dec. 31, 2019 | 19,868 | 27,689 | 2,600 | 2,881 | 53,038 | (2.9) |
| Operating Year 2019 | 80,607 | 116,849 | 11,439 | 9,624 | 218,520 | (4.1) |
| Operating Year 2018 | 84,459 | 121,248 | 11,815 | 10,441 | 227,963 | 6.5 |
| Operating Year 2017 | 78,041 | 115,305 | 11,381 | 9,253 | 213,980 | 4.5 |
| Operating Year 2016 | 81,744 | 106,500 | 8,975 | 7,639 | 204,858 | 7.4 |

[1] - Includes small packages

[2] - Percent decrease for operating year 2020 has been calculated by annualizing the total reported enplanements for the three-month period ended December 31, 2019 and comparing the annualized totals to the 2020 operating year.

[3] - Percent increase for the three-month period ended Dec. 31, 2019 has been calculated by annualizing the total reported enplanements and comparing the annualized totals to the prior operating year.

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #12

Historical Aircraft Landed Weight

Operating years ended September 30 (2016 through 2019)

Three-month period ended December 31, 2019

Operating year ended December 31, 2020

(Unaudited)

| Airline | OY 2020 | | Three- month period ended December 31, 2019 | | OY 2019 | |
|-----------------------------------|-----------------------------------|----------------------|--|----------------------|-----------------------------------|----------------------|
| | Landed Weight (per 1,000 lbs.) | Percent of Market | Landed Weight (per 1,000 lbs.) | Percent of Market | Landed Weight (per 1,000 lbs.) | Percent of Market |
| | | | | | | |
| Aeromexico | — | —% | — | —% | 38,416 | 0.2% |
| Aeromexico Connect | 21,244 | 0.2 | 23,281 | 0.4 | 84,050 | 0.4 |
| Air Canada (Jazz) | 12,161 | 0.1 | — | — | — | — |
| Air Canada (Air Georgian) | — | — | 15,134 | 0.3 | 68,244 | 0.3 |
| Air France | 47,486 | 0.4 | 38,779 | 0.7 | 144,745 | 0.6 |
| Alaska Airlines | 45,965 | 0.3 | 14,369 | 0.3 | 69,143 | 0.3 |
| American (Air Wisconsin) | — | — | — | — | — | — |
| American (Envoy) | 17,320 | 0.1 | 13,771 | 0.2 | 48,758 | 0.2 |
| American (Piedmont) | 15,670 | 0.1 | 5,718 | 0.1 | 21,083 | 0.1 |
| American (PSA) | 63,580 | 0.5 | 17,491 | 0.3 | 96,018 | 0.4 |
| American (Republic) | 72,777 | 0.5 | 59,136 | 1.0 | 148,217 | 0.7 |
| American (SkyWest) | 52,327 | 0.4 | 23,785 | 0.4 | 136,722 | 0.6 |
| American (TransStates) | — | — | — | — | — | — |
| American | 421,003 | 3.1 | 170,845 | 3.0 | 722,725 | 3.2 |
| Delta (Compass) | — | — | — | — | — | — |
| Delta (Endeavor) | 1,846,538 | 13.7 | 300,065 | 5.3 | 1,269,995 | 5.7 |
| Delta (ExpressJet) | — | — | — | — | — | — |
| Delta (GoJet) | 98,198 | 0.7 | 209,028 | 3.7 | 1,194,965 | 5.3 |
| Delta (Republic) | 322,682 | 2.4 | 49,807 | 0.9 | 242,409 | 1.1 |
| Delta (Shuttle America) | — | — | — | — | — | — |
| Delta (SkyWest) | 1,295,227 | 9.6 | 702,962 | 12.4 | 2,386,789 | 10.6 |
| Delta Air Lines | 6,096,548 | 45.3 | 2,851,469 | 50.4 | 11,051,357 | 49.2 |
| DHL/ABX | 1,441 | — | 603 | — | 2,910 | — |
| DHL/Atlas | 16,864 | 0.1 | 1,952 | — | 5,440 | — |
| DHL/ATI | 18,414 | 0.1 | — | — | — | — |
| DHL/Kalitta | 41,454 | 0.5 | 34,240 | 0.8 | 136,272 | 0.6 |
| Kalitta | 320 | 0.2 | — | — | — | — |
| Federal Express | 513,341 | 3.8 | 131,799 | 2.3 | 488,855 | 2.2 |
| Frontier | 99,951 | 0.7 | 46,770 | 0.8 | 136,903 | 0.6 |
| JetBlue Airways | 48,566 | 0.4 | 29,754 | 0.5 | 120,070 | 0.5 |
| Lufthansa | 30,516 | 0.2 | 39,894 | 0.7 | 193,610 | 0.9 |
| Royal Jordanian Airlines | 9,120 | 0.1 | 9,880 | 0.2 | 45,220 | 0.2 |
| Southwest Airlines | 455,280 | 3.4 | 180,464 | 3.2 | 797,062 | 3.6 |
| Spirit Airlines | 1,107,975 | 8.3 | 417,647 | 7.4 | 1,730,349 | 7.7 |
| United Airlines (Air Wisconsin) | — | — | 94 | — | 94 | — |
| United Airlines (ExpressJet) | 9,133 | 0.1 | 11,648 | 0.2 | 6,313 | — |
| United Airlines (GoJet) | 29,334 | 0.2 | 2,412 | — | 25,996 | 0.1 |
| United Airlines (Mesa) | 71,255 | 0.5 | 40,231 | 0.7 | 173,846 | 0.8 |
| United Airlines (Republic) | 87,953 | 0.7 | 52,911 | 0.9 | 230,253 | 1.0 |
| United Airlines (Shuttle America) | — | — | — | — | — | — |
| United Airlines (SkyWest) | 78,366 | 0.6 | 22,265 | 0.4 | 66,929 | 0.3 |
| United Airlines (TransStates) | 438 | — | 701 | — | 611 | — |
| United Airlines | 58,525 | 0.4 | 50,215 | 0.9 | 234,574 | 1.0 |
| United Parcel Service | 285,213 | 2.1 | 76,748 | 1.4 | 244,804 | 1.1 |
| Virgin Atlantic Airways | — | — | — | — | — | — |
| WOW air | — | — | — | — | 17,345 | 0.1 |
| Other ⁽¹⁾ | 31,325 | 0.2 | 11,903 | 0.2 | 64,846 | 0.4 |
| Total | 13,423,510 | 100.0% | 5,657,768 | 100.0% | 22,445,938 | 100.0% |

⁽¹⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2020.

Source: Wayne County Airport Authority records
See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #12

Historical Aircraft Landed Weight

Operating years ended September 30 (2016 through 2019)

Three-month period ended December 31, 2019

Operating year ended December 31, 2020

(Unaudited)

| Airline | OY 2018 | | OY 2017 | | OY 2016 | |
|-----------------------------------|-----------------------------------|----------------------|-----------------------------------|----------------------|-----------------------------------|----------------------|
| | Landed Weight (per 1,000 lbs.) | Percent of Market | Landed Weight (per 1,000 lbs.) | Percent of Market | Landed Weight (per 1,000 lbs.) | Percent of Market |
| Aeromexico | 41,408 | 0.2% | 30,883 | 0.1% | — | —% |
| Aeromexico Connect | 27,353 | 0.1 | — | — | — | — |
| Air Canada (Jazz) | — | — | — | — | 9,413 | — |
| Air Canada (Air Georgian) | 61,180 | 0.3 | 61,194 | 0.3 | 43,749 | 0.2 |
| Air France | 137,656 | 0.6 | 134,507 | 0.6 | 134,644 | 0.6 |
| Alaska Airlines | 117,327 | 0.5 | 76,993 | 0.4 | 65,210 | 0.3 |
| American (Air Wisconsin) | 2,679 | — | 53,580 | 0.2 | 72,615 | 0.4 |
| American (Envoy) | 47,843 | 0.2 | 52,670 | 0.2 | 77,245 | 0.4 |
| American (Piedmont) | 26,015 | 0.1 | 9,909 | — | 4,540 | — |
| American (PSA) | 128,353 | 0.6 | 102,934 | 0.5 | 68,183 | 0.3 |
| American (Republic) | 131,669 | 0.6 | 149,076 | 0.7 | 194,949 | 0.9 |
| American (SkyWest) | 123,201 | 0.5 | 76,389 | 0.4 | — | — |
| American (TransStates) | — | — | 13,613 | 0.1 | 28,674 | 0.1 |
| American | 785,679 | 3.6 | 855,276 | 4.0 | 861,963 | 4.0 |
| Delta (Compass) | — | — | 149,528 | 0.7 | 154,667 | 0.7 |
| Delta (Endeavor) | 1,315,655 | 6.0 | 1,439,231 | 6.7 | 1,960,734 | 9.1 |
| Delta (ExpressJet) | 168,179 | 0.8 | 680,318 | 3.2 | 1,423,967 | 6.6 |
| Delta (GoJet) | 1,253,053 | 5.7 | 888,262 | 4.1 | 271,737 | 1.3 |
| Delta (Republic) | 226,916 | 1.0 | 130,371 | 0.6 | — | — |
| Delta (Shuttle America) | — | — | 58,320 | 0.3 | 276,165 | 1.3 |
| Delta (SkyWest) | 2,069,010 | 9.4 | 1,643,645 | 7.6 | 864,151 | 4.0 |
| Delta Air Lines | 10,584,280 | 48.2 | 10,505,297 | 48.6 | 10,616,006 | 49.5 |
| DHL/ABX | — | — | — | — | — | — |
| DHL/Atlas | 61,808 | 0.3 | 118,096 | 0.5 | 119,608 | 0.6 |
| DHL/ATI | — | — | 198 | — | 4,950 | — |
| DHL/Kalitta | 71,360 | 0.3 | — | — | — | — |
| Kalitta | — | — | — | — | — | — |
| Federal Express | 496,174 | 2.3 | 470,760 | 2.2 | 483,114 | 2.3 |
| Frontier | 150,280 | 0.7 | 189,950 | 0.9 | 140,122 | 0.7 |
| JetBlue Airways | 167,276 | 0.8 | 162,534 | 0.8 | 168,108 | 0.8 |
| Lufthansa | 194,131 | 0.9 | 170,089 | 0.8 | 165,418 | 0.8 |
| Royal Jordanian Airlines | 39,520 | 0.2 | 38,380 | 0.2 | 39,520 | 0.2 |
| Southwest Airlines | 903,968 | 4.1 | 931,658 | 4.3 | 898,636 | 4.2 |
| Spirit Airlines | 1,601,875 | 7.3 | 1,405,062 | 6.5 | 1,293,177 | 6.0 |
| United Airlines (Air Wisconsin) | — | — | — | — | — | — |
| United Airlines (ExpressJet) | 1,794 | — | 5,001 | — | 8,508 | — |
| United Airlines (GoJet) | 24,522 | 0.1 | 7,705 | — | 36,917 | 0.2 |
| United Airlines (Mesa) | 165,922 | 0.8 | 183,080 | 0.8 | 157,475 | 0.7 |
| United Airlines (Republic) | 217,724 | 1.0 | 169,454 | 0.8 | 114,619 | 0.5 |
| United Airlines (Shuttle America) | — | — | 5,062 | — | 40,929 | 0.2 |
| United Airlines (SkyWest) | 77,164 | 0.4 | 53,126 | 0.2 | 73,679 | 0.4 |
| United Airlines (TransStates) | 614 | — | 1,361 | — | 1,129 | — |
| United Airlines | 244,621 | 1.1 | 275,721 | 1.3 | 209,604 | 1.0 |
| United Parcel Service | 221,034 | 1.0 | 189,156 | 0.9 | 179,533 | 0.8 |
| Virgin Atlantic Airways | — | — | 61,014 | 0.3 | 135,699 | 0.6 |
| WOW air | 15,618 | 0.1 | — | — | — | — |
| Other ⁽¹⁾ | 56,608 | 0.2 | 52,409 | 0.2 | 67,237 | 0.3 |
| Total | 21,959,469 | 100.0% | 21,601,812 | 100.0% | 21,466,594 | 100.0% |

⁽¹⁾ Includes airlines with minimal market share or that may not operate at the Airport as of Operating Year 2020.

American Airlines in this report.

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #13

Historical Aircraft Operations

Operating years ended September 30 (2016 through 2019)

Three-month period ended December 31, 2019

Operating year ended December 31, 2020

(Unaudited)

| Operating Period | Operations by class of carrier | | | | Total operations | |
|--|--------------------------------|-----------------------|------------------|----------|------------------|--------------------------------|
| | Air carrier | Air taxi and commuter | General aviation | Military | Total | Percent increase (decrease)(a) |
| Operating Year 2020 | 197,719 | 36,918 | 3,815 | 122 | 238,574 | (39.5)% |
| Three-month period ended Dec. 31, 2019 | 81,565 | 15,630 | 1,362 | 28 | 98,585 | — |
| Operating Year 2019 | 325,989 | 62,974 | 5,865 | 79 | 394,907 | — |
| Operating Year 2018 | 312,540 | 75,991 | 6,194 | 82 | 394,807 | 0.3 |
| Operating Year 2017 | 298,125 | 89,369 | 6,111 | 108 | 393,713 | 0.3 |
| Operating Year 2016 | 286,336 | 99,811 | 6,104 | 132 | 392,383 | 3.2 |

[1] - Percent decrease for operating year 2020 has been calculated by annualizing the total reported enplanements for the three-month period ended December 31, 2019 and comparing the annualized totals to the 2020 operating year.

[2] - Percent increase for the three-month period ended Dec. 31, 2019 has been calculated by annualizing the total reported enplanements and comparing the annualized totals to the prior operating year.

