NEW ISSUE - Book-Entry-Only **Ratings: See "RATINGS" herein**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2024A Revenue Bonds is excluded from gross income for federal income tax purposes, except interest on any Series 2024A Revenue Bond for any period during which it is held by a "substantial user" of the facilities financed or a "related person" of such substantial user, as those 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 imposed on individuals; (ii) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2024B Revenue Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Series 2024 Revenue Bonds is exempt from income taxation by the Commonwealth of Kentucky and all political subdivisions thereof and the Series 2024 Revenue Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all political subdivisions thereof. Interest on the Series 2024 Revenue Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

KENTON COUNTY (KENTUCKY) AIRPORT BOARD
$260,380,000

Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024

consisting of

$245,340,000
Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024A (AMT)

$15,040,00
Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024B (Non-AMT)

Dated: Date of Delivery **Due:** January 1, as shown on the inside cover

The Bonds. The Kenton County Airport Board's (the "Board") Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024A (AMT) (the "Series 2024A Revenue Bonds") and Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024B (Non-AMT) (the "Series 2024B Revenue Bonds" and, together with the Series 2024A Revenue Bonds, the "Series 2024 Revenue Bonds") will be issued as fully registered bonds in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as a securities depository for the Series 2024 Revenue Bonds. Purchasers of beneficial interests in the Series 2024 Revenue Bonds initially will be made in book-entry-only form (without certificates) in denominations of $5,000 and any integral multiple thereof, and under certain circumstances are exchangeable as more fully described herein. Principal of, premium, if any, and interest on the Series 2024 Revenue Bonds will be paid by U.S. Bank Trust Company, National Association, a national banking association, as paying agent, (the "Paying Agent") for the Series 2024 Revenue Bonds. So long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2024 Revenue Bonds will be made to such registered owner, and disbursement of such payments to beneficial owners will be the responsibility of DTC and its participants. See "APPENDIX F - Book-Entry Only System."

Maturity and Interest Payment Dates. The Series 2024 Revenue Bonds shall mature on the dates, in the principal amounts, bear interest at the rates per annum and have the prices, yields, and CUSIP numbers as shown on the inside cover page. Interest on the Series 2024 Revenue Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2025.

Redemption. The Series 2024 Revenue Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2024 REVENUE BONDS — Redemption Provisions."

Purpose. The Series 2024A Revenue Bonds are being issued for the purpose of (i) funding a portion of the costs of the Series 2024A Project at the Cincinnati/Northern Kentucky International Airport, (ii) funding a Common Bond Reserve Account (as herein defined) for the Series 2024 Revenue Bonds and any other Common Reserve Bonds, (iii) funding capitalized interest on the Series 2024A Revenue Bonds and (iv) paying certain costs of issuance relating to the Series 2024A Revenue Bonds. The Series 2024B Revenue Bonds are being issued for the purpose of (i) funding the costs of the Series 2024B Project at the Cincinnati/Northern Kentucky International Airport (the "Airport"), (ii) funding a Common Bond Reserve Account for the Series 2024 Revenue Bonds and any other Common Reserve Bonds, (iii) funding capitalized interest on the Series 2024B Revenue Bonds and (iv) paying certain costs of issuance relating to the Series 2024B Revenue Bonds. See "THE 2024 PROJECT" and "APPLICATION OF SERIES 2024 REVENUE BOND PROCEEDS."

Security. The Series 2024 Revenue Bonds will be issued under and secured by the 2016 Airport Revenue General Bond Resolution adopted by the Kenton County Airport Board on May 16, 2016, as supplemented from time to time (the "General Bond Resolution"), and as further supplemented by the Series 2024 Bond Resolution adopted by the Board on July 15, 2024 (the "Series 2024 Resolution" and, together with the General Bond Resolution, the "Resolution"). The Series 2024 Revenue Bonds are payable from, and secured by a pledge of, Net Revenues (as described herein) of the Board which pledge is on a parity with the pledge of Net Revenues made to secure the Board's Series 2016 Revenue Bonds, Series 2019 Revenue Bonds and any Additional Bonds (each as defined herein) which may be issued and outstanding from time to time pursuant to the Resolution. The Series 2024 Revenue Bonds will not be subject to acceleration upon an event of default or otherwise. See "SOURCES OF PAYMENT AND SECURITY."

Limited Obligations. The Series 2024 Revenue Bonds will not constitute general obligations or be an indebtedness of the Board or of Kenton County, Kentucky, or of the Commonwealth of Kentucky nor are any properties subject to any mortgage or lien for the benefit of the owners of the Series 2024 Revenue Bonds within the meaning of the Constitution of Kentucky and neither the faith and credit nor the taxing power of Kenton County or the Commonwealth of Kentucky (or any political subdivisions thereof) will be pledged to the payment of the Series 2024 Revenue Bonds. The Series 2024 Revenue Bonds will be secured by a pledge of Net Revenues derived from the use and operation of the Airport. See "SOURCES OF PAYMENT AND SECURITY."

The purchase and ownership of Series 2024 Revenue Bonds involves investment risk and may not be suitable for all investors. This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2024 Revenue Bonds. Investors are advised to read the entire Official Statement, including any portion hereof included by reference, and to obtain information essential to the making of an informed decision, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS." Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Series 2024 Revenue Bonds are offered when, as and if issued and received by the Underwriters subject to the approval of legality by Squire Patton Boggs (US) LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon Joseph Huber, general counsel to the Board, and for the Underwriters by their counsel, Frost Brown Todd LLP. Frasca & Associates, LLC serves as an independent Municipal Advisor to the Board. It is expected that delivery of the Series 2024 Revenue Bonds in book-entry form will be made through the facilities of DTC on or about August 28, 2024.

BofA Securities **Siebert Williams Shank & Co., LLC**

Huntington Capital Markets **Stifel, Nicolaus & Company, Inc.**

Dated: August 20, 2024

$245,340,000
Kenton County (Kentucky) Airport Board
Cincinnati/Northern Kentucky International Airport
Revenue Bonds, Series 2024A (AMT)

Maturities, Amounts, Interest Rates, Prices, Yields and CUSIP Numbers

$112,010,000 Serial Bonds

Maturity (January 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP†
2029	$4,710,000	5.000%	106.320	3.420%	491026VS6
2030	4,945,000	5.000	107.296	3.490	491026VT4
2031	5,195,000	5.000	107.987	3.580	491026VU1
2032	5,455,000	5.000	108.419	3.680	491026VV9
2033	5,725,000	5.000	109.027	3.730	491026VW7
2034	6,010,000	5.000	109.604	3.770	491026VX5
2035	6,310,000	5.000	109.028	3.840 C	491026VY3
2036	6,625,000	5.000	108.619	3.890 C	491026VZ0
2037	6,955,000	5.250	110.396	3.910 C	491026WA4
2038	7,325,000	5.250	110.232	3.930 C	491026WB2
2039	7,710,000	5.250	109.903	3.970 C	491026WC0
2040	8,110,000	5.250	109.332	4.040 C	491026WD8
2041	8,540,000	5.250	108.683	4.120 C	491026WE6
2042	8,985,000	5.250	108.279	4.170 C	491026WF3
2043	9,455,000	5.250	107.958	4.210 C	491026WG1
2044	9,955,000	5.250	107.798	4.230 C	491026WH9

$58,180,000, 5.250% Term Bonds Due January 1, 2049, Price 107.160, Yield 4.310% C, CUSIP† No. 491026WJ5

$75,150,000, 5.250% Term Bonds Due January 1, 2054, Price 106.684, Yield 4.370% C, CUSIP† No. 491026WK2

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† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CUSIP Global Services. The data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Board, the Underwriters nor their agents or counsel, assume responsibility for the accuracy of such numbers and no representation is made as to their correctness on the applicable Series 2024 Revenue Bonds or the Cover or as indicated herein. The CUSIP number for a specific maturity or interest rate within a maturity is subject to being changed after the issuance of the Series 2024 Revenue Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part as a result of the procurement of secondary market portfolio insurance and other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2024 Revenue Bonds.

C Yield to first optional call on January 1, 2034.

$15,040,000
Kenton County (Kentucky) Airport Board
Cincinnati/Northern Kentucky International Airport
Revenue Bonds, Series 2024B (Non-AMT)

Maturities, Amounts, Interest Rates, Prices, Yields and CUSIP Numbers

$7,695,000 Serial Bonds

Maturity (January 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP†
2026	$255,000	5.000%	102.820	2.840%	491026WL0
2027	270,000	5.000	104.833	2.850	491026WM8
2028	280,000	5.000	106.770	2.860	491026WN6
2029	295,000	5.000	108.718	2.850	491026WP1
2030	310,000	5.000	110.318	2.900	491026WQ9
2031	325,000	5.000	111.529	2.990	491026WR7
2032	340,000	5.000	112.456	3.090	491026WS5
2033	360,000	5.000	113.631	3.130	491026WT3
2034	375,000	5.000	114.605	3.180	491026WU0
2035	395,000	5.000	114.084	3.240 C	491026WV8
2036	415,000	5.000	113.652	3.290 C	491026WW6
2037	435,000	5.000	113.308	3.330 C	491026WX4
2038	455,000	5.000	112.794	3.390 C	491026WY2
2039	480,000	4.000	101.713	3.780 C	491026WZ9
2040	500,000	4.000	101.006	3.870 C	491026XA3
2041	520,000	4.000	100.228	3.970 C	491026XB1
2042	540,000	4.000	99.500	4.040	491026XC9
2043	560,000	4.000	98.588	4.110	491026XD7
2044	585,000	4.000	97.883	4.160	491026XE5

$3,295,000, 4.125% Term Bonds Due January 1, 2049, Price 97.223, Yield 4.310%, CUSIP† No. 491026XF2

$4,050,000, 4.250% Term Bonds Due January 1, 2054, Price 98.021, Yield 4.370%, CUSIP† No. 491026XG0

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. The data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Board, the Underwriters nor their agents or counsel, assume responsibility for the accuracy of such numbers and no representation is made as to their correctness on the applicable Series 2024 Revenue Bonds or the Cover or as indicated herein. The CUSIP number for a specific maturity or interest rate within a maturity is subject to being changed after the issuance of the Series 2024 Revenue Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part as a result of the procurement of secondary market portfolio insurance and other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2024 Revenue Bonds.

C Yield to first optional call on January 1, 2034.

Kenton County (Kentucky) Airport Board

Airport Board

Lisa Sauer, Chair
Chad L. Summe, Vice Chair
Kevin W. Canafax
Bryan Carlisle
Lewis Diaz
Mike L. Drysdale
Kay Geiger
Bob Hoffer
Dale Losey
Michael T. Rohmiller, M.D.
William M. Schuler
David Spaulding
Paul Verst

Airport Management

Candace S. McGraw, Chief Executive Officer
Shannon Oldfield, Chief Operating Officer
Dilwyn Gruffydd, Chief Financial Officer
Brian Cobb, Chief Innovation Officer

General Counsel to the Board

Joseph Huber

Bond Counsel

Squire Patton Boggs (US) LLP

Municipal Advisor

Frasca & Associates, LLC

Independent Auditors

Blue & Co., LLC

Airport Consultant

LeighFisher

REGARDING THE USE OF THIS OFFICIAL STATEMENT

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

This Official Statement is being used in connection with the sale of the Series 2024 Revenue Bonds and may not be reproduced or used, in whole or in part, for any other purpose. Certain information contained in this Official Statement has been obtained by the Board from DTC and other sources that are deemed to be reliable; however, no representation or warranty is made as to the accuracy or completeness of such information by the Board. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents in their entirety for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof. 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 that are based on the beliefs of the Board as well as assumptions made by and currently available to the Board. 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.

No dealer, broker, sales representative or any other person has been authorized by the Board to give any information or to make any representation other than those contained in this Official Statement in connection with the offering it describes and, if given or made, such other information or representation must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page and inside cover pages hereof, nor shall there be any offer to sell, solicitation of an offer to buy or sale of, the Series 2024 Revenue Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and opinions expressed 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 any implication that there has been no change in the affairs of the Board or the Airport since the date of this Official Statement. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Series 2024 Revenue Bonds.

In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and the risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: www.MuniOS.com. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE. FURTHERMORE, INFORMATION CONTAINED ON INTERNET WEB PAGES IDENTIFIED HEREIN IS A REFERENCE ONLY TO THOSE PAGES AND NO ADDITIONAL INFORMATION THAT MAY BE REACHED FROM THOSE PAGES BY LINKING TO ANY OTHER PAGE SHOULD BE CONSIDERED TO BE INCORPORATED HEREIN. THE WEBSITES ARE INCLUDED FOR REFERENCE ONLY AND THE INFORMATION CONTAINED THEREIN IS NOT INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT.

THE SERIES 2024 REVENUE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE RESOLUTION HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SERIES 2024 REVENUE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

OFFICIAL STATEMENT SUMMARY

The following Summary is subject in all respects to more complete information contained in this Official Statement.

The Issuer	Kenton County Airport Board (the "Board") is a body politic and corporate and a political subdivision of the Commonwealth of Kentucky pursuant to Chapter 183 of the Kentucky Revised Statutes.
Issue and Date	The Series 2024 Revenue Bonds will be limited obligations of the Board payable from Net Revenues (as defined herein) derived from the use and operation of Cincinnati/Northern Kentucky International Airport (the "Airport"). The Series 2024 Revenue Bonds will be dated as of the date of delivery. See "THE SERIES 2024 REVENUE BONDS — General" and "SOURCES OF PAYMENT AND SECURITY."
Cincinnati/Northern Kentucky International Airport	The Airport is an air transportation and cargo facility for scheduled carriers serving the 15-county Cincinnati Metropolitan Statistical Area. The Airport is located on approximately 7,500 acres in the northeastern corner of Boone County, Kentucky, approximately 14 road miles southwest of downtown Cincinnati, across the Ohio River in Kentucky. See "THE AIRPORT."
Authority for Issuance	The Series 2024 Revenue Bonds are being issued under the authority of Chapter 183 and Chapter 58 of the Kentucky Revised Statutes, and are authorized by the 2016 Airport Revenue General Bond Resolution adopted by the Board on May 16, 2016, as supplemented from time to time (the "General Bond Resolution"), and as further supplemented by the Series 2024 Bond Resolution adopted by the Board on July 15, 2024 (the "Series 2024 Resolution," together with the General Bond Resolution, the "Resolution").
Purpose of the Series 2024A Issue	To (i) fund a portion of the costs of the Series 2024A Project at the Airport (ii) fund the Common Bond Reserve Account for the Series 2024 Revenue Bonds and any other Common Reserve Bonds (as defined herein), (iii) fund capitalized interest on the Series 2024A Revenue Bonds and (iv) pay certain costs of issuance relating to the Series 2024A Revenue Bonds. See "THE 2024 PROJECT," "PLAN OF FINANCE" and "APPLICATION OF SERIES 2024 REVENUE BOND PROCEEDS."
Purpose of the Series 2024B Issue	To (i) fund the costs of the Series 2024B Project at the Airport (ii) fund the Common Bond Reserve Account for the Series 2024 Revenue Bonds and any other Common Reserve Bonds, (iii) fund capitalized interest on the Series 2024B Revenue Bonds and (iv) pay certain costs of issuance relating to the Series 2024B Revenue Bonds. See "THE 2024 PROJECT," "PLAN OF FINANCE" and "APPLICATION OF SERIES 2024 REVENUE BOND PROCEEDS."
The Series 2024 Project	The 2024 Project (the "2024 Project") consists of (1) the construction of the Baggage Handling System Project (also referred to herein as the "Series 2024A Project"), a portion of which will be financed by the Series 2024A Revenue Bonds; and (2) the construction of the Airfield Project (also referred to herein

as the "Series 2024B Project"), which will be financed by the Series 2024B Revenue Bonds; both, as described below:

The Series 2024A Project (Baggage Handling System Project). The Board has entered into a Design-Build contract to replace the existing Baggage Handling System (BHS) with a new tote-based Independent Carrier System (ICS) connecting the Main Terminal, Concourse A, and Concourse B with inbound and outbound baggage handling (the "Baggage Handling System Project"), thereby increasing capacity, improving operational efficiency and reducing bag processing times. The replacement of the existing BHS also includes demolition of the BHS, infill of the security building tunnel, and the buildout of a new Checked Bag Inspection System/Checked Bag Reconciliation Area (CBIS/CBRA) under the existing security checkpoint.

The Series 2024B Project (Airfield Project). The Series 2024B Project consists of required pavement rehabilitation on Runway 18C-36C, upgrading the runway lighting system from incandescent to LED, upgrading the airfield vault infrastructure with regulator replacements, and installing an upgraded control system; and Taxiway D2 at the south end of the runway will also be demolished and reconstructed north of its current location to meet Federal Aviation Administration ("FAA") standards. Finally, Runway 18L-36R Runway Safety Area ("RSA") will be regraded in four areas to comply with FAA standards (the "Airfield Project").

Amounts and Maturities See table on inside cover page.

Interest Payment Dates Interest on the Series 2024 Revenue Bonds will be payable on January 1 and July 1 of each year, commencing January 1, 2025.

Redemption The Series 2024 Revenue Bonds maturing on and after January 1, 2035, are subject to redemption at the option of the Board on or after January 1, 2034, in whole or in part at any time, at a redemption price equal to the principal amount of the Series 2024 Revenue Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

Certain of the Series 2024 Revenue Bonds are term bonds subject to mandatory prior redemption, as described in this Official Statement.

See "THE SERIES 2024 REVENUE BONDS - Redemption Provisions."

Paying Agent Principal of, premium, if any, and interest on the Series 2024 Revenue Bonds will be paid by U.S. Bank Trust Company, National Association, a national banking association, as Paying Agent.

Security for Payment Pursuant to the terms of the General Bond Resolution, the Series 2024 Revenue Bonds will be secured by a pledge of Net Revenues on a parity basis with the Board's Series 2016 Revenue Bonds, the Board's Series 2019 Revenue Bonds and any Additional Bonds issued hereafter pursuant to the General Bond Resolution. See "SOURCES OF PAYMENT AND SECURITY."

Bond Reserve

Upon the issuance of the Series 2024 Revenue Bonds, the Board will deposit amounts sufficient to maintain a common bond reserve account (the "Common Bond Reserve Account") for the Series 2016 Revenue Bonds, the Series 2019 Revenue Bonds, the Series 2024 Revenue Bonds and any other Common Reserve Bonds issued hereafter pursuant to the General Bond Resolution (collectively, the "Common Reserve Bonds") in the Bond Reserve Fund, which amount will be equal to the least of (i) 10% of the original par amount of the Common Reserve Bonds; (ii) the maximum annual Principal and Interest Requirements on all outstanding Common Reserve Bonds in any Fiscal Year; or (iii) 125% of the average annual Principal and Interest Requirements on the Common Reserve Bonds; provided that such amount may be recalculated at any time (a) upon the designation and issuance by the Board of any other Common Reserve Bonds and (b) in connection with the redemption or purchase and cancellation of any Series 2024 Revenue Bonds or any other Common Reserve Bonds.

The Common Bond Reserve Account is pledged to the payment of the Common Reserve Bonds on a parity basis.

Rate Covenant

Under the Resolution, the Board is required to fix, charge and collect rates, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, and must revise such rates, fees, rentals and charges as often as may be necessary or appropriate, so that Net Revenues plus any Carryover Amount (as defined herein) in each Fiscal Year will be at least equal to 100% of the aggregate amount required during such Fiscal Year to be applied or deposited by the Board as described in paragraphs (ii) through (ix) set forth under "SOURCES OF PAYMENT AND SECURITY — Funds and Accounts and Flow of Funds — Revenue Fund."

The Board is required to fix, charge and collect rates, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith and must revise such rates, fees, rentals and charges as often as may be necessary or appropriate, so that for each Fiscal Year the sum of (i) the Net Revenues plus (ii) the Carryover Amount, if any, for such Fiscal Year will be equal to at least 125% of Principal and Interest Requirements on all Outstanding Bonds for that Fiscal Year.

If Net Revenues in any Fiscal Year are less than the amount specified in the first paragraph under this heading, or if Net Revenues together with any Carryover Amount (which may not exceed 25% of the Principal and Interest Requirements on all Outstanding Bonds during such Fiscal Year) in any Fiscal Year are less than the amount specified in the second paragraph under this heading, the Board must retain and direct the Airport Consultant (as defined in the General Bond Resolution) to make recommendations as to the revision of the Board's business operations and its schedule of rates, fees, rentals and charges for the use of the Airport and for services rendered by the Board in connection with the Airport.

Additional Bonds

Additional Bonds may be issued only upon satisfaction of the conditions set forth in the General Bond Resolution. See "SOURCES OF PAYMENT AND SECURITY— Additional Bonds."

No Acceleration; No Cross Default	The Resolution does not provide for any rights of acceleration with respect to the Series 2024 Revenue Bonds. In addition, an Event of Default with respect to one Series of Bonds does not cause an Event of Default with respect to any other Series of Bonds unless such event or condition on its own constitutes an Event of Default with respect to such other Series of Bonds under the Resolution.
Investment Considerations	There are a number of factors associated with owning the Series 2024 Revenue Bonds that prospective investors should consider prior to purchasing the Series 2024 Revenue Bonds. For a discussion of these factors, see "CERTAIN INVESTMENT CONSIDERATIONS."
Tax Status	The delivery of the Series 2024 Revenue Bonds is subject to the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, to the effect that under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2024A Revenue Bonds is excluded from gross income for federal income tax purposes, except interest on any Series 2024A Revenue Bond for any period during which it is held by a "substantial user" of the facilities financed or a "related person" of such substantial user, as those 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 imposed on individuals; (ii) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2024B Revenue Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Series 2024 Revenue Bonds is exempt from income taxation and the Series 2024 Revenue Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all political subdivisions thereof. See "TAX MATTERS" herein for information concerning assumptions and conditions as to compliance with the Code upon which the foregoing opinion is based and for a description of certain provisions of the Code that may affect the tax treatment of interest on the Series 2024 Revenue Bonds.
Legal Matters	Squire Patton Boggs (US) LLP will act as Bond Counsel. Certain legal matters will be passed upon by Joseph Huber, general counsel to the Board, and for the Underwriters by their counsel, Frost Brown Todd LLP.
Ratings	Fitch Ratings ("Fitch") and Moody's Investors Service, Inc. ("Moody's") have assigned ratings of "A+" with a stable outlook and "A1" with a stable outlook, respectively, to the Series 2024 Revenue Bonds. For a discussion of these ratings, see the section herein captioned "RATINGS."
Information	Information regarding the Series 2024 Revenue Bonds is available by contacting the Cincinnati/Northern Kentucky International Airport, at P.O. Box 752000, Cincinnati, Ohio 45275-2000, (859) 767-3177, or U.S. Bank Trust Company, National Association, the Paying Agent, at 425 Walnut Street, Cincinnati, OH 45202, (800) 934-6802. This Official Statement will be posted to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website.

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KENTON COUNTY (KENTUCKY) AIRPORT BOARD

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Cincinnati/Northern Kentucky International Airport
Revenue Bonds, Series 2024
consisting of

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INTRODUCTION

General

The Kenton County Airport Board (the "Board") has prepared this Official Statement in connection with the issuance and sale of its $245,340,000 Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024A (AMT) (the "Series 2024A Revenue Bonds") and $15,040,000 Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024B (Non-AMT) (the "Series 2024B Revenue Bonds" and, together with the Series 2024A Revenue Bonds, the "Series 2024 Revenue Bonds"). This Official Statement provides certain information regarding the purpose, terms and sources of payment of and security for the Series 2024 Revenue Bonds and certain information regarding the Board and the Cincinnati/Northern Kentucky International Airport (the "Airport"). All capitalized terms not defined in this Official Statement shall be defined and have the meaning as set forth in the Resolution (as defined herein).

The Board

The Board was created and organized as a body politic and corporate and a political subdivision of the Commonwealth of Kentucky pursuant to Chapter 183 of the Kentucky Revised Statutes. The Board has complete jurisdiction, control, possession and supervision of the Airport located in Boone County, Kentucky, with the power and authority to issue its revenue bonds, including refunding revenue bonds, for any of its corporate purposes and to pledge to the payment of said bonds all or any part of the revenues derived from the operation of the Airport.

Plan of Finance

The 2024 Project consists of: (1) the construction of the Baggage Handling System Project (as herein defined) (referred to in this Official Statement as the "Series 2024A Project"), all or a portion of which will be financed in part with the proceeds of the Series 2024A Revenue Bonds; and (2) the construction of the Airfield Project (as herein defined) (referred to in this Official Statement as the "Series 2024B Project"), all of which will be financed with the proceeds of the Series 2024B Revenue Bonds. See "THE 2024 PROJECT".

Purpose

The Board will issue the Series 2024A Revenue Bonds for the purpose of (i) financing a portion of the costs of the Series 2024A Project, (ii) funding the Common Bond Reserve Account (as defined herein) for the Series 2024 Revenue Bonds and any other Common Reserve Bonds (as defined herein), (iii) funding capitalized interest on the Series 2024A Revenue Bonds and (iv) paying the costs of issuing the Series 2024A Revenue Bonds.

The Board will issue the Series 2024B Revenue Bonds for the purpose of (i) financing the costs of the Series 2024B Project, (ii) funding the Common Bond Reserve Account for the Series 2024 Revenue Bonds and any other Common Reserve Bonds, (iii) funding capitalized interest on the Series 2024B Revenue Bonds and (iv) paying the costs of issuing the Series 2024B Revenue Bonds.

See "THE 2024 PROJECT" and "APPLICATION OF SERIES 2024 REVENUE BOND PROCEEDS."

Series 2024 Project

The 2024 Project consists of: (1) the construction of the Baggage Handling System Project (as herein defined) (referred to in this Official Statement as the "Series 2024A Project"), a portion of which will be financed with the proceeds of the Series 2024A Revenue Bonds; and (2) the construction of the Airfield Project (as herein defined) (referred to in this Official Statement as the "Series 2024B Project"), all of which will be financed with the proceeds of the Series 2024B Revenue Bonds. See "THE 2024 PROJECT".

<u>The Series 2024A Project (Baggage Handling System Project)</u>. The Board has entered into a Design-Build contract to replace the existing Baggage Handling System (BHS) with a new tote-based Independent Carrier System (ICS) connecting the Main Terminal, Concourse A, and Concourse B with inbound and outbound baggage handling (the "Baggage Handling System Project"), thereby increasing capacity, improving operational efficiency and reducing bag processing times. The replacement of the existing BHS also includes demolition of the BHS, infill of the security building tunnel, and the buildout of a new Checked Bag Inspection System/Checked Bag Reconciliation Area (CBIS/CBRA) under the existing security checkpoint.

<u>The Series 2024B Project (Airfield Project)</u>. The Series 2024B Project consists of required pavement rehabilitation on Runway 18C-36C, upgrading the runway lighting system from incandescent to LED, upgrading the airfield vault infrastructure with regulator replacements, and installing an upgraded control system; and Taxiway D2 at the south end of the runway will also be demolished and reconstructed north of its current location to meet Federal Aviation Administration ("FAA") standards. Finally, Runway 18L-36R Runway Safety Area ("RSA") will be regraded in four areas to comply with FAA standards (the "Airfield Project").

Authority for Issuance

The Series 2024 Revenue Bonds will be issued pursuant to the 2016 Airport Revenue General Bond Resolution adopted by the Board on May 16, 2016 (the "General Bond Resolution"), as supplemented from time to time, including by the Series 2024 Resolution adopted by the Board on July 15, 2024 (the "Series 2024 Resolution," and together with the General Bond Resolution, the "Resolution"), authorizing the issuance of the Series 2024 Revenue Bonds.

Security and Source of Payment

The pledges and sources of payment for the Series 2024 Revenue Bonds are described herein under "SOURCES OF PAYMENT AND SECURITY." The Series 2024 Revenue Bonds are special and limited obligations of the Board, payable equally and ratably from and secured by a pledge of all of the Net

Revenues (as defined herein) derived directly or indirectly from the use and operation of the Airport or any part thereof.

Report of the Airport Consultant

Included as Appendix A to this Official Statement is a Report of the Airport Consultant, dated August 5, 2024 (the “Report of the Airport Consultant” or “Report”), prepared by LeighFisher (the “Airport Consultant”), in conjunction with the issuance of the Series 2024 Revenue Bonds. The Report includes, among other things: a description of the underlying economic base of the Airport’s air service area; a description of historical air traffic activity at the Airport; the Board’s forecasts for air traffic activity at the Airport through Fiscal Year 2029, as reviewed and determined to be reasonable by the Airport Consultant, and a description of the assumptions on which such forecasts were based; and the Board’s forecasts of debt service coverage through Fiscal Year 2029 and a description of the assumptions upon which such forecasts were based. Inevitably, some assumptions used to develop the forecasts in the Report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. The forecasts contained in the Report are not necessarily indicative of future performance, and neither the Airport Consultant nor the Board assume any responsibility for the failure to meet such forecasts. The Report is an integral part of this Official Statement and should be read in its entirety for an understanding of the forecasts and the underlying assumptions contained therein. See “—Forward-Looking Statements,” “CERTAIN INVESTMENT CONSIDERATIONS—Report of the Airport Consultant,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A—Report of the Airport Consultant.”

Continuing Disclosure

The Board will covenant for the benefit of the owners and beneficial owners of the Series 2024 Revenue Bonds to annually provide certain financial information and operating data concerning the Board and the Airport and to provide notices of certain enumerated events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) website or any successor method designated by the MSRB, pursuant to the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act, as amended (the “Exchange Act”). See “CONTINUING DISCLOSURE UNDERTAKING” and “APPENDIX G—Form of Continuing Disclosure Undertaking.”

Investment Considerations

The purchase and ownership of the Series 2024 Revenue Bonds involves investment risks. Prospective purchasers of the Series 2024 Revenue Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Series 2024 Revenue Bonds, see “CERTAIN INVESTMENT CONSIDERATIONS.”

Forward-Looking Statements

The statements contained in this Official Statement that are not purely historical, are forward-looking statements, including statements regarding the Board’s expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast,” “will likely result,” “are expected to,” “will continue,” “is anticipated,” “intend” or other similar words. Prospective investors 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 Board on the date hereof, and the Board assumes no obligation to update any such forward-looking statements. It is important to note that the Board’s actual financial and operating results likely will differ, and could differ materially, from those in such forward-looking statements.

The forward-looking statements herein are 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 airlines, customers, suppliers and competitors, among others, 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 Board. Any such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate. See "FORWARD-LOOKING STATEMENTS."

Additional Information

Brief descriptions of the Series 2024 Revenue Bonds, the Resolution, the Airport Use and Lease Agreement (as defined in "APPENDIX C - Summary of Certain Provisions of the Airport Use and Lease Agreement") 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, laws, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, law, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Board since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or owners of any of the Series 2024 Revenue Bonds. The Board maintains a website, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2024 Revenue Bonds.

THE SERIES 2024 REVENUE BONDS

General

The Series 2024 Revenue Bonds will mature on January 1 of the years and in the amounts shown on the inside cover pages and will be dated the date of their date of delivery. The Series 2024 Revenue Bonds will bear a fixed rate of interest until their final maturity or earlier redemption at the rates per annum set forth on the inside cover pages. Interest on the Series 2024 Revenue Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2025. The Series 2024 Revenue Bonds will be issued in denominations that are integral multiples of $5,000.

Book-Entry Only

The Series 2024 Revenue Bonds will be issued only as fully registered bonds. The Series 2024 Revenue Bonds will be registered through a book-entry only system operated by The Depository Trust Company, New York, New York ("DTC"). Details of payments of the Series 2024 Revenue Bonds when in the book-entry form and the book-entry only system are described in "APPENDIX F - Book—Entry Only System." Except as described in APPENDIX F, beneficial owners of the Series 2024 Revenue Bonds will not receive or have the right to receive physical delivery of the Series 2024 Revenue Bonds and will not be or be considered under the Resolution to be the Registered Owners thereof. Accordingly, beneficial owners must rely upon (i) the procedures of DTC and, if such beneficial owner is not a DTC Participant, the DTC Participant who will act on behalf of such beneficial owner to receive notices and payments of principal and interest on the Series 2024 Revenue Bonds and to exercise voting rights, and (ii) the records of DTC and, if such beneficial owner is not a DTC Participant, such beneficial owner's DTC Participant, to evidence its beneficial ownership of Series 2024 Revenue Bonds. As long as DTC or its nominee is the Registered Owner of Series 2024 Revenue Bonds, references herein to Bondholders or Registered Owners of such Series 2024 Revenue Bonds shall mean DTC or its nominee and shall not mean the beneficial owners of such Series 2024 Revenue Bonds.

Redemption Provisions

Optional Redemption. The Series 2024A Revenue Bonds maturing on and after January 1, 2035, are subject to redemption at the option of the Board on or after January 1, 2034, in whole or in part at any time, and if in part, in such order of maturity as the Board shall determine and within any maturity, at the redemption price equal to the principal amount of each Series 2024A Revenue Bond to be redeemed, plus accrued interest to the date of redemption.

The Series 2024B Revenue Bonds maturing on and after January 1, 2035, are subject to redemption at the option of the Board on or after January 1, 2034, in whole or in part at any time, and if in part, in such order of maturity as the Board shall determine and within any maturity, at the redemption price equal to the principal amount of each Series 2024B Revenue Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Redemption.

The Series 2024A Revenue Bonds maturing January 1, 2049, are subject to mandatory sinking fund redemption in part, by lot, prior to maturity on January 1, in the years set forth below, at a redemption price equal to the principal amount of such term bond called for redemption:

Year (January 1)	Principal Amount
2045	$10,475,000
2046	11,025,000
2047	11,605,000
2048	12,215,000
2049*	12,860,000

*Final Maturity

The Series 2024A Revenue Bonds maturing January 1, 2054, are subject to mandatory sinking fund redemption in part, by lot, prior to maturity on January 1, in the years set forth below, at a redemption price equal to the principal amount of such term bond called for redemption:

Year (January 1)	Principal Amount
2050	$13,530,000
2051	14,245,000
2052	14,990,000
2053	15,775,000
2054*	16,610,000

*Final Maturity

The Series 2024B Revenue Bonds maturing January 1, 2049, are subject to mandatory sinking fund redemption in part, by lot, prior to maturity on January 1, in the years set forth below, at a redemption price equal to the principal amount of such term bond called for redemption:

Year (January 1)	Principal Amount
2045	$605,000
2046	630,000
2047	660,000
2048	685,000
2049*	715,000

*Final Maturity

The Series 2024B Revenue Bonds maturing January 1, 2054, are subject to mandatory sinking fund redemption in part, by lot, prior to maturity on January 1, in the years set forth below, at a redemption price equal to the principal amount of such term bond called for redemption:

Year (January 1)	Principal Amount
2050	$745,000
2051	775,000
2052	810,000
2053	840,000
2054*	880,000

*Final Maturity

Optional Redemption or Purchase of Series 2024 Revenue Bonds Subject to Mandatory Redemption. If the Board redeems Series 2024 Revenue Bonds subject to mandatory redemption pursuant to optional redemption or purchases Series 2024 Revenue Bonds subject to mandatory redemption and cancels the same, then an amount equal to the principal amount of the Series 2024 Revenue Bonds of such maturity so redeemed or purchased shall be deducted from the mandatory redemption requirements as provided for such Series 2024 Revenue Bonds of such maturity in such order as the Board shall determine.

Extraordinary Redemption from Insurance Proceeds. Only to the extent required by Section 8.07(a)(ii) of the General Bond Resolution, the Series 2024 Revenue Bonds are subject to redemption in whole or in part at any time from the Net Proceeds of insurance awards relating to the Airport at a redemption price equal to 100% of the principal amount of the Series 2024 Revenue Bonds to be redeemed, plus accrued interest to the redemption date.

Partial Redemption. If fewer than all of the Series 2024 Revenue Bonds of a single maturity are called for redemption, U.S. Bank Trust Company, National Association (the "Paying Agent") shall select the Series 2024 Revenue Bond or Series 2024 Revenue Bonds to be redeemed from all Series 2024 Revenue Bonds of that maturity which are then subject to redemption or purchase, as the case may be, by lot. In the case of a Series 2024 Revenue Bond in a denomination of more than $5,000, a portion of that Series 2024 Revenue Bond ($5,000 or any integral multiple thereof) may be called for prior redemption in which case the Paying Agent shall, without charge to the Registered Owner of that Series 2024 Revenue Bond, authenticate and deliver a replacement Series 2024 Revenue Bond or Series 2024 Revenue Bonds for the portion of the Series 2024 Revenue Bond which was not called for prior redemption.

Notice of Redemption. Notice of redemption of those Series 2024 Revenue Bonds subject to optional redemption, identifying (i) the date fixed for redemption, (ii) the principal amount of Series 2024 Revenue Bonds or portions thereof to be redeemed, (iii) the applicable redemption price, (iv) the place or places of payment, (y) that payment of the principal amount and premium, if any, will be made upon presentation and surrender to the Paying Agent, (vi) that interest accrued to the date fixed for redemption will be paid as specified in such notice, (vii) that on and after said date interest on Series 2024 Revenue Bonds which have been redeemed will cease to accrue, and (viii) the designation, including Series, and the CUSIP and serial numbers, if any, of the Series 2024 Revenue Bonds to be redeemed and, if less than the face amount of any such Series 2024 Revenue Bond is to be redeemed, the principal amount to be redeemed, shall be given by the Paying Agent by mailing a copy of such redemption notice by registered or certified mail, not less than 30 days nor more than 60 days prior to the date fixed for redemption, (i) to the Bondholder of each such Series 2024 Revenue Bond to be redeemed in whole or in part at the address as it appears on the register of Series 2024 Revenue Bonds maintained by the Paying Agent, and (ii) the Board shall send such notice of redemption to the Municipal Securities Rulemaking Board's EMMA website or any successor thereto, and if EMMA or a successor does not exist, then to such national information service as the Board shall determine upon the advice of Bond Counsel. Failure to mail any such notice to the Registered Owner of any such Series 2024 Revenue Bond or any defect therein shall not affect the validity of the proceedings for such redemption of such Series 2024 Revenue Bond. Any such notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the Registered Owner of any Series 2024 Revenue Bond receives the notice.

SOURCES OF PAYMENT AND SECURITY

Limited Obligations

The Series 2024 Revenue Bonds will not constitute general obligations or be an indebtedness of the Board or of Kenton County, Kentucky or of the Commonwealth of Kentucky nor are any properties subject to any mortgage or lien for the benefit of the owners of the Series 2024 Revenue Bonds within the meaning of the Constitution of Kentucky and neither the faith and credit nor the taxing power of Kenton County or the Commonwealth (or any political subdivisions thereof) will be pledged to the payment of the Series 2024 Revenue Bonds.

Pledge of Net Revenues

The Board previously issued its Airport Revenue Refunding Bonds, Series 2016 (the "Series 2016 Revenue Bonds") under the General Bond Resolution and the Series 2016 Bond Resolution both adopted by the Board May 16, 2016, which are outstanding as of January 1, 2024 in the aggregate principal amount of $30,505,000, its Airport Revenue Bonds, Series 2019 (the "Series 2019 Revenue Bonds"), under the General Bond Resolution and the Series 2019 Bond Resolution adopted by the Board on January 22, 2019, which are outstanding as of January 1, 2024 in the aggregate principal amount of $31,160,000, and its Airport Revenue Subordinate Notes, Series 2023 (the "Series 2023 Notes"), under the General Bond

Resolution and the Series 2023 Subordinate Bond Resolution (the "Series 2023 Subordinate Bond Resolution") adopted by the Board on July 17, 2023, none of which are currently outstanding. The Series 2016 Revenue Bonds, the Series 2019 Revenue Bonds, the Series 2024 Revenue Bonds and any Additional Bonds that may hereafter be issued are collectively referred to hereinafter as the "Bonds." All Bonds, including the Series 2024 Revenue Bonds, are payable equally and ratably from and secured by a pledge of all Net Revenues.

"O&M Expenses" means the Board's expenses for the operation, maintenance and repair of the Airport. O&M Expenses shall normally include those items and amounts accrued and/or expensed in accordance with GAAP. However, in situations where GAAP calls for amounts to currently be recorded as expense but (i) the timing of the required payment of the expense or a portion of the expense, while known, is more than one year in the future or (ii) the actual timing of the required payment of the expense is not readily determinable (e.g., pension and post-employment benefits calculated actuarially), the Board may include as O&M Expense the amount required to be paid for the current period, rather than the entirety of amounts required to be expensed in accordance with GAAP. O&M Expenses shall not include (i) any allowance for amortization, depreciation or obsolescence of the Airport, (ii) any extraordinary items arising from the early extinguishment of debt, (iii) charges for the payment of principal, Redemption Price, purchase price, interest or other payments on any Series of Bonds or Subordinate Bonds, (iv) in respect of capital leases or any costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to the Airport which under GAAP are properly chargeable to a capital account or a reserve for depreciation, (v) any losses from the sale, abandonment, reclassification, revaluation or other disposition of any Airport properties, (vi) any deposits to any Fund or Account (each as defined in Appendix B hereto) created under the General Bond Resolution, (vii) any expenses funded with grants or any moneys other than Revenues, or (viii) any loss resulting from changes in valuation of any Interest Rate Swap or Investment Obligations (each as defined in Appendix B hereto).

"Other Available Revenues" means, for any period of time, all of (i) Designated PFC Revenues, Designated CFC Revenues, and Designated Grant Revenues that the Board receives as provided in Section 6.15 of the General Bond Resolution, in any Series Resolution, or by any other action adopted by the Board and (ii) the amount of any other future income or revenue source that the Board deems as Other Available Revenues as specified in the Series Resolution (or any other action adopted by the Board); provided, however that any Series Resolution (or any other action adopted by the Board) shall also establish or identify the corresponding Funds, Accounts, and subaccounts along with functional provisions for the receipt, deposit and application of such source of income or revenue substantially similar to what is currently provided in Section 6.15 of the General Bond Resolution.

"Net Revenues" means the sum of Revenues remaining after provision is made for the payment of O&M Expenses plus transfers of Other Available Revenues, if any, as specified in a Series Resolution (or any other action adopted by the Board).

"Revenues" means (a) except to the extent hereinafter excluded, all income, receipts, earnings and revenues received by or accrued to the Board from the operation and use of and for the services furnished or to be furnished at the Airport, (b) any proceeds of business interruption insurance, (c) all income, receipts and earnings from the investment of moneys held by or on behalf of the Board in any Funds and Accounts established by the General Bond Resolution and the income and gains realized upon the maturity or sale of securities held by or on behalf of the Board in such Funds and Accounts, except for investment earnings, income or realized gains on or from (i) moneys deposited in escrow or trust to defease Bonds, (ii) any Capitalized Interest deposited in the Bond Fund, (iii) moneys deposited in any account within the Construction Fund unless otherwise provided in the corresponding Series Resolution, (iv) moneys deposited in any rebate fund or account therein, and (v) moneys deposited in any Account or subaccount established under the Resolution relating to Other Available Revenues, unless otherwise provided in the corresponding Series Resolution (or any other action adopted by the Board) and (d) amounts received by the Board from any Person, including, without limitation, the federal or state government, as reimbursement of O&M Expenses. There shall not be included in Revenues (i) any contributions or donations otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of O&M Expenses or the payment of Bonds or Subordinate Bonds, (ii) proceeds from the sale and disposition of the Airport, (iii) Special Facilities Revenues (as defined herein), except as provided in the General Bond Resolution, (iv) any unrealized gains on securities held for investment by or on behalf of the Board in any Funds and Accounts established by the General Bond Resolution, (v) any proceeds of insurance other than as mentioned above, (vi) the proceeds of any borrowing, (vii) cash subsidy payments or other similar payments made or expected to be made by the United States Treasury or other federal or state governmental entity to or on behalf of the Board for the payment of all or any portion of the interest or principal due or coming due on Bonds, except to the extent otherwise provided in the Series Resolution corresponding to a Series of Bonds, (viii) any gains resulting from changes in valuation of any Interest Rate Swap or Investment Obligations, (ix) any Passenger Facilities Charges, Customer Facilities Charges or Grant Funds, provided however Designated PFC Revenues, Designated CFC Revenues, and Designated Grant Revenue may be deemed Other Available Revenues for one or more Series of Bonds under any Series Resolution (or any other action adopted by the Board), (x) any Released Revenues, and (xi) any Termination Payment made to the Board by a Counterparty. For purposes of testing compliance with the rate covenant described below and the limitations on the issuance of Additional Bonds described below, Revenues will be calculated using GAAP, except that such calculation will include and exclude those items specifically included or excluded above. Additionally, in situations where GAAP calls for amounts to currently be recorded as revenue, but (i) the timing of the required receipt of the revenue or a portion of the revenue, while known, is more than one year in the future or (ii) the actual timing of the required receipt of the revenue is not readily determinable, the Board may include as Revenues for the current period the amounts recorded as revenues which were received during the year and any known amounts which were recorded as revenues and are to be received within one year.

The Board has pledged, for the payment of principal, redemption price, if any, of and interest on the Bonds, in accordance with the respective terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, Net Revenues to the extent used to pay Principal and Interest Requirements for the Bonds, which may include Other Available Revenues to the extent provided for in any Series Resolution or any other action adopted by the Board.

Pledge of Funds

In addition to the pledge of the Net Revenues, all Bonds, including the Series 2024 Revenue Bonds, are secured by a pledge of money and Investment Obligations in the Bond Fund and the Bond Reserve Fund established pursuant to the Resolution and may be additionally secured by special Funds or Accounts pledged in a Series Resolution or any other action adopted by the Board.

Rate Covenant

Under the Resolution, the Board is required to fix, charge and collect rates, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, and must revise such rates, fees, rentals and charges as often as may be necessary or appropriate, so that Net Revenues in each Fiscal Year will be at least equal to 100% of the aggregate amount required during such Fiscal Year to be applied or deposited by the Board as described in paragraphs (ii) through (ix) set forth under "Funds and Accounts and Flow of Funds — Revenue Fund" below.

While any Bonds remain Outstanding, the Board is required to charge and collect rates, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith and revise such rates, fees, rentals and charges as often as may be necessary or appropriate, so that for each Fiscal Year the sum of (i) the Net Revenues plus (ii) the Carryover Amount, if any, for such Fiscal Year will be equal to at least 125% of Principal and Interest Requirements on all Outstanding Bonds for that Fiscal Year.

If Net Revenues in any Fiscal Year are less than the amount specified above under this heading, the Board will retain and direct an Airport Consultant (as defined in the General Bond Resolution) to make recommendations as to the revision of the Board's business operations and its schedule of rates, fees, rentals and charges for the use of the Airport and for services rendered by the Board in connection with the Airport. After receiving such recommendations, the Board shall, subject to applicable requirements or restrictions imposed by law, and subject to a good faith determination of the Board that such recommendations, in whole or in part, are in the best interests of the Board, take all lawful measures to comply with the recommendations of the Airport Consultant as to revisions of the Board's business operations and schedule of rates, fees, rentals and charges as may be necessary to produce Net Revenues, in the amounts specified above in the next Fiscal Year. In the event that Net Revenues for any Fiscal Year (referred to in this paragraph as "Fiscal Year One") are less than the amount described above but, prior to or during the next succeeding Fiscal Year (referred to in this paragraph as "Fiscal Year Two"), the Board has taken all lawful measures to comply with the recommendations of the Airport Consultant as to revisions of the Board's business operations and schedule of rates, fees, rentals and charges as described in this paragraph such deficiency in Net Revenues for Fiscal Year One shall not constitute an Event of Default under the Resolution. Nevertheless, even if the measures described in this paragraph to revise the schedule of rates, fees, rentals and charges have been taken by the Board, in the event the Net Revenues in Fiscal Year Two, are less than the amounts specified above, such deficiency in Net Revenues shall, with the applicable notice, constitute an Event of Default under the Resolution.

An Authorized Representative is required to file with the Board within six months after the end of each Fiscal Year a calculation or other evidence from the Authorized Representative or an Airport Consultant demonstrating compliance (or non-compliance) with the coverage requirements described above.

See "FINANCIAL INFORMATION" herein for information regarding the Revenues.

Extraordinary Coverage Payments under the Airport Use and Lease Agreement

In addition to Landing Fees and Terminal Rentals and any other fees and charges as are allowable under the Airport Use and Lease Agreement, each Signatory shall be required to make extraordinary coverage protection payments in any Fiscal Year in which the amount of Revenues less O&M Expenses is or is forecasted to be less than 125% of the aggregate annual Principal and Interest Requirement (as calculated under the General Bond Resolution). Any amounts that must be collected for such extraordinary coverage protection payments from the Signatories shall be allocated to the Airfield Cost Center Requirement. See "AGREEMENTS FOR THE USE OF THE AIRPORT FACILITIES —Airport Use and Lease Agreement" and "APPENDIX C — Summary of Certain Provisions of the Airport Use and Lease Agreement."

Common Bond Reserve Account in Bond Reserve Fund

The Bond Reserve Fund is required to have on deposit an amount equal to the sum of the Reserve Requirements. Under the Resolution, "Reserve Requirement" means the amount, if any, designated as such for any Series of Bonds in or pursuant to a Series Resolution to be on deposit in or credited to an account in the Bond Reserve Fund securing such bonds. Investments in the Bond Reserve Fund are required to be valued at market annually.

Under the Series 2024 Resolution, the Board has designated the Series 2024 Revenue Bonds as Common Reserve Bonds and covenanted to secure the Series 2024 Revenue Bonds with the Common Bond Reserve Account (the "Common Bond Reserve Account") in the Bond Reserve Fund, on a parity with the Series 2016 Revenue Bonds, the Series 2019 Revenue Bonds and any other Common Reserve Bonds issued hereafter pursuant to the General Bond Resolution (the Series 2016 Revenue Bonds, the Series 2019 Revenue Bonds and the Series 2024 Revenue Bonds, together with any other Common Reserve Bonds are collectively, the "Common Reserve Bonds"). Upon issuance of the Series 2024 Revenue Bonds, a portion of the proceeds of the Series 2024 Revenue Bonds will be deposited in the Common Bond Reserve Account. Thereupon, the amount on deposit therein shall equal the "Common Bond Reserve Requirement," which means an amount equal to the least of (i) 10% of the par amount or Sale Proceeds on all outstanding Series 2024 Bonds and any other Common Reserve Bonds (this limit being applicable to the extent that the net original issue premium or discount on the Common Reserve Bonds exceeds 2% of the stated redemption price at maturity of the issue of Common Reserve Bonds), (ii) the maximum annual Principal and Interest Requirements on all outstanding Series 2024 Bonds and any other Common Reserve Bonds in any Fiscal Year or (iii) 125% of the average annual Principal and Interest Requirements on the outstanding Series 2024 Bonds and any other Common Reserve Bonds; provided that such amount may be recalculated at any time (a) upon the designation and issuance by the Board of any other Common Reserve Bonds and (b) in connection with the redemption or purchase and cancellation of any Series 2024 Bonds or any other Common Reserve Bonds. On the date of issuance of the Series 2024 Revenue Bonds, the Common Bond Reserve Requirement shall equal $24,900,856.

The Series 2024 Resolution requires payments into the Common Bond Reserve Account from the Net Revenues each month in an amount equal to one-twelfth (1/12) of the Reserve Requirement Deficiency after a withdrawal from the Common Bond Reserve Account to pay interest on the immediately preceding Interest Payment Date and/or to pay principal on the immediately preceding Principal Payment Date until the amount therein equals the Common Bond Reserve Requirement as described below in "— Funds and Accounts and Flow of Funds."

Under conditions specified in the Resolution, the Board may fund the Common Bond Reserve Requirement for the Series 2024 Revenue Bonds and any other Common Reserve Bonds by delivering a letter of credit or other Credit Facility in substitution for, or in lieu of, moneys to be held in the Common Bond Reserve Account. It is not anticipated that any portion of the Common Bond Reserve Requirement will be funded with a Credit Facility.

The Board is required to draw on the Common Bond Reserve Account in the Bond Reserve Fund whenever the amount held in the Interest Account or the Principal Account for the Common Reserve Bonds is insufficient to pay interest on or principal of such Bonds on the date such payments are due.

Funds and Accounts and Flow of Funds

Funds Established.

General Bond Resolution. The General Bond Resolution establishes (i) the Construction Fund, (ii) the Revenue Fund, (iii) the Operations and Maintenance Fund (and the Operations and Maintenance Reserve Account therein), (iv) the Bond Fund (and the Principal Account, the Interest Account and the Redemption Account therein), (v) the Bond Reserve Fund, (vi) the Rebate Fund, (vii) the Repair and Replacement Fund and (viii) the General Purposes Fund and provides for the future establishment of (a) the Subordinate Bond Fund, (b) the Subordinate Bond Reserve Fund and (c) the Insurance and Condemnation Award Fund, if needed.

Series 2024 Resolution. The Series 2024 Resolution also establishes (i) the Series 2024 Interest Subaccount and the Series 2024 PFC Interest Subaccount (in the Interest Account of the Bond Fund), (ii) the Series 2024 Principal Subaccount and the Series 2024 PFC Principal Subaccount (in the Principal Account of the Bond Fund), (iii) the Common Bond Reserve Account (in the Bond Reserve Fund), (iv) the Series 2024 Costs of Issuance Fund, (v) the Series 2024 Rebate Account, (vi) the Series 2024 Construction Account (in the Construction Fund) and (vii) the Series 2024 Capitalized Interest Subaccount (in the Series 2024 Construction Account of the Construction Fund). Under the Series 2024 Resolution, "Designated PFC Revenues" means certain Passenger Facilities Charges ("PFCs") that may be committed in the future to pay Principal and Interest Requirements of the Series 2024 Revenue Bonds when such PFCs are deposited in the Designated PFC Revenue Account pursuant to action taken by the Board. Such Designated PFC Revenues also shall be deemed Other Available Revenues pursuant to the General Resolution.

Upon receiving approval of the FAA to fund a portion of the Series 2024A Project with PFCs, the Board expects to make an irrevocable commitment of certain PFCs on an annual basis as part of its budget process. Once PFCs are irrevocably committed they are deemed Designated PFC Revenues under the General Resolution and must be used to pay debt service on the Series 2024 Bonds.

Revenue Fund. So long as there are any Bonds Outstanding, all Revenues and any Designated PFC Revenues will be deposited into the Revenue Fund or the Designated PFC Revenue Account, as applicable, on or before the 20th day of each month, for the payment of the following amounts or deposited or transferred to the following Funds and Accounts in the order listed:

(i) Into the Operations and Maintenance Fund, the amount (disregarding amounts held as the Operations and Maintenance Required Reserve) sufficient to meet the O&M Expenses for the next month;

(ii) Into the Interest Account of the Bond Fund (specifically the Series 2024 Interest Subaccount or the Series 2024 PFC Interest Subaccount, as applicable) amounts set forth in the Series Resolutions with respect to each Series of Bonds sufficient to pay interest due on Outstanding Bonds and, if applicable, Net Payments related to Outstanding Bonds;

(iii) Into the Principal Account of the Bond Fund (specifically the Series 2024 Principal Subaccount or the Series 2024 PFC Principal Subaccount, as applicable) amounts set forth in the Series Resolutions with respect to each Series of Bonds sufficient to pay principal due on Outstanding Bonds (at maturity or otherwise) and, if applicable, Mandatory Sinking Fund Requirements related to Outstanding Bonds;

(iv) Into the Accounts created in the Bond Reserve Fund amounts set forth in the applicable Series Resolutions with respect to each Series of Outstanding Bonds sufficient to eliminate the Reserve Requirement Deficiency which is an amount equal to one-twelfth (1/12) of the Reserve Requirement Deficiency existing after a withdrawal from the Common Bond Reserve Account until the amount therein equals the Reserve Requirement for the Common Reserve Bonds;

(v) Into the Subordinate Bond Fund, if any, the amount sufficient, together with any other amounts then on deposit therein, to pay any principal and interest becoming due on Subordinate Bonds at the times and in the amounts set forth in the respective Subordinate Bonds Issuing Instrument;

(vi) Into the Subordinate Bond Reserve Fund, if any, as specified in the respective Subordinate Bonds Issuing Instrument to be used in the manner provided therein;

(vii) Into the Operations and Maintenance Reserve Account, an amount equal to one-twelfth of the Current Year Operating Increment plus one-twelfth of the aggregate amount, if any, withdrawn from such Account in the preceding twelve months, until the amount then on deposit in such Account equals the Operations and Maintenance Required Reserve;

(viii) Into the Repair and Replacement Fund, an amount equal to one-twenty-fourth of the Repair and Replacement Fund Requirement, but only to the extent such deposit is required to make the amount on deposit in the Repair and Replacement Fund equal to the Repair and Replacement Fund Requirement;

(ix) Into the Rebate Fund, the amounts and at the times, provided in any Series Resolution for the payment of any Rebate Amount; and

(x) Into the General Purposes Fund from time to time, at the discretion of the Board, any amount of the moneys remaining in the Revenue Fund, which the Board has reasonably determined taking into account additional Revenues projected to be received, will not be needed to make deposits described in paragraphs (i) through (ix) above.

In each month following a month in which any deposit or payment required by paragraphs (i) through (ix) has not been made, in addition to the amounts then due, there shall be deposited an amount sufficient to cure the deficiency in deposit or payment in the prior month unless such deficiency is cured by a transfer of money or Investment Obligations to such Fund or Account from other Funds and Accounts.

<u>Operations and Maintenance Fund</u>. Moneys held in the Operations and Maintenance Fund will be used to pay O&M Expenses as they come due. Money in the Operations and Maintenance Reserve Account may be used to pay O&M Expenses when sufficient funds for that purpose are not otherwise available in the Operations and Maintenance Fund or available to transfer from the Revenue Fund. Whenever the amount on deposit in the Operations and Maintenance Fund (including any amounts in the Operations and Maintenance Reserve Account) is insufficient to pay O&M Expenses, the amount necessary to pay the same will be transferred to the Operations and Maintenance Fund, drawing upon funds available in the General Purposes Fund, and the Repair and Replacement Fund, in that order.

<u>Bond Fund</u>. Not later than two Business Days preceding each Interest Payment Date or Principal Payment Date, there shall be transferred to the Paying Agent from the Interest Account and Principal Account, and from any subaccount created for a particular Series of Bonds, the amount necessary to pay the interest, principal and Mandatory Sinking Fund Requirement due on any Outstanding Bonds.

If the Board fails to make any deposit to the Interest Account or Principal Account, or any subaccount therein, or if the balance in the Interest Account or Principal Account, or any subaccount therein, on the 20th Business Day of the month immediately preceding an interest or principal payment date is insufficient to pay interest, principal and Mandatory Sinking Fund Requirement becoming due on such payment date, the Board immediately shall deposit an amount sufficient to cure the same, drawing upon funds available in the General Purposes Fund and the Repair and Replacement Fund, in that order. If the amount so deposited is not sufficient to cure the deficiency in the Interest Account or Principal Account or any subaccount therein, there shall be transferred from the account of the Bond Reserve Fund securing such Bonds to the applicable Interest Account or Principal Account such amount as may be necessary to remedy such deficiency.

Bond Reserve Fund. The Bond Reserve Fund shall be used solely for the payment of Principal and Interest Requirements on the Bonds. An Account within the Bond Reserve Fund may be pledged to all Series of Bonds Outstanding or solely to one or more particular Series of Bonds as set forth in the Series Resolution. If a Reserve Requirement has been designated for a Series of Bonds, the related Series Resolution shall either (1) create a separate Account within the Bond Reserve Fund or (2) designate a previously created Account within the Bond Reserve Fund, if permitted, for the deposit of the Reserve Requirement. Under the Series 2024 Resolution, the Board has designated the Series 2024 Revenue Bonds as Common Reserve Bonds on a parity with any other Common Reserve Bonds issued hereafter pursuant to the General Bond Resolution. On the date of issuance of the Series 2024 Revenue Bonds, a portion of the proceeds of the Series 2024 Revenue Bonds will be deposited in the Common Bond Reserve Account. Thereupon, the amount on deposit in the Common Bond Reserve Account shall equal the Common Bond Reserve Requirement. Whenever there is a deficiency in the Bond Fund for the payment of Principal and Interest Requirements for Bonds for which a Reserve Requirement has been designated, funds available in the appropriate Account of the Bond Reserve Fund shall be used by the Board for the payment of Principal and Interest Requirements on such Bonds.

The amounts in the Bond Reserve Fund, including proceeds of any Credit Facility, shall be used to make transfers, in the following order: to the Interest Account and the Principal Account to remedy any deficiency in any deposit required to be made to said Accounts or to pay the interest on or the principal of (whether at maturity or in satisfaction of the Mandatory Sinking Fund Requirement therefor) the Bonds when due, only whenever and to the extent that the money on deposit in any or all of said Accounts, together with transfers thereto from the General Purposes Fund and the Repair and Replacement Fund, is insufficient for such purposes.

Rebate Fund. Amounts, if any, deposited into the Rebate Fund represent sums required to be transferred in order to comply with the provisions of the Code. Amounts in the Rebate Fund, including earnings and deposits therein, are held in trust solely for future payments to the United States Treasury, as required by the Code and are not pledged as security for the Bonds.

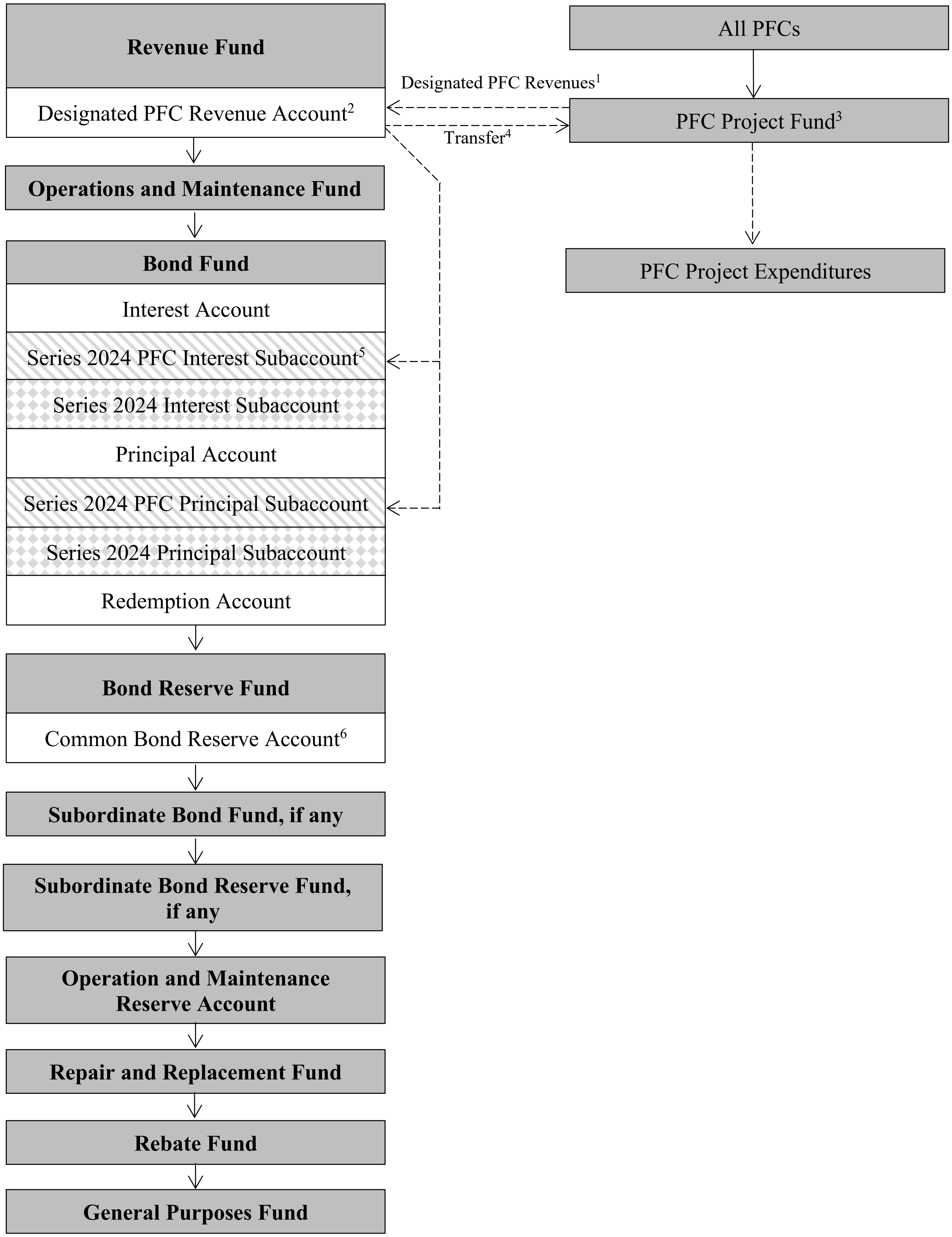
Repair and Replacement Fund. Amounts in the Repair and Replacement Fund may be applied to any lawful purpose of the Board including the payment of the cost of renewals and replacements and unusual or extraordinary repairs to the Airport and of engineering and other expenses incurred in connection therewith.

The amounts in the Repair and Replacement Fund are required to be used to make transfers, in the following order, to (i) the Revenue Fund to pay O&M Expenses if the amount on deposit therein, together with transfers thereto from the General Purposes Fund, is insufficient, (ii) the Interest Account and the Principal Account, in that order, to remedy any deficiency in any deposit required to be made to said Accounts if the money to be deposited from the Revenue Fund, together with transfers thereto from the General Purposes Fund, is insufficient, and (iii) the Bond Reserve Fund, if necessary to cure a deficiency therein if money to be transferred to the Bond Reserve Fund from the General Purposes Fund is insufficient.

If the money held in the Repair and Replacement Fund exceeds the Repair and Replacement Fund Requirement (established by the Board) an amount equal to the excess may be transferred to the General Purposes Fund.

General Purposes Fund. Money on deposit in the General Purposes Fund is required to be applied to make transfers in the following order: (i) to the Revenue Fund to the extent necessary to pay O&M Expenses whenever the amount on deposit therein is insufficient, (ii) to the Interest Account and Principal Account, in that order, to remedy any deficiency in any deposit required to be made from the Revenue Fund, (iii) to the Bond Reserve Fund, to the extent necessary to cure a deficiency therein, (iv) to the paying agent for Subordinate Bonds upon a request therefrom to pay debt service on Subordinate Bonds, if amounts previously transferred to the paying agent for the Subordinate Bonds are insufficient for such purpose, and (v) to any Counterparty to which the Board then owes a Termination Payment in connection with an Interest Rate Swap. After making the aforementioned transfers, the Board may apply any amounts in the General Purposes Fund for any lawful aviation purpose.

The following chart depicts the flow of funds required by the Resolution.



See footnotes on next page.

1. At this time, the Board plans to use PFCs to fund a portion of the debt service on the Series 2024 Revenue Bonds but has not elected to make an irrevocable commitment to do so.
2. The Designated PFC Revenue Account in the Revenue Fund.
3. PFC funds used for PFC eligible projects.
4. All remaining amounts as of the last day of each Fiscal Year.
5. Investment income to be transferred to the PFC Project Fund monthly.
6. The Common Bond Reserve Account shall be for the benefit of the Series 2024 Revenue Bonds and any other Common Reserve Bonds issued hereafter.

Additional Bonds

The Board has reserved the right and privilege at any time to issue one or more series of Additional Bonds from time to time payable from the Net Revenues and ranking on a basis of parity and equality with the Series 2016 Revenue Bonds, the Series 2019 Revenue Bonds and the Series 2024 Revenue Bonds, for the purpose of providing funds to pay the costs of further extensions and improvements to the Airport and air navigation facilities of the Airport, provided that before any such series of Additional Bonds are issued there must be procured and filed with the Board, the following:

(i) a certificate prepared by an Authorized Representative showing the Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds were at least equal to 125% of maximum aggregate annual Principal and Interest Requirements with respect to all Outstanding Bonds and the proposed Series of Bonds, calculated as if the proposed Series of Bonds were then Outstanding; or

(ii) a certificate prepared by an Airport Consultant showing that:

(A) the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, were at least equal to 125% of the sum of the aggregate annual Principal and Interest Requirements due and payable with respect to all Outstanding Bonds for such applicable period; and

(B) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Bonds, or (B) the third full Fiscal Year during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues for each such Fiscal Year, will be at least equal to 125% of the Principal and Interest Requirements for each such Fiscal Year with respect to all Outstanding Bonds and calculated as if the proposed Series of Bonds were then outstanding; and

(iii) a certificate of an Authorized Representative to the effect that no Event of Default has occurred and is continuing under the Resolution or, if an Event of Default then exists, that such Event of Default shall be cured upon issuance of such Additional Bonds and the application of the proceeds thereof as described or provided for in the Series Resolution therefor.

For purposes of clause (ii) above, in estimating Net Revenues, the Airport Consultant shall take into account (1) Revenues from new Airport facilities or other new capital improvements reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which has been approved by the Board and will be in effect during the period for which the estimates are provided or (3) any other increases in Net

Revenues, including any Other Available Revenues specified in the Series Resolution (or any other action adopted by the Board), which the Airport Consultant believes to be a reasonable assumption for such period. With respect to O&M Expenses, the Airport Consultant shall use such assumptions as the Airport Consultant believes to be reasonable, taking into account: (i) historical O&M Expenses of the Board, (ii) additions to or reductions in O&M Expenses associated with the capital improvements to be funded with the proceeds of the Additional Bonds proposed to be issued and any other new capital improvements and Airport facilities and (iii) such other factors, including inflation and changing operations or policies of the Board, as the Airport Consultant believes to be appropriate.

Additional Bonds for Completion Purposes. The certificates in clauses (i), (ii), and (iii) above are not required if the Additional Bonds are issued for the purpose of completing Improvements previously undertaken by the Board, for which Bonds were previously issued; and instead there shall be filed with the Board a certificate of the Authorized Representative stating that (a) the principal amount of the Bonds to be issued for completion purposes does not exceed 15% of the principal amount of the Bonds, or the portion thereof allocable to those Improvements, previously issued for said Improvements, (b) all of the proceeds of the Bonds previously issued for the Improvements, including any investment earnings in the Construction Fund funded from the proceeds of said Bonds previously issued, have been or will be used to pays Costs of the Improvements, and (c) the estimated Costs of the Improvements exceed the amounts already paid for the Improvements plus money available in the Construction Fund.

Additional Bonds for Refunding Purposes. The certificates in clauses (i), (ii), and (iii) above are not required if the Additional Bonds are issued for the purpose of refunding previously issued Bonds; and instead there shall be filed with the Board a certificate of the Authorized Representative stating that (i) the aggregate Principal and Interest Requirements with respect to all Bonds Outstanding after the issuance of such refunding Bonds shall be less than the aggregate Principal and Interest Requirements with respect to all Bonds Outstanding prior to the issuance of such refunding Bonds or (ii) the proposed issuance of the refunding Bonds will reduce total debt service payments on all Outstanding Bonds on a net present value basis.

Events of Default and Remedies - No Acceleration; No Cross Default

There is no provision in the Resolution for acceleration of the maturity of the Series 2024 Revenue Bonds if any default occurs in the payment of the principal of or interest on the Series 2024 Revenue Bonds or in the performance of any other obligation of the Board under the Resolution or if interest on the Series 2024 Revenue Bonds becomes includible in the gross income of the owners thereof for federal income tax purposes. In addition, an Event of Default with respect to one Series of Bonds does not cause an Event of Default with respect to any other Series of Bonds unless such event or condition on its own constitutes an Event of Default with respect to such other Series of Bonds under the Resolution.

Other Obligations

Subordinate Bonds. The Board has reserved the right to issue, in addition to Additional Bonds, other obligations, the security and source of payment of which is subordinate and subject to the priority of the payments for the account of the Bonds, including the Series 2024 Revenue Bonds, or any Additional Bonds permitted to be issued by the Resolution. The Board may issue Subordinate Bonds for any lawful airport or aviation-related purposes permitted by law, so long as the following conditions are met:

(a) Subordinate Bonds issued or otherwise entered into by the Board, must rank junior and subordinate to the Bonds, including the Series 2024 Revenue Bonds, issued and outstanding under the General Bond Resolution and may be paid from moneys constituting Net Revenues only if all amounts of principal and interest which have become due and payable on the Bonds, including the Series 2024 Revenue

Bonds, whether by maturity or redemption have been paid in full and the Board is current on all payments, if any, required to be made to replenish the Bond Reserve Fund and any separate Accounts therein. In all cases Subordinate Bonds shall be secured on a junior and subordinate basis to the Bonds, including the Series 2024 Revenue Bonds, by the pledge of the Net Revenues or shall be secured by assets that are not Net Revenues or shall be unsecured. No Bond, note, other instrument of indebtedness, or Interest Rate Swap, shall be deemed to be "Subordinate Bonds" for purposes of the General Bond Resolution and payable on a subordinated basis from Net Revenues unless specifically designated by the Board as a "Subordinate Bonds" in the authorizing resolution and Subordinate Bonds Issuing Instrument; and

(b) the principal of, and the redemption premium, if any, and interest on any such Subordinate Bonds is payable as a whole or in part solely from the proceeds of other Subordinate Bonds, Additional Bonds, Net Revenues pursuant to the General Bond Resolution, any money available therefor in the General Purposes Fund, or from any other legally available source, provided that such Subordinate Bonds shall be payable from Additional Bonds only to the extent such indebtedness was issued for any purpose for which Additional Bonds may be secured under the General Bond Resolution; except for payments from the proceeds of Additional Bonds, Net Revenues transferred to the paying agent for the Subordinate Bonds under the provisions of the General Bond Resolution, and the General Purposes Fund, no money in any other Fund or Account created under the provisions of the General Bond Resolution shall be used to pay the principal of, or the interest or redemption premium, if any, on, any Subordinate Bonds.

(c) On May 30, 2018, the Board entered into a Tax-Exempt Lease Agreement (the "Lease Agreement") with US Bancorp Governmental Lease and Finance, Inc. ("US Bancorp") for the purpose of financing the acquisition of certain vehicles and equipment at the Airport. The Lease Agreement was designated by the Board as a Subordinate Bond Issuing Instrument and the payment obligations were designated as Subordinate Bonds pursuant to Section 8.14 of the General Bond Resolution. As such, the Board's payment obligations pursuant to the Lease Agreement are secured on a junior and subordinate basis to the Bonds with respect to the pledge of Net Revenues pursuant to the General Bond Resolution. Under the Lease Agreement, US Bancorp irrevocably consented to other Subordinate Bonds being issued by the Board in the future pursuant to other Subordinate Bond Issuing Instruments and acknowledged that the payment obligations under the Lease Agreement are not on parity with future Subordinate Bonds to be issued by the Board but rather the payment obligations are subordinate and junior to future Subordinate Bonds issued by other Subordinate Bond Issuing Instruments. As of March 31, 2024, the Board has six property schedules in place with US Bancorp with a total of $2.4 million outstanding. The Board may from time to time enter into additional obligations pursuant to the Lease Agreement.

(d) Subordinate Revolving Line of Credit. On July 17, 2023, the Board authorized the issuance of the Series 2023 Subordinate Notes in an aggregate principal amount not to exceed $150 million outstanding at any time, pursuant to the 2020 Airport Revenue Subordinate General Bond Resolution (the "Subordinate General Bond Resolution"), adopted by the Board on March 16, 2020, as supplemented by the Series 2023 Subordinate Bond Resolution, and a Revolving Credit Agreement between the Board and Bank of America, N.A. (the "Revolving Credit Agreement"). The Revolving Credit Agreement's termination date is August 21, 2026, unless extended pursuant to its terms. The Series 2023 Subordinate Bonds are structured as Subordinate Bonds under the Subordinate General Bond Resolution and amounts advanced under the Revolving Credit Agreement are secured by certain pledged funds including Subordinate Net Revenues on a parity with Subordinate Bonds. There are currently no Series 2023 Subordinate Notes outstanding.

Special Facilities Obligations. The Board has reserved the right to issue special facilities bonds, notes or obligations from time to time for the purpose of financing the acquisition or construction of Special Facilities located on property that constitutes the Airport, or on property that will become incorporated into the Airport upon defeasance of the obligations issued to finance the Special Facilities. The special facilities bonds, notes or obligations are not directly or indirectly secured by or payable from Revenues but are secured by and payable from income derived from the operation of the Special Facilities. The Board must levy charges on users of the Special Facilities in an amount sufficient to pay the principal of, and the premium, if any, and interest on obligations issued to finance the Special Facilities. Prior to the issuance of any special purpose bonds, the Board shall adopt a resolution describing in reasonable detail the Special Facilities to be acquired or constructed by the Board, authorizing the issuance of the special facilities bonds, notes or obligations and prescribing the rights, duties, remedies and obligations of the Board and the holder or holders of such special facilities bonds, notes or obligations.

No such special facilities bonds, notes or obligations shall be issued by the Board unless an Authorized Representative shall have filed with the Board a certificate stating that:

(a) the estimated Special Facilities Revenues pledged to the payment of obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Board and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due;

(b) with respect to the designation of any separately identifiable existing airport facilities or airport facility as a "Special Facility" or "Special Facilities," the estimated Net Revenues, calculated without including the new Special Facilities Revenues and without including any operation and maintenance expenses of the Special Facility as O&M Expenses of the Airport, will be sufficient so that the Board will be in compliance with Rate Covenant; and

(c) no Event of Default then exists.

As of the date of this Official Statement, there are no Special Facility Obligations outstanding.

PLAN OF FINANCE

Proceeds of the Series 2024A Revenue Bonds will be used by the Board to (i) fund a portion of the costs of the Series 2024A Project (as defined below) at the Airport, (ii) fund a Common Reserve Account for the Series 2024 Revenue Bonds and any other Common Reserve Bonds, (iii) fund capitalized interest on the Series 2024A Revenue Bonds and (iv) pay certain costs of issuance relating to the Series 2024A Revenue Bonds.

Proceeds of the Series 2024B Revenue Bonds will be used by the Board to (i) fund the costs of the Series 2024B Project (as defined below) at the Airport, (ii) fund a Common Reserve Account the Series 2024 Revenue Bonds and any other Common Reserve Bonds, (iii) fund capitalized interest on the Series 2024B Revenue Bonds and (iv) pay certain costs of issuance relating to the Series 2024B Revenue Bonds.

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APPLICATION OF SERIES 2024 REVENUE BOND PROCEEDS

The following table sets forth the estimated application of the proceeds of the Series 2024 Revenue Bonds:

	Series 2024A Revenue Bonds	Series 2024B Revenue Bonds	Total
Sources			
Principal Amount	$245,340,000.00	$15,040,000.00	$260,380,000.00
Net Original Issue Premium	18,963,024.45	328,744.80	19,291,769.25
Total Sources	$264,303,024.45	$15,368,744.80	$ 279,671,769.25
Uses			
Deposit to Series 2024 Construction Account	$225,806,854.19	$13,953,693.55	$239,760,547.74
Deposit to Series 2024 Capitalized Interest Subaccount[1]	18,071,982.60	225,822.45	18,297,805.05
Deposit to Common Bond Reserve Account	19,068,205.85	1,108,781.83	20,176,987.68
Deposit to Series 2024 Costs of Issuance Fund[2]	1,355,981.81	80,446.97	1,436,428.78
Total Uses	$264,303,024.45	$15,368,744.80	$279,671,769.25

[1] To be used to pay a portion of the interest due on the Series 2024 Revenue Bonds through and including January 1, 2028.
[2] Includes Underwriters' discount, legal and other costs of issuance.

OUTSTANDING OBLIGATIONS AND DEBT SERVICE REQUIREMENTS

Outstanding Obligations

Prior to the issuance and delivery of the Series 2024 Revenue Bonds, the Series 2016 Revenue Bonds and the Series 2019 Revenue Bonds will be the only outstanding obligations of the Board, to which Net Revenues are pledged (the "Outstanding Bonds").

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Debt Service Requirements on Outstanding Bonds

Bond Year (Ended Jan. 1)	Outstanding Bonds Principal	Outstanding Bonds Interest	Series 2024A Principal	Series 2024A Interest	Series 2024B Principal	Series 2024B Interest	Total Debt Service
2025	$ 3,420,000	$ 3,083,250		$ 4,362,370		$ 225,822	$ 11,091,443
2026	3,590,000	2,912,250		12,767,913	$ 255,000	660,944	20,186,106
2027	3,770,000	2,732,750		12,767,913	270,000	648,194	20,188,856
2028	3,960,000	2,544,250		12,767,913	280,000	634,694	20,186,856
2029	4,155,000	2,346,250	$ 4,710,000	12,767,913	295,000	620,694	24,894,856
2030	4,365,000	2,138,500	4,945,000	12,532,413	310,000	605,944	24,896,856
2031	4,585,000	1,920,250	5,195,000	12,285,163	325,000	590,444	24,900,856
2032	4,810,000	1,691,000	5,455,000	12,025,413	340,000	574,194	24,895,606
2033	5,055,000	1,450,500	5,725,000	11,752,663	360,000	557,194	24,900,356
2034	1,015,000	1,197,750	6,010,000	11,466,413	375,000	539,194	20,603,356
2035	1,065,000	1,147,000	6,310,000	11,165,913	395,000	520,444	20,603,356
2036	1,115,000	1,093,750	6,625,000	10,850,413	415,000	500,694	20,599,856
2037	1,175,000	1,038,000	6,955,000	10,519,163	435,000	479,944	20,602,106
2038	1,230,000	979,250	7,325,000	10,154,025	455,000	458,194	20,601,469
2039	1,290,000	917,750	7,710,000	9,769,463	480,000	435,444	20,602,656
2040	1,355,000	853,250	8,110,000	9,364,688	500,000	416,244	20,599,181
2041	1,425,000	785,500	8,540,000	8,938,913	520,000	396,244	20,605,656
2042	1,495,000	714,250	8,985,000	8,490,563	540,000	375,444	20,600,256
2043	1,570,000	639,500	9,455,000	8,018,850	560,000	353,844	20,597,194
2044	1,650,000	561,000	9,955,000	7,522,463	585,000	331,444	20,604,906
2045	1,730,000	478,500	10,475,000	6,999,825	605,000	308,044	20,596,369
2046	1,820,000	392,000	11,025,000	6,449,888	630,000	283,088	20,599,975
2047	1,910,000	301,000	11,605,000	5,871,075	660,000	257,100	20,604,175
2048	2,005,000	205,500	12,215,000	5,261,813	685,000	229,875	20,602,188
2049	2,105,000	105,250	12,860,000	4,620,525	715,000	201,619	20,607,394
2050			13,530,000	3,945,375	745,000	172,125	18,392,500
2051			14,245,000	3,235,050	775,000	140,463	18,395,513
2052			14,990,000	2,487,188	810,000	107,525	18,394,713
2053			15,775,000	1,700,213	840,000	73,100	18,388,313
2054			16,610,000	872,025	880,000	37,400	18,399,425
TOTAL	$61,665,000	$32,228,250	$245,340,000	$251,733,508	$15,040,000	$11,735,591	$617,742,349

BOARD ORGANIZATION AND AIRPORT MANAGEMENT

Statutory Authorization

The Board was created pursuant to a resolution of the Fiscal Court of Kenton County adopted on June 3, 1943. Under the provisions of Chapter 183 of the Kentucky Revised Statutes and by the terms of such resolution, the Board has been created and organized as a public body politic and corporate. The Series 2024 Revenue Bonds are being issued by the Board pursuant to the provisions of Chapter 183 and Chapter 58 of the Kentucky Revised Statutes. Although the Airport is situated in Boone County, Kentucky, the Board has complete jurisdiction, control, possession and supervision of the Airport with the power and authority, among other things, to establish and fix reasonable rates, charges, and fees for the use of its landing areas, ramps and other common aviation facilities, and by contract or otherwise to negotiate general rates, charges, and fees for commercial vendors, concessionaires or other persons for the use and occupancy of its terminals or other ground use facilities.

Organization

The Board consists of 13 voting members with the majority of the members required to be a resident of Kenton County. Eight of the members are appointed by the Kenton County Judge Executive with the approval of the Kenton County Fiscal Courts. Two members are appointed by the Boone County Judge

Executive with approval of the Boone County and Kenton County Fiscal Courts. The Campbell County Judge Executive and Grant County Judge Executive each appoint one member with the approval of the respective counties' Fiscal Courts as well as the Kenton County Fiscal Court and one member is appointed by the Governor of the Commonwealth of Kentucky.

Kenton County Airport Board Members

Board Member	Term Expiration
Lisa Sauer (Chair) Ms. Sauer is Retired Senior Vice President of Product Supply, Global Home Products & External Supply Solutions at Procter & Gamble.	June 30, 2025
Chad L. Summe (Vice Chair) Mr. Summe is Managing Partner at eGateway Capital.	June 30, 2028
Kevin W. Canafax Mr. Canafax is Vice President of Public Affairs-Midwest Region, at Fidelity Investments.	June 30, 2027
Bryan Carlisle Mr. Carlisle is Partner at Carlisle and Bray Enterprises.	June 30, 2025
Lewis Diaz Mr. Diaz is Partner at Dinsmore & Shohl, LLP.	June 30, 2026
Mike L. Drysdale Mr. Drysdale is Retired President and Owner of Drysdale Direct Express.	June 30, 2027
Kay Geiger Ms. Geiger is Retired President Cincinnati/Northern Kentucky at PNC Bank, N.A.	June 30, 2025
Bob Hoffer Mr. Hoffer is Managing Partner at DBL Law.	June 30, 2028
Dale Losey Mr. Losey is Chief Financial Officer of Chavez Properties.	June 30, 2028
Michael T. Rohmiller, M.D. Dr. Rohmiller is Chief Professional Officer at Beacon Orthopedics and Sports Medicine/OrthoAlliance.	June 30, 2026

William M. Schuler Mr. Schuler is Retired President and Chief Executive Officer, Senior Division, at Castellini Group of Companies.	August 1, 2026
David Spaulding Mr. Spaulding is President at Acendion Capital & Development.	August 1, 2026
Paul Verst Mr. Verst is Chairman and Chief Executive Officer at Verst Logistics.	June 30, 2027

Airport Management

Candace S. McGraw, Chief Executive Officer, was appointed Chief Executive Officer of the Airport in July 2011. Ms. McGraw has over 30 years of experience in aviation, legal affairs and public administration. Prior to leading the Airport staff, Ms. McGraw served in a number of positions at the Cleveland Airport System, including Deputy Director and served as General Counsel for Cleveland City Council and Legal Counsel and Deputy Director of Charitable Gaming for the Ohio Lottery Commission. Ms. McGraw announced in January 2024 that she will retire on June 30, 2025, after over 14 years of serving as CEO of the Airport. A national search is underway with a successor anticipated to be appointed in late 2024 to ensure a seamless transition of duties.

Ms. McGraw currently serves as the first female chair of the World Governing Board of Airports Council International (ACI) which represents 90 percent of all commercial airports globally. Ms. McGraw is a former chair of ACI-North America. She was also appointed to serve on two U.S. Department of Transportation boards: the Women in Aviation Advisory Board and the NextGen Advisory Committee, charged with providing counsel and recommendations to the Federal Aviation Administration as to operational capabilities and technology affecting the future of the nation's air traffic system. Locally, Ms. McGraw serves as chair of the Kentucky Chamber of Commerce and the Cincinnati USA Regional Chamber. She is on the board of the Kentucky Community and Technical College System and is a member of the Kentucky Economic Development Partnership Board, which oversees the strategic plan and goals for the Commonwealth of Kentucky's Cabinet for Economic Development. She also serves on the Advisory Board for Fifth Third Bank.

Ms. McGraw received her Bachelor's and Master's degrees in Political Science from Duquesne University and a Juris Doctor degree from the University of Pittsburgh School of Law. In addition, she has earned the International Airport Professional (IAP) designation.

Shannon Oldfield, Chief Operating Officer, joined the Airport staff in November 1992 and was appointed Chief Operations Officer in November 2019. He has over 30 years of airport operations and maintenance experience. Mr. Oldfield earned his Bachelor's degree of Business Administration in Environmental Science and Management from the University of Kentucky, his Associate's degree in Aviation Administration from Northern Kentucky University and his Master's of Business Administration in Air Transportation Management from Embry-Riddle Aeronautical University. He holds several airport professional credentials, including Project Management, Human Factors, Airside Operations and Site Safety Program ACI Certificates.

Dilwyn Gruffydd, Chief Financial Officer of the Airport and Secretary-Treasurer of the Board, was appointed to the Airport and the Board in April 2020. Mr. Gruffydd joined the Airport in 2014, first as

Director of Financial Strategy and then Vice President of Financial Strategy for the Airport. Mr. Gruffydd holds a Bachelor's degree in Commerce and French from the University of Birmingham (England). Before joining the Airport team, he worked as a senior project manager at the global aviation consultancy firm Landrum & Brown and as a senior consultant at the John F. Brown Company. He has earned the International Airport Professional (IAP) designation. Mr. Gruffydd is a 2022 graduate of the Cincinnati USA Regional Chamber's executive leadership development program. He also serves on the Southwest Ohio and Northern Kentucky Business Advisory Council to the Cleveland Federal Reserve Bank.

Brian Cobb, Chief Innovation Officer, joined the Airport as the Vice President of Customer Experience in 2010 and was appointed to the newly created Chief Innovation Officer position in January, 2018. Mr. Cobb is a graduate of Embry-Riddle Aeronautical University, with a Bachelor's degree in Aeronautical Science. He has earned the International Airport Professional (IAP) designation. Prior to joining the Airport, Mr. Cobb worked in senior-level and executive leadership positions in the airline industry. He is also an active community participant and is a graduate of Leadership Northern Kentucky, Cincinnati's Leadership Action, and Cincinnati's CIO Roundtable program.