Source: Wayne County Airport Authority records

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #14

Historical Aviation Demand Statistics

Operating years ended September 30 (2016 through 2019),

Three-month period ended December 31, 2019 and

Operating year ended December 31, 2020

(Unaudited)

| | OY 2020 | Three-month Period Ended Dec. 31, 2019 | OY 2019 | OY 2018 | OY 2017 |
|---|----------------|---|----------------|----------------|----------------|
| Enplaned passengers: | | | | | |
| Domestic: | | | | | |
| Scheduled: | | | | | |
| Originating (a) | 4,044,498 | 2,408,704 | 9,068,784 | 8,855,356 | 8,323,239 |
| Connecting (a) | 2,607,637 | 1,809,087 | 7,360,172 | 7,061,348 | 7,401,388 |
| Subtotal – scheduled | 6,652,135 | 4,217,791 | 16,428,956 | 15,916,704 | 15,724,627 |
| Percentage connecting | 39.2% | 42.9% | 44.8% | 44.4% | 47.1% |
| Charter | 4,422 | 1,381 | 4,470 | 833 | 886 |
| Subtotal – domestic | 6,656,557 | 4,219,172 | 16,433,426 | 15,917,537 | 15,725,513 |
| International: | | | | | |
| Scheduled: | | | | | |
| U.S. airlines | 321,857 | 315,935 | 1,359,786 | 1,351,831 | 1,310,120 |
| Foreign flag | 48,051 | 73,101 | 322,199 | 289,250 | 244,072 |
| Subtotal – scheduled | 369,908 | 389,036 | 1,681,985 | 1,641,081 | 1,554,192 |
| Charter | 126 | — | 5,782 | — | 1,514 |
| Subtotal – international | 370,034 | 389,036 | 1,687,767 | 1,641,081 | 1,555,706 |
| Total enplaned passengers | 7,026,591 | 4,608,208 | 18,121,193 | 17,558,618 | 17,281,219 |
| Enplaned cargo (tons): | | | | | |
| Freight | 61,884 | 19,365 | 80,607 | 84,459 | 78,041 |
| Mail | 7,819 | 2,407 | 11,439 | 11,815 | 11,381 |
| Total cargo | 69,703 | 21,772 | 92,046 | 96,274 | 89,422 |
| Aircraft departures (b): | | | | | |
| Domestic | 110,358 | 45,123 | 177,232 | 177,541 | 178,209 |
| International | 5,122 | 3,177 | 13,900 | 13,184 | 12,448 |
| Total aircraft departures | 115,480 | 48,300 | 191,132 | 190,725 | 190,657 |
| Aircraft operations: | | | | | |
| Air carrier | 197,719 | 81,565 | 325,989 | 312,540 | 298,125 |
| Air taxi and commuter | 36,918 | 15,630 | 62,974 | 75,991 | 89,369 |
| General aviation | 3,815 | 1,362 | 5,865 | 6,194 | 6,111 |
| Military | 122 | 28 | 79 | 82 | 108 |
| Total aircraft operations | 238,574 | 98,585 | 394,907 | 394,807 | 393,713 |
| Landed weight (1,000-pound units): | | | | | |
| Passenger: | | | | | |
| U.S. carriers: | | | | | |
| Major/national | 8,333,813 | 3,761,532 | 14,862,183 | 14,555,307 | 14,402,492 |
| Commuter/regional | 4,092,123 | 1,523,927 | 6,113,517 | 5,980,312 | 5,872,633 |
| Subtotal – U.S. carriers | 12,425,936 | 5,285,459 | 20,975,701 | 20,535,619 | 20,275,125 |
| Foreign flag | 120,527 | 126,968 | 591,630 | 515,824 | 496,067 |
| Subtotal – passenger | 12,546,463 | 5,412,426 | 21,567,331 | 21,051,443 | 20,771,192 |
| All cargo | 877,047 | 245,342 | 878,607 | 903,343 | 830,620 |
| Total landed weight | 13,423,510 | 5,657,768 | 22,445,938 | 21,954,787 | 21,601,812 |

(a) Originating and connecting activity statistics for three-month period ended Dec. 31, 2019 are estimated based on calendar-year percentages.

(b) Departures for three-month period ended Dec. 31, 2019 are estimated based on both actual and scheduled data.

Sources: Wayne County Airport Authority records, U.S. Department of Transportation data, and the Diio MI Database.

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT
Continuing Disclosure Table #15
Nonstop International Destinations Added and Dropped
Calendar years ending December 31
(Unaudited)

| <u>Year</u> | <u>Cities added</u> | <u>Cities dropped</u> | <u>Net change</u> |
|-------------|---|---|-------------------|
| 2020 | | Beijing, China Cozumel, Mexico Grand Cayman, Cayman Islands Leon/Guanajuato Mexico Nassau, Bahamas Ottawa, Canada Puerto Vallarta, Mexico Queretaro, Mexico Rome, Italy Tokyo-Narita, Japan Vancouver, Canada | (11) |
| 2019 | Tokyo-Haneda, Japan | Reykjavik, Iceland Sao Paulo-Guarulhos, Brazil | (1) |
| 2018 | León, Mexico Querétaro, Mexico Reykjavik, Iceland | | 3 |
| 2017 | No Nonstop International Destinations Added or Dropped | | — |

Notes: Data reflects new and discontinued nonstop international destinations served from DTW during the calendar year

Source: Diio MI Database

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #16

Historical Operating Results

Operating years ended September 30 (2016 through 2020)

Three-month period ended December 31, 2019 and

Operating year ended December 31, 2020

(Unaudited)

| | Three-month | | | | | |
|---|--------------------|---------------------------------------|----------------|---------------------------|-----------------|----------------------------|
| | OY 2020 | Period Ended Dec. 31, 2019 | OY 2019 | OY 2018 | OY 2017 | OY 2016 |
| Operating revenues: | | | | | | |
| Airport landing and related fees | \$ 57,545 | 20,213 | 79,731 | 76,739 | 79,494 | 78,045 |
| Concession fees | 32,748 | 16,790 | 69,305 | 68,951 | 64,702 | 61,820 |
| Parking fees | 34,905 | 21,834 | 83,657 | 80,248 | 76,707 | 74,498 |
| Hotel (a) | 12,224 | 8,816 | 32,735 | 31,368 | 29,929 | 33,890 |
| Rental facilities/ground transportation | 99,496 | 28,385 | 116,792 | 110,372 | 104,525 | 103,430 |
| Utility service fees | 3,759 | 1,165 | 4,739 | 4,970 | 4,903 | 4,691 |
| Other | 14,799 | 1,614 | 6,312 | 6,430 | 4,795 | 3,747 |
| Total operating revenues | 255,476 | 98,817 | 393,271 | 379,078 | 365,055 | 360,121 |
| Operating expenses: | | | | | | |
| Salaries, wages, and fringe benefits | 78,159 | 30,992 | 91,435 | 94,558 | 108,986 | 84,453 |
| Parking management | 5,488 | 1,823 | 7,607 | 8,405 | 7,987 | 7,909 |
| Hotel management (a) | 11,128 | 5,534 | 20,703 | 19,775 | 18,049 | 22,357 |
| Janitorial services | 14,038 | 4,120 | 16,917 | 14,406 | 13,515 | 11,992 |
| Security | 4,882 | 1,553 | 6,000 | 6,031 | 5,149 | 3,745 |
| Utilities | 19,153 | 5,196 | 22,403 | 23,253 | 22,662 | 21,645 |
| Repairs, professional services, and other | 77,929 | 23,790 | 100,266 | 93,537 | 84,207 | 93,666 |
| Depreciation | 131,066 | 30,530 | 120,674 | 120,446 | 130,406 | 168,646 |
| Total operating expenses | 341,843 | 103,538 | 386,005 | 380,411 | 390,961 | 414,413 |
| Operating gain (loss) | (86,367) | (4,721) | 7,266 | (1,333) | (25,906) | (54,292) |
| Nonoperating revenues (expenses): | | | | | | |
| Passenger facility charges | 28,408 | 16,415 | 72,761 | 69,774 | 68,128 | 66,764 |
| Customer facility charges | 4,951 | 5,726 | 22,131 | 4,549 | 4,442 | 4,260 |
| Federal and state sources | 118,169 | 1,784 | 8,497 | 6,650 | 6,650 | 5,551 |
| Interest income and other | 5,007 | 2,528 | 16,576 | 7,612 | 3,582 | 3,854 |
| Interest expense and other | (78,131) | (20,716) | (88,023) | (84,868) | (80,963) | (80,865) |
| Amortization of bond insurance premiums | (42) | (11) | (42) | (101) | (175) | (175) |
| Amortization of bond issuance costs | | | | | 0 | 0 |
| Total nonoperating revenues (expenses) | 78,362 | 5,726 | 31,900 | 3,616 | 1,664 | (611) |
| Net gain (loss) before capital contributions and transfers | (8,005) | 1,005 | 39,166 | 2,283 | (24,242) | (54,903) |
| Capital contributions | 26,909 | 1,125 | 33,136 | 389 | 7,278 | 32,694 |
| Transfers out | (11,503) | (1,384) | (3,524) | (2,467) | (3,327) | (2,941) |
| Changes in net position | 7,401 | 746 | 68,778 | 205 | (20,291) | (25,150) |
| Net position – beginning of year | 143,856 | 143,110 | 74,332 | 74,127¹ | 161,255 | 186,405² |
| Net position – end of year | \$ 151,257 | 143,856 | 143,110 | 74,332 | 140,964 | 161,255 |

(a) Effective October 2015, the operations of the Airport Hotel have been included with the operations of Detroit Metro Airport (see Note 2 of 2016 financial statements for additional discussion).

¹ In 2018, Detroit Metro Airport restated beginning net position to \$74,127 (see Note 2 of 2018 financial statements for additional discussion). This amount less the 2018 decrease in net position is used to arrive at ending net position.

² In 2016, Detroit Metro Airport restated beginning net position to \$186,405 (see Note 2 of 2016 financial statements for additional discussion). This amount less the 2016 decrease in net position is used to arrive at ending net position.

Source: Audited Financial Statements of the Wayne County Airport Authority.

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #17

Top 20 Domestic Origin and Destination Markets

Calendar year ending December 31, 2019

(Unaudited)

| Rank | Market | Total O&D Passengers | Percentage of | | Market Share | Secondary Carrier | Market Share | Non-Stop Service |
|------------------------------|---------------|-------------------------|-------------------|-----------------|-----------------|----------------------|-----------------|---------------------|
| | | | O&D Passengers | Primary Carrier | | | | |
| 1 | New York | 1,210 | 6.6% | Delta | 58.2% | Spirit | 14.9% | ● |
| 2 | Orlando | 1,164 | 6.3% | Delta | 48.3% | Spirit | 38.0% | ● |
| 3 | South Florida | 976 | 5.3% | Delta | 55.8% | Spirit | 28.4% | ● |
| 4 | Washington DC | 844 | 4.6% | Delta | 61.6% | Southwest | 15.2% | ● |
| 5 | Las Vegas | 808 | 4.4% | Delta | 45.8% | Spirit | 36.4% | ● |
| 6 | Los Angeles | 722 | 3.9% | Delta | 58.4% | Spirit | 26.1% | ● |
| 7 | Atlanta | 720 | 3.9% | Delta | 59.9% | Spirit | 28.4% | ● |
| 8 | Denver | 630 | 3.4% | Delta | 40.4% | Spirit | 19.2% | ● |
| 9 | Dallas | 630 | 3.4% | American | 31.1% | American | 37.5% | ● |
| 10 | Tampa | 614 | 3.3% | Delta | 60.7% | Spirit | 32.2% | ● |
| 11 | Fort Myers | 580 | 3.2% | Delta | 54.5% | Spirit | 38.7% | ● |
| 12 | San Francisco | 562 | 3.1% | Delta | 63.6% | United | 13.1% | ● |
| 13 | Phoenix | 516 | 2.8% | Delta | 54.1% | American | 26.1% | ● |
| 14 | Chicago | 516 | 2.8% | Delta | 50.8% | United | 18.1% | ● |
| 15 | Boston | 512 | 2.8% | Delta | 67.2% | JetBlue | 20.6% | ● |
| 16 | Houston | 422 | 2.3% | Delta | 31.3% | United | 32.3% | ● |
| 17 | Philadelphia | 360 | 2.0% | Delta | 44.2% | American | 36.3% | ● |
| 18 | Minneapolis | 352 | 1.9% | Delta | 70.5% | Spirit | 25.7% | ● |
| 19 | Nashville | 326 | 1.8% | Delta | 67.6% | Southwest | 31.0% | ● |
| 20 | Seattle | 320 | 1.7% | Delta | 60.1% | Alaska | 23.2% | ● |
| Other O&D Markets | | 5,580 | 30.4% | | | | | |
| Domestic O&D Passengers | | <u>18,363</u> | | | | | | |
| O&D % of Domestic Passengers | | 54.8% | | | | | | |

Note: Figures may not add due to rounding

Source: Wayne County Airport Authority records; U.S. Department of Transportation, Origin & Destination Survey of Airline Passenger Traffic, Domestic via Diio MI Database

See accompanying independent auditor's report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #18

Top 20 International Origin and Destination Markets

Calendar year ended December 31, 2019

(Unaudited)

| Rank | Market | Total O&D Passengers | Non-Stop Service |
|-------------|-------------------|-------------------------------------|-----------------------------|
| 1 | Cancun | 91,082 | ● |
| 2 | London (Heathrow) | 50,354 | ● |
| 3 | Frankfurt | 35,193 | ● |
| 4 | Mexico City | 33,432 | ● |
| 5 | Montego Bay | 31,933 | ● |
| 6 | Punta Cana | 31,876 | ● |
| 7 | Shanghai | 29,350 | ● |
| 8 | Tokyo | 28,222 | ● |
| 9 | Beirut | 27,569 | ● |
| 10 | Monterrey | 25,073 | ● |
| 11 | Paris | 24,933 | ● |
| 12 | Rome | 22,103 | ● |
| 13 | Toronto | 20,000 | ● |
| 14 | Amsterdam | 19,781 | ● |
| 15 | Vancouver | 19,325 | ● |
| 16 | Montreal | 17,998 | ● |
| 17 | Seoul | 17,450 | ● |
| 18 | San Jose del Cabo | 16,955 | ● |
| 19 | Beijing | 16,946 | ● |
| 20 | Munich | 16,511 | ● |

Source: US DOT Origin & Destination Survey of Airline Passenger Traffic

See accompanying independent auditor's report.



DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY

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APPENDIX C

**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE AND THE SERIES
2021 ORDINANCE**

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SUMMARY OF CERTAIN PROVISIONS OF THE MASTER BOND ORDINANCE AND THE SERIES 2021 ORDINANCE

The following is a summary of certain provisions of the Master Bond Ordinance and the Series 2021 Ordinance. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to and subject to the provisions of the complete Master Bond Ordinance and the Series 2021 Ordinance. Capitalized terms used herein have the meanings established in the Master Bond Ordinance and the Series 2021 Ordinance, as more particularly described herein; see “Selected Definitions” from the “Master Bond Ordinance” and “Selected Definitions” from the “Series 2021 Ordinance” sections below. This summary should be read in conjunction with the description of the Series 2021 Bonds and the Master Bond Ordinance in the Official Statement, particularly the sections entitled “DESCRIPTION OF THE SERIES 2021 BONDS” and “SECURITY FOR THE SERIES 2021 BONDS.”

MASTER BOND ORDINANCE

The Wayne County Airport Authority, State of Michigan (the “Authority”) has adopted the Master Bond Ordinance to provide for the acquisition and construction of capital improvements (the “Capital Improvement Program”) at the Detroit Metropolitan Wayne County Airport (the “Airport”).

The Master Bond Ordinance contemplates and authorizes the issuance of several Series of Bonds or Junior Lien Bonds through adoption of a Series Ordinance, authorizing the issuance and sale of each such Series of Bonds or Junior Lien Bonds in accordance with the provisions of the Master Bond Ordinance and amending and supplementing the Master Bond Ordinance. In addition, the Master Bond Ordinance contains certain requirements which must be met prior to the issuance of such additional Series of Bonds. See “SECURITY FOR THE SERIES 2021 BONDS — Additional Senior Lien Bonds” and “ — Junior Lien Bonds.”

Selected Definitions

The following are definitions of certain of the terms used in the Master Bond Ordinance. The words and terms used in the Master Bond Ordinance shall have the following meanings, unless some other meaning is plainly intended and shall be either singular or plural, as the context may require.

“*Accountant*” means an independent certified public accountant or a firm of independent certified public accountants having a favorable reputation for skill in performing similar duties to the duties imposed on the Accountant under the Master Bond Ordinance selected by the Authority Board from recommendations made by the Audit Committee as provided in Act 90.

“*Act 90*” means Act 90, Public Acts of Michigan, 2002.

“*Act 94*” means Act 94, Public Acts of Michigan, 1933, as amended.

“*Act 34*” means Act 34, Public Acts of Michigan, 2001, as amended.

“*Act 327*” or “*Aeronautics Code*” means Act 327, Public Acts of Michigan, 1945, as amended.

“*Additional Bonds*” means airport revenue bonds of equal standing with the Bonds, issued under and in accordance with the Master Bond Ordinance for the purposes set forth in Section 208 of the Master Bond Ordinance.

“*Airport*” means the entire Detroit Metropolitan Wayne County Airport, including all of its properties, real, personal or mixed, all buildings and all other improvements, additions or extensions thereto located thereon or appurtenant thereto, now existing or hereafter acquired.

“*Airport Consultant*” means any professionally qualified person, firm or corporation recognized in the air transportation industry and of favorable reputation for skill and experience in performing the duties of providing consulting services to airport operators at airports comparable in size and function to the Airport.

“*Airport Development Fund*” means the fund created pursuant to Section 501G of the Master Bond Ordinance.

“Airport Discretionary Fund” means the fund created by Section 501F of the Master Bond Ordinance.

“Authority” means the Wayne County Airport Authority created by Act 90.

“Authority Board” means the governing body of the Authority.

“Authorized Officer” means the Chief Executive Officer, the Chief Financial Officer, or officer designated by the Authority Board for the Authority or the designee of any of them.

“Bonds” means any bond or Series of bonds, established and created by the Authority under Section 202A of the Master Bond Ordinance and issued pursuant to a Series Ordinance, and Reimbursement Obligations of equal standing with the Bonds established and created by a Series Ordinance.

“Bond Counsel” means any nationally recognized bond counsel acceptable to the Trustee and the Authority.

“Bond Fund” means the fund created pursuant to Section 501B of the Master Bond Ordinance.

“Bond Payment Date” means any of the dates specified in a Series Ordinance for payment of interest, or interest and principal on the Bonds or Junior Lien Bonds.

“Bond Reserve Account” means the account in the Bond Fund created pursuant to Section 501B of the Master Bond Ordinance.

“Bondholder” or any similar term means any person or party who shall be the registered owner of any Bond or Junior Lien Bond.

“Capital Improvement Program” means the ongoing program of capital improvements at the Airports, as approved by the County prior to August 9, 2002, or since that date by the Authority as the successor to the County, as the same may be modified from time to time by the Authority.

“Chief Executive Officer” means the Chief Executive Officer of the Authority.

“Chief Financial Officer” means the Chief Financial Officer of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations, rulings and court decisions thereunder, as the context may require.

“Completion Date” means the date on which the acquisition, construction and installation of the portion of the Capital Improvement Program to be financed with the proceeds of a particular Series of Bonds or Junior Lien Bonds is complete, as evidenced by the filing of a Completion Certificate with the Trustee.

“Construction Fund” means the fund created pursuant to Section 401 of the Master Bond Ordinance.

“Consulting Architect or Engineer” means an independent architect or engineer or firm of professional architects or engineers, registered pursuant to the laws of the State of Michigan, from time to time selected by the Authority in accordance with its procurement policy and Act 90 to design or supervise the design and oversee the construction and installation of the Capital Improvement Program or components of the Capital Improvement Program.

“County” means the Charter County of Wayne, State of Michigan.

“Credit Entity” means with respect to a Series of Bonds or Junior Lien Bonds or a maturity of such Series a commercial bank, a bond insurance company, any other financial institution or combination of such financial institutions or governmental entity which issues a Credit Facility for such Series of Bonds or Junior Lien Bonds or maturities but only while such Credit Facility is outstanding or Reimbursement Obligations or Junior Lien Reimbursement Obligations or other amounts are outstanding under any written agreement with a Credit Entity pursuant to which a Credit Facility is issued.

“*Credit Facility*” means one or more credit facilities with respect to a Series of Bonds or Junior Lien Bonds or maturity of such Series consisting of an irrevocable and unconditional letter of credit, line of credit, bond purchase agreement, municipal bond insurance policy, surety bond or other credit enhancement facility issued by a Credit Entity as described in Section 213 of the Master Bond Ordinance to provide moneys for the purpose of paying the principal (whether upon tender or upon maturity or redemption) of and the interest on such Series of Bonds or Junior Lien Bonds but only while such Credit Facility is outstanding.

“*Debt Service*” means the amount scheduled to become due and payable annually on all Outstanding Bonds and Junior Lien Bonds as (i) interest, exclusive of interest capitalized on such Outstanding Bonds and Junior Lien Bonds and paid from the proceeds of a Series of Bonds or Junior Lien Bonds or investment earnings on such capitalized interest, plus (ii) principal, plus (iii) Mandatory Redemption Requirements. For purposes of calculating Debt Service:

- (i) All principal payments shall be made as and when the same shall become due or upon mandatory redemption;
- (ii) Outstanding Variable Rate Bonds shall be deemed to bear interest during any period after the date of calculation at a fixed annual rate equal to the weighted average of the actual rates on such Variable Rate Bonds for each day during the 365 consecutive days (or any lesser period such Variable Rate Bonds have been Outstanding) ending on the last day of the month next preceding the date of computation, or at the effective fixed annual rate thereon as a result of a Swap Agreement with respect thereto; provided, that such effective fixed annual rate for Variable Rate Bonds subject to a Swap Agreement must be utilized as long as such Swap Agreement is contracted to remain in full force and effect, and provided, further, that for purposes of establishing compliance with the requirements of Section 208 of the Master Bond Ordinance, Outstanding Variable Rate Bonds shall be deemed to bear interest as provided for Variable Rate Bonds proposed to be issued in clause (iii) below;
- (iii) Variable Rate Bonds proposed to be issued shall be deemed to bear interest at a fixed annual rate equal to the average of the interest rates published in The Bond Buyer Revenue Bond Index during the twelve (12) months preceding the date of issuance of such Variable Rate Bonds, or at the effective fixed annual rate thereon as a result of a Swap Agreement with respect to such Variable Rate Bonds; and provided, that such effective fixed annual rate must be utilized only so long as such Swap Agreement is contracted to remain in full force and effect;
- (iv) Any computation of Debt Service shall recognize and give effect to the alternative, rather than the cumulative, nature of obligations on Bonds or Junior Lien Bonds, including any related Reimbursement Obligations or Junior Lien Reimbursement Obligations to a provider of credit enhancement or a liquidity facility securing payment of such Bonds or Junior Lien Bonds. A termination payment which becomes payable pursuant to the terms of a Swap Agreement entered into after 1996 shall constitute interest as provided in Act 34.

“*Default*” means a default or event of default as such terms are defined in Section 701 of the Master Bond Ordinance.

“*Government Obligations*” means any of the following which at the time of investment are legal investments under Michigan law for the moneys proposed to be invested therein: investments described in Section 506(i) or (ii) of the Master Bond Ordinance.

“*Insurance Consultant*” means an independent person or a firm of persons having skill and experience in dealing with the insurance requirements of enterprises similar to the Airport and in performing the duties to be imposed upon it by the Master Bond Ordinance.

“*Issuance Costs*” means items of expense payable or reimbursable directly or indirectly by or to the Authority and related to the authorization, sale and issuance of Bonds or Junior Lien Bonds and authorization of the Master Bond Ordinance, which items of expense shall include, but not be limited to, application fees and expenses, publication costs, printing costs, costs of reproducing documents, filing and recording fees, Bond Counsel, financial

and other consultants' fees, initial Trustee's fees, underwriters' fees and discount, costs of credit ratings, costs of Credit Facilities and charges for execution, transportation and safekeeping of the Bonds or Junior Lien Bonds and related documents, and other costs, charges and fees in connection with the foregoing.

"Junior Lien Bond Fund" means the fund created pursuant to Section 501C of the Master Bond Ordinance.

"Junior Lien Bonds" means any bonds or Series of bonds issued by the Authority under Section 202B of the Master Bond Ordinance, issued pursuant to a Series Ordinance and payable from Net Revenues deposited in the Junior Lien Bond Fund after satisfaction of requirements for funding the Bond Fund, and Junior Lien Reimbursement Obligations established and created by a Series Ordinance.

"Junior Lien Reimbursement Obligations" means any obligations to repay a Credit Entity for payments of Debt Service made with respect to a Series of Bonds or Junior Lien Bonds, as provided in any written agreement between the Authority and a Credit Entity pursuant to which a Credit Facility is issued, which Junior Lien Reimbursement Obligations may be evidenced by Refunding Bonds or Junior Lien Bonds or contractual undertakings with the Credit Entity.

"Mandatory Redemption Requirement" means as to each Series of Bonds or Junior Lien Bonds for any year, the principal amount of Bonds or Junior Lien Bonds of such series subject to mandatory sinking fund redemption in such year, as provided in the Series Ordinance or Sale Resolution for each Series of Bonds or Junior Lien Bonds.

"Master Bond Ordinance" means the Master Bond Ordinance as from time to time restated, amended or supplemented by supplemental ordinances in accordance with the terms and provisions hereof, and shall include the Series Ordinance and Sale Resolution (if any) or Order (if any) of the Chief Executive Officer, for each Series of Bonds or Junior Lien Bonds.

"Net Proceeds" means the gross proceeds derived by the Authority from insurance or as an award arising from condemnation of all or part of either of the Airports, less payment of attorneys fees and other expenses properly incurred in the collection thereof.

"Net Revenues" means Revenues less Operation and Maintenance Expenses.

"Operating Reserve Amount" means the amount required in Section 501D of the Master Bond Ordinance to be on deposit in the Operation and Maintenance Reserve Fund.

"Operating Year" means the fiscal year of the Authority.

"Operation and Maintenance Expenses" means the reasonable expenses of administration, operation and maintenance of the Airport.

"Operation and Maintenance Fund" means the fund created pursuant to Section 501A of the Master Bond Ordinance.

"Operation and Maintenance Reserve Fund" means the fund created pursuant to Section 501D of the Master Bond Ordinance.

"Other Available Moneys" means, for any Operating Year, the amount of money determined by the Chief Financial Officer in concurrence with the Chief Executive Officer to be transferred by the Authority for such Operating Year from PFCs or other sources other than Revenues to the Bond Fund or the Junior Lien Bond Fund.

"Outstanding" means, as of any date, all Bonds or Junior Lien Bonds which have been authenticated and delivered by the Trustee (including Bonds or Junior Lien Bonds tendered which may be owned by the Authority, from time to time prior to the remarketing thereof), except:

- (i) Bonds or Junior Lien Bonds (or portions of Bonds or Junior Lien Bonds) for the payment or redemption of which there shall be held in trust by the Trustee under the Master Bond Ordinance (whether at or prior to maturity or redemption) (a) moneys equal to the principal amount or

Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption or (b) Sufficient Government Obligations in such principal amounts, having such maturities and bearing such interest, as together with the moneys described in clause (a), if any, shall be sufficient without reinvestment to pay when due the principal amount or Redemption Price, as the case may be, with interest due to the date of maturity or redemption; provided, that if such Bonds or Junior Lien Bonds are to be redeemed, notice of such redemption shall have been given as provided in Article III of the Master Bond Ordinance or provisions satisfactory to the Trustee shall have been made for giving of such notice, (ii) Bonds or Junior Lien Bonds in lieu of or substitution for which other Bonds or Junior Lien Bonds shall have been delivered pursuant to the Master Bond Ordinance, (iii) Bonds or Junior Lien Bonds deemed to have been paid or defeased as provided under the Master Bond Ordinance and (iv) Bonds or Junior Lien Bonds subject to a mandatory tender which have not been tendered prior to the related tender date which are deemed to have been redeemed.

“*Passenger Facility Charge*” or “*PFC*” means the passenger facility charge as authorized under 49 U.S.C. § 40117, or any predecessor or successor law, and as approved by the Federal Aviation Administration (or successor agency) from time to time, or such other similar charge imposed by the Authority on passengers enplaned at the Airport.

“*Person*” means any natural person, firm, partnership, entity or public body.

“*Plans and Specifications*” means the drawings, plans, blueprints and technical specifications approved by the Authority and relating to the design, installation and construction of various components of the Capital Improvement Program, as amended from time to time.

“*Program Costs*” shall be deemed to include the costs of design, acquisition, construction, installation, and financing of the Capital Improvement Program, including, but not limited to obligations of the Authority incurred for: (a) machinery, furnishings and equipment and for labor and to contractors, builders and materialmen in connection with the planning, design, acquisition, construction and installation of capital projects which comprise part of the Capital Improvement Program or any portion thereof; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of capital projects which comprise part of the Capital Improvement Program or any portion thereof which is not paid by the contractor or contractors or otherwise provided for; (c) architectural and engineering expenses for test borings, surveys, estimates, Plans and Specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required for the proper construction of capital projects which comprise part of the Capital Improvement Program or any portion thereof; (d) Issuance Costs; (e) all other costs which the Authority shall be required to pay, under the terms of any contract or contracts approved by the County or the Authority as the successor of the County, for the planning, design, acquisition, construction and installation of capital projects which comprise part of the Capital Improvement Program or any portion thereof including any legal costs and master planning, environmental and economic impact studies undertaken in connection therewith; (f) any sums required to reimburse the County, the Authority or any air carrier (pursuant to an agreement with the Authority) for advances made by it for any of the above items, or for any other costs incurred and for work done by any of them which are properly chargeable to the Capital Improvement Program; and (g) any other costs properly chargeable to the Construction Fund under Act 94.

“*Rating Agency*” means any nationally recognized rating service then rating the Bonds or Junior Lien Bonds.

“*Rebate Fund*” means the fund created pursuant to Section 503 of the Master Bond Ordinance.

“*Redemption Price*” means the principal of any Bond or Junior Lien Bonds which has been called for redemption, together with any premium thereon.

“*Refunding Bonds*” means any Bonds or Junior Lien Bonds issued pursuant to Section 209 of the Master Bond Ordinance.

“Reimbursement Obligations” means any obligations to repay a Credit Entity for payments of Debt Service made with respect to a Series of Bonds as provided in any written agreement between the Authority (as successor to the County or otherwise) and a Credit Entity pursuant to which a Credit Facility is issued, which Reimbursement Obligations may be evidenced by the Bonds of such Series, Refunding Bonds or contractual undertakings with the Credit Entity.

“Renewal and Replacement Fund” means the fund created pursuant to Section 501E of the Master Bond Ordinance.

“Replacement Requirement” means the amount required in Section 501E of the Master Bond Ordinance to be on deposit in the Renewal and Replacement Fund.

“Reserve Requirement” means an amount equal to the maximum annual Debt Service requirements for each Series of Outstanding Bonds which amount is required to be on deposit or, if permitted by law, otherwise provided for (including, but not limited to, through provision of a letter of credit, surety bond or insurance policy in the same amount) in the Bond Reserve Account; provided, however, that such requirement may be satisfied by a deposit at the time of issuance of a Series of Bonds or by an accumulation on a scheduled basis of Bond proceeds, investment earnings or other deposits which will result in an amount equal to the Reserve Requirement for such Series of Bonds being on deposit no later than the date of the last scheduled application of all capitalized interest for such Series; provided, further, that with respect to a Series of Bonds which are proposed to be issued as Variable Rate Bonds, the Reserve Requirement shall be calculated utilizing the assumptions set forth under subparagraph (iii) of the definition of Debt Service; and provided that in no event shall the Reserve Requirement exceed the maximum permitted by the Code. Any Reserve Requirement with respect to one or more Series of Junior Lien Bonds shall be established by the related Series Ordinance.

“Revenue Fund” means the fund created pursuant to Section 501 of the Master Bond Ordinance.

“Revenues” means the general revenues derived from the operation of the Airport, which shall include all moneys deposited in the Revenue Fund, from whatever source, and all income derived from the charges, fees, rentals and rates charged for services, facilities and commodities furnished by the Airport, whether such income shall be derived from its function as an Airport or not, and including, but not by way of limitation, concessions, rentals, auto parking fees, service charges derived from the operation of the terminal complex buildings and facilities, airplane landing fees, non-airline gasoline fees and miscellaneous charges and rentals from other facilities and services and investment earnings or general revenues derived from the operation of the Airport accumulated by the Authority prior to deposit in the Revenue Fund; provided, however, that the term “Revenues” shall not be construed to include (i) rentals or other amounts to be paid in the future by any Person pursuant to a lease or other agreement with the County or the Authority, which rentals or other amounts are pledged for the payment of bonds issued to provide funds to construct Special Facilities, (ii) the proceeds of federal grants or Passenger Facility Charges, or the proceeds of any other grant, charge or tax intended as a replacement therefor or other capital contributions from any source, (iii) the Net Proceeds of insurance or condemnation proceeds resulting from the damage or destruction or taking of any portion of the Airport or (iv) Special Purpose Revenues.

“Sale Resolution” or *“Sale Order”* means a resolution or resolutions of the Authority adopted by the Authority Board in accordance with Article II of the Master Bond Ordinance or an Order of the Chief Executive Officer of the Authority authorizing the sale of a Series of Bonds or Junior Lien Bonds in accordance with the terms and provisions of the Master Bond Ordinance and a Series Ordinance.

“Series” means a Series of Bonds or Junior Lien Bonds issued and sold pursuant to a Series Ordinance and the Master Bond Ordinance.

“Series Ordinance” means an ordinance or ordinances, including, if necessary, a Sale Resolution or Order, of the County prior to the Approval Date or the Authority as successor to the County authorizing the issuance and sale of a Series of Bonds or Junior Lien Bonds in accordance with the provisions hereof, adopted by the County (prior to the Approval Date) or the Authority as successor to the County or executed by the County Executive or the County (prior to the Approval Date) or the Authority’s Chief Executive Officer in accordance with Article X of the Master Bond Ordinance.

“Special Facilities” means a building or buildings or facilities constructed at the Airport for the use of any Person including both terminal and non-terminal improvements for the use of such Person, either exclusively or in common with others, or for public use as agreed upon by the Authority and such Person, for which rentals or other amounts are to be paid by such Person pursuant to a lease or other agreement assumed by or with the Authority, which rentals or other amounts are pledged for the payment of bonds issued by the County or the Authority to construct such facilities.

“Special Purpose Revenues” means specific categories of revenues, income, receipts or money of a type not previously included in Revenues, relating to or arising from a definable service, facility or program of the Authority or at either of the Airports, which (1)(i) are designated as Special Purpose Revenues by the Authority before the first receipt by the Authority of such category or portion of revenues, income, receipts or money or (ii) are statutorily designated for restricted purposes under state law; and (2) are restricted as to use by the Authority.

“Sufficient Government Obligations” means (a) direct obligations of the United States of America or (b) obligations the principal of and interest on which are fully guaranteed by the United States of America, and which (i) are not redeemable at the option of the issuer and (ii) without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the principal or Redemption Price and interest, respectively, as each becomes due on the Bonds or Junior Lien Bonds.

“Swap Agreement” means any interest rate exchange or swap, hedge or other similar agreement or agreements entered into in connection with the issuance of obligations or other evidences of indebtedness or in connection with the Authority’s then Outstanding Bonds or Junior Lien Bonds within the limitations provided by Act 34 or its predecessor statute.

“Swap Provider” means any party with whom the Authority (as successor to the County or otherwise) has or shall enter into a Swap Agreement.

“Trustee” means an independent bank or trust company qualified and appointed pursuant to Article IX of the Master Bond Ordinance to act as Trustee under the Master Bond Ordinance and any company into which the Trustee may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a trust company or bank which is qualified to be a successor Trustee under Section 907 of the Master Bond Ordinance, or any other bank or trust company at any time substituted in its place pursuant to the Master Bond Ordinance.

“Variable Rate Bonds” means any Bonds or Junior Lien Bonds the interest rate on which is not fixed to maturity as of the date of the calculation being performed.

Defeasance

The statutory lien upon the Net Revenues established by the Master Bond Ordinance shall continue until payment in full of the principal or Redemption Price and interest on the Bonds and Junior Lien Bonds or until sufficient cash or Sufficient Government Obligations shall have been deposited in trust for payment in full of all Bonds and Junior Lien Bonds to be defeased and sufficient funds shall have also been provided for paying all other obligations payable under the Master Bond Ordinance by the Authority with respect to the Bonds and Junior Lien Bonds to be defeased. If any of the Bonds or Junior Lien Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Bonds or Junior Lien Bonds for redemption shall be given to the Trustee after such deposit has been made.

Upon deposit of sufficient cash or Sufficient Government Obligations, as provided above, the statutory lien shall be terminated with respect to the Bonds or Junior Lien Bonds to be paid or defeased, the holders of such Bonds or Junior Lien Bonds shall have no further rights under the Master Bond Ordinance except for payment from the deposited funds and the replacement or transfer of registration of Bonds or Junior Lien Bonds, and such Bonds or Junior Lien Bonds shall no longer be considered to be Outstanding. The Authority shall not defease Variable Rate Bonds without having first obtained a confirmation of the rating on such Variable Rate Bonds from each nationally-recognized rating agency then rating the Variable Rate Bonds indicating that the rating on such Variable Rate Bonds will not be reduced or withdrawn due to the defeasance.

Proceeds; Construction Fund; Surplus Bond Proceeds

The proceeds of the sale of each Series of Bonds or Junior Lien Bonds shall be immediately deposited with the Trustee in the Funds and Accounts as specified in the Series Ordinance for such Series, provided, that (i) an amount equal to the accrued interest and premiums, if any, received on the delivery of such Series of Bonds or Junior Lien Bonds and an amount equal to any capitalized interest on such Series of Bonds or Junior Lien Bonds to be paid from Bond or Junior Lien Bond proceeds shall be deposited in the Bond Fund or Junior Lien Bond Fund, as appropriate and (ii) any Bond or Junior Lien Bond proceeds required to satisfy a Reserve Requirement shall be deposited in the Bond Reserve Account in the Bond Fund or the Junior Lien Bond Reserve Account in the Junior Lien Bond Fund, as appropriate and (iii) Bond or Junior Lien Bond proceeds to be used to pay Program Costs shall be deposited in a separate account established for such Series in the Construction Fund.

The Issuance Costs for a Series of Bonds or Junior Lien Bonds shall be paid or reimbursed by the Trustee out of the Construction Fund upon presentation of a requisition certificate by the Authority. The Trustee shall make disbursements from the Construction Fund to pay or reimburse other Program Costs in accordance with requisition certificates submitted by the Authority from time to time, executed by an Authorized Officer supported by an itemization of the Program Costs being financed with the proceeds of the particular Series of Bonds or Junior Lien Bonds for which payment or reimbursement is requisitioned thereby in sufficient detail to evidence the purpose for which such costs were incurred.

The Authority shall proceed with reasonable dispatch to acquire, construct, install and complete capital projects or to cause the same to occur substantially in accordance with the Plans and Specifications. Completion of construction and installation of capital improvements shall be signified by the prompt filing with the Trustee of a completion certificate ("Completion Certificate") executed by an Authorized Officer.

All proceeds of a Series of Bonds or Junior Lien Bonds and investment earnings thereon deposited in the related account in the Construction Fund in excess of the amount actually used for construction or required for completion of construction (other than sums for construction for which payment is not yet due) of the capital improvements in anticipation of which such Series of Bonds or Junior Lien Bonds was issued and capitalized interest remaining on deposit in the related subaccount in the Capitalized Interest Account ("Surplus Bond Proceeds") shall, if permitted by law, and subject to the Master Bond Ordinance, be used to satisfy any rebate obligations with respect to such Series of Bonds or Junior Lien Bonds or for such other capital projects (and capitalized interest related thereto) in the Capital Improvement Program or, upon receipt of a Completion Certificate, be immediately transferred by the Trustee to the general account in the Bond Fund or Junior Lien Bond Fund as appropriate, designated the "Surplus Bond Proceeds Account" to be applied as follows. Surplus Bond Proceeds may be applied, in certain instances, to (i) make principal payments next coming due on the Bonds or Junior Lien Bonds and (ii) redeem Bonds or Junior Lien Bonds. In no event shall Surplus Bond Proceeds so transferred to the Bond Fund or Junior Lien Bond Fund or the investment income thereon be used to pay interest on the Bonds or Junior Lien Bonds unless in the opinion of Bond Counsel such use would not impair the tax exempt status of the Bonds or Junior Lien Bonds.

Investments

Except as otherwise provided in the Master Bond Ordinance, or as further limited by agreement with a Credit Entity, moneys in the Funds and Accounts established in the Master Bond Ordinance and moneys derived from the proceeds of sale of the Bonds or Junior Lien Bonds may be invested at the oral direction of the Chief Financial Officer, confirmed in writing, to the extent consistent with Act 94 as then in effect, by the Trustee or by the Chief Financial Officer, as the case may be, in investments permitted by Act 20, Michigan Public Acts of 1943, as amended.

Investment of moneys in the Bond Fund or Junior Lien Bond Fund being accumulated for payment of the next maturing principal or interest payment of the Bonds or Junior Lien Bonds shall be limited to (i) direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; and (ii) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself); U.S. Export-Import Bank (Eximbank) direct obligations or fully guaranteed certificates of

beneficial ownership; Farmers Housing Administration (FmHA) certificates of beneficial ownership; Federal Financing Bank; Federal Housing Administration Debentures (FHA); General Services Administration Participation Certificates; Government National Mortgage Association (GNMA or “Ginnie Mae”) GNMA-guaranteed mortgage-backed bonds; GNMA-guaranteed pass-through obligations; U.S. Maritime Administration Guaranteed Title XI financing; U.S. Department of Housing and Urban Development (HUD) Project Notes, Local Authority Bonds, New Communities Debentures – U. S. government guaranteed debentures, U.S. Public Housing Notes and Bond – U.S. government guaranteed public housing notes and bonds; bearing maturity dates not later than one (1) business day prior to the date of the next maturing principal or interest payment on the Bonds or Junior Lien Bonds and any securities representing investment of the same shall be kept on deposit with the Trustee. Investment of moneys in the Bond Reserve Account or the Junior Lien Bond Reserve Account shall be limited to obligations bearing maturity dates or subject to redemption at the option of the owner thereof, not later than five years from the date of the investment or such lesser period of time until final maturity of the related Bonds or Junior Lien Bonds.