THE AIRPORT SERVICE REGION

The Airport's service region is the 15-county Cincinnati Metropolitan Statistical Area (the "MSA"), which is the 30th largest metropolitan statistical area in the country with an estimated population of nearly 2.3 million as of 2023, according to the U.S. Department of Commerce, Bureau of the Census. This area includes Brown, Butler, Clermont, Hamilton, and Warren counties in Ohio; Boone (in which the Airport is located), Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton counties in Kentucky; and Dearborn, Franklin, and Ohio counties in Indiana. While counties in the Airport's service region that are not a part of the MSA support a portion of the Airport's air passenger traffic demand, it is the economic strength of the MSA that provides the primary basis of demand for local air transportation at the Airport. As a result, the MSA is considered the Airport's primary service region (defined hereinafter as "Airport Service Region" for purposes of socioeconomic data analysis provided in the remainder of this section).

The Airport Service Region can be generally defined as the area within a 50-mile radius of the Airport. The airports in Columbus, Dayton, Indianapolis, Louisville, and Lexington influence this radius to the north, west, and south; while the eastern border of the Airport Service Region area extends beyond this radius due to a lack of commercial service airports in that region.

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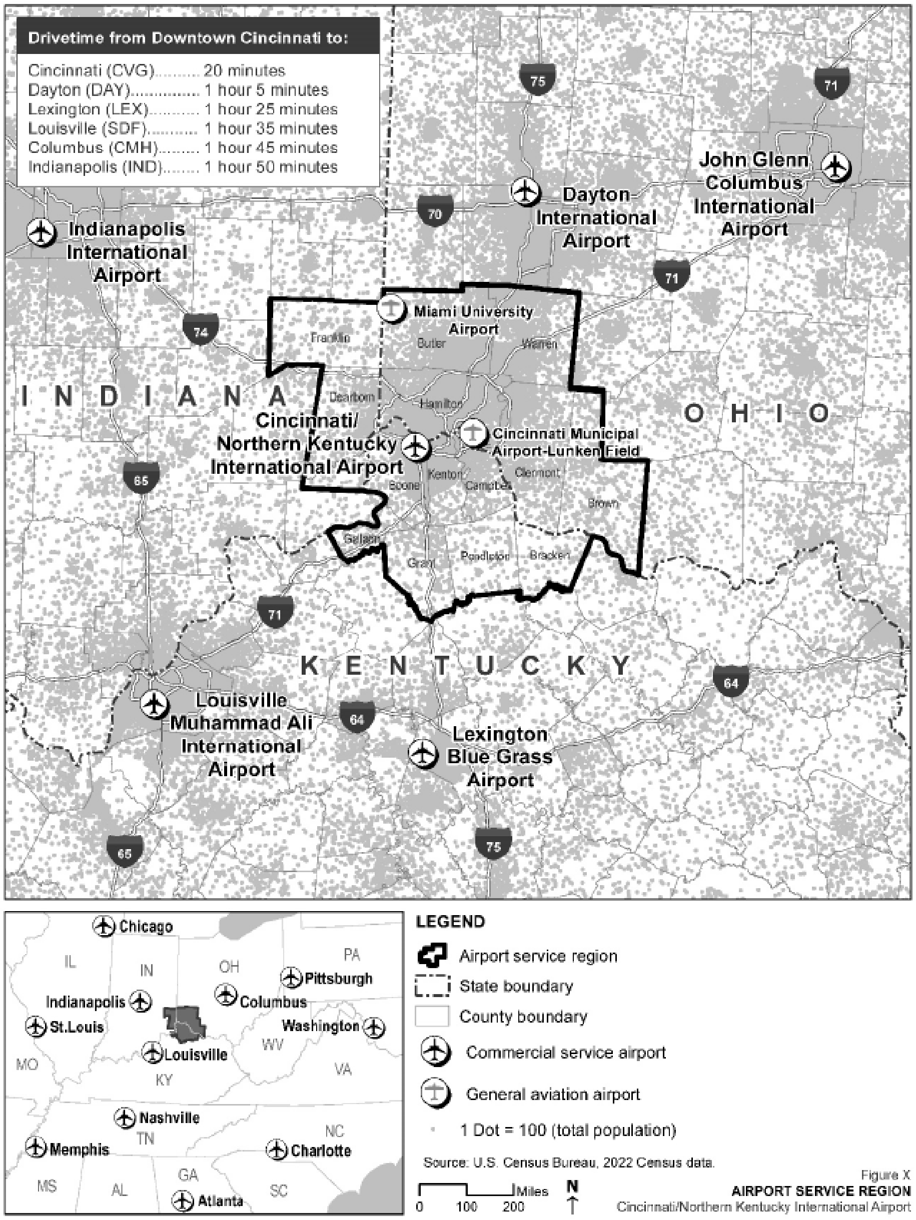

See “APPENDIX A – Report of the Airport Consultant.”

Population

As shown in the table below, the population of the MSA increased an average of 0.4% annually between 2010 and 2019 and 0.7% annually between 2019 and 2023, compared with national annual average increases of 0.7% and 0.5% over the same time periods.

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HISTORICAL POPULATION (000s)

	MSA	United States
2000	2,014	282,162
2005	2,071	295,517
2010	2,130	309,322
2011	2,133	311,557
2012	2,139	313,831
2013	2,145	315,994
2014	2,155	318,301
2015	2,165	320,635
2016	2,174	322,941
2017	2,184	324,986
2018	2,195	326,688
2019	2,205	328,240
2020	2,252	331,527
2021	2,253	332,049
2022	2,259	333,271
2023	2,271	334,915
2000-2007	0.6%	0.9%
2007-2010	0.5	0.9
2010-2019	0.4	0.7
2019-2023	0.7	0.5

Notes: Population numbers are estimated as of July 1 each year. Calculated percentages may not match those shown because of rounding.

Sources: U.S. Department of Commerce, Bureau of the Census website, www.census.gov, accessed April 2024.

See "APPENDIX A – Report of the Airport Consultant."

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Income

Per capita income for the MSA has historically been in line with the national average. As shown in the table below, the MSA's per capita personal income in 2022 ($67,939) was nearly 100% of the national average. In addition to exceeding the per capita personal income of the national average in recent years, the MSA has also had a lower cost of living. In 2023, the MSA had a 3.1% lower cost of living than the national average, according to the Council for Community and Economic Research's Cost of Living Index.

HISTORICAL PER CAPITA PERSONAL INCOME (2023 DOLLARS)

	MSA	United States
2010	$55,731	$56,673
2011	57,458	57,772
2012	58,245	58,708
2013	57,905	58,075
2014	59,228	59,576
2015	61,587	61,785
2016	62,509	62,171
2017	63,451	63,402
2018	64,176	64,687
2019	65,966	66,203
2020	69,230	69,639
2021	71,619	72,447
2022	67,939	68,168
2023	n.a.	68,531

AVERAGE ANNUAL PERCENTAGE PERSONAL INCOME INCREASE (DECREASE)

2000-2007	0.7%	1.1%
2007-2010	(0.9)	(0.9)
2010-2019	1.9	1.7
2019-2023	n.a.	0.9

Notes: Calculated percentages may not match those shown because of rounding.
Sources: U.S. Department of Commerce, Bureau of the Economic Analysis website, www.bea.gov, accessed April 2024.
See "APPENDIX A – Report of the Airport Consultant."

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Employment

As shown in the table below, the rate of unemployment for the MSA has generally followed the same trend as that for the nation. Since the end of the 2008-2009 recession, the unemployment rate in the MSA has generally remained equal to or lower than the nationwide unemployment rate. In 2023, unemployment in the MSA was 3.3% compared with 3.6% for the nation.

HISTORICAL UNEMPLOYMENT RATES (000s)

	MSA	United States
2010	9.9%	9.6%
2011	8.8	8.9
2012	7.4	8.1
2013	7.2	7.4
2014	5.5	6.2
2015	4.5	5.3
2016	4.4	4.9
2017	4.3	4.4
2018	3.9	3.9
2019	3.7	3.7
2020	7.0	8.1
2021	4.4	5.3
2022	3.5	3.6
2023	3.3	3.6

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

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As shown in the table below, between 2010 and 2019, nonagricultural employment in the MSA increased an average of 1.5% annually, compared with a 1.6% average annual increase for the nation as a whole. Since 2019, employment has increased 0.8% per, on average, for both the MSA and the nation.

HISTORICAL NONAGRICULTURAL EMPLOYMENT (000s)

	MSA	United States
2010	982	130,345
2011	993	131,914
2012	1,009	134,157
2013	1,026	136,363
2014	1,043	138,939
2015	1,062	141,824
2016	1,081	144,335
2017	1,095	146,607
2018	1,108	148,908
2019	1,119	150,904
2020	1,057	142,186
2021	1,093	146,285
2022	1,133	152,520
2023	1,154	156,051

AVERAGE ANNUAL PERCENTAGE EMPLOYMENT INCREASE (DECREASE)

2000-2007	0.4%	0.6%
2007-2010	(2.0)	(1.9)
2010-2019	1.5	1.6
2019-2023	0.8	0.8

Notes: Calculated percentages may not match those shown because of rounding.
Sources: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed April 2024.
See "APPENDIX A – Report of the Airport Consultant."

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The table below shows the 20 largest employers in the region. Of these 20 employers, three are both headquartered in the MSA and on the *Fortune 500* list of largest U.S. companies and six are in the field of health care. *Fortune 500* companies headquartered in the MSA and their respective rankings, which are not listed in the table below include: General Electric (56), Western & Southern Financial Group (284), Cincinnati Financial (393), Cintas (437) and American Financial Group (470).

Rank	Company	Employment	Type of business
1	Kroger Co. *(a)*	20,000	Grocer/retail
2	Cincinnati Children's Hospital	18,500	Health care
3	Cincinnati/Northern Kentucky International Airport *(b)*	14,900	Airport
4	TriHealth Inc.	12,100	Health care
5	University of Cincinnati	11,100	Education
6	Proctor & Gamble Co. *(a)*	11,000	Consumer products
7	St. Elizabeth Healthcare	10,400	Health care
8	UC Health	9,800	Health care
9	GE Aerospace *(c)*	7,500	Aerospace
10	Mercy Health – Cincinnati	7,500	Health care
11	Fifth Third Bancorp *(a)*	7,000	Financial Service
12	Cincinnati Public Schools	6,500	Education
13	Christ Hospital	6,500	Health care
13	City of Cincinnati	6,200	Local government
14	Amazon.com LLC	6,000	Retail
16	Kings Island	5,500	Amusement park
17	RDI Corp.	5,500	Call center and IT services
18	Baker Construction Enterprises	5,000	Construction
19	Fidelity Investments	4,800	Financial services
20	Hamilton County	4,300	Local government

Note: The Tri-state area as defined by Cincinnati Business Courier is generally analogous to the Cincinnati MSA.

(a) *Fortune 500* company (based on 2023 revenue) headquartered in Cincinnati. Rank of *Fortune 500*: Kroger Co. (25), Proctor & Gamble Co. (50), Fifth Third Bank (321).

(b) Employment figure includes all badged employees, including airport, airlines and other tenants.

(c) GE Aerospace, which was formerly part of General Electric (ranked 56 on the Fortune 500 list) and became its own publicly traded company in April 2024, would have ranked 140 on the Fortune 500 list had it been a standalone company in 2023. GE Aerospace will be headquartered in Cincinnati.

Sources: Cincinnati Business Courier, *2023-2024 Book of Lists*; Cincinnati Business Courier, *Kroger, P&G, Fifth Third among Cincinnati Firms on 2024 Fortune 500 List*, June 2024; Kenton County Airport Board Records.

See "APPENDIX A – Report of the Airport Consultant."

Airport Competition

Several airports offering scheduled passenger air service are located within a two-hour drive of the Airport, namely Dayton International Airport (DAY), Blue Grass Airport (LEX) in Lexington, Louisville Muhammad Ali International Airport (SDF), John Glenn Columbus International Airport (CMH), and Indianapolis International Airport (IND), as shown on the preceding figure. See "AIRPORT SERVICE REGION." Cincinnati Municipal Airport - Lunken Field (LUK), owned and operated by the City of Cincinnati, is primarily a general aviation reliever airport. Since February 2021, the Board has leased and operated the Miami University Airport (OXD), a general aviation airport owned by Miami University, located in Butler County, Ohio approximately 55 miles to the north of the Airport.

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The data in the table below compares air service, passengers, and airfares at the Airport and its five nearest regional competitors. In terms of seats, flights, and the number of destinations served, the Airport is most similar to the airports serving Columbus and Indianapolis. Louisville International Airport is roughly half the size of these airports, while the airports serving Dayton and Lexington are considerably smaller. As of July 2024, the Airport provides slightly fewer departing flights and seats than the Indianapolis airport but serves more airports nonstop. Further, the Airport has the lowest average fare paid of the six regional airports.

	CVG	IND	CMH	SDF	LEX	DAY
Number of airlines providing scheduled service	12	10	10	8	4	4
Average daily departing seats *(a)*						
Domestic	16,996	19,635	17,882	9,661	3,061	2,032
International	673	121	193	-	-	-
Total	17,669	19,756	18,075	9,661	3,061	2,032
Average daily departing flights *(a)*						
Domestic	133	143	137	83	29	27
International	4	1	2	-	-	-
Total	137	144	139	83	29	27
Airports served nonstop *(a)*						
Domestic	50	45	45	35	15	12
International	4	2	2	-	-	-
Total	54	47	47	35	15	12
Domestic outbound O&D passengers (in thousands) *(b)*						
CY 2019	3,826	4,157	3,672	1,842	616	741
CY 2023	3,738	4,258	3,591	2,014	580	521
Percentage change	*(2.3)%*	*2.4%*	*(2.2)%*	*9.4%*	*(5.8)%*	*(29.6)%*
Average one-way fare paid *(b)*						
CY 2019	$ 152.24	$ 173.26	$ 167.48	$ 182.82	$ 191.23	$ 202.62
CY 2023	$ 171.53	$ 187.39	$ 186.91	$ 180.10	$ 216.31	$ 218.18
Percentage change	*12.7%*	*8.2%*	*11.6%*	*(1.5)%*	*13.1%*	*7.7%*

Sources:

(a) Airline Data Inc., online database, accessed June 2024. Data shown are for scheduled domestic and international service.

(b) U.S. Department of Transportation, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100.

See "APPENDIX A – Report of the Airport Consultant."

THE AIRPORT

The Airport is the air transportation facility for scheduled carriers serving the Cincinnati MSA and the surrounding areas. The Airport, which began operations in 1947, is located on approximately 7,500 acres near the City of Hebron in the northeastern corner of Boone County, Kentucky, approximately 14 road miles southwest of downtown Cincinnati, across the Ohio River in Kentucky. Access to the Airport is provided by 1-75, I-74, I-71, I-275 and 1-471. Although the Airport is situated in Boone County, the Board has complete jurisdiction, control, possession and supervision of the Airport.

The Airport is classified as a medium air traffic hub by the Federal Aviation Administration (the "FAA"), ranking 50th nationally according to FAA's 2022 classification of airport hub size. In 2023, the Airport served 4.4 million enplaned passengers, which is 96.0% of the number served pre-COVID in 2019. As discussed in the following section, the Airport also serves as DHL Express's ("DHL") main international cargo hub for the Americas and Amazon Air's (formerly known as Amazon Prime Air) principal United States hub for cargo operations. In 2023, the Airport ranked seventh among all North American airports with respect to total cargo weight handled according to Airport Council International-North America's rankings and twelfth globally in terms of total cargo tonnage. As reported by the FAA for 2022, the Airport ranked sixth among all United States airports in terms of all-cargo landed weight. Between 2019 and 2023, due largely to increased service by Amazon Air, the Airport experienced the highest increase in cargo tonnage among ranked airports with the addition of Amazon Air.

Role of the Airport

The Airport primarily serves residents of, and visitors to, the Cincinnati region, with originating passengers representing 95.5% of the Airport's enplaned passengers in 2023. Before 2013, Delta Air Lines, Inc. ("Delta") operated a sizable connecting hub at the Airport. However, Delta then downsized its operations, primarily affecting the connecting traffic. Since 2013, incumbent airlines other than Delta have increased service and new low-cost entrants have commenced service at the Airport. The diversification of airlines serving the Airport has enhanced competition, lowered air fares, and stimulated originating passenger traffic. Between 2013 and 2019, the Airport's number of enplaned passengers increased by 1.7 million.

The Airport serves as DHL's main international cargo hub for North America and South America and is one of DHL's three global "super hubs." In 2023, DHL accounted for 53.3% of cargo tonnage handled at the Airport and approximately 42.3% of total Airport landed weight. See "INFORMATION CONCERNING THE AIRLINE INDUSTRY AND THE AIRLINES." DHL's U.S. hub operations were located at the Airport from 1983 until 2005, when DHL moved its U.S. hub to Wilmington, Ohio upon entering the U.S. domestic express business. In 2009, DHL refocused its U.S. hub operations on handling international business and moved its operations back to the Airport. Since returning to the Airport, DHL has invested $281 million in its facilities at the Airport and has a total of $511 million invested in its hub facilities that were relocated to the south airfield area of the Airport in 2002. The latest expansion to the hub was completed in 2016, which added 16 wide body aircraft parking positions. DHL has an option on an additional 50 acres on the south side of their existing facility for future expansion.

In 2021, Amazon Air opened a $1.5 billion, 600-acre air cargo hub consisting of seven buildings, an aircraft ramp and a car parking structure across 800,000 square feet in the south airfield area of the Airport. The Airport now serves as Amazon Air's principal hub of U.S. operations, connecting a network of more than 40 airports. Other Amazon Air hub locations include Forth Worth, Texas; San Bernardino, California; and Lakeland, Florida. In 2023, Amazon Air landed approximately 36 flights per day at the Airport, accounting for 45.1% of cargo tonnage handled by and 23.3% of total weight landed at the Airport.

Airport Facilities

Airfield. Airfield facilities include four runways and interconnecting taxiways. The three north/south oriented parallel runways, 18R/36L, 18C/36C and 18L/36R, operate fully independently of each other with 4,300 and 6,243 foot separations, respectively. Runway 18C/36C and Runway 18L/36R are 11,000 and 10,000 feet in length, respectively, and Runway 18R/36L is 8,000 feet in length. Runway 9/27 has an east/west orientation and is 12,000 feet in length. Runway 9/27 is utilized as the primary runway for nighttime departures and noise abatement operations and is the preferred departure runway for long-haul aircraft departures. The Airport has ample runway capacity to handle projected operations at the Airport.

All runways are 150 feet wide and are constructed of Portland cement or asphaltic concrete. Runway 18R/36L was constructed in 2005. Runways 18L/36R and 18C/36C were last rehabilitated in 2012 and 2011, respectively. The rehabilitation of Runway 9/27 was completed in 2021.

All the Airport's runways are designed to accommodate air carrier aircraft and are equipped with instrument landing approaches, lighting systems and other navigational aids, permitting the Airport to operate in virtually any weather condition. These navigational aids range from Category IIIa ILS capability, permitting flight activity with a 50-foot ceiling limit and a visibility limit of 600 feet, to Category I ILS capability, permitting flight activity with a ceiling limit of 200 feet and visibility limit of 1,800 feet.

Terminal Facilities. The commercial passenger terminal facilities at the Airport consist of an approximate 395,000 square foot, two-story main terminal (the "Main Terminal") which houses all passenger check-in, a 46,000 square foot passenger security screening facility and baggage claim facilities for all passenger carriers operating at the Airport. A 110,000 square foot Customer Service Building ("CSB") connected to the Main Terminal was a key element of the Airport's new Consolidated Rental Car Facility ("CONRAC") which opened October 2021. It is anticipated that passenger ticketing and connections to the replacement bag handling system will be expanded into the CSB as part of the Elevate CVG Terminal Modernization (as defined below) program. These facilities are connected to two mid-field satellite concourses, Concourses A and B, via a passenger tunnel with moving walkways and an Automated People Mover.

Concourse A is approximately 378,300 square feet and has a total of 23 gates, 21 of which have loading bridges. Concourse B is approximately 886,000 square feet and contains a total of 28 mainline passenger gates, all of which have loading bridges. Concourse B includes 10 international gates that can be cross-utilized as domestic gates, a 102,000 square-foot Federal Inspection Service (FIS) facility and the Customs and Border Protection international arrivals facility.

Parking Facilities. There are approximately 15,400 revenue-producing public parking spaces at the Airport. A five-level, 6,400 space parking garage is connected to the Main Terminal with covered walkways to both the departure and arrival levels. Two surface lots, the 4,570 space ValuPark lot and the 4,030 space Economy lot, receive shuttle bus service. Approximately 1,305 spaces located northwest of and adjacent to the ValuPark lot provide employee parking and 375 spaces are available for valet parking.

Ground Transportation Facilities. The Airport's CONRAC, which opened in October 2021, is a 13-acre facility connected to the Main Terminal. It includes the 110,000 square foot CSB, a ready return area with 1,380 rental car parking spaces and 680 storage spaces, a quick turnaround area (QTA), and a ground transportation area for parking, valet, and hotel shuttle customers. The QTA was the first facility in the Commonwealth of Kentucky to feature a vertical fueling system. The CSB is attached to the Main Terminal and houses rental car counters, elevators, and a ticketing lobby. Currently, four companies representing ten rental car brands operate from the facility: (1) Avis Budget Group (Avis, Budget, and Payless brands), (2) Enterprise Holdings (Enterprise, Alamo, and National brands), (3) The Hertz Corporation (Hertz, Dollar, and Thrifty brands), and (4) SIXT.

Air Cargo Facilities. Air cargo needs are met by the south airfield and north cargo areas. The south airfield is bounded in the south by Runway 09/27, in the west by Runway 18/36R and in the east by Runway 18C/36C.

The largest cargo tenants at the Airport are DHL (232 acres) and Amazon Air (600 acres). DHL's hub facility is located in the south airfield area of the Airport located immediately adjacent to a cross field taxiway. DHL's facilities include sort facilities, truck docks, and an aircraft parking area, as well as various support facilities. The DHL facility is currently accessed from Wendell Ford Blvd. via South Airfield Drive to the north, or via Aero Parkway to the South.

In August 2021, Amazon opened the $1.5 billion first phase of the south side development on its 600-acre leasehold. Phase I of the project featured an 800,000 square foot sortation building, ramp parking for 25 aircraft, and a multi-story car parking garage. The ramp has subsequently been expanded to include parking for a total of 35 aircraft.

The north cargo area currently consists of a 50,000 square foot third party multi-tenant facility owned by Aeroterm in which FedEx is the largest tenant, a 130,300 square foot air cargo facility operated by Delta and a 62,500 square foot U.S. Postal Service air mail facility. In May 2024, the Board approved a term sheet for the construction of an additional 80,000 square foot multi-cargo tenant facility in the north cargo area of the Airport.

Aircraft Maintenance Facilities. Aircraft maintenance, repair, and overhaul services have been expanded at the Airport in recent years. Two large maintenance hangars have been built by, or for, FEAM Aero adjacent to the DHL and Amazon Air cargo facilities. The first hangar, built by a third party and operated by FEAM Aero, opened in January 2020 with a 103,000 square foot facility capable of servicing a 747-800 aircraft. A second 150,000 square foot hangar, constructed and operated by FEAM Aero, opened in March 2024 and can house three widebody aircraft simultaneously.

Other Facilities. Other facilities at the Airport include a 177-room Doubletree by Hilton Hotel, an airline catering kitchen leased by Gate Gourmet, a warehouse for Delta, three aircraft maintenance hangars constructed and/or leased by Delta and utilized by Delta or Delta Connection subsidiaries or Wheels Up, a maintenance hangar leased to American Airlines and utilized by American Airlines regional aircraft subsidiaries, an aircraft maintenance hangar constructed by Ameriflight, a corporate hangar leased by Meyer Tool, a maintenance facility for the fueling service operator leased by Aircraft Service International, a maintenance facility for the parking lot management operator, a fuel farm owned and operated by Delta, three rental car service centers, an FAA air traffic control tower, an aircraft flight training center constructed by Flight Safety International, a 183,000 square foot five-story class A office building, an aircraft maintenance school, and a general aviation center complex including hangar, office and apron facilities (leased to a Delta subsidiary for fixed base operations) and a corporate hangar.

In order to diversify its revenue sources, the Airport has focused on non-aviation commercial development under long-term leases at the periphery of the Airport. A GE Aerospace jet engine warehousing facility was constructed at the Airport in the mid-1980's. In recent years, four manufacturing facilities and four industrial warehouse facilities with approximately 2.5 million square feet of space were constructed by third parties on Airport land. All the buildings are fully leased. In the fall of 2024, it is anticipated that work will begin to install roadways, utilities, and building pads to prepare an approximate 270-acre site on the west side of the airport for future non-aviation development. The Airport expects to announce additional land lease agreements for non-aviation development in the future.

Airlines Serving the Airport

Commercial air service is currently provided by the following airlines:

PASSENGER AIRLINES[1]	ALL-CARGO CARRIERS
Air Canada	Amazon Air [2]
Allegiant Air	DHL[2]
American Airlines	Federal Express
Breeze Airways	
British Airways	
Delta Air Lines	
Frontier Airlines	
Southwest Airlines	
United Airlines	
VivaAerobus	

Note: Regional affiliates of airlines providing scheduled passenger service are not shown.
[1] Service is provided through mainline and/or affiliates/code shares.
[2] DHL Express and Amazon Air operate their cargo flights through carrier contracts.

As of July, 2024.
Source: Kenton County Airport Board; OAG Aviation Worldwide Ltd., OAG Analyser database, accessed April 2024.

Commercial Passenger Air Service

The following map shows the 54 destinations (50 domestic and 4 international) with nonstop passenger service from the Airport as scheduled for July 2024. Of the 54 destinations, 27 are served by two or more airlines and 44 have low-cost carrier service.

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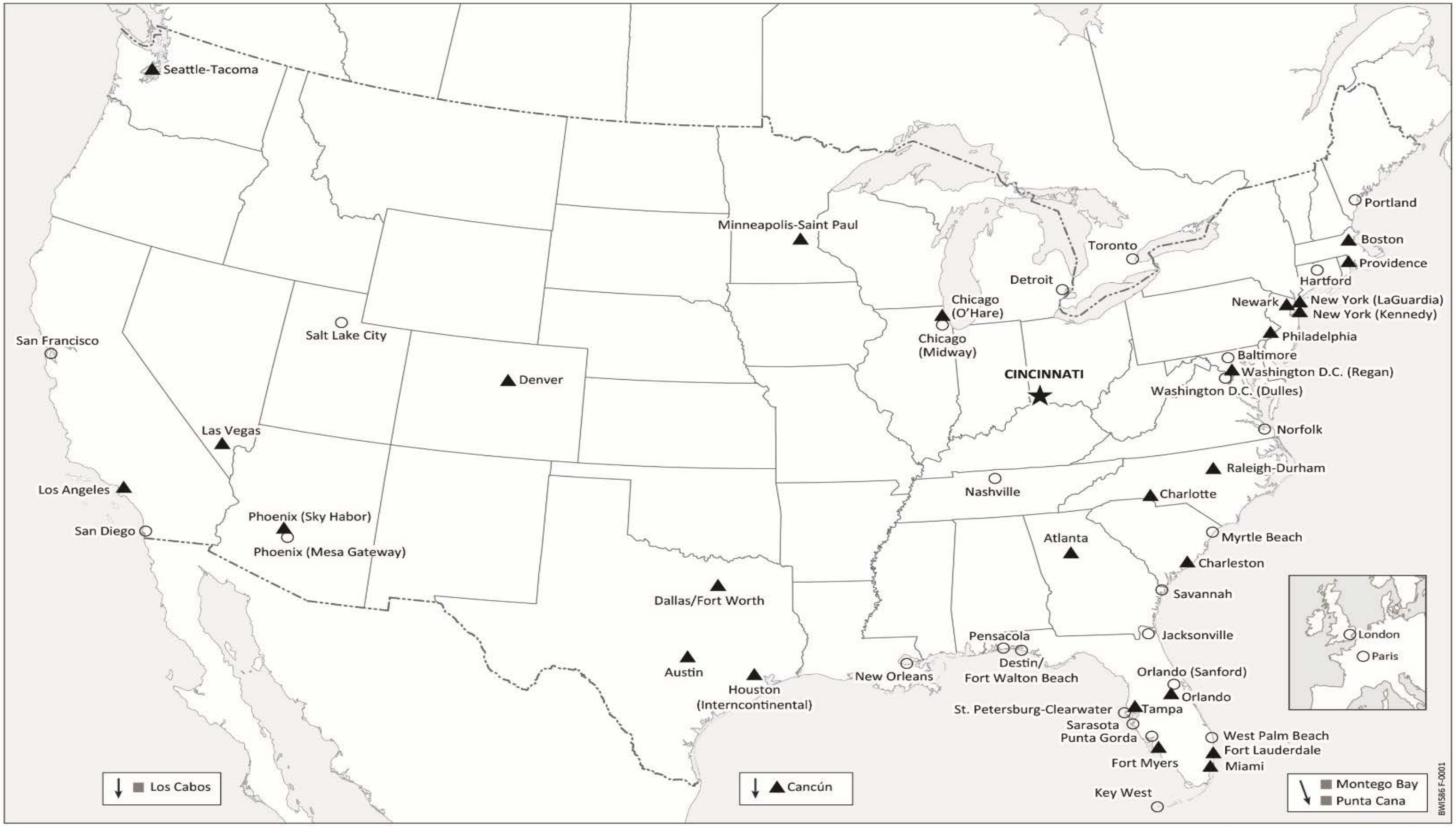

Source: Airline Data Inc., online database, accessed June 2024; Kenton County Airport Board.

LEGEND

○ = Airports with scheduled service by only one airline.

▲ = Airports with scheduled service by more than one airline.

■ = Airports with non-scheduled service.

Figure 3

AIRPORTS SERVED FROM CINCINNATI

Cincinnati International Airport

As Scheduled for July 2024

Air Cargo Service

Total air cargo tons handled at the Airport increased from 655,479 tons in 2013 to 2,095,114 million tons in 2023. Between 2013 and 2023, all-cargo landed weight increased an average of 12.1% per year and accounted for 67.6% of total aircraft weight landed at the Airport in 2023. In 2023, DHL, Amazon Air and Delta accounted for the largest shares of total landed weight, representing 42.3%, 23.3% and 11.0% of the total, respectively. Between 2013 and 2023, cargo tonnage at the Airport increased an average of 12.3% per year, due almost entirely to increased operations by DHL and Amazon Air.

The following table provides annual cargo service data for the Airport for the most recent 10-year period, as well as a year over year comparison of cargo service data for the Airport:

Historical Air Cargo (in tons)[1]

Year	Airport	DHL	Amazon
2013	655,479	619,210	0
2014	722,431	691,173	0
2015	804,088	765,933	0
2016	818,364	789,544	0
2017	1,041,890	883,138	127,506
2018	1,241,320	960,709	243,433
2019	1,248,779	956,342	249,269
2020	1,434,132	1,068,815	280,893
2021	1,694,595	1,137,900	307,808
2022	1,978,447	1,112,647	578,915
2023	2,095,114	1,117,141	945,751

[1] Includes enplaned & deplaned air mail, air express, & air freight.

Source: Kenton County Airport Board

Airport Activity Data

The following tables provide annual activity data for the Airport, including (1) enplaned passengers (broken out by originating and connecting passengers), (2) enplaned passengers by airline (which include combined mainline and affiliate/code-share activity), and (3) landed weight by airline. An analysis of this activity data is discussed below:

Enplaned Passengers. Total enplaned passengers at the Airport decreased by 1.1 million between 2010 and 2013. This decrease reflects the transition of the Airport from largely serving as a connecting hub for Delta to primarily serving residents of, and visitors to, the Cincinnati region. The growth in enplanements since 2013, described herein, is the result of increases in originating enplanements as incumbent airlines American Airlines and United Airlines expanded service and new low-cost entrants Allegiant Air, Breeze, Frontier Airlines, Southwest and Sun Country initiated and expanded service at the Airport over the past decade. This airline diversification has served to enhance competition at the Airport, thereby lowering air fares and stimulating local passenger traffic. With this stimulation in local passenger traffic, Delta's originating enplanements have also increased. See "APPENDIX A — Report of the Airport Consultant." Between 2013 and 2019, the number of enplaned passengers increased by 1.7 million, reflecting an increase of 2.2 million originating passengers and a decrease of 0.5 million connecting passengers.

In 2023, enplaned passengers totaled 4.4 million, representing 96.0% of the passengers enplaned at pre-COVID levels in 2019. In the same year, originating passengers accounted for 95.5% of enplaned passengers at the Airport, while connecting passengers accounted for 4.5%.

For the first five months of 2024, combined domestic and international enplanements at the Airport were 1.81 million compared to 1.65 million for the same period in 2023.

Total enplanements broken out between originating and connecting are as follows:

Historical Originating and Connecting Passengers (in thousands)

Calendar Year	Enplaned Passengers	Originating Passengers	Connecting Passengers	Originating Percentage	Annual Growth – Enplaned Passengers
2013	2,875	2,171	703	75.5	
2014	2,965	2,299	665	77.6	3.1%
2015	3,160	2,670	491	84.5	6.6
2016	3,384	3,008	376	88.9	7.1
2017	3,926	3,652	274	93.0	16.0
2018	4,401	4,122	279	93.7	12.0
2019	4,554	4,341	213	95.3	3.5
2020	1,803	1,741	61	96.6	(60.4)
2021	3,140	3,052	88	97.2	74.2
2022	3,783	3,537	245	93.5	20.5
2023	4,370	4,173	197	95.5	15.5

Source: Kenton County Airport Board.

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Enplaned Passengers by Airline. Since 2015, the carrier mix at the Airport has become more diverse with Delta's share of enplanements decreasing from 56.3% in 2015 to 35.4% in 2023. In 2023, low-cost carriers represented 32.5% of total enplanements and American Airlines' and United Airlines' shares of enplanements were 19.0% and 10.4% of total enplanements, respectively. Foreign-flag carriers accounted for 1.1% of total enplaned passengers in 2023, up from 0.7% in 2015.

Enplanements by airline (combined mainline and regional carrier) are as follows:

AIRLINE SHARES OF ENPLANED PASSENGERS
Cincinnati/Northern Kentucky International Airport
(calendar years)

Airline *(a)*	2015	2019	2020	2021	2022	2023
Delta	1,778,433	2,067,260	637,645	1,111,138	1,339,845	1,548,036
American	480,960	641,450	306,939	563,587	719,958	828,685
Frontier	288,116	461,709	229,068	367,364	466,976	580,793
Allegiant	234,272	525,803	326,282	480,737	523,040	515,240
United	314,655	499,494	168,918	298,144	386,602	456,036
Southwest	-	303,042	124,687	264,629	251,035	276,330
Alaska	-	-	-	30,885	48,365	48,653
Breeze	-	-	-	-	-	31,529
British Airways	-	-	-	-	-	23,678
Air Canada	21,012	32,471	5,090	-	11,195	23,130
Sun Country	-	1,333	192	8,456	13,936	15,599
All Other	42,800	21,228	3,854	15,590	21,905	22,251
Total	3,160,248	4,553,790	1,802,675	3,140,530	3,782,857	4,369,960
Delta	56.3%	45.4%	35.4%	35.4%	35.4%	35.4%
American	15.2	14.1	17.0	17.9	19.0	19.0
Frontier	9.1	10.1	12.7	11.7	12.3	13.3
Allegiant	7.4	11.5	18.1	15.3	13.8	11.8
United	10.0	11.0	9.4	9.5	10.2	10.4
Southwest	-	6.7	6.9	8.4	6.6	6.3
Alaska	-	-	-	1.0	1.3	1.1
Breeze	-	-	-	-	-	0.7
British Airways	-	-	-	-	-	0.5
Air Canada	0.7	0.7	0.3	-	0.3	0.5
Sun Country	-	0.0	0.0	0.3	0.4	0.4
All Other	1.4	0.5	0.2	0.5	0.6	0.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Kenton County Airport Board.

Landed Weights by Airline. With the growth in both passenger airline and cargo traffic, landed weights have increased from 7.0m 1,000 lbs. units in 2013 to 15.8m 1,000 lbs. units in 2023. This change is primarily comprised of a 41.4% increase in passenger airline landed weights and a 212.3% increase in cargo landed weights. Total aircraft landings increased by 14,014 (21.6%) between 2013 and 2023. Passenger aircraft landings decreased by 9,326 (17.6%) between 2013 and 2023, but this decrease was offset by the 23,340 (197.9%) increase in cargo aircraft landings over the same period.

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Landed weights by airline, combined mainline and regional carrier, for the years and the six-month periods indicated, are as follows:

AIRLINE SHARES OF LANDED WEIGHT[1]

	Landed Weight by Airline (Calendar Year)					6 months YTD 2023		6 months YTD 2024	
Airline[2]	2019	2020	2021	2022	2023	Landed Weight	Share	Landed Weight	Share
Delta	2,356,023	1,132,759	1,441,268	1,524,377	1,743,649	822,966	10.9%	877,596	11.5%
American	764,669	472,082	704,308	871,265	1,025,340	491,498	6.5%	541,841	7.1%
United	616,330	285,792	407,638	470,724	617,151	304,365	4.0%	302,516	4.0%
Air Canada	45,101	9,597	122	13,348	31,463	10,997	0.1%	16,909	0.2%
Allegiant	522,620	422,313	580,219	516,312	529,510	254,350	3.4%	245,796	3.2%
Frontier	418,915	273,386	372,967	438,143	587,859	251,367	3.3%	385,445	5.1%
Southwest	387,118	255,344	341,242	306,827	348,688	170,178	2.2%	152,972	2.0%
Alaska	0	0	32,619	49,115	56,121	27,757	0.4%	26,009	0.3%
British Airways	0	0	0	0	67,722	9,136	0.1%	58,552	0.8%
Breeze Airways	0	0	0	0	49,541	21,787	0.3%	29,364	0.4%
Other Scheduled Airlines	8,804	0	10,319	16,222	10,366	11,842	0.2%	13,735	0.2%
Non-Scheduled Flights	21,056	7,013	16,566	16,689	20,798	13,309	0.2%	22,445	0.3%
Subtotal - Passenger Airlines[3]	**5,140,636**	**2,858,285**	**3,907,267**	**4,223,022**	**5,088,208**	**2,389,552**		**2,673,180**	
DHL Carriers	5,102,386	5,918,807	6,292,371	6,541,002	6,683,058	3,200,770	42.3%	3,166,733	41.6%
Amazon Carriers	1,807,489	1,663,960	1,747,030	2,350,687	3,683,471	1,822,077	24.1%	1,581,279	20.8%
Other Cargo	334,574	371,572	443,500	349,420	312,860	138,640	1.8%	165,181	2.2%
Subtotal - Cargo Airlines[3]	**7,244,448**	**7,954,339**	**8,482,901**	**9,241,108**	**10,679,389**	**5,161,487**		**4,913,193**	
Other Non-Scheduled	26,684	18,828	24,523	36,387	35,840	19,087	0.3%	18,414	0.2%
Airport Total[3]	**12,411,769**	**10,831,453**	**12,414,691**	**13,500,517**	**15,803,437**	**7,570,124**		**7,604,785**	

Airline Market Share of Landed Weight (Calendar Year)

Airline[2]	2019	2020	2021	2022	2023
Delta	19.0%	10.5%	11.6%	11.3%	11.0%
American	6.2%	4.4%	5.7%	6.5%	6.5%
United	5.0%	2.6%	3.3%	3.5%	3.9%
Air Canada	0.4%	0.1%	0.0%	0.1%	0.2%
Allegiant	4.2%	3.9%	4.7%	3.8%	3.4%
Frontier	3.4%	2.5%	3.0%	3.2%	3.7%
Southwest	3.1%	2.4%	2.7%	2.3%	2.2%
Alaska	0.0%	0.0%	0.3%	0.4%	0.4%
British Airways	0.0%	0.0%	0.0%	0.0%	0.4%
Breeze Airways	0.0%	0.0%	0.0%	0.0%	0.3%
Other Scheduled Airlines	0.1%	0.0%	0.1%	0.1%	0.1%
Non-Scheduled Flights	0.2%	0.1%	0.1%	0.1%	0.1%
Subtotal - Passenger Airlines[3]	**41.4%**	**26.4%**	**31.5%**	**31.3%**	**32.2%**
DHL Carriers	41.1%	54.6%	50.7%	48.5%	42.3%
Amazon Carriers	14.6%	15.4%	14.1%	17.4%	23.3%
Other Cargo	2.7%	3.4%	3.6%	2.6%	2.0%
Subtotal - Cargo Airlines[3]	**58.4%**	**73.4%**	**68.3%**	**68.5%**	**67.6%**
Other Non-Scheduled[4]	0.2%	0.2%	0.2%	0.3%	0.2%
Airport Total[3]	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Footnotes on next page.

(1) Weights are in thousands of pounds.
(2) For those airlines that were party to a merger or acquisition, only the surviving entity is presented in the table. However, the activity for the airlines that are not a part of the surviving airline is included in the information presented.
(3) Columns may not add to totals shown because of rounding.
(4) Includes maintenance flights and flights handled by the Fixed Base Operator (FBO).

Source: Kenton County Airport Board

AGREEMENTS FOR THE USE OF THE AIRPORT FACILITIES

Airport Use and Lease Agreement

Below is a summary of the Airport Use and Lease Agreement (the "AULA"). This summary does not purport to be, nor is it, a complete summary of the agreements listed below. Except as otherwise defined herein, the capitalized words and terms that are used below have the meanings set forth in "APPENDIX C - Summary of Certain Provisions of the Airport Use and Lease Agreement."

Airport Use and Lease Agreement. The current AULA became effective on January 1, 2023 and is scheduled to expire on December 31, 2027. The Board may extend the AULA for up to five (5) years which may be exercised in periods of one (1) year or more, subject to the written notification and Signatory airline disapproval process outlined in the AULA.

The AULA includes airport use and facility lease provisions in one use and lease agreement instead of separate use agreements and multiple facility lease agreements that were previously in place at the Airport. The AULA replaced a prior use agreement which had been in effect since January 1, 2016 and expired, after mutually agreed extensions, during the COVID-19 pandemic, on December 31, 2022. Airline revenues in the financial statements for 2022 and earlier are calculated pursuant to the provisions of the 2016 Use Agreement.

The following airlines, comprising 91.6% of total landed weight at the Airport, are Signatories of the current AULA[1]:

Allegiant Air
Amazon Air
Delta Air Lines
DHL
Federal Express
Frontier Airlines
Southwest Airlines
United Airlines

The AULA establishes rentals, fees, and charges for the use of the Airport by the Signatory Airlines. Under the AULA, costs are allocated to three airline cost centers (Airfield, Terminal, and Passenger Loading Bridges) and one Board cost center. Each cost center is allocated its proportionate share of O&M Expenses, Expensed Capital Outlays, Amortization Charges, Debt Service, and required transfers to the O&M Reserve Account and the Renewal & Replacement Reserve Fund. The Agreement establishes by

[1] American Airlines has approved the terms of the new AULA and the document is being routed internally for signature. Once American Airlines signs the AULA, Signatories will comprise 98.1% of total landed weight at the Airport.

formula a landing fee rate, a terminal rental rate, a terminal ramp area rate, a loading bridge rate, joint use fees for the use of the bag handling system and the security checkpoint and sharing of net remaining revenues (NRR) in the terminal cost center. The airline landing fee rate charged for use of the Airport is "residual" in nature in that the landing fee rates are established to recover the costs of the airfield. Terminal rates and charges are calculated using a "commercial compensatory" methodology whereby the airlines pay rates and charges for the terminal facilities they lease.

The net remaining revenues ("NRR") calculation allocates any net revenues remaining after payment of (i) O&M Expenses; (ii) Expensed Capital Outlays; (iii) Debt Service paid from Revenues; (iv) Amortization Charges; and (v) transfers as required to the Operations and Maintenance Reserve Account and Repair and Replacement Reserve Funds; (vi) $10.0 million for Capital Expenditures; and (vii) Federal reimbursements for O&M Expenses as set forth below:

Net Remaining Revenues (NRRs)	Board Share	Airline Share (to Adjust Terminal Rentals)
Up to $10,000,000	75%	25%
In excess of $10,000,000	60	40
In excess of $30,000,000	35	65

Under the AULA, the Board may make adjustments to Landing Fees and Terminal Rentals no more than once during the Fiscal Year to account for changes in activity levels and budget changes, which result in a required adjustment of ten percent (10%) or more to the Landing Fees and Terminal Rentals. Additionally, after the close of each Fiscal Year, the Landing Fee rate, Terminal Rentals, and the NRR adjustment to Terminal Rentals is recalculated using audited financial data. Any overpayments of rental, fees and charges will be returned by the Board to the Signatory Airlines and any underpayments will be invoiced to the Signatory Airlines and due within 30 days of the receipt of the invoice.

Majority-In-Interest Approval. The AULA utilizes a negative majority-in-interest ("MII") approval process whereby Signatories are required to issue written disapproval for Capital Expenditures requiring MII consideration within 60 days or the Capital Expenditure requiring MII consideration. If such written disapproval is not received, the Capital Expenditure is deemed approved. The MII process in the AULA does not include capital projects: (i) where neither Debt Service nor Amortization Charges will be included in the calculation of Signatory's rentals, fees, and charges, (ii) that were not disapproved under prior use and lease agreements, (iii) that do not impact the Airfield and Terminal Ramp Area Cost Center, (iv) that do have an individual net capital cost to the Board of less than $80.0 million allocated to the Airfield and Terminal Ramp Area Cost Center, (v) or are required for reasons including legal or regulatory compliance, safety and security, public health or environmental remediation.

Extraordinary Coverage Protection Payments. In addition to any other rents, fees and charges allowable under the AULA, each Signatory Airline is required to make extraordinary coverage protection payments in any Fiscal Year in which the amount of Revenues less O&M Expenses is or is forecasted to be less than 125% of the aggregate annual Debt Service requirement as calculated under the Resolution. Any amounts collected for such extraordinary coverage protection payments from the Signatories are to be allocated to the Airfield and Terminal Ramp Area Cost Center Requirement.

Minimum Requirements for Signatory Airlines. The AULA establishes minimum requirements for an airline to become a Signatory. Each Passenger Airline, throughout the Term of this Agreement, must lease a minimum of one (1) Airline Gate Area, one (1) Ticket Counter, and a minimum of 500 square feet of Operations Area. The rentals, fees and charges paid under these agreements constitute the Terminal Rentals as defined in the AULA. The number of gates leased to the Signatory Airlines is as follows:

The Signatory Airline and number of gates leased to the respective Signatory Airline is as follows:

Signatory Airline	Airport Leased Gates[1]
Allegiant Air	2
Delta Air Lines	15
Frontier Airlines	4
Southwest Airlines	2
United Airlines	4

[1] Signatory and non-signatory airlines utilize gates on a per-turn basis with a total of 14 additional gates frequently utilized.

In connection with Airline's lease and use of Airline Gate Areas, Ticket Counters, and Operations Area, an Airline has the non-exclusive right to use the Joint Use Equipment and the Joint Use Space (Bag Handling System and Security Checkpoint). Airlines are charged on a per enplanement basis for use of these Joint Use areas.

Non-Signatory Operating Agreements and Permits

The airlines operating at the Airport that are not Signatories to the AULA enter into operating agreements under which they pay a Landing Fee rate equal to 125% of the Signatory Landing Fee rate; provided that, a Signatory may designate an airline as an Affiliate under the AULA whereby the Signatory guarantees the Affiliate's Landing Fees and as a result the Affiliate's flights are not then subject to the 25% non-signatory landing fee premium. For the use of the Terminal, passenger airlines are issued a permit under which they have the right to use specified gates and ticket counters on a per turn basis for certain periods of time. Such airlines are billed a per turn fee that is based on a proration of the Terminal Rentals related to the facilities and equipment being used.

Cargo Agreements

Set forth below is a description of certain agreements the Board has entered into with certain cargo carriers.

DHL Agreement. In 2016, the Board entered into a restated ground lease with DHL for its 182-acre site. The agreement extended the term of the ground lease through December 2045, with two additional five-year extension options. Since 2015, DHL has invested more than $230 million in the facility, from which DHL operates its largest North American hub. In July 2023, DHL announced a $192 million investment on a 50-acre site directly south of its current leasehold for a 305,000-square-foot, state-of-the-art aviation maintenance facility with additional space for aircraft components storage, offices, two aircraft maintenance bays and eleven aircraft ramp parking positions.

Amazon Agreement. In 2017, it was announced that the Airport had been selected to serve as the future home of the primary Amazon Air ("Amazon Air") cargo hub. Amazon began operating aircraft from the Airport in May 2017 utilizing daytime capacity at DHL's hub facility. In March 2019, the Board entered into a ground lease with Amazon.com Services Inc. for an approximately 650-acre site on the south side of the Airport and an option agreement for approximately 479 acres on the north side of the Airport. The term of the ground lease is 50 years. The north side option agreement expires 15 years from the execution date of the ground lease. The initial ground lease can be extended so that it is coterminous with other additional ground lease provisions or leasehold improvement provisions contemplated in the agreement. In August 2021, the $1.5 billion first phase of the south side development opened featuring 800,000 square foot sortation building, ramp parking for 25 aircraft, a multi-story car parking garage, GSE support facilities, pilots building, and training facilities. The ramp has subsequently been expanded to include parking for a total of 35 aircraft.

Other Agreements. In connection with its signing of the AULA and subject to the minimum cargo carrier requirement, Federal Express agreed to lease premises from the Board having an annual total rental of no less than $325,000 during each year of the AULA. Federal Express currently leases space in Aeroterm's multi-use cargo building and leases two Board ramp area positions for cargo aircraft. The Board recently approved a term sheet with a developer for an additional 80,000 square foot multi-tenant cargo building in the north cargo area of the airport.

Terminal Concessions Agreements

The Board has agreements to lease space to concessionaires who provide food, beverages, specialty retail, news, gifts and other products and services to users of the Airport. The length of these contracts varies with some terms being month-to-month and with the latest expiration date being July 1, 2035. Under these agreements concessionaires are generally obligated to pay the higher of a percentage of gross revenues or a minimum annual guarantee.

Parking Agreements

The Board has a management agreement with SP+ to provide for the nonexclusive operation, management, and maintenance of certain parking facilities at the Airport, which expires on February 28, 2025. A request for proposal is anticipated to be issued in 2024 to solicit bids for a new parking operation management agreement. Under the existing agreement, the Board pays SP+ a fixed monthly management fee that escalates at a fixed amount annually over the term of the agreement. Additionally, the Board reimburses SP+ for most direct local expenses pertaining to the operation and maintenance of the parking facilities. The Board receives all parking revenues.

Transportation Network Companies

The Airport has two active Transportation Network Company ("TNC") service permits, issued to Rasier, LLC (commonly known as Uber) and Lyft, Inc., granting each of these companies the privilege to provide ground transportation services at the Airport as TNCs. TNCs are app-based transportation companies that connect paying passengers with non-commercially licensed drivers providing ground transportation services. In accordance with the permits, the TNCs remit payment to the Airport of $3.00 (the "TNC Fee") for each pick-up or drop-off made at the Airport. Per the Board's rules and regulations, the TNC Fee may be raised annually at the discretion of the Airport CEO with 90 days' notice given to the TNCs.

Rental Car Agreements

Rental car services at the Airport are provided by four companies: (1) EAN Holdings, LLC operating the Enterprise Rent-A-Car, Alamo Rent a Car and National Car Rental brands; (2) Avis/Budget Car Rental LLC operating the Avis Rent a Car, Budget Rent a Car, and Payless Car Rental brands: (3) The Hertz Company operating the Hertz, Thrifty Car Rental and Dollar Rent A Car brands; and (4) Tom Wood Rental Kentucky, Inc. operating as Sixt Rent A Car. There are currently no off-airport rental car operators at the Airport.

In 2021, the rental car companies took beneficial occupancy of a CONRAC. The rental car companies operate from the CONRAC facility subject to the terms of a Rental Car Concession Agreement ("RAC Concession Agreement") and a Consolidated Rental Car Facility Agreement ("CONRAC Facility Agreement").

Under the RAC Concession Agreement, each RAC will pay the greater of 10% of gross revenues or a minimum annual guarantee. They are also granted the rights to exclusively lease space and use common space and equipment in the CONRAC. Under the RAC Concession Agreement, the RACs are required to enter into the CONRAC Facility Agreement.

The CONRAC Facility Agreements provide for, among other things, the RAC's obligations related to the operation and maintenance of the CONRAC and its obligations pertaining to the Series 2019 CFC Bonds, which were issued simultaneously with the issuance of the Series 2019 Revenue Bonds, to fund portions of the cost of the Series 2019 CFC Project. Additionally, under the CONRAC Facility Agreement, each RAC is obligated to pay a pro-rata share of ground rent pertaining to the footprint of the CONRAC.

In May 2023, the Airport issued a permit to the peer-to-peer, car rental vehicle sharing company, Turo, allowing it to operate at the Airport and under which Turo will pay the Airport 10% of gross receipts derived from Airport customers. The Turo permit operates on a year-to-year renewal.

AIRPORT CAPITAL IMPROVEMENT PLAN

Board's Master Plan

The Board's Master Plan provides both near-term and long-term road maps for the Airport's facilities to be developed to efficiently serve future aviation needs. Under FAA guidelines, the Master Plan must periodically be updated to reflect operational changes at the Airport and changes in the industry. The FAA completed review of the Board's most recent Master Plan Update documentation in November 2020. The FAA's formal approval of the Airport Layout Plan associated with the Master Plan update was received in February 2021. The Master Plan update reflects changes in the nature of operations at the Airport including the diversification of air carrier operations, the growth in origin passengers, the anticipated growth in both DHL and Amazon Air cargo operations and increased demand for aeronautical and non-aeronautical land development. The Master Plan update includes forecasts of aviation activity and facility needs at the Airport through the year 2050 with timing of recommended improvements based on demand. The Master Plan update has resulted in the selection of a preferred future terminal passenger facility plan that is being used to guide future terminal investment decisions. The selection criteria for determining the preferred terminal passenger facility included providing a high level of customer service, maximizing the re-use of existing facilities and allowing for flexible incremental expansion at the Airport based on demand.

Five-Year Capital Improvement Plan

The Board's Five-Year Capital Improvement Plan (or "CIP") includes, among other capital projects, the (i) terminal modernization referred to as Elevate CVG which includes the Series 2024A Project (as described below); (ii) airfield projects which include the Series 2024B Project and other concourse ramp and taxiway reconstruction; (iii) commercial development projects; (iv) parking and ground transportation projects; (v) vehicle and equipment acquisition; and (vi) IT, innovation, and other asset management facilities, as further described below.

Elevate CVG/Terminal Modernization Program.

"Elevate CVG" is a multi-year terminal modernization program designed to increase operational efficiency, modernize facilities and improve the passenger experience at the Airport. The Series 2024A Project is a key component of the Elevate CVG program. The Main Terminal, Tunnel, and Concourse B were constructed in 1993. Parts of Concourse A date back to the 1970s. The Elevate CVG program focuses on addressing capacity issues due to the growth in O&D passengers, refurbishing and reconfiguring aging and outdated facilities, and replacing systems and equipment that are beyond their useful life. Key projects include Main Terminal ticket lobby reconfiguration, ticket lobby expansion into the CSB, and expansion of the passenger security checkpoint; terminal and concourse restroom renovation to improve customer service, accessibility, and meet current standards; vertical circulation improvements in Concourse A and Concourse B; reconfiguration of the Federal Inspection facility, and updated finishes in all terminal facilities to provide a cohesive sense of place and seamless passenger experience. Other projects that are part of Elevate CVG include upgrades to the train system connecting the Main Terminal and the concourses. The various phases of Elevate CVG are to be accomplished as part of a mix of capital projects expected to be financed by a series of future parity Bonds, anticipated to be issued in 2026, and Elevate CVG is planned to be constructed in 2025 through 2028. The anticipated 2026 bonds are also expected to finance the costs of reconstruction of the aircraft parking apron at Concourse A, to be constructed in 2024 through 2028.

Airfield Projects.

The main airfield capital projects in the Five-Year Capital Improvement Plan include the Series 2024B Project (as described in more detail below) as well as the rehabilitation of Concourse A ramp, Taxiway S panel reconstruction, Taxiway E demo and relocation, and Taxilane 2N, 2C, and 2S reconstruction.

Parking and Ground Transportation Projects.

The main component of the parking and ground transportation capital program in the Five-Year Capital Improvement Plan is the implementation of an intelligent parking guidance system in the terminal parking garage to increase the garage capacity and enhance customer service. Other parking projects include completing a five-year phased rehabilitation of the terminal parking garage, ValuPark, and the employee parking lot. Growth in origin and destination traffic is also anticipated to require the expansion of the ValuPark lot, cell phone lot, and ground transportation bullpen over the next five years.

Asset Management Facilities Infrastructure.

The Board's asset management plan outlines capital investment in the Airport's facility, non-airfield roadway, and utility infrastructure. Key facility investment includes roof replacements, fuel island upgrades, ARFF training center replacement, police department facility rehabilitation, and Airport Operations Center relocation. Non-airfield roadway investment focuses on rehabilitation of existing infrastructure, primarily the rehabilitation of the South Airfield tunnel under 18L/36R. Utilities investment focuses primarily on renewal and replacement of existing infrastructure, as well as ensuring adequate redundancy and backup power as the Airport adds EV infrastructure and evaluates the impacts of electric ground service equipment (eGSE), and Advanced Air Mobility (AAM) infrastructure.

Commercial Development.

The funding of commercial development projects in the Five-Year Capital Improvement Plan is primarily related to third party strategic initiatives at the Airport including the development of "Hangar Row" in the south airfield area and the "North Air Cargo/Logistics Area".

IT, Innovation, Customer Service.

As part of the Five-Year Capital Improvement Plan the Board plans to invest in information technology including enterprise resource planning systems, facility management, cyber security, other critical security systems, and continued expansion of its common use passenger processing platform. Investment in the Airport's innovation vertical includes autonomous equipment, robotic staff augmentation, airline staff augmentation, and unmanned aerial system detection systems.

Vehicles & Equipment.

The vehicle and equipment replacement program in the Five-Year Capital Improvement Plan was developed based on the age and estimated useful life of the fleet of equipment and vehicles and is updated annually. The Board is in the process of replacing its entire snow removal equipment fleet at a cost of $19.9 million. The snow equipment is included in the Board's 18th PFC application and will be entirely funded from PFCs currently on hand.

THE 2024 PROJECT

The 2024 Project

Proceeds of the Series 2024 Bond will be used to fund the 2024 Project which consists of: (1) a portion of the cost of the construction of the Baggage Handling System Project (also referred to herein as the "Series 2024A Project"), which will be financed by the Series 2024A Revenue Bonds; and (2) the construction of the Airfield Project (also referred to herein as the "Series 2024B Project"), which will be financed by the Series 2024B Revenue Bonds; both, as described below:

The Series 2024A Project (Baggage Handling System Project). The Board has entered into a Design-Build contract to replace the existing Baggage Handling System (BHS) with a new tote-based Independent Carrier System (ICS) connecting the Main Terminal, Concourse A, and Concourse B with inbound and outbound baggage handling (the "Baggage Handling System Project"), thereby increasing capacity, improving operational efficiency and reducing bag processing times. The Airport's current BHS is approximately 30 years old and was originally designed to serve a single hub carrier rather than the current multi-carrier environment. The existing BHS consumes excessive power, requires extensive maintenance and is at the end of its useful life. Full design, construction, and installation of the new ICS will take 3 to 4 years. The replacement of the BHS system includes design, construction, installation and enabling projects, key elements of which are the demolition of the existing BHS, infill of the security building tunnel, and buildout of a new Checked Bag Inspection System/Checked Bag Reconciliation Area (CBIS/CBRA) under the existing security checkpoint. Initial design of the Series 2024A Project is expected to be accomplished during 2024 and 2025, with full design, construction and installation to be completed in 2025 through 2028.

The Series 2024B Project (Airfield Project). The Series 2024B Project consists of required pavement rehabilitation on Runway 18C-36C, upgrading the runway lighting system from incandescent to LED, upgrading the airfield vault infrastructure with regulator replacements, and installing an upgraded control system; and Taxiway D2 at the south end of the runway will also be demolished and reconstructed north of its current location to meet Federal Aviation Administration ("FAA") standards. Finally, Runway 18L-36R Runway Safety Area ("RSA") will be regraded in four areas to comply with FAA standards (the ("Airfield Project").

Sources of Capital Funding

The Board funds capital projects through proceeds from the issuance of bonds, the receipt of federal and state grants, the collection of PFCs, the collection of Customer Facility Charges ("CFCs"), third party funds and internally generated funds.

Federal Grants. The Airport and Airway Improvement Act of 1982 created the Airport Improvement Program ("AIP"), an airport grant program administered by the FAA and funded from the Airport and Airways Trust Fund. Moneys in the Trust Fund are generated from taxes and fees. The AIP provides funding for airport development, airport planning, noise compatibility planning and noise compatibility programs. AIP funds are administered by the FAA and are allocated to airports as entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system).

The AIP has been amended and reauthorized several times. On May 16, 2024, President Biden signed into law the "FAA Reauthorization Act of 2024," which reauthorizes the FAA related revenue authorities through September 30, 2028. Funding at levels authorized under FAA reauthorization is subject to Congressional appropriation of funds. Accordingly, actual entitlement and discretionary funding levels and timing of funding may vary from those authorized and such differences may be material. There can be no assurance that the Congress will enact, and the President will sign, future FAA reauthorization acts or provide for additional extensions before the current authorization expires. Failure to adopt such legislation may have a material, adverse impact on the AIP grant program and the Airport. The Board is unable to predict the level and timing of available AIP funding it may receive beyond the current reauthorization act.

The funding as presented in the table under "- Capital Improvement Program (CIP)" below, assumes that AIP passenger and cargo entitlements will be funded at levels consistent with the FAA Reauthorization Act of 2018 at approximately $6.3 million per year. It also assumes that the Board will receive a total of approximately $48.5 million in discretionary funding over the period from 2024 through 2029 to be used on high priority airfield projects.

The Infrastructure Investment and Jobs Act (IIJA), known as the Bipartisan Infrastructure Law (BIL), was signed into law November 15, 2021. The law secured a total of $25.0 billion in funding for U.S. airport infrastructure between Federal Fiscal Years 2022 to 2026. BIL provided $15.0 billion in Airport Infrastructure Grants (AIG), $5.0 billion in competitive Airport Terminal Program (ATP) grants, and $5.0 billion to upgrade aging FAA-owned Air Traffic Control Tower facilities. In 2023, the Board was awarded $14.0 million in ATP grants, which are being used to fund the replacement of passenger boarding bridges in Concourse B. AIG grants are allocated annually based on a modified AIP apportionment formula. The Board was awarded $13.7 million in AIG grants for Federal Fiscal Year 2022 which were used to reconstruct the West Apron. The Board was awarded $13.5 million in AIG grants for Federal Fiscal Year 2023 which are being used to replace passenger boarding bridges in Concourse B. The Board anticipates receiving AIG grants at approximately the $13.5 million annual level for Fiscal Years 2024 through 2026 to support the CIP. A total of $7.2 million in additional ATP grants are also assumed in the CIP.

Passenger Facility Charges (PFCs). Pursuant to the Aviation Safety and Capacity Expansion Act of 1990, the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR 21"), the VISION 100-Century of Aviation Reauthorization Act of 2008, the FAA Modernization and Reform Act of 2012, the FAA Reauthorization Act of 2018 and the FAA Reauthorization Act of 2024 (collectively, the "PFC Acts"), public agencies controlling certain commercial service airports may charge each qualifying enplaned passenger using the airport a PFC at certain levels up to $4.50. Public agencies wishing to impose and use PFCs are required to apply to the FAA for such authority and to meet specific requirements as established by the FAA pursuant to the PFC Acts. PFCs are collected on behalf of airports by air carriers, certain foreign air carriers and their agents.

The FAA granted approval to the Board to impose a PFC and to use the PFCs to fund allowable costs related to specific approved projects that preserve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between air carriers. The Board is currently collecting PFCs at a level of $4.50 per qualifying enplaned passenger. PFC applications are approved by the FAA to fund specific projects in specific total amounts and the Board may impose such specified PFCs only until it collects the authorized total amount. Interest earnings on the collections are treated as collections for purposes of the authorized total.

Since June 1, 1994, the FAA has 18 approved PFC applications for total PFC collections and use of $678.6 million. Through December 2023, PFCs received by the Board, including investment earnings, totaled $641.7 million, of which approximately $553.2 million have been expended on approved project costs. Included in the approved PFC applications is the historical use of PFCs to pay the debt service requirements on the Series 2016 Revenue Bonds and the Series 2019 Revenue Bonds.

The Board plans to submit its 19th PFC application to the FAA for approval to fund portions of the Baggage Handling System Project in the third quarter of 2024, with such approval being anticipated by the first quarter of 2025. This application will request approval to impose and use PFCs to pay portions of the debt service on the Series 2024 Revenue Bonds. The Board intends to use PFCs to pay debt service on the Series 2024 Revenue Bonds but has not elected to make an irrevocable commitment to do so. The Board also intends to amend PFC applications 8 and 15 downward so future PFCs are not allocated to pay further debt service on the Series 2016 Bonds and Series 2019 Bonds. Debt service on the Series 2016 Revenue Bonds will be allocated to the airfield cost center and recovered through the landing fees. Debt service on the Series 2019 Revenue Bonds will be paid using Designated CFCs (as described below). Upon approval of these revisions, the Board estimates that its PFC collection authority will extend to November 2033.

State and Local Grants. The Board may receive state or local grant funds for use on capital expenditures. The amounts included as local grants in the table under "- Capital Improvement Program (CIP)" below, include a $20.0 million appropriation from the Commonwealth of Kentucky's Budget Reserve Trust Fund account for the purposes of developing Hangar/MRO facilities in the south airfield area. Also included is $4.4 million from the OKI Regional Council of Governments ("OKI") for EV charging infrastructure at the Airport, of which $3.0 million has already been appropriated by OKI.

Customer Facility Charges (CFCs). Pursuant to an ordinance of the Board, the collection of CFCs began on April 1, 2006. Since 2018, CFCs have been collected at a rate of $7.50 per rental car transaction day.

On March 20, 2019, the Board issued its $103,130,000 Airport Senior Customer Facility Charge Taxable Revenue Bonds (Consolidated Ground Transportation Facility) Series 2019 (the "Series 2019 CFC Bonds") to pay costs of constructing a Consolidated Ground Transportation Facility (CONRAC), including a Ready/Return Garage, a rental car Quick Turnaround Area, a rental car Service Yard Area, the CSB and related access roads and ramps. The Series 2019 CFC Bonds were issued pursuant to the Series 2019 CFC Bonds Resolution adopted on January 22, 2019, and the Master CFC Trust Indenture dated as of March 1, 2019, and are special limited obligations of the Board, payable from and secured by the CFCs. The Series 2019 CFC Bonds are outstanding, as of January 1, 2024, in the principal amount of $96,695,000. The Board expects to deem additional available CFCs as "Designated CFC Revenues" prior to the end of fiscal year 2024. Such Designated CFC Revenues shall be deemed Other Available Revenues that will be used to fund a portion of the Principal and Interest Requirements on the Series 2019 Revenue Bonds, effective

January 1, 2025. These Designated CFC Revenues are not expected to fund Principal and Interest Requirements for other Bonds, including the Series 2024 Bonds.

Board Funds. The Board maintains a Capital Expenditures Account which represents funds that have been designated for use on capital expenditures. This includes amounts that are transferred from the General Purposes Fund for use on capital expenditures, as well as any reimbursements received through federal and state grants, other third parties or PFCs used for prior capital expenditures. As part of the 2023 budget processes, a total of $41.7 million of funds from the General Purposes Fund have been designated to be transferred to the Capital Expenditures Account for use on capital expenditures. The Airport Fund amounts as shown in the table under "- Capital Improvement Program (CIP)" below, assume the transfer of additional funds from the General Purposes Fund over the period from 2024 through 2029 to be used on capital expenditures.

Other Funds. As reflected in the table under "- Capital Improvement Program (CIP)" below, entitled "Capital Improvement Program by Funding Source," Third Party funds represent amounts to be received from tenants to fund environmental costs or portions of other improvement costs pertaining to their development at the Airport.

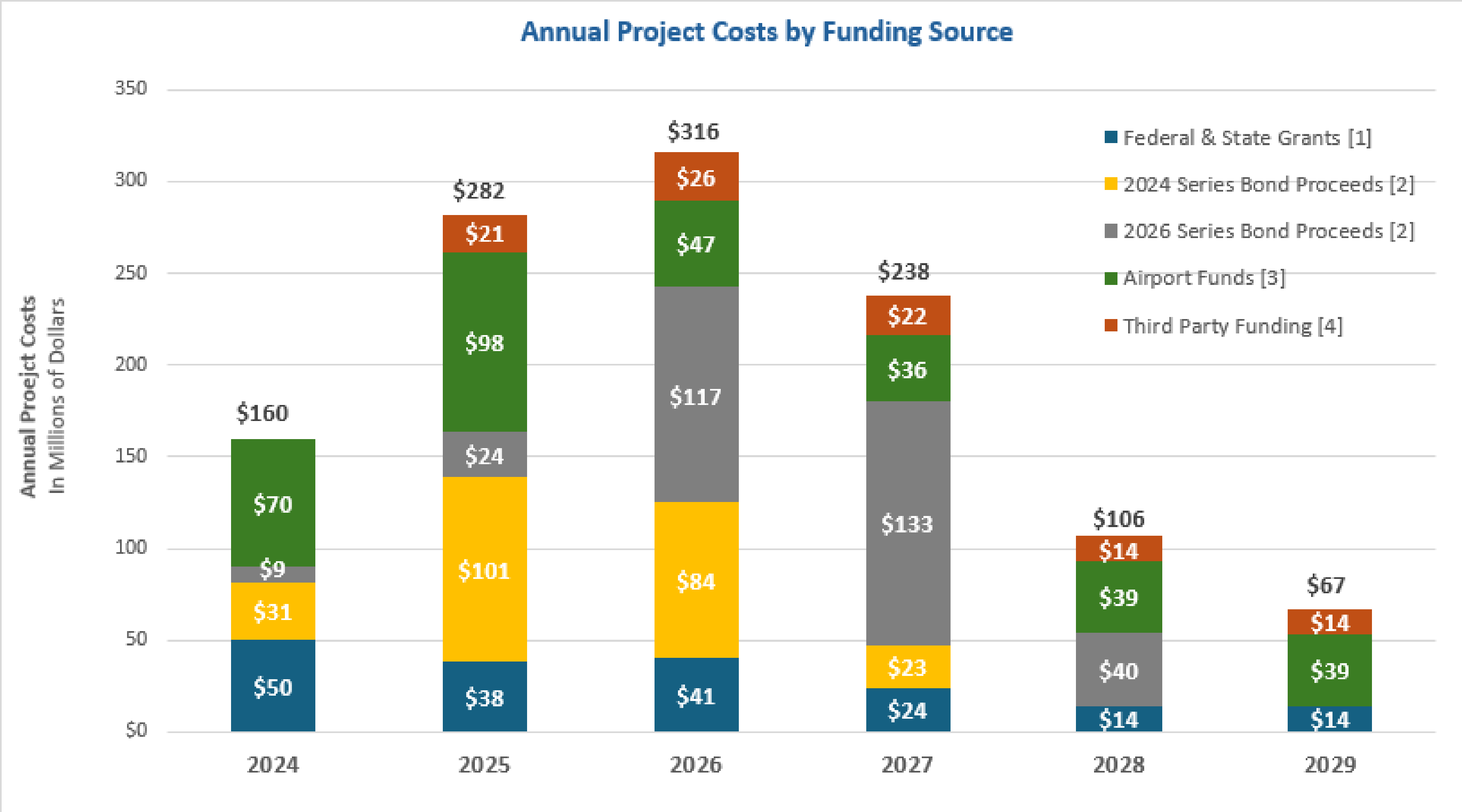
The following table shows the estimated costs of capital improvements at the Airport and the anticipated funding sources from 2024 through 2029. If there is a reduction in the amount of AIP grants or local grants anticipated to be awarded to the Airport or delays in the timing of approval for use of PFCs or other delays in the timing of receipt of anticipated funds, such reduction could (1) increase by a corresponding amount the capital expenditures that the Board would need to fund from other sources, including from operating revenues or Additional Bonds, (2) result in decreases to the Board's CIP or (3) extend the timing for completion of certain projects.

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
Cincinnati/Northern Kentucky International Airport
Kenton County Airport Board
For Fiscal Years ending December 31

		Expenditures by Year					
	Total	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Project Costs							
Airfield	$ 188,382,000	$ 40,689,000	$ 29,593,000	$ 22,500,000	$ 26,960,000	$ 34,640,000	$ 34,000,000
Terminal Modernization Program	575,346,000	74,399,000	161,569,000	206,091,000	119,508,000	13,779,000	-
Parking	93,168,000	7,709,000	9,710,000	9,045,000	30,004,000	30,950,000	5,750,000
Asset Management	155,306,000	12,106,000	38,770,000	34,885,000	28,855,000	21,040,000	19,650,000
Commercial Development	93,316,000	2,816,000	25,400,000	34,200,000	26,900,000	1,900,000	2,100,000
IT, Innovation, Customer Service	25,362,000	6,422,000	5,945,000	6,950,000	1,950,000	1,995,000	2,100,000
Vehicles & Equipment	37,845,000	15,599,000	11,279,000	2,057,000	3,788,000	2,176,000	2,946,000
Total Project Costs	$ 1,168,725,000	$ 159,740,000	$ 282,266,000	$ 315,728,000	$ 237,965,000	$ 106,480,000	$ 66,546,000
Funding Sources		**Funding Sources by Year**					
Federal & State Grants (1)	$ 180,846,000	$ 50,101,000	$ 38,213,000	$ 40,793,000	$ 23,913,000	$ 13,913,000	$ 13,913,000
2024 Series Bonds Proceeds (2)	239,761,000	31,021,000	101,262,000	84,191,000	23,287,000	-	-
2026 Series Bond Proceeds (2)	323,313,000	9,000,000	24,025,000	117,388,000	132,921,000	39,979,000	-
Airport Funds (3)	329,306,000	69,617,000	98,267,000	47,356,000	35,844,000	39,089,000	39,133,000
Third Party Funding (4)	95,500,000	-	20,500,000	26,000,000	22,000,000	13,500,000	13,500,000
Total Funding Sources	$ 1,168,726,000	$ 159,739,000	$ 282,267,000	$ 315,728,000	$ 237,965,000	$ 106,481,000	$ 66,546,000

Source: Kenton County Airport Board.

(1) Includes FAA Airport Improvement Program (AIP) grants, Bipartisan Infrastructure Law (BIL) grants, and Kentucky state grants and other state funding.
(2) Includes Airport Revenue Bonds, including debt payable from PFC revenues.
(3) Includes available Airport cash in addition to pay-as-you-go PFCs, CFCs and equipment leases.
(4) Anticipated investments from third parties to fund commercial development projects.



Notes:

1. Includes FAA Airport Improvement Program (AIP) grants, Bipartisan Infrastructure Law (BIL) grants, and Kentucky state grants and other state funding.
2. Includes airport revenue bonds, including debt payable from PFC revenues.
3. Includes available airport cash in addition to pay-go PFCs, CFCs and equipment leases.
4. Anticipated investments from third parties to fund commercial development projects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE EFFORTS AND INITIATIVES

Environmental sustainability and corporate citizenship are key elements of the Board's mission and strategic plans. The Board focuses its efforts on environmental initiatives, establishing supplier diversity programs, serving its surrounding communities and passengers, empowering its employees through various programs and creating a culture of safety at the Airport. In 2022, an ESG Department was created to lead and coordinate its efforts at the Airport.

Environmental Sustainability

As a major passenger and cargo airport in the U.S., the Airport is impacted by a variety of environmental factors in every element of airport business management. The Board committed to Airport Council International's ("ACI") 2050 net zero carbon emission goal and anticipates receiving the ACI Carbon Accreditation Level 1 designation in September 2024. Below are focus areas and active response/mitigation strategies in place or under development at the Airport:

Operational Efficiency: Creation of a campus sustainability plan—audit, establish baseline, define goals; education/training of campus employees around sustainable behaviors; evaluation of procurement practices; asset management practices; economic viability of mitigation measures and practices (analysis of short-term vs. long-term investments).

Waste Management: Reduction, reuse, repurposing of solid waste and biowaste across campus (exploring landfill alternatives, biodigester, composting).

Energy Efficiency: The Board's energy and sustainability master plan was completed in October 2022 with the goal of exploring ways to reduce energy footprint and developing alternative, self-sustaining energy sources including the construction of and retrofitting "healthy buildings", LED light replacements, EV infrastructure, smart utility metering and building controls. The Board completed an electric vehicle charging framework in December 2022, which identified locations and infrastructure needs for the inclusion of electric vehicles and equipment on the Airport campus. Additionally, the Board commissioned a utility master plan in January 2024 to identify utility requirements needed to develop a more electrified campus. Lastly, the Board is participating in the Ohio-Kentucky-Indiana ("OKI") Carbon Reduction Pilot Program and has executed a $750,000 grant agreement to install electrical vehicle charging infrastructure on the Airport campus and has been awarded three additional OKI grants.

Natural Resource Management (water, land, air): Stormwater management; water use reduction; wetlands impacts and development mitigation; collaboration with airlines and others on the development of sustainable aviation fuels and other carbon emissions reduction strategies.

Airport Noise: Continue long standing commitment to addressing noise feedback, serve as a good neighbor in terms of land development, and collaborate with neighbors impacted by aircraft noise.

Social Initiatives

The Board's customers are the public who travel to and from our service area as well as the airlines and other corporate partners. Further, the Board has more than 450 direct employees as well as over 16,000 badged employees who work on the Airport campus. As such, community relations and social responsibility are core areas of focus and attention.

Commitment to community: Serving as a good neighbor in terms of land development and ongoing collaboration related to associated noise impacts. According to a 2023 economic impact study performed by the University of Cincinnati and Northern Kentucky University, the Airport Service Region supports 49,000 jobs with a $9.3 billion economic impact.

Employment practices: The Board supports employee wellness programs and a focus on diversity, equity, and inclusion in recruitment/hiring activities. The Board leads a workforce collaborative program for its 16,000 badged employees and a campus-wide job portal that tries to develop the workforce of the whole Airport campus in collaboration with area universities and vocational trade organizations.

Business practices: Focus and reporting on corporate disadvantaged business enterprise outreach and contracting.

Health and wellness: Robust employee health and wellness program including childcare reimbursement (CVG CARES). The Board also has a tuition reimbursement program and a performance reward program for its employees.

Governance

U.S. airports are subject to federal and state statutes and regulations, which impact Board makeup, conduct and transparency. The Board structure is defined by Kentucky Revised Statutes Chapter 183. Local authorities appoint members to the independent board, providing fiduciary and oversight functions. The thirteen-member Board is appointed by the County Judge Executive of Kenton (eight appointees), Boone County (two), Grant County (one) and Campbell County (one) as well as one member by the Governor of the Commonwealth Kentucky. An audit committee structure is established pursuant to Board by-laws. The audit committee consists of appointed Board members and the committee has oversight of internal audit, external audit, approval of the annual financial statements, the annual budget, board disclosures and an ethics hotline.

Executive compensation for the airport CEO is determined and reviewed annually by the Board with a data-driven compensation structure being adhered to for the CEO and all other positions directly employed by the Board.

FINANCIAL INFORMATION

General

The Board maintains its financial records on a calendar year basis. Financial statements are audited annually by a firm of independent certified public accountants. The audited financial statements for the years ended December 31, 2023 and 2022 are included in this Official Statement as “APPENDIX D - 2023 Financial Statements and Report of Independent Auditors.” These statements are presented in accordance with Generally Accepted Accounting Principles (“GAAP”).

The Board’s annual budget is presented on a basis of accounting designed to account for compliance with the Airport’s bond resolutions. In 2016, the Board issued the Series 2016 Revenue Bonds, which refunded all of the Airport’s outstanding debt. Concurrently with the adoption of the Series 2016 Resolution pertaining to the Series 2016 Revenue Bonds, the Board approved the General Bond Resolution that governs the Series 2016 Revenue Bonds and the issuance of Additional Bonds, including the Series 2019 Revenue Bonds and the Series 2024 Revenue Bonds. Since 2016, the Board’s annual budget has been prepared using a basis of accounting designed to account for compliance with the General Bond Resolution and reflects the amounts as required to be deposited in the Funds and Accounts established under the General Bond Resolution.

The financial information included in "FINANCIAL INFORMATION - Summary of Historical Financial Operating Results" and "- Summary of Financial Projections — Operating Results" are presented using the basis of accounting used in preparing the Board's 2024 budget.

Summary of Historical Financial Operating Results

The financial information presented for the years ended December 31, 2023 and 2022 was derived from the amounts reflected in the audited financial statements presented in "APPENDIX D —2023 Financial Statements and Report of Independent Auditors," as adjusted to reflect the basis of accounting used in preparation of the Board's annual budget. The 2024 amounts represent the 2024 budget as adopted by the Board on November 13, 2023.

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Summary of Financial Operating Results
Cincinnati/Northern Kentucky International Airport
(2019-2024)

	For Year Ended December 31 (in thousands)					
	2019	2020	2021	2022	2023	2024
Operating Revenues	Audited[1]	Audited[1]	Audited[1]	Audited[1]	Audited[1]	Budget
Airline Revenues[2]						
Landing fees	$22,280	$23,621	$23,902	$28,294	$38,818	$43,375
Terminal and Ramp rentals & use charges	12,665	21,277	18,034	18,713	30,497	33,612
Total Airline Revenues	$34,945	$44,898	$41,936	$47,007	$69,315	$76,987
Non-Airline Revenues						
Parking	$48,310	$19,124	$33,662	$53,790	$61,216	$65,527
Rental cars	8,829	3,640	6,928	9,078	9,904	10,483
Terminal concessions	6,496	3,041	5,405	6,765	8,294	8,423
Commercial development	6,343	6,794	7,186	9,082	9,485	9,503
Reimbursed O&M expenses	2,867	1,954	1,789	2,184	2,081	2,282
Aircraft servicing & catering	159	100	155	193	260	248
Ground transportation	1502	524	766	1,482	2,398	2,036
Terminal rentals - Non-Airline	562	646	398	438	1385	1432
Miscellaneous Non-Airline Revenue	848	1,271	1099	1719	943	1044
Total Non-Airline Revenues	$75,916	$37,094	$57,388	$84,731	$95,966	$100,978
Total Operating Revenues	$110,861	$81,992	$99,324	$131,738	$165,281	$177,965
Non-Operating Revenues						
Investment income	$2,390	$1,242	$356	$1,943	$8,709	$8,790
COVID Relief Funds	0	11,076	1,700	5,830	24,616	13,000
Passenger Facility Charge Reimbursed O&M expenses	345	8	0	0	0	0
Designated Passenger Facility Charge Revenue	5,362	7,048	7,618	7,354	7,615	7,617
Total Non-Operating Revenues	$8,097	$19,374	$9,674	$15,127	$40,940	$29,407
Total Revenues Deposited in the Revenue Fund	**$118,958**	**$101,366**	**$108,998**	**$146,865**	**$206,221**	**$207,372**
Operating Expenses						
Salaries, wages and benefits	$46,550	$46,888	$47,591	$56,088	$62,258	$72,113
Contracted services	26,835	20,121	27,873	40,736	46,738	50,325
Utilities	8,138	7,285	8,208	9,346	8,366	8,287
General administration	1,995	1,304	1,208	1,664	1,870	2,943
Supplies	5,215	3,532	4,166	5,267	5,533	6,574
Insurance	1,206	1,318	1,281	1,622	1,745	2,151
Expensed Capital	2,394	2,247	1,966	2,427	4,448	1,953
Total Operating Expenses	**$92,333**	**$82,695**	**$92,293**	**$117,150**	**$130,958**	**$144,346**
Net Revenue	**$26,625**	**$18,671**	**$16,705**	**$29,715**	**$75,263**	**$63,026**
Less Uses of Net Revenue						
Debt Service						
General Airport Revenue Bond (GARB) Debt Service Funding						
Revenue Bond Principal	$2,165	$2,280	$2,955	$2,891	$3,255	$3,420
Revenue Bond Interest	2,124	3,663	3,549	3,401	3,246	3,083
Total GARB Debt Service	$4,289	$5,943	$6,504	$6,292	$6,501	$6,503
Subordinate Debt Service Funding						
Sub Debt Principal	177	297	373	390	$637	$854
Sub Debt Interest	16	21	18	26	98	108
Total Subordinate Debt Service	$193	$318	$391	$416	$735	$962
Total Debt Service	$4,482	$6,261	$6,895	$6,708	$7,236	$7,465
Other Required Transfers						
Operations and Maintenance Reserve Account[3]	$2,021	$3,331	0	$2,232	$4,550	$2,140
Repair and Replacement Reserve Fund[4]	0	0	0	0		0
Passenger Facility Charge Project Fund	1,072	1,410	1,524	1,471	1,523	1,523
Total Other Required Transfers	$3,093	$4,741	$1,524	$3,703	$6,073	$3,663
Total Uses of Net Revenue	**$7,575**	**$11,002**	**$8,419**	**$10,411**	**$13,309**	**$11,128**
Available for Deposit to the General Purposes Fund	**$19,050**	**$7,669**	**$8,286**	**$19,304**	**$61,954**	**$51,898**
GARB Debt Service Coverage[5]	6.21	3.14	2.57	4.72	11.58	9.69

Source: Kenton County Airport Board.

See footnotes on following page

Notes: 1. Derived from the amounts reflected in the audited financial statements as adjusted to reflect the basis of accounting used in preparation of the Board's 2024 budget. The basis of accounting used in preparation of the Board's annual budget is designed to account for compliance with the General Bond Resolution and reflects amounts as required to be deposited in the Funds and Accounts established under the General Bond Resolution.

2. Airline revenues are net of Signatory Airlines Share of Net Remaining Revenues which offset the amount of rentals, fees, and charges that are due from the Signatory Airlines each fiscal year.

3. Operations & Maintenance Reserve Account is funded each year to equal 25% of budgeted current year O&M expenses.

4. Repair and Replacement Reserve Fund was fully funded December 31, 2023 at $10,000,000.

5. GARB Debt service coverage calculation is net revenues divided by annual GARB debt service and excludes subordinate debt.

Discussion of Historical Financial Operating Results

Operating Revenues.

Airline Revenues. Airline revenues represent landing fees and other charges to airlines for the use of the terminal, ramp and airfield areas of the Airport. These charges are calculated in accordance with the terms of the relevant Airport Use and Lease Agreement. Accordingly, the 2019 through 2022 amounts are calculated in accordance with the rates and charges methodology under the Airport Use and Lease Agreement executed January 1, 2016 that expired on December 31, 2022. The amounts presented for 2023 and 2024 Budget reflect the rates and charges methodology under the current AULA effective January 1, 2023. See "AGREEMENTS FOR THE USE OF THE AIRPORT FACILITIES - Airline Use and Lease Agreements."

Airline revenues increased $42.0 million between 2019 and 2024. The increase is primarily the result of increased expense allocated to airline cost centers to be recovered through rates & charges, modifications to the rates & charges methodology, and a reduction in the amounts available for revenue sharing under the new AULA. Airline cost center expenses were partially offset by the application of COVID relief funds to reimburse operating expenses in the years 2020 through 2024.

For purposes of the Airport's operating budget, Airline Revenues are recorded net of landing fees and terminal rentals waived under the Airport's Air Service Incentive Programs ("ASIP"). The Board's ASIP total waived fees recorded to reduce airline revenues in 2019, 2020, 2021, 2022 and 2023 were $269,000, $0, $349,000, $188,000, and $1,712,000, respectively. The 2024 budget includes a reduction in airline revenues related to waived fees of $800,000.

Non-Airline Revenues. The primary sources of non-airline revenues are passenger activity-based revenues, such as parking, rental cars, and terminal concessions. Total non-airline revenues increased $25.1 million between 2019 and 2024. Notably, the COVID-19 pandemic had a significant impact on enplanements and associated non-airline revenues at the Airport in 2020 and 2021. From 2022 onward as enplanements continued to recover, non-airline revenues have surpassed 2019 (pre-COVID) levels. Between 2019 and 2024, parking revenues increased $17.2 million as enplanements recovered to 2019 levels and parking rates in the Main Terminal, ValuPark, and Valet lots were increased. Rental car revenue increased $1.7 million between 2019 and 2024 due to a net increase in transaction days coupled with an increase in the average revenue per transaction day. Terminal concessions increased $1.9 million between 2019 and 2024 primarily because of increased per passenger spend. See "AGREEMENTS FOR THE USE OF THE AIRPORT FACILITIES —Terminal Concessions Agreements", "- Parking Agreements" and "- Rental Car Agreements."

Commercial development includes revenues received related to leasing of "non-terminal" buildings and land at the Airport. These revenues have increased by $3.2 million over the period from 2019 through 2024 as the result of the continued increase in commercial leasing activity at the Airport, as well as increases in rates under existing agreements. See "THE AIRPORT- Airport Facilities."

Ground transportation revenues include fees received from transportation network companies (TNCs), taxis and other companies providing services that transport passengers to/from the Airport. These revenues have increased by $534,000 between 2019 and 2024. Effective September 2022, the TNCs were charged for both picking up and dropping off passengers at the Airport. Previously, the TNCs were charged for pickup only.