The Authority shall cause investments credited to the Bond Reserve Account and the Junior Lien Bond Reserve Account to be valued at least semiannually by the Accountant on the first day of each Operating Year and semiannually thereafter, at the then market value thereof, and, in the event such investments are valued at less than ninety percent (90%) of the related Reserve Requirement, budget such additional deposits at the beginning of the next quarter in an amount necessary to restore the Bond Reserve Account or the Junior Lien Reserve Account, as the case may be, to the full amount of the related Reserve Requirement within 18 months.

Covenants and Representations of the Authority

Management

The operation, maintenance and management of the Airport shall continue to be under the supervision and control of the Authority. The Chief Executive Officer shall establish and enforce reasonable rules and regulations governing the operation and use of the Airport, operate the Airport in an efficient and economical manner, maintain the properties constituting the Airport in good repair and in sound operating condition for so long as the same are necessary to the operation of the Airport on a Revenue-producing basis. Powers conferred on the Authority shall, unless otherwise specifically provided, be exercised or performed by the Chief Executive Officer.

Operating Year

The Airport shall continue to be operated on the basis of an Operating Year which currently begins on October 1 of each year.

No Free Service or Use

No free service or use of the Airport, or service or use of the Airport at less than cost, shall be furnished by the Airport to any person, firm or corporation, public or private, or to any public agency or instrumentality.

Insurance

Generally

While any Bonds or Junior Lien Bonds remain Outstanding under the Master Bond Ordinance the Authority shall maintain or cause to be maintained insurance (which may include self-insurance) on all physical properties belonging to the Airport and/or operations of the Airport, or the kinds and in the amounts normally carried by agencies engaged in the operation of airports and reasonably available to the Authority. The Authority shall retain an Insurance Consultant for the Airport for the purpose of determining compliance with this requirement.

The Authority shall, and the Trustee may, demand, collect and sue for the insurance money that may become due and payable under any policies payable to it. Any appraisal or adjustment of any loss of damages and any settlement or payment of indemnity therefor that may be agreed upon between the Authority and any insurer shall be evidenced to the Trustee by a certificate signed by the Authorized Officer.

The Authority shall require the Insurance Consultant to report to it annually on December 1 on the adequacy of the Authority’s insurance coverage under the Master Bond Ordinance. A signed copy of any reports of

any Insurance Consultant required hereby shall be filed with the Chief Financial Officer and copies thereof shall be sent to the Trustee.

Notice of Taking; Cooperation of Parties

If any public authority or entity attempts to take or damage all or any part of the Airport through eminent domain proceedings, the Authority shall take prompt and appropriate measures to protect and enforce its rights and interests and those of the Trustee in connection with such proceedings. Upon receiving notice of the institution of eminent domain proceedings by any public instrumentality, body, agency or officer, the Authority shall deliver written notice thereof to the Trustee.

Insurance and Eminent Domain Proceeds

All Net Proceeds of all hazard insurance and all Net Proceeds resulting from eminent domain proceedings (excluding proceeds of insurance or condemnation awards which relate to Special Facilities and which are required under the terms of the related Series Ordinance to be otherwise directed) shall be paid to the Trustee and shall be deposited and applied at the election of the Authority as follows:

(1) deposited in the Construction Fund which shall be reactivated as necessary and used to promptly replace, repair, rebuild or restore the Airport to substantially the same condition as that which existed prior to such damage, destruction or taking, with such alterations and additions as the Authority may determine and as will not impair or otherwise adversely affect the revenue-producing capability of the Airport, provided that prior to the commencement of such replacement, repair, rebuilding or restoration, the Authority shall deliver to the Trustee a report of an Airport Consultant setting forth (A) an estimate of the total cost of the replacement, repair, rebuilding or restoration, (B) the estimated date upon which such replacement, repair, rebuilding or restoration will be substantially complete, and (C) a statement to the effect that Net Proceeds, together with other funds made available or to be made available or caused to be made available by the Authority, are projected to be sufficient to pay the costs of the replacement, repair, rebuilding or restoration of the Airport; or

(2) deposited in the Bond Fund or the Junior Lien Bond Fund, as the case may be and applied to the redemption of first the Bonds and then the Junior Lien Bonds, provided that Bonds or Junior Lien Bonds may be redeemed only if (A) the Airport has been restored to substantially the same condition as prior to such damage, destruction or taking or (B) the Authority has determined that the portion of the Airport damaged, destroyed or taken is not necessary to the operation of the Airport and that the failure of the Authority to repair and restore the same will not impair or otherwise adversely affect the revenue-producing capability of the Airport; or (C) the Airport Consultant has been unable to make the statement required by subparagraph (1)(C) of this paragraph.

If the Authority does not apply Net Proceeds or cause them to be applied, to replace, repair, rebuild, or restore the Airport, the Authority shall first redeem or purchase the Bonds and after redemption or purchase of all of the Bonds the Authority shall redeem or purchase the Junior Lien Bonds, in each case in accordance with Article III of the Master Bond Ordinance and the relevant Series Ordinance and transfer from the Construction Fund to the Bond Fund and the Junior Lien Bond Fund amounts sufficient to pay the Redemption Price or purchase price of the Bonds and the Junior Lien Bonds to be redeemed or purchased.

If the Authority elects to apply Net Proceeds, or cause them to be applied, to replace, repair, rebuild, or restore the Airport, the Authority shall retain such Net Proceeds in the Construction Fund and shall make disbursements therefrom, to the extent practicable, in accordance with the procedures and requirements set forth in Section 402 of the Master Bond Ordinance for requisitions from the Construction Fund.

Payment of Charges and Covenant Against Encumbrances

Except as permitted in the Master Bond Ordinance, the Authority shall not create or suffer to be created any lien or charge upon the Airport or any part thereof, or on the Net Revenues. The Authority shall pay or cause to be discharged, or shall make adequate provision to satisfy and discharge, within sixty (60) days after the same become due and payable, all lawful costs, expenses, liabilities and charges relating to the maintenance, repair, replacement or

improvement of the properties constituting the Airport and the operation of the Airport if unpaid. The Authority shall not be required to pay or cause to be discharged, or make provision for the payment, satisfaction and discharge of, any lien, charge, cost, liability, claim or demand so long as the validity thereof is contested in good faith and by appropriate legal proceedings and so long as such contest will not cause an imminent sale or foreclosure of the Airport or any significant part thereof.

Sale of Airport

The Master Bond Ordinance generally prohibits the Authority from selling, transferring, assigning or otherwise disposing of all or any part of the properties constituting the Airport, with the following exceptions:

- (i) the right to sell or dispose of any real property or any machinery, fixtures, apparatus or other personal property which is part of the Airport if the Authority determines that such property is not or is no longer needed or useful and that such sale will not impair the operating efficiency of the Airport or reduce the Authority's ability to satisfy the rate covenant as projected by the Airport Consultant;
- (ii) the right, without notice to the Trustee, to demolish or remove
 - (a) all or any part of the passenger terminal facilities, including concourses, existing at the Airport on November 1, 1997, which are to be replaced through the construction of passenger terminal facilities, including concourses, as part of the Capital Improvement Program; or
 - (b) any other structures now or hereafter existing as part of the Airport, without obligation to make any replacement thereof or substitution therefor, provided that the Airport Director determines that the fair market value of the structures demolished or removed does not exceed \$3,000,000.
- (iii) notwithstanding the provisions of (ii) (a) above, the right to demolish or remove any structure if the Airport Director determines that such structure has become inadequate, unsuitable or unnecessary, if:
 - (a) prior to such removal or demolition the Authority gives written notice thereof to the Trustee, and
 - (b) (1) structures having a utility value at the Airport at least equal to that of the property demolished or removed are constructed, acquired, or substituted, or (2) there shall be filed with the Trustee prior to such demolition or removal a certificate signed by the Authorized Officer and approved by the Airport Consultant stating that Net Revenues for the Operating Year next succeeding that in which such demolition or removal occurs are projected to be sufficient to enable the Authority to meet the rate covenant, and in such case no substitution or replacement shall be required.

Proceeds resulting from any abandonment, sale or disposition of properties constituting the Airport shall be deposited, in the Authority's sole discretion, in the Construction Fund if the amount then on deposit therein is insufficient to pay Program Costs, or otherwise to the Renewal and Replacement Fund unless some other disposition is required by law or by contract.

Other Authority Covenants

So long as any Bond or Junior Lien Bond is Outstanding, the Authority covenants to comply or cause compliance with all applicable laws, orders, rules or regulations of any municipal or other governmental authority relating to the construction, use and operation of the Airport, and further covenants that it shall not create a lien upon the Airport.

Events of Default

Each of the following events is an "Event of Default" under the Master Bond Ordinance:

(a) the Authority shall default in the payment of the principal or Redemption Price of any Bond or Bonds or Junior Lien Bonds when and as the same shall become due, whether at maturity or upon redemption or otherwise;

(b) payment of any installment of interest on any Bond or Bonds or Junior Lien Bonds shall not be made, when and as the same shall become due;

(c) the Authority shall fail or refuse to comply with the provisions of the Master Bond Ordinance or shall default in the performance or observance of any other of the covenants, agreements or conditions contained in the Master Bond Ordinance, any supplemental ordinance, any resolution, or in the Bonds or Junior Lien Bonds and such failure, refusal or default shall continue for a period of 45 days after written notice specifying such default and requesting that it be corrected, to the Authority by the Trustee or to the Authority and the Trustee by the Holders of not less than twenty percent (20%) in principal amount of the outstanding Bonds and Junior Lien Bonds, provided that if prior to the expiration of such 45-day period the Authority institutes action reasonably designed to cure such default, no such "Event of Default" shall be deemed to have occurred upon the expiration of such 45-day period for so long as the Authority pursues such curative action with reasonable diligence;

(d) any proceeding shall be instituted by or against the Authority seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of thirty (30) days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against it or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property) shall occur; or the Authority shall take any action to authorize any of the actions set forth above in this subsection (d).

No default in the payment of the principal of, interest on or Redemption Price of any Junior Lien Bond shall be considered a default for any Bond.

Remedies

Upon the happening and continuance of any Event of Default specified in the Master Bond Ordinance, the Trustee may, or upon the request of the holders of not less than twenty percent (20%) in principal amount of the Outstanding Bonds and Junior Lien Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders, by suit, action, or other proceedings, and to protect and enforce the statutory lien on the Net Revenues and enforce and compel the performance of all duties of the officials of the Authority. The Trustee shall on behalf of the Bondholders be entitled as a matter of right, upon application to a court of competent jurisdiction, to have appointed a receiver of the Authority for the business and property of the Airport, or any part thereof, including all Revenues, issues, income, receipts and profits derived, received or had by the Authority thereof or therefrom, with such power as the Authority may have to operate and maintain such business and property, collect, receive and apply all Revenues, income, receipts and profits arising therefrom, and prescribe fees and other charges in the same way and manner as the Authority might do. The Trustee is entitled to indemnification against fees, costs, expenses and liabilities for its enforcing any of the remedies permitted by the Master Bond Ordinance on the terms provided by the Master Bond Ordinance in connection with its exercise of any of the foregoing remedies.

Limitation on Rights of Bondholders

No individual Bondholders may initiate legal proceedings to enforce rights under the Master Bond Ordinance unless such holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such proceeding is to be taken, and unless the holders of not less than twenty percent (20%) in principal amount of the Bonds or Junior Lien Bonds then Outstanding have made written request of the Trustee after the right to exercise such right of action has occurred, and have afforded the Trustee a reasonable opportunity either

to exercise the powers granted to it under the Master Bond Ordinance or to institute such proceedings in its name and unless, also, there has been offered to the Trustee reasonable security and indemnity against fees, costs, expenses and liabilities, and the Trustee has refused or neglected to comply with such request within a reasonable time. No provision in the Master Bond Ordinance on defaults and remedies shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on his or her Bonds or Junior Lien Bonds, or the obligation of the Authority to pay the same.

Application of Revenues and Other Moneys After Default

During the continuance of an Event of Default, the Trustee, except as otherwise provided in the provisions of the Master Bond Ordinance relating to remedies, shall apply moneys, securities, funds and Revenues and the investment income thereon in the Funds and Accounts as follows and in the following order:

(i) to the payment of the reasonable fees, charges, costs, expenses and liabilities of the Trustee and the Airport Consultant or any Consulting Architect or Engineer selected by the Authority pursuant to the Master Bond Ordinance;

(ii) to the payment of the amounts required for reasonable and necessary Operation and Maintenance Expenses; and for the reasonable renewals, repairs and replacements of the Airport necessary to prevent loss of Revenues, as certified to the Trustee by the Airport Consultant. For this purpose the books of records and accounts of the Authority relating to the Airport shall at all times be subject to the inspection of the Airport Consultant during the continuance of such Event of Default;

(iii) to the payment of the interest and principal or Redemption Price then due on the Bonds or Junior Lien Bonds, as follows:

FIRST: To the payment to the persons entitled thereto of all installments of interest on Bonds then due in order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference;

THIRD: To the payment to the persons entitled thereto of all installments of interest on Junior Lien Bonds, including payments in the nature of interest payable to a Swap Provider under a Swap Agreement, then due in order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

FOURTH: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Junior Lien Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Junior Lien Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

FIFTH: To the payment to any Swap Provider of any termination payment due and payable under a Swap Agreement, and if the amounts available shall not be sufficient to pay in full all termination payments due under the Swap Agreements then to the payment thereof ratably

according to the amounts of termination payments due on such date to the persons entitled thereto without any discrimination or preference.

If and whenever all overdue installments of interest on all Bonds and Junior Lien Bonds, together with the reasonable fees, charges, costs, expenses and liabilities of the Trustee, and all other sums payable by the Authority to the Trustee under the Master Bond Ordinance, including the principal and Redemption Price of and accrued unpaid interest on the Bonds and Junior Lien Bonds which shall then be payable, shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Master Bond Ordinance or the Bonds or Junior Lien Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all moneys, securities, funds and Revenues then remaining unexpended in the hands of the Trustee (except moneys, securities, funds or Revenues deposited or pledged, or required by the terms of the Master Bond Ordinance to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee shall be restored, respectively to their former positions and rights under the Master Bond Ordinance, and all Revenues shall thereafter be applied as provided in the provisions of the Master Bond Ordinance governing the establishment and use of Funds and Accounts. No such payment over to the Authority by the Trustee or resumption of the application of Revenues as so provided shall extend to or affect any subsequent default under the Master Bond Ordinance or impair any right consequent thereon.