Non-Operating Revenues. Non-operating revenues represent revenues which would not be considered operating revenues under generally accepted accounting principles (GAAP) but are considered as revenues pursuant to the definition of revenues under the bond resolutions in place during the respective years. Non-operating revenues for the period 2019 through 2024 include investment income, COVID relief grants drawn to reimburse operating expenses, and PFCs designated by the Board for the payment of debt service.

Passenger Facility Charges. Under the General Bond Resolution, PFCs are not included as Revenues unless designated as such under a Series Resolution or other Board action. For the years 2019 to 2024, PFCs equal to 125% of the debt service requirements on PFC eligible bonds were transferred or are budgeted to be transferred to the PFC Revenue Account or designated as Revenues under a series resolution or other Board action. The increases in the amounts of Designated PFC Revenues over the period 2019 through 2024 is reflective of an increase in the amount of PFC-eligible debt service required to be funded for principal payments on the Series 2019 Bonds commencing in 2021.

Customer Facility Charges. CFCs are a per rental car transaction day fee imposed by the Board to fund ground transportation related improvements. See "CAPITAL PLANS - Sources of Capital Funding." Under the General Bond Resolution, CFCs are not included as Revenues unless designated as such under a Series Resolution. See "CAPITAL PLANS – Sources of Capital Funding – Customer Facility Charges (CFCs)."

Federal Aid Related to COVID-19.

The United States government enacted the following three Acts to mitigate the disruptive effects of the COVID-19 ("COVID") pandemic:

- The Coronavirus Aid, Relief, and Economic Security ("CARES") Act (H.R. 748, Public Law 116-136) was signed into law on March 27, 2020 and included $10 billion in funds for eligible U.S. airports.
- The Coronavirus Response and Relief Supplemental Appropriation Act ("CRRSAA") (Public Law 116-260) was signed into law on December 27, 2020 and included nearly $2 billion in funds for eligible U.S. airports and eligible concessions.
- The American Rescue Plan Act ("ARPA") (H.R. 1319, Public Law 117-2) was signed into law on March 11, 2021 and included $8 billion in funds for eligible U.S. airports and concessions.

The legislation included direct aid in the form of grants for airports. The Board has been awarded a total of $97.3 million under the three Acts including $4.7 million in concession relief: CARES $42.9 million, CRRSAA $12.3 million, and ARPA $42.1 million. The Board has used a total of $31.1 million to fund capital expenditures related to airfield apron rehabilitation, service road improvements, and ARFF vehicle purchases. The remaining $66.2 million has been used to fund operating expenses. As of May 2024, all COVID relief funds awarded under the three acts had been drawn down by the Board.

Operating Expenses.

Departmental Operating Expenses. Departmental operating expenses represent the types of expenses which would be considered as operating expenses under the bond resolutions in place during the respective years.

Salaries, wages and benefits increased $25.6 million between 2019 and 2024. This increase primarily resulted from increases in wage rates, increases in the number of full-time equivalent positions over the period, and an employee-based performance incentive program which is awarded based upon achieving certain Airport-wide performance metrics.

Contracted services increased by $23.5 million between 2019 and 2024. Contracted services expense increased due to the Airport taking over maintenance of certain facilities, including the Concourse B ramp tower, the Autonomous Ground Transportation System (AGTS), Concourse B loading bridges, and the baggage handling system as a component of the extension of the 2016 Airport Use and Lease Agreement through December 31, 2022. Additional contributing factors were increased expenditures for maintenance of aging infrastructure and increased expenses for existing contracts due to inflationary factors.

Utilities expense remained relatively level between 2019 and 2024 and includes expenses related to electric, water, and gas. Energy use at the airport is estimated to have declined 13 percent over the period attributable to the Airport's effort to use more energy efficient infrastructure. As a result, utilities expense has been driven by changes in the price of fuel and natural gas.

Supplies expense increased $1.4 million from 2019 through 2024 due to the addition of supplies necessary for the operation and maintenance of certain facilities taken over by the Airport as a component of the extension of the 2016 Airport Use and Lease Agreement. These increases were subject to fluctuations due to variations in the severity of the winter weather season, inflationary pressures, and the variable nature of the cost of fuel.

Debt Service Coverage. Per the 2016 General Bond Resolution, the Board commits to charge and collect rates, fees, rentals and charges in connection with the ownership and operation of the Airport so for each fiscal year the sum of (i) the net revenues plus (ii) the carryover amount, if any, for such fiscal year will be equal to at least 125% of the principal and interest requirements on all outstanding bonds for fiscal year. Debt service coverage remained well above the 125% requirement during the pandemic despite the reduction in passenger volumes. Debt service coverage is anticipated to be 9.69 times in 2024 reflecting the recovery in passenger traffic and the implementation of the new AULA.

Cost Per Enplaned Passenger. The cost per enplaned passenger (passenger airline costs divided by enplanements) for the years 2019 through 2024 is as follows:

HISTORICAL, ESTIMATED ACTUAL AND BUDGETED COST PER
ENPLANEMENT (CPE)
(For Years Ended December 31, 2019-2024)

	2019	2020	2021	2022	2023	2024 Budget
CPE	$4.51	$14.23	$7.93	$7.18	$9.65	$10.61

Source: Kenton County Airport Board

Liquidity

The following table presents a summary of sources of liquidity and cash on hand available to the Board as of December 31, 2022 and December 31, 2023 (amounts in millions).

	December 31, 2022	December 31, 2023
Unrestricted Cash & Investments	$149.383	$185.613
O&M Reserve Account	29.425	34.610
Total Cash Available for Operations	**$178.808**	**$220.223**
Operating Expenses funded by Revenues	$117.150	$130.958
Days Cash on Hand	**557**	**614**

Source: Kenton County Airport Board

Risk Management and Insurance

The Airport is exposed to various risk of loss related to torts: theft of, damage to and destruction of assets; errors omissions; and injuries to employees, general liability claims and natural disasters. The Airport manages these risks through the purchase of commercial insurance.

Investment Policy

Under Kentucky law, all units of local government, including airport boards, are required to adopt an investment policy. The Board has adopted a policy to invest public funds in a manner that will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the Board and conforming to all state statutes and Board regulations governing the investment of public funds. This investment policy applies to all financial assets held directly by the Board, provided that the Board follows the more restrictive Resolution limits regarding investments for funds governed by the Resolution. Financial assets of the Board held and invested by trustees or fiscal agents are excluded from these policies; however, such assets are required to be invested in accordance with the Kentucky law that is applicable to the investment of local government funds and in accordance with the Board's primary investment objectives, applicable bond resolutions and other governing regulations applicable to Board funds.

The Board's primary investment objectives, in order of priority, are the following:

1. Safety of principal is the foremost objective of the Board's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. The Board's investment portfolio shall remain sufficiently liquid to enable the Board to meet all operating requirements, which might be reasonably anticipated.

3. The Board's investment portfolio shall be designed with the objective of attaining a market rate of return (or higher) throughout the budgetary and economic cycles, taking into account the Board's investment risk constraints and the cash flow characteristics of the portfolio.

Management responsibility for the Board's investment program is delegated by the Board to the Secretary/Treasurer of the Board. The actions of the Secretary/Treasurer in the performance of his or her duties as manager of the Board's funds shall be evaluated using the "prudent person" standard. Investments shall be made with judgment and care under prevailing circumstances, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived.

The funds of the Board available for investment shall be invested in accordance with this policy in investments currently authorized by Section 66.480 of the Kentucky Revised Statutes. In general, those investments include obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements; obligations of any corporation of the United States government; supranational bonds; certificates of deposit issued by or other interest-bearing accounts of any bank which are insured by the Federal Deposit Insurance Corporation or similar board or which are collateralized; investments which meet certain rating criteria, including uncollateralized certificates of deposit, bankers' acceptances, commercial paper, bonds or securities issued by a state or local government; and certificates of indebtedness of the Commonwealth and of its agencies and instrumentalities. Certain mutual fund investments are also permitted, so long as the mutual fund is an open-end diversified investment company registered under the Federal Investment Company Act of 1940, has been in operation for at least five (5) years and only invests in securities that are eligible investments described above. No investment shall be purchased for the Board on a margin basis or through the use of any similar leveraging technique.

The Board recognizes that some level of risk is inherent in any investment transaction. Losses may be incurred due to issuer default, market price changes, or closing investments prior to maturity due to unanticipated cash flow needs. Diversification of the Board's investment portfolio by institution, type of investment instrument, and term to maturity is the primary method to minimize investment risk.

To the extent possible, the Board will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow need, the Board's funds should not, in general, be invested in securities maturing more than three years from the date of purchase. However, the Board may collateralize its repurchase agreements using longer-dated investments not to exceed 10 years to maturity. Reserve funds may be invested in securities that mature or are redeemable within 5 years from the date of purchase.

Pension Plan and Post-Employment Benefits Other than the Pension Plan

All full-time employees of the Airport are members of the Kentucky Public Pensions Authority's (KPPA) County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension system. Created by the Kentucky General Assembly pursuant to the provisions of KRS Section 78.520, the assets of CERS, in addition to the assets of the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS), collectively referred to as the System (System), are administered by the KPPA Board of Trustees (KPPA Board) and provides retirement, disability, and death benefits to its members. In 2021, House Bill 484 was passed into law establishing a new governance structure for operation of the System, creating an overall KPPA Board and two additional governing

Boards: the Kentucky Retirement Systems Board (KRS Board), which is responsible for the governance and administration of KERS and SPRS, and the County Employees Retirement System Board (CERS Board), which is responsible for the governance and administration of CERS. The KPPA Board was restructured from 17 members to 8 members (4 KRS Board members, 4 CERS Board members). In accordance with the provisions of KRS Sections 16.555, 61.570, and 78.630, the assets of the System are invested as a whole, while each system's assets are used only for the payment of benefits to the members of that plan and a pro rata share of administrative costs.

In April 2013, Kentucky adopted a hybrid cash balance retirement plan for state and local public employees who commenced employment on or after January 1, 2014. The hybrid cash plan replaces the cost sharing defined benefit pension plan, redefining the defined benefit of the formula-based annuity which participants would have previously received during retirement, with a lump sum benefit or accumulated account balance, at the individual participant's retirement date.

The Board of Trustees of the KPPA also administers the KPPA Insurance Fund ("Insurance Fund"), an insurance fund established to provide group hospital and medical benefits to retirees drawing benefits from the pension plans administered by the KPPA. The cost of insurance premiums is funded by a combination of employer contributions, as determined by the Board of Trustees of the Insurance Fund, and amounts withheld from benefit payments to members of the pension plans. The portion of a member's insurance premiums which is covered by employer contributions is based on several factors including whether the member's position is considered by the KPPA to be hazardous or non-hazardous, the coverage elected by the member and the member's years of service in the CERS.

Required employer contribution rates are determined by the Board of Trustees of the CERS. The contribution rates are determined annually with the contribution rates being inclusive of funding for the defined benefit plan, hybrid cash balance plan and other post-employment benefits.

As required by the GASB, the Board implemented the provisions of GASB 68 and GASB 75. Under GASB 68 and GASB 75, the Board, like other governmental employers which participate in cost sharing multiple-employer defined benefit plans, is required to reflect in its financial statements a proportionate share of the pension plan's net pension liability and pension expense and net other post-employment benefits (OPEB)liability and OPEB expense.

Pension expense and OPEB expense are calculated by the CERS annually and is recorded net of deferred inflows and outflows, which also must be included in the employers' financial statements. The collective amounts are allocated to the participating employers based on each employer's actual contributions to the plan during the measurement period.

For the years ended 2019 through 2023, the history of GASB 68 and 75 amounts recorded on the Boards financial statements (in $1,000) is as follows:

	Balance Sheet						Statement of Revenues and Expenses				
Beginning Balances Januar 1, 2019	($107,902)		$30,912		($10,061)						
	Change in Net Pension/OPEB Liability	-	Change in Deferred Outflows	+	Change in Deferred Inflows	=	GASB 68/75 Additional Expense	+	Accrual basis Employer Contributions To Plan	=	Total GAAP Expense
2019	$13,037		($1,526)		$1,293		$15,856		$8,078		$23,934
2020	$18,875		$1,567		($2,506)		$14,802		$8,634		$23,436
2021	($26,516)		($7,744)		$22,007		$3,235		$9,123		$12,358
2022	$9,079		$8,507		($2,427)		($1,855)		$7,780		$5,925
2023	($22,025)		$13,235		$30,504		($4,756)		$12,272		$7,516
Balance Sheet- 2023	($100,352)		$44,951		($58,932)						

Certain experience factors will be adjusted each year and, as reflected in the table above, will result in changes to the amounts recorded on the financial statements of the participant employers. The CERS has represented that it intends to also perform experience studies at five-year intervals. Depending upon such primary factors as investment returns, mortality rates, lengths of service, the amount and average salary levels of employees retiring, and the funding received from other sources, the Net Pension and OPEB Liability and pension and OPEB expense to be recognized under GAAP will increase or decrease.

Additional Information. More information related to the CERS can be found in the footnotes to the 2023 audited financial statements attached hereto as APPENDIX D and in the comprehensive annual financial report of the Kentucky Retirement Systems at http://kyret.ky.gov.

INFORMATION CONCERNING THE AIRLINE INDUSTRY AND THE AIRLINES

General

For discussion on key factors affecting the level of aviation activity and the airline industry, see "APPENDIX A — Report of the Airport Consultant."

Airline Information

Certain airlines or their parent corporations, including Delta, are subject to the information reporting requirements of the Exchange Act, and as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements may be inspected in the Public Reference Room of the SEC which can be located by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at http://www.sec.gov containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation ("DOT"). These reports may be inspected at the following location: Department of Transportation, Research and Special Programs Administration, Office of Airlines Statistics at Room 4125, 400 7th Street, SW, Washington, DC 20590, and copies of the reports may be obtained from the DOT at prescribed rates.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the U.S. Department of Transportation.

NEITHER THE BOARD NOR THE UNDERWRITERS UNDERTAKE ANY RESPONSIBILITY FOR NOR MAKE ANY REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF THE CONTENT OF INFORMATION APPEARING ON THE SEC'S WEBSITE AS DESCRIBED ABOVE, INCLUDING, BUT NOT LIMITED TO, UPDATES OF SUCH INFORMATION OR LINKS TO OTHER INTERNET SITES ACCESSED THROUGH THE SEC'S WEB SITE. NEITHER THE BOARD NOR THE UNDERWRITERS MAKE ANY REPRESENTATION WHATSOEVER WITH RESPECT TO THE CONTINUED VIABILITY OF ANY OF THE AIRLINES SERVING THE AIRPORT.

CERTAIN INVESTMENT CONSIDERATIONS

The Series 2024 Revenue Bonds may not be suitable for all investors. Prospective purchasers of the Series 2024 Revenue Bonds should give careful consideration to the information set forth in this Official Statement, including, in particular, the matters referred to in the following summary.

General

The Revenues of the Airport are affected substantially by the economic health of the air transportation industry and the airlines serving the Airport. Certain factors that may materially affect the Airport Service Region, the Airport and the airlines include, but are not limited to, (i) public health risks, such as COVID-19, (ii) national and international economic conditions and currency fluctuations, (iii) the population growth and the economic health of the region and the nation, (iv) the financial health and viability of the airline industry, (v) commercial service airports and route networks, (vi) the availability and cost of aviation fuel and other necessary supplies, (vii) changes in demand for air travel, (viii) service and cost competition, (ix) levels of air fares, (x) fixed costs and capital requirements, (xi) the cost and availability of financing, including federal funding, (xii) the capacity of the national air traffic control system, (xiii) the capacity of the Airport and of competing airports, (xiv) alternative modes of travel and transportation substitutes, (xv) national and international disasters and hostilities, (xvi) the cost and availability of employees, (xvii) labor relations within the airline industry, (xviii) regulation by the federal government, (xix) evolving federal restrictions on travel to the United States from certain countries, (xx) environmental risks and regulations, noise abatement concerns and regulations, (xxi) bankruptcy and insolvency laws, and (xxii) safety concerns arising from international conflicts, the possibility of terrorist or other attacks and other risks (including the impact of such attacks on other airports that have flights to or from the Airport, including the possibility of the closure of those airports for a period of time).

COVID-19 Related Matters

The outbreak of COVID-19 and related restrictions and measures adopted to contain the spread of the virus had a severe negative impact on both international and domestic travel and travel-related industries, including airlines serving the Airport and Airport concessionaires, and caused record-high unemployment and a devastating contraction of global and national economies.

With respect to public health crises, including currently active and future variants of COVID-19, the Board cannot predict (i) the duration, severity or geographical scope or extent of any pandemic or other outbreak; (ii) the extent of travel restrictions and warnings; (iii) what effect any other outbreak/pandemic-related travel restrictions or warnings may have on demand for air travel, including to and from the Airport, Airport's costs or Board revenues; (iv) to what extent any other outbreak or pandemic may disrupt the local or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact construction or other operations at the Airport; (v) the extent to which any other outbreak or pandemic may result in changes in demand for travel, or may have an impact on the airlines serving the Airport, concessionaires at the Airport or the airline and travel industry generally; (vi) the extent to which any other outbreak or pandemic may result in staff reductions of TSA, airlines or other partners at the Airport that would have an impact on passenger security screening as well as baggage, flight and other delays at the Airport; (vii) whether or to what extent the Board may provide deferrals, forbearances, adjustment or other changes to the Board's arrangements with its tenants and concessionaires; (viii) the duration and extent of the economic contraction and high unemployment resulting from measures adopted to contain the spread of the virus; or (ix) whether any of the foregoing may have a material adverse effect on the finances and operations of the Board. Future outbreaks or pandemics may reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Board revenues.

Public Health Risks

Public health concerns affect air travel demand from time to time. The spread of COVID-19 caused the World Health Organization to declare the outbreak a global pandemic. During the COVID-19 pandemic and the related passenger fears about traveling and national and global attempts to contain the virus, airlines significantly cut flights in domestic and international markets both as a result of mandated travel restrictions and due to the reduced number of travelers. See “COVID-19 Related Matters” above. Similarly, in 2009, concerns about the spread of influenza caused by the H1N1 virus reduced certain international travel, particularly to and from Mexico and Asia. Following an outbreak of the Ebola virus in West Africa in 2014, concerns about the spread of the virus adversely affected travel to and from certain regions of Africa. In January 2016, the Centers for Disease Control and Prevention issued a travel alert warning pregnant women to avoid travel to areas where the Zika virus had spread, a list that included more than 50 countries and territories.

National and Global Economic Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. With the globalization of business and the increased importance of international trade and tourism, the U.S. economy and, by extension, passenger traffic at U.S. airports, have become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, global pandemics such as COVID-19 and hostilities such as the Russian invasion of Ukraine, the Israel-Hamas war and heightened conflicts in the Middle East all influence passenger traffic at major U.S. airports. The COVID-19 pandemic altered the behavior of businesses and people in a manner that exhibited negative impacts on global and local economies. In addition, recently stock markets in the U.S. and globally have seen significant fluctuations that have been attributed, in part, to economic policy undertaken by the U.S. and international institutions. The Russian invasion of Ukraine and the resulting war have had negative effects on commodity prices and global economic growth. The Israel-Hamas war and heightened regional tensions have disrupted travel to and in the Middle East and created fluctuations in oil prices. See “COVID-19 Related Matters” above and “Geopolitical Considerations” below.

Airlines Serving the Airport

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

The Board cannot predict the duration or extent of reductions and disruptions in air travel or the extent of any adverse impact on Revenues, PFC collections, passenger enplanements, operations or the financial condition of the Board that disruptions and reductions related to airline bankruptcies may cause, or whether these and other factors will result in more airline bankruptcies. All airlines that have filed for reorganization under the United States bankruptcy laws in the past have remitted all material payments due to the Board under the Airline Use and Lease Agreement. Bankruptcies, liquidations or major restructurings of airlines could occur in the future. The Board is not able to predict how long any airline in bankruptcy protection would continue operating at the Airport or whether any such airline would liquidate or substantially restructure its operations. Further, the Board cannot predict or give any assurance that the airlines serving the Airport will continue to pay or to make timely payment of their obligations under the Airline Use Agreement.

Airline Consolidations

In response to competitive pressures, the U.S. airline industry has continued to consolidate. Delta and Northwest merged in 2008; United and Continental merged in 2010; Southwest Airlines acquired AirTran Airways in 2011; and US Airways and American Airlines merged in 2013. Alaska Air Group acquired Virgin America in December 2016 and received a single operating certificate in January 2018. In 2023, Alaska Air Group proposed a merger with Hawaiian Airlines which is currently being reviewed by the Justice Department. On January 13, 2024, a federal district court blocked the proposed merger of JetBlue and Spirit Airlines, finding the deal violated U.S. antitrust law in a case brought by the Justice Department. Following the decision, JetBlue and Spirit Airlines terminated their merger agreement.

Further airline consolidation is possible and could continue to change airline service patterns, particularly at the connecting hub airports of the merged airlines. The Board cannot predict what impact, if any, such consolidations will have on airline traffic at the Airport. See "Competition" under this caption for additional discussion on the effect of airline consolidation on the Airport.

Cost and Supply of Aviation Fuel

Airline profitability is significantly affected by the price of aviation fuel. According to Airlines for America, fuel is the second largest single cost component for most airline operations, and therefore an important and uncertain determinant of an air carrier's operating economics. Any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries' policy, increased demand for fuel caused by rapid growth of economies such as China and India, the levels of fuel inventory maintained by certain industries, the amounts of reserves maintained by governments, currency fluctuations, disruptions to production, refining facilities and fuel delivery and weather. The cost of aviation fuel has fluctuated in the past in response to changes in demand for and supply of oil worldwide. Significant fluctuations and prolonged increases in the cost of aviation fuel historically have had an adverse impact on air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel as well as to increase airfares and institute fuel, checked baggage and other extra surcharges, all of which may decrease demand for air travel. The war in Ukraine has resulted in steep increases of global oil and fuel prices, which are expected to affect the airline industry and cause higher ticket prices. See "–Geopolitical Considerations" herein.

Geopolitical Considerations

The U.S. economy and aviation sector in particular are exposed to risks from geopolitical conflicts. The Russia-Ukraine war, the Israel-Hamas war and heightened conflicts in the Middle East have affected the global economy and commercial aviation. The impacts of the Russia-Ukraine war include but are not limited to (i) increased food, commodity and fuel prices and increased strain on global supply chains; (ii) economic sanctions against certain Russian individuals, institutions, companies and commodities including oil and natural gas; (iii) closure of affected airspace necessitating changes to airline routes and the suspension of service to some areas; and (iv) increased risk of cyber-attacks from Russia against U.S. government agencies, financial institutions and infrastructure.

Since the beginning of the Israel-Hamas war on October 7, 2023, violence and conflict in the Middle East has resulted in periodic disruptions of travel to that region. Oil prices have fluctuated due to the Israel-Hamas war and heightened regional tensions and conflicts in the Middle East, including disruptions to shipping lanes in the Red Sea and the Persian Gulf, as well as high demand for oil and other geopolitical factors. These conditions have had, and may continue to have, significant adverse effects on the cost of air travel, on airline industry profitability and service patterns. The geopolitical security situation in the Middle East and elsewhere is highly volatile, and conditions may deteriorate without warning.

Aviation Safety and Security Concerns

Concerns about the safety of air travel and the effectiveness of security precautions, particularly in the context of international hostilities and domestic and foreign terrorist attacks and threats and other airline incidents, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Safety concerns in the aftermath of the terrorist attacks on September 11, 2001 resulted in the implementation of enhanced security measures by government agencies, airlines, and airport operators to guard against possible terrorist incidents and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed federal air marshals, federalization of airport security functions under the TSA, more effective dissemination of information about threats, more intensive screening of passengers, baggage, and cargo, and deployment of new screening technologies.

The Boeing 737 MAX aircraft (the "MAX") was grounded in March 2019 after fatal crashes of that aircraft that were suspected to have been caused by malfunctions of the automated flight control system. As a result of its investigation, in November 2020, the FAA required that MAX aircraft obtain FAA airworthiness and export certificates of airworthiness and implement specified design changes. The FAA also required that U.S. airlines operating the MAX implement revised pilot training programs and mandatory aircraft maintenance in order to return MAX planes to passenger service. In February 2021, the US DOT's inspector general issued a report with 14 recommendations for the FAA to implement to improve the certification process for future new planes. While the grounding did not cause significant flight cancellations at the Airport, safety concerns of travelers and future aircraft grounding could, in the future, impact airlines serving the Airport. See "APPENDIX A – Report of the Airport Consultant."

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

With the proliferation of inexpensive, commercially available, unmanned aerial vehicles ("UAVs"), or drones, the threat that unauthorized and unsafe UAV operations near airports could adversely affect the safety or security of U.S. airports and arriving or departing aircraft has increased significantly in recent years. Recent incursions of airport airspace by UAVs have disrupted airport operations by causing flights to be halted or diverted. An unauthorized UAV incursion at the Airport could result in the temporary delay or cancellation of flights to or from the Airport. Though no such incursion has occurred to date, there can be no assurance, however, that in the future, unauthorized UAV activity will not adversely affect the Board's operations.

Aviation Security Requirements and Related Costs and Restrictions

The Board cannot predict the effect of any future government-required security measures on passenger activity at the Airport. Nor can the Board predict how the government will staff security screening functions or the effect on passenger activity of government decisions regarding its staffing levels.

Enplanements at the Airport, collections of PFCs and the receipt of Revenues were negatively affected by security restrictions on the Airport and the financial condition of the air transportation industry following the terrorist attacks of September 11, 2001. The Board, like many airport operators, experienced increased operating costs due to compliance with federally mandated and other security and operating changes. The Board cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001, the possibility of increased security restrictions, the likelihood of future air transportation disruptions or the impact on the Airport or the airlines from such incidents or disruptions.

Regulations and Other Restrictions Affecting the Airport

The operations of the Board and its ability to generate revenues are affected by a variety of legislative, legal, contractual, statutory, regulatory and practical requirements and restrictions, including by provisions of the Airline Use Agreement, the PFC Acts and extensive federal legislation and regulations applicable to all airports. In addition, on February 16, 2023 the FAA announced a new rule requiring more than 200 major airports, including Cincinnati/Northern Kentucky International Airport, to implement airport wide safety management systems (SMS). The Board's SMS implementation plan was approved by the FAA in June 2024. It is not possible to predict whether future requirements and restrictions on the Airport's operation will be imposed, whether future legislation or regulation will affect anticipated federal funding or PFC collection, whether additional requirements will be funded by the federal government or require funding by the Board, or whether any such future requirements, restrictions, legislation or regulations would adversely affect Net Revenues.

Risks from Unexpected Events and Global Climate Change

General. The Airport could sustain damage and loss of use as a result of certain unexpected events, such as terrorist attacks, extreme weather events and other natural occurrences, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades and riots. While the Board has attempted to address the risk of loss through the purchase of insurance, certain of these events may not be covered. Furthermore, even for events that are covered by insurance, the Board cannot guarantee that coverage will be sufficient or that insurers will pay claims in a timely manner. From time to time, the Board may change the types of, and limits and deductibles on, the insurance coverage that it carries. The Board cannot predict what effects any of these events may have on the Board's ability to generate Revenues but the effects may be materially adverse.

Global Climate Change. Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. Over the coming decades, such extreme events and conditions are expected to increasingly disrupt and damage critical infrastructure and property as well as regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions may include more frequent and longer-lasting power outages, fuel shortages and service disruptions. Infrastructure, including access to roads, the viability of bridges and the safety of pipelines, may be affected by increases in the severity and frequency of heavy precipitation events. In addition, local public agencies and governmental entities, including the Board, could be required to mitigate these climate change effects at a potentially material cost.

Climate-Related Regulations. Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of the Airport and on the airlines operating at the Airport. On July 5, 2011 a United States District Court concluded the United States Environmental Protection Agency (the "EPA") has an obligation under the Clean Air Act ("CAA") to consider whether greenhouse gas ("GHG") emissions and black carbon emissions of aircraft engines endanger public health and welfare. On January 11, 2021, the EPA issued a final rule entitled *Control of Air Pollution from Airplanes and Airplane Engines: GHG Emission Standards and Test Procedures*, 86 Fed. Reg. 2136 (Jan. 11, 2021). The rule adopts GHG standards equivalent to those adopted by the International Civil Aviation Organization (ICAO) in 2017 for certain civil subsonic jet airplanes and larger subsonic propeller-driven airplanes with turboprop engines. The standards generally apply to in-production airplanes starting on January 1, 2028, but not to existing airplanes already in service. In its analysis of costs and benefits in the preamble to the rule, the EPA explained that many airplanes manufactured in the United States "already met the ICAO standards at the time of their adoption" or would be expected to do so by 2028. The impact to the Board is not expected to be significant, and the rule does not require modifications to airports.

Federal Funding

The Board depends upon federal funding for the Airport not only in connection with grants and PFC authorizations but also because federal funding provides for TSA, Federal Inspection Services, air traffic control, Customs and Border Protection ("CBP") and other FAA staffing and facilities. The Board depends on federal employees working at these agencies to support financial and operational activities at the Airport. Federal funds must be appropriated to continue to pay the workforce of these federal agencies providing services at the Airport. Gaps in appropriation authority can occur due to Congressional or Presidential inaction creating government shutdowns. During government shutdowns federal agencies must discontinue all non-essential, discretionary functions until new funding legislation is passed and signed into law. Essential services continue to function, as do mandatory spending programs. Essential federal employees have included air traffic controllers, TSA screeners and CBP agents providing services at airports throughout the nation. The most recent and longest government shutdown commenced at the end of 2018 and carried in to early 2019 lasting 35 days. While that shutdown did not have a significant impact on the Board's finances or operations, it is possible that future government shutdowns could result in significant operational or financial effects on the Board, depending on the duration and severity of the circumstances.

On June 3, 2023, President Biden signed the Fiscal Responsibility Act of 2023 (FRA, Public Law 118-5), which suspends the limit on federal debt through January 1, 2025, and makes a number of changes that affect federal spending and revenues. The economic effects of a failure by Congress to further raise or suspend the debt ceiling are unknown.

Federal funding received by the Board and aviation operations at the Airport could also be adversely affected by the implementation of across-the-board spending cuts, known as sequestration, a budgetary feature first introduced in the Budget Control Act of 2011. Sequestration could adversely affect FAA and TSA budgets and operations and the availability of certain federal grant funds typically received annually by the Board, which may cause the FAA or TSA to implement furloughs of its employees and freeze hiring, and may result in flight delays and cancellations.

The FAA Reauthorization Act of 2018, originally set to expire on September 30, 2023, was extended twice through December 31, 2023 and extended again through May 10, 2024. On May 16, 2024, President Biden signed into law the "FAA Reauthorization Act of 2024," which reauthorizes the FAA related revenue authorities through September 30, 2028. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). FAA AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. In addition, the AIP could be affected by a government shutdown or sequestration described above. The Board is unable to predict the level of available AIP funding it may receive. If there is a reduction in the amount of AIP grants awarded to the Board, such reduction could (i) increase by a corresponding amount the capital expenditures that the Board would need to fund from other sources (including operating revenues and additional Bonds), (ii) result in adjustments to the CIP or (iii) extend the timing for completion of certain projects. See "CAPITAL PLANS – Capital Improvement Program (CIP)."

Financial Condition of Airlines and Tenants Serving the Airport

The Airport derives a substantial portion of its operating revenues from landing and facility rental fees paid by airlines and other tenants using the Airport. The financial strength and stability of these airlines and tenants, together with the underlying strength of the Airport's passenger and cargo markets and numerous other factors, influence the level of aviation activity at the Airport and revenues, including PFCs, realized by the Airport. The number of passengers at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines serving the airport to make the necessary investments to provide service.

Effect of Airline Bankruptcy

In the event of bankruptcy proceedings involving an airline that is a party to an Airport Use and Lease Agreement, the debtor or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the applicable Airport Use and Lease Agreement. In the event of assumption, the debtor would be required to cure any prior defaults and to provide adequate assurance of future performance.

Rejection of an Airport Use and Lease Agreement by a Signatory that is a debtor in a bankruptcy proceeding would result in the termination of that Airport Use and Lease Agreement. Such rejection of an Airport Use and Lease Agreement would give rise to an unsecured claim of the Board against the Signatory's estate for damages, the amount of which is limited by the Bankruptcy Code. As a result of a Signatory's rejection of an Airport Use and Lease Agreement in a bankruptcy proceeding, the Board may recover any outstanding amounts owed under the Airport Use and Lease Agreement by the application of such Signatory's Security Deposit. See "APPENDIX C - Summary of Certain Provisions of the Airport Use and Lease Agreement — Security Deposit." After the application of the Security Deposit, any unpaid Landing Fees and/or rentals for the lease of Terminal Ramp by the bankrupt Signatory would be recovered by the Board from the other Signatories under the Settlement Provisions of the Airport Use and Lease Agreement as a result of the residual rate setting methodology for the Airfield Cost Center. See "APPENDIX C - Summary of Certain Provisions of the Airport Use and Lease Agreement — Settlement Provisions." Any unpaid amounts owing by the bankrupt Signatory for the lease of Terminal Space and/or Loading Bridges as a result of the commercial compensatory rate setting methodology of the Terminal Cost Center and Loading Bridge Cost Center would essentially reduce the Net Remaining Revenues to be paid to the remaining Signatories and the Board at the end of the Fiscal Year. See "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES." The Board has additional protection resulting from a Signatory's rejection of an Airport Use and Lease Agreement. See "APPENDIX C - Summary of Certain Provisions of the Airport Use and Lease Agreement - Adjustment to Rates and Charges" allowing the Board to adjust each Signatories rates and charges once during any Fiscal Year if Landing Fees and Terminal Rentals would result in an adjustment of 10% or more of budgeted Landing Fees and Terminal Rentals. See also "APPENDIX C - Summary of Certain Provisions of the Airport Use and Lease Agreement - Extraordinary Coverage Payments" requiring Signatories to make extraordinary coverage protection payments in any

Fiscal Year in which the amount of Revenues less O&M Expenses is or is forecast to be less than 125% of the aggregate annual debt service coverage requirement as calculated under the Resolution.

In addition, the bankruptcy of a Signatory may affect the amount and timing of receipt by the Board of PFCs collected by that airline. See "Ability to Collect PFCs" below.

Concentration of Delta Operations at the Airport

In 2023, Delta accounted for approximately 35.4% of the total enplaned passengers at the Airport. Where an airport has a sizable market share accounted for by a single airline, there is risk associated with the potential for that airline to reduce or discontinue service. Delta leases 15 gates in Concourse B at the Airport. However, in the case of Delta at the Airport, this risk is mitigated by the following factors: (a) Delta is a consistently profitable airline; and (b) the development of service by Delta and other carriers at the Airport has demonstrated a large O&D passenger demand that could be served by other airlines at the Airport in the unlikely event Delta were to reduce service at the Airport. Nevertheless, the Board cannot predict what effect a reduction or discontinuation of service by Delta would have on enplanements and deplanements at the Airport, or whether another airline would absorb the service provided by Delta.

Capacity of National Air Traffic Control and Airport System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. Over the last ten years, the FAA has made certain improvements to the computer, radar and communications equipment of the air traffic control system in recent years, but no assurances can be given that future increases in airline and passenger activity would not again adversely affect airline operations. The 2012 FAA Reauthorization Act contains numerous provisions aimed at accelerating the implementation of Next Generation Air Transport System ("NextGen"). NextGen is designed to modernize the National Airspace System from a ground-based system of air traffic control to a satellite-based system of air traffic management in order to enhance the use of airspace and runways.

Ability to Collect PFCs

The amount of available PFC revenues received by the Board in future years will vary based upon the actual number of PFC-eligible passenger enplanements at the Airport. No assurance can be given that any level of enplanements will be realized. Additionally, the FAA may terminate the Board's authority to impose PFCs, subject to informal and formal procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the PFC Regulations, or (b) the Board otherwise violates the PFC Act or the PFC Regulations. The Board's authority to impose a PFC also may be terminated if the Board violates certain provisions of the Airport Noise and Capacity Act of 1990 (the "ANCA") and its regulations relating to the implementation of noise and access restrictions for certain types of aircraft. The regulations under ANCA also contain procedural safeguards to ensure that the Board's authority to impose a PFC would not be summarily terminated. No assurance can be given that the Board's authority to impose a PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Board, or that the Board will not seek to decrease the amount of PFCs to be collected, provided such decrease does not violate the Board's covenant in the General Bond Resolution. A shortfall in PFC revenues may cause the Board to increase rentals, fees and charges at the Airport to meet the debt service requirements on the Bonds that the Board plans to pay from available PFC revenues, and/or require the Board to identify other sources of funding for its capital program, including issuing additional Bonds.

Additional Federal Authorization and Funding Considerations

The Board receives funding for the Airport not only in connection with FAA AIP Grants and PFC authorizations, but also in the form of funding for TSA, air traffic control and other FAA staffing and facilities. The 2024 FAA reauthorization retains the federal cap on PFCs at $4.50 and authorizes $3.4 billion per year for AIP grants in fiscal year 2024 and $4.0 billion per year in fiscal years 2025 through 2028, which is a higher funding level compared to the preceding five years. The AIP Grants provide federal capital grants to support airport infrastructure through entitlement grants, which are determined by formulas based on passenger, cargo and general aviation activity levels, and discretionary grants, allocated on the basis of specific set-asides and the national priority ranking system. The Board is unable to predict the level of AIP Grant funding at this time, since authorization is subject to Congressional appropriation. If there is a reduction in the amount of AIP Grants awarded to the Board for the Airport, it could: (1) increase by a corresponding amount the capital expenditures that the Board would need to fund from other sources, including Net Revenues and Bond proceeds; (2) extend the timing to complete certain projects; or (3) reduce the scope of individual proposed projects or the CIP, or both.

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

Regulations and Restrictions Affecting the Airport

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

In addition, following the events of September 11, 2001, the Airport also has been required to implement enhanced security measures mandated by the FAA, the TSA 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 Board or whether such restrictions or legislation or regulations would adversely affect Revenues.

Cyber-Security

The Board, 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 Board may be the target of cybersecurity incidents that could result in adverse consequences to the Board 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 Board'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 Board invests in multiple forms of cybersecurity and operational safeguards. While Board cybersecurity and operational safeguards are periodically tested and upgraded, no assurances can be given by the Board that such measures will ensure against cybersecurity threats and attacks, and any breach could damage the Board's Systems Technology and cause material disruption to the Board's finances or operations. The costs of remedying any such damage or protecting against future attacks may be substantial. Furthermore, cybersecurity breaches could expose the Board to material litigation and other legal risks, which may cause the Board to incur material costs. The Board has an internal data management and cyber security team and maintains a limited liability Technology Professional Liability & Network Security (Cyber) Liability Insurance policy. Limits and coverages related to Cyber insurance are reviewed annually with the Board's insurance broker.

Competition

The Airport competes for passengers with several other commercial service airports in the region, each of which are located within a two-hour drive of the Airport, namely: Blue Grass Airport in Lexington (LEX), Dayton International Airport (DAY), Indianapolis International Airport (IND), Louisville Muhammad Ali International Airport (SDF), and John Glenn Columbus International Airport (CMH). Cincinnati Municipal Lunken Airport (LUK), owned and operated by the City of Cincinnati, is a general aviation reliever airport. In terms of seats, flights, and the number of destinations served, the Airport is most similar to the airports serving Columbus and Indianapolis. Louisville International Airport is roughly half the size of these airports, while the airports serving Dayton and Lexington are considerably smaller. See "THE AIRPORT SERVICE REGION — Airport Competition."

Competition for airline travelers by these competitive airports has been largely based on level of service, but as low-cost carriers introduce service, the price of airfare has become a key competitive factor. The Board cannot predict, however, whether this trend will continue long-term. See "APPENDIX A — Report of the Airport Consultant" for a more detailed discussion.

International air travel may be more easily disrupted by political instability, terrorist activities, currency fluctuations and other factors outside the control of the Board. The Board cannot predict whether the level of international passengers will remain stable or will grow, or what events, domestic or international, may adversely affect such air traffic.

Any increases in operating costs at the Airport may increase costs to the airlines, which could result in the Airport being put into a competitive disadvantage relative to other airports and other types of transportation.

Impact of Economic Conditions on Airport

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. With the globalization of business and the increased importance of international trade and tourism, the U.S. economy and, by extension, passenger traffic at U.S. airports, have become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, global pandemics such as COVID-19 and hostilities such as the Russian invasion of Ukraine and the Israel-Hamas war all influence passenger traffic at major U.S. airports. The COVID-19 pandemic altered the behavior of businesses and people in a manner that exhibited negative impacts on global and local economies. In addition, stock markets in the U.S. and globally have seen significant fluctuations that have been attributed to economic policy undertaken by the U.S. and international institutions. The Russian invasion of Ukraine and the resulting war have had negative effects on commodity prices and global economic growth. See "COVID-19 Related Matters" and "Geopolitical Considerations" above.

Alternative Travel Modes and Travel Substitutes

Competition from surface modes of transportation may result in decreased passenger numbers. In addition, businesses and individuals may choose surface modes of transportation for environmental or budgetary reasons.

Teleconference, video-conference and web-based meetings continue to improve in quality and price and are considered a satisfactory alternative to some face-to-face business meetings, especially with their increased use throughout the COVID-19 pandemic.

Industry Workforce Shortages

Pilot shortage has been an industry-wide issue, and especially so for smaller regional airlines. There are several causes for the pilot shortage that has affected all airlines. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines were required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. Other factors include an aging pilot workforce and fewer new pilots coming from the military. As a result of the COVID-19 pandemic, many airlines offered buyouts, early retirement, and severance packages to reduce staffing costs to mitigate the effects of reduced passenger traffic. As passenger demand recovers, major air carriers need additional pilots and have hired pilots away from regional airlines. As a result, small regional airlines have experienced difficulties in hiring qualified new pilots, despite increased incentives, resulting in reduced service to some smaller U.S. markets.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and relatively fewer new mechanics entering the labor market. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

General labor shortages, including pilots, mechanics and air traffic controllers, have been impacting, and may continue to impact, the airline industry and the Airport. Several major airlines have announced reduced schedules and have cancelled flights as a result of reported labor shortages and staffing challenges. Labor shortages have been attributed to growing travel demand after thousands of workers in the airline industry opted for buyouts, early retirement packages or otherwise terminated their employment during the COVID-19 pandemic.

Changes in Federal Tax Law

See "TAX MATTERS – Risk of Future Legislative Changes and/or Court Decisions."

Enforceability of Remedies; Limitation on Remedies; No Acceleration; No Cross Default

The occurrence of an Event of Default under the Resolution does not grant a right to the bondholders to accelerate payment of the Series 2024 Revenue Bonds. As a result, the Airport may be able to continue collecting Revenues and applying them to the operation of the Airport even if an Event of Default has occurred and no payments are being made on the Series 2024 Revenue Bonds. In addition, an Event of Default with respect to one Series of Bonds does not cause an Event of Default with respect to any other Series of Bonds unless such event or condition on its own constitutes an Event of Default with respect to such other Series of Bonds under the Resolution. See "SOURCES OF PAYMENT AND SECURITY — Events of Default and Remedies - No Acceleration; No Cross-Default."

The rights and remedies available to the owners of the Series 2024 Revenue Bonds upon an Event of Default under the Resolution are in many respects dependent upon judicial enforcement actions which are often subject to discretion and delay.

Force Majeure Events Affecting the Board and the Airport

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

Other Key Factors

Capacity limitations of the national air traffic control system, the Airport and at competing airports could be factors that might affect future activity at the Airport. In the past, demands on the air traffic control system have caused operational restrictions that have affected airline schedules and passenger traffic and caused significant delays. For example, on January 10, 2023, a failure in the FAA's Notice to Air Missions (NOTAM) system, which flags potential hazards for pilots before departure, caused an approximately two-hour grounding of all passenger aircraft in the United States. The FAA concluded the outage was caused by a contractor who mistakenly deleted files in the NOTAM system database.

For more details on these and other key factors that could impact results of Board operations, see APPENDIX A – "Report of the Airport Consultant."

FORWARD-LOOKING STATEMENTS

This Official Statement contains certain statements relating to future results that are forward-looking statements. When used in this Official Statement, the words "estimate," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, bondholders and potential investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material. The Board does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. See "REGARDING THE USE OF THIS OFFICIAL STATEMENT."

REPORT OF THE AIRPORT CONSULTANT

The Report of the Airport Consultant set forth in APPENDIX A was prepared by the Airport Consultant in connection with the issuance of the Series 2024 Revenue Bonds. The Airport Consultant has provided its consent to include the Report of the Airport Consultant as APPENDIX A hereto. The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of LeighFisher, as the Airport Consultant. As noted in the Report, any forecast is subject to uncertainties. Therefore, there will be differences between the forecast and actual results, and those differences may be material. The financial forecasts presented in the Report of the Airport Consultant are based on various assumptions. The Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

LITIGATION

No litigation or administrative action or proceeding is pending or, to the best of the knowledge of the Board, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Series 2024 Revenue Bonds, the collection of Revenues or the use of Revenues to pay debt service on the Bonds, or contesting or questioning the proceedings and authority under which the Series 2024 Revenue Bonds have been authorized and are to be issued or delivered, or the validity of the Series 2024 Revenue Bonds or that would materially adversely affect the assets of the Airport or its operations.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the issuance of the Series 2024 Revenue Bonds are subject to the approving legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel. A signed copy of that opinion will be delivered to the Underwriters at the time of such original delivery, substantially in the form attached hereto as "APPENDIX E — Proposed Form of Bond Counsel Opinion."

Certain legal matters will be passed upon by Joseph Huber, general counsel to the Board, and for the Underwriters by their counsel, Frost Brown Todd LLP.

RELATIONSHIP OF CERTAIN PARTIES

BofA Securities, Inc., one of the Underwriters of the Series 2024 Revenue Bonds, and Bank of America, N.A., which is the provider of the revolving line of credit under the Revolving Credit Agreement and the holder of the Series 2023 Subordinate Notes, are both wholly-owned, indirect subsidiaries of Bank of America Corporation.

CONTINUING DISCLOSURE UNDERTAKING

The Board will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Series 2024 Revenue Bonds to send certain information annually and to provide notice of certain events to the MSRB pursuant to the requirements of Section (b)(5) of the Rule. The MSRB has designated its Electronic Municipal Market Access website, known as EMMA, as the system to be used for continuing disclosures to investors. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth in the form of the Undertaking that is included in this Official Statement as APPENDIX G.

The Board previously entered into continuing disclosure undertakings as an "obligated person" under the Rule. In the previous five-year period, the Board mistakenly omitted debt service coverage ratio information with respect to CFCs collected for the fiscal years ending on December 31, 2020, December 31, 2021, and December 31, 2022. On July 12, 2024, the Board filed a Notice of Omission of Certain Annual Financial Information with EMMA and, as of that date, the Board has remedied the omission and is in compliance with its continuing disclosure undertakings.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2024A Revenue Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except interest on any Series 2024A Revenue Bond for any period during which it is held by a "substantial user" of the facilities financed or a "related person," as those terms are used in Section 147(a) of the Code, and is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; (ii) interest on the Series 2024B Revenue Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Series 2024 Revenue Bonds is exempt from income taxation by the Commonwealth and all political subdivisions thereof and the Series 2024 Revenue Bonds are exempt from ad valorem taxation by the Commonwealth and all political subdivisions thereof. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2024 Revenue Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Board contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2024 Revenue Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Board's representations and certifications or the continuing compliance with the Board's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2024 Revenue Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the "IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Board may cause loss of such status and result in the interest on the Series 2024 Revenue Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2024 Revenue Bonds. The Board has covenanted to take the actions required of it for the interest on the Series 2024 Revenue Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2024 Revenue 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 income tax purposes of interest on the Series 2024 Revenue Bonds or the market value of the Series 2024 Revenue Bonds.

Interest on the Series 2024 Revenue Bonds may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2024 Revenue Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2024 Revenue Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2024 Revenue Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Series 2024 Revenue Bonds ends with the issuance of the Series 2024 Revenue Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the owners of the Series 2024 Revenue Bonds regarding the tax status of interest thereon 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 2024 Revenue Bonds, under current IRS procedures, the IRS will treat the Board as the taxpayer and the beneficial owners of the Series 2024 Revenue Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2024 Revenue Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2024 Revenue Bonds.

Prospective purchasers of the Series 2024 Revenue Bonds upon their original issuance at prices other than the respective prices indicated on the inside covers of this Official Statement, and prospective purchasers of the Series 2024 Revenue Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2024 Revenue Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2024 Revenue Bonds will not have an adverse effect on the tax status of interest on the Series 2024 Revenue Bonds or the market value or marketability of the Series 2024 Revenue Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2024 Revenue Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Series 2024 Revenue Bonds should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Series 2024 Revenue Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2024 Revenue Bonds may be affected and the ability of holders to sell their Series 2024 Revenue Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Series 2024 Revenue Bonds ("Discount Series 2024 Revenue Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Series 2024 Revenue Bond. The issue price of a Discount Series 2024 Revenue Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Series 2024 Revenue Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Series 2024 Revenue Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Series 2024 Revenue Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2024 Revenue Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount Series 2024 Revenue Bond. A purchaser of a Discount Series 2024 Revenue Bond in the initial public offering at the issue price (described above) for that Discount Series 2024 Revenue Bond who holds that Discount Series 2024 Revenue Bond to maturity will realize no gain or loss upon the retirement of that Discount Series 2024 Revenue Bond.

Certain of the Series 2024 Revenue Bonds ("Premium Series 2024 Revenue Bonds") may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Series 2024 Revenue Bond, based on the yield to maturity of that Premium Series 2024 Revenue Bond (or, in the case of a Premium Series 2024 Revenue Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Series 2024 Revenue Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Series 2024 Revenue Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Series 2024 Revenue Bond, the owner's tax basis in the Premium Series 2024 Revenue Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Series 2024 Revenue Bond for an amount equal to or less than the amount paid by the owner for that Premium Series 2024 Revenue Bond. A purchaser of a Premium Series 2024 Revenue Bond in the initial public offering who holds that Premium Series 2024 Revenue Bond to maturity (or, in the case of a callable Premium Series 2024 Revenue Bond, to its earlier call date that results in the lowest yield on that Premium Series 2024 Revenue Bond) will realize no gain or loss upon the retirement of that Premium Series 2024 Revenue Bond.

Owners of Discount and Premium Series 2024 Revenue Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Series 2024 Revenue Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

RATINGS

Fitch Ratings ("Fitch") has assigned the Series 2024 Revenue Bonds the rating of "A+" with a stable outlook and Moody's Investors Service, Inc. ("Moody's") has assigned the Series 2024 Revenue Bonds the rating of "A1" with a stable outlook.

A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. The Board has furnished to the rating agencies certain information and materials relating to the Series 2024 Revenue Bonds and the Airport, including certain information and materials that have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that any rating will continue for any given period of time, or that any rating will not be revised downward or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Series 2024 Revenue Bonds.

UNDERWRITING

The Underwriters, represented by BofA Securities, Inc., have agreed, jointly and severally, to purchase the Series 2024 Revenue Bonds subject to certain conditions set forth in the Bond Purchase Agreement with the Board. The Bond Purchase Agreement provides that the obligations of the Underwriters to accept delivery of the Series 2024 Revenue Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all of the Series 2024 Revenue Bonds if any Series 2024 Revenue Bonds are purchased.

The Underwriters have agreed to purchase the Series 2024A Revenue Bonds at an aggregate purchase price of $263,632,253.64 (reflecting the par amount of the Series 2024A Revenue Bonds ($245,340,000.00), plus original issue premium of $18,963,024.45 and less an underwriters' discount of $670,770.81).

The Underwriters have agreed to purchase the Series 2024B Revenue Bonds at an aggregate purchase price of $15,328,047.71 (reflecting the par amount of the Series 2024B Revenue Bonds ($15,040,000.00), plus net original issue premium of $328,744.80 and less an underwriters' discount of $40,697.09).

Huntington Capital Markets is a trade name under which securities and investment banking products and services of Huntington Bancshares Incorporated and its subsidiaries, including Huntington Securities, Inc. ("HSI"), are marketed. Municipal sales, trading and underwriting services are provided through HSI, which is a broker-dealer registered with the Securities and Exchange Commission.

The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2024 Revenue Bonds to the public.

The Series 2024 Revenue Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such Series 2024 Revenue Bonds into investment accounts.

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

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

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

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

MUNICIPAL ADVISOR

Frasca & Associates, LLC (the "Municipal Advisor"), serves as independent Municipal Advisor to the Board on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments and is an independent registered financial advisor. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Series 2024 Revenue Bonds and has reviewed and commented on certain legal documentation, including this Official Statement. The advice on the plan of financing and the structuring of the Series 2024 Revenue Bonds was based on materials provided by the Board and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated or otherwise verified the information provided by the Board or the information set forth in this Official Statement or any other information available to the Board with respect to the appropriateness, accuracy or completeness of disclosure of such information or other information and no guarantee, warranty or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

INDEPENDENT AUDITORS

The financial statements of the business-type activities of the Airport as of and for the years ended December 31, 2023 and 2022, included in this Official Statement as APPENDIX D have been audited by Blue & Co., LLC, independent auditors, as stated in their report appearing herein.

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CONCLUDING STATEMENT

This Official Statement is effective as of its date. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of such statements have been or will be realized.

This Official Statement is not to be construed as a contract with the original purchasers or subsequent holders of the Series 2024 Revenue Bonds.

This Official Statement has been duly prepared and delivered by the Board and executed for and on behalf of the Board by the Chief Financial Officer of the Airport.

KENTON COUNTY AIRPORT BOARD

By: /s/ Dilwyn Gruffydd

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APPENDIX A
REPORT OF THE AIRPORT CONSULTANT

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Appendix A

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

KENTON COUNTY (KENTUCKY) AIRPORT BOARD

CINCINNATI/NORTHERN KENTUCKY INTERNATIONAL AIRPORT REVENUE BONDS
Series 2024

Prepared for

Kenton County (Kentucky) Airport Board

Prepared by

LeighFisher
San Francisco, California

August 5, 2024

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Leigh|Fisher

August 5, 2024

Ms. Candace McGraw
Chief Executive Officer
Kenton County Airport Board
77 Comair Blvd
Erlanger, KY 41018

Re: Report of the Airport Consultant
Kenton County (Kentucky) Airport Board
Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024

Dear Ms. McGraw:

We are pleased to submit this Report of the Airport Consultant in connection with the proposed and planned issuance by the Kenton County Airport Board (the Board or KCAB) of Airport Revenue Bonds (Bonds) to fund certain of the costs of capital improvements at the Cincinnati/Northern Kentucky International Airport (the Airport or CVG). This letter and the accompanying exhibits and attachment constitute our report.

CAPITAL IMPROVEMENT PROGRAM

Exhibit A-1 summarizes the Board's current Capital Improvement Program (CIP) to be implemented in 2024 through 2029. A key element of the CIP is a multi-year program of passenger terminal improvements and modernization, collectively referred to as Elevate CVG. Exhibit A-2 shows the estimated costs and planned sources of funding for CIP projects to be funded in part by Bonds the Board proposes to issue in 2024 (proposed 2024 Bonds) and plans to issue in 2026 (planned 2026 Bonds).

PROPOSED 2024 BONDS PROJECTS

Replacing the passenger terminal baggage handling system (BHS) is being undertaken as the next phase of Elevate CVG. Rehabilitation of Runway 18C-36C and related airfield upgrades are also to be undertaken. These projects, to be funded in part with proceeds of the proposed 2024 Bonds, are collectively referred to in this report as the 2024 Bonds Projects.

PLANNED 2026 BONDS PROJECTS

Subsequent phases of Elevate CVG are to be funded in part with the proceeds of the planned 2026 Bonds. Key projects are completion of the terminal modernization program and the reconstruction of the aircraft parking apron at Concourse A. These projects are collectively referred to in this report as the 2026 Bonds Projects.

BOND FINANCING ESTIMATES

Exhibit B shows the estimated sources and uses of Bond funds for the proposed 2024 Bonds and planned 2026 Bonds. Exhibit C shows estimated debt service requirements. Estimates are as provided by Frasca & Associates, LLC, the Board's independent registered municipal advisor.

BOND RESOLUTION

The proposed 2024 Bonds and planned 2026 Bonds are to be issued under and secured by the Airport Revenue General Bond Resolution adopted by the Board in 2016 (the General Bond Resolution). The General Bond Resolution has been supplemented, most recently by the series resolution providing for the issuance of the 2024 Bonds and adopted by the Board on July 15, 2024. The General Bond Resolution as supplemented is referred to in this report as the Bond Resolution. Except as otherwise defined, capitalized terms in the report are used as defined in the Bond Resolution or the Airport Use and Lease Agreement (discussed later).

RATE COVENANT

In Section 8.03 of the General Bond Resolution, the Authority undertakes to fix, charge, and collect rates, fees, and charges for the use of the Airport to ensure that Revenues are sufficient to pay all Operations and Maintenance (O&M) Expenses, meet all other obligations, and meet at least 125% of the Principal and Interest Requirements of outstanding Bonds. The provisions of Section 8.03 are referred to collectively as the Rate Covenant.

SECURITY FOR BONDS

The proposed 2024 Bonds and planned 2026 Bonds are to be payable from and secured by a pledge of the Net Revenues (Revenues less O&M Expenses) of the Airport on a parity with the pledge securing the Board's outstanding Airport Revenue Bonds, Series 2016 (2016 Bonds) and Series 2019 (2019 Bonds) and any Additional Bonds that may be issued pursuant to the Bond Resolution. Under the Bond Resolution, Revenues are defined to include all Operating Revenues and nonoperating revenues as well as certain Other Available Revenues.

The Board is authorized by the Federal Aviation Administration (FAA) to impose and collect a passenger facility charge (PFC) at a rate of $4.50 per eligible enplaned passenger at the Airport. By duly adopted resolution, the Board may commit to use PFC revenues to pay the Principal and Interest Requirements of Bonds. Such Designated PFC Revenues are accounted for as Other Available Revenues and are included in the Revenues securing Bonds.

Under agreements governing the operations of rental car companies at the Airport, the companies collect on behalf of the Board a Customer Facility Charge (CFC). The CFC is currently set at $7.50 per rental car transaction-day. By duly adopted resolution, the Board may commit to use CFC revenues to pay the Principal and Interest Requirements of Bonds. Such Designated CFC Revenues are accounted for as Other Available Revenues and are currently included in the Revenues securing the 2019 Bonds.

Exhibits C, F, and G show the historical and forecast uses of Designated PFC Revenues and Designated CFC Revenues to pay Bond Principal and Interest Requirements.

AIRPORT USE AND LEASE AGREEMENT

Passenger and cargo airlines accounting for 92% of the landed weight at the Airport operate under the terms of an Airport Use and Lease Agreement (AULA) that became effective as of January 2023 and extends through December 2027. Under the terms of the AULA, the signatory airlines (Airlines) pay landing fees for the use of the airfield and rentals and other charges for the use of terminal facilities calculated according to cost-recovery principles.

O&M Expenses, Expensed Capital Outlays, Bond Principal and Interest (also referred to as Debt Service), Amortization, and other requirements are allocated to three Airline-supported cost centers (Airfield, Terminal, and Loading Bridges) and Board (or KCAB) cost centers. Requirements allocable to the Airline-supported cost centers form the basis for calculating Airline rentals, fees, and charges. Landing fees are calculated from Airfield cost center requirements using a residual methodology. Terminal rentals and charges are calculated using a commercial compensatory methodology. Exhibit C and Exhibit D show the allocation of Bond Debt Service and O&M Expenses, respectively, to the Airline and Board cost centers.

The AULA provides for the sharing of Net Remaining Revenues (NRR) in the Terminal cost center between the Board and the Passenger Airlines. Airline revenues and Airline payments per enplaned passenger shown in Exhibit E are after the application of NRR credits.

The AULA provides for Extraordinary Coverage Payments whereby the Airlines are obligated to pay Landing Fees as needed to ensure that Net Revenues are at least as needed to meet the 125% coverage of Debt Service required by the Rate Covenant.

PURPOSE OF REPORT

The purpose of the report is to present the historical and forecast financial results of the Board and to demonstrate that forecast annual coverage of Bond Debt Service by Net Revenues exceeds the 125% requirement of the Rate Covenant. The report covers a forecast period through 2029 by when all elements of the 2024 Bonds Projects and 2026 Bonds Projects are expected to be in service and no Debt Service requirements of the proposed 2024 Bonds and planned 2026 Bonds are expected to be paid from amounts capitalized from Bond proceeds.

Exhibit G shows historical and forecast calculations of debt service coverage. The Board intends in future years to commit PFC revenues to pay certain PFC-eligible debt service for the proposed 2024 Bonds and planned 2026 Bonds and such Designated PFC Revenues are forecast to be accounted for as Other Available Revenues. The Board further intends in future years to commit CFC revenues to pay certain amounts of the Debt Service requirements of the 2019 Bonds and such Designated CFC Revenues are likewise forecast to be accounted for as Other Available Revenues.

KEY ASSUMPTIONS

Airline Traffic Activity

The attachment "Background, Assumptions, and Rationale for the Airline Traffic Forecasts" provides information on the demographic and economic characteristics of the region served by the Airport, historical trends in airline traffic, the outlook for airline service, and other key factors that will affect future passenger and cargo airline traffic.

Exhibit P shows historical and forecast enplaned passengers and aircraft landed weight. Enplaned passengers are forecast to increase at 2.0% per year through the forecast period. The forecast rate of increase compares with the 3.0% rate forecast for the Airport by the FAA in its Terminal Area Forecast.

Operations and Maintenance Expenses

Exhibit D shows historical and forecast O&M Expenses. Aggregate O&M Expenses are forecast at an average rate of 4.0% per year from the 2024 budgeted amount, incorporating an assumed 2.0% rate of cost inflation.

Revenues

Exhibit E shows historical and forecast airline and nonairline revenues.

Forecast airline revenues are calculated according to the rate-making provisions of the AULA to recover O&M Expenses, Expensed Capital, Amortization, Debt Service, and other requirements allocable to the Airline-supported cost centers. The rate-making provisions of the current AULA are assumed to continue through the forecast period. Exhibit E also shows the calculation of passenger airline payments per enplaned passenger, sometimes described as airline cost per enplanement (CPE).

Nonairline revenues related to passenger activity, such as parking, rental cars, commercial ground transportation, and terminal concessions, are generally forecast with the passenger numbers shown in Exhibit P assuming price inflation or rate increases averaging between 1.0% and 4.0% per year. Other nonairline revenues are forecast to reflect the terms of leases and other contractual agreements governing the occupancy and use of Airport property and facilities.

PFC Revenues

Exhibit F shows historical and forecast PFC collections assuming a continuation of the $4.50 PFC per eligible enplaned passenger. Use of PFC revenues to pay debt service on the 2016 Bonds and 2019 Bonds and make pay-as-you go expenditures for projects under PFC Applications #14 through #18 are as approved by the FAA. The Board is in the process of preparing PFC Application #19 for FAA approval to use PFC revenues to pay debt service on the proposed 2024 Bonds. The forecast use of PFC revenues to pay debt service on the planned 2026 Bonds and make pay-as-you-go expenditures for the terminal modernization program and other future projects are subject to future FAA approvals.

STRESS TEST PASSENGER PROJECTIONS

A stress test passenger forecast was developed to provide the basis for testing the sensitivity of the Board's financial results to a hypothetical reduction in passenger numbers as could occur under conditions of weak economic growth or recession, restricted seat capacity, high airfares, or other disruption of travel demand. A 15% decrease in enplaned passenger numbers relative to the base case forecasts was assumed beginning in 2025. Landed weight for both the passenger and all-cargo airlines was likewise assumed to be decreased by 15% relative to the base case forecasts.

Exhibit H summarizes results under the Base Case and Stress Test scenarios. Assumptions regarding the funding of the CIP and O&M expenses are the same for both scenarios. Only operating revenues related to passenger numbers and PFC revenues are different.

REASONABLENESS OF ASSUMPTIONS

The forecasts as presented in the exhibits were prepared by Airport management based on information and assumptions as just described. The forecasts reflect Airport management's expected course of action during the forecast period and, in Airport management's judgment, present fairly the expected financial results of the Airport. In our opinion, the underlying assumptions provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences may be material. We have no responsibility to update the report to reflect events and circumstances occurring after the date of the report.

* * * * *

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

Respectfully submitted,

LeighFisher

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Attachment

BACKGROUND, ASSUMPTIONS, AND
RATIONALE FOR THE AIRLINE TRAFFIC FORECASTS

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

KENTON COUNTY (KENTUCKY) AIRPORT BOARD

CINCINNATI/NORTHERN KENTUCKY INTERNATIONAL AIRPORT REVENUE BONDS
Series 2024

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ECONOMIC BASIS FOR AIRLINE TRAFFIC DEMAND

AIRPORT SERVICE REGION

The Airport's primary service region is the 15-county Cincinnati Metropolitan Statistical Area (the Cincinnati MSA), shown on Figure 1. According to the U.S. Department of Commerce, Bureau of the Census, the estimated population of the Cincinnati MSA was nearly 2.3 million in 2023, making it the 30th largest MSA in the nation.

Other airports offering scheduled passenger air service and located within a two-hour drive of Cincinnati are (listed from shortest to longest driving time): Dayton International Airport (DAY), Blue Grass Airport (in Lexington) (LEX), Louisville Muhammad Ali International Airport (SDF), John Glenn Columbus International Airport (CMH), and Indianapolis International Airport (IND). The availability of air service at the Airport and the other airports helps define the Airport's secondary service region. A comparison of airline service at the six airports is presented later in the report, in Table 4.

The primary general aviation reliever airport serving the Cincinnati MSA is the Cincinnati Municipal Airport - Lunken Field (LUK), owned and operated by the City of Cincinnati. KCAB leases and operates the Miami University Airport (OXD), a general aviation airport owned by the university, located 55 miles to the north of CVG.

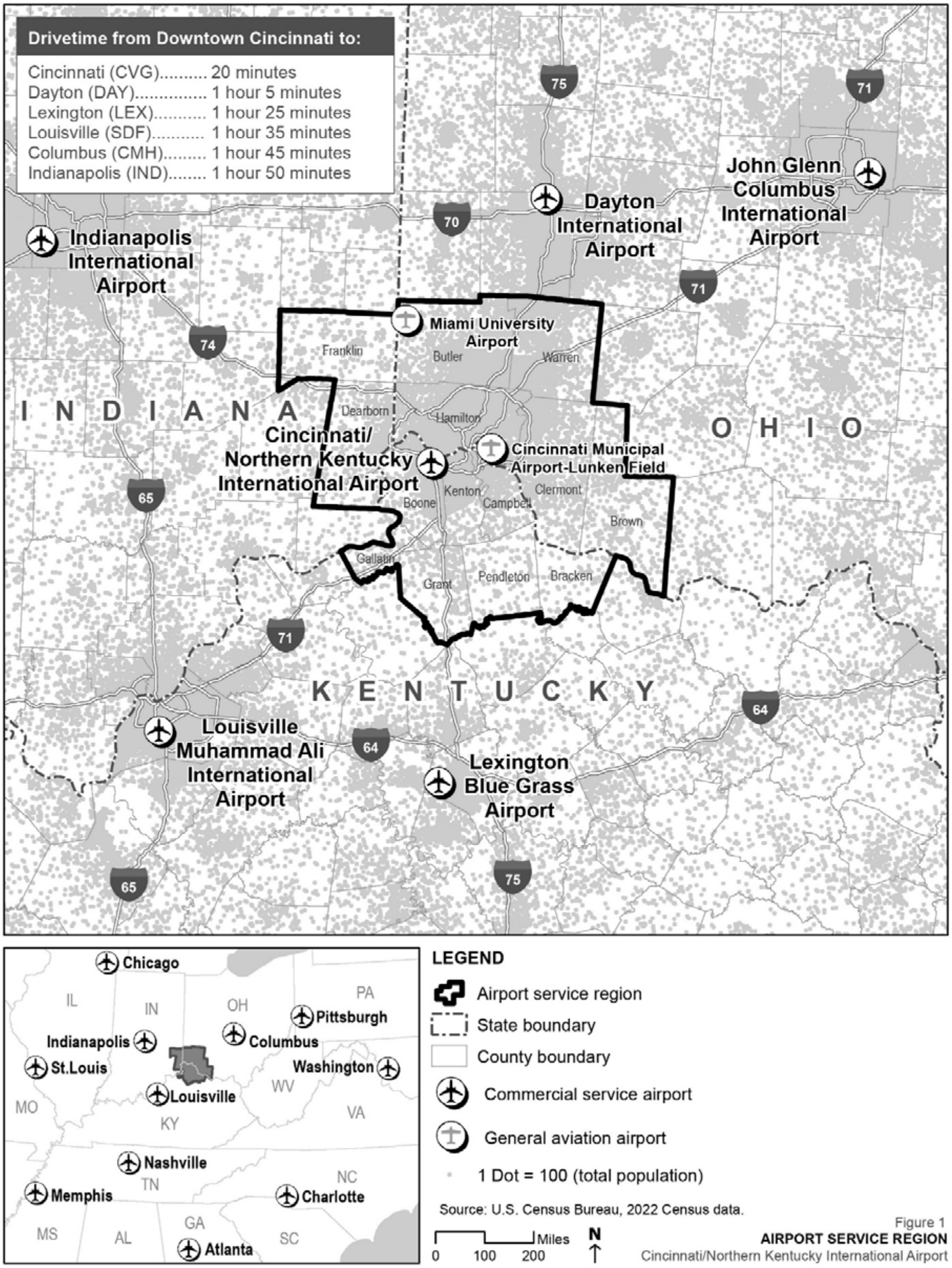


Figure 1
AIRPORT SERVICE REGION
Cincinnati/Northern Kentucky International Airport

HISTORICAL SOCIOECONOMIC INDICATORS

The population and economy of the Cincinnati MSA are key determinants of long-term passenger demand at the Airport. The following sections describe the economic basis for passenger traffic at the Airport in terms of historical socioeconomic trends and the employment profile of the Cincinnati MSA. Table 1 presents historical data on population, nonagricultural employment, per capita income, and per capita gross domestic product for the Cincinnati MSA and the United States.

Population

The population of the Cincinnati MSA increased an average of 0.4% per year between 2010 and 2019 and 0.7% per year between 2019 and 2023. The population of the nation as a whole increased an average of 0.7% per year and 0.5% per year over the same time periods.

Nonagricultural Employment

Between 2010 and 2019, nonagricultural employment in the Cincinnati MSA increased an average of 1.5% per year, compared with an average increase of 1.6% per year for the nation. Since 2019, employment has increased 0.8% per, on average, for both the Cincinnati MSA and the nation.

Per Capita Income

Per capita income for the Cincinnati MSA has historically been higher than the national average. The Cincinnati MSA's per capita personal income in 2022 ($67,939) was 100% of the national average. In 2023 the Cincinnati MSA had a 3.1% lower cost of living than the national average according to the Council for Community and Economic Research (C2ER) Cost of Living Index.

Per Capita Gross Domestic Product (GDP)

Like per capita income, the per capita GDP for the Cincinnati MSA has historically been higher than the national average. Real (inflation-adjusted) per capita GDP for the Cincinnati MSA increased an average of 2.4% per year between 2010 and 2019, compared with an average increase of 1.6% per year for the nation. In 2022, per capita GDP for the Cincinnati MSA was 107% of that for the nation.

Table 1
HISTORICAL SOCIOECONOMIC DATA
Calendar years

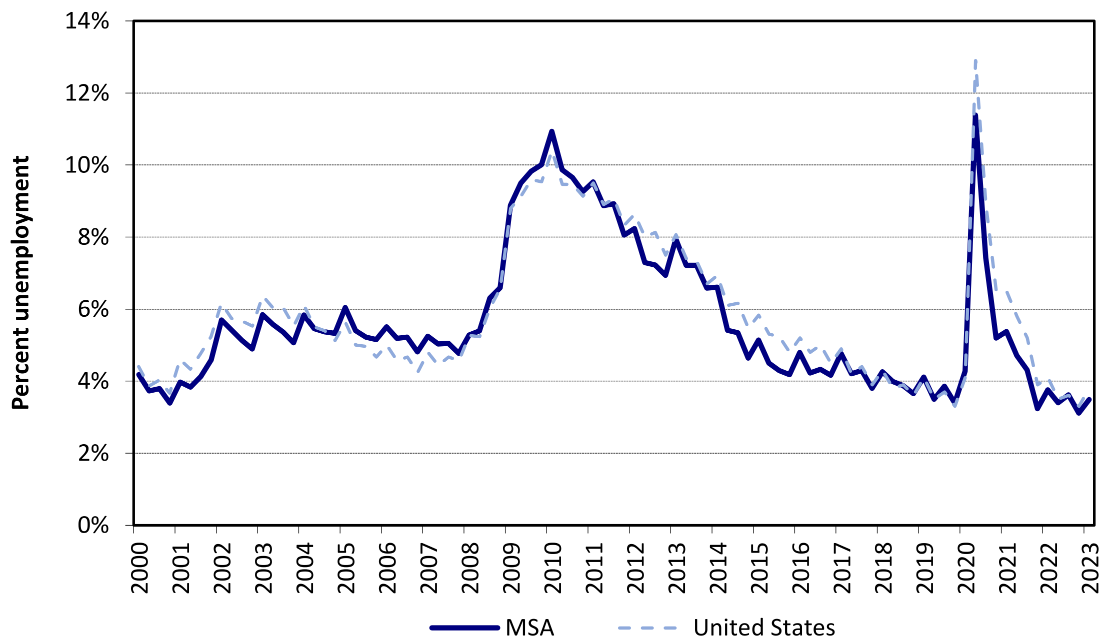
	Population (thousands)		Nonagricultural employment (thousands)		Per capita personal income (2023 dollars)		Per capita gross domestic product (2023 dollars)	
	Cinci. MSA	United States	Cinci. MSA	United States	Cinci. MSA	United States	Cinci. MSA	United States
2000	2,014	282,162	1,015	132,011	$54,664	$54,059	$67,499	$64,285
2005	2,071	295,517	1,031	134,033	56,556	55,650	71,687	68,840
2006	2,086	298,380	1,034	136,435	57,440	57,197	71,713	69,982
2007	2,100	301,231	1,044	137,981	57,339	58,177	71,665	70,613
2008	2,111	304,094	1,042	137,224	56,983	57,818	69,294	68,738
2009	2,123	306,772	992	131,296	54,870	55,827	68,164	67,030
2010	2,130	309,322	982	130,345	55,731	56,673	69,562	67,984
2011	2,133	311,557	993	131,914	57,458	57,772	70,693	67,825
2012	2,139	313,831	1,009	134,157	58,245	58,708	71,422	68,735
2013	2,145	315,994	1,026	136,363	57,905	58,075	72,146	69,873
2014	2,155	318,301	1,043	138,939	59,228	59,576	74,221	71,201
2015	2,165	320,635	1,062	141,824	61,587	61,785	77,419	73,353
2016	2,174	322,941	1,081	144,335	62,509	62,171	80,276	73,926
2017	2,184	324,986	1,095	146,607	63,451	63,402	82,651	75,016
2018	2,195	326,688	1,108	148,908	64,176	64,687	82,303	76,726
2019	2,205	328,240	1,119	150,904	65,966	66,203	86,190	78,144
2020	2,252	331,527	1,057	142,186	69,230	69,639	82,830	75,722
2021	2,253	332,049	1,093	146,285	71,619	72,447	85,723	79,901
2022	2,259	333,271	1,133	152,520	67,939	68,168	85,806	80,426
2023	2,271	334,915	1,154	156,051	-	68,531	-	81,695
	Average annual percent increase (decrease)							
2000-2007	0.6%	0.9%	0.4%	0.6%	0.7%	1.1%	0.9%	1.4%
2007-2010	0.5	0.9	(2.0)	(1.9)	(0.9)	(0.9)	(1.0)	(1.3)
2010-2019	0.4	0.7	1.5	1.6	1.9	1.7	2.4	1.6
2019-2023	0.7	0.5	0.8	0.8	n.a	0.9	n.a.	1.1

n.a. = not available.
MSA = Cincinnati Metropolitan Statistical Area comprising the 15 counties shown on Figure 1 for all years.
Notes: Population numbers are estimated as of July 1 each year.
Calculated percentages may not match those shown because of rounding.
Per capita gross domestic product number for Cincinnati MSA for 2000 is estimated.
Sources: Population: U.S. Department of Commerce, Bureau of the Census website, www.census.gov, accessed April 2024.
Income and GDP: U.S. Department of Commerce, Bureau of Economic Analysis website, www.bea.gov, accessed April 2024.
Employment: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed April 2024.

Unemployment Rates

As shown on Figure 2, the unemployment rate for the Cincinnati MSA has generally followed the same trend as that for the nation. Since the end of the 2008-2009 recession, the rate has been generally equal to or lower than for the nation. In 2023, the unemployment rate for the Cincinnati MSA averaged 3.3% compared with 3.6% for the nation.

Figure 2
TRENDS IN UNEMPLOYMENT RATES



Note: Data are quarterly averages of monthly unemployment rate data, not seasonally adjusted.
Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed April 2024.

ECONOMIC PROFILE BY INDUSTRY SECTOR

Table 2 shows the percentage distribution of nonagricultural employment by industry sector in the Cincinnati MSA and the nation for 2023 and changes between 2007 (before the 2008-2009 economic recession), 2010 (after the recession), and 2023. The following subsections provide a summary of employment in each industry sector, discussed in descending order of Cincinnati MSA employment shares.

Services

As in the United States as a whole, the services sector (professional, business, education, health, leisure, hospitality, and other services combined) accounts for the largest share of nonagricultural employment in the Cincinnati MSA. The services sector accounted for higher overall growth than any other industry sector between 2010 and 2023, adding 90,600 jobs in the Cincinnati MSA and accounting for 53% of the increase in Cincinnati MSA employment. The services sector increased its Cincinnati MSA share of nonagricultural employment from 44.7% in 2010 to 45.9% in 2023.

Employment in the services sector increased between 2010 and 2023 at an average rate of 1.5% per year.

Table 2
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR

			Average annual percent increase (decrease)			
	Share of total 2023		2007-2010		2010-2023	
Industry sector	Cincinnati MSA	United States	Cincinnati MSA	United States	Cincinnati MSA	United States
Services						
Professional and business services	15.9%	14.6%	(1.8)%	(2.3)%	1.6%	2.4%
Education and health services	15.3	16.2	1.3	2.3	1.4	1.8
Leisure and hospitality	11.2	10.6	(1.2)	(0.9)	1.9	1.9
Other services	3.5	3.7	(2.0)	(1.0)	(0.1)	0.7
Subtotal services	45.9%	45.2%	(0.6)%	(0.3)%	1.5%	1.9%
Trade, transportation, and utilities	19.8	18.5	(2.8)%	(2.6)%	1.2%	1.3%
Government	11.4	14.6	(0.1)	0.4	(0.1)	0.1
Manufacturing	10.4	8.3	(5.1)	(6.0)	1.2	0.9
Financial activities	6.9	5.9	(1.2)	(2.7)	1.9	1.4
Mining, logging, and construction	4.4	5.5	(10.4)	(9.3)	2.7	2.6
Information	1.2	1.9	(2.9)	(3.7)	(0.1)	0.9
Total	100.0%	100.0%	(2.0)%	(1.9)%	2.3%	1.4%
Total Cincinnati MSA employment	1,154,000					

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

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

Professional and Business Services. Of the 90,600 services sector jobs added in the Cincinnati MSA between 2010 and 2023, over one third (34,700) were in the professional and business services sector. This increase in jobs was higher than in any other sector or subsector. Many of these jobs were in the professional, scientific, and technical services subsector and included jobs in such fields as architecture, engineering, computer science, software development, information technology, biosciences, and health technology that support key goods-producing and service-providing industries. Key employers in the region include Belcan, Champlin Architecture, and Medpace.

Education and Health Services. Jobs in the education and health services subsector accounted for another third of the growth in service sector jobs between 2010 and 2023. The number of Cincinnati MSA jobs in this subsector increased by 28,700. In 2023, private educational services accounted for 18,400 jobs and healthcare and social assistance for 176,000 jobs.

Colleges and universities in the Cincinnati area include the University of Cincinnati, Miami University, Xavier University, Northern Kentucky University, and Thomas More University. Major health care employers in the Cincinnati MSA include Christ Hospital, UC Healthcare System, Bon Secours Mercy Health, St. Elizabeth Healthcare, Cincinnati Children's Hospital Medical Center, and TriHealth.

Leisure and Hospitality Services. Between 2010 and 2023, the number of Cincinnati MSA jobs in leisure and hospitality services increased by 27,600.

According to the State of the Region report produced by the Cincinnati USA Regional Chamber and the Center for Research and Data, the average hotel room occupancy rate in 2022 was 55.9% and according to meetNKY (the Northern Kentucky tourism and convention services bureau), there are over 31,000 hotel rooms in the Cincinnati MSA. The Duke Energy Convention center, located in downtown Cincinnati, provides nearly 300,000 square feet of event, exhibition, and meeting space. A roughly $215 million renovation project, which will include 90,000 square feet of new exhibition space, is scheduled to begin in July 2024. The Northern Kentucky Convention Center, located across the Ohio River from downtown Cincinnati, is a 204,000 square foot facility with 110,000 square feet of meeting, exhibition, and event space. The Sharonville Convention Center offers 85,000 square feet of event space and is located approximately 15 miles north of downtown Cincinnati.#

Tourist attractions in Cincinnati include the National Underground Railroad Freedom Center, the Cincinnati Zoo, Newport Aquarium, Cincinnati Museum Center, Kings Island Amusement and Water Park, Cincinnati Playhouse in the Park, and the Aronoff Center for the Arts. Oktoberfest Zinzinnati, the largest authentic Oktoberfest outside of Munich, Germany, and BLINK, the nation's largest immersive art festival, are popular events for locals and visitors. According to BLINK organizers, the 2022 event had a $126 million dollar impact on the local economy. Professional sports franchises in the Cincinnati MSA include the Reds (Major League Baseball), Bengals (National Football League), FC Cincinnati (Major League Soccer) and Cincinnati Cyclones (minor league hockey).

Trade, Transportation, and Utilities

The trade, transportation, and utilities sector accounts for a larger share of employment in the Cincinnati MSA (19.8% in 2023) than in the nation (18.5% in 2023), reflecting the region's importance as a logistics and distribution center. Cincinnati is located at the intersection of interstate highways I-71, I-75, I-74, and major railroad lines, which have contributed to the establishment of Cincinnati as a motor carrier hub and rail freight center. Cincinnati's central location and transportation infrastructure have provided competitive advantages over other metropolitan areas in attracting businesses. Approximately 60% of the U.S. population is within a one-hour flight time from CVG.

Between 2010 and 2022, the number of jobs in the Cincinnati MSA in the trade, transportation, and utilities sector increased by 33,400, largely in trucking, courier services, logistics, and warehousing. In 2023, retail trade accounted for 101,900 jobs; transportation and warehousing for 66,600 jobs; wholesale trade for 59,800 jobs; and utilities for 2,600 jobs.

Large retail trade and transportation employers in the Cincinnati MSA are Amazon, Kroger, and Total Quality Logistics.

Air cargo carrier DHL Express returned its U.S. hub operation to the Airport in 2009 following a 4-year period operating out of the Wilmington Air Park in Ohio. The Airport serves as DHL's international gateway to the Americas and is the second largest hub in DHL's system outside of Leipzig, Germany. DHL flies to Los Angeles, Miami, New York-Kennedy, Chicago-O'Hare, and internationally from CVG. The carrier operates on a 235-acre site with an 876,200 square-foot sort facility with 65 aircraft parking positions, most capable of accommodating widebody aircraft, and 6.4 million square feet of ramp area. In July 2023, DHL announced a $192 million expansion project that would include a 305,000 square foot aviation maintenance facility and eight additional aircraft parking positions. The project is scheduled to be completed in 2025. In 2023, approximately 56 DHL flights landed per day at the Airport and accounted for 42.3% of landed weight.

Amazon Air opened a $1.5 billion air cargo hub at the Airport in 2021. CVG serves as Amazon's principal U.S. hub of operations connecting a network of more than 40 airports.   Other hub locations include Fort Worth, Texas, San Bernardino, California, and Lakeland, Florida.   Amazon Air's 800,000 square foot sortation facility sits on a 600-acre campus which includes seven buildings, an aircraft ramp accommodating 35 parking positions, most capable of accommodating widebody aircraft, and a car parking structure. In 2023, approximately 36 Amazon Air flights landed per day at the Airport and accounted for 23.3% of landed weight.

Government

The government sector accounted for a smaller share of employment in the Cincinnati MSA (11.4% in 2023) than for the nation (14.6% in 2023). Between 2010 and 2023, the number of Cincinnati MSA jobs in the government sector decreased by 1.3%.

Manufacturing

The manufacturing sector accounted for a greater share of employment for the Cincinnati MSA (10.4%) than for the nation (8.3%). Jobs in this sector increased by 17,300 (16.8%) between 2010 and 2023. Large manufacturing employers include Cintas, L3Harris, Procter and Gamble, and GE Aerospace.

Financial Activities

Between 2010 and 2023, employment in the financial sector increased by 17,300 jobs (27.6%). Notable financial sector employers in the MSA are Western & Southern, U.S. Bank, Fifth Third, and Fidelity Investments.

Construction

Construction sector employment increased by 14,800 jobs (40.8%) between 2010 and 2023 and represented 4.4% of total area employment.

Information

Between 2010 and 2023, the number of Cincinnati MSA jobs in the information sector was essentially unchanged.

Major Employers

Table 3 shows the 20 largest employers in the region, ranked by regional employment. Of these 20 employers, three are both headquartered in the MSA and on the *Fortune* 500 list of largest U.S. companies. *Fortune* 500 companies headquartered in the MSA, and their respective rankings, that are not listed in Table 3 include: General Electric (56), Western & Southern Financial Group (284), Cincinnati Financial (393), Cintas (437), and American Financial Group (470).

Table 3

LARGEST EMPLOYERS

Cincinnati Tri-State Area

(January 2024)

Rank	Company	Employment	Type of business
1	Kroger Co. *(a)*	20,000	Grocer/retail
2	Cincinnati Children's Hospital	18,500	Health care
3	Cincinnati/N. Kentucky Intl. Airport *(b)*	14,900	Airport
4	TriHealth Inc.	12,100	Health care
5	University of Cincinnati	11,100	Education
6	Proctor & Gamble Co. *(a)*	11,000	Consumer products
7	St. Elizabeth Healthcare	10,400	Health care
8	UC Health	9,800	Health care
9	GE Aerospace *(c)*	7,500	Aerospace
10	Mercy Health – Cincinnati	7,500	Health care
11	Fifth Third Bancorp *(a)*	7,000	Financial services
12	Cincinnati Public Schools	6,500	Education
13	Christ Hospital	6,500	Health care
14	City of Cincinnati	6,200	Local government
15	Amazon.com LLC	6,000	Retail
16	Kings Island	5,500	Amusement park
17	RDI Corp.	5,500	Call center and IT services
18	Baker Construction Enterprises	5,000	Construction
19	Fidelity Investments	4,800	Financial services
20	Hamilton County	4,300	Local government

Note: The Tri-state area as defined by Cincinnati Business Courier is generally the same as the Cincinnati MSA.

(a) Fortune 500 company (based on 2023 revenue) headquartered in Cincinnati. Rank on Fortune 500: Kroger Co. (25), Proctor & Gamble Co. (50), Fifth Third Bank (321).

(b) Employment figure represents all badged employees, including airport, airlines, and other tenants.

(c) GE Aerospace, which was formerly part of General Electric (ranked 56th on the Fortune 500 list) and became its own publicly traded company in April 2024, would have ranked 140 on the list if it was its own standalone company in 2023. GE Aerospace will be headquartered in Cincinnati.

Sources: Cincinnati Business Courier, 2023-2024 Book of Lists; Cincinnati Business Courier, *Kroger, P&G, Fifth Third among Cincinnati Firms on 2024 Fortune 500 list*, June 2024; County Airport Board records.

ECONOMIC OUTLOOK

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

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

The economic outlook for the Airport service region generally depends on the same factors as those for the nation. In the State of the Region report, the Center for Research and Data projects that the region will continue to grow and attract new residents, thereby increasing population by 249,000 between 2020 and 2050, provided the region maintains a competitive and welcoming regulatory environment for businesses. The Center also predicts that jobs in the trade, transportation, and utilities sector, and more specifically, the transportation and warehousing subsector will increase the most of any business sector as the region continues to grow as a transportation and logistics hub.

AIRLINE TRAFFIC ANALYSIS

AIRPORT ROLE

The Airport was the 49th busiest airport in the nation and the 18th busiest medium-hub airport, in terms of enplaned passengers according to the FAA's 2023 classification of airport hub size. In 2023, the Airport was the 7th busiest cargo airport in the United States as measured in terms of total cargo weight according to Airports Council International – North America. The Airport is DHL's main international hub for the U.S. and the Americas and Amazon Air's principal U.S. hub of operations. Information on air cargo tonnage and flight operations by all-cargo carriers is provided in later report sections.

Table 4 compares air service, passengers, and airfares at the Airport and the other five regional airports. In terms of seats, flights, and the number of destinations served, CVG is similar in size to IND and CMH.

As scheduled for July 2024, 12 airlines (9 domestic and 3 foreign-flag) serve CVG compared with 10 each at IND and CMH. International service at CVG is provided by Air Canada, British Airways, Delta, Frontier, and VivaAerobus, while international service at IND and CMH is provided by Air Canada and Southwest. As scheduled for July 2024, CVG provides slightly fewer departing flights and seats than IND but serves more airports nonstop.

The number of domestic originating passengers at CVG in 2023 was 98% of the number in 2019 (pre-pandemic) and the average domestic one-way fare paid was 12.7% higher. The average fare paid at CVG in 2023 was the lowest of the six regional airports, largely due to the presence of low-cost carriers Allegiant, Breeze, Frontier, and Southwest.

The Airport was a connecting hub for Delta until 2005 when the airline filed for Chapter 11 bankruptcy protection. Prior to that (and before the Delta-Northwest merger), the Airport was the second largest hub in Delta's system after Atlanta. In 2005, approximately 72% of enplaned passengers at the Airport were connecting between flights. Over time, the Airport transitioned into one serving primarily originating passengers and, in 2023, approximately 96% of passengers originated their journeys at the Airport while only 4% connected between flights. *

HISTORICAL AIRLINE SERVICE

Figure 3 shows the 50 domestic airports with nonstop passenger service from the Airport as scheduled for July 2024. Of the 50 airports, 26 are served by two or more airlines.

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* In discussions of historical airline service and passenger traffic by airline in the report, unless otherwise noted, data for merged airlines are accounted for with the surviving airline (i.e., America West Airlines, Trans World Airlines, and US Airways with American; Northwest Airlines with Delta; Continental Airlines with United; Midwest Airlines with Frontier Airlines; and AirTran Airways with Southwest). Also, data for affiliated regional airlines are accounted for with data for the mainline airline. Regional airlines scheduled to operate at the Airport as code-sharing affiliates as of July 2024 are Air Wisconsin (American Eagle), Endeavor Air (Delta Connection), Envoy Air (American Eagle), GoJet Airlines (United Express), Mesa Airlines (United Express), Piedmont Airlines (American Eagle), PSA Airlines (American Eagle), Republic Airways (American Eagle, Delta Connection, and United Express), and SkyWest Airlines (United Express).

Table 4

PASSENGER AIRLINE SERVICE, ORIGINATING PASSENGERS, AND AVERAGE AIRFARES

Cincinnati/Northern Kentucky International Airport and Nearest Competing Airports

As scheduled for July 2024, unless otherwise noted

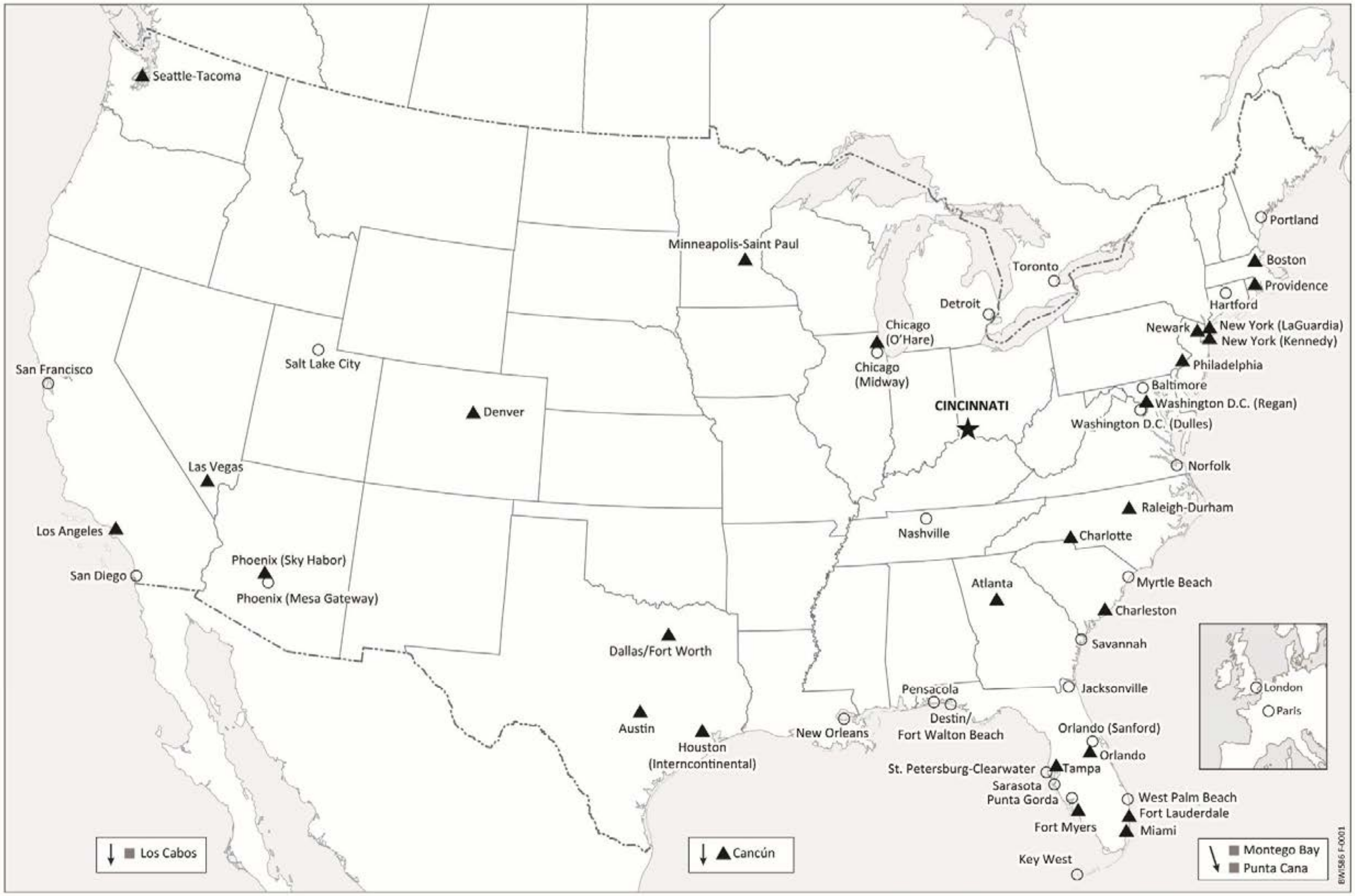
	CVG	IND	CMH	SDF	LEX	DAY
Number of airlines providing service	12	10	10	8	4	4
Average daily departing seats *(a)*						
Domestic	16,996	19,635	17,882	9,661	3,061	2,032
International	673	121	193	-	-	-
Total	17,669	19,756	18,075	9,661	3,061	2,032
Average daily departing flights *(a)*						
Domestic	133	143	137	83	29	27
International	4	1	2	-	-	-
Total	137	144	139	83	29	27
Average departing seats per flight						
Domestic	128	137	131	116	105	74
International	157	96	85	-	-	-
Total	129	137	130	116	105	74
Airports served nonstop *(a)*						
Domestic	50	45	45	35	15	12
International	4	2	2	-	-	-
Total	54	47	47	35	15	12
Domestic outbound originating passengers (in thousands) *(b)*						
2019	3,826	4,157	3,672	1,842	616	741
2023	3,738	4,258	3,591	2,014	580	521
Percent change	*(2.3)%*	*2.4%*	*(2.2)%*	*9.4%*	*(5.8)%*	*(29.6)%*
Avg. domestic one-way fare paid *(b)*						
2019	$152.24	$173.26	$167.48	$182.82	$191.23	$202.62
2023	171.53	187.39	186.91	180.10	216.31	218.18
Percent change	*12.7%*	*8.2%*	*11.6%*	*(1.5)%*	*13.1%*	*7.7%*
Enplaned passengers (in thousands) *(c)*						
2019	4,413	4,706	4,171	2,042	707	846
2023	4,288	4,784	4,095	2,267	665	594
Percent change	*(2.9)%*	*1.6%*	*(1.8)%*	*11.1%*	*(5.8)%*	*(29.8)%*

Sources:

(a) Airline Data Inc., online database, accessed June 2024. Data shown are for scheduled domestic and international service.

(b) U.S. Department of Transportation, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100. Data shown are for calendar years.

(c) U.S. Department of Transportation, Schedule T100. Data shown are for calendar years.



LEGEND

○ = Airports with scheduled service by only one airline.

▲ = Airports with scheduled service by more than one airline.

■ = Airports with non-scheduled service.

Source: Airline Data Inc., online database, accessed June 2024; Kenton County Airport Board.

Figure 3
AIRPORTS SERVED FROM CINCINNATI
Cincinnati International Airport
As Scheduled for July 2024

Table 5 presents data on airline service from the Airport to the 21 destinations accounting for 1.5% or more of domestic originating passengers at the Airport in 2023. Also shown are the airlines providing nonstop service from the Airport to each destination. The top five destinations – Orlando, New York, Miami, Tampa-St. Petersburg, and Denver – accounted for 31.6% of domestic originating passengers at the Airport in 2023. As scheduled for July 2024, daily nonstop service is provided from the Airport to all 21 of the destinations. Most of the largest destinations are served by two or more airports. Five of the top 21 destinations are in Florida and account for 17.6% of domestic departing seats in July 2024 (up from 14.9% in July 2019).

As scheduled for July 2024, Delta operates flights to 14 of the 21 destinations, compared with 19 destinations in July 2019. Frontier started service to New York LaGuardia in April 2024 and to 7 additional destinations (Boston, Charlotte, Fort Lauderdale, Houston, Minneapolis-St. Paul, Pensacola, and Portland, Maine) in May 2024. Also in May 2024, Frontier opened a flight crew base at the Airport, which will employ approximately 80 pilots and 160 flight attendants in its first year of operation.*

As scheduled for July 2024, passenger airlines provide 673 average daily departing seats to 4 international destinations—Cancun, Mexico; London, England; Paris, France; and Toronto, Canada. British Airways started nonstop service to London-Heathrow in June 2023. Nonscheduled service is also provided on Allegiant to Los Cabos, Mexico; Montego Bay, Jamaica; and Punta Cana, Dominican Republic.

DOMESTIC ORIGINATING PASSENGERS AND AIRLINE YIELDS

Figure 4 shows the data on domestic yields for the Airport and the United States since 2000, by calendar year. The figure illustrates the "yield premium" enjoyed by Delta at the Airport until 2013 as it provided most of the service at the Airport and the only nonstop service to smaller cities. Between 2000 and 2013, yields at the Airport were between 50% and 85% higher than the national average. Between 2013 and 2019, increased competition among airlines at the Airport resulted in lower fares and the yield decreased 30.4%. Over the period, domestic originating passenger numbers at the Airport increased 116.0%, compared with an increase of 36.4% for the nation. Yields decreased in 2021 as the pandemic reduced travel demand but exceeded pre-pandemic levels in 2022 and 2023.

The domestic yields shown in Figure 4, as reported by the airlines to the United States Department of Transportation (U.S. DOT), exclude charges for optional services, such as checked baggage, preferred seating, in-flight meals, entertainment, and ticket changes. Such charges have become widespread in the airline industry since 2006. As a result, the average yields shown understate the amount actually paid by airline passengers for their travel. Optional service charges that were previously included in the ticket price are not all separately reported to the U.S. DOT. They have been estimated by industry analysts to amount to an effective average surcharge on domestic airfares of approximately 5% of ticket fare revenues, although the percentage varies widely by airline.

* WLWT5, *Frontier adds new nonstop route out of Cincinnati airport* April 10, 2024.

Table 5

DOMESTIC AIRLINE SERVICE BY DESTINATION

Cincinnati/Northern Kentucky International Airport

As scheduled for July of years shown

			2023		July 2019 *(b)*		July 2024 *(b)*		Airlines providing nonstop service *(b)*	
Rank	Destination *Airport*	Air miles from Cincinnati *(b)*	Originating passengers	Percent of originating passengers	Average daily departures	Average daily seats	Average daily departures	Average Daily Seats	July 2019	July 2024
1	Orlando									
	Orlando International	757	248,136	6.7%	4	648	5	871	DL, F9, WN	DL, F9, WN
	Sanford	735	51,372	1.4	1	224	1	214	G4	G4
	Subtotal		299,508	8.1%	5	872	6	1,085		
2	New York									
	Newark	569	124,552	3.4%	8	500	6	476	DL, G4, UA	DL, G4, UA
	LaGuardia	585	107,123	2.9	8	638	7	667	AA, DL, F9	AA, DL, F9
	Kennedy	589	49,423	1.3	2	121	6	456	AA, DL	AA, DL
	White Plains	597	1,918	0.1	--	--	--	--	--	--
	Islip	626	1,131	0.0	--	--	--	--	--	--
	Subtotal		284,147	7.7%	17	1,260	20	1,599		
3	Miami									
	Fort Lauderdale-Hollywood	932	106,078	2.9%	2	323	2	428	DL, G4	DL, F9, G4
	Miami	948	85,722	2.3	3	150	3	260	AA	AA, F9
	Palm Beach	892	23,686	0.6	--	--	0	42	--	G4
	Subtotal		215,486	5.8%	5	473	5	731		
4	Tampa/St. Petersburg									
	Tampa	773	140,523	3.8%	2	304	3	442	DL, F9	DL, F9
	St. Petersburg-Clearwater	776	54,230	1.5	1	228	1	260	G4	G4
	Subtotal		194,753	5.2%	3	533	4	715		
5	Denver	1,069	178,934	4.8%	6	930	5	916	DL, F9, G4, UA, WN	DL, F9, G4, UA, WN

Table 5 *(page 2 of 3)*

DOMESTIC AIRLINE SERVICE BY DESTINATION

Cincinnati/Northern Kentucky International Airport

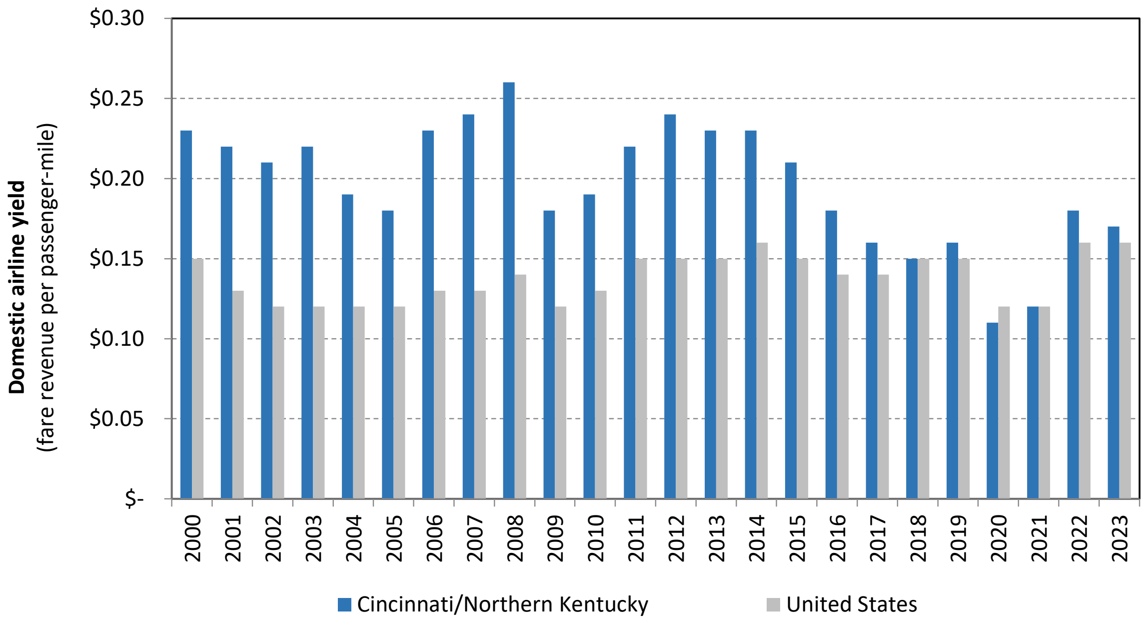
Rank	Destination *Airport*	Air miles from Cincinnati *(b)*	2023 Originating passengers	2023 Percent of originating passengers	July 2019 *(b)* Average daily departures	July 2019 *(b)* Average daily seats	July 2024 *(b)* Average daily departures	July 2024 *(b)* Average daily seats	Airlines providing nonstop service *(b)* July 2019	Airlines providing nonstop service *(b)* July 2024
6	Washington, D.C.									
	Reagan	411	80,769	2.2%	6	416	5	368	AA, DL	AA, DL
	Baltimore/Washington	430	49,366	1.3	5	558	2	335	DL, WN	WN
	Dulles	388	24,073	0.6	4	285	4	217	UA	UA
	Subtotal		154,208	4.2%	15	1,259	11	920		
7	Las Vegas	1,678	154,107	4.1%	3	473	2	338	DL, F9, G4	DL, F9, G4
8	Los Angeles									
	Los Angeles	1,900	90,178	2.4%	3	500	1	234	DL, F9, G4	DL, G4
	Ontario	1,877	22,631	0.6	--	--	--	--	--	--
	Orange County	1,854	13,185	0.4	--	--	--	--	--	--
	Long Beach	1,889	2,639	0.1	--	--	--	--	--	--
	Burbank	1,891	2,668	0.1	--	--	--	--	--	--
	Subtotal		131,301	3.5%	3	500	1	234		
9	Boston									
	Boston	752	103,128	2.8%	3	378	6	527	DL	AA DL, F9
	Providence	722	14,941	0.4	0	51	1	82	G4	G4, MX
	Manchester	741	3,254	0.1	--	--	--	--	--	--
	Subtotal		121,323	3.3%	4	429	7	610		
10	Dallas									
	Dallas/Fort Worth	812	112,039	3.0%	7	764	6	989	AA, DL, F9	AA, F9
	Love Field	805	6,673	0.2	--	--	--	--	--	--
	Subtotal		427,609	3.2%	7	764	6	989		
11	Fort Myers	879	114,894	3.1%	2	290	2	263	DL, F9	DL, F9
12	Chicago									
	O'Hare	264	82,182	2.2%	17	1,006	10	858	AA, DL, UA	AA, UA
	Midway	249	28,781	0.8	5	673	1	220	WN	WN
	Subtotal		104,066	3.0%	22	1,679	11	1,078		
13	Atlanta	373	104,589	2.8%	7	1,240	8	1,502	DL, F9	DL, F9

Table 5 *(page 3 of 3)*
DOMESTIC AIRLINE SERVICE BY DESTINATION
Cincinnati/Northern Kentucky International Airport

Rank	Destination *Airport*	Air miles from Cincinnati *(b)*	2023 Originating passengers	2023 Percent of originating passengers	July 2019 *(b)* Average daily departures	July 2019 *(b)* Average daily seats	July 2024 *(b)* Average daily departures	July 2024 *(b)* Average daily seats	Airlines providing nonstop service (b) July 2019	Airlines providing nonstop service (b) July 2024
14	Phoenix									
	Sky Harbor	1,569	86,408	2.3%	0	84	2	246	AA	AA, F9, WN
	Mesa Gateway	1,550	17,658	0.3	0	51	0	47	G4	G4
	Subtotal		104,066	2.8%	1	135	2	293		
15	Houston									
	Intercontinental	871	78,388	2.1%	5	429	3	343	DL, UA	F9, UA
	Hobby	886	9,389	0.3	--	--	--	--	--	--
	Subtotal		87,777	2.4%	1	429	3	343		
16	Seattle-Tacoma	1,965	82,517	2.2%	1	179	2	357	DL	AS, DL
17	Minneapolis-Saint Paul	596	67,502	1.8	5	487	5	771	DL, F9	DL, F9, SY
18	San Francisco									
	San Francisco	2,036	49,355	1.3%	2	388	0	57	DL, F9, UA	MX
	San Jose	2,017	10,140	0.3	--	--	--	--	--	--
	Oakland	2,026	6,051	0.2	--	--	--	--	--	--
	Subtotal		65,546	1.8%	2	388	0	57		
19	Philadelphia	507	63,368	1.7%	8	567	5	481	AA, DL, F9	AA, F9
20	Austin	958	61,998	1.7	1	186	2	186	DL, F9, G4	DL, G4
21	Fort Walton Beach	600	60,361	1.6	2	274	2	320	G4	G4
	Top 21 destinations		2,776,060	74.8%	124	13,347	109	13,788		
	Other destinations *(c)*		937,395	25.2	32	3,085	28	3,881		
	Total all destinations		3,713,455	100.0%	156	16,433	137	17,669		

Note: Columns may not add to totals shown because of rounding.
AA=American Airlines, AS=Alaska Airlines, DL=Delta Air Lines, F9=Frontier Airlines, G4=Allegiant Airlines, MX=Breeze Airways, UA=United Airlines, WN=Southwest Airlines.
(a) U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100. Originating passengers for the 12 months ended December 31, 2023.
(b) Airline Data Inc., online database, accessed June 2024.
(c) Destinations that individually accounted for less than 1.5% of originating passengers.

Figure 4
DOMESTIC YIELDS
Cincinnati/Northern Kentucky International Airport and United States
Calendar years



Notes: Yields for outbound originating domestic passengers.
Yields exclude taxes, fees, passenger facility charges, and charges for optional services.
Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

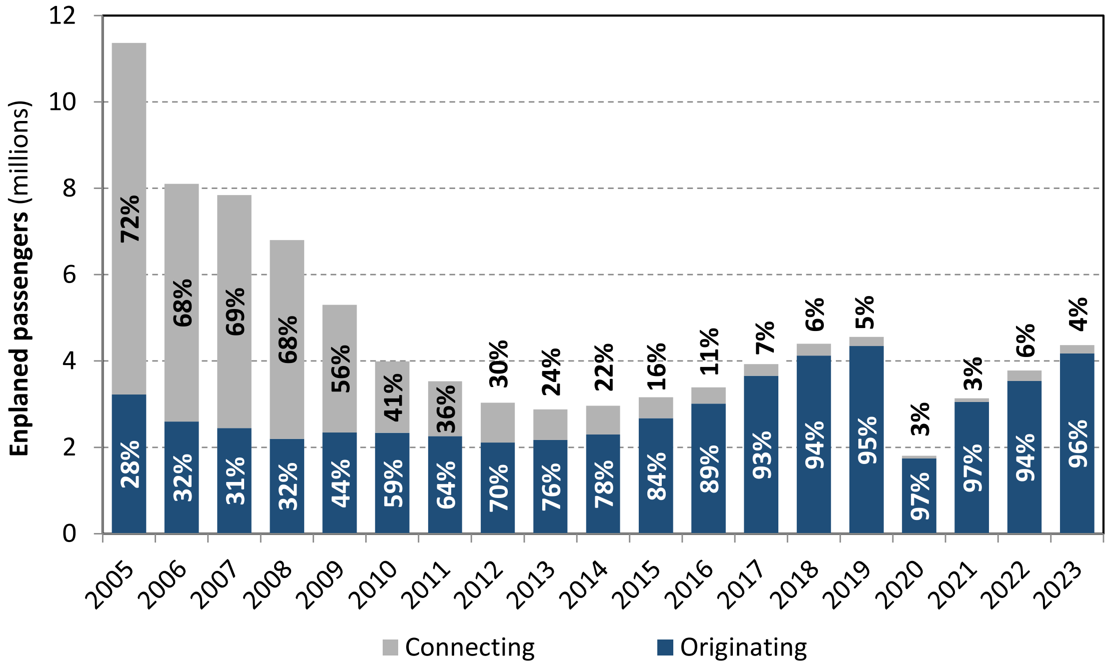
ENPLANED PASSENGER TRENDS BY SEGMENT

Figure 5 presents the enplaned passenger trend by originating and connecting at the Airport between 2010, following the national economic recession, and 2023. Table 6 presents historical data on originating and connecting passengers at the Airport from 2005 to 2023.

The number of passengers enplaned at the Airport decreased by 1.1 million (7.1% per year, on average) between 2010 and 2013. The decrease was due almost entirely to reduced numbers of connecting passengers on Delta. Low-cost airlines started service at the Airport – Frontier in 2013, Allegiant in 2014, Southwest in 2017, Sun Country in 2021, and Breeze in 2023 – and competition has led to lower average airfares in many markets and a stimulation of originating travel demand. Between 2013 and 2019, the number of enplaned passengers increased by 1.7 million (combining an increase of 2.2 million originating and a decrease of 0.5 million connecting). Enplaned passengers totaled 4.6 million in 2023 which is 96.0% of 2019 (pre-COVID) enplaned passengers.

In 2023, originating passengers (area residents and visitors) accounted for 95.5% of enplaned passengers at the Airport and connecting passengers accounted for 4.5%. According to U.S. DOT survey data, the share of area residents and visitors has been about 60% residents and 40% visitors since 2005.

Figure 5
ENPLANED PASSENGERS, BY ORIGINATING AND CONNECTING
Cincinnati/Northern Kentucky International Airport
Calendar years



Note: Percentages may not sum to 100 due to rounding.
Source: Kenton County Airport Board.

Table 6
HISTORICAL ORIGINATING AND CONNECTING PASSENGERS
Cincinnati/Northern Kentucky International Airport
Calendar years, in thousands

	Originating passengers					Share of total			
						Originating			
Year	Resident	Visitor	Total	Conn.	Total	Resident	Visitor	Total	Conn.
2005	1,774	1,447	3,221	8,144	11,365	15.6%	12.7%	28.3%	71.7%
2006	1,486	1,111	2,597	5,505	8,102	18.3	13.7	32.1	67.9
2007	1,379	1,069	2,448	5,396	7,844	17.6	13.6	31.2	68.8
2008	1,218	979	2,196	4,605	6,802	17.9	14.4	32.3	67.7
2009	1,299	1,044	2,343	2,958	5,301	24.5	19.7	44.2	55.8
2010	1,416	919	2,335	1,653	3,988	35.5	23.0	58.6	41.4
2011	1,401	857	2,258	1,268	3,525	39.7	24.3	64.0	36.0
2012	1,308	805	2,112	921	3,033	43.1	26.5	69.6	30.4
2013	1,357	814	2,171	703	2,875	47.2	28.3	75.5	24.5
2014	1,425	874	2,299	665	2,965	48.1	29.5	77.6	22.4
2015	1,659	1,010	2,670	491	3,160	52.5	32.0	84.5	15.5
2016	1,811	1,196	3,008	376	3,384	53.5	35.4	88.9	11.1
2017	2,305	1,348	3,652	274	3,926	58.7	34.3	93.0	7.0
2018	2,605	1,517	4,122	279	4,401	59.2	34.5	93.7	6.3
2019	2,748	1,592	4,341	213	4,554	60.4	35.0	95.3	4.7
2020	1,157	584	1,741	61	1,803	64.2	32.4	96.6	3.4
2021	2,016	1,036	3,052	88	3,140	64.2	33.0	97.2	2.8
2022	2,273	1,264	3,537	245	3,783	60.1	33.4	93.5	6.5
2023	2,676	1,497	4,173	197	4,370	61.2	34.3	95.5	4.5
	Average annual percent Increase (decrease)								
2010-2013	(1.4)%	(4.0)%	(2.4)%	(24.8)%	(10.3)%				
2013-2023	7.0	6.3	6.8	(12.0)	4.3				

Sources: Originating, connecting and total enplaned passengers: Kenton County Airport Board records.
Resident and visitor passengers: LeighFisher estimates based on U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100.

Table 7 presents data on the shares of originating passengers by airline group for 2023 and shows the distribution of originating passengers between residents and visitors. The legacy carriers (Alaska, American, Delta, and United) and the foreign-flag airlines (Air Canada and British Airways), combined, accounted for 67.1% of originating passengers and 75.9% of connecting passengers at the Airport. Low-Cost Carriers (LCC) Allegiant, Breeze, Frontier, Southwest, and Sun Country accounted for 32.9% of originating passengers. Frontier was the only LCC to report connecting passengers.

Table 7
ENPLANED PASSENGERS BY AIRLINE GROUP
Cincinnati/Northern Kentucky International Airport
Calendar year 2023

	Average daily enplaned passengers			Distribution by airline group		
	Legacy airlines *(a)*	LCC airlines *(b)*	All airlines	Legacy airlines *(a)*	LCC airlines *(b)*	All airlines
By sector						
Domestic	7,821	3,848	11,669	96.8%	99.0%	97.5%
International	263	41	303	3.2	1.0	2.5
Total	8,083	3,889	11,972	100.0%	100.0%	100.0%
By type of passenger						
Originating – resident *(c)*	4,802	2,530	7,333	59.4%	65.1%	61.2%
Originating – visitor *(d)*	2,872	1,229	4,101	35.5	31.6	34.3
Subtotal originating	7,675	3,759	11,434	94.9%	96.7%	95.5%
Connecting	409	130	539	5.1	3.3	4.5
Total	8,083	3,889	11,972	100.0%	100.0%	100.0%
Share by airline group						
Originating	67.1%	32.9%	100.0%			
Connecting	75.9	24.1	100.0			
Total	67.5	32.5	100.0			

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

(a) Legacy airlines include: Air Canada, Alaska, American, British Airways, Delta, United, charter, and other.

(b) LCC airlines include: Allegiant, Breeze, Frontier, Southwest, and Sun Country.

(c) Originating-resident passengers are those whose flight itineraries began at the Airport.

(d) Originating-visitor passengers are those whose flight itineraries began at other airports.

Sources: Kenton County Airport Board records; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100.

AIRLINE COMPETITION AND SHARES OF PASSENGERS

Table 8 presents the distribution of enplaned passengers at the Airport by airline for selected years between 2010 and 2023. In 2010, Delta enplaned 84.5% of enplaned passengers. In 2023, Delta still enplaned the largest share, but it was reduced to 35.4%, followed by American (19.0%), Frontier (13.3%), Allegiant (11.8%), and United (10.4%). There was no LCC presence at the Airport in 2010, but in 2023 the number of passengers enplaned on LCC flights at the Airport was 1.42 million, which represented 32.5% of total enplaned passengers. In 2023, foreign-flag airlines accounted for 1.1% of total enplaned passengers, up from 0.2% in 2010.

Table 8

AIRLINE SHARES OF ENPLANED PASSENGERS

Cincinnati/Northern Kentucky International Airport

Calendar years

	2010	2015	2019	2020	2021	2022	2023
Delta	3,369,894	1,778,433	2,067,260	637,645	1,111,138	1,339,845	1,548,036
American	283,917	480,960	641,450	306,939	563,587	719,958	828,685
Frontier	-	288,116	461,709	229,068	367,364	466,976	580,793
Allegiant	-	234,272	525,803	326,282	480,737	523,040	515,240
United	300,812	314,655	499,494	168,918	298,144	386,602	456,036
Southwest	-	-	303,042	124,687	264,629	251,035	276,330
Alaska	-	-	-	-	30,885	48,365	48,653
Breeze	-	-	-	-	-	-	31,529
British Awys.	-	-	-	-	-	-	23,678
Air Canada	6,862	21,012	32,471	5,090	-	11,195	23,130
Sun Country	-	-	1,333	192	8,456	13,936	15,599
All other	26,453	42,800	21,228	3,854	15,590	21,905	22,251
Total	3,987,938	3,160,248	4,553,790	1,802,675	3,140,530	3,782,857	4,369,960
By type of airline:							
Legacy	3,987,938	2,637,860	3,261,903	1,122,446	2,019,344	2,527,870	2,950,469
LCC	-	522,388	1,291,887	680,229	1,121,186	1,254,987	1,419,491
	Share of total						
Delta	84.5%	56.3%	45.4%	35.4%	35.4%	35.4%	35.4%
American	7.1	15.2	14.1	17.0	17.9	19.0	19.0
Frontier	-	9.1	10.1	12.7	11.7	12.3	13.3
Allegiant	-	7.4	11.5	18.1	15.3	13.8	11.8
United	7.5	10.0	11.0	9.4	9.5	10.2	10.4
Southwest	-	-	6.7	6.9	8.4	6.6	6.3
Alaska	-	-	-	-	1.0	1.3	1.1
Breeze	-	-	-	-	-	-	0.7
British Awys.	-	-	-	-	-	-	0.5
Air Canada	0.2	0.7	0.7	0.3	-	0.3	0.5
Sun Country	-	-	0.0	0.0	0.3	0.4	0.4
All other	0.7	1.4	0.5	0.2	0.5	0.6	0.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
By type of airline:							
Legacy	100.0%	83.5%	71.6%	62.3%	64.3%	66.8%	67.5%
LCC	-	16.5	28.4	37.7	35.7	33.2	32.5

Note: Columns may not add to totals shown due to rounding.

Source: Kenton County Airport Board records.

AIR CARGO

Table 9 lists the 30 busiest U.S. airports ranked by air cargo tonnage in 2023 as compiled by Airports Council International-North America. The Airport ranked as the seventh busiest cargo airport in the United States, measured in terms of total cargo weight enplaned and deplaned, and experienced the highest increase in cargo tonnage among the 30 airports listed between 2019 and 2023.

As reported by Airports Council International in February 2024, the Airport was ranked 12th globally in terms of total cargo tonnage handled in 2023. As reported by the FAA for 2022, the Airport ranked sixth among U.S. airports in terms of all-cargo carrier landed weight, up from 93rd in 2008.

Figure 6 shows historical air cargo tonnage at the Airport from 2007 through 2023 and highlights the increases in total air cargo tonnage (enplaned and deplaned) since DHL's return to CVG in 2009 and the start of Amazon Air's service in 2017.

Table 10 shows historical all-cargo landed weight and total cargo tonnage at the Airport. Between 2009 and 2023, all-cargo landed weight increased an average of 17.5% per year. All-cargo landed weight accounted for 67.6% of total aircraft landed weight at the Airport in 2023. DHL, Amazon Air, and Delta accounted for the largest shares of landed weight for 2023, at 42.3%, 23.3%, and 11.0%, respectively. Over the same period, cargo tonnage increased an average of 20.6% per year, due almost entirely to DHL and Amazon Air.

Table 11 shows historical air cargo tonnage at the Airport by airline. In 2023, 2.1 million tons of cargo was handled at the Airport of which DHL carried 53.3%, Amazon Air carried 45.1%, and other all-cargo and passenger carriers combined carried 1.5%.

Table 9

AIR CARGO AT BUSIEST U.S. AIRPORTS

Calendar years

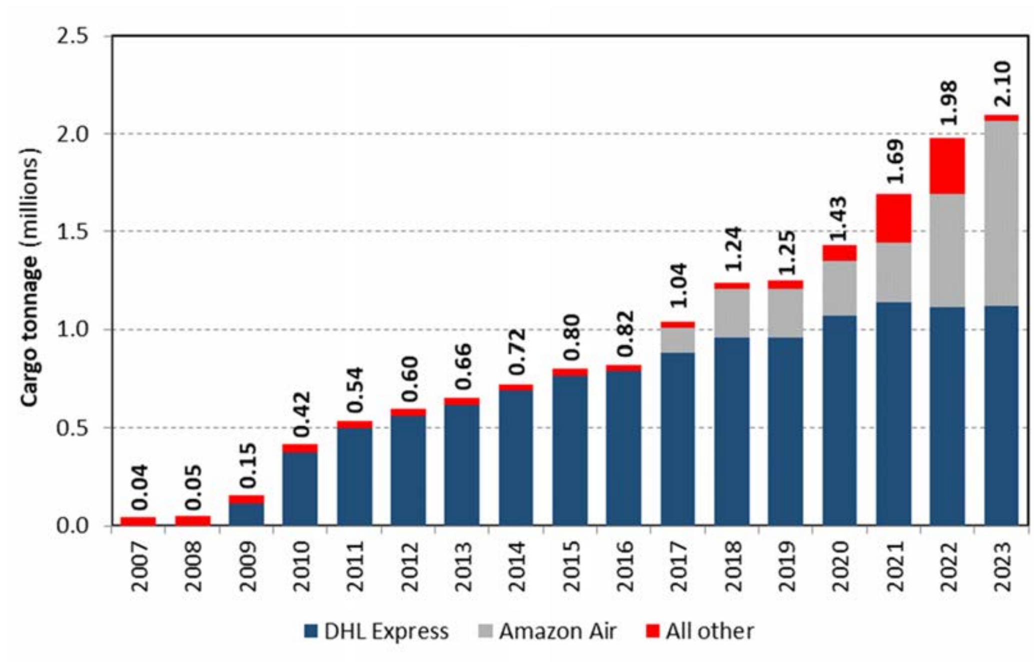
Rank 2023	City (airport)	Total cargo (metric tons in thousands) 2000	2010	2015	2019	2023	Average annual percent increase (decrease) 2015-2019	2019-2023
1	Memphis	2,489	3,916	4,291	4,323	3,881	0.2%	(2.7)%
2	Anchorage	1,804	2,543	2,631	2,745	3,380	1.1	5.3
3	Louisville	1,520	2,188	2,351	2,790	2,728	4.4	(0.6)
4	Miami	1,643	1,842	2,005	2,092	2,526	1.1	4.8
5	Los Angeles	2,039	1,696	1,939	2,092	2,131	1.9	0.5
6	Chicago (O'Hare)	1,469	1,377	1,593	1,758	1,906	2.5	2.0
7	**Cincinnati**	**391**	**371**	**729**	**1,133**	**1,900**	**11.6**	**13.8**
8	New York (Kennedy)	1,818	1,344	1,286	1,311	1,477	0.5	3.0
9	Indianapolis	1,165	1,013	1,085	917	983	(4.1)	1.8
10	Ontario, California	464	356	463	700	705	10.9	0.2
11	Dallas/Fort Worth	905	645	670	893	702	7.5	(5.8)
12	Newark	1,082	856	684	806	666	4.2	(4.7)
13	Atlanta	894	659	626	640	579	0.6	(2.5)
14	Oakland	685	511	511	587	562	3.5	(1.1)
15	Honolulu	441	441	464	545	558	4.1	0.6
17	Houston (Intercontinental)	368	423	430	513	524	4.5	0.5
16	San Francisco	870	427	459	546	484	4.4	(3.0)
18	Philadelphia	559	420	428	551	475	6.5	(3.6)
19	Rockford	220	n.a.	118	328	439	29.0	7.6
20	Seattle-Tacoma	457	283	333	454	417	8.1	(2.1)
21	Phoenix (Sky Harbor)	375	251	283	357	325	5.9	(2.3)
22	Denver	472	252	248	305	309	5.3	0.4
23	Fort Worth	n.a.	127	104	165	293	12.3	15.5
24	Portland, Oregon	282	190	216	288	283	7.4	(0.5)
25	Boston	475	260	275	325	262	4.3	(5.2)
26	Baltimore-Washington	236	102	117	227	244	18.1	1.9
27	Washington, DC (Dulles)	384	332	262	273	213	1.1	(6.0)
28	Minneapolis-St. Paul	370	212	199	229	204	3.5	(2.9)
29	Orlando (International)	271	136	188	229	193	5.0	(4.2)
30	Charlotte	n.a.	122	135	184	174	8.0	(1.4)

Notes: Airports shown are the 30 busiest U.S. airports measured by total cargo tonnage (enplaned plus deplaned freight and mail) in calendar year 2023.
Calculated percentages may not match those shown because of rounding.

n.a.=not available.

Source: Airports Council International, *2023 North American Airport Traffic Report*.

Figure 6
AIR CARGO TONNAGE
Cincinnati/Northern Kentucky International Airport
Calendar years



Source: Kenton County Airport Board records.

Table 10

HISTORICAL AIR CARGO ACTIVITY

Cincinnati/Northern Kentucky International Airport

Calendar years

	All-cargo landed weight (1,000 pound units)		Total cargo (tons)	
Year	Total	Percent Change	Total	Percent change
2007	194,142		43,759	
2008	207,251	6.8%	48,721	11.3%
2009	1,128,352	444.4	152,970	214.0
2010	2,430,921	115.4	415,692	171.7
2011	2,822,416	16.1	537,139	29.2
2012	3,194,242	13.2	599,778	11.7
2013	3,424,268	7.2	655,479	9.3
2014	3,643,009	6.4	722,431	10.2
2015	4,028,139	10.6	804,088	11.3
2016	4,282,174	6.3	818,364	1.8
2017	5,706,763	33.3	1,041,890	27.3
2018	7,031,221	23.2	1,241,320	19.1
2019	7,244,448	3.0	1,248,779	0.6
2020	7,954,339	9.8	1,434,132	14.8
2021	8,482,901	6.7	1,694,595	18.2
2022	9,241,108	8.9	1,978,447	16.8
2023	10,679,389	15.6	2,095,114	5.9

	Average annual percent increase (decrease)	
	All-cargo landed weight	Total cargo
2007-2010	132.2%	111.8%
2010-2019	12.9	13.0
2019-2023	10.2	13.8
2010-2023	12.1	13.2

Source: Kenton County Airport Board records.

Table 11
TOTAL AIR CARGO, BY AIRLINE
Cincinnati/Northern Kentucky International Airport
Calendar years
(in tons; freight and mail; enplaned and deplaned)

	2007	2010	2015	2019	2023	Avg annual % incr/(decr) 2019-2023
DHL Express	397	376,461	765,933	956,342	1,117,141	4.0%
Amazon Air	-	-	-	249,269	945,751	39.6
FedEx	24,228	23,643	24,488	21,823	17,566	-5.3
Delta	18,423	14,732	6,190	4,320	2,533	-12.5
Other	711	856	7,477	17,025	12,123	-8.1
Total	43,759	415,692	804,088	1,248,779	2,095,114	13.8%
	Share of total					
DHL Express	0.9%	90.6%	95.3%	76.6%	53.3%	
Amazon Air	0.0	0.0	0.0	20.0	45.1	
FedEx	55.4	5.7	3.0	1.7	0.8	
Delta	42.1	3.5	0.8	0.3	0.1	
Other	1.6	0.2	0.9	1.4	0.6	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	

Source: Kenton County Airport Board records.

AIRCRAFT OPERATIONS

Table 12 shows historical data on aircraft operations (landings and takeoffs) at the Airport. In 2023, air carrier aircraft accounted for 93% of total operations, air taxi and commuter aircraft for 4%, and general aviation aircraft for 3%. Military aircraft account for a negligible percentage of aircraft operations at the Airport.

The average number of seats per flight at the Airport is scheduled to increase from 72.5 in July 2010 to 129.8 in July 2024. The increase is due to both the replacement of regional jet service with mainline jet service and new service by airlines operating only large jets (aircraft with more than 100 seats). In July 2010, regional jet and large jet aircraft accounted for 62.3% and 37.7% of total seat capacity at the Airport, respectively. By comparison, in July 2024, regional jet and large jet aircraft are scheduled to account for 24.2% and 75.8% of total seat capacity at the Airport, respectively.

The number of landings by passenger aircraft decreased 28,998 (39.4%) between 2010 and 2023; however, that was offset by the number of landings by cargo aircraft which increased 24,563 (250.1%) over the period.

The average landed weight per landing for passenger airlines increased from 98,000 pounds per flight in 2010 to 115,000 pounds per flight in 2023, despite the decreased number of landings, because of the replacement of regional jets and new service offerings. The average landed weight per landing for all-cargo airlines increased from 247,000 pounds per flight in 2010 to 311,000 pounds per flight in 2023 due to the increased size of cargo aircraft operating at the Airport over the period. Finally, the greater share of landings by larger all-cargo aircraft, relative to passenger aircraft, had the effect of increasing average landed weight per aircraft, overall, from 116,000 pounds per flight to 200,000 pounds per flight between 2010 and 2023.

Table 12
HISTORICAL AIRCRAFT OPERATIONS
Cincinnati/Northern Kentucky International Airport
Calendar years

Fiscal Year	Air carrier	Air taxi/ commuter	General aviation	Military	Total operations
2000	180,437	265,507	30,490	1,410	477,844
2001	156,105	200,872	27,723	1,688	386,388
2002	153,997	306,812	22,727	1,620	485,156
2003	141,788	346,194	15,974	1,601	505,557
2004	177,532	329,193	8,975	151	515,851
2005	165,397	322,431	7,439	185	495,452
2006	93,312	245,584	6,663	199	345,758
2007	90,151	231,313	6,632	165	328,261
2008	78,604	201,174	6,081	209	286,068
2009	68,876	149,478	4,276	161	222,791
2010	67,527	105,207	4,751	125	177,610
2011	71,426	85,941	4,906	149	162,422
2012	63,601	74,918	4,838	221	143,578
2013	60,921	71,818	4,812	190	137,741
2014	62,501	65,628	5,396	94	133,619
2015	76,868	50,098	6,120	139	133,225
2016	87,506	43,239	6,297	183	137,225
2017	112,652	31,783	5,896	132	150,463
2018	131,053	24,989	5,459	243	161,744
2019	128,469	28,373	5,615	359	162,816
2020	98,473	10,291	5,037	312	114,113
2021	120,437	7,820	6,996	227	135,480
2022	132,432	8,493	4,649	93	145,667
2023	153,720	6,863	5,318	99	166,000
	Average annual percent increase (decrease)				
2000-2007	(9.4%)	(2.0%)	(19.6%)	(26.4%)	(5.2%)
2007-2010	(9.2)	(23.1)	(10.5)	(8.8)	(18.5)
2010-2019	7.4	(13.6)	1.9	12.4	(1.0)
2019-2023	4.6	(29.9)	(1.3)	(27.5)	0.5

Source: Federal Aviation Administration, Operations Network (OPSNET).

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

In addition to the demographics and economy of the MSA, as discussed earlier, key factors that will affect future airline traffic at the Airport include:

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

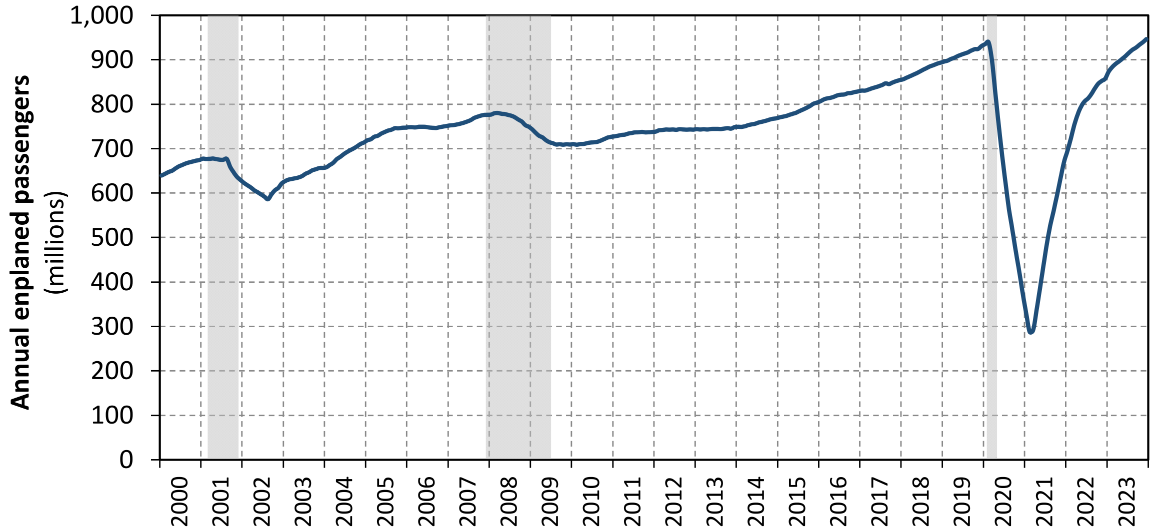
National Economic Conditions

Historically, airline passenger and cargo traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As illustrated on Figure 7, recessions in the U.S. economy in 2001, 2008-2009, and 2020, and associated high unemployment, reduced discretionary income and airline travel demand.

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

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

Figure 7
HISTORICAL ENPLANED PASSENGERS ON U.S. AIRLINES



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

Sources: U.S. DOT, Bureau of Transportation Statistics, T100 Market and Segment; www.transtats.bts.gov, accessed March 2024; National Bureau of Economic Research, US Business Cycle Expansions and Contractions, www.nber.org.

International Economic and Geopolitical Conditions

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

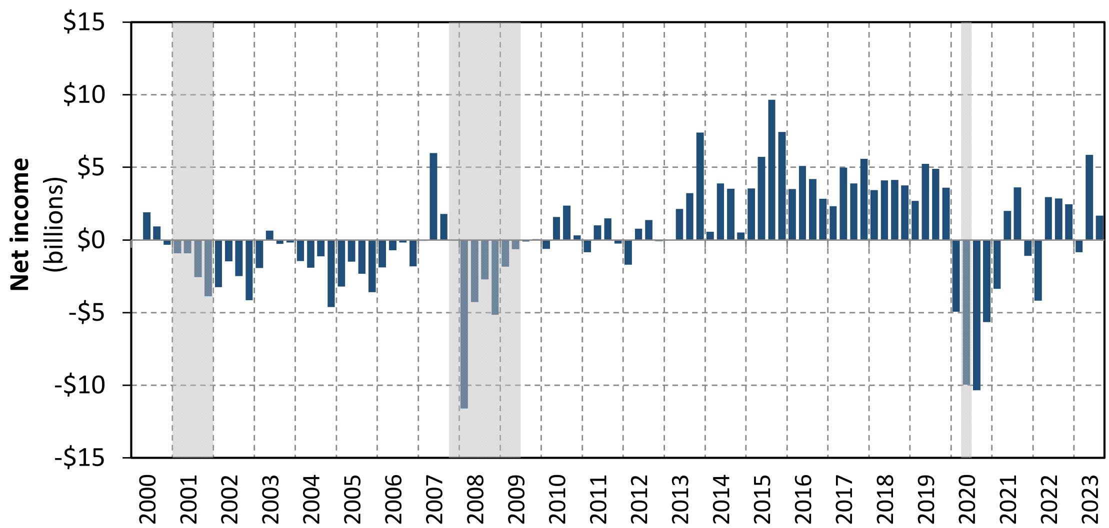
Ongoing military conflicts that are causing economic disruption and instability include the war in Ukraine that followed Russia's invasion in February 2022 and the war in Gaza that followed attacks on Israel by Hamas militants in October 2023 and Israel's invasion of Gaza in response.

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

Financial Health of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the investments necessary to provide service. Figure 8 shows historical net income for U.S. passenger and cargo airlines.

Figure 8
NET INCOME FOR U.S. AIRLINES



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

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

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

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

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

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

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

In response to the pandemic-induced losses, airlines took various actions to reduce costs and maintain liquidity, including reducing staffing, accelerating the retirement of older aircraft, and deferring the acquisition of new aircraft.

As shown in Figure 8, the U.S. airline industry returned to profitability in the second quarter of 2022.

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

Airline Consolidation

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

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

In December 2023, Alaska announced plans to acquire Hawaiian. The two airlines together account for approximately 5.7% of passengers enplaned on U.S. airlines. The merger has been approved by Hawaiian's stockholders but is still subject to regulatory approvals. In 2023, Alaska accounted for 1.1% of enplaned passengers at the Airport.

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

Airline Service and Routes

The Airport serves as a gateway to the Cincinnati MSA. The number of originating passengers at the Airport depends primarily on the intrinsic attractiveness of the region as a business and leisure destination, the propensity of its residents to travel, and the airfares and service provided at the Airport and at other competing airports. Although passenger demand at an airport depends primarily on the population and economy of the region served, airline service and the numbers of passengers enplaned also depend on the route networks of the airlines serving that airport. The number of connecting passengers, on the other hand, depends entirely on airline fares and service provided at the Airport.

The large network airlines have developed hub-and-spoke systems that allow them to offer high-frequency service to many destinations. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends primarily on the route networks and flight schedules of the airlines serving that airport and competing hub airports. Since 2003, as the U.S. airline industry has consolidated, airline service has been reduced at many former connecting hub airports, including those serving St. Louis (American, 2003-2005), Dallas-Fort Worth (Delta, 2005), Pittsburgh (US Airways, 2006-2008), Las Vegas (US Airways, 2007-2010), Cincinnati (Delta, 2009-2012), Memphis (Delta, 2011-2013), and Cleveland (United, 2014). Following Delta's reduction of connecting service, the Airport now serves primarily originating passengers and is no longer dependent on connecting passengers.

Like passenger airlines, many cargo airlines have developed hub-and-spoke systems to move air freight efficiently while minimizing route circuity. As discussed earlier, the Airport serves as a cargo hub for both DHL and Amazon Air. As a result, most of the cargo volume at the Airport results from the route networks and flight schedules of those two airlines, rather than the economy of the Cincinnati MSA. If DHL and Amazon Air were to reduce service at the Airport, such service would not necessarily be replaced by other cargo airlines.

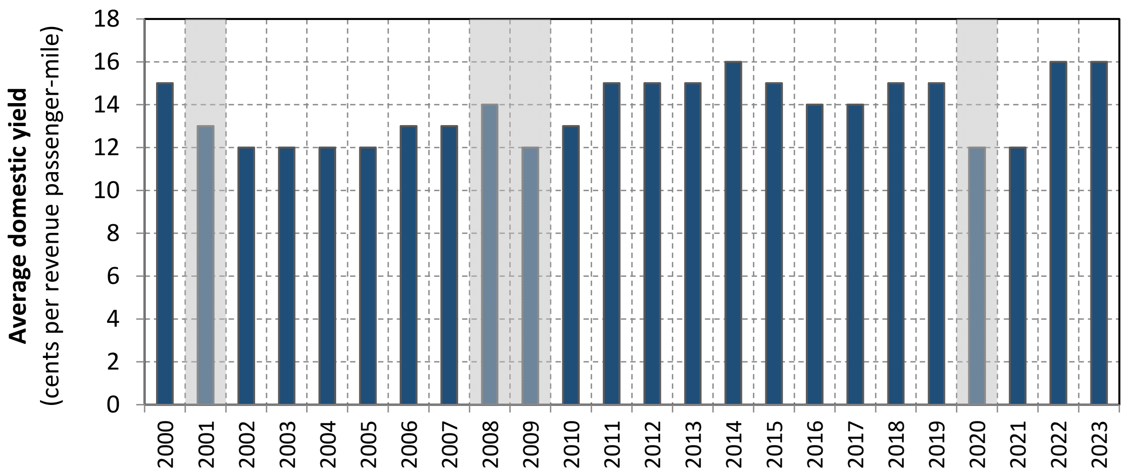
Airline Competition and Airfares

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

Figure 9 shows the historical average domestic yield (airfare per passenger-mile) for U.S. airlines. After the 2008-2009 recession, the average yield increased through 2014 as airline travel demand strengthened, the airlines collectively reduced available seat capacity, and were able to sustain airfare increases. Between 2014 and 2016, the average yield was reduced as a result of airline competition, and, through 2019 was fairly stable. The average yield decreased in 2020 and 2021 as travel demand was depressed during the pandemic then increased in 2022 and 2023 as demand rebounded and airline seat capacity was constrained.

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

Figure 9
HISTORICAL DOMESTIC YIELD FOR U.S. AIRLINES



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

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

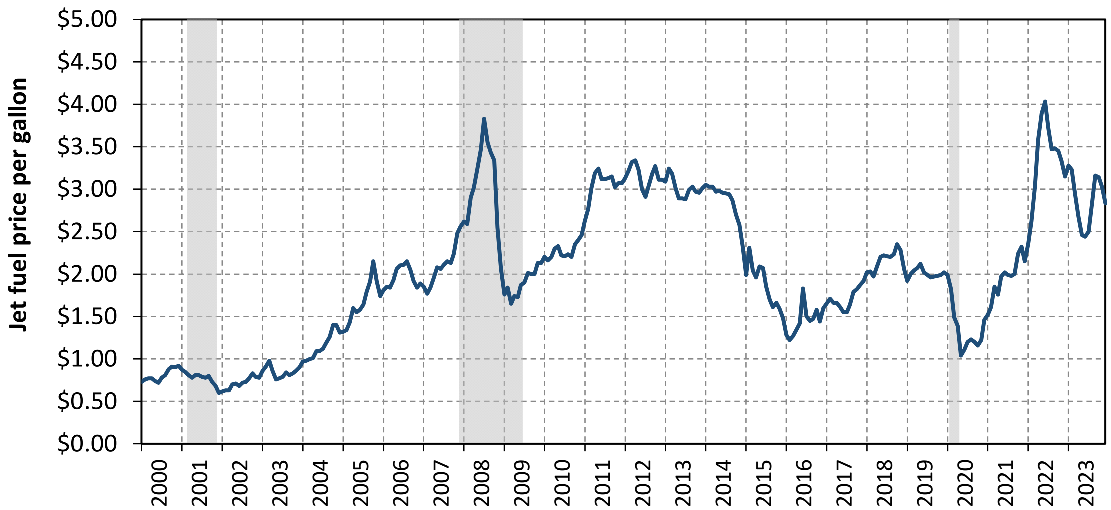
Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics for both passenger and cargo airlines. Figure 10 shows the historical fluctuation in aviation fuel prices caused by the many factors influencing the global demand for and supply of oil.

Between early 2011 and mid-2014, aviation fuel prices were relatively stable, partly because of increased oil supply from U.S. domestic production made possible by the hydraulic fracturing of oil-bearing shale deposits and other advances in extraction technologies. Beginning in mid-2014, an imbalance between worldwide demand and supply resulted in a precipitous decline in the price of oil and aviation fuel through the end of 2015. Fuel prices then increased, but the average price of aviation fuel at the end of 2019 was still approximately 30% below the price at mid-2014.

As the pandemic drastically reduced the demand for aviation fuel in early 2020, the price of aviation fuel fell sharply, before rebounding in 2021 as pandemic restrictions were eased, economies recovered, and demand exceeded supply. The economic disruption and sanctions resulting from the Russian invasion and war on Ukraine exacerbated the worldwide imbalance of demand and supply and caused increased oil and aviation fuel prices, peaking in June 2022. Higher fuel prices have a negative effect on airline profitability as well as far-reaching implications for the global economy.

Figure 10
HISTORICAL AVIATION FUEL PRICES



Notes: Data shown are monthly averages.
Shaded areas indicate months of economic recession.

Source: U.S. DOT, Bureau of Transportation Statistics, Airline Fuel Cost and Consumption, F41 Schedule P12A, www.transtats.gov, accessed April 2024.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand.

Safety concerns in the aftermath of the September 2001 attacks were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. Measures have included strengthened aircraft cockpit doors, increased presence of armed federal air marshals, federalization of airport security under the Transportation Security Administration (TSA), more intensive screening of passengers and baggage, and the deployment of improved screening technologies.

Following fatal crashes of B-737 MAX aircraft caused by the malfunction of the aircraft's automated flight control system, all B-737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest, United, and WestJet were affected. In November 2020, following the approval of modifications to the flight control system software and pilot training, the FAA rescinded its order grounding the aircraft, allowing it to be reintroduced into service.

In January 2024, a panel in the aircraft fuselage of a B-737 MAX 9 aircraft blew out in flight. As a result of the incident, the FAA temporarily grounded all B-737 MAX-9 aircraft, increased oversight of Boeing's manufacturing processes, and stated that it will not permit the company to increase aircraft production rates until adequate manufacturing quality controls are in place. A subsequent audit by the FAA into the manufacturing processes identified quality control violations by Boeing and its fuselage manufacturer, Spirit AeroSystems. Such production restrictions will constrain Boeing's ability to deliver aircraft as planned and could delay the ability of some airlines to increase capacity and upgrade their fleets with more fuel-efficient aircraft.

During the pandemic, anxieties about the safety of flying and the inconveniences and delays associated with testing, mask mandates, and vaccination requirements led to both the avoidance of travel and the switching from air to surface modes of transportation for short trips. Quarantine requirements and other restrictions created additional impediments for international travelers. Such impediments have now largely been removed.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and other aviation safety concerns. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

Public Health Concerns

Public health concerns and associated restrictions on travel periodically reduce airline travel demand to and from various parts of the world. Examples are Severe Acute Respiratory Syndrome (SARS) in 2002-2003, the H1N1 influenza virus in 2009, Middle East Respiratory Syndrome (MERS) in 2013, Ebola Virus Disease (EVD) in 2014-2016, and the Zika virus in 2016-2017. In all these historical examples, reductions in airline travel were geographically localized and short-lived, with travel soon recovering to pre-health-scare trends.

By comparison, the COVID-19 pandemic had far more serious and widespread effects on airline travel worldwide. In late 2019, the novel coronavirus that causes the COVID-19 respiratory illness emerged, soon spreading through most of the world. COVID-19 was declared a global pandemic by the World Health Organization in March 2020.

During the early months of the pandemic, governmental actions to slow the spread of the disease, including the mandated closure of businesses and offices, work-at-home requirements, prohibitions of public gatherings, quarantines, and travel restrictions contributed to a recession in the global economy and widespread job losses. The economic recession, combined with fears about contagion, resulted in a severe reduction in the demand for air travel, the grounding of much of the world's airline fleets, and cuts in airline service.

In December 2020, the first COVID-19 vaccines were administered in the United States. The success of the vaccines in preventing the transmission of the virus and reducing its effects resulted in a steady recovery in domestic air travel through the summer of 2021, although new variants of the virus then emerged and resulted in new waves of cases in the fall and winter of 2021.

By 2022, the availability and acceptance of vaccines and treatments had allowed the pandemic to be largely brought under control in the United States and other developed countries. As quarantine, testing, and other travel restrictions were relaxed, COVID 19 was no longer an important factor affecting airline travel. By 2023, domestic airline travel at many U.S. airports had approached or exceeded pre-pandemic levels.

Questions remain about how some determinants of air travel demand may not fully return to those existing pre-pandemic. Some observers expect that there will be permanent reductions in business travel for some in-person meetings as a result of the widespread adoption of videoconferencing. Many companies have reduced travel by their employees and thereby achieved cost savings that may become a permanent feature of their financial operations. Offsetting that effect, there has been an increase in travel by workers who relocated during the pandemic and work remotely, and who need regularly to visit a central office location. Remote working and travel for a combination of business and leisure purposes have also changed travel demand patterns.

Climate Change Concerns

There is now widespread acknowledgement of the urgent need for the nations of the world to transition from fossil fuels to cleaner energy sources that will allow the worst effects of global warming and climate change to be avoided.

Much like the way that the pandemic appears to have changed some airline travel behavior and demand patterns, concerns about the contribution of airline travel to the emission of carbon dioxide and other greenhouse gases into the atmosphere may influence future airline travel demand. For example, there may be increased societal pressures to avoid or reduce travel perceived as wasteful, particularly long-haul international travel; to favor or require the use of lower-emission travel modes, such as train over airplane for short trips; and for corporations to limit employee travel to achieve environmental, social, and governance objectives.

Pre-pandemic, the aviation industry accounted for approximately 10% of anthropogenic greenhouse gas emissions from the U.S. transportation sector and 3% of total U.S. emissions. Alternatives to petroleum-derived jet fuel are unlikely to be economically available at large scale for the foreseeable future, so aviation’s share of emissions will likely increase and attract more scrutiny. Consequently, it will be imperative for the industry to achieve efficiencies if growth in airline travel is to be sustained.

Achieving those efficiencies and mitigating emissions will require financial investments and changes to the operating economics of the aviation industry. Changes will likely include the early retirement and replacement of inefficient aircraft; the payment of carbon taxes and other regulatory charges designed to penalize or offset emissions; and the development of technologies and incentives to increase the supply and reduce the cost of sustainable aviation fuels derived from biomass and other renewable sources. In the longer term, investments will be required to develop new aircraft propulsion technologies using fuels such as hydrogen or electric power generated from renewable sources.

Increased direct governmental regulation of greenhouse gas emissions from aircraft is also possible. In 2020, the U.S. Environmental Protection Agency adopted emission standards that apply to new commercial aircraft and align with standards adopted by the International Civil Aviation Organization. More stringent emission standards may apply in the future.

Inevitably, some of the costs required to reduce greenhouse gas emissions and combat climate change will be passed on to passengers in the form of higher fares or surcharges, and thereby may inhibit airline travel demand.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transportation System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays have decreased because of reduced numbers of aircraft operations (down approximately 9% between 2007 and 2023) but, as airline travel increases in the future, flight delays and restrictions may be expected.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control and airport systems, future growth in airline traffic at the Airport will depend on the capacity of the Airport itself. At the Airport, it is expected that existing and planned terminal and airfield facilities will have the capacity to accommodate growth in passenger and cargo airline traffic well beyond the Forecast Period covered in this Report.

AIRLINE TRAFFIC FORECASTS

Airport management developed a forecast of originating and connecting airline traffic at the Airport on the basis of the overall economic outlook for the U.S. and the Airport service region, trends in historical airline traffic at the Airport and nationwide, and key factors likely to affect future airline traffic, all as discussed previously. The FAA's *Terminal Area Forecast* (TAF), issued in January 2024, was also considered.

In developing the forecast, it was assumed that:

- The U.S. economy will experience sustained growth in GDP averaging between 2.0% and 2.5% per year, generally consistent with rates projected by the Congressional Budget Office.

- The economy of the Airport service region will grow at approximately the same rate as the national economy.

- Airlines will add service to meet travel demand at the Airport and competition among airlines will ensure competitive airfares for flights from the Airport, notwithstanding higher aviation fuel costs and general price inflation.

- The airlines serving the Airport collectively will be able to hire and retain enough qualified employees, particularly pilots and mechanics, and acquire enough aircraft to support increased flight operations.

- A generally stable international political environment and safety and security precautions will ensure airline traveler confidence in aviation without imposing unreasonable inconveniences.

- There will be no major disruption of airline service or airline travel behavior due to international hostilities, terrorist acts or threats, or government policies restricting or deterring air travel.

- The role of the Airport relative to the other airports serving regional passenger demand will be generally unchanged.

- The Airport will continue to be a primary hub airport for DHL and Amazon Air, and operations by those airlines will increase at rates higher than for the passenger airlines.

Base Passenger Forecast

A total of 4.37 million passengers enplaned flights at the Airport in 2023. For the purposes of this report, Airport management has forecast that the number will increase 4.3% in 2024 with average annual growth of 2.0% per year thereafter through 2029. Total enplaned passengers in 2029 are forecast to be 5.03 million. Both originating and connecting passengers are forecast to increase at the same rate. The 2.0% growth rate between 2024 and 2029 is less than the 3.0% growth rate forecast for the Airport by FAA in the TAF. A higher rate of growth is not unusual in passenger forecasts prepared for purposes of facility and operational planning, such as the TAF, compared with forecasts such as the one presented herein, prepared for the purpose of financial planning.

Landed weight for passenger airlines was assumed to increase approximately in proportion to enplaned passenger numbers. Landed weight for all-cargo airlines was assumed to increase at a higher rate as frequencies increase and larger aircraft are introduced into service by those airlines.

Exhibit P at the end of the report shows historical and forecast enplaned passenger numbers and landed weight under the base assumptions. Figure 11 shows the base passenger forecasts graphically. Figure 12 shows the base landed weight forecasts graphically.

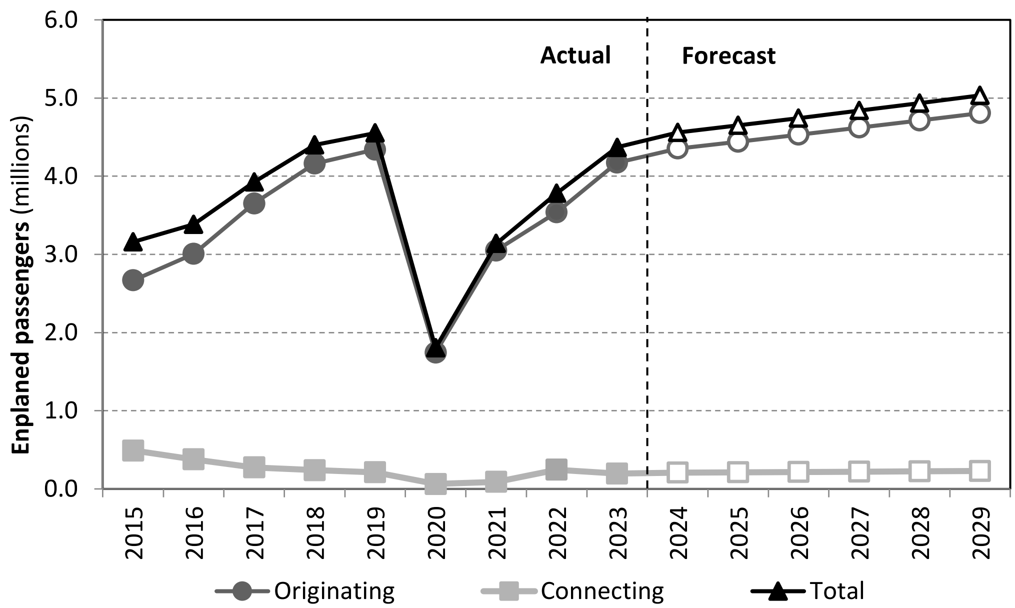
Stress Test Forecast of Passengers

The stress test forecast was developed to provide the basis for testing the sensitivity of the Airport's financial results to a hypothetical reduction in passenger numbers, such as could occur under conditions of weak economic growth or recession, restricted seat capacity, and high airfares.

Relative to the base forecast, beginning in 2025, both originating and connecting passenger numbers for the stress test are projected to be 15% lower. Landed weight for passenger and all-cargo airlines was also assumed to be 15% lower relative to the base forecast. The stress test projections are shown in Exhibit H.

Figure 11
ENPLANED PASSENGER FORECAST
Cincinnati/Northern Kentucky International Airport
Calendar years

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.



Source: Kenton County Airport Board.

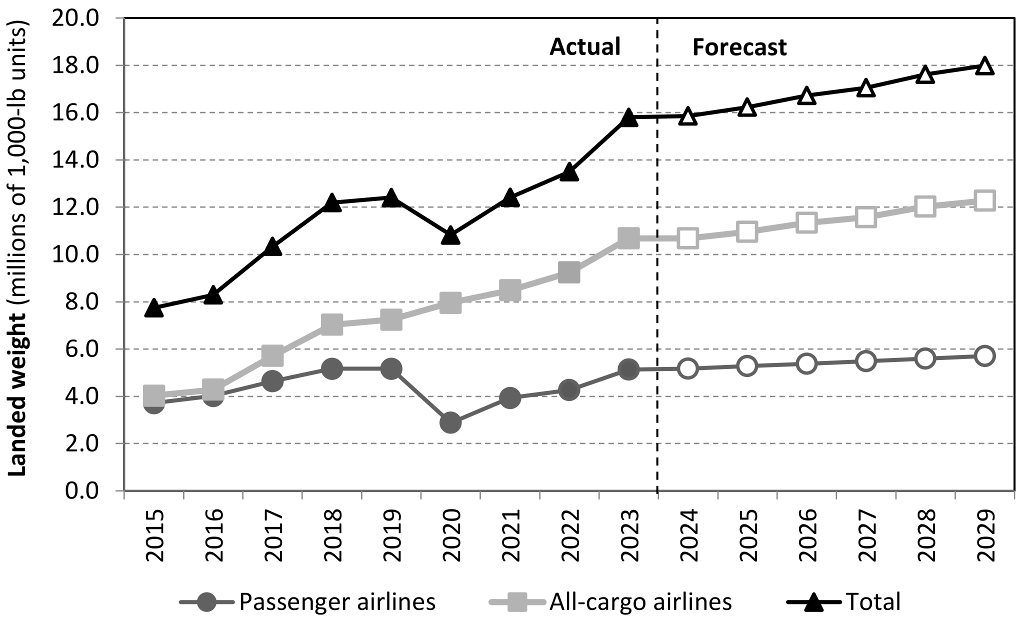
Figure 12

LANDED WEIGHT FORECAST

Cincinnati/Northern Kentucky International Airport

Calendar years

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.



Source: Kenton County Airport Board.

Exhibit A-1

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

Cincinnati/Northern Kentucky International Airport

Kenton County Airport Board

For Fiscal Years ending December 31

	Total	Expenditures by Year					
		2024	**2025**	**2026**	**2027**	**2028**	**2029**
Project Costs							
Airfield	$ 188,382,000	$ 40,689,000	$ 29,593,000	$ 22,500,000	$ 26,960,000	$ 34,640,000	$ 34,000,000
Terminal Modernization Program	575,346,000	74,399,000	161,569,000	206,091,000	119,508,000	13,779,000	-
Parking	93,168,000	7,709,000	9,710,000	9,045,000	30,004,000	30,950,000	5,750,000
Asset Management	155,306,000	12,106,000	38,770,000	34,885,000	28,855,000	21,040,000	19,650,000
Commercial Development	93,316,000	2,816,000	25,400,000	34,200,000	26,900,000	1,900,000	2,100,000
IT, Innovation, Customer Service	25,362,000	6,422,000	5,945,000	6,950,000	1,950,000	1,995,000	2,100,000
Vehicles & Equipment	37,845,000	15,599,000	11,279,000	2,057,000	3,788,000	2,176,000	2,946,000
Total Project Costs	$ 1,168,725,000	$ 159,740,000	$ 282,266,000	$ 315,728,000	$ 237,965,000	$ 106,480,000	$ 66,546,000
Funding Sources		**Funding Sources by Year**					
Federal & State Grants (1)	$ 180,846,000	$ 50,101,000	$ 38,213,000	$ 40,793,000	$ 23,913,000	$ 13,913,000	$ 13,913,000
2024 Series Bonds Proceeds (2)	239,761,000	31,021,000	101,262,000	84,191,000	23,287,000	-	-
2026 Series Bond Proceeds (2)	323,313,000	9,000,000	24,025,000	117,388,000	132,921,000	39,979,000	-
Airport Funds (3)	329,306,000	69,617,000	98,267,000	47,356,000	35,844,000	39,089,000	39,133,000
Third Party Funding (4)	95,500,000	-	20,500,000	26,000,000	22,000,000	13,500,000	13,500,000
Total Funding Sources	$ 1,168,726,000	$ 159,739,000	$ 282,267,000	$ 315,728,000	$ 237,965,000	$ 106,481,000	$ 66,546,000

Source: Kenton County Airport Board.

(1) Includes FAA Airport Improvement Program (AIP) grants, Bipartisan Infrastructure Law (BIL) grants, and Kentucky state grants and other state funding.
(2) Includes Airport Revenue Bonds, including debt payable from PFC revenues.
(3) Includes available Airport cash in addition to pay-as-you-go PFCs, CFCs and equipment leases.
(4) Anticipated investments from third parties to fund commercial development projects.

Exhibit A-2

2024-2026 BONDS PROJECTS

Cincinnati/Northern Kentucky International Airport

Kenton County Airport Board

Proposed 2024 Bonds			**Planned 2026 Bonds**		
Baggage Handling System Replacement			**Terminal Modernization Program**		
Project Costs	$	225,807,000	Project Costs	$	353,400,000
Funding:			Funding:		
PFC leveraged GARBs	$	115,000,000	PFC leveraged GARBs	$	62,825,000
GARBs		110,807,000	GARBs		225,688,000
PFC Pay-Go		-	PFC Pay-Go		42,175,000
Grants		-	BIL/AIG Grants		22,712,000
Total Funding	$	225,807,000	Total Funding	$	353,400,000
Runway 18C-36C Rehabilitation			**Concourse A Apron Reconstruction**		
Project Costs	$	37,301,000	Project Costs	$	90,000,000
Funding:			Funding:		
AIP Entitlement (FY23)	$	3,416,000	AIP Entitlement (FY25-FY28)	$	25,200,000
AIP Entitlement (FY24)		6,696,000	AIP Discretionary (FY25-FY28)		30,000,000
AIP Discretionary (FY24)		11,000,000	PFC Pay-Go		-
CAPEX Pay-go		2,235,000	CAPEX Pay-Go		-
GARBs		13,954,000	GARBs		34,800,000
Total Funding	$	37,301,000	Total Funding	$	90,000,000
Total Bond Proceeds			**Total Bond Proceeds**		
Baggage Handling System Replacement	$	225,807,000	Terminal Modernization Program	$	288,513,000
Runway 18C-36C Rehabilitation		13,954,000	Concourse A Apron Reconstruction	$	34,800,000
Total:	**$**	**239,761,000**	**Total:**	**$**	**323,313,000**

Source: Kenton County Airport Board.

Exhibit B

SOURCES AND USES OF REVENUE BOND FUNDS
Cincinnati/Northern Kentucky International Airport
Kenton County Airport Board

	Proposed 2024 Bonds	Planned 2026 Bonds	Total Bonds
Sources of Bond Funds			
Bond proceeds			
Principal amount of Bond issue	$ 273,535,000	$ 409,745,000	$ 683,280,000
Original issue premium (discount)	7,815,264	-	7,815,264
Net proceeds	$ 281,350,264	$ 409,745,000	$ 691,095,264
Uses of Bond Funds			
Project costs	$ 239,761,000	$ 323,313,000	$ 563,074,000
Capitalized Interest Account	19,099,488	51,446,700	70,546,188
Debt Service Reserve (DSR) requirement			
DSR Account deposit (cash-funded)	$ 20,572,348	$ 32,116,115	$ 52,688,463
Bond insurance premium	-	-	-
Subtotal DSR requirement	$ 20,572,348	$ 32,116,115	$ 52,688,463
Other issuance costs	1,917,428	2,869,185	4,786,613
Total uses of Bond funds	$ 281,350,264	$ 409,745,000	$ 691,095,264
Key financing assumptions			
Bond interest rate	4.98%	6.00%	
Issuance date (beginning of calendar year)	August 2024	January 2026	
Capitalized interest period (years)	2.0	3.0	
Interest-only period thereafter (years)	0.0	0.0	
Principal amortization period (years)	28.0	27.0	

Source: Frasca & Associates LLC, [PRELIMINARY, July 19, 2024], using assumptions noted.

Exhibit C

BOND DEBT SERVICE REQUIREMENTS

Cincinnati/Northern Kentucky International Airport
Kenton County Airport Board
For Fiscal Years ending December 31

	Historical					Forecast					
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Airport Revenue Bonds											
2016 Bonds	$ 4,289,250	$ 4,296,000	$ 4,292,000	$ 4,292,500	$ 4,292,000	$ 4,290,000	$ 4,292,000	$ 4,292,000	$ 4,294,000	$ 4,289,000	$ 4,291,000
2019 Bonds	1,285,380	1,646,750	2,211,750	2,208,500	2,209,000	2,213,000	2,210,000	2,211,000	2,210,000	2,212,000	2,213,000
Proposed 2024 Bonds	-	-	-	-	-	4,799,000	14,280,000	14,283,000	14,281,000	19,313,000	19,308,000
Planned 2026 Bonds	-	-	-	-	-	-	-	24,585,000	24,585,000	25,135,000	30,977,000
Principal & Interest Requirements	$ 5,574,630	$ 5,942,750	$ 6,503,750	$ 6,501,000	$ 6,501,000	$ 11,302,000	$ 20,782,000	$ 45,371,000	$ 45,370,000	$ 50,949,000	$ 56,789,000
Less paid from Capitalized Interest	(1,285,380)	-	-	-	-	(4,799,000)	(6,923,000)	(27,387,000)	(20,917,000)	(10,520,000)	-
Less paid from Bond Reserve Fund (1)	-	-	-	(210,500)	-	-	-	-	-	-	-
Less paid from Designated PFC Revenues (2)	(4,289,250)	(5,638,000)	(6,094,000)	(5,882,000)	(6,092,332)	(6,094,000)	(6,364,000)	(10,485,000)	(10,485,000)	(12,895,000)	(13,975,000)
Less paid from Designated CFC Revenues (2)	-	-	-	-	-	-	(2,210,000)	(2,211,000)	(2,210,000)	(2,212,000)	(2,213,000)
Net Debt Service Requirements	$ -	$ 304,750	$ 409,750	$ 408,500	$ 408,668	$ 409,000	$ 5,285,000	$ 5,288,000	$ 11,758,000	$ 25,322,000	$ 40,601,000
Allocation to Cost Centers											
Airfield & Terminal Ramp	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,285,000	$ 5,288,000	$ 5,288,000	$ 5,284,000	$ 8,870,000
Terminal (3)	-	-	-	-	-	-	-	-	6,469,000	20,036,000	31,730,000
Subtotal Airline Cost Centers	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,285,000	$ 5,288,000	$ 11,757,000	$ 25,320,000	$ 40,600,000
KCAB Cost Centers	-	304,750	409,750	408,500	408,668	409,000	-	-	-	-	-
Net Bond Debt Service Requirements	$ -	$ 304,750	$ 409,750	$ 408,500	$ 408,668	$ 409,000	$ 5,285,000	$ 5,288,000	$ 11,757,000	$ 25,320,000	$ 40,600,000

Source: Kenton County Airport Board and Frasca & Associates, LLC [PRELIMINARY, July 19, 2024]
(1) Excess amount in Bond Reserve Fund used to pay principal and interest on 2016 Bonds.
(2) Amounts for 2026 and later years are subject to future irrevocable commitment by the Board.
(3) Includes Baggage Handling System and Loading Bridges.

August 5, 2024

Exhibit D

OPERATIONS AND MAINTENANCE EXPENSES

Cincinnati/Northern Kentucky International Airport

Kenton County Airport Board

For Fiscal Years ending December 31

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and and actual results, and those differences may be material.

	Historical					**Forecast**					
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
O&M Expenses by Type											
Allocable Expenses											
Salaries & Benefits	$ 30,999,460	$ 30,837,403	$ 30,286,044	$ 36,263,350	$ 40,822,550	$ 46,646,000	$ 48,023,000	$ 49,438,000	$ 50,892,000	$ 52,385,000	$ 53,956,000
Employee Insurance	5,137,855	5,437,170	5,982,425	5,312,933	6,301,150	8,303,000	8,968,000	9,685,000	10,460,000	11,297,000	12,200,000
Pension	7,992,161	8,280,087	8,870,404	11,594,221	11,895,279	13,530,000	15,608,000	18,006,000	20,771,000	23,962,000	24,681,000
Salaries Other	2,288,413	2,266,810	2,243,792	2,685,640	2,991,460	3,444,000	3,548,000	3,654,000	3,764,000	3,877,000	3,993,000
Outside Contractors	20,986,446	16,288,005	25,592,560	35,638,823	41,602,354	43,194,000	44,134,000	45,040,000	45,969,000	46,973,000	48,032,000
Professional Services	4,361,907	2,030,526	1,728,461	4,145,479	3,893,855	5,379,000	5,496,000	5,609,000	5,725,000	5,850,000	5,982,000
Equipment & Facilities	1,377,031	1,333,405	453,004	828,431	1,099,498	895,000	914,000	933,000	952,000	973,000	995,000
Supplies & Materials	4,809,174	3,242,089	3,768,582	4,780,647	4,932,294	5,870,000	5,998,000	6,121,000	6,248,000	6,384,000	6,528,000
Utilities	8,138,341	7,284,710	8,199,561	9,329,099	8,350,946	8,270,000	8,394,000	8,520,000	8,647,000	8,777,000	8,909,000
Other	3,738,724	2,979,145	2,934,131	3,805,705	4,198,137	6,368,000	6,507,000	6,640,000	6,777,000	6,925,000	7,081,000
Subtotal Allocable Expenses	$ 89,829,513	$ 79,979,350	$ 90,058,965	$ 114,384,327	$ 126,087,524	$ 141,899,000	$ 147,590,000	$ 153,646,000	$ 160,205,000	$ 167,403,000	$ 172,357,000
Add: Expensed Capital Outlays	2,393,924	2,247,337	1,935,458	2,401,262	4,447,538	1,950,000	1,993,000	2,034,000	2,076,000	2,121,000	2,169,000
Total Allocable O&M Expenses (1)	$ 92,223,437	$ 82,226,687	$ 91,994,423	$ 116,785,589	$ 130,535,062	$ 143,849,000	$ 149,583,000	$ 155,680,000	$ 162,281,000	$ 169,524,000	$ 174,526,000
O&M Expenses by Cost Center											
Cost Center Expenses											
Airfield & Terminal Ramp	$ 33,101,276	$ 30,073,083	$ 32,399,234	$ 39,918,414	$ 41,465,904	$ 47,668,000	$ 49,934,000	$ 52,384,000	$ 55,063,000	$ 58,018,000	$ 59,867,000
Terminal & Loading Bridges	42,716,499	29,359,671	40,385,376	47,002,832	69,111,905	72,673,000	75,432,000	78,351,000	81,499,000	84,943,000	87,418,000
Commercial Property	2,319,853	2,294,735	2,511,689	4,140,436	3,673,646	3,912,000	4,108,000	4,320,000	4,550,000	4,804,000	4,965,000
Rental Cars	85,669	192,469	212,558	317,577	493,846	549,000	573,000	597,000	624,000	653,000	673,000
Parking & Ground Transport	11,133,388	7,276,697	7,741,475	11,024,687	13,828,354	16,764,000	17,223,000	17,686,000	18,172,000	18,700,000	19,164,000
Subtotal Cost Center Expenses	$ 89,356,685	$ 69,196,656	$ 83,250,332	$ 102,403,946	$ 128,573,655	$ 141,566,000	$ 147,270,000	$ 153,338,000	$ 159,908,000	$ 167,118,000	$ 172,087,000
Rebilled Services	2,866,753	1,954,218	1,788,835	2,184,027	1,961,407	2,282,000	2,312,000	2,342,000	2,373,000	2,405,000	2,438,000
Direct Expenses	-	-	5,255,256	6,367,617	-	-	-	-	-	-	-
COVID Relief Funds (2)	-	11,075,813	1,700,000	5,830,000	-	-	-	-	-	-	-
Non-AULA Expenses (3)	109,562	468,314	298,267	364,364	423,152	496,000	513,000	530,000	548,000	568,000	582,000
Total O&M Expenses	$ 92,332,999	$ 82,695,001	$ 92,292,690	$ 117,149,953	$ 130,958,214	$ 144,344,000	$ 150,095,000	$ 156,210,000	$ 162,829,000	$ 170,091,000	$ 175,107,000
Annual change	8.2%	-10.4%	11.6%	26.9%	11.8%	10.2%	4.0%	4.1%	4.2%	4.5%	2.9%

Source: Kenton County Airport Board.

(1) O&M Expenses allocated to Cost Centers per the provisions of the AULA.

(2) COVID Relief Funds allocated to Airline cost centers.

(3) Includes expenses for Oxford Airport, Foreign Trade Zone, and relocation of American Airlines to Concourse B.

Exhibit E

OPERATING REVENUES AND AIRLINE PAYMENTS

Cincinnati/Northern Kentucky International Airport

Kenton County Airport Board

For Fiscal Years ending December 31

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and and actual results, and those differences may be material.

	Historical					**Forecast**					
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Operating Revenues											
Airline Revenues (1)											
Landing Fees	$ 22,280,254	$ 23,621,440	$ 23,902,486	$ 28,294,481	$ 38,817,801	$ 43,375,000	$ 50,314,000	$ 52,872,000	$ 55,420,000	$ 58,164,000	$ 63,011,000
Ramp Rentals and Charges	4,629,100	4,376,889	4,544,943	5,647,299	4,866,678	5,588,000	6,522,000	6,855,000	7,187,000	7,538,000	8,162,000
Terminal Rentals and Charges	8,036,503	16,899,287	13,488,794	13,065,212	25,630,785	28,024,000	32,380,000	34,395,000	42,183,000	56,198,000	65,414,000
Subtotal Airline	$ 34,945,857	$ 44,897,616	$ 41,936,224	$ 47,006,993	$ 69,315,265	$ 76,987,000	$ 89,216,000	$ 94,122,000	$ 104,790,000	$ 121,900,000	$ 136,587,000
Annual change	-6.1%	28.5%	-6.6%	12.1%	47.5%	11.1%	15.9%	5.5%	11.3%	16.3%	12.0%
Airline share	31.5%	54.8%	42.2%	35.7%	41.9%	43.3%	46.4%	47.0%	48.9%	52.0%	53.8%
Nonairline Revenues											
Parking	$ 48,310,006	$ 19,124,403	$ 33,662,446	$ 53,790,144	$ 61,215,886	$ 65,527,000	$ 66,879,000	$ 68,725,000	$ 71,017,000	$ 73,196,000	$ 76,699,000
Rental Cars	8,828,857	3,640,242	6,927,540	9,078,364	9,903,905	10,483,000	10,694,000	10,853,000	10,993,000	11,248,000	11,508,000
Ground Transportation	1,501,933	524,391	766,475	1,481,950	2,398,032	2,036,000	2,138,000	2,227,000	2,318,000	2,412,000	2,513,000
Terminal Concessions	6,496,134	3,041,215	5,405,162	6,764,293	8,293,587	8,423,000	8,845,000	9,215,000	9,588,000	9,977,000	10,395,000
Commercial Development	6,342,690	6,794,041	7,185,437	9,082,115	9,485,237	9,503,000	9,612,000	9,806,000	10,190,000	10,346,000	10,519,000
Reimbursed O&M Expenses	2,866,753	1,954,218	1,788,835	2,184,027	2,081,407	2,282,000	2,312,000	2,342,000	2,373,000	2,405,000	2,438,000
Other Nonairline Revenues	1,570,352	2,016,300	1,651,551	2,349,543	2,587,978	2,724,000	2,787,000	2,858,000	2,907,000	2,958,000	3,011,000
Subtotal Nonairline	$ 75,916,724	$ 37,094,811	$ 57,387,446	$ 84,730,435	$ 95,966,032	$ 100,978,000	$ 103,267,000	$ 106,026,000	$ 109,386,000	$ 112,542,000	$ 117,083,000
Total Operating Revenues	$ 110,862,581	$ 81,992,426	$ 99,323,670	$ 131,737,428	$ 165,281,297	$ 177,965,000	$ 192,483,000	$ 200,148,000	$ 214,176,000	$ 234,442,000	$ 253,670,000
Annual change	2.7%	-26.0%	21.1%	32.6%	25.5%	7.7%	8.2%	4.0%	7.0%	9.5%	8.2%
Airline Payments per Enplaned Passenger											
Airline Revenues	$ 34,945,857	$ 44,897,616	$ 41,936,224	$ 47,006,993	$ 69,315,265	$ 76,987,000	$ 89,216,000	$ 94,122,000	$ 104,790,000	$ 121,900,000	$ 136,587,000
Less: Cargo Landing Fees	(13,101,469)	(17,356,256)	(16,436,847)	(19,248,981)	(26,497,168)	(29,431,000)	(33,939,000)	(35,723,000)	(37,446,000)	(39,534,000)	(42,845,000)
Less: Cargo Apron Fees	(473,428)	(540,841)	(537,185)	(533,824)	(547,715)	(738,000)	(846,000)	(882,000)	(926,000)	(968,000)	(1,045,000)
Less: Other unrelated fees	(822,585)	(1,348,552)	(52,539)	(78,292)	(104,806)	(108,000)	(122,000)	(124,000)	(127,000)	(129,000)	(137,000)
Passenger Airline Revenues	$ 20,548,375	$ 25,651,967	$ 24,909,653	$ 27,145,896	$ 42,165,576	$ 46,710,000	$ 54,309,000	$ 57,393,000	$ 66,291,000	$ 81,269,000	$ 92,560,000
Enplaned Passengers	4,553,790	1,802,675	3,140,530	3,782,857	4,369,960	4,560,000	4,651,000	4,744,000	4,839,000	4,936,000	5,034,000
Payments per Passenger (2)	**$4.51**	**$14.23**	**$7.93**	**$7.18**	**$9.65**	**$10.24**	**$11.68**	**$12.10**	**$13.70**	**$16.46**	**$18.39**

Source: Kenton County Airport Board.