No Waiver of Default

No delay or omission of the Trustee or of any Holder of the Bonds and Junior Lien Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein; and every power and remedy given by the Master Bond Ordinance to the Trustee and the Holders of the Bonds and Junior Lien Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Notice of Event of Default

The Trustee shall promptly give to the holders of Bonds and Junior Lien Bonds notice (i) of each Event of Default of which it has actual notice under Section 902(h) of the Master Bond Ordinance, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except in the case of an Event of Default specified in clause (a), (b) or (d) of the definition thereof, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee of the board of directors, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the best interests of the holders of Bonds and Junior Lien Bonds, and (ii) of any failure of the Authority to comply with its covenant under the Master Bond Ordinance to charge sufficient rates and charges of which the Trustee has actual notice as set forth in Section 902(h) of the Master Bond Ordinance. Each such notice required shall be given by the Trustee by mailing written notice thereof to all owners of Bonds and Junior Lien Bonds, at the registered addresses of such Holders shown upon the registration books of the Authority held by the Trustee.

Tax-Exempt Status; Non-Arbitrage Covenant

The Authority covenants not to take or to permit to be taken by its agents or assigns any action which, or fail to take any reasonable action the omission of which, would (i) impair the exemption of interest on the Bonds or Junior Lien Bonds from federal income taxation, or (ii) affect the validity of the Bonds or Junior Lien Bonds.

The Authority shall use the proceeds of all Series of Bonds and Junior Lien Bonds in a manner that will comply with the requirements of Section 103 of the Code. The Authority shall not make any use, and the Trustee is directed to make no use, of the proceeds of the Bonds and Junior Lien Bonds which could cause the Bonds or Junior Lien Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable regulations thereunder. The Authority shall further comply with the requirements and regulations of such section throughout the term of the Bonds and the Junior Lien Bonds, including the rebate requirements of the Master Bond Ordinance.

Supplemental Ordinances

The Authority may, without the consent of the Bondholders, but with the consent of the Trustee and where required by a Credit Entity, the Credit Entity, adopt at any time or from time to time Series Ordinances or Supplemental Ordinances for any one or more of following purposes, and any Supplemental Ordinance shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by the Authorized Officer:

- (1) To provide for the issuance of a Series of Bonds or Junior Lien Bonds and to prescribe the terms and conditions pursuant to which such Bonds or Junior Lien Bonds may be issued, paid or redeemed;
- (2) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds or Junior Lien Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Master Bond Ordinance;
- (3) To prescribe further limitations and restrictions upon the issuance of Bonds or Junior Lien Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;
- (4) To surrender any right, power or privilege reserved to or conferred upon the Authority by terms of the Master Bond Ordinance;
- (5) To confirm as further assurance any security created under and subject to any lien or claim created or to be created by the provisions of the Master Bond Ordinance;
- (6) To modify the provisions of the Master Bond Ordinance or any previously adopted Series Ordinance to permit compliance with changes in federal tax law which is required to maintain the tax exempt status of the Bonds or Junior Lien Bonds;
- (7) With the consent of the Trustee in reliance upon an opinion of Bond Counsel, to cure any ambiguity or defect or inconsistent provision in the Master Bond Ordinance or to insert such provisions clarifying matters or questions arising under the Master Bond Ordinance as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Master Bond Ordinance as theretofore in effect; or
- (8) To comply with the Trust Indenture Act of 1939.

Notice of the adoption and delivery of any Supplemental Ordinance or resolution and a copy thereof shall be filed by the Trustee with the Rating Agency at the time of such adoption and delivery.

Supplemental Ordinances Requiring Consent of Bondholders

Exclusive of Supplemental Ordinances covered by Section 1002 of the Master Bond Ordinance, the Holders of at least fifty percent (50%) of the principal amount of outstanding Bonds and Junior Lien Bonds affected by the proposed Supplemental Ordinance and when required by the provider of a Credit Facility, the related Credit Entity, shall have the right to consent to and approve the adoption by the Authority of other Supplemental Ordinances; provided, however, that nothing in the Master Bond Ordinance shall permit (i) an extension of the maturity of the principal of or the interest on any Bond or Junior Lien Bond issued under the Master Bond Ordinance, (ii) a reduction in the principal amount of any Bond or Junior Lien Bond, (iii) modification of the privilege or priority of any Bond or Bonds over any other Bonds, except upon the written consent of the Holders of 100% of the principal amount of Bonds Outstanding or (iv) modification of the privilege or priority of any Junior Lien Bond or Junior Lien Bonds over any other Junior Lien Bonds. For the purposes of consents pursuant to Section 1003 of the Master Bond Ordinance a Credit Entity shall be deemed to be the Holder of Bonds or Junior Lien Bonds pledged by the Authority to the Credit Entity or owned by the Credit Entity or Bonds or Junior Lien Bonds secured

by a Credit Facility except to the extent the Credit Entity has not honored a draw on its Credit Facility which draw complies with the requirements of the Credit Facility.

The Trustee shall give written notice of the proposed adoption of a Supplemental Ordinance by mail to the registered addresses of Holders of the Outstanding Bonds and Junior Lien Bonds and to the Credit Entity. Such notice shall briefly set forth the nature of the proposed Supplemental Ordinance and shall state that copies thereof are on file at the designated trust office of the Trustee for inspection by holders of Bonds and Junior Lien Bonds. If, within sixty (60) days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Holders of not less than the required percent of the principal amount of the Bonds and Junior Lien Bonds Outstanding by instruments filed with the Trustee shall have consented to the adoption thereof and any other prerequisites such as the approval of any Credit Entity having such right, such Supplemental Ordinance may be adopted and the Master Bond Ordinance shall be deemed to be modified and amended in accordance therewith.

Anything in the Master Bond Ordinance to the contrary notwithstanding, a Supplemental Ordinance under Article X of the Master Bond Ordinance which affects the rights, duties and obligations of the Trustee shall not become effective unless and until the Trustee shall have consented in writing in the case of the Trustee, to the adoption of such Supplemental Ordinance and unless the Authority has first obtained the approval of the Michigan Department of Treasury if such approval is required.

If a Series of Bonds or Junior Lien Bonds will be unaffected by the terms of the Supplemental Ordinance, such Bonds or Junior Lien Bonds shall not be deemed to be Outstanding for purposes of any required consent.

A Series shall be deemed to be affected by a modification or amendment of the Master Bond Ordinance if the same adversely affects or diminishes the rights of the Holders of Bonds or Junior Lien Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds or Junior Lien Bonds of any particular Series or maturity would be affected by any modification or amendment of the Master Bond Ordinance and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds or Junior Lien Bonds. The Trustee may receive an opinion of Bond Counsel as conclusive evidence as to whether Bonds or Junior Lien Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Master Bond Ordinance.

Notwithstanding anything in Section 1003 of the Master Bond Ordinance to the contrary, so long as any Bonds or Junior Lien Bonds are Outstanding as Variable Rate Bonds, the payment of principal of and interest upon which Variable Rate Bonds is secured by a Credit Facility, the Holders of such Variable Rate Bonds so secured shall not have any right to consent to any Supplemental Ordinance with respect to which the consent of Holders of such Variable Rate Bonds would otherwise have to be obtained, the automatic and irrevocable consent of such Holders of such Variable Rate Bonds to be conclusively presumed by virtue of such Holder's acceptance thereof; and the Trustee shall not be required to seek such Holders' consent as set forth in Section 1003 of the Master Bond Ordinance, provided that all such Holders shall be entitled to receive notice of the proposed Supplemental Ordinance from the Trustee or from the remarketing agent with respect to such Variable Rate Bonds and shall have the opportunity to tender such Variable Rate Bonds for repurchase prior to the effectiveness of any such Supplemental Ordinance. So long as any Bonds or Junior Lien Bonds are Outstanding as Variable Rate Bonds, the payment of principal of and interest upon which Variable Rate Bonds is secured by a Credit Facility, the Credit Entity which issued such Credit Facility shall be deemed the Holder of such Variable Rate Bonds so secured and shall have the right to consent to any Supplemental Ordinance with respect to which the consent of Holders of such Variable Rate Bonds would otherwise have to be obtained; provided, however, that the right of such Credit Entity to provide such consent shall be suspended if such Credit Entity shall have wrongfully dishonored a payment obligation under such Credit Facility or if the Credit Facility is for any reason unavailable to the Trustee for the benefit of the Holders of such Variable Rate Bonds other than by expiration in accordance with its terms.

SERIES 2021 ORDINANCE

The Authority has adopted the Series 2021 Ordinance which together with the Series 2021 Sale Order authorizes the issuance and sale of the Series 2021 Bonds, and which amends and supplements the Master Bond Ordinance.

Selected Definitions

“Authorized Denominations” means the denominations of \$5,000 or any integral multiple thereof.

“Debt Service Payments” means the payments required to be made by the Authority to amortize as Series of the Series 2021 Bonds, as provided for in the Series 2021 Ordinance, including the payments of principal of, premium, if any, and interest on the related Series of Series 2021 Bonds when due (whether at stated maturity or upon redemption prior to stated maturity).

“Fixed Rate” means the fixed rate or fixed rates at which the Series 2021 Bonds bear interest through the Stated Maturity Date, as established in the Series 2021 Ordinance.

“Interest Payment Date” means each date upon which interest on any Series of the Series 2021 Bonds shall be due and payable, as provided in the Sale Order for the related Series of Series 2021 Bonds.

“Record Date” means the 15th day of the month preceding an Interest Payment Date.

“Registered Owner” or *“Bondholder”* or *“owner”* means the person or entity in whose name any Series 2021 Bond is registered.

“Sale Order” means, with respect to a Series of the Series 2021 Bonds, the written order of an Authorized Officer of the Authority approving the sale of such Series of the Series 2021 Bonds and making certain determinations regarding the final terms thereof within the parameters of the Series 2021 Ordinance and the Master Bond Ordinance.

“Series 2021 Bonds” means the Series 2021 Revenue Bonds, authorized by Article II of the Series 2021 Ordinance.

“Stated Maturity Date” means, with respect to any Series of the Series 2021 Bonds, the Stated Maturity Date set forth in the applicable Sale Order.

Application of Series 2021 Bond Proceeds

The net proceeds of each Series of the Series 2021 Bonds shall be applied as follows, as finally determined in the Series 2021 Sale Order:

(a) An amount equal to the accrued interest, if any, on such Series 2021 Bonds to the date of delivery thereof shall be deposited in the Airport Debt Service Account of the Bond Fund.

(b) An amount equal to the amount of interest estimated to be capitalized on such Series 2021 Bonds, after giving effect to the estimated schedule on which various components of the related Series 2021 Projects will become available for use at the Airport and net of anticipated investment earnings on the amount of proceeds deposited in the Series 2021 Capitalized Interest Account for such Series established in the Capitalized Interest Account, shall be deposited in such subaccount.

(c) An amount sufficient to pay the Issuance Costs of such Series of the Series 2021 Bonds (to the extent permitted by law) shall be deposited with the Trustee in the 2021 Bond Costs of Issuance Account and used to pay Issuance Costs of such Series of the Series 2021 Bonds.

(d) An amount or other provision necessary to satisfy the Series 2021 Reserve Requirement for such Series shall be deposited in or credited to the 2021 Bond Reserve Subaccount for such Series.

(e) The balance of the proceeds of such Series 2021 Bonds shall be deposited into one or more separate accounts within the Series 2021 Airport Capital Improvement Program Construction Account (the “Series 2021 Construction Account”) which is established under the Series 2021 Ordinance in the Airport Capital Improvement Program Construction Fund that was created pursuant to Section 401 of the Master Bond Ordinance.

If more than one series of Series 2021 Bonds is issued, the costs of the Series 2021 Projects may be allocated among the Series as provided in the related Series 2021 Sale Order.

Series 2021 Accounts

The Trustee shall maintain the accounts established under Sections 301 and 302 of the Series 2021 Ordinance as follows:

(a) Moneys in the 2021 Debt Service Account of the Bond Fund shall be deposited in accordance with Section 501B of the Master Bond Ordinance and shall be used for the payment when due of principal of, premium, if any, and interest on the related Series of the Series 2021 Bonds.

(b) There shall be deposited in the 2021 Capitalized Interest Account amounts equal to the amounts of interest estimated to be capitalized on the Series 2021 Bonds in accordance with the terms of the Series 2021 Sale Order.

(c) There shall be deposited in the 2021 Bond Reserve Account amounts necessary to satisfy the Series 2021 Reserve Requirement in accordance with the terms of the Series 2021 Sale Order.

Tax Covenant

The Authority covenants and represents that, to the extent permitted by law, it shall take all actions, or refrain from taking actions, within its control necessary to maintain the exclusion of the interest on the Series 2021 Bonds from gross income for general federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including but not limited to actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Series 2021 Bond proceeds and moneys deemed to be Series 2021 Bond proceeds.

APPENDIX D
SUMMARY OF THE AIRLINE AGREEMENTS

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SUMMARY OF THE AIRLINE AGREEMENTS

Signatory Airlines

Each of the following airlines (the “Signatory Airlines”) currently is a party to an Airport Use and Lease Agreement with the Authority (each an “Airline Agreement,” and collectively, the “Airline Agreements”), which are substantially similar agreements relating to the use of the Airport, the lease of terminal facilities and the establishment and payment of terminal rentals, Activity Fees and other airline fees and charges: Air France, American Airlines, Delta Air Lines (“Delta”), Federal Express (“FedEx”), JetBlue Airways, KLM Royal Dutch Airlines (“KLM”), Lufthansa German Airlines (“Lufthansa”), Southwest Airlines, Spirit Airlines, United Airlines and United Parcel Service (“UPS”). KLM is not currently operating at the Airport, and Lufthansa, which suspended operations at the Airport in March 2020, resumed service at the Airport in June 2021.

Airline Agreements

Term. The Airline Agreements have a scheduled expiration date of September 30, 2032. The Airline Agreements may be terminated, suspended or abated under certain conditions.