(1) Airline revenues are shown net of credits and adjustments.

(2) Also sometimes described as Airline Cost per Enplanement (CPE).

Exhibit F

SOURCES AND USES OF PFC REVENUES

Cincinnati/Northern Kentucky International Airport

Kenton County Airport Board

For Fiscal Years ending December 31

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and and actual results, and those differences may be material.

	Historical					Forecast					
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
PFC-Eligible Enplaned Passengers											
Enplaned Passengers	4,553,790	1,802,675	3,140,530	3,782,857	4,369,960	4,560,000	4,651,000	4,744,000	4,839,000	4,936,000	5,034,000
Percent eligible	91.9%	93.1%	94.1%	92.2%	90.3%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
PFC-eligible passengers	4,183,144	1,677,904	2,953,986	3,489,294	3,948,064	4,104,000	4,186,000	4,270,000	4,355,000	4,442,000	4,531,000
Net PFC per passenger (1)	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
PFC Collections	$ 18,364,000	$ 7,366,000	$ 12,968,000	$ 15,318,000	$ 17,332,000	$ 18,017,000	$ 18,377,000	$ 18,745,000	$ 19,118,000	$ 19,500,000	$ 19,891,000
Investment income	2,176,000	974,000	(47,000)	(252,000)	4,109,000	1,455,000	1,170,000	1,102,000	793,000	660,000	696,000
PFC Revenues	$ 20,540,000	$ 8,340,000	$ 12,921,000	$ 15,066,000	$ 21,441,000	$ 19,472,000	$ 19,547,000	$ 19,847,000	$ 19,911,000	$ 20,160,000	$ 20,587,000
Designated PFC Revenues											
Bond Principal and Interest Requirements											
2016 Bonds	$ 4,289,250	$ 4,296,000	$ 4,292,000	$ 4,082,000	$ 4,292,000	$ 4,290,000	$ -	$ -	$ -	$ -	$ -
2019 Bonds	-	1,342,000	1,802,000	1,800,000	1,800,332	1,804,000	-	-	-	-	-
Proposed 2024 Bonds	-	-	-	-	-	-	6,364,000	6,364,000	6,364,000	8,774,000	8,774,000
Planned 2026 Bonds	-	-	-	-	-	-	-	4,121,000	4,121,000	4,121,000	5,201,000
Subtotal P&I Required	$ 4,289,250	$ 5,638,000	$ 6,094,000	$ 5,882,000	$ 6,092,332	$ 6,094,000	$ 6,364,000	$ 10,485,000	$ 10,485,000	$ 12,895,000	$ 13,975,000
Coverage at 25%	1,072,313	1,409,500	1,523,500	1,470,500	1,523,083	1,524,000	1,591,000	2,621,000	2,621,000	3,224,000	3,494,000
Total Designated PFC (2)	$ 5,361,563	$ 7,047,500	$ 7,617,500	$ 7,352,500	$ 7,615,415	$ 7,618,000	$ 7,955,000	$ 13,106,000	$ 13,106,000	$ 16,119,000	$ 17,469,000
Pay-As-You-Go PFC Expenditures											
PFC #14 projects	$ -	$ 4,174,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PFC #15 projects	17,924,000		17,000								
PFC #16 projects			19,759,000	1,566,000		1,217,000					
PFC #17 projects					2,872,000	22,328,000					
PFC #18 projects						19,900,000					
Terminal Modernization Program								21,000,000	21,175,000		
Other projects @ 25% of PFC collections						4,504,000	4,594,000	4,686,000	4,780,000	4,875,000	4,973,000
Subtotal pay-go	$ 17,924,000	$ 4,174,000	$ 19,776,000	$ 1,566,000	$ 2,872,000	$ 47,949,000	$ 4,594,000	$ 25,686,000	$ 25,955,000	$ 4,875,000	$ 4,973,000
Transfer to PFC Fund (3)	(1,072,313)	(1,409,500)	(1,523,500)	(1,470,500)	(1,523,083)	(1,524,000)	(1,591,000)	(2,621,000)	(2,621,000)	(3,224,000)	(3,494,000)
Total uses	$ 22,213,250	$ 9,812,000	$ 25,870,000	$ 7,448,000	$ 8,964,332	$ 54,043,000	$ 10,958,000	$ 36,171,000	$ 36,440,000	$ 17,770,000	$ 18,948,000
PFC Project Fund ending balance	**$ 85,632,000**	**$ 84,160,000**	**$ 71,211,000**	**$ 78,829,000**	**$ 91,306,000**	**$ 56,735,000**	**$ 65,324,000**	**$ 49,000,000**	**$ 32,471,000**	**$ 34,861,000**	**$ 36,500,000**

Source: Kenton County Airport Board.

(1) PFC of $4.50 less airline collection fee of $0.11.

(2) Transfer, including 25% coverage amount, from PFC Project Fund to Designated PFC Revenue Account per Board resolution.

(3) Year-end transfer of 25% coverage amount from Designated PFC Revenue Account to PFC Project Fund.

August 5, 2024

Exhibit G

NET REVENUES AND BOND DEBT SERVICE COVERAGE

Cincinnati/Northern Kentucky International Airport

Kenton County Airport Board

For Fiscal Years ending December 31

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and and actual results, and those differences may be material.

		Historical					Forecast					
		2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Operating Revenues		$ 110,862,581	$ 81,992,426	$ 99,323,670	$ 131,737,428	$ 165,281,297	$ 177,965,000	$ 192,483,000	$ 200,148,000	$ 214,176,000	$ 234,442,000	$ 253,670,000
Add: Non-operating revenues			-	-	-	-	-	-	-	-	-	-
Investment income		2,389,690	1,242,312	355,596	1,943,395	8,708,885	8,790,000	7,472,000	5,714,000	4,835,000	4,940,000	5,052,000
COVID relief grants		-	11,075,813	1,700,000	5,830,000	24,615,887	13,000,000	-	-	-	-	-
Miscellaneous revenues		346,763	7,560	-	-	-	-	-	-	-	-	-
Add: Other Available Revenues												
Designated PFC Revenues (1)		5,361,563	7,047,500	7,617,500	7,352,500	7,615,415	7,618,000	7,955,000	13,106,000	13,106,000	16,119,000	17,469,000
Designated CFC Revenues (1)		-	-	-	-	-	-	2,763,000	2,764,000	2,763,000	2,765,000	2,766,000
Revenues		$ 118,960,596	$ 101,365,612	$ 108,996,766	$ 146,863,324	$ 206,221,484	$ 207,373,000	$ 210,673,000	$ 221,732,000	$ 234,880,000	$ 258,266,000	$ 278,957,000
Less: O&M Expenses		(92,332,999)	(82,695,001)	(92,292,690)	(117,149,953)	(130,958,214)	(144,344,000)	(150,095,000)	(156,210,000)	(162,829,000)	(170,091,000)	(175,107,000)
Net Revenues	[A]	$ 26,627,598	$ 18,670,612	$ 16,704,076	$ 29,713,371	$ 75,263,270	$ 63,029,000	$ 60,578,000	$ 65,522,000	$ 72,051,000	$ 88,175,000	$ 103,850,000
Principal and Interest Requirements												
2016 Bonds		$ 4,289,250	$ 4,296,000	$ 4,292,000	$ 4,082,000	$ 4,292,000	$ 4,290,000	$ 4,292,000	$ 4,292,000	$ 4,294,000	$ 4,289,000	$ 4,291,000
2019 Bonds		-	1,646,750	2,211,750	2,208,500	2,209,000	2,213,000	2,210,000	2,211,000	2,210,000	2,212,000	2,213,000
Proposed 2024 Bonds		-	-	-	-	-	-	7,357,000	7,360,000	13,827,000	19,313,000	19,308,000
Planned 2026 Bonds		-	-	-	-	-	-	-	4,121,000	4,121,000	14,615,000	30,977,000
Bond Debt Service	[B]	$ 4,289,250	$ 5,942,750	$ 6,503,750	$ 6,290,500	$ 6,501,000	$ 6,503,000	$ 13,859,000	$ 17,984,000	$ 24,452,000	$ 40,429,000	$ 56,789,000
Debt Service Coverage	[A/B]	**6.21**	**3.14**	**2.57**	**4.72**	**11.58**	**9.69**	**4.37**	**3.64**	**2.95**	**2.18**	**1.83**

Source: Kenton County Airport Board. See preceding exhibits.

(1) Amounts for 2026 and later years are subject to future irrevocable commitment by the Board.

Exhibit H

SUMMARY OF RESULTS: BASE CASE AND STRESS TEST PASSENGERS

Cincinnati/Northern Kentucky International Airport

Kenton County Airport Board

For Fiscal Years ending December 31

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and and actual results, and those differences may be material.

	Historical					**Forecast**					
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Base Passenger Forecast											
Enplaned Passengers	4,553,790	1,802,675	3,140,530	3,782,857	4,369,960	4,560,000	4,651,000	4,744,000	4,839,000	4,936,000	5,034,000
Airline Revenues	$ 34,945,857	$ 44,897,616	$ 41,936,224	$ 47,006,993	$ 69,315,265	$ 76,987,000	$ 89,216,000	$ 94,122,000	$ 104,790,000	$ 121,900,000	$ 136,587,000
Nonairline Revenues	75,916,724	37,094,811	57,387,446	84,730,435	95,966,032	100,978,000	103,267,000	106,026,000	109,386,000	112,542,000	117,083,000
Operating Revenues	$ 110,862,581	$ 81,992,426	$ 99,323,670	$ 131,737,428	$ 165,281,297	$ 177,965,000	$ 192,483,000	$ 200,148,000	$ 214,176,000	$ 234,442,000	$ 253,670,000
Non-operating and misc. rev	2,736,453	12,325,686	2,055,596	7,773,395	33,324,772	21,790,000	7,472,000	5,714,000	4,835,000	4,940,000	5,052,000
Other Available Revenues	5,361,563	7,047,500	7,617,500	7,352,500	7,615,415	7,618,000	10,718,000	15,870,000	15,869,000	18,884,000	20,235,000
Less: O&M Expenses	(92,332,999)	(82,695,001)	(92,292,690)	(117,149,953)	(130,958,214)	(144,344,000)	(150,095,000)	(156,210,000)	(162,829,000)	(170,091,000)	(175,107,000)
Net Revenues [A]	$ 26,627,598	$ 18,670,612	$ 16,704,076	$ 29,713,371	$ 75,263,270	$ 63,029,000	$ 60,578,000	$ 65,522,000	$ 72,051,000	$ 88,175,000	$ 103,850,000
Bond Debt Service [B]	$ 4,289,250	$ 5,942,750	$ 6,503,750	$ 6,290,500	$ 6,501,000	$ 6,503,000	$ 13,859,000	$ 17,984,000	$ 24,452,000	$ 40,429,000	$ 56,789,000
Debt Service Coverage [A/B]	**6.21**	**3.14**	**2.57**	**4.72**	**11.58**	**9.69**	**4.37**	**3.64**	**2.95**	**2.18**	**1.83**
PFC Collections	$ 18,364,000	$ 7,366,000	$ 12,968,000	$ 15,318,000	$ 17,332,000	$ 18,017,000	$ 18,377,000	$ 18,745,000	$ 19,118,000	$ 19,500,000	$ 19,891,000
PFC Fund ending balance	$ 85,632,000	$ 84,160,000	$ 71,211,000	$ 78,829,000	$ 91,306,000	$ 56,735,000	$ 65,324,000	$ 49,000,000	$ 32,471,000	$ 34,861,000	$ 36,500,000
Passenger Airline Payments	$ 20,548,375	$ 25,651,967	$ 24,909,653	$ 27,145,896	$ 42,165,576	$ 46,710,000	$ 54,309,000	$ 57,393,000	$ 66,291,000	$ 81,269,000	$ 92,560,000
per Enplaned Passenger	**$4.51**	**$14.23**	**$7.93**	**$7.18**	**$9.65**	**$10.24**	**$11.68**	**$12.10**	**$13.70**	**$16.46**	**$18.39**
Stress Test Passenger Projection											
Enplaned Passengers						4,560,000	3,953,000	4,032,000	4,113,000	4,195,000	4,279,000
Percent of Base Forecast						100%	85%	85%	85%	85%	85%
Airline Revenues							$ 96,537,000	$ 101,723,000	$ 112,805,000	$ 129,279,000	$ 143,429,000
Nonairline Revenues							89,984,000	92,373,000	95,299,000	98,017,000	101,916,000
Operating Revenues							$ 186,521,000	$ 194,096,000	$ 208,104,000	$ 227,296,000	$ 245,345,000
Non-operating and misc. revenues							7,472,000	5,714,000	4,835,000	4,940,000	5,052,000
Other Available Revenues							10,718,000	15,870,000	15,869,000	18,884,000	20,235,000
Less: O&M Expenses							(150,095,000)	(156,210,000)	(162,829,000)	(170,091,000)	(175,107,000)
Net Revenues [A]							$ 54,616,000	$ 59,470,000	$ 65,979,000	$ 81,029,000	$ 95,525,000
Bond Debt Service [B]							$ 13,859,000	$ 17,984,000	$ 24,452,000	$ 40,429,000	$ 56,789,000
Debt Service Coverage [A/B]							**3.94**	**3.31**	**2.70**	**2.00**	**1.68**
PFC Collections							$ 15,619,000	$ 15,932,000	$ 16,250,000	$ 16,575,000	$ 16,907,000
PFC Fund ending balance							$ 63,253,000	$ 44,818,000	$ 26,138,000	$ 26,334,000	$ 25,735,000
Passenger Airline Payments							$ 61,643,000	$ 65,005,000	$ 74,322,000	$ 88,665,000	$ 99,416,000
per Enplaned Passenger							**$15.59**	**$16.12**	**$18.07**	**$21.14**	**$23.23**

Source: Kenton County Airport Board. See preceding exhibits.

August 5, 2024

Exhibit P

ENPLANED PASSENGERS AND LANDED WEIGHT

Cincinnati/Northern Kentucky International Airport

Kenton County Airport Board

For Fiscal Years ending December 31

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and and actual results, and those differences may be material.

Base Case Forecast	**Historical**					**Forecast**					
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Enplaned Passengers											
Originating	4,341,000	1,741,000	3,052,000	3,537,000	4,173,000	4,354,000	4,442,000	4,530,000	4,621,000	4,713,000	4,808,000
Connecting	212,790	61,675	88,530	245,857	196,960	206,000	209,000	214,000	218,000	223,000	226,000
Total Enplaned Passengers	4,553,790	1,802,675	3,140,530	3,782,857	4,369,960	4,560,000	4,651,000	4,744,000	4,839,000	4,936,000	5,034,000
Annual change	2.6%	-60.4%	74.2%	20.5%	15.5%	4.3%	2.0%	2.0%	2.0%	2.0%	2.0%
Percent originating	95.3%	96.6%	97.2%	93.5%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%
Landed Weight (1,000 lbs)											
Passenger	5,140,636	2,858,285	3,907,267	4,223,022	5,088,208	5,141,000	5,244,000	5,349,000	5,456,000	5,565,000	5,676,000
All-cargo	7,271,133	7,973,167	8,507,424	9,277,495	10,715,229	10,717,000	10,989,000	11,378,000	11,606,000	12,056,000	12,310,000
Total Landed Weight (1,000 lbs)	12,411,769	10,831,453	12,414,691	13,500,517	15,803,437	15,858,000	16,233,000	16,727,000	17,062,000	17,621,000	17,986,000
Annual change	1.8%	-12.7%	14.6%	8.7%	17.1%	0.3%	2.4%	3.0%	2.0%	3.3%	2.1%
Percent all-cargo	58.6%	73.6%	68.5%	68.7%	67.8%	67.6%	67.7%	68.0%	68.0%	68.4%	68.4%

Source: Kenton County Airport Board. Historical data are as reported to the Board by the airlines.

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APPENDIX B
DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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APPENDIX B
DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

In addition to certain information provided under the headings "THE SERIES 2024 REVENUE BONDS" and "SOURCES OF PAYMENT AND SECURITY" in the body of this Official Statement, included in this Appendix B are summaries of certain provisions of the General Bond Resolution, adopted by the Board on May 16, 2016 and the Series 2024 Resolution, adopted by the Board on July 15, 2024. This summary does not purport to be complete and is subject in all respects to the provisions of and is qualified in its entirety by, the General Bond Resolution and the Series 2024 Resolution.

DEFINITIONS

The following are definitions of certain terms used in this Official Statement (except as otherwise set forth therein) and summarized in this Appendix B.

"Act" means Sections 183.132 through 183.165, inclusive, 183.476, and 183.630 through 183.740, inclusive, of the Kentucky Revised Statutes, as supplemented and amended, and Chapter 58 of the Kentucky Revised Statutes, as supplemented and amended, and all laws amendatory thereof or supplemental thereto.

"Account(s)" means any account(s) residing in a Fund, as designated in the General Bond Resolution or as otherwise designated under the Series Resolution.

"Accreted Value" means, as of any date of computation with respect to any Capital Appreciation Bond, the sum of the amount set forth in a Series Resolution as the amount representing the initial principal amount of such Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date; provided that in each case the Accreted Value shall be determined in accordance with the provisions of the Series Resolution authorizing the issuance of such Capital Appreciation Bonds calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year consisting of twelve, 30-day months.

"Additional Bonds" means the bonds, notes and other evidence of indebtedness of the Board authorized to be issued under the General Bond Resolution.

"Airport" means the site of the Cincinnati/Northern Kentucky International Airport in Boone County, Kentucky, together with all buildings, structures, terminals, concourses, runways, aprons, equipment and facilities thereof, taking into consideration all future reductions, extensions, expansions, and improvements thereto and enlargements thereof, whether or not made with the proceeds of Bonds or obligations of the Board, grants from any federal, state or other public bodies or from any other funds of any nature whatsoever. Unless the Board expressly excludes any additional airport facilities acquired in the future, "Airport" also includes any additional airport facilities acquired by the Board in the future.

"Airport Consultant" means a firm or firms of national recognition experienced in the field of planning the development, operation and management of airports and aviation facilities, selected and employed by the Board from time to time.

"Authorized Representative" or "Authorized Representatives" means the Chairman of the Board, the Vice Chairman of the Board, the Secretary-Treasurer of the Board, the Chief Executive Officer, the Chief Financial Officer, or such other officers or employees of the Board or other persons which other officers, employees or persons have been designated by the Board by written notice as an Authorized Representative.

"Balloon Bonds" means, with respect to any Series of Bonds which (i) mature on the same date or within a 12-month period (with Mandatory Sinking Fund Requirements on Term Bonds deemed to be maturing) and which on the date of original issuance constitute at least 50% of the principal amount of the Bonds of such Series and (ii) are expressly designated as "Balloon Bonds" in the Series Resolution providing for the issuance of such Series of Bonds. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such indebtedness which is required, by the applicable Series Resolution, to be amortized by prepayment or redemption prior to its stated maturity date.

"Beneficial Owner" means the person in whose name a Series 2024 Revenue Bond is recorded as the beneficial owner thereof by the respective systems of DTC and each of the DTC Participants, or the Registered Holder of such Series 2024 Revenue Bond if such Series 2024 Revenue Bond is not then registered in the name of Cede & Co.

"Board" means the Kenton County Airport Board, a political subdivision of the Commonwealth, as created and organized under the Act.

"Bond" or "Bonds" means any bonds or any other evidences of indebtedness for borrowed money issued from time to time pursuant to the General Bond Resolution and the terms of the Series Resolution. The terms "Bond" and "Bonds" shall not include Subordinate Bonds.

"Bond Counsel" means a firm or firms of attorneys which are nationally recognized counsel experienced in matters relating to municipal finance and which are familiar with transactions contemplated under the General Bond Resolution and which have been appointed by the Board.

"Bond Fund" means the special and separate account designated as the Kenton County Airport Board Bond Fund created pursuant to the General Bond Resolution.

"Bondholder" or "Holder" means the holder or registered owner of any Bond Outstanding.

"Bond Reserve Fund" means the special and separate account designated as the Kenton County Airport Board Bond Reserve Fund created pursuant to the General Bond Resolution.

"Business Day" means a day on which banks located in New York, New York, and in the city in which the principal corporate office of the Paying Agent is located are open, provided that such term may have a different meaning for any specified Series of Bonds if so provided by in the Series Resolution.

"Capital Appreciation Bonds" means any Series of Bonds to which all or a portion of interest is compounded and accumulated at the rates and on the dates set forth in a Series Resolution and is payable only upon redemption or on the maturity date of such Bonds.

"Capitalized Interest" means the amount of interest on a Series of Bonds, if any, funded from the proceeds of such or another Series of Bonds or other monies that are deposited in the Bond Fund or the Construction Fund as described or provided for in a Series Resolution for the Series of Bonds, a portion of the proceeds of which may to be used to pay interest on such or another Series of Bonds.

"Carryover Amount" means any amounts in the General Purposes Fund as of the last day of a Fiscal Year, to the extent such amounts (i) are not restricted to other uses or required to be applied to cure a deficiency in any Fund or Account and (ii) do not exceed 25% of the Principal and Interest Requirements on all Outstanding Bonds for the next succeeding Fiscal Year.

"Certificate of Award" means, with respect to any Series 2024 Revenue Bonds, the certificate delivered by the Chairman or Vice Chairman and the Chief Executive Officer or Chief Financial Officer, as Authorized Representatives, awarding that Series 2024 Revenue Bonds to their original purchaser.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor Internal Revenue Code, and the applicable regulations promulgated thereunder and under the Internal Revenue Code of 1954, as amended.

"Commercial Paper Program" means a program of Term Bonds that may be issued and reissued from time to time and that have the characteristics of commercial paper in that such debt obligations have a stated maturity not later than 270 days from their date of issue. Any such Term Bonds may be issued as Bonds, Subordinate Bonds or any other junior lien debt issued pursuant to a Subordinate Bonds Issuing Instrument.

"Common Bond Reserve Account" means the special and separate account designated as the Kenton County Airport Board Common Bond Reserve Account in the Bond Reserve Fund created pursuant to the Series 2024 Resolution for the Series 2024 Revenue Bonds and any other Common Reserve Bonds.

"Common Bond Reserve Requirement" means the amount deposited in the Common Bond Reserve Account as set forth in the Certificate of Award, and such amount shall always be equal to the least of (i) 10% of the par amount or Sale Proceeds on all outstanding Series 2024 Revenue Bonds and any other Common Reserve Bonds (this limit being applicable to the extent that the net original issue premium or discount on the Common Reserve Bonds exceeds 2% of the stated redemption price at maturity of the issue of Common Reserve Bonds), (ii) the maximum annual Principal and Interest Requirements on all outstanding Series 2024 Revenue Bonds and any other Common Reserve Bonds in any Fiscal Year or (iii) 125% of the average annual Principal and Interest Requirements on the outstanding Series 2024 Revenue Bonds and any other Common Reserve Bonds; provided that such amount may be recalculated at any time (a) upon the designation and issuance by the Board of any other Common Reserve Bonds and (b) in connection with the redemption or purchase and cancellation of any Series 2024 Revenue Bonds or any other Common Reserve Bonds.

"Common Reserve Bonds" means the Bonds of any other Series issued under the General Bond Resolution and designated by the Board as being secured on a parity with the Series 2024 Revenue Bonds, by amounts on deposit in the Common Bond Reserve Account. As of the date of the issuance of the Series 2024 Revenue Bonds, the term Common Reserve Bonds shall include (i) the Series 2016 Revenue Bonds, (ii) the Series 2019 Bonds, (iii) the Series 2024 Bonds, and (iv) and any future Series of Bonds designated by the Board as "Common Reserve Bonds."

"Commonwealth" means the Commonwealth of Kentucky.

"Completion Date" means the date of acquisition or completion of any Improvement, as certified by the Board.

"Construction Fund" means the special and separate account designated as the Kenton County Airport Board Construction Fund created pursuant to the General Bond Resolution.

"Consultant" means any consultant, engineer, engineering firm, firm of certified public accountants, or corporation, financial advisory firm, or other qualified person, firm or corporation of favorable repute for skill and experience in performing the duties for which it is employed by the Board under the General Bond Resolution who:

(a) is in fact independent of the Board;

(b) does not have any substantial interest, direct or indirect, with the Board; and

(c) is not connected with the Board as an officer or employee of the Board but who may be regularly retained to make annual or other periodic reports to the Board.

"Cost" or "Costs," as applied to any Improvements financed with any Series of Bonds, means, but are not limited to, all of the following:

(a) labor, materials, services, and other obligations incurred or provided by contractors, builders, and material men for (i) the construction, acquisition, and equipping of Improvements; (ii) the restoration of property damaged or destroyed in connection with such construction, acquisition, and equipping; and (iii) the demolition, removal, or relocation of any structures, and the clearing of lands as necessary for the Improvements;

(b) interest accruing upon any Series of Bonds as may be provided in the corresponding Series Resolution for such Bonds;

(c) the cost of acquiring by purchase, and the amount of any award or final judgment in any proceeding, to acquire by condemnation, such land, structures and improvements, property rights, rights-of-way, franchises, easements, and other interests in lands as may be deemed necessary or convenient in connection with the construction or operation of the Airport, and the amount of any damages incident thereto;

(d) expenses of administration properly chargeable to the Improvements, including (i) construction, legal, architectural and engineering expenses and fees; (ii) cost of audits and of preparing and issuing the Bonds; (iii) fees and expenses of consultants; (iv) financing charges; (v) liability, property, and casualty insurance premiums in connection with construction; (vi) bond insurance premiums; (vii) the cost of funding the Bond Reserve Fund; and (viii) all other items of expense not elsewhere in this subparagraph specified that are incident to financing, constructing, or acquiring the Improvements and placing them in operation;

(e) any obligation or expense incurred by the Board for any of the foregoing purposes, including the cost of materials, supplies or equipment furnished by the Board in connection with the construction of the Improvement and paid for by the Board out of the funds other than money in the Construction Fund; and

(f) any other costs otherwise permitted to be financed with Bonds under the Act, the General Bond Resolution, and the Series Resolution.

"Counterparty" means a financial institution whose senior long-term debt obligations, or whose obligations under any Interest Rate Swap are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated in one of the three highest Rating Categories by the Rating Agencies or (b) fully secured by obligations described in KRS 66.480(1)(a) or KRS 66.480(1)(b) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon.

"County" means Kenton County, Kentucky, a political subdivision of the Commonwealth.

"Credit Enhancer" means, with respect to a Series of Bonds, the provider of a Credit Facility.

"Credit Facility" means, with respect to any Series of Bonds, the letter of credit, line of credit, municipal bond insurance, surety policy, or other form of credit enhancement and/or liquidity support, if any, for such Series of Bonds, provided for in the applicable Series Resolution, including any alternate Credit Facility with respect to such Series of Bonds delivered in accordance with provisions of the Series Resolution providing for the issuance of such Series of Bonds.

"Current Year Operating Increment" means an amount equal to one-fourth of the amount by which the total O&M Expenses of the Board as reflected on its annual budget for the current Fiscal Year exceeds the total O&M Expenses of the Board as reflected in its annual budget for the immediately preceding Fiscal Year.

"Customer Facilities Charges" or "CFCs" means the charges (including interest earnings thereon) authorized, implemented, and collected by the Board that are imposed on car rental operators from time to time to accommodate the Airport's ground transportation needs.

"Defeasance Obligations" means (i) obligations described in KRS 66.480(1)(a) or KRS 66.480(1)(b) or any successors thereto, which are not redeemable prior to the maturity thereof, and

(ii) state and municipal obligations, bonds, or certificates of indebtedness of the Commonwealth and of its agencies and instrumentalities, and securities issued by a state or local government, or any instrumentality or agency thereof in the United States, provided that the issuing entity has a long term debt rating of not less than "AA" (or its equivalent) by all Rating Agencies which rate that issuer, which are not redeemable prior to the maturity thereof or an optional redemption date thereof previously publicly announced by the paying agent or trustee therefor, and that are fully secured by and payable solely from obligations described in clause (i) held under an escrow agreement; and in each case under clauses (i) and (ii) hereof, only if permitted by the Investment Policy of the Board.

"Depositary" or "Depositaries" means any bank or trust company duly authorized by law to engage in the banking business and selected by the Board as a depositary of money under the General Bond Resolution.

"Designated CFC Revenues" means, for any period of time, the amount of Customer Facilities Charges specified in any Series Resolution (or any other action adopted by the Board) in which the Board irrevocably commits to pay Principal and Interest Requirements, and such Customer Facilities Charges shall be deemed Other Available Revenues under the General Bond Resolution.

"Designated Grant Revenues" means, for any period of time, the amount of Grant Funds specified in any Series Resolution (or any other action adopted by the Board) in which the Board irrevocably commits to pay Principal and Interest Requirements, and such Grant Funds shall be deemed Other Available Revenues under the General Bond Resolution.

"Designated PFC Revenue Account" means the special and separate account designated as the Kenton County Airport Board Designated PFC Revenue Account in the Revenue Fund created pursuant to the Series 2016 Bond Resolution adopted by the Board on May 16, 2016.

"Designated PFC Revenues" means certain Passenger Facilities Charges that may be committed in the future to pay Principal and Interest Requirements of the Series 2024 Revenue Bonds when such Passenger Facility Charges are deposited in the Designated PFC Revenue Account pursuant to action taken by the Board.

"DTC Participants" means trust companies, banks, brokers, dealers, clearing corporations, and certain other organizations that are direct or indirect participants or members of DTC, or if DTC or its successor or assign resigns from its functions as depository for the Series 2024 Revenue Bonds, any other Securities Depository which agrees to follow the procedures required to be followed by a Securities Depository in connection with the Series 2024 Revenue Bonds and which is selected by the Board.

"Eminent Domain" means the eminent domain or condemnation power by which all or any part of the Airport may be taken for another public use or any agreement that is reached in lieu of proceedings to exercise such power.

"EMMA" means the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board, or any successor thereto designated as a nationally recognized municipal securities information repository by the United States Securities and Exchange Commission.

"Escrow Agent" means a bank or trust company, either within or without the Commonwealth, designated as Escrow Agent in the Escrow Deposit Agreement, and performing such functions as are required by such Escrow Deposit Agreement.

"Escrow Deposit Agreement" means any agreement between the Board and an Escrow Agent providing for the application of Bond proceeds and other legally available funds of the Board to the payment and redemption of certain Outstanding Bonds.

"Escrow Fund" means a Fund so designated under an Escrow Deposit Agreement.

"Event of Default" means each of those events of default as set forth in the General Bond Resolution.

"Fiscal Year" means the fiscal year of the Board ending as of December 31 of each year or such other date as may be designated from time to time in writing by the Board.

"Fund(s)" means any fund(s) created under and designated in the General Bond Resolution, as well as any funds created under and designated in the Series Resolution.

"GAAP" means Generally Accepted Accounting Principles as then applicable to the Board.

"General Bond Resolution" means the resolution adopted by the Board on May 16, 2016, as amended, authorizing the issuance of the Bonds.

"General Purposes Fund" means the special and separate account designated as the Kenton County Airport Board General Purposes Fund created pursuant to the General Bond Resolution.

"Grant Funds" means grants (including interest earnings thereon, but only to the extent required by the terms of the grant) to be provided to the Board under a written commitment in connection with Airport facilities or projects.

"Improvement" or "Improvements" means any improvements, additions, replacements or extensions to the Airport, including real estate and interests therein, buildings, structures, fixtures, facilities and additions thereto, machinery, equipment, furniture, and other personal property.

"Insurance and Condemnation Award Fund" means the special and separate account designated as the Kenton County Airport Board Insurance and Condemnation Award Fund created pursuant to the General Bond Resolution.

"Interest Account" means the special and separate account designated as the Kenton County Airport Board Interest Account in the Bond Fund created pursuant to the General Bond Resolution.

"Interest Payment Date" means, in the case of the Series 2024 Revenue Bonds, January 1 and July 1 of each year, commencing on January 1, 2025.

"Interest Rate Swap" means any contract, agreement or arrangement between the Board and a Counterparty relating to the issuance of any Series of Bonds (a) providing for payments based on levels of, or changes in, interest rates or other indices, (b) providing for the exchange of cash flows or a series of payments, or (c) providing for the hedge of payment, rate spread or similar exposure, including but not limited to interest rate exposure. The term "Interest Rate Swap" includes any interest rate swap agreement, a forward purchase contract, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, rate, spread or similar exposure.

"Interim Bonds or Notes" means bonds or notes issued by the Board with a final maturity not longer than 60 months (or longer period if then so permitted by the provisions of Commonwealth law relating to the issuance of bond anticipation notes by counties) in anticipation of the refinancing thereof from all or a portion of the proceeds of a Series of Bonds secured under the General Bond Resolution.

"Investment Obligations" means all investments from time to time permitted to be purchased by political subdivisions of the Commonwealth, as set forth with particularity in KRS 66.480, as may be amended.

"Investment Policy" means the policy adopted by the Board and on file therewith from time to time governing permitted investments of moneys and funds of the Board.

"Issuing Instrument" means, (i) with respect to any obligations other than Bonds or Subordinate Bonds, the resolution, loan agreement, lease, installment purchase agreement, revolving credit agreement, or other instrument or agreement with which such obligations are issued or incurred; and (ii) with respect to any Series of Bonds (which shall be issued under any applicable Series Resolution), such other agreements as are authorized in the Series Resolution, including a loan agreement, revolving credit agreement, or other instrument providing certain terms of such Bonds.

"Mandatory Sinking Fund Requirement(s)" means, with respect to Term Bonds of any Series and for any Fiscal Year, the principal amount fixed in the Series Resolution for the retirement of such Term Bonds of any Series by purchase prior to, or redemption on, the Principal Payment Date of the following Fiscal Year. The aggregate amount of such Mandatory Sinking Fund Requirements for the Term Bonds of each Series, together with the amount due upon the final maturity of such Term Bonds, shall be equal to the aggregate principal amount of the Term Bonds of such Series. The Mandatory Sinking Fund Requirements for the Term Bonds of the same maturity of each Series shall begin in the Fiscal Year determined in accordance with the provisions of the Series Resolution for such Series and shall end with the Fiscal Year immediately preceding the maturity of such Term Bonds (such final installment being payable at maturity and not redeemed). Any Series Resolution for any Series that contains Term Bonds may specify such additional provisions as the Board deems necessary to adjust the Mandatory Sinking Fund Requirements for that Series, including, but not limited to, adjustments for any purchases of Term Bonds or portions thereof from moneys in the Principal Account prior to the next scheduled Mandatory Sinking Fund Requirement and any optional redemptions of Term Bonds or portions thereof prior to the next scheduled Mandatory Sinking Fund Requirement.

"Master Plan" means any then effective plan stated to be a Master Plan of the Airport filed with the Board.

"Net Payments" means, with respect to an Interest Rate Swap, the amount payable by the Board on each scheduled payment date under such Interest Rate Swap net of the amount payable by the Counterparty under such Interest Rate Swap on such scheduled payment date, provided, however, Net Payments shall not include Termination Payments.

"Net Proceeds" means the gross proceeds derived from property insurance, less payment of attorneys' fees and expenses properly incurred in the collection of those gross proceeds.

"Net Revenues" means the sum of Revenues remaining after provision is made for the payment of O&M Expenses plus transfers of Other Available Revenues, if any, as specified in a Series Resolution (or any other action adopted by the Board).

"Operations and Maintenance Expenses" or "O&M Expenses" means the Board's expenses for the operation, maintenance and repair of the Airport. O&M Expenses shall normally include those items and amounts accrued and/or expensed in accordance with GAAP. However, in situations where GAAP calls for amounts to currently be recorded as expense but (i) the timing of the required payment of the expense or a portion of the expense, while known, is more than one year in the future or (ii) the actual timing of the required payment of the expense is not readily determinable (e.g., pension and post-employment benefits calculated actuarially), the Board may include as O&M Expense the amount required to be paid for the current period, rather than the entirety of amounts required to be expensed in accordance with GAAP. O&M Expenses shall not include (i) any allowance for amortization, depreciation or obsolescence of the Airport, (ii) any extraordinary items arising from the early extinguishment of debt, (iii) charges for the payment of principal, Redemption Price, purchase price, interest or other payments on any Series of Bonds or Subordinate Bonds, (iv) in respect of capital leases or any costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to the Airport which under GAAP are properly chargeable to a capital account or a reserve for depreciation, (v) any losses from the sale, abandonment, reclassification, revaluation or other disposition of any Airport properties, (vi) any deposits to any Fund or Account created under the General Bond Resolution, (vii) any expenses funded with grants or any moneys other than Revenues, or (viii) any loss resulting from changes in valuation of any Interest Rate Swap or Investment Obligations.

"Operations and Maintenance Fund" means the special and separate account designated as the Kenton County Airport Board Operations and Maintenance Fund created pursuant to the General Bond Resolution.

"Operations and Maintenance Required Reserve" means, as of the date of determination, one-fourth of the amount budgeted as O&M Expenses for the then current Fiscal Year; provided that such amount may be increased if authorized by the Series Resolution.

"Operations and Maintenance Reserve Account" means the special and separate account designated as the Kenton County Airport Board Operations and Maintenance Reserve Account in the Operations and Maintenance Fund created pursuant to the General Bond Resolution.

"Optional Tender Bonds" means a Series of Bonds, a feature of which is an option on the part of the Holders of such Bonds to tender such Bonds to the Board for payment or purchase prior to stated maturity.

"Other Available Revenues" means, for any period of time, all of (i) Designated PFC Revenues, Designated CFC Revenues, and Designated Grant Revenues that the Board receives as provided in the General Bond Resolution, in any Series Resolution, or by any other action adopted by the Board and (ii) the amount of any other future income or revenue source that the Board deems as Other Available Revenues as specified in the Series Resolution (or any other action adopted by the Board); provided, however that any Series Resolution (or any other action adopted by the Board) shall also establish or identify the corresponding Funds, Accounts, and subaccounts along with functional provisions for the receipt, deposit and application of such source of income or revenue substantially similar to what is currently provided in the General Bond Resolution.

"Outstanding" when used with reference to Bonds means, as of a particular date, all Bonds theretofore issued and secured under the General Bond Resolution except:

(a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;

(b) Bonds for the payment of which money, Defeasance Obligations, or a combination thereof, in an amount sufficient to pay on the date when such Bonds are to be paid or redeemed the Redemption Price of the Bonds to be paid or redeemed, have been irrevocably deposited in a subaccount of the Redemption Account created for such purpose or under an Escrow Deposit Agreement and held in trust for the Holders of such Bonds; Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the Redemption Price of such Bonds to such date; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the General Bond Resolution.

"Passenger Facilities Charges" or "PFCs" means charges collected by the Board under the authority granted by the Aviation Safety and Capacity Expansion Act of 1990, the Aviation Investment Reform Act of 2000 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues, or any similar fee or charge authorized by any amendment thereto or by any successor federal law.

"Paying Agent" means, with respect to the Series 2024 Revenue Bonds, U.S. Bank Trust Company, National Association, and its successors designated in the applicable Series Resolution as the paying agent for such Series 2024 Revenue Bonds.

"Person(s)" means any individual, corporation, firm, association, partnership, trust or other entity or group of entities, including a governmental entity or any agency or political subdivisions thereof.

"PFC Project Fund" means the special and separate fund designated as the Kenton County Airport Board PFC Project Fund maintained by the Board, into which all Passenger Facilities Charges received by the Board are deposited.

"Principal Account" means the special and separate account designated as the Kenton County Airport Board Principal Account in the Bond Fund created pursuant to the General Bond Resolution.

"Principal and Interest Requirements" means the amount of payments from Net Revenues which are required to be deposited in the applicable Funds and Accounts in each Fiscal Year for payment of principal of and interest on all Series of Bonds, including Mandatory Sinking Fund Requirements and Net Payments, and payments to any Credit Enhancer to reimburse such Credit Enhancer for debt service payments made:

(a) in determining the amount of principal to be funded in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds in accordance with any amortization schedule established by the Series Resolution setting forth the terms of such Bonds; and in determining the amount of interest to be funded in each year, interest payable at a fixed rate shall (except to the extent any other subsection of this definition applies) be assumed to be made at such fixed rate and on the required funding dates;

(b) with respect to Variable Rate Bonds, the interest rate shall be assumed to be The Bond Buyer 25 Revenue Bond Index, or its successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer,* or if The Bond Buyer 25 Revenue Bond Index is no longer published, another similar index selected by the Board;

(c) with respect to Interim Bonds or Notes, interest only and not the principal shall be included in Principal and Interest Requirements if all or a portion of the proceeds of any Series of Bonds are expected to be used to refinance such Interim Bonds or Notes and such Series of Bonds have been duly authorized by the Board; provided however, no interest or principal on Interim Bonds or Notes shall be included in Principal and Interest Requirements if the Board shall determine in the resolution authorizing the issuance of such Interim Bonds or Notes that (i) such Interim Bonds or Notes (1) shall be Subordinate Bonds, or (2) shall not be secured by a pledge of Net Revenues; or (ii) the Series of Bonds expected to be issued to refinance such Interim Bonds or Notes have been duly authorized by the Board as Subordinate Bonds;

(d) with respect to Optional Tender Bonds, Principal and Interest Requirements shall not include the principal portion of the purchase price of such Optional Tender Bonds payable upon exercise by the holders thereof of the option to tender such Bonds for purchase to the extent and for so long as a Credit Facility shall be in full force and effect with respect to such Optional Tender Bonds but shall include the regularly scheduled principal payments on such Optional Tender Bonds, either upon payment at maturity or redemption in satisfaction of the Mandatory Sinking Fund

Requirement for such Optional Tender Bonds; provided, however, that during any period of time after the issuer of the Credit Facility has advanced funds thereunder and before such amount is repaid, Principal and Interest Requirements shall include the principal amount so advanced and interest thereon, in accordance with the principal repayment schedule and interest rate or rates specified in the Credit Facility;

(e) with respect to Capital Appreciation Bonds, included as a principal amount, the Accreted Value maturing or scheduled for redemption in such Fiscal Year;

(f) if moneys or Defeasance Obligations have been irrevocably deposited or Capitalized Interest has been set aside exclusively to be used to pay principal or interest on specified Bonds, then the principal or interest to be paid from such moneys, Defeasance Obligations or Capitalized Interest or from the earnings thereon shall be disregarded and not included in calculating Principal and Interest Requirements;

(g) Principal and Interest Requirements shall not include the principal of, redemption premium, if any, and interest on Subordinate Bonds;

(h) if all or any portion or portions of an Outstanding Series of Bonds constitute Balloon Bonds, then, for purposes of determining Principal and Interest Requirements, each maturity that constitutes Balloon Bonds shall, unless otherwise provided in the Series Resolution under which such Balloon Bonds are issued or unless paragraph (j) of this definition applies to such maturity, be treated as if it were to be amortized over a period of no more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Bonds were issued, and extending not later than the stated or deemed, as the case may be, final maturity of such Balloon Bonds, but in no event later than 30 years from the date such Balloon Bonds were originally issued; and the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or its successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer,* or if that index is no longer published, another similar index selected by the Board, or if the Board fails to select a replacement index, that rate determined by a banking institution or an investment banking institution selected by the Board knowledgeable in airport finance as the interest rate or rates at which the Board could reasonably expect to borrow by incurring indebtedness with the same term as assumed above, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Bonds only a portion of which constitutes Balloon Bonds, the remaining portion shall be treated as described in such other provision of this definition as shall be applicable and, with respect to any Series of Bonds or that portion of a Series thereof which constitutes Balloon Bonds, all Principal and Interest Requirements becoming due prior to the year of the stated maturity of the Balloon Bonds shall be treated as described in such other provision of this definition as shall be applicable;

(i) any maturity of Bonds which constitutes Balloon Bonds as described in paragraph (h) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Principal and Interest Requirements is made, shall be assumed to become due and payable on the stated maturity date and paragraph (h) above shall not apply thereto unless there is delivered to the person making the calculation of Principal and Interest Requirements a certificate of an Authorized Representative confirming the Board's intent to refinance such maturity and stating the probable terms of such refinancing; upon the receipt of such certificate, such Balloon Bonds shall be assumed to be refinanced in accordance with the probable terms set out in such commitment and such terms shall be used for purposes of calculating Principal and Interest Requirements, provided that such assumption shall not result in an interest rate lower than that which would be assumed under paragraph (h) above and shall be amortized over a term of not more than 30 years from the date of refinancing;

(j) with respect to any obligations which are part of a Commercial Paper Program, it shall be assumed that the authorized amount of such Commercial Paper Program will be amortized over a term of 35 years and it shall be assumed that debt service with respect to such Commercial Paper Program shall be paid in substantially level annual debt service payments over such assumed term; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or its successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer,* or if that index is no longer published, another similar index selected by the Board, or if the Board fails to select a replacement index, that rate determined by a banking institution or an investment banking institution selected by the Board knowledgeable in airport finance as the interest rate or rates at which the Board could reasonably expect to borrow by incurring indebtedness with the same term as assumed above, with no credit enhancement and taking into consideration whether such obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(k) with respect to any Variable Rate Bonds in connection with which there exists an Interest Rate Swap that obligates the Board to pay the Counterparty a fixed interest rate (for the period during which such Interest Rate Swap is reasonably expected to remain in effect), such Bonds shall be deemed to bear interest at that fixed rate;

(l) with respect to any Variable Rate Bonds in connection with which there exists an Interest Rate Swap that obligates the Board to pay the Counterparty a different variable interest rate (for the period during which such Interest Rate Swap is reasonably expected to remain in effect), the interest rate on such Bonds shall be assumed to be The Bond Buyer 25 Revenue Bond Index, as further set forth in paragraph (b);

(m) with respect to any Bonds that bear interest at a fixed rate in connection with which there exists an Interest Rate Swap that obligates the Board to pay the Counterparty a floating rate, the interest rate on the Bonds (for the period during which such Interest Rate Swap is reasonably expected to remain in effect) shall be assumed to be The Bond Buyer 25 Revenue Bond Index, as further set forth in paragraph (b); and

(n) if all or any portion of the interest or principal due or coming due on Bonds is paid or expected to be paid from cash subsidy payments or other similar payments made or expected to be made by the United States Treasury or other federal or state governmental entity to or on behalf of the Board, the amount of interest or principal so paid or expected to be paid shall not be included in calculating Principal and Interest Requirements.

"Principal Payment Date" means, with respect to any Series of Bonds, the dates on which principal is stated to be payable on the Bonds at stated maturity or pursuant to Mandatory Sinking Fund Requirements.

"Rating Agency" and "Rating Agencies" means, with respect to a Series of Bonds, any nationally recognized credit rating agencies specified in the related Series Resolution.

"Rating Category" means (i) with respect to any long-term rating category of a Rating Agency, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (ii) with respect to any commercial paper rating category of a Rating Agency, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Rebate Amount" means the amount required to be rebated to the United States pursuant to Section 148(0(2) of the Code or successor provisions applicable to the Bonds.

"Rebate Fund" means the special and separate account designated as the Kenton County Airport Board Rebate Fund created pursuant to the General Bond Resolution.

"Record Date" means the fifteenth day of the calendar month next preceding each Interest Payment Date.

"Redemption Account" means the special and separate account designated as the Kenton County Airport Board Redemption Account in the Bond Fund created pursuant to the General Bond Resolution.

"Redemption Price" means the principal amount of a Bond called for redemption plus interest accrued thereon to the date of redemption, plus the applicable premium, if any, payable upon redemption thereof in the manner provided by the Series Resolution.

"Registered Holder" or "Registered Owner" means the person in whose name a Series 2024 Revenue Bond is registered as of the Record Date.

"Released Revenues" means Revenues in respect of which the following have been filed with the Board:

(a) a resolution of the Board describing a specific identifiable portion of Revenues and approving that such Revenues be excluded from the term Revenues;

(b) either (i) a certificate prepared by an Authorized Representative showing that Net Revenues for each of the two most recent completed Fiscal Years, after the specific identifiable portion of Revenues covered by the Board's resolution described in (a) above are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits and payments under the application of money in Revenue Fund provisions of the General Bond Resolution, or (B) an amount not less than 150% of average Principal and Interest Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues; or (ii) a certificate prepared by a Consultant showing that the estimated Net Revenues (excluding the specific identifiable portion of Revenues covered in the resolution adopted by the Board described in (a) above) for each of the first three complete Fiscal Years immediately following the Fiscal Year in which the resolution described in (a) above is adopted by the Board, will not be less than the larger of (A) the amounts needed for making the required deposits and payments under the application of money in Revenue Fund provisions of the General Bond Resolution, or (B) an amount not less than 150% of the average Principal and Interest Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues;

(c) an opinion of Bond Counsel to the effect that the exclusion of such specific identifiable portion of revenues from the definition of Revenues and from the pledge and lien of the General Bond Resolution will not, by itself, cause the interest on any Outstanding Bonds to be included in gross income for purposes of federal income tax; and

(d) written confirmation from each of the Rating Agencies that have been requested by the Board to maintain a rating on the Bonds and are then maintaining a rating on any of the Bonds to the effect that the exclusion of such specific identifiable portion of Revenues from the pledge and lien of the General Bond Resolution will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds.

Additionally, the Board shall give written notice to each Rating Agency that has been requested by the Board to maintain a rating on the Bonds and that is then maintaining a rating on any of the Bonds at least 15 days prior to any specific identifiable portion of Revenues being excluded from the pledge and lien of the General Bond Resolution as provided in this definition of "Released Revenues."

Upon filing of such documents, the specific identifiable portion of Revenues described in the resolution of the Board shall no longer be included in Revenues and shall be excluded from the pledge and lien of the General Bond Resolution, unless otherwise included in Revenues and in the pledge and lien of the General Bond Resolution under the Series Resolution.

"Repair and Replacement Fund" means the special and separate account designated as the Kenton County Airport Board Repair and Replacement Fund created pursuant to the General Bond Resolution.

"Repair and Replacement Fund Requirement" for any Fiscal Year means an amount equal to $10,000,000; provided that such amount may be increased if authorized by the Series Resolution.

"Reserve Requirement Deficiency" means, for each Series of Bonds, the difference between the Reserve Requirement and the amount on deposit, whether in the form of moneys or a Credit Facility or both, in the respective account of the Bond Reserve Fund as of the last day of the immediately preceding Fiscal Year.

"Revenue Fund" means the special and separate account designated as the Kenton County Airport Board Revenue Fund created pursuant to the General Bond Resolution.

"Revenues" means (a) except to the extent hereinafter excluded, all income, receipts, earnings and revenues received by or accrued to the Board from the operation and use of and for the services furnished or to be furnished at the Airport, (b) any proceeds of business interruption insurance, (c) all income, receipts and earnings from the investment of moneys held by or on behalf of the Board in any Funds and Accounts established by the General Bond Resolution and the income and gains realized upon the maturity or sale of securities held by or on behalf of the Board in such Funds and Accounts, except for investment earnings, income or realized gains on or from (i) moneys deposited in escrow or trust to defease Bonds, (ii) any Capitalized Interest deposited in the Bond Fund, (iii) moneys deposited in any account within the Construction Fund unless otherwise provided in the corresponding Series Resolution, (iv) moneys deposited in any rebate fund or account therein, and (v) moneys deposited in any Account or subaccount established under the Other Available Revenues provisions of the General Bond Resolution, unless otherwise provided in the corresponding Series Resolution (or any other action adopted by the Board) and (d) amounts received by the Board from any Person, including, without limitation, the federal or state government, as reimbursement of O&M Expenses. There shall not be included in Revenues (i) any contributions or donations otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of O&M Expenses or the payment of Bonds or Subordinate Bonds, (ii) proceeds from the sale and disposition of the Airport, (iii) Special Facilities Revenues, except as provided in the Special Facilities and Special Facility Obligations provisions of the General Bond Resolution and (e), (iv) any unrealized gains on securities held for investment by or on behalf of the Board in any Funds and Accounts established by the General Bond Resolution, (v) any proceeds of insurance other than as mentioned above, (vi) the proceeds of any borrowing, (vii) cash subsidy payments or other similar payments made or expected to be made by the United States Treasury or other federal or state governmental entity to or on behalf of the Board for the payment of all or any portion of the interest or principal due or coming due on Bonds, except to the extent otherwise provided in the Series Resolution corresponding to a Series of Bonds, (vii) any gains resulting from changes in valuation of any Interest Rate Swap or Investment Obligations, (ix) any Passenger Facilities Charges, Customer Facilities Charges or Grant Funds, provided however Designated PFC Revenues, Designated CFC Revenues, and Designated Grant Revenue may be deemed Other Available Revenues for one or more Series of Bonds under any Series Resolution (or any other action adopted by the Board), (x) any Released Revenues, and (xi) any Termination Payment made to the Board by a Counterparty. For purposes of testing compliance with the rate covenant described in the Rate Covenant provisions of the General Bond Resolution and the limitations on the issuance of Additional Bonds contained in the Additional Bonds provisions of the General Bond Resolution, Revenues will be calculated based upon GAAP, except that such calculation will include and exclude those items specifically included or excluded above. Additionally, in situations where GAAP calls for amounts to currently be recorded as revenue, but (i) the timing of the required receipt of the revenue or a portion of the revenue, while known, is more than one year in the future or (ii) the actual timing of the required receipt of the revenue is not readily determinable, the Board may include as Revenues for the current period, the amounts recorded as revenues which were received during the year and any known amounts which were recorded as revenues and are to be received within one year.

"Rule" means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"Secretary-Treasurer" means the Secretary-Treasurer of the Board, or his or her designee, authorized to exercise the power and authority reposed in the Secretary-Treasurer, including any Assistant Secretary-Treasurer.

"Securities Depository" means a Depository registered under Section 17A of the Securities Exchange Act of 1934, as amended, which may be the record owner of Bonds.

"Serial Bonds" means, collectively, the Series 2024A Serial Bonds and the Series 2024B Serial Bonds.

"Series" means any series of Bonds issued at any one time in accordance the Series Resolution for such Bonds.

"Series 2016 Bonds" means the Cincinnati/Northern Kentucky International Airport Revenue Refunding Bonds, Series 2016, issued pursuant to the provisions of the General Resolution and the Series 2016 Resolution.

"Series 2016 Resolution" means the Series 2016 Bond Resolution adopted by the Board on May 16, 2016.

"Series 2019 Bonds" means the Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2019, issued pursuant to the provisions of the General Resolution and the 2019 Series Resolution.

"Series 2019 Resolution" means the Series 2019 Bond Resolution adopted by the Board on January 22, 2019.

"Series 2024 Project" means, collectively, the Series 2024A Project and the Series 2024B Project.

"Series 2024 Resolution" means the resolution adopted by the Board on July 15, 2024, as amended, authorizing the issuance of the Series 2024 Revenue Bonds.

"Series 2024 Revenue Bonds" means, collectively, the Series 2024A Bonds and the Series 2024B Bonds.

"Series 2024A Bonds" means the $245,340,000 Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024A (AMT), issued pursuant to the provisions of the General Resolution and the Series 2024 Resolution.

"Series 2024A Capitalized Interest Subaccount" means the special and separate subaccount designated as the Kenton County Airport Board Series 2024A Capitalized Interest Subaccount in the Series 2024A Construction Account created to be used to pay capitalized interest on the Series 2024A Bonds.

“Series 2024A Construction Account” means the special and separate account created pursuant to the Series 2024 Resolution to be used to pay costs of the Series 2024A Project.

“Series 2024A Costs of Issuance Fund” means the fund designated as the Kenton County Airport Board 2024A Costs of Issuance Fund created pursuant to the Series 2024 Resolution to be used to make payments for the costs of issuing the Series 2024A Bonds.

“Series 2024A Interest Subaccount” means the special and separate subaccount designated as the Kenton County Airport Board Series 2024A Interest Subaccount in the Interest Account of the Bond Fund created pursuant to the Series 2024 Resolution.

“Series 2024A PFC Interest Subaccount” means the special and separate subaccount designated as the Kenton County Airport Board Series 2024A PFC Interest Subaccount in the Interest Account of the Bond Fund created pursuant to the Series 2024 Resolution.

“Series 2024A PFC Principal Subaccount” means the special and separate subaccount designated as the Kenton County Airport Board Series 2024A PFC Principal Subaccount in the Principal Account of the Bond Fund created pursuant to the Series 2024 Resolution.

“Series 2024A Principal Subaccount” means the special and separate subaccount designated as the Kenton County Airport Board Series 2024A Principal Subaccount in the Principal Account of the Bond Fund created pursuant to the Series 2024 Resolution.

“Series 2024A Project” means the construction, improvement, and equipping of the baggage handling system, including, without limitation, the demolition of the existing baggage handling system and other enabling work. The Series 2024A Project constitutes Improvements within the meaning of the General Resolution.

“Series 2024A Rebate Account” means the special and separate account designated as the Kenton County Airport Board Series 2024A Rebate Account in the Rebate Fund created pursuant to the Series 2024 Resolution.

“Series 2024A Serial Bonds” means Series 2024A Bonds maturing in annual installments.

“Series 2024A Term Bonds” means Series 2024A Bonds that have a single stated maturity date but are subject to mandatory redemption with sinking fund installments on one or more mandatory redemption dates prior thereto.

“Series 2024B Bonds” means the $15,040,000 Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024B (Non-AMT), issued pursuant to the provisions of the General Resolution and the Series 2024 Resolution.

“Series 2024B Capitalized Interest Subaccount” means the special and separate subaccount designated as the Kenton County Airport Board Series 2024B Capitalized Interest Subaccount in the Series 2024B Construction Account created to be used to pay capitalized interest on the Series 2024B Bonds.

"Series 2024B Construction Account" means the special and separate account created pursuant to the Series 2024 Resolution to be used to pay costs of the Series 2024B Project.

"Series 2024B Costs of Issuance Fund" means the fund designated as the Kenton County Airport Board 2024B Costs of Issuance Fund created pursuant to the Series 2024 Resolution to be used to make payments for the costs of issuing the Series 2024B Bonds.

"Series 2024B Interest Subaccount" means the special and separate subaccount designated as the Kenton County Airport Board Series 2024B Interest Subaccount in the Interest Account of the Bond Fund created pursuant to the Series 2024 Resolution.

"Series 2024B PFC Interest Subaccount" means the special and separate subaccount designated as the Kenton County Airport Board Series 2024B PFC Interest Subaccount in the Interest Account of the Bond Fund created pursuant to the Series 2024 Resolution.

"Series 2024B PFC Principal Subaccount" means the special and separate subaccount designated as the Kenton County Airport Board Series 2024B PFC Principal Subaccount in the Principal Account of the Bond Fund created pursuant to the Series 2024 Resolution.

"Series 2024B Principal Subaccount" means the special and separate subaccount designated as the Kenton County Airport Board Series 2024B Principal Subaccount in the Principal Account of the Bond Fund created pursuant to the Series 2024 Resolution.

"Series 2024B Project" means the construction, improvement, and equipping of Runway 18C-36C and Runway 18L-36R and the demolition and reconstruction of Taxiway D2. The Series 2024B Project constitutes Improvements within the meaning of the General Resolution.

"Series 2024B Rebate Account" means the special and separate account designated as the Kenton County Airport Board Series 2024B Rebate Account in the Rebate Fund created pursuant to Section 4.01 hereof.

"Series 2024B Serial Bonds" means Series 2024B Bonds maturing in annual installments.

"Series 2024B Term Bonds" means Series 2024B Bonds that have a single stated maturity date but are subject to mandatory redemption with sinking fund installments on one or more mandatory redemption dates prior thereto.

"Series Resolution" means any resolution of the Board amending or supplementing the General Bond Resolution, including without limitations any such resolution authorizing the issuance of Bonds under the General Bond Resolution, and any resolution amendatory thereof or supplement thereto.

"Special Facilities Revenues" means income from the operation of any Special Facilities described in the Special Facilities and Special Facility Obligations provisions of the General Bond Resolution.

"Special Facility or Facilities" means any facility, group of facilities or category of facilities that is described as a Special Facility in a Special Facility Agreement and meets the conditions provided for in the Special Facilities and Special Facility Obligations provisions of the General Bond Resolution; provided that such designation shall immediately end upon the expiration or termination of the Special Facility Agreement relating to the Special Facility or Special Facilities.

"Special Facility Agreement" means an agreement entered into by the Board and one or more parties, relating to the design, construction, and/or financing of any facility, improvement, structure, equipment, or assets acquired or constructed on any land or in or on any structure or buildings either located on the Airport or to be incorporated into the Airport, all or a portion of the payments to the Board under which (a) are intended to be excluded from Revenues and (b) may be pledged to the payment of Special Facility Obligations.

"Special Facility Obligations" means bonds or other debt instruments issued under an indenture or agreement to finance Special Facilities and that are not secured by nor payable from a lien on and pledge of the Net Revenues, but that are secured by Special Facilities Revenues.

"Subordinate Bond Fund" means the special and separate account designated as the Kenton County Airport Board Subordinate Bond Fund created pursuant to the General Bond Resolution. The Board may create accounts within the Subordinate Bond Fund under a Subordinate Bonds Issuing Instrument in connection with the issuance of any Subordinate Bonds and use the contents of those accounts to pay Principal and Interest Requirements on such Subordinate Bonds as specified in the Subordinate Bonds Issuing Instrument.

"Subordinate Bond Reserve Fund" means the special and separate account designated as the Kenton County Airport Board Subordinate Bond Reserve Fund created pursuant to the General Bond Resolution. The Board may create accounts within the Subordinate Bond Reserve Fund under a Subordinate Bonds Issuing Instrument in connection with the issuance of any Subordinate Bonds and use the contents of those accounts to provide additional security for such Subordinate Bonds as specified in the Subordinate Bonds Issuing Instrument.

"Subordinate Bonds" means the indebtedness of the Board authorized by the General Bond Resolution.

"Subordinate Bonds Issuing Instrument" means, with respect to any Subordinate Bonds, the indenture, trust agreement, resolution, loan agreement, lease, installment purchase agreement, revolving credit agreement or other instrument or agreement under which such Subordinate Bonds is issued or incurred.

"Tax-Advantaged Bonds" means Bonds for which the Board receives a direct subsidy payment from the federal government or for which the Holder receives a tax credit from the federal government.

"Tax-Exempt Bonds" means Bonds the interest on which is excludable from the gross income of the Holders thereof for federal income tax purposes.

"Taxable Bonds" means Bonds the interest on which is not intended at the time of the issuance thereof to be excluded from the gross income of the Holders thereof for federal tax purposes.

"Term Bonds" means, collectively, the Series 2024A Term Bonds and the Series 2024B Term Bonds.

"Termination Payment" means, with respect to an Interest Rate Swap, the amount payable by the Board or the Counterparty as a result of the termination of such Interest Rate Swap prior to its scheduled expiration date.

"Variable Rate Bonds" means any Series of Bonds issued with a variable, adjustable, convertible, or other similar rate which is not fixed in percentage for the entire term thereof at the date of issuance.

SUMMARY OF GENERAL BOND RESOLUTION

Designation of Funds

The Funds and Accounts described under this heading are established or referred to in the General Bond Resolution and are designated as indicated, and all such Funds and Accounts will be held by the Board unless otherwise provided for in a Series Resolution. The Funds and Accounts are as follows:

(a) the Construction Fund;

(b) the Revenue Fund;

(c) the Operations and Maintenance Fund;

(d) the Bond Fund, and (1) the Principal Account, (2) the Interest Account, and (3) the Redemption Account, each therein;

(e) the Bond Reserve Fund;

(f) the Subordinate Bond Fund;

(g) the Subordinate Bond Reserve Fund;

(h) the Operations and Maintenance Reserve Account within the Operations and Maintenance Fund;

(i) the Rebate Fund;

(j) the Insurance and Condemnation Award Fund;

(k) the Repair and Replacement Fund; and

(l) the General Purposes Fund.

The Board will keep or cause to be kept and maintained an exact and continuous accounting of all moneys deposited into and withdrawn from each of the Funds and Accounts, all investments of and earnings on, each of the Funds and Accounts and such other matters as may be required to enable the Board to properly comply with Commonwealth and federal laws.

Additional Accounts or subaccounts may be established in any Fund or Account created in the General Bond Resolution pursuant to any Series Resolution. In addition to the Funds and Accounts described under this heading, any Series Resolution may authorize an Escrow Fund to be created thereunder to provide for the payment of principal, interest, Redemption Price, and Mandatory Sinking Fund Requirements on all or a portion of any Series of Bonds. An Escrow Fund may be funded from proceeds of any Series of Bonds or other legally available funds of the Board, or a combination thereof.

Revenues Received by the Board

The Board will deposit all Revenues when received in the Revenue Fund. The Board may also deposit additional money in the Revenue Fund, including Other Available Revenues, as approved by the Board pursuant to the Series Resolution.

Subject to the Subordinate Bonds' provisions of the General Bond Resolution, no Net Revenues shall be deposited in the Subordinate Bond Fund or the Subordinate Bond Reserve Fund unless the Board has approved a Subordinate Bonds Issuing Instrument authorizing the issuance of Subordinate Bonds, setting forth the amount and details thereof and approving the execution and delivery of any corresponding Subordinate Bonds Issuing Instrument.

Application of Money in Revenue Fund

So long as there are any Bonds Outstanding, all Revenues will be deposited into the Revenue Fund and will be set aside on or before the 20th day of each month for the payment of the following amounts or deposited or transferred to the following Funds and Accounts in the order listed:

(a) Into the Operations and Maintenance Fund, the amount, together with any available amounts then on deposit therein disregarding amounts held as the Operations and Maintenance Required Reserve, sufficient to meet the Board's O&M Expenses for the next month;

(b) Into the Interest Account of the Bond Fund amounts set forth in the applicable Series Resolutions with respect to each Series of Bonds sufficient to pay interest due on Outstanding Bonds and, if applicable, Net Payments related to Outstanding Bonds;

(c) Into the Principal Account of the Bond Fund amounts set forth in the applicable Series Resolutions with respect to each Series of Bonds sufficient to pay principal due on Outstanding Bonds (at maturity or otherwise) and, if applicable, Mandatory Sinking Fund Requirement related to Outstanding Bonds;

(d) Into the Accounts created in the Bond Reserve Fund amounts set forth in the applicable Series Resolutions with respect to each Series of Outstanding Bonds sufficient to eliminate the Reserve Requirement Deficiency after the twelfth deposit;

(e) Into the Subordinate Bond Fund, if any, the amount sufficient, together with any other amounts then on deposit therein, to pay any principal and interest becoming due on Subordinate Bonds at the times and in the amounts set forth in the respective Subordinate Bonds Issuing Instrument;

(f) Into the Subordinate Bond Reserve Fund, if any, as specified in the respective Subordinate Bonds Issuing Instrument to be used in the manner provided therein;

(g) Into the Operations and Maintenance Reserve Account, an amount equal to one-twelfth of the Current Year Operating Increment plus one-twelfth of the aggregate amount, if any, withdrawn from such Account in the preceding twelve months, until the amount then on deposit in such Account equals the Operations and Maintenance Required Reserve;

(h) Into the Repair and Replacement Fund, an amount equal to one-twenty fourth of the Repair and Replacement Fund Requirement, but only to the extent such deposit is required to make the amount on deposit in the Repair and Replacement Fund equal to the Repair and Replacement Fund Requirement;

(i) Into the Rebate Fund, the amounts and at the times, provided in any Series Resolution for the payment of any Rebate Amount; and

(j) Into the General Purposes Fund from time to time, at the discretion of the Board, any amount of the moneys remaining in the Revenue Fund, which the Board has reasonably determined taking into account additional Revenues projected to be received, will not be needed to make deposits described in subparagraphs (a) through (i) above.

In each month following a month in which any deposit or payment described in subparagraphs (a) through (i) under this heading has not been made, in addition to the amounts then due, there will be deposited an amount sufficient to cure the deficiency in deposit or payment in the prior month unless such deficiency is cured by a transfer, under the terms of the General Bond Resolution, of money or Investment Obligations to such Fund or Account from other Funds and Accounts created by the General Bond Resolution.

Except as otherwise provided in the General Bond Resolution, in determining the amount of money to be deposited to each Fund and Account there will be taken into consideration the investment earnings or losses that are to be charged to such Fund or Account in accordance with the provisions described under the heading "Investment of Money" below, the amounts on deposit in any subaccounts in such Fund or Account from the deposit of Other Available Revenues and the amounts then on deposit therein resulting from the application of Bond proceeds or the transfers as provided in the General Bond Resolution.

Within the time frame specified in the applicable Series Resolution in advance of any day on which Outstanding Serial Bonds are to mature or Outstanding Term Bonds are to be redeemed pursuant to the Mandatory Sinking Fund Requirement or are to mature, the Board may satisfy all or a portion of its obligation to make the payments on those Outstanding Bonds required in the provisions described under this heading by delivering to the Paying Agent Serial Bonds maturing or Term Bonds maturing or required to be redeemed on such date. The price paid to purchase any such Bond shall not exceed the Redemption Price applicable to such Bonds at the next redemption date. Upon such delivery there will be a credit against amounts otherwise required to be deposited into the Principal Account under the provisions described in this heading in the amount of 100% of the principal amount of any such Serial Bonds or Term Bonds so delivered.

Application of Money in Construction Fund

Funds on deposit in the Construction Fund will only be applied to pay Costs of Improvements to be financed with the proceeds of a Series of Bonds. All moneys in the Construction Fund will be held and disbursed as provided in the Series Resolution under which those moneys were deposited into the Construction Fund. If the unexpended proceeds of a prior Series of Bonds remain in the Construction Fund upon the issuance of any subsequent Series of Additional Bonds, there will be established a separate account within the Construction Fund, for accounting purposes, for the deposit of the proceeds of the subsequent issue of Additional Bonds in accordance with the provisions described under this heading.

If any money remains in the account in the Construction Fund created for the proceeds of a Series of Bonds after the applicable Completion Date and payment, or provision for payment, in full of the costs of the Improvements to be financed with the proceeds of that Series of Bonds, then such money will be used promptly, unless otherwise provided in the applicable Series Resolution, for one or more of the following purposes at the direction of an Authorized Representative: (i) payment of costs of additional Improvements to the Airport; (ii) payment of interest as it becomes due on that Series of Bonds until all such excess amount is so used; and (iii) deposit into the Bond Fund to satisfy Principal and Interest Requirements of Bonds other than Bonds of that Series; provided that with respect to clauses (ii) and (iii), such use and the manner in which it is proposed to be made will not, in the opinion of Bond Counsel or under ruling of the Internal Revenue Service, adversely affect the exclusion of the interest on any Series of Bonds from the gross income of the Bondholders thereof for federal income tax purposes. Any money remaining in an account in the Construction Fund for particular Improvements after completion of those Improvements will be invested in such manner as not to adversely affect the exclusion of the interest on any Bonds from the gross income of the Bondholders.

Application of Money in Operations and Maintenance Fund

Moneys held in the Operations and Maintenance Fund will be used to pay O&M Expenses as they come due. Money in the Operations and Maintenance Reserve Account may be used to pay O&M Expenses when sufficient funds for that purpose are not otherwise available in the Operations and Maintenance Fund or available to transfer from the Revenue Fund. Whenever the amount on deposit in the Operations and Maintenance Fund (including any amounts in the Operations and Maintenance Reserve Account) is insufficient to pay O&M Expenses, the amount necessary to pay the same will be transferred to the Operations and Maintenance Fund, drawing upon funds available in the General Purposes Fund, and the Repair and Replacement Fund, in that order.

Application of Money in Principal Account

Not later than two Business Days preceding each Principal Payment Date, there will be transferred to the Paying Agent from the Principal Account, and from any subaccount created for a particular Series of Bonds, the amount necessary to pay the principal and Mandatory Sinking Fund Requirement of any Outstanding Bonds at their respective maturities.

If on any principal payment date money remains therein after the payment of the principal of Bonds then due, amounts will be withdrawn therefrom and applied as follows: (i) deposit in the Bond Reserve Fund and the Repair and Replacement Fund, in that order, the amounts then required to be paid pursuant to the provisions described under the heading "Application of Money in Revenue Fund" above and (ii) deposit all remaining amounts into the General Purposes Fund.

If the Board fails to make any deposit to the Principal Account, or any subaccount therein, (i) that is required by the provisions described under the heading "Application of Money in Revenue Fund" above or otherwise or (ii) if the balance in the Principal Account, or any subaccount therein, on the 20th Business Day of the month immediately preceding a principal payment date is insufficient to pay principal and Mandatory Sinking Fund Requirement becoming due on such payment date, the Board immediately will deposit an amount sufficient to cure the same, drawing upon funds available in the General Purposes Fund and the Repair and Replacement Fund, in that order. If the amount so deposited is not sufficient to cure the deficiency in the Principal Account or any subaccount therein, there will be transferred from the Bond Reserve Fund to such Account such amount as may be necessary to remedy such deficiency.

Application of Money in Interest Account

Not later than two Business Days preceding each Interest Payment Date there will be transferred to the Paying Agent from the Interest Account and from subaccounts created for a particular Series of Bonds the amounts necessary to pay interest on Outstanding Bonds and, if applicable, Net Payments related to Outstanding Bonds when due and payable.

If (i) the amount required to be deposit in the Interest Account, or any applicable subaccount therein, pursuant to the provisions described under the heading "Application of Money in Revenue Fund" above or (ii) the balance in the Interest Account, or any subaccount therein, on the 20th Business Day of the month immediately preceding an Interest Payment Date is insufficient to pay interest becoming due on the Bonds on such Interest Payment Date, the Board immediately will deposit an amount sufficient to cure the shortfall, drawing upon funds available in the General Purposes Fund and the Repair and Replacement Fund in that order. If the amount so delivered is not sufficient to cure the deficiency in the Interest Account, or any subaccount therein, there will be transferred to the Interest Account such amount as may be necessary to remedy such deficiency from the Bond Reserve Fund.

Application of Money in Redemption Account

When the Board determines to purchase or redeem certain Bonds under the redemption provisions of the General Bond Resolution and there is no Escrow Fund or Escrow Deposit Agreement, the Board (i) may deposit such funds in the Principal Account or the Interest Account, then available and to the extent not required to be maintained in said Accounts for the purposes described in subparagraphs (b) and (c) under the heading “Application of Money in Revenue Fund,” and the headings “Application of Money in Principal Account,” and “Application of Money in Interest Account” above, as applicable, to be applied by the Paying Agent for the purchase or redemption of Bonds, or (ii) may deposit such other funds to be used for such purposes, in the Redemption Account to be applied by the Paying Agent to the purchase or redemption of Bonds, in either case as set forth in the redemption provisions of the General Bond Resolution.

Application of Money in Bond Reserve Fund

The Bond Reserve Fund will be used solely for the payment of Principal and Interest Requirements on the Bonds. An Account within the Bond Reserve Fund may be pledged to all Series of Bonds Outstanding or solely to one or more particular Series of Bonds as set forth in the Series Resolution. If a Reserve Requirement has been designated for a Series of Bonds, the related Series Resolution will either (1) create a separate Account within the Bond Reserve Fund or (2) designate a previously created Account within the Bond Reserve Fund, if permitted, for the deposit of the Reserve Requirement. Whenever there is a deficiency in the Bond Fund for the payment of Principal and Interest Requirements for Bonds for which a Reserve Requirement has been designated, funds available in the appropriate Account of the Bond Reserve Fund will be used by the Board for the payment of Principal and Interest Requirements on such Bonds. If at any time there shall be money and investments then on deposit and available in the Bond Fund and Bond Reserve Fund in an amount sufficient to permit the payment of Principal and Interest Requirements on such Bonds or the purchase for cancellation or call for redemption under the redemption provisions of the General Bond Resolution on the next available redemption date of any Outstanding Bonds, without thereby reducing the balance thereafter remaining in the Bond Fund and Bond Reserve Fund below the amount that on such Principal Payment Date or Interest Payment Date would be required by the Series Resolution to be on hand therein, or purchase or redemption date would be required by the Series Resolution to be on hand therein with respect to Bonds not to be so purchased or redeemed, the Board may, at its discretion, cause such money in the Bond Fund and Bond Reserve Fund in the amounts required to be used, together with any other money provided by the Board, to accomplish such payment, purchase or redemption.

In addition to the foregoing the Board may at any time elect to provide a Credit Facility to fund all or any portion of the Reserve Requirement in replacement of any cash, investments or Credit Facility then used to fund the Reserve Requirement. Any Credit Facility must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held under the General Bond Resolution for a payment with respect to Bonds which cannot be cured by Funds in any other Account held under the General Bond Resolution and available for such purpose, and will name the Board as the beneficiary thereof Any Credit Facility used to fund all or any portion of the Reserve Requirement must be rated, at the time such Credit Facility is obtained, in one of the two highest full rating categories by a Rating Agency that maintains a rating of the Bonds. If a disbursement is made from a Credit Facility, the Board will be obligated to reinstate the maximum limits of such Credit Facility immediately following such disbursement or to replace such Credit Facility by depositing into the Bond Reserve Fund from the first Net Revenues available for deposit pursuant to the provision described in subparagraph (d) under the heading “Application of Money in Revenue Fund” above, funds in the maximum amount originally payable under such Credit Facility, plus amounts necessary to reimburse the Credit Enhancer for previous disbursements made under such

Credit Facility, or a combination of such alternatives and for purposes described in subparagraph (d) under the heading "Application of Money in Revenue Fund" above, amounts necessary to satisfy such reimbursement obligation and other obligations of the Board to such a Credit Enhancer shall be deemed required deposits into the Bond Reserve Fund, but will be used by the Board to satisfy its obligations to the Credit Enhancer.

The amounts in the Bond Reserve Fund, including proceeds of any Credit Facility, will be used to make transfers, in the following order: to the Interest Account and the Principal Account to remedy any deficiency in any deposit required to be made to said Accounts by the provisions described under the headings "Application of Money in Principal Account" and "Application of Money in Interest Account" above, or to pay the interest on or the principal of (whether at maturity or in satisfaction of the Mandatory Sinking Fund Requirement therefor) the Bonds when due, only whenever and to the extent that the money on deposit in any or all of said Accounts, together with transfers thereto from the General Purposes Fund and the Repair and Replacement Fund, is insufficient for such purposes. The moneys in the Bond Reserve Fund will be used to pay interest on the Interest Payment Date immediately preceding the final maturity of all Bonds Outstanding and the principal of and the interest on such Bonds on the final maturity date of the same.

So long as any Bonds are Outstanding, the Board will value the Investment Obligations in each account of the Bond Reserve Fund as described under the heading "Valuation" below. If as of any date on which the value of Investment Obligations is determined, the balance in that Account in the Bond Reserve Fund, including accrued interest to the date of valuation, is less than the Reserve Requirement, the provisions described under the heading "Valuation" below will be taken to cure the same. If as of any such date, the balance in any account in the Bond Reserve Fund, including accrued interest to the date of valuation, is more than the Reserve Requirement, there will be transferred within 120 days of such determination, the excess amount to (i) if during the construction period with respect to Improvements financed from the proceeds of the related Series of Bonds, to the subaccount relating to such Series of Bonds in the Construction Fund, and (ii) thereafter to the Bond Fund.

Application of Money in Rebate Fund

The Rebate Fund will be held as a trust fund separate and distinct from all other funds of the Board. The amounts in the Rebate Fund will be used solely to pay Rebate Amounts to the United States. Notwithstanding any other provisions in the General Bond Resolution, moneys and investments in the Rebate Fund are not pledged for the payment of Principal and Interest Requirements and shall be clear of any lien created by the General Bond Resolution.

Application of Money in Insurance and Condemnation Award Fund

The Insurance and Condemnation Award Fund will be used pursuant to the provisions described under the heading "Certain Covenants—Insurance Proceeds" below.

Application of Money in Repair and Replacement Fund

The Board will apply money in the Repair and Replacement Fund to any lawful purpose of the Board including the payment of the cost of renewals and replacements and unusual or extraordinary repairs to the Airport and of engineering and other expenses incurred in connection therewith. All disbursements of money in the Repair and Replacement Fund will be made in accordance with procedures established by the Board from time to time.

The amounts in the Repair and Replacement Fund will be used to make transfers, in the following order, to (i) the Revenue Fund to pay O&M Expenses whenever and to the extent that the amount on deposit therein, together with transfers thereto from the General Purposes Fund, is insufficient for such purpose, (ii) the Interest Account and the Principal Account, in that order, to remedy any deficiency in any deposit required to be made to said Accounts pursuant to the provisions described under the heading “Application of Money in Revenue Fund” above or to pay the interest on and the principal of (whether at maturity, by acceleration, or in satisfaction of the Mandatory Sinking Fund Requirement) the Bonds when due, whenever and to the extent that the money on deposit in any or all of such Accounts, together with transfers thereto from the General Purposes Fund, is insufficient for such purposes, and (iii) the Bond Reserve Fund, to the extent necessary to cure a deficiency therein whenever and to the extent that money transferred to the Bond Reserve Fund from the General Purposes Fund is insufficient for such purpose.

If at any time the money held in the Repair and Replacement Fund exceeds the Repair and Replacement Fund Requirement, there will be a withdrawal of such amount equal to the excess therefrom and deposit such excess amount into the General Purposes Fund.

If at any time the money held in the Repair and Replacement Fund falls below the Repair and Replacement Fund Requirement, there will be deposited into the Repair and Replacement Fund additional amounts in equal installments within twenty-four (24) months from the date when the deficit first occurred until such amount is at least equal to the Repair and Replacement Fund Requirement.

Application of Money in General Purposes Fund

Money on deposit in the General Purposes Fund will be applied to make transfers in the following order: (i) to the Revenue Fund to the extent necessary to pay O&M Expenses whenever the amount on deposit therein is insufficient for such purpose, (ii) to the Interest Account and Principal Account, in that order, to remedy any deficiency in any deposit required to be made pursuant to the provisions described under the heading “Application of Money in Revenue Fund” above and pay the principal of (whether at maturity or in satisfaction of the Mandatory Sinking Fund Requirement) and interest on the Bonds when due, whenever and to the extent that the money on deposit in any or all of said Accounts is insufficient for such purposes, (iii) to the Bond Reserve Fund, to the extent necessary to cure a deficiency therein, (iv) to the paying agent for Subordinate Bonds upon a request therefrom to pay debt service on Subordinate Bonds, whenever and to the extent that amounts previously transferred pursuant to the provisions described under the heading “Application of Money in Revenue Fund” above to the paying agent for the Subordinate Bonds are insufficient for such purpose, and (v) to any Counterparty to which the Board then owes a Termination Payment in connection with an Interest Rate Swap.

After making the aforementioned transfers, the Board may, at its option, apply any amounts remaining in the General Purposes Fund for any lawful aviation purpose.

Other Available Revenues

The Board may adopt a Series Resolution, enter into a Subordinate Bonds Issuing Instrument, or take any other action adopted by the Board that (i) specifies the amount of Designated PFC Revenues, Designated CFC Revenues, Designated Grant Revenues (and the amount of such other income or revenue source) that shall constitute Other Available Revenues during any Fiscal Year, (ii) specifies the Bonds or Subordinate Bonds that shall be secured by such Other Available Revenues during such time, and (iii) specifies the Accounts and/or subaccounts created or maintained pursuant to such Series Resolution, Subordinate Bonds Issuing Instrument, or action adopted by the Board for the purpose of holding Designated PFC Revenues, Designated CFC Revenues, Designated Grant Revenues until such funds are used for the purposes set forth in the Series Resolution, Subordinate Bonds Issuing Instrument, or action adopted by the Board.

Unless otherwise provided in the Series Resolution, Subordinate Bonds Issuing Instrument, or action adopted by the Board which specifies Other Available Revenues for one or more Series of Bonds or Subordinate Bonds, simultaneously with the withdrawal of amounts from the Revenue Fund for deposit into the Funds and Accounts as described under the heading "Application of Money in Revenue Fund" above, amounts on deposit in the Accounts and subaccounts established for the Other Available Revenues may be transferred to the subaccounts established in the Interest Account and Principal Account of the Bond Fund for the applicable Series of Bonds or Subordinate Bonds, in such amounts as are specified or provided for in the corresponding Series Resolution, Subordinate Bonds Issuing Instrument, or action adopted by the Board specifying the Series of Bonds or Subordinate Bonds secured by Other Available Revenues.

More than one Series of Bonds or Subordinate Bonds may be secured by Other Available Revenues, and no consent from any Holder of any Bond or Subordinate Bond that is secured by Other Available Revenues shall be required as a condition to the issuance or incurring of any subsequently issued Bonds or Subordinate Bonds that is secured by Other Available Revenues except as may be provided in a Series Resolution.

Unclaimed Funds

All money that the Board has withdrawn from the Bond Fund or received from any other source and set aside or deposited with the Paying Agent for the purpose of paying any of the Bonds secured by the General Bond Resolution, either at maturity or by purchase or call for redemption, or for the purpose of paying any interest appertaining to the Bonds secured by the General Bond Resolution will be held in trust for the respective Holders. All interest on money so set aside or so deposited will accrue to the benefit of the Board and will be paid to the Board annually.

Unless otherwise prescribed by applicable Commonwealth law, any money that is so set aside and that remains unclaimed by the Holders for a period of two (2) years after the date on which such Bonds or interest have become payable, will be retained by the Board. Thereafter the Holders may petition the Board for payment and then only to the extent of the amounts so received, without any interest thereon. The Board will have full discretion in its determination to make the requested payment.

Disposition of Fund Balances

After provision is made for the payment of all Outstanding Bonds secured under the General Bond Resolution, including the interest thereon and for the payment of all other obligations, expenses and charges required to be paid under or in connection with the General Bond Resolution, and there are no other resolutions, other agreements, court orders or decrees, or laws that impose a continuing lien on the balance or otherwise governing the use of such balance, all amounts in any Fund or Account then held by it under the General Bond Resolution will be disbursed as directed by the Board. If a continuing lien has been imposed on any such balance by another resolution, any other agreement, by court order or decree, or by law, the Board will pay such balance to such person as is entitled to receive the same by law or under the terms of such resolution, agreement, court order, or decree.

Interest Rate Swaps

A Series Resolution authorizing an Interest Rate Swap with respect to any Series of Bonds, including, without limitation, any Outstanding Bonds and any Bonds hereafter secured under the General Bond Resolution, may provide for deposits to the credit of the Interest Account (or a subaccount therein) in the Bond Fund under the provisions described in subparagraph (b) under the heading "Application of Money in Revenue Fund" for the payment of Net Payments (but not Termination Payments) to be made at such time and in such amounts, and to be set aside and held for the account of and for disposition by the Board, all as shall be provided in such resolution.

Termination Payments will be payable exclusively from funds in the General Purposes Fund.

Deposits

Until money deposited under the terms the General Bond Resolution has been invested in Investment Obligations, the amount of money in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured for the benefit of the Board and the Holders in such other manner as may then be required or permitted by applicable Commonwealth or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided that it shall not be necessary for the Paying Agent to give security for the deposit of any money with it for the payment of the principal of or the redemption premium or the interest on any Bonds or for any Depositary to give security for any money that is represented by Investment Obligations purchased under the provisions of the General Bond Resolution.

Investments of Money

Money in the Bond Fund and the Bond Reserve Fund will be invested and reinvested by the Board in Investment Obligations. Those investments will mature or be redeemable at the option of the Board at the times and in the amounts necessary at the best prices then reasonably available to provide money to pay Principal and Interest Requirements on Bonds as they become due or pursuant to any Mandatory Sinking Fund Requirements. Money in the Bond Reserve Fund may be invested and reinvested only in obligations that mature or are redeemable within five years from the date of purchase. From time to time the Board may sell those investments and reinvest the proceeds from those investments in Investment Obligations maturing or redeemable as required pursuant to the provisions described in this paragraph. The Board will sell or redeem investments credited to the Bond Fund and to the Bond Reserve Fund to produce sufficient money at the times required for the purpose of paying Principal and Interest Requirements when due and shall do so without necessity for any order on behalf of the Board and without restriction by reason of any order.

The Board will invest the money in each of the Funds and Accounts it holds in Investment Obligations. Money on deposit in the Construction Fund will be invested in Investment Obligations maturing or redeemable at the option of the Board not later than the times when that money is projected to be required for the payment of costs of the applicable Improvements. Money in the Revenue Fund will be invested by the Board in Investment Obligations maturing or redeemable at the option of the Board at the times and in the amounts necessary to permit the payments required by the provisions described under the heading "Application of Money in Revenue Fund" above to be made from the Revenue Fund.

An investment made from money credited to any Fund will constitute part of that Fund and each Fund will be credited with all proceeds of sale and income from the investment of money credited to it; provided that, if such proceeds constitute Revenues, they will be transferred to the Revenue Fund. Any investments constituting Investment Obligations may be purchased from or sold to the Paying Agent, or any bank, trust company or savings and loan association affiliated with the Paying Agent.

Valuation

The amount in the Bond Reserve Fund must be valued at market annually on January 15. Whenever the market value of the cash and Investment Obligations in the Bond Reserve Fund, plus interest to the date of valuation, is less than the Reserve Requirement, there will immediately be (a) transferred from the General Purposes Fund and the Repair and Replacement Fund, in that order, funds in an amount sufficient to cure the deficiency (b) a Credit Facility provided in an amount sufficient to cure such deficiency, or (c) transferred from funds and accounts of the Board other legally available funds in an amount sufficient to cure such deficiency.

Tax Covenants

The Board has covenanted that so long as any of the Bonds remain Outstanding money on deposit in any Fund or Account maintained in connection with the Bonds, regardless of whether such money was derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that would cause the Bonds (other than Bonds issued as Taxable Bonds) to be "arbitrage bonds" within the meaning of Section 148 of the Code, and applicable regulations promulgated from time to time thereunder. Nothing provided in the General Bond Resolution will prohibit the Board from issuing Additional Bonds as Taxable Bonds.

The Board has further covenanted to comply with all other requirements of the Code, and applicable regulations promulgated from time to time thereunder, in order to maintain the exclusion of gross income for federal income tax purposes of interest on Bonds issued as Tax-

Exempt Bonds or to maintain the entitlement to the subsidy payment or tax credit from the federal government for Tax-Advantaged Bonds.

Test for Issuance of Bonds

Except as described under the heading "Additional Bonds for Completion Purposes" or "Additional Bonds for Refunding Purposes" below, before Bonds are delivered, there must be filed with the Board the following:

(a) a certificate prepared by an Authorized Representative showing the Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds were at least equal to 125% of maximum aggregate annual Principal and Interest Requirements with respect to all Outstanding Bonds and the proposed Series of Bonds, calculated as if the proposed Series of Bonds were then Outstanding; or

(b) a certificate prepared by an Airport Consultant showing that:

(i) the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, were at least equal to 125% of the sum of the aggregate annual Principal and Interest Requirements due and payable with respect to all Outstanding Bonds for such applicable period; and

(ii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds through and including the later of: (1) the fifth full Fiscal Year following the issuance of such Series of Bonds, or (2) the third full Fiscal Year during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues for each such Fiscal Year, will be at least equal to 125% of the Principal and Interest Requirements for each such Fiscal Year with respect to all Outstanding Bonds and calculated as if the proposed Series of Bonds were then outstanding; and

(c) a certificate of an Authorized Representative to the effect that no Event of Default has occurred and is continuing under the General Bond Resolution or, if an Event of Default then exists, that such Event of Default will be cured upon issuance of such Additional Bonds and the application of the proceeds thereof as described or provided for in the Series Resolution therefor.

For purposes of clause (b) above, in estimating Net Revenues, the Airport Consultant will take into account (i) Revenues from new Airport facilities or other new capital improvements reasonably expected to become available during the period for which the estimates are provided, (ii) any increase in fees, rates, charges, rentals or other sources of Revenues which has been approved by the Board and will be in effect during the period for which the estimates are provided or (iii) any other increases in Net Revenues, including any Other Available Revenues specified in the Series Resolution (or any other action adopted by the Board), which the Airport Consultant believes to be a reasonable assumption for such period.

With respect to O&M Expenses, the Airport Consultant will use such assumptions as the Airport Consultant believes to be reasonable, taking into account: (i) historical O&M Expenses of the Board, (ii) additions to or reductions in O&M Expenses associated with the capital improvements to be funded with the proceeds of the Additional Bonds proposed to be issued and any other new capital improvements and Airport facilities and (iii) such other factors, including inflation and changing operations or policies of the Board, as the Airport Consultant believes to be appropriate. The Airport Consultant will include in such certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues and will also set forth the calculations of Principal and Interest Requirements, which calculations may be based upon information provided by the Board.

Additional Bonds for Completion Purposes

The certificates described under the heading "Test for Issuance of Bonds" above will not be required if the Additional Bonds are issued for the purpose of completing Improvements previously undertaken by the Board, for which Bonds were previously issued; and instead there will be filed with the Board a certificate of the Authorized Representative stating that (i) the principal amount of the Bonds to be issued for completion purposes does not exceed 15% of the principal amount of the Bonds, or the portion thereof allocable to those Improvements, previously issued for said Improvements, (ii) all of the proceeds of the Bonds previously issued for the Improvements, including any investment earnings in the Construction Fund funded from the proceeds of said Bonds previously issued, have been or will be used to pays Costs of the Improvements, and (iii) the estimated Costs of the Improvements exceed the amounts already paid for the Improvements plus money available in the Construction Fund.

Additional Bonds for Refunding Purposes

The certificates described under the heading "Test for Issuance of Bonds" above will not be required if the Additional Bonds are issued for the purpose of refunding previously issued Bonds; and instead there will be filed with the Board a certificate of the Authorized Representative stating that (i) the aggregate Principal and Interest Requirements with respect to all Bonds Outstanding after the issuance of such refunding Bonds shall be less than the aggregate Principal and Interest Requirements with respect to all Bonds Outstanding prior to the issuance of such refunding Bonds or (ii) the proposed issuance of the refunding Bonds will reduce total debt service payments on all Outstanding Bonds on a net present value basis.

Security for Bonds

All moneys pledged for the payment of the Bonds and received by the Board under the provisions of the General Bond Resolution will be held and applied only in accordance with the provisions of the General Bond Resolution and, except as otherwise permitted therein, will not be subject to lien or attachment by any creditor of the Board.

The Bonds are special, limited obligations of the Board payable from and secured solely as set forth in the General Bond Resolution. As security for the payment of the Bonds and the interest thereon, the Board pledges for the payment of principal, Redemption Price, of and interest on the Bonds in accordance with the respective terms and the provisions of the General Bond

Resolution, subject only to the provisions of the General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the General Bond Resolution: (a) Net Revenues to the extent used to pay Principal and Interest Requirements for the Bonds, (b) money and Investment Obligations in the Bond Fund, (c) money and Investment Obligations in the Bond Reserve Fund, and (d) money and Investment Obligations in Funds and Accounts or Other Available Revenues to the extent provided for in any Series Resolution or any other action adopted by the Board. It is the intent of the Board that this pledge will be effective and operate immediately upon the issuance of Bonds under the General Bond Resolution and that the Board will have the right to collect and receive the Net Revenues in accordance with the provisions of the General Bond Resolution at all times during the period from and after the issuance date of the Bonds secured under the General Bond Resolution until the Bonds have been fully paid and discharged.

The aforementioned pledge as described above will not inhibit the sale or disposition of the Airport in accordance with the General Bond Resolution and will not impair or restrict the ability of the Board to invest in securities and other forms of investment, subject to the provisions of the General Bond Resolution.

The Board has further covenanted to comply with all other requirements of the Code, and applicable regulations promulgated from time to time thereunder, in order to maintain the exclusion of gross income for federal income tax purposes of interest on Bonds issued as Tax-Exempt Bonds or to maintain the entitlement to the subsidy payment or tax credit from the federal government for Tax-Advantaged Bonds.

Certain Covenants

Operation of Airport. The Board will 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 or appropriate to the operation of the Airport, and comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body that are applicable to the Airport.

Rate Covenant. The Board will fix, charge and collect rates, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith, and will revise such rates, fees, rentals and charges as often as may be necessary or appropriate, so that Net Revenues in each Fiscal Year will be at least equal to 100% of the aggregate amount required to be applied or deposited by the Board under the heading "Application of Money in Revenue Fund" above during such Fiscal Year.

The Board will, while any Bonds remain Outstanding, charge and collect rates, fees, rentals and charges in connection with the ownership and operation of the Airport and for services rendered in connection therewith and will revise such rates, fees, rentals and charges as often as may be necessary or appropriate, so that for each Fiscal Year the sum of (i) the Net Revenues plus (ii) the Carryover Amount, if any, for such Fiscal Year will be equal to at least 125% of Principal and Interest Requirements on all Outstanding Bonds for that Fiscal Year.

The Board has covenanted that if Net Revenues in any Fiscal Year are less than the amount described in the first two paragraphs of this heading, the Board will retain and direct an Airport Consultant to make recommendations as to the revision of the Board's business operations and its schedule of rates, fees, rentals and charges for the use of the Airport and for services rendered by the Board in connection with the Airport. After receiving such recommendations, the Board will, subject to applicable requirements or restrictions imposed by law, and subject to a good faith determination of the Board that such recommendations, in whole or in part, are in the best interests of the Board, take all lawful measures to comply with the recommendations of the Airport Consultant as to revisions of the Board's business operations and schedule of rates, fees, rentals and charges as may be necessary to produce Net Revenues, in the amounts described in the first two paragraphs of this heading in the next Fiscal Year. In the event that Net Revenues for any Fiscal Year (referred to in this paragraph as "Fiscal Year One") are less than the amount described in the first two paragraphs of this heading but, prior to or during the next succeeding Fiscal Year (referred to in this paragraph as "Fiscal Year Two"), the Board has taken all lawful measures to comply with the recommendations of the Airport Consultant as to revisions of the Board's business operations and schedule of rates, fees, rentals and charges as required by the provisions described in this paragraph such deficiency in Net Revenues for Fiscal Year One shall not constitute an Event of Default under the provisions of the General Bond Resolution. Nevertheless, even if the measures required by the provisions described in this paragraph to revise the schedule of rates, fees, rentals and charges have been taken by the Board, in the event the Net Revenues in Fiscal Year Two, are less than the amounts described in the first two paragraphs of this heading, such deficiency in Net Revenues will, with the applicable notice, constitute an Event of Default under the provisions of the General Bond Resolution.

Records, Accounts and Audits. The Board will keep the Funds, Accounts, money and investments of the Airport separate from all other Funds, Accounts, money and investments of the Board and will keep accurate records and accounts of all items of costs and of all expenditures relating to the Airport and of the Revenues collected and the application of such Revenues.

The Board has covenanted that it will keep and provide accurate books and records of account showing all Revenues received and all expenditures of the Board and that it will keep or cause to be kept accurate books and records of account showing all moneys, Revenues, accounts and funds (including all Funds and Accounts provided for in the General Bond Resolution) which are or shall be in the control or custody of the Board; and that all such books and records pertaining to the Airport shall be open upon reasonable notice during business hours to the Holders of not less than 10% of the principal amount of Bonds then Outstanding, or their representatives duly authorized in writing. So long as any of the Bonds remain Outstanding, the Board will prepare audited financial statements including a statement of the income and expenses for such Fiscal Year and a balance sheet prepared as of the close of such Fiscal Year for the Board all accompanied by a certificate or opinion in writing of an independent certified public accountant of recognized standing, selected by the Board, which opinion shall include a statement that said financial statements present fairly in all material respects the financial position of the Board and are prepared in accordance with GAAP.

Insurance. Subject to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions, the Board will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance (as defined below) with respect to the facilities constituting the Airport and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Board, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports.

The Board will be entitled to provide the coverage described under this heading through Qualified Self Insurance, provided that the requirements as described herein are satisfied. "Qualified Self Insurance" means insurance maintained through a program of self-insurance or insurance maintained with a fund, company or association in which the Board may have a material interest and of which the Board may have control, either singly or with others. Qualified Self Insurance does not include deductible or self-insured retention payments required under insurance policies provided by a third party. Each plan of Qualified Self Insurance will be established in accordance with law, will provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Board determines to be reasonable to protect against risks assumed under the Qualified Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self Insurance, and such self-insurance program will be reviewed at least once every 12 months by a Consultant who will deliver to the Board a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, they will make a recommendation as to the amount of reserves that should be established and maintained, and the Board will comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Board.

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 Board will take prompt and appropriate measures to protect and enforce its rights and interests and those of the Holders in connection with such proceedings.

Insurance Proceeds. If the Net Proceeds received as a result of any single occurrence under one of the insurance policies required by the provisions described under the heading "Certain Covenants—Insurance" above is equal to or more than $1,000,000, as adjusted annually by the Consumer Price Index, such Net Proceeds will be deposited into the Insurance and Condemnation Award Fund. These Net Proceeds in the Insurance and Condemnation Award Fund will be applied at the election of the Board:

(a) to promptly replace, repair, rebuild or restore the Airport to substantially the same condition as that which existed prior to such damage or destruction, with such alterations and additions as the Board 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, there will be filed with the Board the report of an Airport Consultant setting forth (i) an estimate of the total cost of the same, (ii) the estimated date upon which such replacement, repair, rebuilding or restoration will be substantially complete, and (iii) a statement to the effect that Net Proceeds, together with other funds made available or to be made available by the Board, will be sufficient to pay the costs of the replacement, repair, rebuilding or restoration of the Airport; or

(b) to the redemption of Bonds, provided that Bonds may be redeemed only if (i) the Airport has been restored to substantially the same condition as prior to such damage or destruction, or (ii) the Board has determined that the portion of the Airport damaged or destroyed is not necessary to the operation of the Airport and that the failure of the Board to repair or restore the same will not impair or otherwise adversely affect the revenue-producing capability of the Airport; or (iii) the Airport Consultant has been unable to make the statement described in subclause (a)(iii) above.

If the Board does not apply Net Proceeds or cause them to be applied, to replace, repair, rebuild, or restore the Airport, the Board will use such Net Proceeds to purchase or redeem Bonds in accordance with the redemption provisions of the General Bond Resolution.

If the Board elects to apply Net Proceeds, or cause them to be applied, to replace, repair, rebuild, or restore the Airport, the Board will disburse those Net Proceeds deposited in the Insurance and Condemnation Award Fund for such purpose.

Payment of Charges and Covenant Against Encumbrances. Except as provided in the General Bond Resolution, the Board will not create or suffer to be created any lien or charge upon the Airport or any part thereof, or on the Revenues. The Board will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within 60 days after the same become due and payable, all lawful costs, expenses, liabilities and charges relating to the maintenance, repair, replacement or improvement of the properties constituting the Airport and the operation of the Airport and lawful claims and demands for labor, materials, supplies or other objects that might by law become a lien upon the Airport or Revenues if unpaid.

Disposition of Airport. The Board will have the right to (i) sell or dispose of any machinery, equipment, fixtures, apparatus, tools, instruments, or other moveable property acquired by it in connection with the Airport, or any materials used in connection therewith, (ii) grant easements and other rights of way to any public utility or other third party as necessary to provide service to, or for the operation of, the Airport or to governmental entities as required by law, or (iii) sell, dispose of, demolish or remove any real property and structures now or hereafter existing as part of the Airport, if the Board determines (A) that such articles or real property are no longer needed or useful in connection with the construction or maintenance of the properties constituting the Airport or the operation of the Airport, (B) that such sale, disposition or demolition will not impair the operating efficiency of the Airport or adversely affect the revenue-producing capability of the Airport, (C) that such sale, disposition or demolition will not cause the Board to violate any of its general covenant or representation provisions under the General Bond Resolution, or (D) that such sale, disposition or demolition is undertaken pursuant to the Master Plan.

The Board will deposit into the General Purposes Fund, to the extent such funds are not otherwise restricted due to the funding source as a result of the relationship of such funding source to other parts of the Airport, any proceeds resulting from any abandonment, sale or disposition of properties constituting the Airport.

Improvements to the Airport. All buildings, structures, and items of personal property that are constructed, placed or installed in or upon the properties constituting the Airport as an addition or improvement to, as a substitute for, or in renewal, replacement or alteration of, any buildings, structures, and personal property constituting part of the Airport, and all real property acquired as an addition to, in replacement of, or as a substitute for real property constituting a part of the Airport will thereupon become a part of the Airport.

Contracts, Leases and Other Agreements. Subject to the tax covenant provisions of the General Bond Resolution, the Board may lease, as lessor, all or any part of the Airport, or contract or agree for the performance by others, of operations or services on or in connection with the Airport or any part thereof, for any lawful purpose, provided, that:

(a) each such lease, contract or agreement, or any amendment or rescission thereof, is not inconsistent with the provisions of the General Bond Resolution; and

(b) the Board will remain fully obligated and responsible under the General Bond Resolution to the same extent as if such lease, contract or agreement, or any amendment or rescission thereof, had not been executed.

Special Facilities and Special Facility Obligations. Nothing in the General Bond Resolution will be construed as prohibiting the Board from financing the acquisition or construction of any "Special Facilities" permitted by law so long as the following conditions are satisfied:

(a) The debt obligations issued to finance the Special Facilities are not directly or indirectly secured by or payable from Revenues but are secured by and payable from Special Facilities Revenues or such other sources as are then authorized by the Board;

(b) The Board will levy upon the user of such Special Facilities charges sufficient to pay the principal of, and the premium, if any, and interest on obligations issued to finance the same; and

(c) An Authorized Representative will have filed with the Board a certificate stating that:

(i) the estimated Special Facilities Revenues pledged to the payment of obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Board and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due;

(ii) with respect to the designation of any separately identifiable existing airport facilities or airport facility as a "Special Facility" or "Special Facilities," the estimated Net Revenues, calculated without including the new Special Facilities Revenues and without including any operation and maintenance expenses of the Special Facility as Operations and Maintenance Expenses of the Airport, will be sufficient so that the Board will be in compliance with the provisions described under the heading "Rate Covenant" above; and

(iii) no Event of Default then exists under the General Bond Resolution.

(d) To the extent Special Facilities Revenues received by the Board during any Fiscal Year will exceed the amounts to be paid pursuant to the provisions described in subparagraph (c)(i) under this heading for such Fiscal Year, such excess Special Facilities Revenues, to the extent not otherwise encumbered or restricted, shall constitute Revenues.

(e) Notwithstanding any other provision described under this heading, at such time as the Special Facility Obligations issued for a Special Facility (including Special Facility Obligations issued to refinance Special Facility Obligations) are fully paid or otherwise discharged, all revenues of the Board from such former Special Facility will be included as Revenues.

<u>Subordinate Bonds.</u> The Board may incur and issue Subordinate Bonds for any lawful airport or aviation-related purposes permitted by law, if the following conditions are met:

(a) Subordinate Bonds issued or otherwise entered into by the Board, must rank junior and subordinate to the Bonds issued and Outstanding under the General Bond Resolution and may be paid from moneys constituting Net Revenues only if all amounts of principal and interest which have become due and payable on the Bonds whether by maturity or redemption have been paid in full and the Board is current on all payments, if any, required to be made to replenish the Bond Reserve Fund and any separate Accounts therein. In all cases Subordinate Bonds will be secured on a junior and subordinate basis to the Bonds by the pledge of the Net Revenues or shall be secured by assets that are not Net Revenues or shall be unsecured. No Bond, note, other instrument of indebtedness, or Interest Rate Swap, shall be deemed to be "Subordinate Bonds" for purposes of the General Bond Resolution and payable on a subordinated basis from Net Revenues unless specifically designated by the Board as a "Subordinate Bonds" in the authorizing resolution and Subordinate Bonds Issuing Instrument; and

(b) the principal of, and the redemption premium, if any, and interest on any such Subordinate Bonds is payable as a whole or in part solely from the proceeds of other Subordinate Bonds, Additional Bonds, Net Revenues as described under the heading "Application of Money in Revenue Fund" above, any money available therefor in the General Purposes Fund, or from any other legally available source, provided that such Subordinate Bonds will be payable from Additional Bonds only to the extent such indebtedness was issued for any purpose for which Additional Bonds may be secured under the General Bond Resolution; except for payments from the proceeds of Additional Bonds, Net Revenues transferred to the paying agent for the Subordinate Bonds under the provisions described under the heading "Application of Money in Revenue Fund" above, and the General Purposes Fund, no money in any other Fund or Account created under the provisions of the General Bond Resolution will be used to pay the principal of, or the interest or redemption premium, if any, on, any Subordinate Bonds.

Further Instruments and Actions. The Board will, from time to time, execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of the General Bond Resolution.

Events of Default

Each of the following events is an "Event of Default" with respect to a Series of Bonds:

(a) if payment by the Board in respect of any installment of interest on any Bond of such Series shall not be made in full when the same becomes due and payable;

(b) if payment by the Board in respect of the principal of any Bond of such Series shall not be made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or otherwise;

(c) if payment of the purchase price of any Bond tendered for optional or mandatory tender for purchase in accordance with the provisions of the Series Resolution providing for the issuance of such Bonds shall not be made in full as and when due;

(d) if the Board shall fail to observe or perform any covenant or agreement on its part under the General Bond Resolution, other than the covenant or agreement described under the heading "Rate Covenant" above, for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Board by the Holders of at least 51% in aggregate principal amount of Outstanding Bonds of the Series to which such failure applies; provided, however, that if the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given, it will not be an Event of Default with respect to such Series as long as the Board has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy;

(e) if the Board fails to comply with the requirements described under the heading "Rate Covenant" above;

(f) if a party institutes or files a petition with the federal Bankruptcy Court seeking reorganization of the Board or other form of relief from the Bankruptcy Court and the Board has not contested such filing for a period of 60 days after such claim or petition is filed; and

(g) if the Board shall institute proceedings to be adjudicated a bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrate (or other similar official) of the Board or of any substantial part of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

No Acceleration; No Cross Defaults

There will be no rights of acceleration with respect to the Bonds. An Event of Default with respect to one Series of Bonds will not cause an Event of Default with respect to any other Series of Bonds unless such event or condition on its own constitutes an Event of Default with respect to such other Series of Bonds under the General Bond Resolution.

Remedies and Enforcement of Remedies

Upon the occurrence of any Event of Default specified in the General Bond Resolution, then and in every such case the Holders of not less than 51% of the aggregate principal amount of the Series of Bonds for which such Event of Default applies, may proceed forthwith to protect and enforce the rights of the Bondholders under the General Bond Resolution with respect to such Series of Bonds and under the Act by such suits, actions or proceedings, including but not limited to:

(a) Civil action to recover money or damages due and owing;

(b) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders of such Series of Bonds; and

(c) Enforcement of any other right of such Bondholders with respect to such Series of Bonds conferred by law, including the Act, or the General Bond Resolution, including, without limitation, by suit, action, injunction, mandamus or other proceedings to enforce and compel the performance by the Board of actions required by the Act or the General Bond Resolution, including the fixing, changing and collection of fees or other charges.

The remedies provided for with respect to Funds or Accounts under the General Bond Resolution will be limited to the Funds or Accounts under the General Bond Resolution pledged to, or from which principal of and interest is payable on, the applicable Series of Bonds with respect to which an Event of Default exists.

Application of Revenues and Other Moneys After Default

During the continuance of an Event of Default with respect to any Series of Bonds, all moneys held by the Board with respect to such Series of Bonds (other than Other Available Revenues) pursuant to any right given or action taken under the Event of Default and remedies' provisions of the General Bond Resolution will be applied according to the accrued debt service deposits or payments with respect to each such Series as follows; provided, however, that any money drawn under a Credit Facility, if any, and amounts held in Accounts in the Bond Fund and the Bond Reserve Fund shall be applied solely to pay interest or principal, as applicable, on the related Series of Bonds:

(a) Unless the principal of all such Outstanding Bonds shall have become due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due on such Bonds in the order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal amounts of any such Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held under the provisions of the General Bond Resolution), whether at maturity or by proceedings for redemption or otherwise or upon the tender of any Bond under the terms of the Series Resolution providing for the issuance of such Bond, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds of such Series due on any date, then to the payment thereof ratably, according to the principal amounts due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all such Outstanding Bonds will have become due and payable, to the payment of the principal and interest then due and unpaid upon such Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied by the Board under the provisions described under this heading, such moneys will be applied by it at such times, and from time to time, as the Board will determine in accordance with the General Bond Resolution, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Board will apply such moneys, it will fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the principal amounts to be paid on such dates shall cease to accrue if so paid. The Board will give such notice as it may deem appropriate, in accordance with the General Bond Resolution, of the deposit with it of any such moneys and of the fixing of any such date and will not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Paying Agent for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all installments of interest then due on the Bonds and all unpaid principal amounts of any Bonds that shall have become due have been paid under the provisions described under this heading, and each Credit Enhancer, if any, has been reimbursed for all amounts drawn under the applicable Credit Facility, if any, and used to pay principal, premium, if any, and interest on the Bonds, the Board will resume making the transfers from the Revenue Fund in the amounts and according to the priority described under the heading "Application of Money in Revenue Fund" above. If all Bonds and the interest thereon have been paid in full, together with all expenses and charges of the Paying Agent and amounts owing to any Credit Enhancer for draws under its Credit Facility, and no credit enhancement or liquidity support shall be outstanding, any balance remaining shall be paid to such Credit Enhancer to the extent any other amounts are then owing to such Credit Enhancer under the applicable Credit Facility agreement, then the balance will be paid by the Board as otherwise described under the heading "Application of Money in Revenue Fund" above, and if not so required, to the Board or as a court of competent jurisdiction may direct.

Notwithstanding the foregoing, Other Available Revenues will be applied solely as provided in the General Bond Resolution; provided, however, that if the ratable distribution provisions described under this heading are applicable, the amounts that would otherwise be distributed under such provisions to Bonds that are secured by Other Available Revenues will be reduced by the amount of Other Available Revenues that are available for distribution to such Bonds under the General Bond Resolution, and the moneys that become available as a result of such reduction shall then be distributed as described under this heading.

Effect of Discontinuance of Proceedings

If any proceeding taken by the Holders on account of any Event of Default is discontinued or abandoned for any reason, then and in every such case, the Board and the Holders will be restored to their former positions and rights under the General Bond Resolution.

Control of Proceedings by Holders

Anything in the General Bond Resolution to the contrary notwithstanding, the Holders of not less than 51% in aggregate principal amount of Bonds at any time Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Board, to direct the method and place of conducting all remedial proceedings to be taken by the Bondholders, provided that such direction shall be in accordance with the provisions of the General Bond Resolution.

Restrictions Upon Actions by Individual Holders

Except as provided in the provisions described under the heading "No Remedy Exclusive" below, no Holder will have any right to institute any suit, action or proceeding in equity or at law for any other remedy under the General Bond Resolution unless such Holder previously shall have given to the Board written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted. Notwithstanding the foregoing provisions described under this heading and without complying therewith, the Holders of not less than 51% in aggregate principal amount of Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all Holders under the General Bond Resolution. It is understood and intended that, except as otherwise above provided, no one or more Holders will have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of the General Bond Resolution or to enforce any right under the General Bond Resolution except in the manner provided, that all proceedings at law or in equity will be instituted, had and maintained in the manner provided in the General Bond Resolution and for the benefit of all Holders and that any individual rights of action or other right given to one or more of such Holders by law are restricted by the General Bond Resolution to the rights and remedies provided in the General Bond Resolution.

No Remedy Exclusive

No remedy in the General Bond Resolution conferred upon or reserved to the Holders is intended to be exclusive of any other remedy or remedies provided in the General Bond Resolution, and each and every such remedy will be cumulative and shall be in addition to every other remedy given under the General Bond Resolution or now or hereafter existing at law or in equity.

Delay Not a Waiver

No delay or omission by any Holder in the exercise of any right or power accruing upon any such Holder will impair any such right or power or will be construed to be a waiver of any such Event of Default or any acquiescence therein, and every power or remedy given by the General Bond Resolution to the Holders may be exercised from time to time and as often as may be deemed expedient.

The Holders may waive any Event of Default which has been remedied by the Board before the entry of final judgment or decree in any suit, action or proceeding instituted by the Holders under the provisions of the General Bond Resolution or before the completion of the enforcement of any other remedies under the General Bond Resolution, but no such waiver will extend to or affect any other existing or subsequent Event of Default or impair any rights or remedies consequent thereon.

Modification or Amendment without Bondholder's Consent

The Board, from time to time, may enter into such Series Resolutions as are consistent with the terms and provisions of the General Bond Resolution (which Series Resolutions shall thereafter form a part of the General Bond Resolution) and do not adversely affect the interest of the Holders:

(a) to cure any ambiguity or formal defect or omission or to correct or supplement any provision in the General Bond Resolution that may be inconsistent with any other provision in the General Bond Resolution;

(b) to grant to or confer upon the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders;

(c) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the General Bond Resolution or other conditions, limitations and restrictions thereafter to be observed, provided that such conditions, limitations, and restrictions do not impair the security for the Outstanding Bonds;

(d) to add to the covenants and agreements of the Board in the General Bond Resolution other covenants and agreements thereafter to be observed by the Board or to surrender any right or power in the General Bond Resolution reserved to or conferred upon the Board, provided that such covenants and agreements and the surrendering of any right or power do not impair the security for the Outstanding Bonds; or

(e) to comply with the provisions to authorize and issue Bonds under the General Bond Resolution.

In addition to the foregoing, the Board from time to time (i) may execute Series Resolutions (which Series Resolutions shall thereafter form a part of the General Bond Resolution) that do not materially adversely affect the interests of the Holders in order to provide for or accommodate the issuance of Additional Bonds under the General Bond Resolution in the form of bonds with a variable, adjustable, convertible, periodic auction reset, or other similar interest rate structure under which the interest rate is not fixed in percentage at the date of issue for the entire term thereof, deferred interest rate bonds, Capital Appreciation Bonds, zero coupon bonds, demand/put bonds, Taxable Bonds, Tax-Advantaged Bonds, bonds payable or denominated in a foreign currency, or similar types of indebtedness which shall permit the Board to take advantage of changes or innovations in capital markets, including, without limitations, Series Resolutions modifying the terms of the Additional Bonds' provisions of the General Bond Resolution to accommodate the issuance of Additional Bonds of such types or to accommodate the Board realizing the savings associated with the ability of bond underwriters to structure Bonds so as to facilitate the creation of derivative products, and (ii) may execute Series Resolutions (which Series Resolutions shall thereafter form a part of the General Bond Resolution) that do not materially adversely affect the interests of the Holders. No Series Resolution entered into under the provisions described in the immediately preceding sentence will become effective until the Board obtains an opinion of Bond Counsel to the effect that the execution of such the Series Resolution alone will not adversely affect the exclusion of interest from the gross income of the Holders of all Bonds (other than Taxable Bonds) then Outstanding for federal income tax purposes and confirmation from each of the Rating Agencies that the execution of such Series Resolution will not cause a reduction or withdrawal of any rating of such Rating Agency then assigned to any Bonds Outstanding under the General Bond Resolution. The delivery of such confirmation with respect to any Series Resolution will create a conclusive presumption that such Series Resolution does not materially adversely affect the interests of the Bondholders of such Outstanding Bonds.

Series Resolution with Bondholder's Consent

The Holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding that will be affected by a proposed Series Resolution will have the right, from time to time, anything contained in the General Bond Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Series Resolution as is deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the General Bond Resolution or in any Series Resolution, provided that nothing contained in the General Bond Resolution shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, (iii) the creation of a lien upon or a pledge of Revenues other than the lien and pledge created by the General Bond Resolution, (iv) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of the Bonds required for consent to such Series Resolution. Nothing contained in the General Bond Resolution, however, will be construed as making necessary the approval by Holders of the execution of any Series Resolution as authorized in the provisions described under the heading "Modification or Amendment without Bondholder's Consent" above.

Whenever the Board receives an instrument or instruments in writing purporting to be executed or deemed executed by the Holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding that are affected by a proposed Series Resolution, which instrument or instruments will refer to the proposed Series Resolution described in such notice and will specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt or make effective such Series Resolution in substantially such form, without liability or responsibility to any Holder whether or not such Holder shall have consented thereto. The provisions described in this paragraph and the immediately succeeding paragraph will not be read or interpreted to require that the consents of Holders be received by the Board prior to the adoption of the proposed Series Resolution. The provisions described in this paragraph and the immediately succeeding paragraph shall be satisfied if the Board receives the consents of the Holders prior to the effective date of the proposed Series Resolution.

If the Holders of not less than 51% in aggregate principal amount of the Bonds Outstanding at the time the Series Resolution becomes effective and that are affected by such proposed Series Resolution have consented to the Series Resolution as provided in the General Bond Resolution, no Holder will have any right to object to the adoption or effectiveness of such Series Resolution, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution thereof, or to enjoin or restrain the Board from executing the same or making the same effective or from taking any action under the provisions thereof For purposes of the General Bond Resolution, Bonds shall be deemed to be "affected" by the Series Resolution if the same adversely affects or diminishes the rights of Holders against the Board or the rights of the Holders in the security for such Bonds.

Notwithstanding anything in the foregoing to the contrary, with respect to a Series of Bonds insured or secured by a Credit Facility, the consent of the issuing Credit Enhancer to the Series Resolution will be deemed to be consent of the Holders of those Bonds, so long as such Credit Enhancer is not in Event of Default of its payment obligations under its Credit Facility.

The purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Board, may consent to a modification or amendment permitted by the provisions described under this heading in the manner provided in the General Bond Resolution and with the same effect as a consent given by the Holders of such Bonds, except that no proof of ownership will be required; provided, that this provision as described under this heading will be disclosed prominently in the offering document, if any, for each Series of Bonds issued in accordance with the General Bond Resolution, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto will be described in the offering document prepared in connection with the primary offering of the Bonds of such Series by the Board.

Defeasance

When (i) the Bonds secured by the General Bond Resolution have become due and payable in accordance with their terms or otherwise as provided in the General Bond Resolution, (ii) the whole amount of the principal and the interest and premium, if any, so due and payable upon all

Bonds have been paid or if the Escrow Agent or the Escrow Agent and the Paying Agent hold money or Defeasance Obligations, or a combination of both, that are sufficient in the aggregate to pay the principal of, and the interest and redemption premium, if any, on all Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof, (iii) if the Bonds are due and payable by reason of a call for redemption, irrevocable instructions to call the bonds for redemption will have been given by the Board to the Paying Agent, or, if applicable, an Escrow Agent, and (iv) sufficient funds will also have been provided or provision made for paying all other obligations payable under the General Bond Resolution by the Board, then and in that case the right, title and interest of the Bondholders in the Funds and Accounts created by the General Bond Resolution will thereupon cease, determine and become void, the covenants contained in the General Bond Resolution will cease and the Board will apply any surplus in the Funds or Accounts, other than money held for the redemption or payment of Bonds, as provided in the redemption provisions of the General Bond Resolution. Otherwise the covenants contained in the General Bond Resolution will be, continue and remain in full force an effect. Notwithstanding the foregoing, if money, Defeasance Obligations, or a combination of both, are deposited with and held by the Escrow Agent or the Escrow Agent and the Paying Agent, as provided by the General Bond Resolution, and within 30 days after such money, Defeasance Obligations, or a combination of both have been deposited with such Escrow Agent, the Board, in addition to observing the requirements of the redemption provisions of the General Bond Resolution, causes a notice signed by the Escrow Agent to be mailed, by first class mail, postage prepaid, to all registered Holders of Bonds at their addresses as they appear on the registration books maintained by the Paying Agent and may be posted on EMMA, setting forth (i) the date designated for the redemption of the Bonds, (ii) a description of the money and Defeasance Obligations so held by such Escrow Agent, and (iii) that the covenants contained in the General Bond Resolution have ceased in accordance with the provisions described under this heading, the Escrow Agent will retain such rights, powers and privileges under the General Bond Resolution as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any premium on which such money or Defeasance Obligations have been deposited.

All money and Defeasance Obligations held by the Escrow Agent or any Paying Agent as described under this heading will be held in trust and applied to the payment, when due, of the Bonds and obligations payable therewith.

SUMMARY OF SERIES 2024 RESOLUTION

Creation of Funds and Accounts

With respect to the Series 2024A Bonds, the Series 2024 Resolution creates and establishes in the Funds and Accounts created, established and renamed or otherwise authorized pursuant to the General Bond Resolution the following:

(a) the Series 2024A Interest Subaccount in the Interest Account of the Bond Fund;

(b) the Series 2024A Principal Subaccount in the Principal Account of the Bond Fund;

(c) the Common Bond Reserve Account in the Bond Reserve Fund;

(d) the Series 2024A PFC Interest Subaccount in the Interest Account of the Bond Fund;

(e) the Series 2024A PFC Principal Subaccount in the Principal Account of the Bond Fund;

(f) the Series 2024A Rebate Account;

(g) the Series 2024A Costs of Issuance Fund;

(h) the Series 2024A Construction Account; and

(i) the Series 2024A Capitalized Interest Subaccount.

With respect to the Series 2024B Bonds, the Series 2024 Resolution creates and establishes in the Funds and Accounts created, established and renamed or otherwise authorized pursuant to the General Bond Resolution the following:

(a) the Series 2024B Interest Subaccount in the Interest Account of the Bond Fund;

(b) the Series 2024B Principal Subaccount in the Principal Account of the Bond Fund;

(c) the Common Bond Reserve Account in the Bond Reserve Fund;

(d) the Series 2024B PFC Interest Subaccount in the Interest Account of the Bond Fund;

(e) the Series 2024B PFC Principal Subaccount in the Principal Account of the Bond Fund;

(f) the Series 2024B Rebate Account;

(g) the Series 2024B Costs of Issuance Fund;

(h) the Series 2024B Construction Account; and

(i) the Series 2024B Capitalized Interest Subaccount.

The Common Bond Reserve Account is pledged to the payment of the Series 2024 Revenue Bonds and any other Common Reserve Bonds on a parity basis to the Series 2024 Revenue Bonds as may be set forth in any subsequent Series Resolutions.

If the Board deems necessary, the Board may transfer amounts on deposit in the PFC Project Fund to the Series 2024A Interest Subaccount and/or the Series 2024A Principal Subaccount to satisfy the Principal and Interest Requirements for the Outstanding Bonds, including the Series 2024A Revenue Bonds, provided that such discretionary transfer of funds from the PFC Project Fund to the Series 2024A Interest Subaccount or the Series 2024A Principal Subaccount shall not cause such funds to be deemed Designated PFC Revenues under the General Bond Resolution.

If the Board deems necessary, the Board may transfer amounts on deposit in the PFC Project Fund to the Series 2024B Interest Subaccount and/or the Series 2024B Principal Subaccount to satisfy the Principal and Interest Requirements for the Outstanding Bonds, including the Series 2024B Revenue Bonds, provided that such discretionary transfer of funds from the PFC Project Fund to the Series 2024B Interest Subaccount or the Series 2024B Principal Subaccount shall not cause such funds to be deemed Designated PFC Revenues under the General Bond Resolution.

Series 2024A Rebate Account

At the times and in the manner required by the Code and the applicable laws of the Commonwealth (i) the Consultant or Bond Counsel engaged by the Board will calculate the amount to be paid to the United States of America as of each such time; (ii) the Chief Financial Officer, as an Authorized Representative, will transfer, to the extent needed, any necessary amount in any account other than the Common Bond Reserve Account to the 2024A Revenue Rebate Account; and (iii) the Chief Financial Officer, as an Authorized Representative, will pay the amount to be paid to the United States of America as calculated pursuant to the provision described in clause (i) of this heading from the Series 2024A Rebate Account.

Any money in the Series 2024A Rebate Account (i) in excess of the amount to be paid to the United States of America or (ii) following the final payment to the United States of America after payment in full of the Series 2024A Revenue Bonds will be transferred to the General Purposes Fund.

At no time will any funds constituting proceeds of the Series 2024A Revenue Bonds be used or invested in any manner to cause or result in a prohibited payment under, or in any other fashion that would constitute failure of compliance with, Section 148 of the Code.

If the Chief Financial Officer, as an Authorized Representative, receives a written opinion of Bond Counsel that such action would not result in the inclusion of interest on the Series 2024A Revenue Bonds in gross income for purposes of federal income taxation, the Board may adopt a Series Resolution to the extent necessary and desirable to (i) combine the Rebate Fund and any Accounts or subaccounts therein with the Bond Reserve Fund or (ii) otherwise modify, supplement or replace the provisions described under this heading.

If at any time the Chief Financial Officer, as an Authorized Representative, receives a written opinion of Bond Counsel that failure to comply with the provisions described under this heading or any part of the provisions described under this heading will not adversely affect the exclusion of interest on the Series 2024A Revenue Bonds from gross income for purposes of federal income taxation, the Board may discontinue compliance with the provisions described under this heading to the extent set forth in such opinion.

Series 2024B Rebate Account

At the times and in the manner required by the Code and the applicable laws of the Commonwealth (i) the Consultant or Bond Counsel engaged by the Board will calculate the amount to be paid to the United States of America as of each such time; (ii) the Chief Financial Officer, as an Authorized Representative, will transfer, to the extent needed, any necessary amount in any account other than the Common Bond Reserve Account to the 2024B Revenue Rebate Account; and (iii) the Chief Financial Officer, as an Authorized Representative, will pay the amount to be paid to the United States of America as calculated pursuant to the provision described in clause (i) of this heading from the Series 2024B Rebate Account.

Any money in the Series 2024B Rebate Account (i) in excess of the amount to be paid to the United States of America or (ii) following the final payment to the United States of America after payment in full of the Series 2024B Revenue Bonds will be transferred to the General Purposes Fund.

At no time will any funds constituting proceeds of the Series 2024B Revenue Bonds be used or invested in any manner to cause or result in a prohibited payment under, or in any other fashion that would constitute failure of compliance with, Section 148 of the Code.

If the Chief Financial Officer, as an Authorized Representative, receives a written opinion of Bond Counsel that such action would not result in the inclusion of interest on the Series 2024B Revenue Bonds in gross income for purposes of federal income taxation, the Board may adopt a Series Resolution to the extent necessary and desirable to (i) combine the Rebate Fund and any Accounts or subaccounts therein with the Bond Reserve Fund or (ii) otherwise modify, supplement or replace the provisions described under this heading.

If at any time the Chief Financial Officer, as an Authorized Representative, receives a written opinion of Bond Counsel that failure to comply with the provisions described under this heading or any part of the provisions described under this heading will not adversely affect the exclusion of interest on the Series 2024B Revenue Bonds from gross income for purposes of federal income taxation, the Board may discontinue compliance with the provisions described under this heading to the extent set forth in such opinion.

Tax Covenant

The Board will not take any action that would cause the interest on the Series 2024 Revenue Bonds to become included in gross income for federal income tax purposes. In furtherance of the foregoing covenant, the Board agrees that it will comply with the provisions of a tax compliance certificate to be prepared by Bond Counsel and executed and delivered on the date of issuance of the Series 2024 Bonds.

In particular, the Board will covenant and certify that no person will use the money on deposit in any Account in connection with the Series 2024 Revenue Bonds, whether or not that money was derived from proceeds of the sale of the Series 2024 Revenue Bonds, in a way that would cause the Series 2024 Revenue Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code or "hedge bonds" under Section 149(g) of the Code, or that would otherwise cause the interest on the Series 2024 Revenue Bonds to be included in gross income for federal income tax purposes. The Board will cause to be made any and all payments required to be made to the United States Department of the Treasury in connection with the Series 2024 Revenue Bonds under Section 148(f) of the Code.

Notwithstanding any other provision of the Series 2024 Resolution to the contrary, so long as necessary to maintain the exclusion of interest on the Series 2024 Revenue Bonds from gross income for federal income tax purposes, the covenants described under this heading will survive the payment of the Series 2024 Revenue Bonds and the interest thereon, including any payment or defeasance of the Series 2024 Revenue Bonds.

Bondholders Alone Have Rights Under Series 2024 Resolution

Nothing in the Series 2024 Resolution, expressed or implied, is intended or will be construed to confer upon any person, firm or corporation, other than the Bondholders of the Series 2024 Revenue Bonds secured under the Series 2024 Resolution, any right, remedy or claim, legal or equitable, under or by reason of the Series 2024 Resolution. The Series 2024 Resolution is intended to be for the sole and exclusive benefit of the Holders of the Series 2024 Revenue Bonds.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENT

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENTS

Certain provisions of the Airport Use and Lease Agreement are summarized below. The summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by, the Airport Use and Lease Agreement. Words and terms that are capitalized, whether defined below or elsewhere in this Official Statement, have the meaning assigned to them in the Airport Use and Lease Agreement.

Definitions

Certain words and terms used in this summary are defined in the Airport Use and Lease Agreement and have the same meanings in this summary, except as defined otherwise in the Official Statement. Some, but not all, of the definitions in the Airport Use and Lease Agreement are set forth below. Certain of these definitions have been abbreviated or modified for purposes of this summary.

"Affiliate" means any Air Transportation Company that a Signatory Airline designates to the Board in writing as an Affiliate on an Affiliate Designation Form and which the Board approves as an Affiliate that: (a) in the case of a Cargo Carrier, (i) is a parent or subsidiary of a Signatory Airline or is under the same common ownership and control as a Signatory Airline; or (ii) is engaged by contract with Signatory Airline to carry cargo and/or mail on behalf of the Signatory Airline for the benefit of Signatory Airline's operations at the Airport; (b) in the case of a Passenger Airline, (i) is a parent or subsidiary of the Signatory Airline; or (ii) uses the same code designator as the Signatory Airline at the Airport; or (iii) otherwise operates under essentially the same trade name as the Signatory Airline and uses essentially the same livery as the Signatory Airline. Airline and any designated Affiliate are counted as one entity for the purposes of computing any minimum utilization, joint use formula, or revenue sharing clauses under the Airport Use and Lease Agreement; provided that, in the case of a Passenger Carrier, no major airline, as defined by the FAA, may be classified as an Affiliate of another major airline, unless either clause (b)(i) or (b)(iii) above defines the relationship between the airlines at the Airport.

"Air Transportation Company" means a Cargo Carrier or Passenger Airline engaged in Air Transportation Business at the Airport.

"Airfield & Terminal Ramp Area Cost Center" means the Cost Center to which expenses associated with the Airfield, including the Terminal Ramp Area, are allocated.

"Airport" means the Cincinnati/Northern Kentucky International Airport, also identified as CVG and as shown in the Airport Use and Lease Agreement, including any subsequent additions, improvements, deletions, or enlargements.

"Amortization Charges" means the recovery of capital costs and interest, in substantially equal annual installments over a fixed term, for that portion of a Capital Expenditure that is funded by the KCAB General Purposes Fund (as opposed to Bonds). The Amortization Charge for the Capital Expenditure commences in the first Fiscal Year following the Substantial Completion Date of a Capital Improvement Project for which the Capital Expenditure is made, and is computed using (i) the Revenue Bond Buyer's Index Rate, as published in the Wall Street Journal as of the last Business Day of the midpoint of the Fiscal Year during which the Substantial Completion Date of the Capital Improvement Project occurs, and (ii) the economic life of the capital item determined in accordance with generally accepted accounting practices as the term for Amortization Charges; provided the Board may instead, at its option, compute the Amortization Charges for net Capital Expenditures of $250,000 or less over a one-year period from the Substantial Completion Date of the Capital Improvement Project.

"Annual Budget" means the budget approved by the Board for each Fiscal Year.

"Board" or "KCAB" means the Kenton County Airport Board, a public and governmental body corporate and politic created pursuant to the provisions of Chapter 183 of the Kentucky Revised Statutes, or, if the current entity is abolished, the Board, body, commission, or agency succeeding to the principal functions of the Board or to which the powers and duties are given by law.

"Bond Resolution" means the General Bond Resolution adopted by the Board on May 16, 2016, as supplemented by the Series 2016 General Bond Resolution adopted by the Board on May 16, 2016, and as further supplemented by the Series 2019 General Bond Resolution adopted by the Board on January 22, 2019. The Bond Resolution also includes the 2020 Subordinate Bond Resolution adopted by the Board on March 16, 2020, as supplemented by the Series 2020 Subordinate Resolution and any successor master bond resolution or series resolution adopted by the Board pertaining to the Board airport revenue bonds, including all supplements and amendments, and any successor subordinate bond resolutions, or subordinate series resolutions adopted by the Board including any supplements and amendments.

"Bonds" means bonds or any other evidence of indebtedness for borrowed money issued from time to time pursuant to the Bond Resolution, including any subordinate obligations issued in accordance with the terms of the Bond Resolution. Subordinate obligations may include but are not limited to commercial paper, lines of credit, certificates of participation, lease or installment purchase agreements, or other debt obligations.

"Capital Expenditure" means an expenditure more than $50,000 made to acquire, equip, purchase, construct, or otherwise make ready for its intended purpose a Capital Improvement Project.

"Cost Centers" means the Airfield & Terminal Ramp Area Cost Center, Loading Bridge Cost Center, Terminal Cost Center, KCAB Cost Centers, as the same may be amended or added to from time to time in accordance with the terms of the Airport Use and Lease Agreement. Cost Centers are used for purposes of accounting for expenses and for calculating and adjusting certain rentals, fees, and charges as specified in the Airport Use and Lease Agreement.

"Cost Center Requirement" means O&M Expenses; Expensed Capital Outlays; Amortization charges; Debt Service; Subordinated Bond debt; O&M Reserve Account Deposit

Requirements; and R&R Reserve Fund Deposit Requirements as allocated to each Cost Center as set forth and shown in the Airport Use and Lease Agreement.

"Debt Service" means, for any Fiscal Year, the principal and interest payments on Bonds and related financing costs and required deposits, if any, to any debt service reserve funds.

"Expensed Capital Outlays" means expenditures of $50,000 or less made to acquire, equip, purchase, construct or otherwise make ready for its intended purpose a Capital Improvement Project for the purpose(s) of improving, maintaining, expanding or developing the Airport, including the acquisition of equipment and interests in real estate, and also includes related off-Airport expenditures, such as noise mitigation and wetlands mitigation, which are expensed in the Fiscal Year incurred.

"Fiscal Year" means the 12-month period beginning on January 1 of any year and ending on December 31 of that year, or any other twelve-month, or different transition, period adopted by the Board as its fiscal year for financial affairs.

"Joint Use Equipment" means the flight information display system ("FIDS"), the baggage information display system ("BIDS"), the LAN, the paging system, the Baggage Handling System, and any other systems or equipment that are designated by the Board for shared use among Air Transportation Companies.

"Joint Use Fee" means charges for the use of Joint Use Space and Joint Use Equipment in the Joint Use Space as calculated pursuant to the Airport Use and Lease Agreement.

"Joint Use Space" means all space associated with the Baggage Handling System in the Terminal and the Security Checkpoint.

"KCAB General Purposes Fund" means the fund of the same name created by the Board.

"Landing Fees" means charges per 1,000 pounds of Maximum Gross Landed Weight of Revenue Landings at the Airport.

"Loading Bridges" means the Concourse A and Concourse B loading bridges.

"Loading Bridge Cost Center" means the Cost Center to which expenses associated with the Loading Bridges are allocated.

"Loading Bridge Rentals" mean the charges paid for rental of Loading Bridges.

"Majority in Interest" or "MII" means a group of Signatory Airlines representing greater than fifty (50) percent in number of all Signatory Airlines and representing greater than fifty (50) percent of Maximum Gross Landed Weight of all Signatory Airlines (together with the Signatory Airlines' Affiliates) at the Airport for the prior Fiscal Year. Solely for purposes of determining a MII, a Signatory Airline or its Affiliate(s) are not included in this calculation (i) if an Airline Event of Default with respect to the Signatory Airline or its Affiliate(s) has occurred and is continuing, and the Board has given written notice of the Airline Event of Default to the Signatory Airline or its Affiliate(s), or (ii) if neither the Signatory Airline nor any Affiliate of the Signatory Airline is operating at the Airport.

"Maximum Gross Landed Weight" means the maximum certificated weight, in thousand pound units, at which each aircraft operated by an Air Transportation Company is authorized by the FAA to land at the Airport, as certified by the aircraft's manufacturer and recited in the Air Transportation Company's flight manual governing that aircraft type.

"Net Remaining Revenues" or "NRRs" means the amount determined according to Article 5 of the Airport Use and Lease Agreement.

"O&M Reserve Account" means the account of the same name created by the Board.

"O&M Reserve Account Deposit Requirement" means for each Fiscal Year the amount necessary to bring the balance in the O&M Reserve Account to an amount equal to twenty-five percent of the Airport's budgeted expenses.

"Operation and Maintenance Expenses" or "O&M Expenses" means, in any Fiscal Year, all expenses of the Board, paid or accrued, for administering, operating, maintaining, and repairing the Airport.

"R&R Reserve Fund" means the fund of the same name created by the Board.

"R&R Reserve Fund Deposit Requirement" must be $10,000,000. If the R&R Replacement Reserve Fund is drawn down below the Requirement in any Fiscal Year, the Fund must be replenished over the next two Fiscal Years.

"Revenue Landings" means all aircraft landings at the Airport except government flights, military flights, and those aircraft landings, which occur when the aircraft has taken off from the Airport and without making a landing at any other airport, returns to land at Airport because of meteorological conditions, mechanical or operating causes, or any other emergency or precautionary reasons.

"Revenues" means all rentals, landing fees, user charges, concession and other operating revenues received by the Board from the operation of the Airport: provided, however, that Revenues do not include Passenger Facility Charges, customer facility charges; other similar fees and charges; interest and investment income; grants and other capital or O&M reimbursements; insurance proceeds; proceeds from asset disposition; and any non-operating income, or any revenues pledged to special facility, or any other similar bonds; provided, further however, that Revenues may include any of the foregoing which the Board deems to be Revenues in any Fiscal Year.

"Signatory Airline" means an Air Transportation Company that has executed an agreement with the Board substantially similar to the Airport Use and Lease Agreement and which meets the minimum commitments described therein.

"Terminal" means the Main Terminal, Concourse A, and Concourse B as shown on Exhibit 1C of the Airport Use and Lease Agreement and as presently existing or as modified, developed, or relocated.

"Terminal Cost Center" means the Cost Center to which expenses associated with the Terminal are allocated.

"Terminal Ramp Area" means those areas of the Airfield that provide for the parking, loading, unloading, and servicing of passenger aircraft as identified on Exhibit 1B of the Airport Use and Lease Agreement.

"Terminal Ramp Area Rental Rate" means the terminal ramp area rental rate calculated pursuant to the Airport Use and Lease Agreement.

"Terminal Rentals" mean the charges paid for rental of the Terminal as calculated pursuant to the Airline Use and Lease Agreement.

Term

The current Airport Use and Lease Agreement became effective on January 1, 2023 and is scheduled to expire on December 31, 2027. The Board may extend the Airport Use and Lease Agreement for up to five (5) years which may be exercised in periods of one (1) year or more, subject to the written notification and Signatory Airline disapproval process outlined in the Airport Use and Lease Agreement. The Airport Use and Lease Agreement includes airport use and facility lease provisions in one use and lease agreement instead of separate use agreements and multiple facility lease agreements that were previously in place at the Airport. The Airport Use and Lease Agreement replaced a prior use agreement which had been in effect since January 1, 2016 and expired, after mutually agreed extensions, during the COVID-19 pandemic, on December 31, 2022. Airline revenues in the financial statements for 2022 and earlier are calculated pursuant to the provisions of the 2016 Use Agreement.

Signatory Requirement

The Airport Use and Lease Agreement establishes minimum requirements for an airline to become a Signatory Airline. Each Passenger Airline, throughout the Term of this Agreement, must lease a minimum of one (1) Airline Gate Area, one (1) Ticket Counter, and a minimum of 500 square feet of Operations Area. The rentals, fees and charges paid under these agreements constitute the Terminal Rentals as defined in the Airport Use and Lease Agreement. In connection with Signatory Airline's lease and use of Airline Gate Areas, Ticket Counters, and Operations Area, a Signatory Airline has the non-exclusive right to use the Joint Use Equipment and the Joint Use Space (Bag Handling System and Security Checkpoint). Signatory Airlines are charged on a per enplanement basis for use of these Joint Use areas. Cargo carriers must lease premises from the Board having an annual total rental of no less than $325,000 per Fiscal Year.

Use of Airport Facilities

Each of the Signatory Airlines shall have the right to the use of the Leased Premises and the Airport for the conduct of its air transportation business, and the non-exclusive right of ingress to and egress from the Leased Premises and the Airport, subject to reasonable rules and regulations of the Board in effect from time to time.

Net Remaining Revenues

The Airport Use and Lease Agreement establishes rentals, fees, and charges for the use of the Airport by the Signatory Airlines. Under the Airport Use and Lease Agreement, costs are allocated to three airline cost centers (Airfield, Terminal, and Passenger Loading Bridges) and one Board cost center. Each cost center is allocated its proportionate share of O&M Expenses, Expensed Capital Outlays, Amortization Charges, Debt Service, and required transfers to the O&M Reserve Account and the Renewal & Replacement Reserve Fund. The Airport Use and Lease Agreement establishes by formula a landing fee rate, a terminal rental rate, a terminal ramp area rate, a loading bridge rate, joint use fees for the use of the bag handling system and the security checkpoint and sharing of net remaining revenues (NRR) in the terminal cost center. The airline landing fee rate charged for use of the Airport is "residual" in nature in that the landing fee rates are established to recover the costs of the airfield. Terminal rates and charges are calculated using a "commercial compensatory" methodology wherein the airlines pay rates and charges for the terminal facilities they lease.

The net remaining revenues ("NRR") calculation allocates any net revenues remaining after payment of (i) O&M Expenses; (ii) Expensed Capital Outlays; (iii) Debt Service paid from Revenues; (iv) Amortization Charges; (v) transfers as required to the Operations and Maintenance Reserve Account and Repair and Replacement Reserve Funds; (vi) $10.0 million for Capital Expenditures; and (vii) Federal reimbursements for O&M Expenses as set forth below:

Net Remaining Revenues (NRRs)	Board Share	Signatory Airline Share (to Adjust Terminal Rates)
NRRs up to $10,000,000.00	75%	25%
NRRs in excess of $10,000,000.00	60%	40%
NRRs in excess of $30,000,000.00	35%	65%

Landing Fees

Each Signatory Airline must pay to the Board by the twentieth (20th) day of each month Landing Fees for Revenue Landings for the preceding month. Landing Fees payable by Signatory Airline to the Board are calculated per the rate-setting methods in the Airport Use and Lease Agreement.

The Landing Fee rate for each Fiscal Year is calculated by subtracting from the Airfield & Terminal Ramp Area Requirement computed pursuant to the Airport Use and Lease Agreement the following: (1) Leased ramp rental revenue; and (2) Apron parking revenue; and dividing the resulting amount by the estimated sum of the following for each Fiscal Year as shown in the Airport Use and Lease Agreement: (1) The Maximum Gross Landed Weight for all Signatory Airlines; plus (2) One hundred twenty five percent (125%) multiplied by the Maximum Gross

Landed Weight for all Non-Signatory Airlines for each Fiscal Year as shown in the Airport Use and Lease Agreement.

Lease of Airport Facilities

The Airport Use and Lease Agreement effective January 1, 2023 includes airport use and facility lease provisions in one use and lease agreement instead of separate use agreements and multiple facility lease agreements that were previously in place at the Airport. The Airport Use and Lease Agreement replaced a prior use agreement which had been in effect since January 1, 2016 and expired, after mutually agreed extensions, during the COVID-19 pandemic, on December 31, 2022. Airline revenues in the financial statements for 2022 and earlier are calculated pursuant to the provisions of the 2016 Use Agreement.

Terminal Rentals

Terminal Space – The Terminal Rental Rate charged to a Signatory Airline for space leased under the Airport Use and Lease Agreement is calculated first by subtracting from the gross Terminal Requirement, the direct expenses associated with the Joint Use Space, and then dividing the result by the total amount of leasable space in the terminal to calculate the Terminal Rental Rate per square foot.

Terminal Ramp Area – The Terminal Ramp Area Requirement is equal to 10% of the Airfield & Terminal Ramp Area Requirement. The Terminal Ramp Area Rental Rate is calculated by (1) subtracting from the gross Terminal Ramp Requirement the estimated Terminal Ramp Area per Turn revenue each Fiscal Year; (2) dividing the resulting amount by the total amount of leased ramp lineal feet to calculate the Terminal Ramp Rental Rate per lineal foot (the Terminal Ramp Rental Rate will be expressed in dollars and cents per lineal foot of ramp); and (3) multiplying the resulting amount by total Airline leased ramp space to calculate the Terminal Ramp Rentals for Airline.

Loading Bridges – a Signatory Airline's charge for the use of loading bridges is calculated by dividing the Loading Bridge Requirement by the number of Loading Bridges.

Total Terminal Rentals paid by a Signatory pursuant to the Airport Use and Lease Agreement are reduced by each Signatory's share of Net Remaining Revenues which is allocated based on the Signatory's share of enplanements at the Airport for the Fiscal Year.

Joint Use Fees and Charges

Airlines are charged for the use of the Joint Use Space and Joint Use Equipment. Airline's Joint Use Fee is a portion of the Joint Use Requirement based on Airline's percentage share of total Enplaned Passengers utilizing the Joint Use Space at the Airport. The Joint Use requirement is calculated by multiplying the amount of joint use space by the Terminal Rental Rate and adding the sum of the following expenses as required to the Joint Use Space (1) O&M expenses, (2) Expensed Capital Outlays, (3) Amortization charges, (4) Debt Service, and subtracting (5) Federal reimbursements for O&M expenses assigned to the Joint Use space.

Settlement Provisions

Within the later of one hundred fifty (150) days following the close of each Fiscal Year, or as soon as audited financial data for said Fiscal Year is available, rates for rentals, fees, and charges for the preceding Fiscal Year will be recalculated using audited financial data and the methods set forth in the Airport Use and Lease Agreement. For any difference(s) between the actual rentals, fees, and charges paid by Signatory Airline during the preceding Fiscal Year and the rentals, fees, and charges that would have been paid by Signatory Airline using the recalculated rates, Board must, in the event of overpayment return to Signatory Airline the overpayment amount within thirty (30) days, or in the event of underpayment invoice Signatory Airline for the underpayment amount. Signatory Airline must pay the underpayment within thirty (30) days after Signatory Airline's receipt of the invoice. However, if Signatory Airline: (i) is in default under any agreement with the Board or (ii) has any past due balance, the Board: (i) may withhold any overpayment until Signatory Airline's default is remedied; and (ii) may apply any overpayment to pay any amounts owed to the Board by Signatory Airline, or pay any costs or damages incurred by the Board as a result of Signatory Airline's default.

Adjustment to Rates and Charges

The Board may make reasonable adjustments to rates and charges calculated pursuant to the Airport Use and Lease Agreement no more than once during each Fiscal Year to account for changes in activity levels and budget changes, which result in a required adjustment of ten percent (10%) or more to the applicable rates and charges. The Board must provide thirty (30) days advance written notice of the adjustment and reason to Signatory Airline.

Extraordinary Coverage Payments

In addition to any fees otherwise established by the Airline Use and Lease Agreement, Signatory must make extraordinary coverage protection payments in any Fiscal Year in which the amount of revenue less O&M Expenses is or is forecasted to be less than one hundred twenty-five percent (125%) of the aggregate annual debt service requirement (as calculated under the Bond Resolution). Any amounts that must be collected for extraordinary coverage protection payments from the Signatory Airlines will be allocated to the Airfield & Terminal Ramp Area Cost Center Requirement.

Other Fees and Charges

Signatory Airlines shall pay reasonable and non-discriminatory charges for other services or facilities provided by Board. Such services or facilities may include, but are not limited to, aircraft parking fees, gate charges, special maintenance of leased premises, directly metered utilities, trash removal and fees for Board provided equipment and systems. Signatory Airlines shall pay the required fees for all permits and licenses necessary for the conduct of its business at the Airport. Signatory Airline shall also pay all applicable taxes and assessments.

Majority-in-Interest Provision

The Airline Use and Lease Agreement utilizes a negative majority-in-interest ("MII") approval process whereby Signatory Airlines are required to issue written disapproval for Capital Expenditures requiring MII consideration within 60 days or the Capital Expenditure requiring MII consideration. If such written disapproval is not received, the Capital Expenditure is deemed approved. The MII process in the Airline Use and Lease Agreement does not include capital projects: (i) where neither Debt Service nor Amortization Charges will be included in the calculation of Signatory's rentals, fees, and charges, (ii) that were not disapproved under prior use and lease agreements, (iii) that do not impact the Airfield and Terminal Ramp Area Cost Center, (iv) that do not have an individual net capital cost to the Board of less than $80.0 million allocated to the Airfield and Terminal Ramp Area Cost Center, (v) or are required for reasons including legal or regulatory compliance, safety and security, public health or environmental remediation.

Debt Service; Amortization Charges

Nothing in the Airport Use and Lease Agreement limits the Board's authority to issue Bonds or use other funds for any Capital Improvement Project. However, the Board's authority to include Debt Service on Bonds and Amortization Charges on other funds used in the calculation of Signatory Airline rates and charges is subject to the provisions of the Airline Use and Lease Agreement.

Security Deposits

The Signatory Airline is required to maintain a deposit in the form of a surety bond or an irrevocable letter of credit in an amount equal to three (3) months of its estimated rental fees and charges under the Airline Use and Lease Agreement of the Signatory Airline and its Affiliates.

Indemnification

Each Signatory Airline is required to hold harmless and defend the Board, including all directors, members, officers, agents, servants and employees thereof, from any and all liabilities, losses, suits, judgments, fines, penalties, costs, damage, expense (including cost of suit and reasonable expenses of legal services), claims, demands and causes of actions whatsoever claimed by anyone by reason of injury or damage to persons or property, or other damages, as a result of acts or omissions of Signatory Airline, its affiliates, agents, servants, employees, contractors, suppliers or invitees, or arising out of any operations of Signatory Airline upon or about the Airport, except to the extent such liability as may result from the gross negligence or willful misconduct of the Board.

Insurance

As a means of further protecting the Board, Signatory Airline shall at all times carry insurance coverage, including Comprehensive Airline Liability Insurance in a limit not less than Seven Hundred Fifty Million Dollars ($750,000,000) per occurrence, Aircraft Liability Insurance in a limit of not less than Seven Hundred Fifty Million Dollars ($750,000,000) on each aircraft owned, non-owned, operated by, maintained by, leased, or hired by the Signatory Airline on the Airport, Commercial Automobile Liability Insurance with a limit of not less than Twenty-Five

Million Dollars ($25,000,000) each accident, and Workers' Compensation and Employer's Liability Coverage.

Operation of Airport

The Board agrees it will operate and maintain the Airport facilities as a public airport in a prudent manner and consistent with and pursuant to the assurances given by the Board to the United States government in accordance with Applicable Laws and consistent with the terms and conditions of the Airport Use and Lease Agreement.

Environmental Provisions

Signatory Airline agrees that it will not use, store, generate, manufacture, produce, handle, treat, dispose, transport or conduct operations involving hazardous substances at the Airport in violation of any applicable federal, state, county or local statutes, laws, regulations, rules, ordinances, codes, standards, orders, licenses or permits of any governmental authorities, relating to environmental matters.

Subordination to Bond Resolution

The Airport Use and Lease Agreement and all rights granted to a Signatory Airline are expressly subordinated and subject to the lien and provisions of the pledges, transfer, and hypothecation of assignment made by the Board in any Bond Resolution, provided that the provisions are not inconsistent with the terms of this Airport Use and Lease Agreement. The Board expressly reserves the right to make pledges and grant liens and enter into covenants as it may deem necessary or desirable to secure and provide for the payment of Bonds, including the creation of reserves.

Assignment

Signatory Airline may not, directly or indirectly, assign, sell, pledge or encumber, license the use of, or otherwise transfer any interest in the Airport Use and Lease Agreement, without the prior written approval of the Board, which approval may be granted or denied in the sole discretion of the Board. The Board must approve the assignment of the Airport Use and Lease Agreement to any business entity with which Signatory Airline may merge or consolidate or which purchases all or substantially all of Signatory Airline's assets.

Amendment

The Airport Use and Lease Agreement may be amended only by written agreement signed by the Board and Signatory Airline.

APPENDIX D

2023 FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITORS

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Cincinnati/Northern Kentucky International Airport

Basic Financial Statements and Other Required Information issued under the provisions of the Office of Management and Budget Uniform Guidance

December 31, 2023 and 2022

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REPORT OF INDEPENDENT AUDITORS

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

<u>Report on the Audit of Financial Statements</u>

Opinion

We have audited the accompanying financial statements of the business-type activities of the Cincinnati/Northern Kentucky International Airport (the Airport), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Airport, as of December 31, 2023 and 2022, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Airport implemented the provisions of Government Accounting Standards Board Statement No. 96, *Subscription-based Information Technology Arrangements*, as of and for the year ended December 31, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the proportionate share of net pension liability, schedules of the employer pension contributions, schedules of the proportionate share of net other post-employment benefits (OPEB) liability, schedules of the employer OPEB contributions, and related notes to pension and OPEB schedules, as listed in the table of contents (RSI), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. As listed in the table of contents, the combining schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*s, and the schedule of passenger facility charges collected and expended (the Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Blue & Co., LLC

Cincinnati, Ohio
July 15, 2024

Introduction

The following management discussion and analysis of the financial performance and activity of the Cincinnati/Northern Kentucky International Airport (Airport) (CVG) provides an introduction and understanding of the Airport's basic financial statements (Statements) for the calendar year ended December 31, 2023 with selected comparative information for the years ended December 31, 2022 and 2021. The Statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto.

The operations of the Airport are self-supporting and generate revenues from Airport users to fund all operating expenses and debt service requirements. Capital projects are funded through the issuance of revenue bonds, the collection of Passenger Facility Charges (PFCs), the collection of Customer Facility Charges (CFCs), the receipt of federal and state grants, the use of certain funds generated by the operations of the Airport and other third-party funding received from tenants of the Airport for use on specified projects.

Airport Governance

The Kenton County Airport Board (Board) was created pursuant to a resolution of the Fiscal Court of Kenton County, Kentucky adopted on June 3, 1943. Under the provisions of Chapter 183 of the Kentucky Revised Statutes and by the terms of such resolution, the Board has been created and organized as a public body politic and corporate. The Board has complete jurisdiction, control, possession, and supervision of the Airport. This includes the power and authority to establish reasonable rates, charges, and fees for the use of its landing areas, ramps, and other common aviation facilities. Through contracts or other permissible means, the Board also negotiates general rates, charges, and fees for commercial vendors, concessionaires or other organizations for the use and occupancy of its terminals and other facilities.

Airport Activity Highlights

The Airport serves as the primary airport for scheduled passenger service for the fifteen county Cincinnati Consolidated Metropolitan Statistical Area. As of December 31, 2023, scheduled passenger service at the Airport was provided by nine airline groups. Scheduled cargo service was provided by three cargo operators. Ultra-low-cost carrier Breeze Airways began service at the Airport in February 2023. In June 2023, British Airways commenced international non-stop air service to London-Heathrow Airport.

The Airport has the unique distinction of serving as a dual air cargo hub for DHL Worldwide Express (DHL) and Amazon Air (Amazon). DHL's hub at CVG is its main international cargo hub for North America and Latin America and is one of DHL's three global super hubs. According to Airports Council International (ACI) statistics, in 2023, CVG ranked sixth in North America for total air cargo tonnage and twelfth globally. Total cargo landed weight reported at CVG for the 12 months ended December 2023 increased 15.5% compared with the same period in 2022.

The Amazon hub at CVG serves as the central hub for Amazon's U.S. cargo network. Amazon.com Services, Inc. leases approximately 650-acre site on the south side of the Airport and has an option agreement for approximately 479 acres on the north side of the Airport. The $1.5 billion first phase of the south side development opened in August 2021 featuring an 800,000 square foot sortation building, ramp parking for 25 aircraft, and a multi-story parking garage. Future phases of the south side development are currently planned to open in 2026 and beyond, with the actual timing being dependent on economic conditions and operational requirements.

Selected activity statistics for the years ended December 31, 2023, 2022, and 2021 are as follows:

	2023	**2022**	**2021**
Enplaned passengers	4,369,960	3,782,857	3,140,530
Origin passengers(1)	4,087,711	3,558,950	3,024,810
Landed weights(lbs. 000s)			
Passenger airlines	5,088,445	4,223,022	3,907,267
Cargo airlines(2)	10,714,993	9,277,495	8,507,424
Total landed weight	15,803,438	13,500,517	12,414,691
Aircraft landings(3)	78,918	69,081	62,423

(1) as reported to the Airport by the airlines

(2) includes maintenance flights

(3) includes domestic air carriers, international air carriers and air taxi/commuter flights

In 2023, enplaned passenger activity increased 587,103, or 15.5% over 2022 activity and represented 96% of pre-COVID levels. In 2022, enplaned passenger activity increased 642,327 or 20.5% over 2021.

In 2023, total aircraft landed weights increased 2,302,921 or 17.1%. Passenger landed weight increased 865,423 or 20.5% as passenger airlines continued to add back capacity and two new carriers commenced air service at the Airport. In 2023, cargo landed weight increased 1,437,498 or 15.5% driven primarily by continued growth in cargo volumes at the Amazon hub and associated increased landings at the Airport.

In 2022, total aircraft landed weights increased 1,085,826 or 8.7%. Passenger landed weight increased 315,755 or 8.1% as passenger airlines added back capacity in response to continued recovery in passenger air travel. The presence of the DHL and Amazon cargo hubs at the Airport, coupled with a substantial shift to ecommerce, continued to stimulate air cargo demand. In 2022, cargo landed weight increased an additional 770,071 or 9.1%.

In 2023, the number of aircraft landings increased 9,837 or 14.2%. In 2022, the number of aircraft landings increased 6,658 or 10.7%. For 2023, the year-over-year percentage increase in aircraft landings and landed weight reflects increased frequencies for both passenger service and air cargo service. For 2022, the year-over-year percentage increase in aircraft landings versus aircraft landed weight reflects the recovery of passenger air service and smaller gauge aircraft, on average, in passenger service relative to those in air cargo service.

Airline Rates and Charges

The Board entered into a new use and lease agreement (the Agreement) with the signatory carriers (Signatory) (Signatory Carriers) effective January 1, 2023. The following airlines are signatory to the Agreement: Delta, Frontier, Allegiant, Southwest, United, Amazon, DHL, and FedEx.

The Agreement includes airport use and facility lease provisions in one industry-standard use and lease agreement instead of a separate use agreement and multiple facility lease agreements which were previously in place at the Airport. The term of the Agreement commenced January 1, 2023, or at a later date when executed by a Signatory and continues until December 31, 2027. The Board may extend the Agreement for up to five (5) years which may be exercised in periods of one (1) year or more, subject to the written notification and Signatory airline disapproval process outlined in the Agreement.

The Agreement establishes rentals, fees, and charges for the use of the Airport by the Signatory. For purposes of computing airline rates & charges, costs are allocated to three airline cost centers (Airfield, Terminal, and Passenger Loading Bridges) and a Board cost center. Each cost center is allocated by formula its proportionate share of operation and maintenance (O&M) expenses, expensed capital outlays, amortization charges, debt service, and required transfers to the O&M Reserve Account and the Renewal and Replacement Reserve Fund. The Agreement establishes by formula a landing fee rate, a terminal rental rate, a terminal ramp area rate, a loading bridge rate, joint use fees for the use of the bag handling system and the security checkpoint, and sharing of net remaining revenues (NRR) in the terminal cost center. The airline landing fee rate charged for use of the Airport is "residual" in nature in that the landing fee rates are established to recover the costs of providing the airfield. A "commercial compensatory" rate setting methodology is used to establish terminal related rates and charges wherein any unrecovered terminal costs due to vacant leasable space are borne by the Airport.

The landing fee rate, terminal rates and charges, and NRR credits are established annually during the budget process based on projected revenues, costs, and airline activity. After the close of each fiscal year, the landing fee rate, terminal related rates and charges and related NRR credits are recalculated using audited financial data. Any overpayments of such rentals, fees and charges are reflected as payable by the Board and returned to the Signatory Carriers; and any underpayments are invoiced to the Signatory Carriers. Amounts owed to the carriers as the result of this settlement process for 2023 and 2022 were $9.9 million and $2.0 million, respectively. In 2023 and 2022, the Board used COVID relief grant funds in a manner to both reimburse Airport operating expenses and manage airline costs by reimbursing operating expenses in airline cost centers which served to reduce airline rates and charges.

The Airport's bond resolutions pertaining to bonds funded by operating revenues require that rates and fees charged to the air carriers be determined and fixed at amounts which, together with all other revenues from the operation, use and services of the Airport, will be sufficient to 1) pay the costs of operating and maintaining the Airport, 2) fund the principal, interest and coverage requirements of the outstanding bonds, and 3) make all other transfers as required under the Airport's general bond resolution.

In addition to the landing fees and terminal rentals and any other fees and charges allowable under the Agreement, each Signatory Carrier is required to make extraordinary coverage protection payments to the Airport in any fiscal year in which the amount of operating revenues less operating expenses as defined in the general bond resolution is, or is forecasted to be, less than 125% of the aggregate annual debt service requirements as calculated under the Airport's general bond resolution. No such payments were necessary for 2023 under the new Agreement or in 2022 under the prior use agreement which contained a similar provision.

The new use and lease agreement effective January 1, 2023 replaced a prior use agreement which had been in place since January 1, 2016 and was set to expire on December 31, 2020. Due to the disruption and uncertainty caused by COVID-19 pandemic, both the Board and its Signatory Carriers agreed to extend the 2016 Use Agreement and all related terminal space leases for one year (expiring December 31, 2021) with an optional, mutually agreeable one-year extension. During 2021, the Board and the Signatory Carriers exercised the option for a one-year extension of the 2016 Use Agreement through December 31, 2022. Airline revenues reflected in the financial statements presented here for 2022 and 2021 are calculated pursuant to the 2016 Use Agreement extended through December 31, 2022.

Overview of Key Federal Grants

COVID Relief Grants

The United States government enacted the following three Acts to mitigate the ongoing disruptive effects of the COVID-19 pandemic:

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748, Public Law 116-136) was signed into law on March 27, 2020 and included $10 billion in funds for eligible U.S. airports.
- The Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) (Public Law 116-260) was signed into law on December 27, 2020 and included nearly $2 billion in funds for eligible U.S. airports and eligible concessions.
- The American Rescue Plan Act (ARPA) (H.R. 1319, Public Law 117-2) was signed into law on March 11, 2021 and included $8 billion in funds for eligible U.S. airports and concessions.

The legislation included direct aid in the form of grants for airports. The Board has been awarded a total of $97.3 million under the three Acts: CARES $42.9 million, CRRSAA $12.3 million, and ARPA $42.1 million. The grants can be used for any purpose for which airport revenues may lawfully be used including operating expenditures, debt service, and new airport development or construction. The period of performance for the grants is four years and include provisions related to procurement, cost eligibility, and workforce retention requirements that must be adhered to. The Board's payment requests under the Acts must be submitted for incurred expenses only, consistent with FAA's Payment Policy. In order to reimburse operating expenses, the Board used $18.4 million of ARPA, $5.4 million of CRRSAA, and $0.7 million of CARES funds in 2023, $4.3 million of CRRSAA and $1.5 million of ARPA fund in 2022, $1.7 million of CRRSAA funds in 2021, and $11.1 million of CARES funds in 2020.

CRRSAA and ARPA grants also included including $4.7 million in discrete amounts to provide relief from rent and minimum annual guarantees (MAG) to eligible airport concessions. $0.9 million and $3.8 million were allocated to CVG under CRRSAA and ARPA, respectively. As of December 31, 2023 all concession relief grants had been allocated and grants administratively closed with the FAA.

Bipartisan Infrastructure Law

The Infrastructure Investment and Jobs Act (IIJA), known as the Bipartisan Infrastructure Law (BIL), was signed into law November 15, 2021. The law secured a total of $25 billion in funding for U.S. airport infrastructure between Federal Fiscal Years 2022 to 2026. BIL provided $15.0 billion in Airport Infrastructure Grants (AIG), $5.0 billion in competitive Airport Terminal Program (ATP) grants, and $5.0 billion to upgrade aging FAA-owned Air Traffic Control Tower facilities. In 2023, the Board was awarded $14.0 million in ATP grants, which are being used to fund the replacement of passenger boarding bridges in Concourse B. AIG grants are allocated annually based on a modified Airport Improvement Program (AIP) apportionment formula. The Board was awarded $13.5 million in AIG grants for Federal Fiscal Year 2023 which are being used to replace passenger boarding bridges in Concourse B. The Board was awarded $13.7 million in AIG grants for Federal Fiscal Year 2022 which were used to rehabilitate the Concourse B Apron and reconstruct the West Apron.

Overview of the Financial Statements

The Airport's Statements include three separate financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The Statements are prepared in accordance with GAAP as promulgated by the Governmental Accounting Standards Board (GASB). The Airport is a business-type activity and, as such, is accounted for as an Enterprise Fund. For administrative purposes and to ensure adherence to applicable parameters and restrictions on the allowable use of funds and their associated net positions, the Airport has established various self-balancing account groups (more fully described in Note 1 to the Statements).

The Statement of Net Position presents the Airport's financial position at December 31, the end of the Airport's fiscal year, and includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Net position is classified into three components: unrestricted, net investment in capital assets, and restricted. Restricted net position is further classified between major categories of restrictions.

The Statement of Revenues, Expenses and Changes in Net Position reports total operating revenues, operating expenses, nonoperating changes in net position, and capital contributions for the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

The Statement of Cash Flows presents information showing how the Airport's cash balances changed during the fiscal year. The Statement of Cash Flows classifies cash receipts and cash payments by operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

The financial statements for the year ended December 31, 2022, have been restated for the adoption of GASB Statement No. 96 – *Subscription Based Information Technology Arrangements* (SBITA) (GASB 96), effective January 1, 2022, which requires certain subscription-based arrangements related to information technology and software to be recorded in the statements of net position. Previously, such arrangements were classified as a period expense and were not recorded in the statements of net position. The financial statements for the year ended December 31, 2021, were not restated for GASB 96 as the information was not readily available.

The restatement to the Airport's 2022 Statement of Net Position due to the implementation of GASB 96 is set forth below (in thousands of dollars):

	2022 as previously stated	GASB 96 restatements	Restated 2022
Assets			
Current assets	$ 204,192	$ -	$ 204,192
Non-current assets			
Capital assets	880,708	1,383	882,091
Other non-current assets	288,101	-	288,101
Total assets	1,373,001	1,383	1,374,384
Total deferred outflows of resources	31,716	-	31,716
Liabilities			
Current liabilities	$ 67,982	$ 369	$ 68,351
Non-current liabilities	291,970	1,014	292,984
Total liabilities	359,952	1,383	361,335
Total deferred inflows of resources	168,877	-	168,877
Net position			
Unrestricted	16,146	-	16,146
Net investment in capital assets	705,280	-	705,280
Restricted	154,462	-	154,462
Total net position	$ 875,888	-	$ 875,888

The restatement to the Airport's 2022 Statement of Revenue, Expenses, and Changes in Net Position due to the implementation of GASB 96 is set forth below (in thousands of dollars):

	2022 as previously stated	GASB 96 restatements	Restated 2022
Operating revenues	$ 126,147	$ -	$ 126,147
Operating expenses	116,038	(720)	115,318
Operating income (loss), before depreciation and amortization	10,109	720	10,829
Depreciation and amortization	(45,358)	(629)	(45,987)
Operating loss, after depreciation and amortization	(35,249)	91	(35,158)
Nonoperating changes in net position: (decrease) increase	30,790	(91)	30,699
Capital contributions	30,997	-	30,997
Total changes in net position	26,538	-	26,538
Net position at the beginning of the year	849,350		849,350
Net position at the end of the year	$ 875,888		$ 875,888

The restatement to the Airport's 2022 Statement of Cash Flows due to the implementation of GASB 96 is set forth below (in thousands of dollars):

	2022 as previously stated	GASB 96 restatements	Restated 2022
Cash flows from operating activities	$ 9,203	$ 721	$ 9,924
Cash flows from non-capital financing activities	11,330	-	11,330
Cash flows from capital and related financing activities	11,963	(721)	11,242
Cash flows from investing activities	(40,404)	-	(40,404)
Net decrease in cash	(7,908)	-	(7,908)
Cash at the beginning of the year	10,184		10,184
Cash at the end of the year	$ 2,276		$ 2,276

The notes to the Statements provide additional information that is essential to a full understanding of the data provided in the Statements.

Summary of Financial Position

A summarized comparison of the Airport's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at December 31, 2023, 2022 and 2021 is set forth below (in thousands of dollars):

	2023	Restated* 2022	2021
Assets			
Current assets	$ 243,586	$ 204,192	$ 180,109
Non-current assets			
Capital assets	909,545	882,091	879,815
Other non-current assets	305,128	288,101	294,704
Total assets	1,458,259	1,374,384	1,354,628
Deferred outflows of resources	44,951	31,716	23,209
Liabilities			
Current liabilities	61,529	68,351	60,812
Non-current liabilities	263,570	292,984	286,711
Total liabilities	325,099	361,335	347,523
Deferred inflows of resources	194,431	168,877	180,964
Net Position			
Unrestricted	66,007	16,146	8,346
Net investment in capital assets	739,182	705,280	694,595
Restricted	178,491	154,462	146,409
Total net position	$ 983,680	$ 875,888	$ 849,350

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Net Position

Net position is the difference between total assets, total deferred outflows, total liabilities, and total deferred inflows and is an indicator of the fiscal health of the Airport. The majority of the Airport's net position at December 31, 2023, 2022, and 2021, represents its investment in capital assets less the related outstanding indebtedness used to acquire those capital assets. The Airport uses these capital assets to provide services to the airlines, passengers, service providers and other users of the Airport. While the Airport's net position related to capital assets is reported net of related debt, the associated debt service is paid annually from operating revenues or other nonoperating revenues generated through the use of these capital assets.

In 2023, the Airport's net position increased by $107.8 million primarily due to increases in operating revenues generated by terminal rents and parking facilities, an increase in investment income generated by higher interest rates, and an increase in federal grant revenues for operations and capital requirements.

In 2022, the Airport's net position increased by $26.5 million primarily due to increases in operating revenues generated by parking facilities and an increase in available Passenger Facility Charges and Customer Facility Charges generated by an associated increase in enplanements.

Assets, Liabilities, and Deferrals

In 2023, total assets increased $83.9 million primarily due to an increase in unrestricted cash and investment balances generated by operations, an increase in restricted cash and investments generated by federal grant receipts, and an increase in capital asset additions utilizing federal grants and awards. Offsetting the increase was a decrease in non-current assets due to the reduction of lease receivables related to a decrease in net present value of the Airport's regulated leases and a decrease in grant and federal awards receivable due to the collection of prior year and current year receivables.

In 2022, total assets increased $19.8 million primarily due to an increase in unrestricted cash and investment balances generated by operations. Offsetting the increase was a decrease in non-current assets due to the reduction of lease receivables related to a decrease in net present value of the Airport's regulated leases.

In 2023, total liabilities decreased $36.2 million primarily due to a significant decrease in the Board's proportionate share of the Kentucky Public Pensions Authority's (KPPA) other postemployment benefits liability, a decrease in accounts payable due to the timing of supplier payments, and by scheduled payments on bond debt principal.

In 2022, total liabilities increased $13.8 million primarily due to an increase in the Board's proportionate share of the Kentucky Public Pensions Authority's (KPPA) pension liability and an increase in assets held in trust for capital improvements to a third-party facility located at the Airport, offset by scheduled payments on bond debt principal.

In 2023, deferred outflows of resources increased $13.2 million and deferred inflows of resources increased $25.6 million. The increase in deferred inflows of resources was primarily due to an increase in the Airport's proportionate share of KPPA pension contributions. The increase in deferred outflow of resources was primarily due to actuarial changes in the recognition of differences between expected and actual other KPPA postemployment benefits experience.

In 2022, deferred outflows of resources increased $8.5 million and deferred inflows of resources decreased $12.1 million. The decrease in deferred inflows was primarily due to a $9.7 million amortization of deferred lease revenues. Other changes in deferred outflows and deferred inflows, along with associated liabilities, for pension and other postemployment benefits were interrelated and reflected a net increase in net position of $1.8 million. These changes are primarily attributable to investment performance in the respective plans as compared to discount rates used for actuarial calculations as well as differences in the airport's proportionate share of the plan liabilities offset by its annual contributions.

Summary of Financial Operations

A summary comparison of the Airport's Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2023, 2022, and 2021 is set forth below (in thousands of dollars):

	2023	Restated* 2022	2021
Operating revenues	$ 161,872	$ 126,147	$ 93,563
Operating expenses	128,121	115,318	96,323
Operating income (loss), before depreciation and amortization	33,751	10,829	(2,760)
Depreciation and amortization	(48,294)	(45,987)	(42,638)
Operating loss, after depreciation and amortization	(14,543)	(35,158)	(45,398)
Nonoperating changes in net position: (decrease) increase	65,663	30,699	21,139
Capital contributions	56,672	30,997	49,183
Total changes in net position	107,792	26,538	24,924
Net position at the beginning of the year	875,888	849,350	824,426
Net position at the end of the year	$ 983,680	$ 875,888	$ 849,350

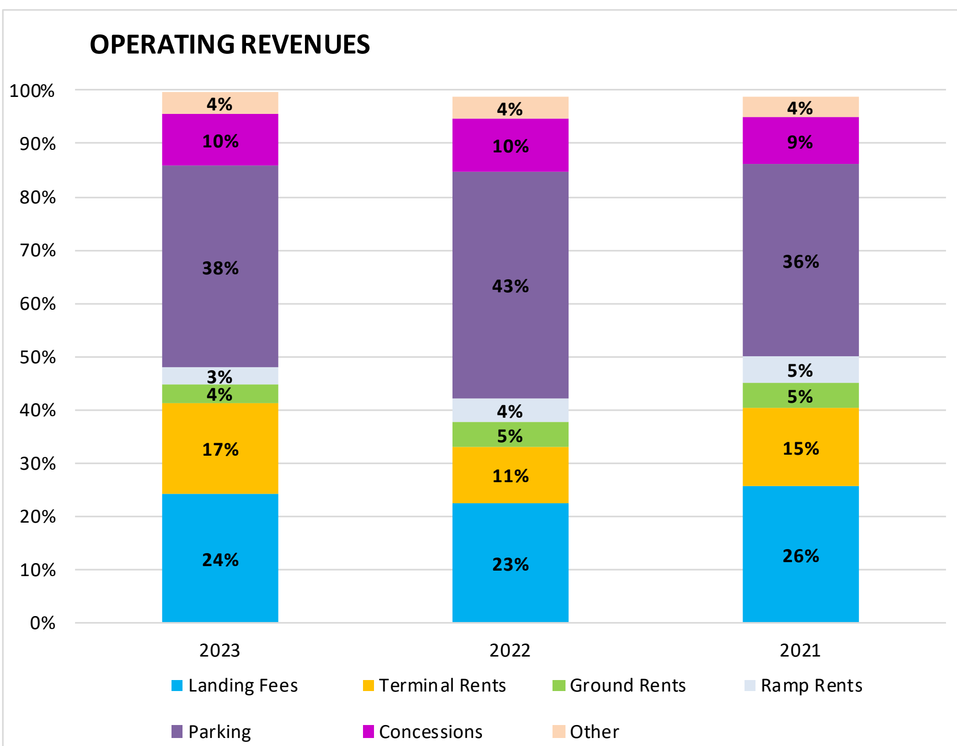
*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Operating Revenues

A summary comparison of the Airport's Operating Revenues for the years ended December 31, 2023, 2022, and 2021 is set forth below (in thousands of dollars):

Operating revenues

	2023		2022		2021	
Landing fees	$	39,223	$	28,412	$	24,039
Rentals:						
Terminal		27,699		13,315		13,704
Ground		5,680		5,796		4,541
Ramp		4,969		5,668		4,567
Other		1,961		1,594		1,509
Parking		61,216		53,790		33,662
Concessions		16,093		12,578		8,301
Rebilled services		1,570		1,793		1,376
Ground transportation		2,398		1,482		766
Other		1,063		1,719		1,098
	$	161,872	$	126,147	$	93,563



Operating revenues increased $35.7 million in 2023 primarily driven by increased landing and terminal fees collected under the new 2023 Use and Lease Agreement and by parking revenue growth driven by growth in enplanements and an increase in the daily terminal garage rate to $22.00 in July 2023.