Leases. Delta, Air France and the Delta Connection Carriers all operate at the South Terminal. All of the other Signatory Airlines (except FedEx and UPS) and all other passenger airlines serving the Airport, including all charter carriers, operate at the North Terminal. The Airline Agreements provide to the passenger Signatory Airlines leases on a preferential use basis of domestic gate holdrooms, ticket counters and other airline operational space in the South Terminal and the North Terminal.

Delta preferentially leases all of the airline space in the South Terminal, with the exception that the airline space in the international portion of the South Terminal, as well as space in the domestic bag claim area, is available to all of the airlines using the terminal on a shared use basis. In addition to using the shared use premises in the terminal, Air France and the Delta Connection Carriers also operate on some of Delta’s preferential use space. The Authority has the right to require Delta to make a portion of its preferentially leased premises available to other air carriers, subject to certain rules and priorities.

Each of the Signatory Airlines operating in the North Terminal leases one or more gate holdrooms and related ticket counters and other airline operational space on a preferential use basis, except for Lufthansa, which operates on a common use gate equipped for international operations but leases the balance of its space at the North Terminal on a preferential use basis. The North Terminal also has five common use gates under the control of the Authority, with related common use ticket counter space. The common use gates in the North Terminal include the international gates in the facility. The domestic and international bag claim areas in the terminal are available on a shared use basis. The Authority has the right to require each Signatory Airline leasing space in the North Terminal to make a portion of its preferentially leased premises available to other air carriers, subject to certain rules and priorities. In addition, the Authority has the right, under certain circumstances when a Signatory Airline operating in the North Terminal does not meet a specified utilization requirement for its preferential use gates, to recapture one or more gates from such Signatory Airline.

Terminal Rentals. Under the terminal rental rate-making methodology contained in the Airline Agreements, there are two terminal cost centers—the South Terminal Cost Center (includes the McNamara Terminal) and the North Terminal Cost Center. To establish the terminal rental rates to be paid by the Signatory Airlines for each Operating Year, the Authority allocates between the two terminal cost centers all annual terminal-related operation and maintenance expenses (“O&M Expenses”) and all annual Debt Service on Bonds issued post-1997 to finance the South Terminal and the North Terminal (excluding apron and airfield costs), net of Debt Service to be paid by passenger facility charges (“PFCs”). The O&M Expenses for each terminal cost center include all direct terminal costs and relate to all space (airline, public, concession, etc.) in the facilities.

The annual rental rate for each terminal is calculated on the basis of dividing the costs allocated to the applicable terminal cost center, net of international facility use fees collected at that terminal and revenue collected for the use of the common use gates and ticket counters and other airline and other space controlled by the Authority, by the total square footage of space in the respective terminal leased to the Signatory Airlines operating in that terminal.

The Authority collects shared use fees per deplaned passenger for the use of the shared use premises in the South Terminal. The Authority collects shared use fees per enplaned passenger for the use of the shared use premises in the North Terminal.

International Facility Use Fees. Under the Airline Agreements, the Authority currently charges the Signatory Airlines a \$6.00 international facility use fee per deplaned international passenger at both the South Terminal and the North Terminal.

Activity Fees. Under the Airline Agreements, the Signatory Airlines also are obligated to pay activity fees which are calculated on an Airport residual basis (the “Activity Fees”). Essentially, the Activity Fee calculation for each Operating Year is based on all airport revenue bond Debt Service (net of Debt Service paid by PFCs and federal grant funds) and all O&M Expenses for such Operating Year, minus all non-airline revenue for such Operating Year, all airline rental payments for such Operating Year, all international facility use fees for such Operating Year and all payments for use of the Authority-controlled airline space, if any, in each terminal for such Operating Year.

More specifically, each Operating Year each Signatory Airline must pay through Activity Fees its pro rata share for such Operating Year (based on landed weight of aircraft) of the Revenue Requirement, which is the difference between (i) the sum of: (a) direct and indirect operation, maintenance and administration expenses of the Airport for such Operating Year, (b) 125% of the amount of principal and interest due on outstanding airport revenue bonds for such Operating Year, net of PFCs and federal grant funds used in such Operating Year to pay revenue bond Debt Service, (c) required deposits into the Bond Reserve Account, the Operation and Maintenance Reserve Fund and the Renewal and Replacement Fund for such Operating Year, (d) \$350,000 for deposit into the Authority Discretionary Fund to be used at the Authority’s discretion for airport system purposes, and (e) \$5 million (subject to escalation each year, commencing in Operating Year 2002, based on the Producer Price Index), to be deposited in the Authority’s Airport Development Fund to be used by the Authority in its discretion for any lawful Airport-system related capital expenditures, and (ii) all Airport revenues for such Operating Year (including Activity Fees paid by non-Signatory Airlines, all terminal rentals, shared use fees and common use fees (including rentals and shared use fees paid by the Signatory Airlines), all international facilities use fees payable with respect to the use of the federal inspection service (“FIS”) facilities at the Airport, all concession and parking revenue and all other nonairline revenues); provided that for each Operating Year, item (b) above shall be reduced by amounts on deposit in the Revenue Fund on the last day of the Operating Year preceding such Operating Year.

Payment of Fees and Charges. The Airline Agreements include procedures for charging and payment of airline fees and charges that require the Authority to provide the Signatory Airlines with a projection of rentals and the Activity Fee rate for each Operating Year at least sixty (60) days prior to the beginning of the Operating Year. The Authority also has agreed to revise the projection mid-year, based on actual data available for the Operating Year. Within sixty (60) days after the end of each Operating Year, the Authority is to provide the Signatory Airlines with a preliminary report of rentals and Activity Fees actually chargeable for the prior year. Eighty percent (80%) of any additional amounts owed by the Signatory Airlines to the Authority or any refunds the Authority may owe the Signatory Airlines as a result of an overpayment is to be paid within ninety (90) days after the end of such Operating Year. The Authority has agreed to provide the Signatory Airlines with its annual audit for each Operating Year within 180 days after the end of the year, and the balance of any amounts owed by the Signatory Airlines, or to be refunded by the Authority, is due within thirty (30) days thereafter.

2012 Amendment to End of Year True-Up of Fees and Charges. In order to enable the Authority to issue airport revenue bonds for airfield-related capital projects without the bonds being subject to the federal alternative minimum tax, in 2012 all of the Signatory Airlines agreed to an amendment of the Airline Agreements that revised the end of year true-up provision so that the amount to be refunded to the Signatory Airlines is calculated by taking into account the total amount of overpayment of Activity Fees by all Signatory Airlines and the total amount of Activity Fee overpayments by all non-Signatory Airlines. All airlines, Signatory and non-Signatory, participate in end of year refunds, not just the Signatory Airlines.

The total amount to be refunded to the Signatory Airlines and the total amount to be refunded to the non-Signatory Airlines, in respect of Activity Fee overpayments, is based on a pro-rata allocation between the Signatory Airlines and the non-Signatory Airlines, which reflects the same ratio as the ratio of total Activity Fees paid by the Signatory Airlines and total Activity Fees paid by the non-Signatory Airlines, respectively. The refund to the non-

Signatory Airlines may be accomplished directly, or through a reduction in the non-Signatory Airlines' Activity Fees for the following Operating Year. The same provision applies in the event of underpayments, and the Authority will charge the shortfall to non-Signatory Airlines as well as Signatory Airlines.

Certain Authority Covenants. The Airline Agreements obligate the Authority (i) to comply with the revenue retention requirements of the Airport and Airway Improvement Act of 1982, (ii) to use competitive bidding procedures for the award of all maintenance and operation and construction contracts for the Airport, (iii) to ensure that all senior appointed Airport officials shall have professional qualifications commensurate with their responsibilities, and (iv) to operate Willow Run Airport only as a reliever Airport for the Airport with no scheduled air carrier or public charter passenger service. The recent amendment to the Airline Agreements described above also added a new contractual covenant by the Authority to charge non-Signatory Airlines a reasonable surcharge on the Signatory Airline Activity Fee rate, subject to applicable law and to the Authority Board's "Signatory Airline Policy," which sets forth certain circumstances under which an airline is entitled to pay the basic Signatory Airline Activity Fee rate, without incurring a surcharge, even if the airline does not satisfy the minimum criteria for becoming a Signatory Airline.

Weighted Majority Approval. The Airline Agreements provide that a Weighted Majority of the Signatory Airlines can approve additional capital projects for which airport revenue bonds may be issued to pay the costs. A Weighted Majority is defined as either Signatory Airlines which, in the aggregate, landed eighty-five percent (85%) or more of the landed weight of all Signatory Airlines for the preceding 12-month period for which records are available or all but one of the Signatory Airlines regardless of landed weight.

Passenger Facility Charges. The Authority is obligated under the Airline Agreements to use PFCs to pay Debt Service on airport revenue bonds issued to pay the costs of certain PFC-eligible projects at the Airport. These projects include the construction of both the South Terminal and the North Terminal. The Airline Agreements also set forth a required priority for the application of PFCs to pay Debt Service in the event there is insufficient PFC revenue available in any Operating Year to pay all PFC-eligible debt service.

Operation and Maintenance of South Terminal. Delta serves as the Authority's agent for the performance of certain operation and maintenance functions for the South Terminal. In this capacity, Delta has agreed to operate and maintain all of its leased space in the South Terminal, all common use and public use space in the terminal and all building-wide services (e.g., heating, lighting, and electrical) and to maintain and repair the interior and exterior floors, walls, ceilings and the roof. The Authority maintains responsibility for overseeing the gate allocation and utilization of the shared use space, including the FIS facilities in accordance with an agreed upon protocol, the selection of concessionaires and for police and building security functions in the South Terminal.

Operation and Maintenance of North Terminal. The Authority generally is responsible for the operation and maintenance of the North Terminal; however, in that regard, the Authority has entered into an agreement with the Detroit Airlines North Terminal Consortium ("DANTEC"), a consortium formed by certain of the Signatory Airlines operating in the North Terminal, under which the Authority has granted to DANTEC the authority, and DANTEC has assumed the responsibility, to operate and maintain certain North Terminal facilities, systems and equipment on behalf of the Signatory Airline members of DANTEC. These facilities, systems and equipment include the non-public areas of the North Terminal, and the North Terminal baggage handling system, common use passenger processing system, multi-user flight information display system, local area network/premise distribution system, distributed antenna system/master clock system, building management system, paging system, lighting controls, passenger boarding bridges, preconditioned air units, ground power units, moving walkways, elevators, escalators, automatic doors, triturator, GSE fuel load rack, potable water cabinets and hydrant fueling carts/trucks. In addition, DANTEC also performs certain North Terminal ramp services, gate and remote aircraft remain overnight (RON) scheduling and gate control.

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APPENDIX E
BOOK ENTRY SYSTEM

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BOOK-ENTRY SYSTEM

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Series 2021 Bonds; payment of interest and other payments on the Series 2021 Bonds to Participants, as defined below, or Beneficial Owners; confirmation and transfer of beneficial ownership interests in the Series 2021 Bonds; and other bond-related transactions by and between DTC, Participants and Beneficial Owners, is based solely on information furnished by DTC for use in this Official Statement, and the Authority does not take any responsibility for the accuracy or completeness.

The Series 2021 Bonds initially will be issued solely in book-entry form to be held in the book-entry only system maintained by The Depository Trust Company (“DTC”), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Series 2021 Bonds and Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or Owners of the Series 2021 Bonds under the Series 2021 Ordinance.

The information in this Appendix E concerning DTC and DTC’s book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 2021 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 Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 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 Series 2021 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 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 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 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 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 2021 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal, interest and redemption proceeds on the Series 2021 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 Authority or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES 2021 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE SERIES 2021 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$150,780,000
WAYNE COUNTY AIRPORT AUTHORITY
Airport Revenue Bonds
(Detroit Metropolitan Wayne County Airport), Series 2021A-B

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the Wayne County Airport Authority (the “Authority”) in connection with the issuance of its Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2021A-B in the aggregate principal amount of \$150,780,000 (the “Bonds”). The Authority covenants and agrees as follows:

SECTION 1. Purpose of the Undertaking. This Undertaking is being executed and delivered by the Authority for the benefit of the Bondholders and the Beneficial Owners (hereinafter defined) and in order to assist the Participating Underwriters (hereinafter defined) in complying with subsection (b)(5) of the Rule (hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Undertaking unless otherwise defined herein, the following capitalized terms shall have the following meanings.

“Airport” shall mean the Detroit Metropolitan Wayne County Airport.

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Undertaking.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access System, or such other system, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“GAAP” shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date of this Undertaking, the address and telephone numbers of the MSRB are as follows:

CDINet
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Tel: (703) 797-6600
Fax: (703) 683-1930

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Obligated Person” shall mean the Authority and each airline or other entity at any time using the Airport (i) that is obligated under an Airport Use and Lease Agreement or Amended and Restated Airport Agreement, lease or other agreement having a term of more than one (1) year to pay a portion of the debt service on the Bonds, and (ii) that has provided at least twenty percent (20%) of the Revenues of the Airport for each of the two (2) fiscal years of the Airport immediately preceding the due date of any Annual Report.

“Official Statement” shall mean the final Official Statement for the Bonds dated June 9, 2021.

“Ordinance” means, with respect to the Bonds, collectively, the Series 2021 Ordinance and the Master Bond Ordinance as such terms are defined in the Official Statement.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the Securities and Exchange Commission.

“SEC Reports” means reports and other information required to be filed pursuant to Sections 13(a), 14 or 15(d) of the 1934 Act.

“Securities Counsel” shall mean legal counsel expert in federal securities law, and may include, but is not limited to Bond Counsel or Disclosure Counsel with respect to the Bonds.

“State” shall mean the State of Michigan.

SECTION 3. Provision of Annual Reports.

(a) Each year, the Authority shall use its best efforts to provide within six (6) months, but in any event, not later than nine (9) months after the first day of the Authority’s fiscal year, commencing with the Authority’s Annual Report for its fiscal year ended December 31, 2021, to the MSRB through EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Undertaking. The Authority’s current fiscal year commenced on January 1, 2021, and will end December 31, 2021. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Undertaking; provided, however, that if the audited financial statements of the Authority are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Authority shall be included in the Annual Report.