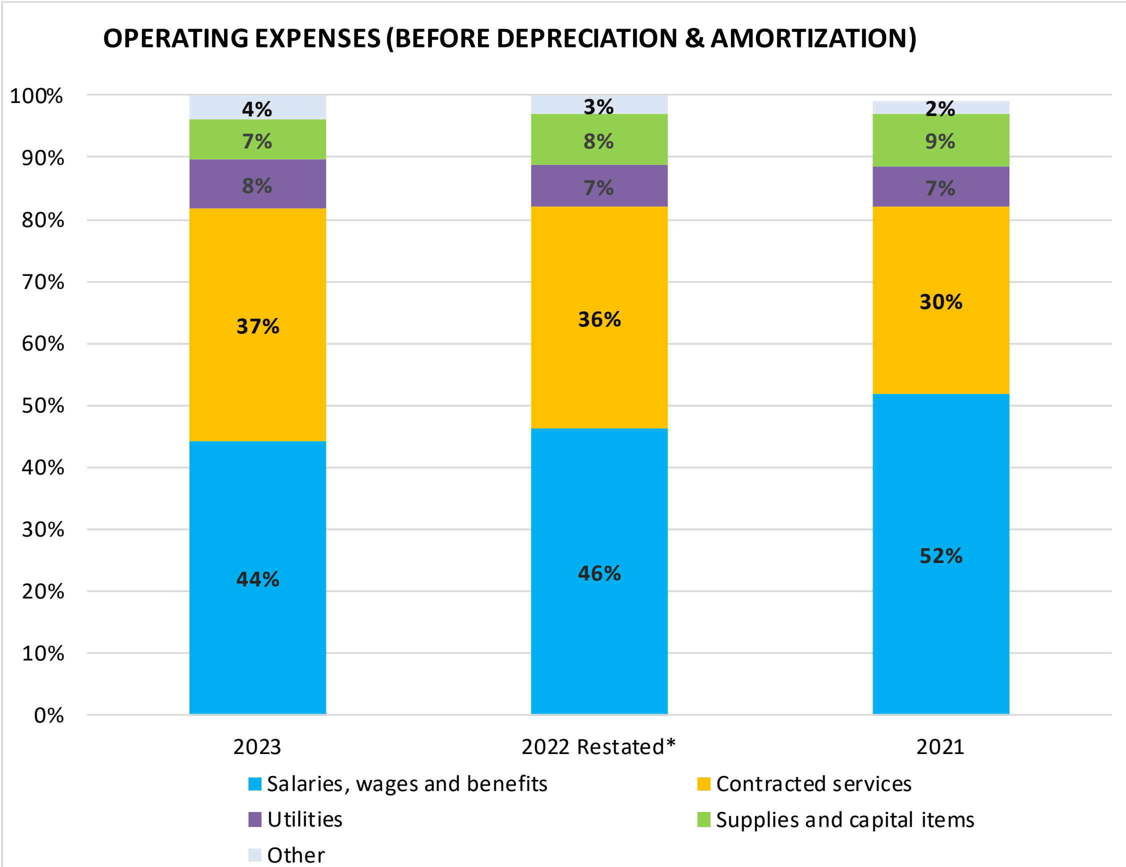
Operating revenues increased $32.6 million in 2022 primarily driven by parking revenue growth. Parking revenues increased at a faster rate than origin passenger volumes due to the average length of stay in the terminal garage increasing and daily parking rates increasing to $18.00, $11.00, and $9.00 in the Terminal, Valupark, and Economy lots, respectively.

Operating Expenses

A summary comparison of the Airport's Operating Expenses for the years ended December 31, 2023, 2022, and 2021 is set forth below (in thousands of dollars):

Operating expenses

	2023	Restated* 2022	2021
Salaries, wages and benefits	$ 56,744	$ 53,411	$ 49,985
Contracted services	47,997	41,104	28,997
Supplies and capital items	10,039	7,883	6,329
Utilities	8,366	9,345	8,208
General administration	3,230	1,953	1,523
Insurance	1,745	1,622	1,281
Total operating expenses Before depreciation & amortization	128,121	115,318	96,323
Depreciation & amortization	48,294	45,987	42,638
Total operating expenses	$ 176,415	$ 161,305	$ 138,961



Operating expenses increased $12.8 million in 2023. These changes are primarily driven by increased utilization of contracted services related for operating and maintaining Airport terminal and parking facilities and increased employee compensation costs.

Operating expenses increased $19.0 million in 2022. These changes are primarily driven by increased utilization of contracted services, including one-time expenditures for demolition of obsolete facilities and expenses related to the increased level of services required to operate and maintain the Airport's parking facilities. Employee compensation rates also increased in 2022 as recommended by a Board initiated market-based compensation study.

Nonoperating Changes in Net Position

The nonoperating changes in net position increased $35.0 million in 2023. These changes are primarily due to an increase in COVID related federal grant revenue to reimburse eligible operating expenses and an increase in investment income driven by higher interest rates.

The nonoperating changes in net position increased $9.6 million in 2022. PFC and CFC revenues increased due to increases in passenger activity; use of COVID relief grants to reimburse eligible operating expenses, higher investment returns due to rate actions taken by the Federal Reserve, and the reclassification and restatement of a portion of leases under GASB 87 to nonoperating income.

Capital Contributions

Capital contributions reflected by the Airport normally include the appraised value of facilities constructed by tenants and recorded by the Airport at such time as, in accordance with the provisions of associated ground leases, the ownership of the facilities reverts to the Airport. Capital contributions also normally include grants, federal awards, and contributions received from other outside parties to fund capital project costs.

In 2023, capital contributions increased by $25.7 million due to grants received for the rehabilitation of the Concourse B Apron, the reconstruction of the West Apron, and other miscellaneous airfield projects.

In 2022, capital contributions decreased by $18.2 million reflecting the completion of the Runway 9/27 Rehabilitation project and associated reduction in federal grant contributions.

Summary of Cash Flows

A comparative summary of the Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021 is as follows (in thousands of dollars):

	2023	Restated* 2022	2021
Net cash provided (used) by operating activities	$ 16,929	$ 9,924	$ 6,957
Net cash provided (used) by non-capital financing activities	33,621	11,330	4,540
Net cash provided (used) by capital and related financing activities	(7,692)	11,242	(78,571)
Net cash (used) provided in investing activities	(42,574)	(40,404)	69,314
Net (decrease) increase in cash	284	(7,908)	2,240
Cash at the beginning of the year	2,276	10,184	7,944
Cash at the end of the year	$ 2,560	$ 2,276	$ 10,184

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

The Airport's overall cash position increased $0.3 million in 2023 due to inflows of COVID related federal grant funds and cash generated by operating activities, significantly offset by outflows on capital asset acquisition and improvements, funding of debt service requirements, and increases in investment balances.

The Airport's overall cash position decreased $7.9 million in 2022 primarily due to the liquidation of investments used for capital asset acquisition and improvements and debt service requirements, offset by increases generated by operating activities and non-operating lease interest income.

Capital Assets

During 2023, 2022 and 2021, the Airport had capital additions, including construction in process and equipment, land, and easement purchases totaling $156 million, $111 million, and $330 million, respectively.

Significant Airport projects expenditures capitalized during 2023, 2022 and 2021 were as follows:

Projects capitalized (in thousands of dollars)	**2023**	**2022**	**2021**
West apron rehab	$ 37,768	$ -	$ -
Concourse A & B ramp improvements	19,512	-	-
Miscellaneous runway, taxiway, roadway	11,197	4	661
Delta apron ramp	3,500	-	-
Informational technology & innovation	1,330	-	-
Miscellaneous terminal building	677	1,181	3,107
Non-airfield roadways	467	4,402	-
Miscellaneous non-terminal buildings	455	503	2,519
Parking garage & lot lighting	268	3,508	-
Consolidated ground transportation facility	67	2,950	158,868
Runway 9/27 and associated taxiways	-	30,460	35,565
Baggage handling system	-	11,859	3,802
Terminal escalator replacement	-	3,432	-
Terminal roadways & roadway utilities	-	74	5,010
Taxiway N & S rehab and extension	-	-	108
	$ 75,241	$ 58,373	$ 209,640

Debt Administration

As of December 31, 2023, the Airport's outstanding bonds were the Series 2016 Refunding Revenue Bonds with a principal balance of $30.5 million, the Series 2019 Revenue Bonds with a principal balance of $31.2 million, and the Series 2019 CFC fixed rate revenue bonds with a principal balance of $98.9 million. The Series 2019 Revenue Bonds and the Series 2019 CFC Revenue Bonds were issued in March 2019 to fund the reconfiguration of the main terminal roadways system and the construction of the GTF, respectively. All the Airport's outstanding bonds bear fixed rates of interest.

The Series 2016 and Series 2019 Revenue Bonds are secured by a pledge of the Airport's net operating revenues as defined in the related bond resolutions. Pursuant to approvals previously received from the FAA, while secured by net operating revenues, the full amount of the debt service on the Series 2016 Revenue Bonds and the majority of the debt service on the Series 2019 Revenue Bonds are payable from PFCs on-hand and currently approved future PFC collections. As of December 31, 2023, the Airport's underlying long-term ratings for bonds issued under the Airport's general bond resolution were "A1" from Moody's Investor Services with a "stable" outlook and "A+" from Fitch Ratings with a "stable" outlook.

The Series 2019 CFC Revenue Bonds are special limited obligations of the Airport. These bonds are secured by a pledge of CFCs collected by the rental car companies and are subject to the requirements of the trust indenture entered into between the Board and the trustee for the bonds. In the event that the CFC collections are insufficient or are estimated to be insufficient to pay debt service and funding of reserves as required by the rate covenant set forth in the Trust Indenture, the Board has secured the right to charge the rental car companies operating under rental car agreements for any such deficiency. Any deficiency payments collected are also pledged to the payment of the Series 2019 CFC Revenue Bonds. In 2022 and 2021, consistent with the provisions of the Trust Indenture, the Airport utilized previously collected CFCs available in the CFC Project Fund to fund a $60 thousand and $892 thousand deficit, respectively. No such deficiency payments were required in 2023. As of December 31, 2023, the Airport's underlying long-term ratings for the Airport's Series 2019 CFC Revenue Bonds was "A-" with a "stable" outlook from Fitch and "A3" with a "stable" outlook from Moody's.

In March 2020, the Board adopted a Subordinate General Bond Resolution which stipulates that any bonds issued under this resolution are to be secured by a pledge of net operating revenues subordinate to the rights of the Series 2016 and Series 2019 Revenue Bonds. Pursuant to the subordinate bond resolution, in March 2020 the Board also approved a resolution authorizing an agreement with PNC Bank National Association for a revolving line of credit that expired on March 1, 2024 and had a maximum commitment amount of $75.0 million. In February 2023, due to inactivity during the term of the credit agreement resulting from the COVID crisis and associated deferral of certain capital projects and unanticipated receipts of additional federal funding, PNC Bank National Association notified the Board that the line of credit would not be extended past March 1, 2024. As a result, the Board competitively solicited a replacement revolving credit facility.

In July 2023, the Board adopted the Series 2023 Subordinate Bond Resolution and issued the Series 2023 Subordinate Notes in the maximum commitment amount of $150.0 million for the purpose of providing short term funding for capital improvement projects, including capitalized interest, and funding costs of issuance relating to the 2023 Subordinate Notes. In conjunction with the 2023 Subordinate Bond Resolution, the Board authorized an agreement with Bank of America National Association for a replacement revolving line of credit in the maximum commitment amount of $150.0 million. The agreement expires on August 21, 2026 with provision for two additional one-year extensions. Pursuant to this agreement, a notice of termination was remitted to PNC Bank National Association terminating the $75.0 million revolving line of credit.

Requests for Information

This financial report is designed to provide a general overview of the Airport's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Chief Financial Officer, P.O. Box 752000, Cincinnati, OH 45275-2000 or emailed to info@cvgairport.com.

Cincinnati/Northern Kentucky International Airport
Statements of Net Position
December 31, 2023 and 2022

(in thousands of dollars)

	2023	Restated* 2022
Assets		
Current assets		
Unrestricted		
Cash	$ 1,707	$ 1,321
Investments (at fair value)	182,421	142,699
Investment income receivable	295	240
Accounts receivable	10,920	6,103
Lease receivable	9,913	9,674
Grants and federal awards receivable	14,321	18,872
Prepaid expenses	2,623	2,505
Supplies inventory	6,211	5,655
Total unrestricted current assets	228,411	187,069
Restricted		
Cash	853	955
Investments (at fair value)	14,278	16,147
Investment income receivable	44	21
Total restricted current assets	15,175	17,123
Total current assets	243,586	204,192
Non-current assets		
Unrestricted		
Investments (at fair value)	1,484	4,872
Lease receivable	125,585	130,775
Prepaid expenses	293	194
Capital assets, non-depreciable	230,448	230,962
Capital assets, net of accumulated depreciation	679,097	651,129
Total unrestricted non-current assets	1,036,907	1,017,932
Restricted		
Investments (at fair value)	173,915	148,859
Investment income receivable	795	559
Passenger facility charges receivable	2,232	2,080
Customer facility charges receivable	824	762
Total restricted non-current assets	177,766	152,260
Total non-current assets	1,214,673	1,170,192
Total assets	1,458,259	1,374,384
Deferred outflows of resources		
Pension	31,395	18,635
Other postemployment benefits	13,556	13,081
Total deferred outflows of resources	44,951	31,716

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 - SBITA, effective January 1, 2022.

See report of independent auditors and accompanying notes to financial statements.

Cincinnati/Northern Kentucky International Airport
Statements of Net Position, continued
December 31, 2023 and 2022

(in thousands of dollars)

	2023	Restated* 2022
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 29,537	$ 39,101
Rates and charges settlement payable to airlines	9,895	4,301
Contract retainage payable	147	1,115
Bond interest payable	2,177	2,210
Assets held in trust	10,002	12,085
Revenue bonds payable, inclusive of unamortized premium	8,796	8,570
Subordinate debt - equipment lease	764	600
Subscription liability	211	369
Total current liabilities	61,529	68,351
Non-current liabilities		
Accounts payable and accrued expenses	2,203	2,944
Revenue bonds payable, inclusive of unamortized premium	158,421	165,006
Subordinate debt - equipment lease	1,791	1,643
Subscription liability	803	1,014
Net pension liability	99,751	95,951
Net other postemployment benefits liability	601	26,426
Total non-current liabilities	263,570	292,984
Total liabilities	325,099	361,335
Deferred inflows of resources		
Pension	22,179	14,378
Other postemployment benefits	36,753	14,050
Leases	135,499	140,449
Total deferred inflows of resources	194,431	168,877
Net position		
Unrestricted	66,007	16,146
Net investment in capital assets	739,182	705,280
Restricted:		
For federally approved projects	95,697	82,675
For ground transportation expenditures	32,507	27,102
For operational cash flow shortages	34,127	29,396
For debt service	15,524	15,126
For uses legally required by contributing parties	636	163
Total net position	$ 983,680	$ 875,888

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 - SBITA, effective January 1, 2022.

See report of independent auditors and accompanying notes to financial statements.

Cincinnati/Northern Kentucky International Airport
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2023 and 2022

(in thousands of dollars)

	2023	Restated* 2022
Operating revenues		
Landing fees, net	$ 39,223	$ 28,412
Rentals:		
Terminal, net	27,699	13,315
Ground	5,680	5,796
Ramp	4,969	5,668
Other	1,961	1,594
Parking	61,216	53,790
Concessions	16,093	12,578
Rebilled services	1,570	1,793
Ground transportation	2,398	1,482
Other	1,063	1,719
Total operating revenues	161,872	126,147
Operating expenses		
Salaries, wages and benefits	56,744	53,411
Contracted services	47,997	41,104
Supplies and capital items expensed	10,039	7,883
Utilities	8,366	9,345
General administration	3,230	1,953
Insurance	1,745	1,622
Total operating expenses	128,121	115,318
Operating income, before depreciation and amortization	33,751	10,829
Depreciation and amortization	(48,294)	(45,987)
Operating loss, after depreciation and amortization	(14,543)	(35,158)
Nonoperating changes in net position: (decrease) increase		
Revenue bond interest, net of premium amortization	(6,639)	(6,783)
Bond issuance costs	(191)	(38)
Subordinate debt interest	(98)	(26)
Passenger facility charge revenues	17,332	15,318
Customer facility charge revenues	11,197	9,683
Police forfeiture program revenues	555	1,029
Police forfeiture program revenues passed through to other local government	(4)	(13)
Grants and federal awards for operating expenses	25,007	7,125
Investment income	17,262	1,627
Interest income - leases	4,241	4,458
Interest expense - subscription assets	(53)	(91)
Net (loss) gain on disposal of capital assets	321	(1,140)
Non-capitalized project costs	(3,262)	(450)
Other	(5)	-
Total nonoperating changes in net position, before capital contributions	65,663	30,699
Capital contributions		
Donated capital	-	405
Grants and federal awards for capital expenditures	53,278	30,438
Third party funding of project costs	3,394	154
Total capital contributions	56,672	30,997
Total changes in net position	107,792	26,538
Net position at the beginning of the year	875,888	849,350
Net position at the end of the year	$ 983,680	$ 875,888

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

See report of independent auditors and accompanying notes to financial statements.

Cincinnati/Northern Kentucky International Airport
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

(in thousands of dollars)

	2023	Restated* 2022
Cash flows from operating activities		
Cash received from customers	$ 162,158	$ 119,889
Principal paid on subscription assets	(370)	(629)
Cash paid to suppliers	(76,694)	(50,229)
Cash paid for the direct benefit of employees	(68,165)	(59,107)
Net cash (used) provided by operating activities	16,929	9,924
Cash flows from non-capital financing activities		
Police forfeiture program receipts	555	1,029
Police forfeiture program receipts passed through to other local government	(12)	(4)
Grants and federal awards receipts for operating expenses	28,837	5,847
Interest income - leases	4,241	4,458
Net cash (used) provided by non-capital financing activities	33,621	11,330
Cash flows from capital and related financing activities		
Revenue bond debt service - principal	(5,400)	(5,180)
Revenue bond debt service - interest	(7,633)	(7,854)
Bond issuance costs	(76)	(38)
Subordinate debt service - principal	(637)	(396)
Subordinate debt service - interest	(98)	(26)
Proceeds from issuance of subordinate debt	951	1,312
Passenger facility charges received	17,172	15,093
Customer facility charges received	11,104	9,378
Grants and federal awards receipts for capital expenditures	53,576	42,332
Assets held in trust	2,557	7,426
Interest expense - subscription assets	(52)	(92)
Proceeds from sale of assets	740	1,850
Acquisition and construction of airport facilities	(79,896)	(52,563)
Net cash provided (used) by capital and related financing activities	(7,692)	11,242
Cash flows from investing activities		
Proceeds from sales and maturities of investments	664,387	494,026
Purchase of investments	(722,857)	(541,630)
Investment income received	15,896	7,200
Net cash (used) provided by investing activities	(42,574)	(40,404)
Net increase in cash	284	(7,908)
Cash at the beginning of the year	2,276	10,184
Cash at the end of the year	2,560	$ 2,276

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Cincinnati/Northern Kentucky International Airport
Statements of Cash Flows, continued
Years Ended December 31, 2023 and 2022

(in thousands of dollars)

	2023	Restated* 2022
Reconciliation of operating loss to net cash		
Provided by operating activities		
Operating loss, after depreciation and amortization	$ (14,543)	$ (35,158)
Adjustments to reconcile operating loss to		
net cash provided by operating activities		
Depreciation and amortization	48,294	45,987
Change in assets and liabilities		
Increase in accounts receivable	(4,750)	(1,809)
Increase in supplies inventory	(556)	(1,188)
Decrease (increase) in portion of interfund receivables related to operating activities	664	(2,181)
(Increase) decrease in prepaid expenses	(397)	133
(Decrease) increase in accounts payable and accrued expenses	(9,937)	6,479
Increase (decrease) in rates and charges settlement payable to airlines	5,593	(2,105)
(Decrease) increase in contract retainage payable	(169)	129
(Decrease) increase in portion of interfund payables related to operating activities	(2,514)	1,492
Increase in deferred outflow of resources related to pension or OPEB	(13,235)	(8,507)
Increase (decrease) in deferred inflow of resources related to pension or OPEB	30,504	(2,427)
Increase (decrease) in net pension liability	3,800	8,908
(Decrease) increase in net postemployment benefits liability	(25,825)	171
Total adjustments	31,472	45,082
Net cash provided by operating activities	$ 16,929	$ 9,924
Noncash capital and related financing activities:		
Property acquired through subscription liabilities	$ -	$ 308
Amortization of revenue bond premium, payment of revenue bond debt service interest	$ 960	$ 1,039
Total noncash capital and related financing activities	$ 960	$ 1,347

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

See report of independent auditors and accompanying notes to financial statements.

(in thousands of dollars)

1. Summary of Significant Accounting Policies and Practices

Reporting Entity

The Kenton County Airport Board (Board) was created by the Fiscal Court of Kenton County, Kentucky on June 3, 1943. The Board is a public body politic and corporate, and has jurisdiction, control, possession, and supervision of the Cincinnati/Northern Kentucky International Airport (Airport).

Basis of Accounting

The Airport is a business-type activity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services and are accounted for in Enterprise Funds, which utilize the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when they are earned, and expenses are recognized when incurred.

The principal operating revenues of the Airport are from sources such as the Airport's tenant airlines, concessions, customer parking, rental cars, and other third-party facility and ground leases. Investment income, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), federal and state operating grants and other revenues not related to the operations of the airport are considered nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense, bond issuance costs and non-capitalized project costs are considered nonoperating expenses. Donated capital, federal and state grants for capital projects, and third-party funding provided for capital projects are considered capital contributions.

As required of an Enterprise Fund, the Statements of Net Position are presented with assets and liabilities classified as current and non-current. Assets are classified as current if they are expected to be consumed or converted to cash within one year of the Statements of Net Position dates and are not subject to restrictions which prohibit them from being used in the current operations of the Airport. Restricted assets are also classified as current if they are expected to be consumed or converted to cash within one year of the Statements of Net Positions dates and are needed to cover current liabilities which exist at the Statements of Net Position dates. Liabilities are classified as current if they are likely to be paid within one year of the Statements of Net Positions dates.

Pronouncements Adopted in the Comparative Reporting Period

During 2023, the Airport implemented Statement No. 96, *Subscription-Based Information Technology Arrangements.* GASB Statement No. 96 establishes standards of accounting and financial reporting for subscription-based information technology arrangements (SBITAs) by a government. The primary objective of this statement is to provide guidance on the accounting and financial reporting for SBITAs for governmental end users. This statement requires SBITA's with a term greater than 12 months are capitalized, resulting in a subscription asset and a corresponding

(in thousands of dollars)

subscription liability. Previously, such arrangements were classified as outflows of resources, and were not recorded on the statements of net position.

Significant Upcoming Implementations

In December 2023, GASB issued Statement No. 102 – *Certain Risk Disclosures* to establish reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. This statement requires governments to assess whether a concentration, defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources, or a constraint, defined as a limitation imposed on a government by an external party or by formal action of a governmental entities' highest level of decision-making authority, makes the government vulnerable to the risk of a substantial impact to it's financial statements. Additionally, this Statement requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for the Airport's fiscal year ending December 31, 2025.

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences* to update the recognition and measurement guidance for compensated absences, with the objective of creating a unified model of reporting. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The statement also updates disclosure requirements for the Airport's compensated absence policy. This statement is effective for the Airport's fiscal year ending December 31, 2024.

The Airport has not yet determined what impact, if any, the above listed items will have on its financial statements.

Air Carrier Rates and Charges

The Board entered into a new use and lease agreement negotiated (the Agreement) with the signatory carriers effective January 1, 2023. The following airlines are signatory to the Agreement: Delta, Frontier, Allegiant, Southwest, United, Amazon, DHL, and FedEx.

The Agreement includes airport use and facility lease provisions in one industry-standard use and lease agreement instead of a separate use agreement and multiple facility lease agreements which were previously in place at the Airport. The term of the Agreement commenced January 1, 2023, or at a later date when executed by a Signatory and continues until December 31, 2027. The Board may extend the Agreement for up to five (5) years which may be exercised in periods of one (1) year or more, subject to the written notification and Signatory airline disapproval process outlined in the Agreement.

The Agreement establishes rentals, fees, and charges for the use of the Airport by the Signatory. For purposes of computing airline rates & charges, costs are allocated to three airline cost centers (Airfield, Terminal, and Passenger Loading Bridges) and a Board cost center. Each cost center is allocated by formula its proportionate share of operation and maintenance (O&M) expenses, expensed capital outlays, amortization charges, debt service, and required transfers to the O&M

(in thousands of dollars)

Reserve Account and the Renewal & Replacement Reserve Fund. The Agreement establishes by formula a landing fee rate, a terminal rental rate, a terminal ramp area rate, a loading bridge rate, joint use fees for the use of the bag handling system and the security checkpoint, and sharing of net remaining revenues (NRR) in the terminal cost center. The airline landing fee rate charged for use of the Airport is “residual” in nature in that the landing fee rates are established to recover the costs of providing the airfield. A “commercial compensatory” rate setting methodology is used to establish terminal related rates and charges wherein any unrecovered terminal costs due to vacant leasable space are borne by the Airport.

The landing fee rate, terminal rates and charges, and NRR credits are established annually during the budget process based on projected revenues, costs, and airline activity. After the close of each fiscal year, the landing fee rate, terminal related rates and charges and related NRR credits are recalculated using audited financial data. Any overpayments of such rentals, fees and charges are reflected as payable by the Board and returned to the Signatory Carriers; and any underpayments are invoiced to the Signatory Carriers. Amounts owed to the carriers as the result of this settlement process for 2023 and 2022 were $9.9 million and $2.0 million, respectively. In 2023 and 2022, the Board used COVID relief grant funds in a manner to both reimburse Airport operating expenses and manage airline costs by reimbursing operating expenses in airline cost centers which served to reduce airline rates & charges.

The Airport’s bond resolutions pertaining to bonds funded by operating revenues require that rates and fees charged to the air carriers be determined and fixed at amounts which, together with all other revenues from the operation, use, and services of the Airport, will be sufficient to 1) pay the costs of operating and maintaining the Airport, 2) fund the principal, interest, and coverage requirements of the outstanding bonds, and 3) make all other transfers as required under the Airport’s general bond resolution.

In addition to the landing fees and terminal rentals and any other fees and charges allowable under the Agreement, each Signatory Carrier is required to make extraordinary coverage protection payments to the Airport in any fiscal year in which the amount of operating revenues less operating expenses as defined in the general bond resolution is, or is forecasted to be, less than 125% of the aggregate annual debt service requirements as calculated under the Airport’s general bond resolution. No such payments were necessary for 2023 under the new Agreement or in 2022 under the prior use agreement which contained a similar provision.

The new use and lease agreement effective January 1, 2023 replaced a prior use agreement which had been in place since January 1, 2016 and was set to expire on December 31, 2020. Due to the disruption and uncertainty caused by COVID-19 pandemic, both the Board and its Signatory Carriers agreed to extend the 2016 Use Agreement and all related terminal space leases for one year (expiring December 31, 2021) with an optional, mutually agreeable one-year extension. During 2021, the Board and the Signatory Carriers exercised the option for a one-year extension of the 2016 Use Agreement through December 31, 2022. Airline revenues reflected in the financial statements for 2022 are calculated pursuant to the 2016 Use Agreement extended through December 31, 2022.

(in thousands of dollars)

Account Groups and Restrictions on Net Position

For administrative purposes and to ensure adherence to applicable parameters and restrictions on the allowable use of funds, the Board has established various self-balancing account groups.

The account groups and the nature of restrictions on the components of the Airport's net position are as follows:

Account Group:	Restrictions on Net Position:
Operations and Maintenance	Unrestricted
Designated for Capital Projects	Unrestricted
Designated for Group Health Coverage	Unrestricted
Repair and Replacement Reserve	Unrestricted
General Purposes	Unrestricted
Net Investment in Capital Assets	Net Investment in Capital Assets
Passenger Facility Charge	Restricted for federally approved projects
Police Forfeiture	Restricted for approved law enforcement related expenditures
Customer Facility Charge	Restricted for ground transportation expenditures
Operations and Maintenance Reserve	Restricted for operational cash flow shortages
2019 Terminal Roadway Reconfiguration	Restricted for costs of the 2019 terminal roadway reconfiguration project
Bond Interest and Redemption	Restricted for debt service
Bond Reserve	Restricted for debt service
Other Third-Party Funding	Restricted for uses legally required by contributing parties

Unrestricted Account Groups
The unrestricted account groups listed in the table above are resources available for any Airport use.

Operations and Maintenance account group- unrestricted: The Operations and Maintenance account group is maintained to account for operating revenues and expenses and provide for the funding of debt service and all other transfers as required under the bond resolutions.

Designated for Capital Projects account group- unrestricted: The Airport has funds on hand which were previously received through reimbursements from federal and state grants and other third parties for eligible capital expenditures. Additionally, amounts as determined by management are periodically set aside to be used for capital projects and, as a result, are transferred from the General Purposes account group. During 2023, the Board elected to transfer \$10,000 of the Airport's share of 2023 net remaining revenues, which were utilized from the Operations and Maintenance account group to the General Purposes account group and subsequently to the Designation for Capital Projects Account Group. As the Board intends to use these funds for capital projects, they are recorded as Designated for Capital Projects and reflected as a component of unrestricted net position.

Designated for Group Health Coverage account group- unrestricted: Effective January 1, 2009, the Airport, by resolution of the Board, established an account group for all activities of the self-funded health coverages maintained for employees. By this resolution, the Board assumed the risk financing

(in thousands of dollars)

of the health and dental coverages through self-funding of claims, subject to certain individual stop loss and group aggregate limits. Activities include contributions to the account, the payment of claims, the payment of fees and expenses, and the establishment and maintenance of reserves. Contributions to the account group for the payment of claims, fees, and expenses are made from the Operations and Maintenance account group and are recorded as transfers of net position. Contributions to the account for the purposes of building reserves, if necessary, are recorded as transfers of net position from the General Purposes account group (see Note 12).

Repair and Replacement Reserve account group- unrestricted: Pursuant to the requirements of the Airport's bond resolutions, the Board is required to maintain an asset balance of $10,000 in the Repair and Replacement Reserve account group, which is available for any Airport use. If amounts from this reserve are used, the Board is required, commencing from the date the deficit occurred, to replenish the balance in twenty-four equal monthly installments from the Operations and Maintenance account group, provided the funds are not needed for other purposes. On December 31, 2023 and 2022 the balances of total assets in the Repair and Replacement Reserve were $10,066 and $9,818, respectively. The bond resolutions do not require the Board to adjust the amount held in the Repair and Replacement Reserve as a result of either a year-over-year decrease in the Airport's budgeted operating expenses or temporary market value fluctuations. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to maturity. No funds from the Repair and Replacement Reserve account group were used during 2023 and 2022.

General Purposes account group- unrestricted: Pursuant to the requirements of the Airport's bond resolutions, the Board maintains a General Purposes account group, the balance of which is available for any Airport use. Amounts of revenues remaining in the Operations and Maintenance account group after satisfaction of operating expenses and other transfers required by the bond resolutions are transferred to the General Purposes account group. In 2023 and 2022, the amounts transferred to the General Purposes account group were $53,179 and $19,467, respectively.

Net Investment in Capital Assets

The Net Investment in Capital Assets account group is maintained for the recording of the balances and depreciation of capital assets, as well as any associated balances of outstanding debt in excess of the amount of debt proceeds which remain unspent at the Statement of Net Position date. To correctly reflect the net positions of the individual account groups, liabilities for outstanding debt equal to the unspent proceeds at the Statement of Net Position date are reflected in the account groups in which the proceeds are held.

Restricted Account Groups

The resources of the restricted account groups listed in the table above are restricted by outside parties. Accordingly, approval of these parties, as applicable, is required for the restricted resources to be available for use. It is the Airport's policy to first apply restricted resources when an obligation is incurred for which both restricted and unrestricted net position are available for use.

Passenger Facility Charge account group- restricted: In 1994, the Federal Aviation Administration (FAA) first granted approval to the Airport to impose a Passenger Facility Charge (PFC) and to use the PFCs to fund specific approved projects. PFCs, which are charged at rates per qualifying enplaned passenger, are considered earned upon collection by the airline and are credited to the

(in thousands of dollars)

restricted net position of the Passenger Facility Charge account group (PFC account group). Amounts collected by the airlines but not yet remitted to the Airport are classified as Passenger Facility Charges receivable. As of December 31, 2023, the Board has received approval on a total of seventeen PFC applications. The approvals authorize the Board to collect PFCs and associated investment income for approved projects up to the amount of allowable project costs, but not to exceed $657,482. Through December 31, 2023, PFCs and associated investment income in the amount of $641,679 have been recognized.

Police Forfeiture account group- restricted: The Police Forfeiture account group is maintained to account for all activity of funds received by the Airport's police department through the Equitable Sharing Programs of the U.S. Department of Justice, the U.S. Department of Treasury, and the Commonwealth of Kentucky. The use of these funds is restricted to law enforcement expenditures considered allowable under the various sharing agreements.

Customer Facility Charge account group- restricted: Pursuant to an ordinance of the Airport, the collection of Customer Facility Charges (CFCs) began on April 1, 2006. The CFCs, which are charged at a rate per rental car transaction day, are being collected to provide for the planning, construction, operation, and maintenance of facilities to accommodate the ground transportation needs at the Airport. The CFCs are considered earned upon collection by the rental car companies and are recognized as nonoperating revenues in the Customer Facility Charge account group (CFC account group). The total amount of CFCs collected in 2023 and 2022 was $11,197 and $9,683, respectively.

Pursuant to the 2019 Master Trust Indenture (CFC Trust Indenture) entered into between the Airport and the Trustee, US Bank National Association (Trustee) upon issuance of the Series 2019 Customer Facility Charge Revenue Bonds (see Note 7), all CFCs collected are transferred to the custody of the Trustee to be held for debt service and to fund project expenditures incurred for construction of the Consolidated Ground Transportation Facility (GTF). All unexpended CFCs are recorded as assets of the CFC account group.

Operations and Maintenance Reserve account group- restricted: Pursuant to the requirements of the Airport's bond resolutions, the Board is required to maintain in the Operations and Maintenance Reserve an asset balance equal to twenty-five percent of the then current year budgeted operating expenses. Assets in the Operations and Maintenance Reserve account group may only be used to finance operating expenditures, when sufficient funds are not otherwise available in the Operations and Maintenance account group or from other available funding sources. Upon use of funds from this reserve, the Board is required, commencing in the ensuing calendar year, to replenish the asset balance in twelve equal monthly installments from the Operations and Maintenance account group, provided the funds are not needed for other purposes. The asset balances required to be carried in the Operations and Maintenance Reserve as of December 31, 2023 and 2022, were $34,162 and $29,593, respectively. For the years ended December 31, 2023 and 2022 the asset balances in the Operations and Maintenance Reserve were $34,732 and $29,561, respectively. The bond resolutions do not require the Board to adjust the amount held in the Operations and Maintenance Reserve as a result of either a year-over-year decrease in the Airport's budgeted operating expenses or temporary market value fluctuations. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to

(in thousands of dollars)

maturity. No funds from the Operations and Maintenance Reserve account group were used during 2023 and 2022.

2019 Terminal Roadway Reconfiguration account group- restricted: In 2019, the Board issued Series 2019 Revenue Bonds to fund the work required to reconfigure the main terminal roadway for the purposes of accommodating the construction of the GTF and to provide more efficient access to the main terminal at the Airport (see Note 7). Unspent proceeds from this bond issue, other than those deposited to the Bond Reserve account group, are recorded as assets in this account group. The portion of the outstanding bonds attributable to unspent proceeds is reported as an offset to those proceeds, as reported in this account group, and deducted from the outstanding bonds payable balance in Net Investment in Capital Assets. During 2023, the remaining unspent proceeds from this bond issue were utilized by the Board for capital expenditures and the account group was subsequently closed. As of December 31, 2023 and 2022 unspent bond proceeds totaled $0 and $489 respectively.

Bond Interest and Redemption account group- restricted: Pursuant to the requirements of the Airport's bond resolutions and CFC Trust Indenture, the Bond Interest and Redemption account group is maintained to hold and account for contributions from the Operations and Maintenance account group for the debt service requirements of any outstanding bonds which are payable from the Airport's operating revenues and contributions from collected CFCs for the debt service requirements of the Series 2019 CFC Bonds. From the Operations and Maintenance account group and the CFC account group, debt service contributions in the amount of 1/6th of the next required interest payment and 1/12th of the next maturing principal are made to the Bond Interest and Redemption account group on a monthly basis. During 2023 and 2022, all required debt service contributions to the Bond Interest and Redemption Account were made in full. Assets included in the Bond Interest and Redemption account group are restricted for the payment of bond principal and interest.

The FAA's approvals of four of the Airport's PFC applications authorized the use of PFCs for the debt service requirements and related costs of revenue bonds issued to finance the projects included in those applications (PFC Bonds). The currently outstanding PFC Bonds consist of the Series 2016 Refunding Revenue Bonds and the Series 2019 Revenue Bonds (see Note 7). The revenue bond resolutions which authorized the issuance of the PFC Bonds created the PFC Revenue Account (within the Operations and Maintenance account group), the PFC Interest and Redemption Account (within the Bond Interest and Redemption account group) and the Bond Reserve Account. The 2016 Series Bond Resolution provides through an action adopted by the Board, renewable on an annual basis from the PFC account group, to the PFC Revenue Account PFCs equal to 125% of the principal and interest requirements on the PFC Bonds. The bond resolution under which the Series 2019 Revenue Bonds were issued provides that the Board may, but is not required to, transfer PFCs to the PFC Revenue Account for debt service. Upon transfer to the PFC Revenue Account within the Operations and Maintenance account group, these amounts are restricted for the payment of the principal and interest requirements of the PFC Bonds and any required transfers to the Bond Reserve account group. Any debt service requirements of the PFC Bonds for which the Board elects to not use PFCs, including the debt service requirements of the Series 2016 Refunding Revenue Bonds subsequent to 2021, will be paid from operating revenues of the Airport, which are pledged as security for the PFC Bonds. During 2023, the amounts of $3,140, $2,952, and $1,523 were transferred from the PFC account group for the principal, interest, and debt service coverage

(in thousands of dollars)

requirements, respectively. During 2022, the amounts of $2,781, $3,101, and $1,471 were transferred from the PFC account group for the principal, interest and debt service coverage requirements, respectively. Pursuant to the bond resolutions, at December 31, 2023 and 2022, the amounts of $1,523 and $1,471 of debt service coverage were returned to the PFC account group, respectively.

The CFC Trust Indenture which authorized the issuance of the Series 2019 CFC Bonds created the CFC Revenue Fund (within the Customer Facility Charge account group), the Senior CFC Debt Service Fund (within the Bond Interest and Redemption account group), the CFC Senior Debt Service Reserve Fund (within the Bond Reserve account group), and the CFC Coverage Fund (within the Bond Reserve account group). All CFCs collected are deposited in the CFC Revenue Fund. The Trust Indenture provides that the Board's Trustee must, from the Customer Facility Charge Revenue Fund, transfer to the Senior CFC Debt Service Fund CFCs equal to 100% of the principal and interest requirements of the Series 2019 CFC Bonds. Upon transfer, these amounts are restricted for the payment of the principal and interest requirements of the Series 2019 CFC Bonds. During 2023 and 2022, the amounts of $6,563 and $6,506 were transferred from the CFC Revenue Fund for the debt service requirements of the Series 2019 CFC Bonds. As a direct result of the COVID-19 pandemic, CFCs collected during 2022 were insufficient to fully fund the debt service requirements of the Series 2019 CFC Bonds. Consistent with the provisions of the Trust Indenture, the Airport was authorized to utilize previously collected surplus CFCs available in the CFC Project Fund to fund any deficit in the debt service requirements, which amounted to $60 in 2022. In 2023, there was no deficiency in funds available for debt service requirements and, accordingly, no CFC Project Funds were utilized for funding the 2019 CFC Bonds.

Bond Reserve account group- restricted: For bonds paid from the operating revenues of the Airport, the bond resolutions require the Board to hold in the Bond Reserve account group cash, investments, and accrued interest on investments, the combination of which is equal to the least of 1) 10% of the original par amounts of any bond issues where bonds are still outstanding, 2) an amount at least equal to the maximum principal and interest due on outstanding revenue bonds in any succeeding year or 3) 125% of the average annual principal and interest requirements on the outstanding bonds. The CFC Trust Indenture requires that the Board hold in the CFC Senior Debt Service Reserve and the CFC Coverage Fund (both within the Bond Reserve account group) cash and investments, the combination of which is equal to 100% and 25%, respectively, of the maximum principal and interest due on outstanding Series 2019 CFC bonds in any succeeding year. Upon use of funds that results in a deficiency in the bond reserve balances on hand, the Board is required to replenish the applicable asset balance in twelve equal monthly installments from the Operations and Maintenance account group for outstanding bonds payable from the Airport's operating revenues or from the CFC Revenue Fund for the Series 2019 CFC bonds, provided the funds are not needed to fund operations and maintenance expenses or debt service. However, if the series of bonds for which the associated reserve is deficient is payable from PFCs, the deficiency may also be cured using funds from the PFC account group.

(in thousands of dollars)

At December 31, 2023 and 2022, the required and actual balances in the Bond Reserve account group were as follows:

	2023		2022	
	Required	Actual	Required	Actual
General Airport Revenue Bond Reserve Account	$ 4,552	$ 5,095	$ 4,695	$ 4,922
2019 CFC Senior Debt Service Reserve Fund	6,567	6,662	6,567	6,560
CFC Coverage Fund	1,642	1,694	1,642	1,578
Total	$ 12,761	$ 13,451	$ 12,904	$ 13,060

The bond resolutions and the CFC Trust Indenture require that the investments in the Bond Reserve account group be market valued on January 15th of each year. At that time, any deficiencies in the reserve balances due to market value fluctuations must be cured by the transfer of appropriate funds. Whereas sufficient assets were available to fund the CFC Senior Debt Service Reserve Fund, the CFC Trust Indenture requires testing of valuation utilizing cash and investment securities only. Accordingly, the deficiency in the 2019 CFC Senior Debt Service Reserve Fund at December 31, 2022 was cured with a transfer of CFCs from the CFC Project Fund in the CFC account group in January 2023. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to maturity.

Other Third-Party Funding account group- restricted: Assets held in the Other Third-Party Funding account group are restricted for use on expenditures as contractually obligated by the outside parties from which the funding is obtained. To the extent not legally restricted by the contributing parties, investment earnings on Other Third-Party Funding are transferred to the General Purposes account group.

Cash and Investments

As more fully discussed in Note 2, the Airport's cash and investments are governed by Kentucky Revised Statutes (KRS) 66.480 and the Airport's Investment Policy, which was adopted on January 17, 2005 and last amended on August 16, 2021. Investments are stated at their fair values based on market values quoted at December 31, 2023 and 2022.

The following items, to the extent that they are experienced during the reporting period, are included as components of investment income: 1) interest earnings, 2) amortization of premiums and accretion of discounts, 3) unrealized gains and losses due to recording investments at fair value and 4) realized gains and losses due to sale or impairment of investments.

(in thousands of dollars)

Accounts Receivable

The Airport's receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts is based on an analysis of past due amounts that are not covered by security deposits or letters of credit. When continued collection activity results in receipts of amounts previously reserved, revenue is recognized in the period collected. At December 31, 2023 and 2022, the allowance for uncollectible accounts was $673 and $567, respectively.

Leases

The Airport, as a lessor, is required to classify its business-type activities as either non-regulated leases or regulated leases, dependent on the underlying nature of the lease.

For the years ended December 31, 2023 and 2022, the Airport was not party to any leases as a lessee significant enough to require disclosure.

Non-regulated leases
The Airport leases certain assets to various third parties as non-regulated leases. At the commencement of the lease, the Airport recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The initial deferred inflow of resources is equal to the lease receivable adjusted for lease payments received at or before the lease commencement date. Subsequently, the lease receivable is reduced by the principal portion of lease payments received and the deferred inflow of resources is recognized as operating revenue over the life of the lease term.

Key estimates and judgments include how the Airport determines the discount rate it uses to discount lease receipts to present value, lease term, and lease receipts.

- The Airport uses its estimated incremental average borrowing rate at lease inception as the discount rate for its leases.

- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

Certain future changes in circumstances would require the Airport to remeasure lease receivables and deferred inflows of resources. The Airport will continue to monitor for these events and would remeasure the affected leases if the changes are expected to significantly affect the remaining amount of lease receivables and deferred inflows.

Regulated leases
The Airport leases certain assets to various third parties as regulated leases. These leases are aeronautic in nature and apply to assets related to the movement of passengers, baggage, mail, and cargo at the airport. Regulated lease revenues are operating revenues and recorded as earned over the life of the lease term (see Note 5).

(in thousands of dollars)

Prepaid Expenses and Supplies Inventory

Prepaid expenses consist primarily of insurance, maintenance and service warranties, and memberships which are expected to benefit future periods. Supplies inventory, which is reported at average cost, primarily consists of bulk materials used for snow removal, fuel, and materials or parts to be used for maintenance and repair or otherwise in support of airport operations.

Airport Facilities

Additions and replacements to capital assets, with costs greater than $50, are carried as assets in the Net Investment in Capital Assets account group. Those with costs less than $50 are typically replaced every three to five years and are recorded as operating expenses. For assets with costs in excess of $50, depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, generally ranging from three to fifty years, and is recognized as a component of operating expenses and a direct reduction of the Net Investment in Capital Assets net position. The cost of assets retired, as well as any related accumulated depreciation, is removed from the related accounts. The net of these amounts, less any proceeds received from disposition, is transferred to the Designated for Capital Projects unrestricted net position.

Avigation easements, when fully executed documentation has been obtained, are recorded at the amount incurred by the Airport to obtain such easements. The avigation easements were obtained by the Board through land and sound insulation transactions incurred during past noise mitigation programs and through sales of Airport land determined to no longer be needed for aviation purposes. As the easements do not expire, they are accounted for as non-depreciable assets.

Pursuant to certain agreements between the Board and tenants of the Airport, facilities constructed by or on behalf of a tenant on property leased from the Airport are not reflected as assets of the Airport until such time as the Board assumes the risks and rights of ownership. Upon transfer of the risks and rights of ownership to the Board, the appraised fair market value of such reverted property is recorded as a capital asset and credited to the Net Investment in Capital Assets net position. Repairs and maintenance which do not substantially increase the capacity, improve the operational efficiency, increase the value or extend the useful lives of Airport assets are expensed.

Change in Accounting Principle - Subscription Based Information Technology Arrangements

During 2023, the Airport adopted GASB Statement No. 96, Subscription Based Information Technology Arrangements (GASB 96) (SBITA). Pursuant to the requirements of GASB 96 the Board is required to record subscription assets for technology arrangements that have a maximum possible term greater than twelve months. Previously, SBITAs were not recorded in the statements of net position.

(in thousands of dollars)

The restatement to the Airport's 2022 Statement of Net Position due to the implementation of GASB 96 is set forth below:

	2022 as previously stated	GASB 96 restatements	Restated* 2022
Assets			
Current assets	$ 204,192	$ -	$ 204,192
Non-current assets			
Capital assets	880,708	1,383	882,091
Other non-current assets	288,101	-	288,101
Total assets	1,373,001	1,383	1,374,384
Total deferred outflows of resources	31,716	-	31,716
Liabilities			
Current liabilities	67,982	369	68,351
Non-current liabilities	291,970	1,014	292,984
Total liabilities	359,952	1,383	361,335
Total deferred inflows of resources	168,877	-	168,877
Net position			
Unrestricted	16,146	-	16,146
Net investment in capital assets	705,280	-	705,280
Restricted	154,462	-	154,462
Total net position	$ 875,888	$ -	$ 875,888

The restatement to the Airport's 2022 Statement of Revenue, Expenses, and Changes in Net Position due to the implementation of GASB 96 is set forth below:

	2022 as previously stated	GASB 96 restatements	Restated* 2022
Operating revenues	$ 126,147	$ -	$ 126,147
Operating expenses	116,038	(720)	115,318
Operating (loss) income, before depreciation and amortization	10,109	720	10,829
Depreciation and amortization	(45,358)	(629)	(45,987)
Operating loss, after depreciation and amortization	(35,249)	91	(35,158)
Nonoperating changes in net position: (decrease) increase	30,790	(91)	30,699
Capital contributions	30,997	-	30,997
Total changes in net position	26,538	-	26,538
Net position at the beginning of the year	849,350		849,350
Net position at the end of the year	$ 875,888		$ 875,888

(in thousands of dollars)

The restatement to the Airport's 2022 Statement of Cash Flows due to the implementation of GASB 96 is set forth below:

	2022 as previously stated	GASB 96 restatements	Restated 2022
Net cash provided (used) by operating activities			
Cash paid to suppliers	$ (51,579)	$ (1,350)	$ (50,229)
Principal paid on subscription assets	-	629	(629)
Net cash provided (used) by capital and related financing activities			
Interest expense - subscription assets	-	92	(92)
Acquisition and construction of airport facilities	(51,934)	629	(52,563)
Reconciliation of operating loss to net cash Provided by operating activities			
Operating loss	(35,249)	(91)	(35,158)
Depreciation and amortization	45,357	(630)	45,987
Net cash flows from operating activities	9,203	(721)	9,924

Capital Contributions

Capital contributions consist primarily of grants from federal and state governmental agencies, contributions to capital project costs from airlines and other tenants, and the appraised value of leased facilities where the ownership has reverted to the Airport. The Airport recognizes contributions as earned as related project costs are incurred. As discussed above, facilities that have reverted to the Board are recorded at fair value upon reversion of ownership.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent the consumption of net position that will be recognized in a future reporting period. As such, they have a current positive effect on net position, similar to assets. Deferred inflows of resources represent an acquisition of net position that will be recognized in a future reporting period. As such, they have a current negative effect on net position, similar to liabilities.

Compensated Absences

Employees accrue vacation leave based on amounts of regularly scheduled work hours and length of service. Employees can accumulate up to 30 days of vacation time and are paid for all accumulated vacation time upon separation of employment for any reason. All accumulated vacation time is accrued and included in the current and noncurrent portions of the liabilities as accrued expenses (see Note 7).

(in thousands of dollars)

Sick leave is earned by employees at the rate of one day per month of service, with the maximum accumulation for each employee being 60 days of sick leave. Employees are paid for all accumulated sick time upon retirement from the Airport or, if eligible for retirement from the Airport, upon death or other employment separation. Accumulated sick leave is accrued when an employee's age and/or years of service are within five years of the minimum age or years of service required for retirement under the provisions of the pension plans in which the Airport's employees participate (see Note 10).

Accumulated sick leave is accrued and included in the current and noncurrent portion of the liabilities as accrued expenses (see Note 7).

Bond Issuance Costs and Bond Discounts and Premiums

Bond issuance costs (excluding prepaid bond insurance, if any) are expensed at the time of bond issuance. Bond discounts and premiums are deferred in the year of issuance and amortized using the effective interest method over the life of the issuance. Gains and losses on bond refundings are deferred and amortized over the shorter of the remaining life of the original issue or the life of the new issue.

Grants and Federal Awards

Grant and federal award revenues include amounts received from governmental agencies through various types of agreements. Certain amounts included from federal agencies are subject to the reporting requirements of the U.S. Office of Management and Budget Uniform Guidance.

Grant and federal award reimbursements are earned and recorded when approved grants and agreements are available, the amounts are known, and the related eligible expenditures are incurred. Grant and award amounts earned relating to capital expenditures are recorded as capital contributions and are credited to the Net Investment in Capital Assets net position. Amounts earned relating to operating expenses are recorded as nonoperating grant and federal award revenues in the Operations and Maintenance account group.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), approved by the United States Congress and signed into law, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures $10.0 billion in direct aid in the form of grants for airports. The Board was awarded $42,899 in CARES Act grants that can be used for any purpose for which airport revenues may lawfully be used. The period of performance for the CARES Act grants is four years and requires adherence to certain employment level requirements. During 2022 the Board amended the CARES Act grant and distributed the funds to sponsor capital construction projects. The amounts amended were $6,583 and $20,165, leaving $16,151 in the original CARES Act grant. The Board applied $699 and $397 in CARES Act funds for the year ended December 31, 2023, and 2022, respectively, to reimburse operations & maintenance expense.

The Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) included nearly $2.0 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the COVID-19 pandemic. The Board was awarded a CRRSAA grant of $11,396 which can be used to pay for the Airport's operational and maintenance expenses or debt service payments in accordance with the limitations

(in thousands of dollars)

prescribed in the Act. CRRSAA grants may be used to reimburse airport operational and maintenance expenses directly related to the Airport and may also be used to reimburse a Sponsor's payment of debt service. New airport development projects not directly related to combating the spread of pathogens and approved by the FAA for such purposes, may not be funded with CRRSAA grants. The Board was also awarded $945 in CRRSAA grants to provide relief from rent and Minimum Annual Guarantees (MAG) obligations, as applicable, to each eligible airport concession in an amount that reflects each eligible airport concession's proportional share of the total amount of the rent and MAGs, for relief provided no earlier than December 27, 2020, until the specified concession relief funds have been fully expended. The performance period for the CRRSAA grants is four years from the date of acceptance of the grant and requires the Board to employ, through February 15, 2021 at least 90 percent of the number of individuals employed (after making adjustments for retirements or voluntary employee separations) by the airport as of March 27, 2020, unless this provision is specifically waived by the Secretary at the airport Sponsor's written request. For the years ended December 31, 2023 and 2022, the Board applied $5,374 and $4,328 in CRRSAA grant funds to reimburse operations & maintenance expense and offset shortfalls in operating revenue and $0 and $926 to provide relief from rent and MAG obligations to the Airport's eligible concessionaires.

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021, includes $8.0 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. Key components of ARPA include $6.5 billion reserved for costs associated with operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens, and debt service payments at primary airports and an additional $800 million to provide concessionaires relief from rents and minimum annual guarantees. To distribute these funds, the FAA has established the Airport Rescue Grants (ARPA). The Board has been awarded an ARPA Grant of $38,294 which can be used to pay for the Airport's operational and maintenance expenses or debt service payments in accordance with the limitations prescribed in the Act. The Board was also awarded $3,781 in ARPA Grants to provide relief from rent and MAG obligations. As a condition for receiving ARPA Grants, the Board will be required to employ, through September 30, 2021, at least 90 percent of the number of individuals employed (after making adjustments for retirements or voluntary employee separations) by the airport as of March 27, 2020. For the years ended December 31, 2023 and 2022, the Board applied $18,427 and $0 in ARPA grant funds to reimburse operations & maintenance expense and offset shortfalls in operating revenue and $0 and $906 to provide relief from rent and MAG obligations to the Airport's eligible concessionaires.

For the years ended December 31, 2023 and December 31, 2022, the Board was compliant with the employment provisions of the Cares Act, CRRSAA, and ARPA grant programs.

(in thousands of dollars)

Net Pension and Net Other Postemployment Benefits Liabilities

All full-time employees of the Airport as of December 31, 2023 and 2022 are members of the Kentucky Public Pensions Authority (KPPA) County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension system (more fully described in Note 10). For purposes of measuring the net pension liabilities, the deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CERS and additions to/deductions from the CERS' fiduciary net position have all been determined on the same basis as they are reported by the CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the CERS when due and payable in accordance with the benefit terms and investments are reported at fair value.

For purposes of measuring the net Other Postemployment Benefits liability (OPEB) (more fully described in Note 11), the deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the Insurance Fund and additions to/deductions from the Insurance Fund fiduciary net position have all been determined on the same basis as they are reported by the KPPA. For this purpose, the Insurance Fund recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Related Party

An individual appointed to the Airport Board disclosed employment as an executive officer of a property management company which owns and operates a subsidiary off-airport parking lot company that maintains a direct business relationship with the Board. The company provides off-airport parking lot services to passengers who chose to utilize their parking facilities and includes transportation from their facility to the Airport employing the company's fleet of shuttle buses. In January 2014, the Board entered into an agreement granting the company the non-exclusive right to use the assigned premises and the roadways accessing the same for the purpose of operating its off-airport parking lot business, with the company agreeing to pay the access fee charged to all off-airport operators, an amount equal to 10% of their gross receipts generated by their operations. For the years ended December 31, 2023 and 2022, the amount of revenues remitted by the company to the Board under this agreement were $774 and $683, respectively. The company was current on all receivable balances at December 31, 2023 and 2022.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described in these notes requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain balances in the 2022 financial statements have been reclassified to conform with the 2023 presentation.

(in thousands of dollars)

Subsequent Event

On April 24, 2024, the Board's submitted to the FAA to impose and use PFC revenues for expenditures related to the Board's 18th PFC Application (Number 24-18-C-00-CVG) to be able to collect a PFC at a $4.50 PFC level. Amounts to be collected under the Board's 18th PFC application will be used to fund the purchase of replacement airfield snow removal equipment.

On June 11, 2024, the FAA notified the Board that the application had been approved under a streamlined process created under Section 121 of the Federal Aviation Administration Reauthorization (FAA) Act of 2018, as codified at 49 U.S.C. § 40117(l), and the Board could begin collecting the PFCs authorized under this application commencing in February 2025.

2. Cash and Investments

The investing of Airport funds is done in compliance with the Airport's Investment Policy (Policy), such Policy being in accordance with the KRS and the applicable provisions of the bond resolutions in effect. The Policy expressly establishes the preservation of capital through the minimization of credit risk and the maintaining of sufficient liquidity to be the primary and secondary objectives, respectively. The Policy was designed specifically to address those risks inherent in an investment program. Those risks, as outlined in GASB Statement No. 40, consist of 1) credit risk including custodial credit risk and concentration of credit risk and 2) interest rate risk.

GASB Statement No. 40

GASB Statement No. 40 defines the following types of risk which apply to the Airport's investment portfolio:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

(in thousands of dollars)

Provisions of the Policy

To substantially reduce the likelihood of significant loss related to these items of risk, the Policy sets forth parameters related to the types of investments which may be purchased, the credit quality of issuers, portfolio diversification as it relates to both type of investment and issuer, the maximum investment term/maturity, proper safekeeping and custody procedures, and the amounts and types of required collateralization.

Types of investments and credit quality of issuers: In addition to collateralized/insured deposits in interest-bearing accounts and certificates of deposit, the Policy permits investment in U.S. Treasury obligations and other obligations backed by the full faith and credit of the United States (collectively, U.S. Treasury securities). Investments in securities issued by certain associations and corporations established by the government of the United States (U.S. government sponsored enterprises) are also allowed. Such investments are permitted provided that, at the time of purchase, the corporation is rated by at least one certified rating agency at the greater of “AA” (or its equivalent) or the highest current rating on U.S. Treasury obligations. Subject to restrictions on maturities and requirements for minimum ratings by the rating agency in the range of “A-” to “AAA” (or their equivalents) on long-term instruments and “A-1” on short-term instruments, the Policy also permits investment in certain repurchase agreements, uncollateralized certificates of deposit, banker acceptances, commercial paper, state and municipal obligations, corporate bonds, money market mutual funds and supranational bonds.

Portfolio diversification: To counteract the risk of a significant loss from an over concentration of assets in a specific class of security, a specific maturity, and/or a specific issuer, the Policy establishes maximum percentages of the Airport’s portfolio which may be invested in each type of permitted investment and in securities by any individual issuer, counterparty, or depository.

(in thousands of dollars)

The limits related to portfolio diversification are as follows:

	Maximum Allowable % of Portfolio	
	Investment Type	Individual Issuer, Counterparty or Depository
Investment Types		
U.S. Treasury obligations	100%	100%
Federal agency obligations	100%	35%
Repurchase agreements	50%	25%
Supranational bonds	10%	5%
Collateralized/insured certificates of deposit	25%	40%
Collateralized/insured deposit accounts	100%	40%
Commercial paper	20%	5%
Bankers' acceptances	20%	5%
Uncollateralized certificates of deposit	20%	5%
State and municipal obligations	20%	5%
Corporate bonds	20%	5%
Mutual funds and exchange traded funds	100%	50%

In addition to the limits listed above, the Policy requires that the combined amount of mutual funds, exchange traded funds and individual high-quality corporate bonds shall not exceed forty percent (40%) of the total amount of funds invested on behalf of the Board based on book value at date of acquisition unless the investment is in a mutual fund consisting solely of the investments authorized under KRS 66.480 subsection (1)(a), (b), (c), (h), or (i), or any combination thereof.

Maximum investment term/maturity: To the best extent possible, the Airport attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow need or for reserve funds not reasonably expected to be needed to meet cash flow requirements, the Airport's funds are not generally invested in securities that mature more than or are not redeemable within three years from the date of purchase. However, in accordance with the Airport's bond resolutions and CFC Trust Indenture, provided that the average aggregate weighted term to maturity for the investments within the Bond Reserve account group does not exceed five years, funds in the Bond Reserve account group may be invested in securities that mature or are redeemable within five years from the date of purchase.

Safekeeping and custody procedures: To ensure proper safekeeping and control over investment assets, investment securities are required to be secured through third-party custody and safekeeping procedures. To ensure that securities are deposited in an eligible financial institution prior to the release of funds, all security transactions are required to be conducted on a delivery-versus-payment basis.

Collateralization: For the purpose of protecting balances deposited in financial institutions, as outlined in the table above, the Policy establishes a limit for the amount which may be deposited in any single institution. In addition, the Policy requires all cash and other deposits maintained in any financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) be collateralized. The instruments permitted to be used as collateral for deposits consist of U.S. Treasury securities, securities issued by U.S. government sponsored enterprises, and direct obligations of the Commonwealth of Kentucky, as well as those of certain of its agencies and instrumentalities. Except for deposits collateralized with a Federal Home Loan Bank Letter of

(in thousands of dollars)

Credit, deposits must be collateralized at a minimum of 102% of the market value of principal plus accrued interest. As provided by KRS Section 41.240(4), amounts collateralized with a Federal Home Loan Bank Letter of Credit may be collateralized at 100%. All securities pledged as collateral are required to be held by an independent third-party custodian.

The Policy also requires that the Airport's portfolio remain sufficiently liquid to enable the Airport to meet all cash flow requirements. As set forth in the Policy, this is accomplished by the proper structuring of investment maturities and by investing in securities permitted by the Policy, such securities having active secondary or resale markets.

Cash and Investments Held

At December 31, 2023 and 2022, the Airport's cash and investments were comprised of the following:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Cash	$ 2,560	$ 2,560	$ 2,276	$ 2,276
Investments				
Investment in money market mutual funds				
First American Government				
Obligation Fund	$ 88,076	$ 88,076	$ 54,824	$ 54,824
Securities				
U.S Treasury	87,155	88,533	166,342	165,505
U.S. government sponsored				
enterprises	99,718	100,550	5,000	4,864
Commercial paper	67,916	69,330	58,561	59,140
Corporate bonds	26,354	25,609	29,838	28,244
Total investments	$ 369,219	$ 372,098	$ 314,565	$ 312,577

In the above table, the cost of securities includes the face value of the investments combined with any premiums and discounts at purchase.

Cash deposits are maintained by the Treasury Department of the Airport's depository bank in Demand Deposit Accounts (DDA). The cash balances of the Airport's DDAs, whether held in cash or in transit between the DDAs and the money market fund, are insured by the FDIC up to the applicable FDIC limit. For all accounts other than the Bond Reserve and Bond Interest and Redemption Accounts, any balances greater than the amount insured by the FDIC are collateralized by a letter of credit which is issued and held in the Airport's name by the Federal Home Loan Bank of Cincinnati. For the Bond Reserve and Bond Interest and Redemption Accounts, any balances greater than the amount insured by the FDIC are collateralized by U.S. Treasury securities and securities issued by certain U.S. government sponsored enterprises, with these securities being pledged by the Airport's depository bank and held in safekeeping by the Federal Reserve Bank in the Airport's name. At December 31, 2023 and 2022, the combined values of the letter of credit and collateral securities were $7,727 and $8,329, respectively.

(in thousands of dollars)

The First American Government Obligation Fund is a money market fund which invests primarily in direct obligations of the U.S. Treasury and U.S. government sponsored enterprises and in other securities collateralized by such obligations.

The U.S. Treasury securities in which the Airport invests are direct obligations of the U.S. Treasury and are unconditionally backed by the full faith and credit of the United States government. The Airport's investment in U.S. government sponsored enterprise securities at December 31, 2023 and 2022, as permitted by the Policy, consisted of instruments issued by the Federal National Mortgage Association.

The commercial paper instruments in which the Airport was invested at December 31, 2023 and 2022 were unsecured short-term financing obligations issued by corporations or banks. In accordance with the requirements of the Policy, these instruments had maturities of no greater than 270 days, the amount invested in any single issuing corporation did not exceed five percent (5%) of the total amount of funds invested by the Board (based on book value on the date of acquisition), and the instruments were issued by corporations with individual net worth of at least $50,000 and short-term debt ratings of no less than "A-1" (or its equivalent) by at least two certified rating agencies. The commercial paper held at December 31, 2023 and/or December 31, 2022 consisted of instruments issued by BNP Paribas, Canadian Imperial Holdings, Cooperative Centrale, Credit Agricole Corporate and Investment Bank, Credit Suisse First Investment Bank, ING US Funding, Mitsubishi UFJ Financial Group, Natixis NY, Prudential FDG, Royal Bank of Canada, Toronto Dominion Holdings USA, and Toyota Credit Union.

In April and May of 2022, the Airport purchased commercial paper issued by Credit Suisse AG, New York Branch with a total par value of $12,900. At that time the commercial paper held a credit rating of A-1 from S&P and P-1 from Moody's, ratings which conform to the requirements of the Board's investment policy. Subsequently, rating downgrades to A-2 and P-2 reclassified these securities as out of compliance with the policy. As the securities had maturity dates of no later than sixty days after December 31, 2022, the Board determined that the best course of action was to continue to hold until maturity, rather than realizing potential market losses by selling prior to the maturity date. All the commercial paper matured as scheduled and proceeds were received in full by the Airport.

KRS 66.480 allows state and local governments to invest money subject to its control and jurisdiction in corporate bonds. The corporate bonds held at December 31, 2023 and 2022 consisted of instruments issued by Bank of America, BBT Corporation, BMW US Capital, Caterpillar Financial Services Corporation, Charles Schwab Corporation, Citigroup Inc., Goldman Sachs Investment Banking Company, HSBC Inc., JP Morgan Chase Company, Morgan Stanley, Paccar Financial Corporation, PNC Financial Services, United Health Group Inc., and Wells Fargo Company.

Except for securities in the Customer Facility Charge account group, all other investments in this fund are maintained in the Airport's name by the custodial bank's Trust department. Pursuant to the CFC Trust Indenture, investments in the CFC account group were held in the Airport's name by the Trustee.

(in thousands of dollars)

The maturities of investments held at December 31, 2023 and 2022 were as follows:

Investment Type	2023 Investment Maturities (at fair value) 1-3 months	4-6 months	7-9 months	10-12 months	13 -36 months	Total
Investment in money market mutual funds						
First American Government Obligation Fund	$ 88,076	$ -	$ -	$ -	$ -	$ 88,076
Securities						
U.S. Treasury	47,828	38,560	1,180	965	-	88,533
U.S. government sponsored enterprises	26,098	52,087	6,773	4,266	11,326	100,550
Commercial paper	21,289	32,566	15,475	-	-	69,330
Corporate bonds	7,792	7,504	7,350	2,963	-	25,609
Total investments	$ 191,083	$130,717	$ 30,778	$ 8,194	$ 11,326	$ 372,098

Investment Type	2022 Investment Maturities (at fair value) 1-3 months	4-6 months	7-9 months	10-12 months	13 -36 months	Total
Investment in money market mutual funds						
First American Government Obligation Fund	$ 54,824	$ -	$ -	$ -	$ -	$ 54,824
Securities						
U.S. Treasury	41,866	53,803	42,613	14,333	12,890	165,505
U.S. government sponsored enterprises	-	-	4,864	-	-	4,864
Commercial paper	27,722	20,784	10,634	-	-	59,140
Corporate bonds	5,994	-	-	907	21,343	28,244
Total investments	$ 130,406	$ 74,587	$ 58,111	$ 15,240	$ 34,233	$ 312,577

All securities held by the Airport at December 31, 2023 and 2022 carried ratings in the range of AAA to A- or their equivalents, with the exception of Credit Suisse First Investment Bank, discussed in the previous disclosure on commercial paper.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same, which is to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The fair value hierarchy provided by GASB Statement No. 72 categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement

(in thousands of dollars)

date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following tables show the fair value and the fair value measurements for the Airport's investments, subject to the provisions of GASB No. 72, at December 31, 2023 and 2022:

	2023 Investments Measured at Fair Value			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Investment in money market mutual funds				
First American Government				
Obligation Fund	$ 88,076	$ -	$ 88,076	$ -
Securities				
U.S Treasury	88,533	88,533	-	-
U.S. government sponsored				
enterprises	100,550	-	100,550	-
Commercial paper	69,330	-	69,330	-
Corporate bonds	25,609		25,609	
Total investments	$ 372,098	$ 88,533	$ 283,565	$ -

	2022 Investments Measured at Fair Value			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Investment in money market mutual funds				
First American Government				
Obligation Fund	$ 54,824	$ -	$ 54,824	$ -
Securities				
U.S Treasury	165,505	165,505	-	-
U.S. government sponsored				
enterprises	4,864	-	4,864	-
Commercial paper	59,140	-	59,140	-
Corporate bonds	28,244		28,244	
Total investments	$ 312,577	$ 165,505	$ 147,072	$ -

The methods and assumptions used to estimate the fair value of assets and liabilities in the financial statements, including a description of the methodologies used for the classifications within the fair value hierarchy, are as follows.

First American Government Obligations Funds invest exclusively in short-term U.S. government securities, including repurchase agreements secured by U.S. government securities. The fund is not publicly traded. Fair value is based on published fair value per share (or unit).

U.S. Treasuries are valued at the closing price reported on the active market on which the individual securities are traded.

(in thousands of dollars)

U.S. government sponsored enterprises are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Commercial paper and corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities.

3. Restricted Assets

The assets of the following account groups at December 31, 2023 and 2022 are subject to restrictions which limit the purposes for which they may be used:

	2023	2022
Operations and Maintenance	$ 1,531	$ 1,534
Passenger Facility Charge	92,833	80,197
Police Forfeiture	4,496	3,950
Customer Facility Charge	32,600	27,286
Operations and Maintenance Reserve	34,732	29,561
2019 Terminal Roadway Reconfiguration	-	492
Bond Interest and Redemption	4,457	4,390
Bond Reserve	13,451	13,060
Other Third Party Funding	11,461	12,238
Less: restricted interfund receivable balances	(2,620)	(3,325)
	$ 192,941	$ 169,383

The restricted amounts in the Operations and Maintenance account group represent amounts which, as discussed in Note 1, have been transferred from the PFC account group to satisfy the debt service requirements of the PFC Bonds. As also discussed in Note 1, assets included in the PFC account group are federally restricted for use on specific FAA approved projects. As applicable, assets in the Police Forfeiture account group are restricted by the federal government or the Commonwealth of Kentucky for expenditures allowable under the Equitable Sharing Programs of the U.S. Department of Justice, the U.S. Department of Treasury, and the Commonwealth of Kentucky. CFC assets are restricted for expenditures related to project expenditures for the GTF and debt service on the Series 2019 CFC Revenue Bonds. In accordance with the Airport's bond resolutions, assets in the Operations and Maintenance Reserve may only be used to finance operating expenditures, when sufficient funds are not otherwise available in the Operations and Maintenance account group or from other available funding sources. In accordance with the bond resolutions, the assets in the 2019 Terminal Roadway Reconfiguration account group are restricted to pay costs of the terminal roadway reconfiguration project and associated debt service. Also, pursuant to the requirements of the Airport's bond resolutions and Trust Indenture, assets included in the Bond Reserve and the Bond Interest and Redemption account groups are restricted for the payment of bond principal and interest. Assets held in the Other Third-Party Funding account group are restricted for use on expenditures as contractually obligated by the outside parties from which the funding was received.

(in thousands of dollars)

4. Capital Assets

Capital assets are comprised of the following:

	Balance 12/31/2021	Additions/ transfers	Retirements/ transfers	Restated* Balance 12/31/2022	Additions/ transfers	Retirements/ transfers	Balance 12/31/2023
Land (non-depreciable)	$ 187,358	$ 706	$ (3,720)	$ 184,344	$ 237	$ (1,613)	$ 182,968
Runways, taxiways							
and other land improvements	763,224	38,448	(1,548)	800,124	71,616	(13,888)	857,852
Buildings and building renovations	521,953	8,072	(4,624)	525,401	1,199	-	526,600
Utility systems	82,319	-	(239)	82,080	1,232	-	83,312
Equipment	144,079	15,205	(4,140)	155,144	3,960	(1,802)	157,302
Easements (non-depreciable)	44,766	1,853	-	46,619	862	-	47,481
Construction-in-progress	43,893	46,816	(59,801)	30,908	76,937	(78,350)	29,495
Subscription assets	-	2,012	-	2,012	-	-	2,012
Total capital assets	1,787,592	113,112	(74,072)	1,826,632	156,043	(95,653)	1,887,022
Less accumulated depreciation							
Runways, taxiways							
and other land improvements	567,191	21,076	(1,540)	586,727	22,144	(13,603)	595,268
Buildings and building renovations	167,344	17,195	(3,343)	181,196	17,731	-	198,927
Utility systems	71,345	1,857	(239)	72,963	2,051	-	75,014
Equipment	101,897	5,230	(4,101)	103,026	5,999	(1,755)	107,270
Subscription assets	-	629	-	629	369	-	998
Total accumulated depreciation	907,777	45,987	(9,223)	944,541	48,294	(15,358)	977,477
Total capital assets, net of							
accumulated depreciation	$ 879,815	$ 67,125	$ (64,849)	$ 882,091	$ 107,749	$ (80,295)	$ 909,545
Total non-depreciable capital assets	$ 232,123	$ 2,559	$ (3,720)	$ 230,962	$ 1,099	$ (1,613)	$ 230,448
Total depreciable capital assets, net of							
accumulated depreciation	647,692	63,183	(61,129)	651,129	106,650	(78,682)	679,097
Total capital assets, net of							
accumulated depreciation	$ 879,815	$ 65,742	$ (64,849)	$ 882,091	$ 107,749	$ (80,295)	$ 909,545

*The year ended December 31, 2022 balances have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Capital assets purchased are reported at cost. Easements are acquired and attached in perpetuity to the deeds of certain parcels purchased and/or sound insulated in the Airport's land and noise mitigation programs. Accordingly, the costs of obtaining these easements are recorded as land until such time as the easement documents are executed. Thereafter, the costs are transferred and recorded as easements. Those assets acquired through donation or contractual reversion of ownership are reported at the fair value determined at the time of ownership transfer. The costs of construction projects are recorded as construction-in-process until such time as the projects are substantially complete. Upon substantial completion, the costs are transferred to the appropriate fixed asset classification as shown in the above table. Related to construction-in-process and capital assets, the Airport had contract retainage and accounts payable of $10,567 and $11,966 at December 31, 2023 and 2022, respectively.

(in thousands of dollars)

Useful Lives

The Airport's capital assets are depreciated over useful lives as follows:

	Years
Runways, taxiways and other land improvements	15 - 50
Buildings	25 - 40
Building improvements and renovations	10 - 20
Utility systems	20 - 40
Equipment	3 - 30

Substantially all capital assets of the Airport are held for direct or indirect utilization in the Airport's principal activities of leasing land, buildings, and airfield facilities to third party lessees.

5. Lease of Airport Facilities

Non-regulated leases
The Airport, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with exceptions for certain regulated leases and leases determined to have a lease term of one year or less. In compliance with the requirements of GASB 87, the asset and any associated accumulated depreciation underlying leases where the Airport is the lessor remains a component of the Airport's financial statements. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable and, if applicable, any payments received at or before the commencement of the lease term that relate to future periods.

The Airport leases certain assets to various third parties. The assets leased include building facilities, land, office space, terminal space for concessions, rental car facilities, advertising, and others. Payments for the Airport's leases are received monthly, and the revenue varies based on the nature of the lease. The majority of the Airport's leases can be separated in three categories; fixed fee with periodic escalation clauses, fixed fee adjusted annually based on the Airport's Use Agreement terminal rate calculation, and sales-based leases with minimum annual guarantees (MAGS).

As the Airport's fixed fee leases contain periodic escalation clauses, the lease receivables are calculated utilizing the escalation amounts outlined within the individual lease agreements. The fixed fee leases adjusted annually based on the Airport's Use Agreement terminal rate calculation are calculated using the most recent available terminal rate calculation. For sales-based leases, the monthly fee is a percentage of gross revenue and varies each month. Per the requirements of GASB 87, the Airport reports these lease receivables based on the MAGs stipulated within the individual leases.

(in thousands of dollars)

During the year ended December 31, 2023 and 2022, the Board recognized the following related to its lessor agreements:

	2023	2022
Lease revenue	$ 9,674	$ 9,659
Interest income related to leases	4,241	4,458
Revenue from payments not previously included in the measurement of the lease receivable	157	-

Future principal and interest payment requirements related to the Airport's lease receivable at December 31, 2023 are as follows:

Year	Principal	Interest	Total
2024	$ 9,913	$ 4,102	$ 14,015
2025	10,274	3,802	14,076
2026	10,552	3,491	14,043
2027	10,552	3,168	13,720
2028	10,507	2,823	13,330
2029 - 2032	29,634	8,118	37,752
2033 - 2037	6,000	7,690	13,690
2038 - 2042	7,212	6,627	13,839
2043 - 2047	8,383	5,345	13,728
2048 - 2052	9,467	3,788	13,255
2053 - 2057	8,069	2,530	10,599
2058 - 2062	7,591	1,437	9,028
2063 - 2067	6,809	499	7,308
2068 - 2069	536	8	544
Total	$ 135,499	53,428	$ 188,927

(in thousands of dollars)

Regulated leases
In accordance with GASB 87, the Airport does not recognize a lease receivable or a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings. Regulated aviation leases between airports and aeronautical users are regulated by the U.S. Department of Transportation and the Federal Aviation Administration.

The leased assets for regulated leases include terminal space and ramps, aircraft maintenance facilities, cargo facilities and ramps, buildings, and land.

During the year ended December 31, 2023 and 2022, the Board recognized the following from regulated leases:

	2023	2022
Lease revenue	$ 20,548	$ 26,415
Revenue from variable payments excluded from the schedule of expected future minimum payments	111	739

Future expected minimum payments related to the Airport's regulated leases at December 31, 2023 are as follows:

Year	
2024	$ 19,498
2025	19,653
2026	17,854
2027	18,088
2028	3,704
2029 - 2032	15,308
2033 - 2037	19,843
2038 - 2042	20,485
2043 - 2047	21,587
2048 - 2052	23,284
2053 - 2057	22,727
2058 - 2062	21,307
2063 - 2067	22,334
2068 - 2069	11,022
Total	$ 256,694

As discussed in Note 1, the Airport was awarded $945 in CRRSAA grant funds to provide relief from rent and minimum annual guarantees (MAG) obligations, as applicable, to each eligible airport concession in an amount that reflects each eligible airport concession's proportional share of the total amount of the rent and MAGs, for relief provided until the specified concession relief funds have been fully expended. The Airport fully drew the entire amount in fiscal year 2021.

(in thousands of dollars)

As discussed in Note 1, the Airport was awarded $3,781 in ARPA Grants to provide relief from rent and MAG obligations. For the years ended December 31, 2023 and 2022, the Airport applied $0 and $906 respectively in ARPA funds to provide relief from rent and MAG obligations to the Airport's eligible concessionaires.

6. Subscription-based Information Technology Arrangements

At implementation beginning January 1, 2022, the Airport initially measured the subscription liability at the present value of payments expected to be made during the remaining SBITA term. Subscription assets are recorded as the sum of the amount of the initial measurement of the subscription liability and subscription payments made before the commencement of the arrangement term, less any incentives received from the vendor before the commencement of the term and any ancillary initial direct costs. Subsequently, the portion of the subscription asset derived from the initial subscription liability is amortized utilizing the same basis as the subscription liability, whereas the remaining components of the subscription assets are amortized on a straight-line basis over their useful lives.

Key estimates and judgments related to SBITAs include how the Airport determines the discount rate used to discount the projected SBITA payments to present value, the term of the SBITA, and the SBITA payments. As interest rates charged by SBITA providers were not provided, the Airport elected to utilize its estimated incremental borrowing rates as the SBITA discount rate. The SBITA term includes all noncancellable periods and extensions to arrangements that are solely invocable by the Airport or the SBITA provider and all payments included in the measurement of the subscription liability are comprised of fixed payments. The Airport monitors changes in circumstances that would require its SBITA to be subject to remeasurement and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

The Airport has entered into SBITAs with various third parties, including arrangements providing access to software utilized for lease management and accounts receivable, video systems, project management, file editing, and aviation data analytics. The subscription assets primarily include access to a third party's proprietary software and require continuing licensing fee payments over the life of the arrangement. The Airport does not recognize a subscription liability or a subscription asset for SBITAs that are viewed to be short-term, or the continuing payments are primarily related to maintenance or on-going support.

A subscription asset and related accumulated amortization are included in capital assets on the Statement of Net Position. Balances at December 31, 2023 is as follows:

Subscription asset	$ 2,012
Accumulated amortization	$ 998
Term	12 to 120 months

(in thousands of dollars)

Future principal and interest payment requirements related to the Board's subscription liability at December 31, 2023 are as follows:

Year	Principal	Interest	Total
2024	$ 211	$ 38	$ 249
2025	193	31	224
2026	195	24	219
2027	167	16	183
2028	180	9	189
2029-2030	68	3	71
	$ 1,014	$ 121	$ 1,135

7. Long-Term Liabilities

During 2023 and 2022, the Airport's long-term liabilities and related activity consisted of the following:

Revenue Bonds

The following revenue bonds were outstanding at December 31, 2023 and 2022. The maturities occur on January 1 of each year.

	2023	2022
Series 2016 Refunding Revenue Bonds, 5.000%, due 2020-2033	$ 30,505	$ 33,140
Series 2019 Revenue Bonds, 5.000%, due 2022-2049	$ 31,160	$ 31,780
Series 2019 CFC Revenue Bonds, 3.080% to 4.689%, due 2023-2049	$ 98,905	$ 101,050
	$ 160,570	$ 165,970

The Series 2016 Refunding Revenue Bonds, which bear fixed interest rates, are General Airport Revenue Bonds issued under the terms of both a general bond resolution and a resolution specific to the refunding bonds. In accordance with the applicable bond resolutions, the bonds are secured by the operating revenues of the Airport and by amounts on deposit in the PFC Revenue Account. As the Series 2016 Refunding Bonds were issued for the defeasance of the Series 2003B Bonds, which were issued to fund the cost of specific PFC eligible, FAA approved projects, the debt service requirements of the Series 2016 Refunding Bonds, including any debt service coverage or required deposits to the Bond Reserve account group, are authorized by the FAA to be paid with PFCs (see Note 1).

The Series 2019 Revenue Bonds, which bear fixed interest rates, are General Airport Revenue Bonds issued at a premium to fund the reconfiguration of the main terminal roadway. The Series 2019 Revenue Bonds were issued under the terms of the Airport's general bond resolution and a resolution specific to the Series 2019 Revenue Bonds that establish new funds and accounts to provide for the deposit and flow of net revenues (operating revenues less operating and maintenance expenses as

(in thousands of dollars)

defined in the resolution) which are pledged for payment of the Series 2019 Revenue Bonds. FAA approval of the Airport's fifteenth PFC application was received in May 2019. Among other projects, the approval included authorization to use PFC's to fund the majority of the debt service requirements of the Series 2019 Revenue Bonds, with the non-PFC eligible portion of debt service to be paid from general Airport revenues. Based on project design of the PFC eligible portions of the project, it is currently estimated that approximately 81.5% of the debt service will be funded with PFCs.

The Series 2019 CFC Revenue Bonds, which bear fixed interest rates, are Senior Customer Facility Charge Revenue Bonds issued to fund the construction of a GTF and the associated improvements. The 2019 Series CFC Bonds are special limited obligations of the Board which are secured by a pledge of CFCs collected by the rental car companies and are subject to the requirements of the CFC Trust Indenture entered into between the Airport and the Trustee. In the event that the CFC collections are insufficient or are estimated to be insufficient to pay the debt service and fund the applicable reserves as required by the rate covenant set forth in the CFC Trust Indenture, the Board, through the agreements with the rental car companies, has secured the right to charge the rental car companies for such deficiencies. No other revenues of the Board are pledged to the payment of the Series 2019 CFC Bonds. During 2022, CFCs collected were insufficient to fully fund the debt service requirements of the Series 2019 CFC Bonds. At the election of the Board, the rental car companies were not charged for the deficiency and, consistent with the provisions of the Trust Indenture, the Airport utilized previously collected CFCs available in the CFC Project Fund to fund the deficit, which totaled $60 in 2022.

In March 2020, the Board adopted the 2020 Airport Revenue Subordinate General Bond Resolution which stipulates that any bonds issued under the resolution are to be secured by a pledge of net operating revenues subordinate to the rights of the Series 2016 and Series 2019 Revenue Bonds. Pursuant to the subordinate bond resolution, in March 2020 the Airport also approved a resolution authorizing entering into an agreement with PNC Bank National Association for a revolving line of credit that expires on March 1, 2024 and has a maximum commitment amount of $75,000. The Airport is permitted to draw on the line of credit for the purpose of financing capital improvement projects. In February 2023, due to inactivity during the term of the credit agreement resulting from the COVID crisis and associated deferral of certain capital projects and unanticipated receipts of additional federal funding, PNC Bank National Association notified the Board that the line of credit would not be extended past March 1, 2024. As a result, the Board competitively solicited a replacement revolving credit facility.

In July 2023, the Board adopted the Series 2023 Subordinate Bond Resolution and issued the Series 2023 Subordinate Notes in the maximum commitment amount of $150.0 million for the purpose of providing short term funding for capital improvement projects, including capitalized interest, and funding costs of issuance relating to the 2023 Subordinate Notes. In conjunction with the 2023 Subordinate Bond Resolution, the Board authorized an agreement with Bank of America National Association for a replacement revolving line of credit in the maximum commitment amount of $150.0 million. The agreement expires on August 21, 2026 with provision for two additional one-year extensions. Pursuant to this agreement, a notice of termination was remitted to PNC Bank National Association terminating the $75.0 million revolving line of credit.