(b) If the Authority is unable to provide to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, an Annual Report by the date required in subsection (a), the Authority shall send a notice, in a timely manner, to the MSRB, through EMMA, in substantially the form attached as Exhibit A.

(c) If the Authority’s fiscal year changes, the Authority shall send written notice of such change to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C, or such other form as may be prescribed by the SEC from time to time.

SECTION 4. Content of Annual Reports. The Authority’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Authority for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the Authority of substantially the same nature as that contained in the Authority’s Comprehensive Annual Report for the year ended December 31, 2020 (the “CAFR”), included in the Official Statement as Appendix B, under the section in the CAFR entitled “Continuing Disclosure” and otherwise in the Official Statement as follows: (i) in the table under the heading “SERIES 2021 REPORT OF THE AIRPORT CONSULTANT,” and (ii) in the following table in

APPENDIX A – SERIES 2021 REPORT OF THE AIRPORT CONSULTANT: Table 3-11 – Top 25 Origination and Destination Markets at the Airport. If any information described in this paragraph (b) is published or provided by a third party and is no longer publicly available, the Authority shall include a statement to that effect as part of its Annual Report for the year in which such lack of availability arises.

The Authority's financial statements shall be audited and prepared in accordance with GAAP; provided, however, that the Authority may from time to time, in accordance with GAAP and subject to applicable federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

Any or all of the items listed above may be included by specific reference to other documents that previously have been provided to the MSRB, through EMMA. The Authority shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Authority covenants to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (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 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) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Authority, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Authority 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 Authority, or if such jurisdiction has been assumed by leaving the existing governing 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 Authority;
- (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (15) Incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the Authority, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

For the purposes of the events identified in subparagraphs (15) and (16), the term “financial obligation” means: (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (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 MSRB consistent with the Rule.

(b) The Authority covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Authority determines that the occurrence of a Listed Event would be material under applicable federal securities laws, the Authority shall promptly cause a notice of such occurrence to be filed with the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, together with a cover sheet in substantially the form attached as Exhibit C. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Authority shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) The Authority acknowledges that the “rating changes” referred to above in Section (5)(a)(11) of this Undertaking may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Authority is liable.

(e) The Authority acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Authority does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Termination of Reporting Obligation.

(a) The Authority’s obligations under this Undertaking shall terminate upon the legal defeasance of the Ordinance or the prior redemption or payment in full of all of the Bonds. If the Authority’s obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Undertaking in the same manner as if it were the Authority, and the Authority shall have no further responsibility hereunder.

(b) This Undertaking, or any provision hereof, shall be null and void in the event that the Authority (i) receives an opinion of Securities Counsel, addressed to the Authority, to the effect that those portions of the Rule, which require such provisions of this Undertaking, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

SECTION 7. Amendment; Waiver.

(a) Notwithstanding any other provision of this Undertaking, this Undertaking may be amended, and any provision of this Undertaking may be waived, provided that the following conditions are satisfied:

(1) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal

requirements, a change in law or a change in the identity, nature or status of the Authority or type of business conducted by the Authority;

(2) this Undertaking, as so amended or taking into account such waiver, would, in the opinion of Securities 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

(3) the amendment or waiver either (A) is approved by the Bondholders in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of the Bondholders, or (B) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Undertaking, the Authority shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Undertaking, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Undertaking, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the Authority to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

SECTION 8. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Undertaking 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 Undertaking. If the Authority 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 Undertaking, the Authority shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Failure to Comply. In the event of a failure of the Authority to comply with any provision of this Undertaking, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Authority under this Undertaking, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Undertaking shall not constitute a default with respect to the Bonds or under the Ordinance.

SECTION 10. Beneficiaries. This Undertaking shall inure solely to the benefit of the Authority, the Participating Underwriters, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 11. Transmission of Information and Notices; Dissemination Agent. Unless otherwise required by law or this Undertaking, and, in the sole determination of the Authority, subject to technical and economic feasibility, the Authority shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices. Any filing with the MSRB under this Undertaking may be made by transmitting such filing to a dissemination agent.

SECTION 12. Other Obligated Persons. Currently, Delta Air Lines (“Delta”) is the only Obligated Person other than the Authority, and Delta is required by the 1934 Act to file annual financial information in the form of its SEC Reports with the SEC as described in the Official Statement. The Authority assumes no responsibility for the accuracy or completeness of the SEC Reports or other annual financial information disseminated by Delta or any future Obligated Person. The Authority shall report as part of its Annual Report any change in Obligated Persons and that an Obligated Person’s SEC Reports constitute its annual financial information under this Undertaking. Unless no longer required by the Rule, the Authority shall use its best efforts to cause each Obligated Person other than the Authority (to the extent that such party is not required to file SEC Reports) to disseminate annual financial information substantially equivalent to that contained in SEC Reports to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, not later than nine months after the last day of the Obligated Person’s fiscal year. The Authority has no obligation to file or disseminate any SEC Reports relating to another Obligated Person.

WAYNE COUNTY AIRPORT AUTHORITY

By: _____
Name:
Its:

Dated: June 23, 2021

EXHIBIT A TO CONTINUING DISCLOSURE UNDERTAKING

NOTICE TO THE MSRB
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: Wayne County Airport Authority

Name of Bond Issue: Airport Revenue Bonds (Detroit Metropolitan
Wayne County Airport), Series 2021A-B

Date of Bonds: June 23, 2021

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Undertaking with respect to the Bonds. The Authority anticipates that the Annual Report will be filed by _____.

WAYNE COUNTY AIRPORT AUTHORITY

By: _____

Its: _____

Dated: _____

EXHIBIT B TO CONTINUING DISCLOSURE UNDERTAKING

NOTICE TO THE MSRB
OF CHANGE IN AUTHORITY'S FISCAL YEAR

Name of Obligated Person: Wayne County Airport Authority

Name of Bond Issue: Airport Revenue Bonds (Detroit Metropolitan
Wayne County Airport), Series 2021A-B

Date of Bonds: June 23, 2021

NOTICE IS HEREBY GIVEN that the fiscal year of the _____ changed. Previously, the Authority's fiscal year ended on _____. It now ends on _____.

WAYNE COUNTY AIRPORT AUTHORITY

By: _____

Its: _____

Dated: _____

EXHIBIT C TO CONTINUING DISCLOSURE UNDERTAKING
**MUNICIPAL SECONDARY MARKET DISCLOSURE
 INFORMATION COVER SHEET**

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, pursuant to Securities and Exchange Commission Rule 15c2-12 or any analogous state statute.

Authority's and/or Other Obligated Person's name: Wayne County Airport Authority

CUSIP Numbers (attach additional sheet if necessary):

Nine-Digit CUSIP Number(s) to which the information relates:

Information relates to all securities issued by the Authority having the following six-digit number(s):

Number of pages of attached information: _____

Description of Material Events Notice/Financial Information (Check One):

1. Principal and interest payment delinquencies
2. Material non-payment related defaults
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. Material modifications to rights of securities holders
8. Bond calls, if material, or tender offers
9. Defeasances
10. Material release, substitution, or sale of property securing repayment of the bonds
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Authority
13. The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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 material change of name of a trustee
15. Incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the Authority, any of which affect holders of the Bonds, if material
16. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation, any of which reflect financial difficulties
17. Failure to provide annual financial information as required
18. Other material event notice (specify) _____
- 19.* Financial Information: Please check all appropriate boxes:
 CAFR (a) includes does not include Annual Financial Information
 (b) Audited? Yes No
 Annual Financial Information: Audited? Yes No
 Operating Data
 Fiscal Period Covered: _____

*Financial information **should not** be filed with the MSRB.

I hereby represent that I am authorized by the Authority or its agent to distribute this information publicly:

Signature: _____
Name: _____ Title: _____
Employer: _____
Address: _____
City, State, Zip Code: _____
Voice Telephone Number: (_____) _____

APPENDIX G
FORMS OF BOND COUNSEL OPINIONS

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FORM OF APPROVING OPINION

(SERIES 2021A; NON-AMT)

June 23, 2021

Wayne County Airport Authority
State of Michigan

We have acted as bond counsel to the Wayne County Airport Authority, State of Michigan (the "Authority"), in connection with the issuance by the Authority of bonds in the aggregate principal sum of \$121,260,000, designated Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2021A (the "Bonds"), for the purpose of paying a portion of the cost of acquiring and constructing certain capital improvements (defined in the ordinance authoring the Bonds as the "2021 Projects") and paying costs of issuance of the Bonds. In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of \$5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of June 23, 2021, payable as to principal and interest as provided in the Bonds, subject to redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

The Bonds are issued under the provisions of Act 327, Public Acts of Michigan, 1945, as amended and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"). The Authority has reserved the right to issue additional bonds of equal standing with the Bonds pursuant to the conditions stated in the ordinances authorizing the Bonds (collectively, the "Ordinance").

As to questions of fact material to our opinion, we have relied on the representations of the Authority contained in the Ordinance, and in the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Ordinance has been duly and lawfully adopted by the Authority and is in full force and effect. The Ordinance by its terms constitutes a contract between the Authority and the holders of the Bonds and is valid and binding upon the Authority and enforceable against the Authority in accordance with its terms.
2. The Authority has sufficient power and authority to operate the Detroit Metropolitan Wayne County Airport (the "Airport") and to issue the Bonds for the above purposes secured by the pledge of Airport revenues as hereinafter described.
3. The Bonds have been duly authorized, executed, and delivered by the Authority and authenticated by the Trustee (as defined in the Ordinance) in accordance with the Ordinance. All conditions precedent to the sale and delivery of the Bonds have been fulfilled.
4. The Bonds are valid and binding obligations of the Authority according to their tenor, payable solely and only from and secured by a statutory lien on the revenues of the Airport, after payment of the expenses of

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Wayne County Airport Authority

June 23, 2021

administration, operation and maintenance thereof (the “Net Revenues”), and are entitled to the benefits of the Ordinance and Act 94. The statutory lien on the Net Revenues is of equal standing and on a parity as to the Net Revenues with all outstanding Bonds (as defined in the Ordinance) (the “Outstanding Bonds”) and any Additional Bonds (as defined in the Ordinance).

5. The Authority is obligated to charge and collect rates, charges and landing fees from every user of the Airport sufficient, together with all other available funds, to provide adequate revenues for the payment of the expenses of administration, operation and maintenance of the Airport and such other expenditures and funds for the Bonds, the Outstanding Bonds, the Junior Lien Bonds (as defined in the Ordinance) and the Airport as are required by the Ordinance and Act 94; provided, however, that to the extent that rates are fixed by contract, such rates may be revised only in accordance with the terms of such contract.

6. The interest on the Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in clause (i) of this paragraph is subject to the condition that the Authority comply with all requirements of applicable federal income tax law that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with all such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Authority has covenanted to comply with all such requirements.

7. The Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes, taxes on gains realized from the sale, payment or other disposition thereof.

Except as stated in paragraphs 6 and 7 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting creditors’ rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

MILLER CANFIELD

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CHINA: Shanghai
MEXICO: Monterrey
POLAND: Gdynia
Warsaw • Wrocław

FORM OF APPROVING OPINION

(SERIES 2021B; AMT)

June 23, 2021

Wayne County Airport Authority
State of Michigan

We have acted as bond counsel to the Wayne County Airport Authority, State of Michigan (the “Authority”), in connection with the issuance by the Authority of bonds in the aggregate principal sum of \$29,520,000, designated Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2021B (the “Bonds”), for the purpose of paying a portion of the cost of acquiring and constructing certain capital improvements (defined in the ordinance authoring the Bonds as the “2021 Projects”) and paying costs of issuance of the Bonds. In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of \$5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of June 23, 2021, payable as to principal and interest as provided in the Bonds, subject to redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

The Bonds are issued under the provisions of Act 327, Public Acts of Michigan, 1945, as amended and Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”). The Authority has reserved the right to issue additional bonds of equal standing with the Bonds pursuant to the conditions stated in the ordinances authorizing the Bonds (collectively, the “Ordinance”).

As to questions of fact material to our opinion, we have relied on the representations of the Authority contained in the Ordinance, and in the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Ordinance has been duly and lawfully adopted by the Authority and is in full force and effect. The Ordinance by its terms constitutes a contract between the Authority and the holders of the Bonds and is valid and binding upon the Authority and enforceable against the Authority in accordance with its terms.
2. The Authority has sufficient power and authority to operate the Detroit Metropolitan Wayne County Airport (the “Airport”) and to issue the Bonds for the above purposes secured by the pledge of Airport revenues as hereinafter described.
3. The Bonds have been duly authorized, executed, and delivered by the Authority and authenticated by the Trustee (as defined in the Ordinance) in accordance with the Ordinance. All conditions precedent to the sale and delivery of the Bonds have been fulfilled.
4. The Bonds are valid and binding obligations of the Authority according to their tenor, payable solely and only from and secured by a statutory lien on the revenues of the Airport, after payment of the expenses of administration, operation and maintenance thereof (the “Net Revenues”), and are entitled to the benefits of the

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Wayne County Airport Authority

June 23, 2021

Ordinance and Act 94. The statutory lien on the Net Revenues is of equal standing and on a parity as to the Net Revenues with all outstanding Bonds (as defined in the Ordinance) (the “Outstanding Bonds”) and any Additional Bonds (as defined in the Ordinance).

5. The Authority is obligated to charge and collect rates, charges and landing fees from every user of the Airport sufficient, together with all other available funds, to provide adequate revenues for the payment of the expenses of administration, operation and maintenance of the Airport and such other expenditures and funds for the Bonds, the Outstanding Bonds, the Junior Lien Bonds (as defined in the Ordinance) and the Airport as are required by the Ordinance and Act 94; provided, however, that to the extent that rates are fixed by contract, such rates may be revised only in accordance with the terms of such contract.

6. The interest on the Bonds (i) is excludable from gross income for federal income tax purposes (except for any period when the Bonds are held by a “substantial user” of the Airport or a person deemed “related” thereto (as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended)) and (ii) is an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in clause (i) of this paragraph is subject to the condition that the Authority comply with all requirements of applicable federal income tax law that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with all such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Authority has covenanted to comply with all such requirements.

7. The Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes, taxes on gains realized from the sale, payment or other disposition thereof.

Except as stated in paragraphs 6 and 7 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting creditors’ rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.



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