(in thousands of dollars)

The Series 2016 Refunding Bonds and the Series 2019 Revenue Bonds were issued at premiums of $9,566 and $5,075, respectively. The premiums are being amortized over the lives of the bonds, based on the effective interest method, as a reduction of bond interest expense. The amortization of the bond premiums subsequent to December 31, 2023 is as follows:

	General Airport Revenue Bond Premiums		
	Series 2016 Refunding Revenue Bond Premiums	Series 2019 Revenue Bond Premiums	Total
2024	605	276	881
2025	534	264	798
2026	462	252	714
2027	394	239	633
2028	328	226	554
2029-2030	462	415	877
2031-2040	202	1,497	1,699
2041-2049	-	491	491
	$ 2,987	$ 3,660	$ 6,647

(in thousands of dollars)

The required funding of bond principal and interest subsequent to December 31, 2023 is as follows:

	General Airport Revenue Bonds		
	Principal	Interest	Total Debt Service
2024	3,420	3,083	6,503
2025	3,590	2,912	6,502
2026	3,770	2,733	6,503
2027	3,960	2,544	6,504
2028	4,155	2,346	6,501
2029-2030	8,950	4,059	13,009
2031-2040	19,535	11,153	30,688
2041-2049	14,285	3,397	17,682
	$ 61,665	$ 32,227	$ 93,892

	2019 CFC Bonds		
	Principal	Interest	Total Debt Service
2024	4,495	4,282	8,777
2025	2,360	4,206	6,566
2026	2,440	4,124	6,564
2027	2,530	4,036	6,566
2028	2,625	3,942	6,567
2029-2030	5,555	7,576	13,131
2031-2040	35,935	29,713	65,648
2041-2049	42,965	9,549	52,514
	$ 98,905	$ 67,428	$ 166,333

	Total		
	Principal	Interest	Total Debt Service
2024	7,915	7,365	15,280
2025	5,950	7,118	13,068
2026	6,210	6,857	13,067
2027	6,490	6,580	13,070
2028	6,780	6,288	13,068
2029-2030	14,505	11,635	26,140
2031-2040	55,470	40,866	96,336
2041-2049	57,250	12,946	70,196
	$ 160,570	$ 99,655	$ 260,225

(in thousands of dollars)

At December 31, 2023 and 2022, the current and non-current portions of revenue bonds payable as shown above have been combined with the current and non-current portions of the unamortized bond premiums for presentation on the Statement of Net Position. The current amounts of revenue bonds payable, inclusive of unamortized bond premium, at December 31, 2023 and 2022 were $8,796 and $8,570, respectively. The non-current portions at December 31, 2023 and 2022 were $158,421 and $165,006, respectively.

For the years ended December 31, 2023 and 2022, interest expense on outstanding revenue bonds was $7,599 and $7,822 respectively, and the amortization of bond premium was $960 and $1,039, respectively. On the Statement of Revenues, Expenses and Changes in Net Position these amounts have been combined and presented as $6,639 and $6,783 of revenue bond interest expense, net of premium amortization, at December 31, 2023 and 2022, respectively.

Other Long-Term Liabilities

At December 31, 2023, the Airport's other liabilities which have portions due after one year consisted of rental and other deposits, compensated absences, estimated amounts potentially due for incidents not covered by commercial insurance, estimated amounts due under a frequent parking rewards program, subordinate debt obligations for equipment procured under capital leases and the Airport's assigned proportionate shares of net pension and OPEB liabilities from its participation in the pension and OPEB plans discussed in Notes 1, 10 and 11. Amounts related to these liabilities are shown below.

(in thousands of dollars)

Long-Term Liability Activity

For the years ended December 31, 2023 and 2022, components of the Airport's liabilities which had non-current activity or balances were as follows:

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023	Amounts due within one year	Amounts due after one year
Accounts payable and accrued expenses						
Deposits	$ 241	$ 37	$ (10)	$ 268	$ 53	$ 215
Compensated absences	5,102	1,557	(1,710)	4,949	4,002	947
Uninsured losses	554	61	(100)	515	326	189
Parking rewards	1,224	257	(171)	1,310	458	852
Revenue bonds payable	165,970	-	(5,400)	160,570	7,915	152,655
Revenue bond premium	7,606	-	(959)	6,647	881	5,766
Subordinate debt - equipment lease	2,243	1,031	(719)	2,555	764	1,791
Subscription liability	1,383	-	(369)	1,014	211	803
Net pension liability	95,951	3,800	-	99,751	-	99,751
Net other postemployment benefits liability	26,426	-	(25,825)	601	-	601
	$ 306,700	$ 6,743	$ (35,263)	$ 278,180	$ 14,610	$ 263,570

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Amounts due within one year	Amounts due after one year
Accounts payable and accrued expenses						
Deposits	$ 244	$ 5	$ (8)	$ 241	$ 30	$ 211
Compensated absences	4,200	1,747	(845)	5,102	3,921	1,181
Uninsured losses	49	659	(154)	554	104	450
Parking rewards	1,066	160	(2)	1,224	122	1,102
Revenue bonds payable	171,150	-	(5,180)	165,970	7,610	158,360
Revenue bond premium	8,646	-	(1,040)	7,606	960	6,646
Subordinate debt - equipment lease	1,019	1,619	(395)	2,243	600	1,643
Subscription liability	1,705	308	(630)	1,383	369	1,014
Net pension liability	87,043	8,908	-	95,951	-	95,951
Net other postemployment benefits liability	26,255	171	-	26,426	-	26,426
	$ 301,377	$ 13,577	$ (8,254)	$ 306,700	$ 13,716	$ 292,984

8. Special Facility Revenue Bonds

Special Facility Revenue Bonds (SFRBs) Series 2001A totaling $22,500 were issued in July 2001 to finance the construction of a pilot training facility for FlightSafety International, Inc. (FlightSafety). Although taking the legal form of a financing lease between the Board and FlightSafety, the substance of the arrangement is that the SFRBs constitute special and limited obligations and do not constitute a debt, liability or general obligation of the Board or a pledge of Airport revenues. As such, no liability relating to the SFRBs is included in the accompanying financial statements. Information related to the amounts outstanding on the SFRBs is not readily available to management of the Airport. As of December 31, 2023 and 2022, $4,400 was outstanding on the SFRBs. For additional information regarding the SRFBs, readers should contact FlightSafety.

(in thousands of dollars)

9. Major Lessees

In 2023, the operating revenues received from Delta, DHL, and Amazon, represented approximately 11.41%, 10.60%, and 7.41%, respectively, of total operating revenues. The comparable amounts for 2022 for Delta, DHL, and Amazon were 13.18%, 11.19%, and 4.69% respectively.

Landing fees received from DHL, Amazon, and Delta in 2023 represented 39.86%, 25.61%, and 10.40%, respectively, of total billed landing fees. The comparable amounts for 2022 for DHL, Amazon, and Delta were 50.48%, 14.02%, and 11.56%, respectively.

10. Retirement Plans

Defined Benefit Pension Plans

As previously discussed, all full-time employees of the Airport are members of the Kentucky Public Pensions Authority's (KPPA) County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension system consisting of two employee plans, nonhazardous and hazardous. The plan in which employees participate is determined by the type of position held by the employee.

General Information about the Pension Plan

Plan Description
Created by the Kentucky General Assembly pursuant to the provisions of KRS Section 78.520, the assets of CERS, in addition to the assets of the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS), collectively referred to as the System (System), are administered by the KPPA Board of Trustees (KPPA Board). In 2021, House Bill 484 was passed into law establishing a new governance structure for operation of the System, creating an overall KPPA Board and two additional governing Boards: the Kentucky Retirement Systems Board (KRS Board), which is responsible for the governance and administration of KERS and SPRS, and the County Employees Retirement System Board (CERS Board), which is responsible for the governance and administration of CERS. The KPPA Board was restructured from 17 members to 8 members (4 KRS Board members, 4 CERS Board members). In accordance with the provisions of KRS Sections 16.555, 61.570, and 78.630, the assets of the System are invested as a whole, while each system's assets are used only for the payment of benefits to the members of that plan and a pro rata share of administrative costs.

(in thousands of dollars)

CERS benefits provided: Nonhazardous

	Tier 1 Nonhazardous Participation Beginning prior to 9/1/2008	Tier 2 Nonhazardous Participation Beginning 9/1/2008 through 12/31/2013	Tier 3 Nonhazardous Participation Beginning on or after 01/01/2014
Covered Employees:	All full-time employees	All full-time employees	All full-time employees
Benefit Formula:	Final compensation x Benefit factor x Years of service	Final compensation x Benefit factor x Years of service	Cash balance plan
Final Compensation:	Average of the highest 5 fiscal years (must contain at least 48 months and a minimum of 5 fiscal years)	5 complete fiscal years immediately preceding retirement; Each year must contain 12 months.	No final compensation factor
Benefit Factor:	2.00% - If member began participating after 8/1/2004 and before 9/1/2008. 2.20% - If member began participating prior to 8/1/2004	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years)	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and a method adopted by the KPPA Board based on member's accumulated account balance.
Cost of Living Adjustment (COLA):	No COLA unless authorized by the Kentucky General Assembly	No COLA unless authorized by the Kentucky General Assembly	No COLA unless authorized by the Kentucky General Assembly
Unreduced Retirement Benefit:	Any age with 27 years of service; Age 65 with 1 month of service	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision; Age 65 with 5 years of earned service	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision; Age 65 with 5 years of earned service
Reduced Retirement Benefit:	Any age with 25 years of service; Age 55 with 5 years of service	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit

(in thousands of dollars)

CERS benefits provided: Hazardous

	Tier 1 Hazardous Participation Beginning prior to 9/1/2008	Tier 2 Hazardous Participation Beginning 9/1/2008 through 12/31/2013	Tier 3 Hazardous Participation Beginning on or after 01/01/2014
Covered Employees:	All full-time employees	All full-time employees	All full-time employees
Benefit Formula:	Final compensation x Benefit factor x Years of service	Final compensation x Benefit factor x Years of service	Cash balance plan
Final Compensation:	Average of the highest 3 fiscal years (must contain at least 24 months and a minimum of 3 fiscal years)	Average of the highest 3 fiscal years; Each year must contain 12 months.	No final compensation factor
Benefit Factor:	2.50% if 60 months or greater, 2.00% if less than 60 months	10 years or less = 1.30%. Greater than 10 years, but no more than 20 years = 1.50%. Greater than 20 years, but no more than 25 years = 2.25%. Additional years above 25 = 2.50% (2.50% benefit factor only applies to service earned in excess of 25 years)	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and a method adopted by the KPPA Board based on member's accumulated account balance.
Cost of Living Adjustment:	No COLA unless authorized by the Kentucky General Assembly	No COLA unless authorized by the Kentucky General Assembly	No COLA unless authorized by the Kentucky General Assembly
Unreduced Retirement Benefit:	Any age with 20 years of service; Age 55 with 1 month of service	Any age with 25 years of service; Age 60 with 5 years of service	Any age with 25 years of service. Age 60 with 5 years of service
Reduced Retirement Benefit:	Age 50 with 15 years of service but less than 20 years of service	Age 50 with 15 years of service	No reduced retirement benefit

Contributions

Employer pension contribution rates are governed by KRS Section 61.565 and require the Airport to contribute at an actuarially determined rate. The CERS Board sets the employer contribution rates on the basis of this annual actuarial valuation last preceding the July 1 of a new biennium. If it is determined on the new basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted, then the KPPA Board may amend contribution rates as of the first day of July of the second year of a biennium.

Employee pension contributions are governed by KRS Section 61.560, deducted from active employees' salaries, and remitted to the CERS by the Airport along with the employer's portion of the contribution. Employee contribution rates are set by statute and may be changed only by the Kentucky General Assembly.

(in thousands of dollars)

The Airport has met 100% of its contribution funding requirements for the plan fiscal years ended June 30, 2023 and June 30, 2022.

The contribution rates in effect and contributions remitted relating to the CERS for the fiscal year ended December 31, 2023 were as follows:

	Contributions to CERS	
	Non Hazardous	**Hazardous**
Employee contribution rates:		
Tier 1 : Participation prior to 9/1/2008	5.00%	8.00%
Tier 2 : Participation 9/1/2008 through 12/31/2013	5.00%	8.00%
Tier 3 : Participation after 1/1/2014	5.00%	8.00%
Airport contribution rates:		
July 1, 2023 - December 31, 2023	23.34%	41.11%
July 1, 2022 - June 30, 2023	23.40%	42.81%
July 1, 2021 - June 30, 2022	22.78%	35.60%
July 1, 2020 - June 30, 2021	19.30%	30.06%
Employee contributions:		
2023	$ 1,641	$ 866
2022	$ 1,407	$ 776
2021	$ 1,062	$ 649
Airport contributions:		
2023	$ 6,737	$ 4,547
2022	$ 5,751	$ 3,838
2021	$ 4,342	$ 2,780
Amount of payroll on which employee and employer contributions were based:		
2023	$ 28,828	$ 10,837
2022	$ 24,868	$ 9,733
2021	$ 21,433	$ 8,703
Contributions made by Airport and employees as a percentage of contributions required of Airport and employees 2023, 2022 and 2021	100%	100%

(in thousands of dollars)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions
At December 31, 2023 and December 31, 2022, the Airport reported a liability of $99,751 and $95,951, respectively, for its assigned proportionate share of the CERS net pension liability. The net pension liability was measured as of June 30, 2023 and June 30, 2022; and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. The Airport's proportion of the net pension liability was based on a projection of the Airport's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities. At June 30, 2023, and June 30, 2022, the Airport's proportionate shares of the CERS nonhazardous plan were 0.961754% and 0.789442%, respectively. At June 30, 2023 and June 30, 2022, the Airport's proportionate shares of the CERS hazardous plan were 1.410988% and 1.274206%, respectively.

Based on its proportionate shares of pension expense as assigned by the CERS, for the Airport's fiscal years ended December 31, 2023 and December 31, 2022, the Airport recognized pension expense of $10,125 and $6,619, respectively. The 2023 and 2022 amounts include $11,284 and $9,589, respectively, of contributions made to the plan and a reduction of non-cash expense of ($1,159) and ($2,970), respectively, recognized pursuant to the requirements of GASB Statement No. 68.

(in thousands of dollars)

At December 31, 2023 and 2022, the balances of deferred inflows and outflows reflected the following activity:

Nonhazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2021	$ 6,294	$ (10,124)	$ (3,830)
Prior year contributions subsequent to measurement date	(1,978)	-	(1,978)
Difference between expected and actual experience	(534)	(5)	(539)
Changes in assumptions	(695)	2,611	1,916
Net differences between projected and actual earnings on pension plan investments	5,755	(611)	5,144
Changes in proportion and differences between contributions and proportionate share of contributions	(909)	-	(909)
Contributions subsequent to measurement date	3,135	-	3,135
Deferred Outflows and Inflows at December 31, 2022	$ 11,068	$ (8,129)	$ 2,939
Prior year contributions subsequent to measurement date	$ (3,135)	$ -	$ (3,135)
Difference between expected and actual experience	3,134	341	3,475
Changes in assumptions	-	(5,656)	(5,656)
Net differences between projected and actual earnings on pension plan investments	(1,099)	(1,206)	(2,305)
Changes in proportion and differences between contributions and proportionate share of contributions	7,719	844	8,563
Contributions subsequent to measurement date	3,411	-	3,411
Deferred Outflows and Inflows at December 31, 2023	$ 21,098	$ (13,806)	$ 7,292

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2021	$ 3,865	$ (7,656)	$ (3,791)
Prior year contributions subsequent to measurement date	(1,326)	-	(1,326)
Difference between expected and actual experience	143	-	143
Changes in assumptions	(440)	-	(440)
Net differences between projected and actual earnings on pension plan investments	3,212	1,470	4,682
Changes in proportion and differences between contributions and proportionate share of contributions	-	(63)	(63)
Contributions subsequent to measurement date	2,113	-	2,113
Deferred Outflows and Inflows at December 31, 2022	$ 7,567	$ (6,249)	$ 1,318
Prior year contributions subsequent to measurement date	$ (2,113)	$ -	$ (2,113)
Difference between expected and actual experience	624	-	624
Changes in assumptions	-	(2,971)	(2,971)
Net differences between projected and actual earnings on pension plan investments	(949)	(330)	(1,279)
Changes in proportion and differences between contributions and proportionate share of contributions	2,935	1,177	4,112
Contributions subsequent to measurement date	2,233	-	2,233
Deferred Outflows and Inflows at December 31, 2023	$ 10,297	$ (8,373)	$ 1,924

(in thousands of dollars)

At December 31, 2023 and 2022, the Airport reported deferred inflows of resources and deferred outflows of resources from the following sources:

Nonhazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 61	$ 508
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	7,764	6,301
Changes in proportion and differences between contributions and proportionate share of contributions	108	1,320
Contributions subsequent to measurement date	3,135	-
Total at December 31, 2022	$ 11,068	$ 8,129
Difference between expected and actual experience	$ 3,194	$ 168
Changes in assumptions		5,655
Net differences between projected and actual earnings on pension plan investments	6,666	7,508
Changes in proportion and differences between contributions and proportionate share of contributions	7,827	475
Contributions subsequent to measurement date	3,411	
Total at December 31, 2023	$ 21,098	$ 13,806

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,116	$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	4,338	3,439
Changes in proportion and differences between contributions and proportionate share of contributions	-	2,810
Contributions subsequent to measurement date	2,113	-
Total at December 31, 2022	$ 7,567	$ 6,249
Difference between expected and actual experience	$ 1,740	$ -
Changes in assumptions	-	2,972
Net differences between projected and actual earnings on pension plan investments	3,388	3,769
Changes in proportion and differences between contributions and proportionate share of contributions	2,936	1,632
Contributions subsequent to measurement date	2,233	
Total at December 31, 2023	$ 10,297	$ 8,373

(in thousands of dollars)

The $5,644 reported as a deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Amounts to be Recognized in Fiscal Years
Following the Reporting Date

June 30		
2024	$	(814)
2025		(892)
2026		14
2027		(1,921)
2028		41
Total	$	(3,572)

Actuarial Assumptions
The total pension liability, net pension liability, and sensitivity information as of June 30, 2023 were based on actuarial valuation of June 30, 2021. The total pension liability was rolled-forward from the valuation date of June 30, 2021 to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(in thousands of dollars)

Item	CERS Nonhazardous and Hazardous
Actuarial Valuation Date:	June 30, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains or losses incurring after 2019 are amortized over separate closed 20-year amortization bases
Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increases	Non-Hazardous 3.30% to 10.30% Hazardous 3.55% to 19.05%
Investment Rate of Return	6.25%
Mortality:	Kentucky Public Pensions Authority-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2019

(in thousands of dollars)

Long-term rate of return: The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Equity	**60.00%**	
Core bonds	10.00%	2.45%
Specialty credit/high yield	10.00%	3.65%
Cash	0.00%	1.39%
Fixed Income	**20.00%**	
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Inflation Protected	**20.00%**	

Discount rate: A single discount rate of 6.25% was used for both the nonhazardous and hazardous system to measure the total pension liability for the fiscal year ending June 30, 2023. This single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the CERS' fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system.

Projected cash flows: The single discount rate of 6.25% was used for both the nonhazardous and hazardous systems to measure the total pension liability for the fiscal year ending June 30, 2023. This single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the CERS' fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability.

Municipal bond rate: the discount rate determination does not use a municipal bond rate.

(in thousands of dollars)

Sensitivity analysis: The following presents the net pension liability of the Airport calculated using the discount rate of percent, as well as what the Airport's net pension 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 for nonhazardous and hazardous:

Asset Class	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Airport's net pension liability - nonhazardous	$ 77,914	$ 61,711	$ 48,246
Airport's net pension liability - hazardous	48,034	38,040	29,876
Total	$ 125,948	$ 99,751	$ 78,122

Pension Plan Fiduciary Net Position
Detailed information about CERS' fiduciary net position is available in the separately issued Kentucky Employees' Retirement Systems' Comprehensive Annual Financial Report (which is a matter of public record). The report may be obtained by writing to Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, or can be obtained in an electronic format by visiting the website at www.kyret.ky.gov.

Deferred Compensation Plans

The Airport's employees are also eligible to participate in two deferred compensation plans which are authorized under KRS Sections 18A.230 – 18A.275 and administered by the Kentucky Public Employees' Deferred Compensation Authority. These plans are organized as a Section 457 plan and as a Section 401(k) plan under the Internal Revenue Code. Both plans permit employees to defer a portion of their compensation until future years. Deferred compensation is not available to employees until termination, retirement, or death, or in certain circumstances of financial hardship. There were no employer contributions to the 457 or 401(k) plans for the years ended December 31, 2023 and 2022. Employee contributions in total were approximately $1,616 and $1,303, respectively, for the years ended December 31, 2023 and 2022.

Additional information about the deferred compensation plans may be obtained from the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, Kentucky 40601-8862.

11. Other Postemployment Benefits

General Information about the OPEB Plan

Plan Description
Under the provisions of KRS Section 61.701, the KPPA Board and CERS Board also administer the Kentucky Public Pensions Authority's Insurance Fund (Insurance Fund) The statutes provide for a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the System and pays a prescribed contribution for whole or partial payment of required

(in thousands of dollars)

insurance premiums. The assets of the Insurance Fund, combined with the assets of the System, are invested as a whole, while each plan's assets are used only for payment of benefits to the members of that plan, and a pro-rata share of administrative costs.

Benefits Provided
The Insurance Fund provides access to group health insurance coverage for retirees of the System, including all nonhazardous and hazardous members of the County Employees Retirement System (CERS). The coverage is optional and available to retirees until they become eligible for Medicare, at which time coverage is available through a Medicare eligible supplement plan offered by the Insurance Fund.

Insurance Fund benefits provided: Nonhazardous

	Tier 1 Nonhazardous Participation Beginning prior to 7/1/2003	Tier 2 Nonhazardous Participation Beginning 7/1/2003 through 8/31/2008	Tier 3 Nonhazardous Participation Beginning on or after 9/01/2008
Benefit Eligibility:	Recipient of a retirement allowance	Recipient of a retirement allowance with at least 120 months of service at retirement	Recipient of a retirement allowance with at least 180 months of service at retirement
Benefit Amounts:	Percentage of member premium paid by retirement system: Less than 4 years = 0%. 4-9 years = 25%. 10-14 years = 50%. 15-19 years = 75%. 20 or more years = 100%	Monthly contribution: ten dollars for each year of earned service, increased by 1.5% each July 1. Upon the retiree's death, the surviving spouse may continue coverage (if in receipt of a retirement allowance) but is responsible for 100% of the premiums.	Monthly contribution: ten dollars for each year of earned service, increased by 1.5% each July 1. Upon the retiree's death, the surviving spouse may continue coverage (if in receipt of a retirement allowance) but is responsible for 100% of the premiums.
Duty Disability Retirement:	Disability a result of injuries sustained while in the line of duty; 100% of the maximum contribution for the member and dependents	Disability a result of injuries sustained while in the line of duty; a benefit equal to at least 20 times the nonhazardous monthly contribution	Disability a result of injuries sustained while in the line of duty; a benefit equal to at least 20 times the nonhazardous monthly contribution
Duty Death in Service:	Active employee's death a result of injuries sustained while in the line of duty; spouse and children receive 100% of the maximum contribution.	Active employee's death a result of injuries sustained while in the line of duty; spouse and children receive a benefit equal to at least 20 times the nonhazardous monthly contribution.	Active employee's death a result of injuries sustained while in the line of duty; spouse and children receive a benefit equal to at least 20 times the nonhazardous monthly contribution.

(in thousands of dollars)

Insurance Fund benefits provided: Hazardous

	Tier 1 Hazardous Participation Beginning prior to 7/1/2003	**Tier 2 Hazardous Participation Beginning 7/1/2003 through 8/31/2008**	**Tier 3 Hazardous Participation Beginning on or after 9/01/2008**
Benefit Eligibility:	Recipient of a retirement allowance	Recipient of a retirement allowance with at least 120 months of service at retirement	Recipient of a retirement allowance with at least 180 months of service at retirement
Benefit Amounts:	Percentage of member and dependent premium paid by retirement system: Less than 4 years = 0%. 4-9 years = 25%. 10-14 years = 50%. 15-19 years = 75%. 20 or more years = 100%	Monthly contribution of fifteen dollars for each year of earned hazardous service. The monthly contribution is increased by 1.5% each July 1. Upon the retiree's death, the surviving spouse of a hazardous duty member will receive a monthly contribution of ten dollars for each year of hazardous service.	Monthly contribution of fifteen dollars for each year of earned hazardous service. The monthly contribution is increased by 1.5% each July 1. Upon the retiree's death, the surviving spouse of a hazardous duty member will receive a monthly contribution of ten dollars for each year of hazardous service.
Duty Disability Retirement:	Disability a result of injuries sustained while in the line of duty; 100% of the maximum contribution for the member and dependents	Disability a result of injuries sustained while in the line of duty; a benefit equal to at least 20 times the hazardous monthly contribution	Disability a result of injuries sustained while in the line of duty; a benefit equal to at least 20 times the hazardous monthly contribution
Duty Death in Service:	Active employee's death was a result of injuries sustained while in the line of duty: the member's spouse and children receive 100% of the maximum contribution.	Active employee's death was a result of injuries sustained while in the line of duty: the member's spouse and children receive a benefit equal to at least 20 times the hazardous monthly contribution.	Active employee's death was a result of injuries sustained while in the line of duty: the member's spouse and children receive a benefit equal to at least 20 times the hazardous monthly contribution.
Non-Duty Death in Service:	Surviving spouses in receipt of a pension allowance: eligible for continued health coverage with the percentage of premium paid for by the retirement system based on the member's years of hazardous service at the time of death.	Surviving spouse in receipt of a pension allowance: eligible for continued health coverage with percentage of the premium paid for by the retirement system based on the member's years of hazardous service at the time of death.	Surviving spouse in receipt of a pension allowance: eligible for continued health coverage with percentage of the premium paid for by the retirement system based on the member's years of hazardous service at the time of death.
Surviving Spouse of a Retiree:	Surviving spouse in receipt of a pension allowance: a premium subsidy based on the member's years of hazardous service	No surviving spouse coverage	No surviving spouse coverage

(in thousands of dollars)

Contributions
Employer insurance contribution rates are governed by KRS Section 61.565 which requires the Airport to contribute at an actuarially determined rate. The CERS Board sets the employer contribution rates on the basis of the annual actuarial valuation last preceding the July 1 of a new biennium. If it is determined on the new basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted, then the KPPA Board may amend contribution rates as of the first day of July of the second year of a biennium.

Employee insurance contributions are governed by KRS Section 61.702, deducted from active employees' salaries, and remitted to the CERS by the Airport along with the employer's portion of the contribution.

The Airport has met 100% of its contribution funding requirements for the plan fiscal years ended June 30, 2023 and June 30, 2022. GASB Statement No. 75 requires participating employers to include an adjustment related to an implicit subsidy, which is calculated as the difference between the underlying retiree claims costs and the overall health care premiums paid on behalf of retirees. This adjustment is needed for the purpose of the deferred outflows related to contributions made after the measurement date. The Airport's OPEB contributions amount, outlined in the schedule below, does not include the implicit subsidy reported in the amount of $208 and $340 for the years ended December 31, 2023 and 2022, respectively.

(in thousands of dollars)

The contribution rates in effect and contributions remitted relating to the Insurance Fund for the fiscal year ended December 31, 2023 were as follows:

	Contributions to the Insurance Fund	
	Non Hazardous	Hazardous
Employee contribution rates:		
Tier 1 : Participation prior to 7/1/2003	0%	0%
Tier 2 : Participation 7/1/2003 through 8/31/2008	1.00%	1.00%
Tier 3 : Participation on or after 9/1/2008	1.00%	1.00%
Airport contribution rates:		
July 1, 2023 - December 31, 2023	0.00%	2.58%
July 1, 2022 - June 30, 2023	3.39%	6.78%
July 1, 2021 - June 30, 2022	4.17%	8.73%
July 1, 2020 - June 30, 2021	4.76%	9.52%
Employee contributions:		
2023	$ 208	$ 58
2022	$ 170	$ 49
2021	$ 135	$ 35
Airport contributions:		
2023	$ 481	$ 507
2022	$ 929	$ 749
2021	$ 1,132	$ 869
Amount of payroll on which employee and employer contributions were based:		
2023	$ 28,828	$ 10,837
2022	$ 24,868	$ 9,733
2021	$ 21,433	$ 8,703
Contributions made by Airport and employees as a percentage of contributions required of Airport and employees 2023, 2022, and 2021	100%	100%

(in thousands of dollars)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2023 and December 31, 2022, the Airport reported liabilities of $601 and $26,426, respectively, for its assigned proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and June 30, 2022; and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of those dates. The Airport's proportion of the net OPEB liability was based on a projection of the Airport's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities. At June 30, 2023, and June 30, 2022, the Airport's proportionate shares of the CERS nonhazardous plan were 0.961717% and 0.789345%, respectively. At June 30, 2023, and June 30, 2022, the Airport's proportionate shares of the CERS hazardous plan were 1.410061% and 1.273577%, respectively.

Based on its proportionate shares of OPEB expense as assigned by the Insurance Fund, for the Airport's fiscal years ended December 31, 2023 and December 31, 2022, the Airport recognized OPEB expense of ($2,741) and $2,839, respectively. The 2023 and 2022 amounts include $988 and $1,678, respectively, of contributions made to the plan and ($3,729) and $1,161, respectively, of non-cash expense recognized pursuant to the requirements of GASB Statement No. 75.

(in thousands of dollars)

At December 31, 2023 and 2022, the balances of deferred inflows and outflows reflected the following activity:

Nonhazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2021	$ 8,875	$ (8,204)	$ 671
Prior year contributions subsequent to measurement date	$ (540)	$ -	$ (540)
Prior year implicit subsidies subsequent to measurement date	(256)	-	(256)
Difference between expected and actual experience	(877)	1,071	194
Changes in assumptions	(1,659)	(2,016)	(3,675)
Net differences between projected and actual earnings on pension plan investments	2,117	948	3,065
Changes in proportion and differences between contributions and proportionate share of contributions	(265)	(321)	(586)
Contributions subsequent to measurement date	578	-	578
Implicit subsidies subsequent to measurement date	281	-	281
Deferred Outflows and Inflows at December 31, 2022	$ 8,254	$ (8,522)	$ (268)
Prior year contributions subsequent to measurement date	$ (578)	$ -	$ (578)
Prior year implicit subsidies subsequent to measurement date	(281)	-	(281)
Difference between expected and actual experience	(642)	(15,282)	(15,924)
Changes in assumptions	149	209	358
Net differences between projected and actual earnings on pension plan investments	(416)	(525)	(941)
Changes in proportion and differences between contributions and proportionate share of contributions	2,539	191	2,730
Contributions subsequent to measurement date	-	-	-
Implicit subsidies subsequent to measurement date	238	-	238
Deferred Outflows and Inflows at December 31, 2023	$ 9,263	$ (23,929)	$ (14,666)

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2021	$ 4,175	$ (4,871)	$ (696)
Prior year contributions subsequent to measurement date	(410)	-	(410)
Prior year implicit subsidies subsequent to measurement date	(38)	-	(38)
Difference between expected and actual experience	(95)	510	415
Changes in assumptions	(874)	(1,863)	(2,737)
Net differences between projected and actual earnings on pension plan investments	1,592	819	2,411
Changes in proportion and differences between contributions and proportionate share of contributions	(33)	(123)	(156)
Contributions subsequent to measurement date	451		451
Implicit subsidies subsequent to measurement date	59		59
Deferred Outflows and Inflows at December 31, 2022	$ 4,827	$ (5,528)	$ (701)
Prior year contributions subsequent to measurement date	$ (451)	$ -	$ (451)
Prior year implicit subsidies subsequent to measurement date	(59)	-	(59)
Difference between expected and actual experience	(65)	(7,311)	(7,376)
Changes in assumptions	(494)	(145)	(639)
Net differences between projected and actual earnings on pension plan investments	(512)	(150)	(662)
Changes in proportion and differences between contributions and proportionate share of contributions	937	310	1,247
Contributions subsequent to measurement date	140		140
Implicit subsidies subsequent to measurement date	(30)		(30)
Deferred Outflows and Inflows at December 31, 2023	$ 4,293	$ (12,824)	$ (8,531)

(in thousands of dollars)

At December 31, 2023 and 2022, the Airport reported deferred inflows of resources and deferred outflows of resources from the following sources:

Nonhazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,568	$ 3,573
Changes in assumptions	2,464	2,030
Net differences between projected and actual earnings on pension plan investments	2,901	2,269
Changes in proportion and differences between contributions and proportionate share of contributions	464	650
Contributions subsequent to measurement date	857	-
Total at December 31, 2022	$ 8,254	$ 8,522
Difference between expected and actual experience	$ 925	$ 18,854
Changes in assumptions	2,613	1,822
Net differences between projected and actual earnings on pension plan investments	2,485	2,794
Changes in proportion and differences between contributions and proportionate share of contributions	3,002	459
Contributions subsequent to measurement date	-	
Implicit subsidies subsequent to measurement date	238	
Total at December 31, 2023	$ 9,263	$ 23,929

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 240	$ 642
Changes in assumptions	1,811	1,867
Net differences between projected and actual earnings on pension plan investments	2,269	1,872
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,147
Contributions subsequent to measurement date	507	-
Total at December 31, 2022	$ 4,827	$ 5,528
Difference between expected and actual experience	$ 174	$ 7,954
Changes in assumptions	1,317	2,011
Net differences between projected and actual earnings on pension plan investments	1,756	2,021
Changes in proportion and differences between contributions and proportionate share of contributions	936	838
Contributions subsequent to measurement date	140	
Implicit subsidies subsequent to measurement date	(30)	
Total at December 31, 2023	$ 4,293	$ 12,824

(in thousands of dollars)

The $140 reported as a deferred outflow of resources related to OPEB resulting from contributions subsequent to the measurement date and the $208 reported as a deferred outflow of resources resulting from the calculation of the implicit subsidy will be recognized as reductions of the net OPEB liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred Amounts to be Recognized in Fiscal Years
Following the Reporting Date

June 30		
2024	$	4,538
2025		4,071
2026		5,443
2027		3,866
2028		4,247
2029		1,376
Total	$	23,541

Actuarial Assumptions
The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles, in order to reflect future economic expectations. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(in thousands of dollars)

Item	CERS Nonhazardous and Hazardous
Actuarial Valuation Date:	June 30, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains or losses incurring after 2019 are amortized over separate closed 20-year amortization bases
Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increases	Non-Hazardous 3.30% to 10.30% Hazardous 3.55% to 19.05%
Investment Rate of Return	6.25%
Mortality:	Kentucky Public Pensions Authority-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2019
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Healthcare Trend Rates (post-65)	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

(in thousands of dollars)

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Equity	**60.00%**	
Core fixed income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Fixed Income	**20.00%**	
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Inflation Protected	**20.00%**	

Discount rate: Single discount rates of 5.93% for the nonhazardous system and 5.97% for hazardous system were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, with the understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

(in thousands of dollars)

Sensitivity analysis - discount rate: The following presents the net OPEB liability of the Airport calculated using the discount rate of percent, as well as what the Airport'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 for the nonhazardous and hazardous plans:

Asset Class	1% Decrease 4.93%	Current Discount Rate 5.93%	1% Increase 6.93%
Airport's net OPEB liability - nonhazardous	$ 2,492	$ (1,328)	$ (4,526)
	4.97%	5.97%	6.97%
Airport's net OPEB liability - hazardous	$ 4,879	$ 1,929	$ (529)

Sensitivity analysis - healthcare cost trend rate: The following presents the net OPEB liability of the Airport, as well as what the Airport's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates for the hazardous and nonhazardous plans:

Asset Class	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Airport's net OPEB liability - nonhazardous	$ (4,256)	$ (1,328)	$ 2,269
Airport's net OPEB liability - hazardous	$ 22	$ 1,929	$ 4,233

OPEB Plan Fiduciary Net Position

Detailed information about CERS' fiduciary net position is available in the separately issued Kentucky Employees' Retirement Systems' Comprehensive Annual Financial Report (which is a matter of public record). The report may be obtained by writing to Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, or can be obtained in an electronic format by visiting the website at www.kyret.ky.gov.

12. Self-funded Group Health Coverage

As discussed in Note 1, effective January 1, 2009, the Airport, by resolution of the Board, established an account group for all activities of the self-funded health coverages maintained for employees. By this resolution, the Airport assumed the risk of financing the health and dental coverages through self-funding of claims, subject to certain individual stop loss and group aggregate limits.

Commercially procured coverages assume any liabilities for claims which exceed the established limits. Third party administrators are utilized to manage the claims handling activities of the plans. Activities in the Designated for Group Health Coverage account group include contributions to the account, the payment of claims, the payment of fees and expenses, and the establishment and

(in thousands of dollars)

maintenance of reserves. Contributions to the account for the payment of claims, fees and expenses are made from the Operations and Maintenance account group and are recorded as operating expenses. Contributions to the account for the purposes of building reserves, if necessary, are recorded as transfers of net position from the General Purposes account group.

Any assets of the Designated for Group Health Coverage account group which are determined by the Airport's Chief Financial Officer to no longer be necessary for the self-funded health coverage programs are returned to the General Purposes account group, with a corresponding transfer of net position, in the period in which the determination is made.

The changes in the balances of the claim's liability and reserves in the Designated for Group Health Coverage account group consisted of the following:

	Claims Liability
Liability at December 31, 2021	$ 449
Claims and changes in estimates for 2022	4,858
Claims paid in 2022	(4,812)
Changes in receivables related to claims	31
Liability at December 31, 2022	$ 526
Claims and changes in estimates for 2023	5,683
Claims paid in 2023	(5,722)
Changes in receivables related to claims	(51)
Liability at December 31, 2023	$ 436

	Reserve
Reserves at December 31, 2021	$ 4,503
Contributions from Operations and Maintenance	6,705
Investment income	75
Claims, premiums and fees incurred	(6,780)
Reserves at December 31, 2022	$ 4,503
Contributions from Operations and Maintenance	7,316
Investment income	307
Claims, premiums and fees incurred	(7,623)
Reserves at December 31, 2023	$ 4,503

The Airport purchases both aggregate and specific stop loss coverage for the health insurance coverage. The specific stop loss insurance assumes the risk for claims on any individual covered by the plan. During 2023 and 2022, the individual stop loss coverage to which the Airport's claims liability was limited was $150. The aggregate insurance during 2023 and 2022 provided full coverage for aggregate claims in excess of 125% of expected claims amounts actuarially calculated by a third party. These amounts, given enrollment levels, limited total medical coverage risk financing by the Airport during 2023 and 2022 to approximately $6,147 and $6,178 each year, respectively.

(in thousands of dollars)

13. Risk Management

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; general liability claims; and natural disasters. The Airport manages these risks through the purchase of commercial insurance.

14. Commitments and Contingencies

At December 31, 2023, the Airport is committed, either through contracts or Board proceedings, to the eventual expenditure of approximately $74,404 which consists primarily of construction of passenger boarding bridges, snow removal equipment, baggage handling system design and management and runway 18/36C design. Of the $74,404, approximately $58,654 will be funded by federal grants, state grants, PFCs, Bonds, CFCs and/or tenant funds, with the remainder to be funded by available capital funds.

Environmental Mitigation and Remediation
In 2017, the Airport discovered fuel leakage in the soil around the Aircraft Rescue and Fire Fighting (ARFF) training facility located on the Airport. The Airport reported this circumstance to its pollution legal liability insurer and contracted with an environmental investigation firm to determine the extent of the contamination and develop and recommend an action plan. The Airport's Corrective Action Plan (CAP) was approved by the Commonwealth of Kentucky Energy and Environmental Cabinet's Department for Environmental Protection Division of Waste Management in December 2019. A claim for this matter was filed with the Airport's pollution legal liability insurer. A letter dated December 17, 2020, concluded that two separate $100 retentions were to be applied to the claim. The expenses related to the $200 of self-insured retention were reflected in prior year financial statements.

On July 15, 2022, the Airport executed a settlement with its pollution insurer, receiving proceeds of $450. On August 5, 2022, the Airport entered into a Development Ground Lease Agreement (Ground Lease) with a third party (Developer) for a proposed hangar development on the site. The Ground Lease provides for the treatment, removal, and/or disposal of contaminated soils impacted by the hangar development. Pursuant to the terms of the Ground Lease, the Airport has agreed to reimburse the Developer for eligible remediation costs up to, but not in excess of, $500 in a form of credits against future charges when incurred, thereby limiting the Airport's future financial impact. The Airport has recorded the settlement proceeds of $450 as a liability payable to the Developer in case of such reimbursement.

(in thousands of dollars)

Schedule of the Proportionate Share of the Net Pension Liability of the
Kentucky Public Pensions Authority's County Employees Retirement System Nonhazardous
Last 10 years
As of June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan's total pension liability	$ 15,089,106	$ 15,192,599	$ 14,941,437	$ 14,697,244	$ 14,192,966	$ 13,109,268	$ 12,540,545	$ 11,065,014	$ 10,740,325	$ 9,772,522
Plan's fiduciary net position	8,672,597	7,963,586	8,565,652	7,027,327	7,159,921	7,018,963	6,687,237	6,141,393	6,440,800	6,528,146
Plan's net pension liability	$ 6,416,509	$ 7,229,013	$ 6,375,785	$ 7,669,917	$ 7,033,045	$ 6,090,305	$ 5,853,308	$ 4,923,621	$ 4,299,525	$ 3,244,376
Plan's fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%
Airport's proportionate share of the net pension liability	$ 61,711	$ 57,069	$ 51,798	$ 63,652	$ 55,838	$ 47,170	$ 42,826	$ 34,653	$ 29,529	$ 21,871
Airport's proportion of the net pension liability	0.9618%	0.7894%	0.8124%	0.8299%	0.7939%	0.7745%	0.7317%	0.7038%	0.6868%	0.6741%
Airport's covered payroll	$ 28,828	$ 24,868	$ 21,024	$ 21,503	$ 20,297	$ 19,375	$ 17,881	$ 16,775	$ 16,080	$ 15,483
Airport's proportionate share of the net pension liability as a percentage of its covered payroll	214.07%	229.49%	246.38%	296.01%	275.10%	243.46%	239.51%	206.58%	183.64%	141.26%

Cincinnati/Northern Kentucky International Airport
Required Supplementary Information - Pension

(in thousands of dollars)

Schedule of the Proportionate Share of the Net Pension Liability of the
Kentucky Public Pensions Authority's County Employees Retirement System Hazardous
Last 10 years
As of June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan's total pension liability	$ 5,731,148	$ 5,769,691	$ 5,576,567	$ 5,394,732	$ 5,176,003	$ 4,766,794	$ 4,455,275	$ 3,726,114	$ 3,613,308	$ 3,288,826
Plan's fiduciary net position	3,035,192	2,718,234	2,914,408	2,379,704	2,413,708	2,348,337	2,217,996	2,010,176	2,078,202	2,087,002
Plan's net pension liability	$ 2,695,956	$ 3,051,457	$ 2,662,159	$ 3,015,028	$ 2,762,295	$ 2,418,457	$ 2,237,279	$ 1,715,938	$ 1,535,106	$ 1,201,824
Plan's fiduciary net position as a percentage of the total pension liability	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	63.46%
Airport's proportionate share of the net pension liability	$ 38,040	$ 38,882	$ 35,245	$ 42,962	$ 40,820	$ 36,284	$ 32,277	$ 23,642	$ 21,281	$ 16,357
Airport's proportion of the net pension liability	1.4110%	1.2742%	1.3239%	1.4249%	1.4778%	1.5003%	1.4427%	1.3778%	1.3863%	1.3610%
Airport's covered payroll	$ 10,837	$ 9,733	$ 8,485	$ 8,755	$ 8,781	$ 8,548 #	$ 7,945	$ 7,164	$ 7,064	$ 6,920
Airport's proportionate share of the net pension liability as a percentage of its covered payroll	351.02%	399.49%	415.38%	490.71%	464.87%	424.47%	406.26%	330.01%	301.26%	236.37%

Cincinnati/Northern Kentucky International Airport
Required Supplementary Information - Pension

(in thousands of dollars)

Schedule of the Employer Pension Contributions of the
Kentucky Public Pensions Authority's County Employees Retirement System Nonhazardous
Last 10 years
As of December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions for pension	$ 6,737	$ 5,751	$ 4,342	$ 4,182	$ 3,734	$ 3,019	$ 2,591	$ 2,263	$ 2,140	$ 2,069
Airport's contributions in relation to the statutorily required contributions	(6,737)	(5,751)	(4,342)	(4,182)	(3,734)	(3,019)	(2,591)	(2,263)	(2,140)	(2,069)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 28,828	$ 24,868	$ 21,433	$ 21,669	$ 20,990	$ 19,687	$ 18,215	$ 17,101	$ 17,014	$ 15,622
Contributions as a percentage of the Airport's covered payroll	23.37%	23.13%	20.26%	19.30%	17.79%	15.33%	14.22%	13.23%	12.58%	13.24%

(in thousands of dollars)

Schedule of the Employer Pension Contributions of the
Kentucky Public Pensions Authority's County Employees Retirement System Hazardous
Last 10 years
As of December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions for pension	$ 4,547	$ 3,838	$ 2,780	$ 2,598	$ 2,408	$ 2,023	$ 1,770	$ 1,546	$ 1,518	$ 1,492
Airport's contributions in relation to the statutorily required contributions	(4,547)	(3,838)	(2,780)	(2,598)	(2,408)	(2,023)	(1,770)	(1,546)	(1,518)	(1,492)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 10,837	$ 9,733	$ 8,703	$ 8,643	$ 8,804	$ 8,609	$ 8,056	$ 7,346	$ 7,409	$ 7,019
Contributions as a percentage of the Airport's covered payroll	41.96%	39.43%	31.94%	30.06%	27.35%	23.50%	21.97%	21.05%	20.49%	21.26%

(in thousands of dollars)

1. Defined Benefit Pension Plans

Outlined below are the factors that have significantly affected trends in the amounts reported for the ten years presented in the Required Supplementary Information related to the net pension liability.

Changes of benefit terms
The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 for the year(s) listed below:

2014
A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

Changes of assumptions
The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 for the year(s) listed below:

2015
- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 multiplied by 50% for males and 30% for females.
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2017
- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 2.00%.

2019
Subsequent to June 30, 2018, the Kentucky Public Pensions Authority Board of Trustees adopted new actuarial assumptions. These assumptions are documented in the report titled *Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018*. The total pension liability as of June 30, 2019 is determined using these updated assumptions:

(in thousands of dollars)

- Salary increase assumptions applicable to individual members including an increase to some of the step-rate and promotional component of the salary increase assumption for shorter service employees as well as a recommended increase to the salary increase assumption for the County Employees Retirement System (CERS) hazardous for those members with more than 10 years of service.
- The mortality tables used for active members are the PUB-2010 General Mortality table for the nonhazardous system and the PUB-2010 Public Safety Mortality table for the hazardous system, both being projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For retired members and beneficiaries, the mortality table used is a Kentucky Public Pensions Authority- specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the table used is the PUB-2010 Disabled Mortality table with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2023
Subsequent to June 30, 2022, the Kentucky Public Pensions Authority Board of Trustees adopted new actuarial assumptions. These assumptions are documented in the report titled *Kentucky Retirement Systems 2022 Actuarial Experience Study for the Period Ending June 30, 2022*, and include a proposed change in the investment return assumption from 6.25% to 6.50%. As of June 30, 2023, KPPA had not included this change in investment return assumptions in their actuarial reporting.

A summary of the changes to economic and demographic assumptions and other methods recommended in *Kentucky Retirement Systems 2022 Actuarial Experience Study for the Period Ending June 30, 2022* is as follows:

Assumption	CERS nonhazardous	CERS hazardous
Economic assumptions:		
Inflation	No Change	No Change
Investment Return - Pension	Increase	Increase
Short-Service Salary Increase	No Change	No Change
Long-Service Salary Increase	No Change	No Change
Payroll Growth Assumption	No Change	No Change
Demographic assumptions:		
Retiree Mortality	Kentucky Public Pensions Authority Specific	Kentucky Public Pensions Authority Specific
Termination	No Change	No Change
Retirement	Slight increase	Slight increase
Disability	No Change	No Change
Health Insurance Participation	No Change	No Change
Other methods:		
Asset Method	5-Year Smoothing	5-Year Smoothing

(in thousands of dollars)

Schedule of the Proportionate Share of the Net OPEB Liability of the
Kentucky Public Pensions Authority's County Employees System Nonhazardous Portion of the Insurance Fund
Last 10 years *
As of June 30

	2023	2022	2021	2020	2019	2018	2017
Plan's total OPEB liability	$ 3,260,308	$ 5,053,498	$ 5,161,251	$ 4,996,309	$ 4,251,466	$ 4,189,606	$ 4,222,878
Plan's fiduciary net position	3,398,375	3,079,984	3,246,801	2,581,613	2,569,511	2,414,126	2,212,536
Plan's net OPEB liability	$ (138,067)	$ 1,973,514	$ 1,914,450	$ 2,414,696	$ 1,681,955	$ 1,775,480	$ 2,010,342
Plan's fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%
Airport's proportionate share of the net OPEB liability	$ (1,328)	$ 15,578	$ 15,550	$ 20,036	$ 13,350	$ 13,751	$ 14,709
Airport's proportion of the net OPEB liability	0.9617%	0.7893%	0.8122%	0.8298%	0.7937%	0.7745%	0.7317%
Airport's covered payroll	$ 28,828	$ 24,868	$ 21,024	$ 21,503	$ 20,297	$ 19,375	$ 17,881
Airport's proportionate share of the net OPEB liability as a percentage of its covered payroll	-4.61%	62.64%	73.96%	93.18%	65.77%	70.97%	82.26%

* Fiscal year 2017 was the 1st year of implementation, therefore only seven years are shown

(in thousands of dollars)

Schedule of the Proportionate Share of the Net OPEB Liability of the
Kentucky Public Pensions Authority's County Employees System Hazardous Portion of the Insurance Fund
Last 10 years *
As of June 30

	2023	2022	2021	2020	2019	2018	2017
Plan's total OPEB liability	$ 1,771,015	$ 2,374,457	$ 2,436,383	$ 2,245,222	$ 2,080,574	$ 1,993,941	$ 2,015,673
Plan's fiduciary net position	1,634,192	1,522,671	1,627,824	1,321,117	1,340,714	1,280,982	1,189,001
Plan's net OPEB liability	$ 136,823	$ 851,786	$ 808,559	$ 924,105	$ 739,860	$ 712,959	$ 826,672
Plan's fiduciary net position as a percentage of the total OPEB liability	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	58.99%
Airport's proportionate share of the net OPEB liability	$ 1,929	$ 10,848	$ 10,705	$ 13,164	$ 10,931	$ 10,697	$ 11,926
Airport's proportion of the net OPEB liability	1.2736%	1.2736%	1.3239%	1.4245%	1.4774%	1.5004%	1.4427%
Airport's covered payroll	$ 10,837	$ 9,733	$ 8,485	$ 8,755	$ 8,781	$ 8,548	$ 7,945
Airport's proportionate share of the net OPEB liability as a percentage of its covered payroll	17.80%	111.46%	126.16%	150.36%	124.48%	125.14%	150.11%

* Fiscal year 2017 was the 1st year of implementation, therefore only seven years are shown

(in thousands of dollars)

Schedule of the Employer OPEB Contributions of the
Kentucky Public Pensions Authority's Insurance Fund Nonhazardous
Last 10 years
As of December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions for OPEB	$ 481	$ 929	$ 1,132	$ 1,031	$ 1,053	$ 980	$ 859	$ 802	$ 813	$ 787
Airport's contributions in relation to the statutorily required contributions	(481)	(929)	(1,132)	(1,031)	(1,053)	(980)	(859)	(802)	(813)	(787)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for OPEB	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 28,828	$ 24,868	$ 21,433	$ 21,669	$ 20,990	$ 19,687	$ 18,215	$ 17,101	$ 17,014	$ 15,622
Contributions as a percentage of the Airport's covered payroll	1.67%	3.74%	5.28%	4.76%	5.02%	4.98%	4.72%	4.69%	4.78%	5.04%

(in thousands of dollars)

Schedule of the Employer OPEB Contributions of the
Kentucky Public Pensions Authority's Insurance Fund Hazardous
Last 10 years
As of December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions for OPEB	$ 507	$ 749	$ 869	$ 823	$ 883	$ 852	$ 755	$ 798	$ 972	$ 965
Airport's contributions in relation to the statutorily required contributions	(507)	(749)	(869)	(823)	(883)	(852)	(755)	(798)	(972)	(965)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for OPEB	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 10,837	$ 9,733	$ 8,703	$ 8,643	$ 8,804	$ 8,609	$ 8,056	$ 7,346	$ 7,409	$ 7,019
Contributions as a percentage of the Airport's covered payroll	4.68%	7.70%	9.99%	9.52%	10.03%	9.90%	9.37%	10.86%	13.12%	13.75%

(in thousands of dollars)

1. Other Post Employment Benefit Plans

Outlined below are the factors that have significantly affected trends in the amounts reported for the ten years presented in the Required Supplementary Information related to the net OPEB liability.

Changes of assumptions
The following changes were made by the Kentucky Public Pensions Authority Board of Trustees and reflected in the valuation performed as of June 30 for the year(s) listed below:

2019
Subsequent to June 30, 2018, the Kentucky Public Pensions Authority Board of Trustees adopted new actuarial assumptions. These assumptions are documented in the report titled *Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018*. The total OPEB liability as of June 30, 2019 is determined using these updated assumptions:

- Salary increase assumptions applicable to individual members including an increase to some of the step-rate and promotional component of the salary increase assumption for shorter service employees as well as a recommended increase to the salary increase assumption for the County Employees Retirement System (CERS) hazardous for those members with more than 10 years of service.
- The mortality tables used for active members are the PUB-2010 General Mortality table for the nonhazardous system and the PUB-2010 Public Safety Mortality table for the hazardous system, both being projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For retired members and beneficiaries, the mortality table used is a KRS-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the table used is the PUB-2010 Disabled Mortality table with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2020
The discount rate used to calculate the total OPEB liability decreased from 5.68% to 5.34% for the nonhazardous fund and from 5.69% to 5.30% for the hazardous fund (see information regarding the calculation of the single discount rate in the discussion section of this report). The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. Also, the June 30, 2020 GASB No. 75 actuarial information reflects the anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This

(in thousands of dollars)

change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

2021
The discount rate used to calculate the total OPEB liability increased from 5.20% to 5.70% for the CERS nonhazardous insurance plan and from 5.05% to 5.61% for the CERS hazardous insurance plan.

2023
The discount rate used to calculate the total OPEB liability increased from 5.70% to 5.93% for the CERS nonhazardous insurance plan and from 5.61% to 5.97% for the CERS hazardous insurance plan.

A summary of the changes to economic and demographic assumptions and other methods recommended in *Kentucky Retirement Systems 2022 Actuarial Experience Study for the Period Ending June 30, 2022* is as follows:

Assumption	CERS nonhazardous	CERS hazardous
Economic assumptions:		
Inflation	No Change	No Change
Investment Return - Insurance	No Change	No Change
Short-Service Salary Increase	Increase	Increase
Long-Service Salary Increase	No Change	No Change
Payroll Growth Assumption	No Change	No Change
Demographic assumptions:		
Retiree Mortality	Kentucky Public Pensions Authority Specific	Kentucky Public Pensions Authority Specific
Termination	No Change	No Change
Retirement	Slight Increase	Slight Increase
Disability	No Change	No Change
Health Insurance Participation	No Change	No Change
Other methods:		
Asset Method	5-Year Smoothing	5-Year Smoothing

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Statement of Net Position
December 31, 2023

(in thousands of dollars)

			Unrestricted Account Groups				
	Total	Eliminations	Operations & Maintenance	Designated for Capital Projects	Designated for Group Health Coverage	Repair & Replacement Reserve	General Purposes
Assets							
Current assets							
Unrestricted							
Cash	$ 1,707	$ -	$ 1,682	$ -	$ 25	$ -	$ -
Investments (at fair value)	182,421	-	60,764	13,135	5,427	8,534	94,561
Investment income receivable	295	-	81	53	22	48	91
Accounts receivable	10,920	-	10,656	-	196	-	68
Lease receivable	9,913	-	10,468	-	-	-	-
Interfund receivable	-	(57,198)	3,543	1,664	37	-	51,954
Grants and federal awards receivable	14,321	-	2,035	12,286	-	-	-
Prepaid expenses	2,623	-	2,201	133	4	-	285
Supplies inventory	6,211	-	6,211	-	-	-	-
Total unrestricted current assets	228,411	(57,198)	97,641	27,271	5,711	8,582	146,959
Restricted							
Cash	853	-	-	-	-	-	-
Investments (at fair value)	14,278	-	1	-	-	-	-
Investment income receivable	44	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total restricted current assets	15,175	-	1	-	-	-	-
Total current assets	243,586	(57,198)	97,642	27,271	5,711	8,582	146,959
Non-current assets							
Unrestricted							
Investments (at fair value)	1,484	-	-	-	-	1,484	-
Lease receivable	125,585	-	125,030	-	-	-	-
Prepaid expenses	293	-	293	-	-	-	-
Capital assets, non-depreciable	230,448	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	679,097	-	-	-	-	-	-
Total unrestricted non-current assets	1,036,907	-	125,323	-	-	1,484	-
Restricted							
Cash	-	-	-	-	-	-	-
Investments (at fair value)	173,915	-	1,528	-	-	-	-
Investment income receivable	795	-	3	-	-	-	-
Interfund receivable	-	(2,621)	-	-	-	-	-
Passenger facility charges receivable	2,232	-	-	-	-	-	-
Customer facility charges receivable	824	-	-	-	-	-	-
Total restricted non-current assets	177,766	(2,621)	1,531	-	-	-	-
Total non- current assets	1,214,673	(2,621)	126,854	-	-	1,484	-
Total assets	1,458,259	(59,819)	224,496	27,271	5,711	10,066	146,959
Deferred Outflows of Resources							
Pension	31,395	-	31,395	-	-	-	-
Other postemployment benefits	13,556	-	13,556	-	-	-	-
Total deferred outflows of resources	44,951	-	44,951	-	-	-	-
Liabilities							
Current Liabilities							
Accounts payable and accrued expenses	29,537	-	18,426	10,310	436	-	130
Rates and charges settlement payable to airlines	9,895	-	9,895	-	-	-	-
Interfund payable	-	(59,819)	54,520	434	772	148	1,370
Contract retainage payable	147	-	20	-	-	-	-
Bond interest payable	2,177	-	-	-	-	-	-
Assets held in trust	10,002	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	8,796	-	-	-	-	-	-
Subordinate debt - equipment lease	764	-	-	-	-	-	-
Subscription liability	211	-	-	-	-	-	-
Total current liabilities	61,529	(59,819)	82,861	10,744	1,208	148	1,500
Non-current liabilities							
Accounts payable and accrued expenses	2,203	-	2,203	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	158,421	-	-	-	-	-	-
Subordinate debt - equipment lease	1,791	-	-	-	-	-	-
Subscription liability	803	-	-	-	-	-	-
Net pension liability	99,751	-	99,751	-	-	-	-
Net other postemployment benefits liability	601	-	601	-	-	-	-
Total non-current liabilities	263,570	-	102,555	-	-	-	-
Total liabilities	325,099	(59,819)	185,416	10,744	1,208	148	1,500
Deferred Inflows of Resources							
Pension	22,179	-	22,179	-	-	-	-
Other postemployment benefits	36,753	-	36,753	-	-	-	-
Leases	135,499	-	135,499	-	-	-	-
Total deferred inflows of resources	194,431	-	194,431	-	-	-	-
Net Position							
Unrestricted	66,007	-	(110,400)	16,527	4,503	9,918	145,459
Net investment in capital assets	739,182	-	-	-	-	-	-
Restricted:							
For federally approved projects	95,697	-	-	-	-	-	-
For ground transportation expenditures	32,507	-	-	-	-	-	-
For operational cash flow shortages	34,127	-	-	-	-	-	-
For debt service	15,524	-	-	-	-	-	-
For uses legally required by contributing parties	636	-	-	-	-	-	-
Total net position	$ 983,680	$ -	$ (110,400)	$ 16,527	$ 4,503	$ 9,918	$ 145,459

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Statement of Net Position, continued
December 31, 2023

(in thousands of dollars)

	Net Investment in Capital Assets	Restricted Account Groups: Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	2019 Terminal Roadway Reconfiguration	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
Assets									
Current assets									
Unrestricted									
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Investment income receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-	-
Grants and federal awards receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Supplies inventory	-	-	-	-	-	-	-	-	-
Total unrestricted current assets	-	-	-	-	-	-	-	-	-
Restricted									
Cash	-	7	-	-	-	-	-	-	846
Investments (at fair value)	-	1,518	105	93	605	-	2,247	137	9,572
Investment income receivable	-	-	-	-	-	-	-	-	44
Accounts receivable	-	-	-	-	-	-	-	-	-
Total restricted current assets	-	1,525	105	93	605	-	2,247	137	10,462
Total current assets	-	1,525	105	93	605	-	2,247	137	10,462
Non-current assets									
Unrestricted									
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Capital assets, non-depreciable	230,448	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	679,097	-	-	-	-	-	-	-	-
Total unrestricted non-current assets	909,545	-	-	-	-	-	-	-	-
Restricted									
Cash	-	-	-	-	-	-	-	-	-
Investments (at fair value)	-	87,016	4,384	30,542	34,005	-	2,191	13,250	999
Investment income receivable	-	504	7	76	122	-	19	64	-
Interfund receivable	-	1,556	-	1,065	-	-	-	-	-
Passenger facility charges receivable	-	2,232	-	-	-	-	-	-	-
Customer facility charges receivable	-	-	-	824	-	-	-	-	-
Total restricted non-current assets	-	91,308	4,391	32,507	34,127	-	2,210	13,314	999
Total non- current assets	909,545	91,308	4,391	32,507	34,127	-	2,210	13,314	999
Total assets	909,545	92,833	4,496	32,600	34,732	-	4,457	13,451	11,461
Deferred Outflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Liabilities									
Current Liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	235
Rates and charges settlement payable to airlines	-	-	-	-	-	-	-	-	-
Interfund payable	-	1,526	34	93	605	-	70	137	110
Contract retainage payable	127	-	-	-	-	-	-	-	-
Bond interest payable	-	-	-	-	-	-	2,177	-	-
Assets held in trust	-	-	72	-	-	-	-	-	9,930
Revenue bonds payable, inclusive of unamortized premium	8,796	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	621	-	-	-	-	-	-	-	143
Subscription liability	211	-	-	-	-	-	-	-	-
Total current liabilities	9,755	1,526	106	93	605	-	2,247	137	10,418
Non-current liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	158,421	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	1,384	-	-	-	-	-	-	-	407
Subscription liability	803	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Net other postemployment benefits liability	-	-	-	-	-	-	-	-	-
Total non-current liabilities	160,608	-	-	-	-	-	-	-	407
Total liabilities	170,363	1,526	106	93	605	-	2,247	137	10,825
Deferred Inflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Net Position									
Unrestricted	-	-	-	-	-	-	-	-	-
Net investment in capital assets	739,182	-	-	-	-	-	-	-	-
Restricted:									
For federally approved projects	-	91,307	4,390	-	-	-	-	-	-
For ground transportation expenditures	-	-	-	32,507	-	-	-	-	-
For operational cash flow shortages	-	-	-	-	34,127	-	-	-	-
For debt service	-	-	-	-	-	-	2,210	13,314	-
For uses legally required by contributing parties	-	-	-	-	-	-	-	-	636
Total net position	$ 739,182	$ 91,307	$ 4,390	$ 32,507	$ 34,127	$ -	$ 2,210	$ 13,314	$ 636

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Statement of Net Position, continued
Restated* December 31, 2022

(in thousands of dollars)

			Unrestricted Account Groups				
	Total	Eliminations	Operations & Maintenance	Designated for Capital Projects	Designated for Group Health Coverage	Repair & Replacement Reserve	General Purposes
Assets							
Current assets							
Unrestricted							
Cash	$ 1,321	$ -	$ 1,288	$ -	$ 33	$ -	$ -
Investments (at fair value)	142,699	-	36,613	17,281	5,191	6,091	77,523
Investment income receivable	240	-	29	25	7	27	152
Accounts receivable	6,103	-	5,958	-	145	-	-
Lease receivable	9,674	-	9,674	-	-	-	-
Interfund receivable	-	(25,189)	3,380	1,520	70	-	19,303
Grants and federal awards receivable	18,872	-	5,865	13,007	-	-	-
Prepaid expenses	2,505	-	1,907	135	-	-	463
Supplies inventory	5,655	-	5,655	-	-	-	-
Total unrestricted current assets	187,069	(25,189)	70,369	31,968	5,446	6,118	97,441
Restricted							
Cash	955	-	-	-	-	-	-
Investments (at fair value)	16,147	-	1,533	-	-	-	-
Investment income receivable	21	-	-	-	-	-	-
Total restricted current assets	17,123	-	1,533	-	-	-	-
Total current assets	204,192	(25,189)	71,902	31,968	5,446	6,118	97,441
Non-current assets							
Unrestricted							
Investments (at fair value)	4,872	-	-	-	1,172	3,700	-
Lease receivable	130,775	-	130,775	-	-	-	-
Prepaid expenses	194	-	194	-	-	-	-
Capital assets, non-depreciable	230,962	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	651,129	-	-	-	-	-	-
Total unrestricted non-current assets	1,017,932	-	130,969	-	1,172	3,700	-
Restricted							
Cash	-	-	-	-	-	-	-
Investments (at fair value)	148,859	-	-	-	-	-	-
Investment income receivable	559	-	1	-	-	-	-
Interfund receivable	-	(3,325)	-	-	-	-	-
Passenger facility charges receivable	2,080	-	-	-	-	-	-
Customer facility charges receivable	762	-	-	-	-	-	-
Total restricted non-current assets	152,260	(3,325)	1	-	-	-	-
Total non- current assets	1,170,192	(3,325)	130,970	-	1,172	3,700	-
Total assets	1,374,384	(28,514)	202,872	31,968	6,618	9,818	97,441
Deferred Outflows of Resources							
Pension	18,635	-	18,635	-	-	-	-
Other postemployment benefits	13,081	-	13,081	-	-	-	-
Total deferred outflows of resources	31,716	-	31,716	-	-	-	-
Liabilities							
Current Liabilities							
Accounts payable and accrued expenses	39,101	-	27,536	7,297	526	-	3,570
Rates and charges settlement payable to airlines	4,301	-	4,301	-	-	-	-
Interfund payable	-	(28,514)	23,521	846	1,589	62	648
Contract retainage payable	1,115	-	188	-	-	-	-
Bond interest payable	2,210	-	-	-	-	-	-
Assets held in trust	12,085	-	-	-	-	-	5
Revenue bonds payable, inclusive of unamortized premium	8,570	-	-	-	-	-	-
Subordinate debt - equipment lease	600	-	-	-	-	-	-
Subscription liability	369	-	-	-	-	-	-
Total current liabilities	68,351	(28,514)	55,546	8,143	2,115	62	4,223
Non-current liabilities							
Accounts payable and accrued expenses	2,944	-	2,944	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	165,006	-	-	-	-	-	-
Subordinate debt - equipment lease	1,643	-	-	-	-	-	-
Subscription liability	1,014	-	-	-	-	-	-
Net pension liability	95,951	-	95,951	-	-	-	-
Net other postemployment benefits liability	26,426	-	26,426	-	-	-	-
Total non-current liabilities	292,984	-	125,321	-	-	-	-
Total liabilities	361,335	(28,514)	180,867	8,143	2,115	62	4,223
Deferred Inflows of Resources							
Pension	14,378	-	14,378	-	-	-	-
Other postemployment benefits	14,050	-	14,050	-	-	-	-
Leases	140,449	-	140,449	-	-	-	-
Total deferred inflows of resources	168,877	-	168,877	-	-	-	-
Net Position							
Unrestricted	16,146	-	(115,156)	23,825	4,503	9,756	93,218
Net investment in capital assets	705,280	-	-	-	-	-	-
Restricted:							
For federally approved projects	82,675	-	-	-	-	-	-
For ground transportation expenditures	27,102	-	-	-	-	-	-
For operational cash flow shortages	29,396	-	-	-	-	-	-
For debt service	15,126	-	-	-	-	-	-
For uses legally required by contributing parties	163	-	-	-	-	-	-
Total net position	$ 875,888	$ -	$ (115,156)	$ 23,825	$ 4,503	$ 9,756	$ 93,218

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Statement of Net Position, continued
Restated* December 31, 2022

(in thousands of dollars)

	Net Investment in Capital Assets	Restricted Account Groups: Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	2019 Terminal Roadway Reconfiguration	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
Assets									
Current assets									
Unrestricted									
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Investment income receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-	916
Grants and federal awards receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Supplies inventory	-	-	-	-	-	-	-	-	-
Total unrestricted current assets	-	-	-	-	-	-	-	-	916
Restricted									
Cash	-	18	-	-	-	-	-	-	937
Investments (at fair value)	-	1,349	105	184	165	3	2,245	79	10,484
Investment income receivable	-	-	-	-	-	-	-	-	21
Total restricted current assets	-	1,367	105	184	165	3	2,245	79	11,442
Total current assets	-	1,367	105	184	165	3	2,245	79	12,358
Non-current assets									
Unrestricted									
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Capital assets, non-depreciable	230,962	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	651,129	-	-	-	-	-	-	-	-
Total unrestricted non-current assets	882,091	-	-	-	-	-	-	-	-
Restricted									
Cash	-	-	-	-	-	-	-	-	-
Investments (at fair value)	-	74,930	3,829	25,311	29,260	488	2,130	12,911	-
Investment income receivable	-	265	16	55	136	1	15	70	-
Interfund receivable	-	1,555	-	974	-	-	-	-	796
Passenger facility charges receivable	-	2,080	-	-	-	-	-	-	-
Customer facility charges receivable	-	-	-	762	-	-	-	-	-
Total restricted non-current assets	-	78,830	3,845	27,102	29,396	489	2,145	12,981	796
Total non- current assets	882,091	78,830	3,845	27,102	29,396	489	2,145	12,981	796
Total assets	882,091	80,197	3,950	27,286	29,561	492	4,390	13,060	13,154
Deferred Outflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Liabilities									
Current Liabilities									
Accounts payable and accrued expenses	$ -	$ -	$ 9	$ 160	$ -	$ 3	$ -	$ -	$ -
Rates and charges settlement payable to airlines	-	-	-	-	-	-	-	-	-
Interfund payable	-	1,367	24	24	165	-	35	79	154
Contract retainage payable	927	-	-	-	-	-	-	-	-
Bond interest payable	-	-	-	-	-	-	2,210	-	-
Assets held in trust	-	-	72	-	-	-	-	-	12,008
Revenue bonds payable, inclusive of unamortized premium	8,570	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	404	-	-	-	-	-	-	-	196
Subscription liability	369	-	-	-	-	-	-	-	-
Total current liabilities	10,270	1,367	105	184	165	3	2,245	79	12,358
Non-current liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	164,517	-	-	-	-	489	-	-	-
Subordinate debt - equipment lease	1,010	-	-	-	-	-	-	-	633
Subscription liability	1,014	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Net other postemployment benefits liability	-	-	-	-	-	-	-	-	-
Total non-current liabilities	166,541	-	-	-	-	489	-	-	633
Total liabilities	176,811	1,367	105	184	165	492	2,245	79	12,991
Deferred Inflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Lease	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Net Position									
Unrestricted	-	-	-	-	-	-	-	-	-
Net investment in capital assets	705,280	-	-	-	-	-	-	-	-
Restricted:									
For federally approved projects	-	78,830	3,845	-	-	-	-	-	-
For ground transportation expenditures	-	-	-	27,102	-	-	-	-	-
For operational cash flow shortages	-	-	-	-	29,396	-	-	-	-
For debt service	-	-	-	-	-	-	2,145	12,981	-
For uses legally required by contributing parties	-	-	-	-	-	-	-	-	163
Total net position	$ 705,280	$ 78,830	$ 3,845	$ 27,102	$ 29,396	$ -	$ 2,145	$ 12,981	$ 163

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2023

(in thousands of dollars)

	Total	Unrestricted Account Groups Operations & Maintenance	Designated for Capital Projects	Designated for Group Health Coverage	Repair & Replacement Reserve	General Purposes
Operating revenues						
Landing fees, net	$ 39,223	$ 39,223	$ -	$ -	$ -	$ -
Rentals:						
Terminal, net	27,699	27,699	-	-	-	-
Ground	5,680	5,680	-	-	-	-
Ramp	4,969	4,969	-	-	-	-
Other	1,961	1,961	-	-	-	-
Parking	61,216	61,216	-	-	-	-
Concessions	16,093	16,093	-	-	-	-
Rebilled services	1,570	1,570	-	-	-	-
Ground transportation	2,398	2,398	-	-	-	-
Other	1,063	1,063	-	-	-	-
Total operating revenues	161,872	161,872	-	-	-	-
Operating expenses						
Salaries, wages and benefits	56,744	50,063	-	6,681	-	-
Contracted services	47,997	46,331	-	942	-	496
Supplies and capital items expensed	10,039	9,980	-	-	-	-
Utilities	8,366	8,366	-	-	-	-
General administration	3,230	1,979	-	-	-	1,225
Insurance	1,745	1,745	-	-	-	-
Total operating expenses	128,121	118,464	-	7,623	-	1,721
Operating income (loss), before depreciation and amortization	33,751	43,408	-	(7,623)	-	(1,721)
Depreciation and amortization	(48,294)	-	-	-	-	-
Operating (loss) income, after depreciation and amortization	(14,543)	43,408	-	(7,623)	-	(1,721)
Nonoperating changes in net position: increase (decrease)						
Revenue bonds:						
Revenue bond - transfer of principal	-	(3,255)	-	-	-	-
Revenue bond - transfer of interest	-	(3,246)	-	-	-	-
Revenue bond - payment of principal	-	-	-	-	-	-
Revenue bond interest, net of premium amortization	(6,639)	-	-	-	-	-
Transfer of general purposes to fund bond reserve	-	-	-	-	-	-
Transfer of subordinate debt principal	-	-	-	-	-	-
Transfer of bond payable matched to spent proceeds	-	-	-	-	-	-
Bond issuance costs	(191)	-	-	-	-	(191)
Subordinate debt:						
Transfer of subordinate debt service - principal	-	(637)	-	-	-	-
Transfer of subordinate debt service - interest	(98)	(98)	-	-	-	-
Passenger facility charge revenues	17,332	-	-	-	-	-
Customer facility charge revenues	11,197	-	-	-	-	-
Police forfeiture program revenues	555	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	(4)	-	-	-	-	-
Grants and federal awards for operating expenses	25,007	25,007	-	-	-	-
Investment income	17,262	8,711	683	307	162	367
Interest income - leases	4,241	4,241	-	-	-	-
Interest expense - subscription assets	(53)	(53)	-	-	-	-
Net gain on disposal of capital assets	321	-	138	-	-	229
Non-capitalized project costs	(3,262)	-	-	-	-	(5)
Capitalization of expenditures	-	(369)	(77,663)	-	-	388
Other	(5)	-	-	-	-	(5)
Transfers:						
Transfer to fund operations reserve	-	(4,550)	-	-	-	-
Transfer to fund group health coverage	-	(7,316)	-	7,316	-	-
Transfer to cover debt service requirements	-	6,092	-	-	-	-
Transfer of PFC to reimburse for eligible expenditures	-	-	2,872	-	-	-
Transfers of remaining revenues	-	(63,179)	10,000	-	-	53,179
Total nonoperating changes in net position, before capital contributions	65,663	(38,652)	(63,970)	7,623	162	53,962
Capital Contributions						
Donated capital	-	-	-	-	-	-
Grants and federal awards for capital expenditures	53,278	-	53,278	-	-	-
Third party funding of project costs	3,394	-	3,394	-	-	-
Total capital contributions	56,672	-	56,672	-	-	-
Total changes in net position	107,792	4,756	(7,298)	-	162	52,241
Net position at the beginning of the year (deficit)	875,888	(115,156)	23,825	4,503	9,756	93,218
Net position (deficit) at the end of the year	$ 983,680	$ (110,400)	$ 16,527	$ 4,503	$ 9,918	$ 145,459

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2023

(in thousands of dollars)

		Restricted Account Groups							
	Net Investment in Capital Assets	Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	2019 Terminal Roadway Reconfiguration	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
Operating revenues									
Landing fees, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rentals:									
Terminal, net	-	-	-	-	-	-	-	-	-
Ground	-	-	-	-	-	-	-	-	-
Ramp	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-
Concessions	-	-	-	-	-	-	-	-	-
Rebilled services	-	-	-	-	-	-	-	-	-
Ground transportation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total operating revenues	-	-	-	-	-	-	-	-	-
Operating expenses									
Salaries, wages and benefits	-	-	-	-	-	-	-	-	-
Contracted services	-	-	94	134	-	-	-	-	-
Supplies and capital items expensed	-	-	59	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
General administration	-	-	26	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	179	134	-	-	-	-	-
Operating income (loss), before depreciation and amortization	-	-	(179)	(134)	-	-	-	-	-
Depreciation and amortization	(48,294)	-	-	-	-	-	-	-	-
Operating income (loss), after depreciation and amortization	(48,294)	-	(179)	(134)	-	-	-	-	-
Nonoperating changes in net position: increase (decrease)									
Revenue bonds:									
Revenue bond - transfer of principal	-	-	-	(2,210)	-	-	5,465	-	-
Revenue bond - transfer of interest	-	-	-	(4,353)	-	-	7,599	-	-
Revenue bond - payment of principal	5,400	-	-	-	-	-	(5,400)	-	-
Revenue bond interest, net of premium amortization	960	-	-	-	-	-	(7,599)	-	-
Transfer of subordinate debt principal	-	-	-	-	-	-	-	-	-
Transfer of bond payable matched to spent proceeds	18	-	-	-	-	-	-	-	(18)
Bond issuance costs	-	-	-	-	-	-	-	-	-
Subordinate debt:	-	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - principal	637	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - interest	-	-	-	-	-	-	-	-	-
Passenger facility charge revenues	-	17,332	-	-	-	-	-	-	-
Customer facility charge revenues	-	-	-	11,197	-	-	-	-	-
Police forfeiture program revenues	-	-	555	-	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	-	-	(4)	-	-	-	-	-	-
Grants and federal awards for operating expenses	-	-	-	-	-	-	-	-	-
Investment income	-	4,109	198	1,807	181	12	-	229	496
Interest income - leases	-	-	-	-	-	-	-	-	-
Interest expense - subscription assets	-	-	-	-	-	-	-	-	-
Net gain on disposal of capital assets	(46)	-	-	-	-	-	-	-	-
Non-capitalized project costs	(3,257)	-	-	-	-	-	-	-	-
Capitalization of expenditures	78,484	-	(25)	(798)	-	(12)	-	-	(5)
Other	-	-	-	-	-	-	-	-	-
Transfers:									
Transfer of airport reserves for capital project funding	-	-	-	-	-	-	-	-	-
Transfer to fund operations reserve	-	-	-	-	4,550	-	-	-	-
Transfer to fund group health coverage	-	-	-	-	-	-	-	-	-
Transfer to cover debt service requirements	-	(6,092)	-	(104)	-	-	-	104	-
Transfer of PFC to reimburse for eligible expenditures	-	(2,872)	-	-	-	-	-	-	-
Transfer of remaining revenues	-	-	-	-	-	-	-	-	-
Total nonoperating changes in net position, before capital contributions	82,196	12,477	724	5,539	4,731	-	65	333	473
Capital Contributions									
Donated capital	-	-	-	-	-	-	-	-	-
Grants and federal awards for capital expenditures	-	-	-	-	-	-	-	-	-
Third party funding of project costs	-	-	-	-	-	-	-	-	-
Total capital contributions	-	-	-	-	-	-	-	-	-
Total changes in net position	33,902	12,477	545	5,405	4,731	-	65	333	473
Net position at the beginning of the year (deficit)	705,280	78,830	3,845	27,102	29,396	-	2,145	12,981	163
Net position (deficit) at the end of the year	$ 739,182	$ 91,307	$ 4,390	$ 32,507	$ 34,127	$ -	$ 2,210	$ 13,314	$ 636

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
As Restated* Year Ended December 31, 2022

(in thousands of dollars)

	Total	Unrestricted Account Groups: Operations & Maintenance	Designated for Capital Projects	Designated for Group Health Coverage	Repair & Replacement Reserve	General Purposes
Operating revenues						
Landing fees, net	$ 28,412	$ 28,412	$ -	$ -	$ -	$ -
Rentals:						
Terminal, net	13,315	13,315	-	-	-	-
Ground	5,796	5,796	-	-	-	-
Ramp	5,668	5,668	-	-	-	-
Other	1,594	1,594	-	-	-	-
Parking	53,790	53,790	-	-	-	-
Concessions	12,578	12,578	-	-	-	-
Rebilled services	1,793	1,793	-	-	-	-
Ground transportation	1,482	1,482	-	-	-	-
Other	1,719	1,719	-	-	-	-
Total operating revenues	126,147	126,147	-	-	-	-
Operating expenses						
Salaries, wages and benefits	53,411	47,439	-	5,974	-	-
Contracted services	41,104	40,028	-	806	-	164
Supplies and capital items expensed	7,883	7,695	-	-	-	-
Utilities	9,345	9,345	-	-	-	-
General administration	1,953	1,759	-	-	-	163
Insurance	1,622	1,622	-	-	-	-
Total operating expenses	115,318	107,888	-	6,780	-	327
Operating income (loss), before depreciation and amortization	10,829	18,259	-	(6,780)	-	(327)
Depreciation and amortization	(45,987)	-	-	-	-	-
Operating (loss) income, after depreciation and amortization	(35,158)	18,259	-	(6,780)	-	(327)
Nonoperating changes in net position: increase (decrease)						
Revenue bonds:						
Revenue bond - transfer of principal	-	(2,891)	-	-	-	-
Revenue bond - transfer of interest	-	(3,401)	-	-	-	-
Revenue bond - payment of principal	-	-	-	-	-	-
Revenue bond interest, net of premium amortization	(6,783)	-	-	-	-	-
Transfer of general purposes to fund bond reserve	-	-	-	-	-	-
Transfer of subordinate debt principal	-	-	-	-	-	-
Transfer of bond payable matched to spent proceeds	-	-	-	-	-	-
Bond issuance costs	(38)	-	-	-	-	(38)
Subordinate debt:						
Transfer of subordinate debt service - principal	-	(390)	-	-	-	-
Transfer of subordinate debt service - interest	(26)	(26)	-	-	-	-
Passenger facility charge revenues	15,318	-	-	-	-	-
Customer facility charge revenues	9,683	-	-	-	-	-
Police forfeiture program revenues	1,029	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	(13)	-	-	-	-	-
Grants and federal awards for operating expenses	7,125	7,125	-	-	-	-
Investment income	1,627	1,943	290	75	(236)	(310)
Interest income - leases	4,458	4,458	-	-	-	-
Interest expense - subscription assets	(91)	(91)	-	-	-	-
Net gain on disposal of capital assets	(1,140)	-	-	-	-	163
Non-capitalized project costs	(450)	-	-	-	-	-
Capitalization of expenditures	-	(629)	(43,340)	-	-	(2,287)
Transfers:						
Transfer to fund operations reserve	-	(2,232)	-	-	-	-
Transfer to fund group health coverage	-	(6,685)	-	6,705	-	-
Transfer to cover debt service requirements	-	5,882	-	-	-	-
Transfer of PFC to reimburse for eligible expenditures	-	-	1,566	-	-	-
Transfers of remaining revenues	-	(19,467)	-	-	-	19,467
Total nonoperating changes in net position, before capital contributions	30,699	(16,404)	(41,484)	6,780	(236)	16,995
Capital Contributions						
Donated capital	405	-	-	-	-	405
Grants and federal awards for capital expenditures	30,438	-	30,438	-	-	-
Third party funding of project costs	154	-	154	-	-	-
Total capital contributions	30,997	-	30,592	-	-	405
Total changes in net position	26,538	1,855	(10,892)	-	(236)	17,073
Net position at the beginning of the year (deficit)	849,350	(117,011)	34,717	4,503	9,992	76,145
Net position (deficit) at the end of the year	$ 875,888	$ (115,156)	$ 23,825	$ 4,503	$ 9,756	$ 93,218

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 – SBITA, effective January 1, 2022.

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
As Restated* Year Ended December 31, 2022

(in thousands of dollars)

	Net Investment in Capital Assets	Restricted Account Groups: Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	2019 Terminal Roadway Reconfiguration	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
Operating revenues									
Landing fees, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rentals:									
Terminal, net	-	-	-	-	-	-	-	-	-
Ground	-	-	-	-	-	-	-	-	-
Ramp	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-
Concessions	-	-	-	-	-	-	-	-	-
Rebilled services	-	-	-	-	-	-	-	-	-
Ground transportation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total operating revenues	-	-	-	-	-	-	-	-	-
Operating expenses									
Salaries, wages and benefits	-	-	-	(2)	-	-	-	-	-
Contracted services	-	-	62	44	-	-	-	-	-
Supplies and capital items expensed	-	-	188	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
General administration	-	-	31	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	281	42	-	-	-	-	-
Operating income (loss), before depreciation and amortization	-	-	(281)	(42)	-	-	-	-	-
Depreciation and amortization	(45,987)	-	-	-	-	-	-	-	-
Operating income (loss), after depreciation and amortization	(45,987)	-	(281)	(42)	-	-	-	-	-
Nonoperating changes in net position: increase (decrease)									
Revenue bonds:									
Revenue bond - transfer of principal	-	-	-	(2,145)	-	-	5,245	(209)	-
Revenue bond - transfer of interest	-	-	-	(4,421)	-	-	7,822	-	-
Revenue bond - payment of principal	5,180	-	-	-	-	-	(5,180)	-	-
Revenue bond interest, net of premium amortization	1,039	-	-	-	-	-	(7,822)	-	-
Transfer of subordinate debt principal	(32)	-	-	-	-	-	-	-	32
Transfer of bond payable matched to spent proceeds	489	-	-	-	-	(489)	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-
Subordinate debt:	-	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - principal	390	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - interest	-	-	-	-	-	-	-	-	-
Passenger facility charge revenues	-	15,318	-	-	-	-	-	-	-
Customer facility charge revenues	-	-	-	9,683	-	-	-	-	-
Police forfeiture program revenues	-	-	1,029	-	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	-	-	(13)	-	-	-	-	-	-
Grants and federal awards for operating expenses	-	-	-	-	-	-	-	-	-
Investment income	-	(252)	40	411	(177)	6	-	(248)	85
Interest income - leases	-	-	-	-	-	-	-	-	-
Interest expense - subscription assets	-	-	-	-	-	-	-	-	-
Net gain on disposal of capital assets	(1,303)	-	-	-	-	-	-	-	-
Non-capitalized project costs	(450)	-	-	-	-	-	-	-	-
Capitalization of expenditures	51,359	-	(355)	(5,231)	-	483	-	-	-
Transfers:									
Transfer to fund operations reserve	-	-	-	-	2,232	-	-	-	-
Transfer to fund group health coverage	-	-	-	(20)	-	-	-	-	-
Transfer to cover debt service requirements	-	(5,882)	-	26	-	-	-	(26)	-
Transfer of PFC to reimburse for eligible expenditures	-	(1,566)	-	-	-	-	-	-	-
Transfer of remaining revenues	-	-	-	-	-	-	-	-	-
Total nonoperating changes in net position, before capital contributions	56,672	7,618	701	(1,697)	2,055	-	65	(483)	117
Capital Contributions									
Donated capital	-	-	-	-	-	-	-	-	-
Grants and federal awards for capital expenditures	-	-	-	-	-	-	-	-	-
Third party funding of project costs	-	-	-	-	-	-	-	-	-
Total capital contributions	-	-	-	-	-	-	-	-	-
Total changes in net position	10,685	7,618	420	(1,739)	2,055	-	65	(483)	117
Net position at the beginning of the year (deficit)	694,595	71,212	3,425	28,841	27,341	-	2,080	13,464	46
Net position (deficit) at the end of the year	$ 705,280	$ 78,830	$ 3,845	$ 27,102	$ 29,396	$ -	$ 2,145	$ 12,981	$ 163

*The year ended December 31, 2022 financial statements have been restated for the adoption of GASB 96 - SBITA, effective January 1, 2022.

Cincinnati/Northern Kentucky International Airport
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

(in thousands of dollars)

Name of agency or department	Assistance Listing Number	Name of program	Federal awards with expenditure activity in 2023: Award amount	Federal awards with expenditure activity in 2023: Total awards expended
US Dept of Transportation	20.106	Airport Improvement Program*	$ 153,200	$ 53,011
US Dept of Transportation	20.106	COVID-19 Airport Improvement Program - Coronavirus Aid, Relief, and Economic (CARES) Act *	16,151	699
US Dept of Transportation	20.106	COVID-19 Airport Improvement Program - Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA)*	11,402	5,374
US Dept of Transportation	20.106	COVID-19 Airport Improvement Program - American Rescue Plan Act (ARPA)*	42,075	18,427
US Dept of Transportation	20.106	Airport Improvement Program Total	222,828	77,511
US Dept of Justice	16.922	Equitable sharing program	5,287	203
US Dept of Treasury	21.016	Equitable Sharing Program	220	-
US Dept of Homeland Security	97.036	Public Assistance Program	112	112
Federal Highway Administration (Passed through the Kentucky Transportation Cabinet)	20.205	Highway Planning and Construction	3,183	131
		Total awards expended		$ 77,957

* Airport Improvement Program was tested as a major program.

See report of independent auditors and notes to Schedule of Expenditures of Federal Awards.

(in thousands of dollars)

1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal financial assistance programs of the Kenton County Airport Board (the Airport). The Airport's reporting entity is defined in Note 1 to the Airport's financial statements. All federal financial assistance was received directly from federal agencies, unless otherwise indicated on the Schedule. No amounts were provided to subrecipients and the Airport did not elect to use the 10% de minimis indirect cost rate.

The grant revenue amounts received and expensed are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Airport. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

2. Basis of Presentation

The accompanying Schedule the federal grant activity of the Airport and is presented in accordance with accounting principles generally accepted in the United States of America. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance or UG).

3. Reconciliation to Financial Statements

Following is a reconciliation of amounts per the Schedule to the 2023 financial statements (amounts rounded to nearest thousand):

Grants and federal awards, nonoperating changes in net position	$	25,007
Less: Federal receipts not subject to uniform guidance requirements		(393)
Less: Local government grants not funded by federal resources		(138)
Grants and federal awards, capital contributions		53,278
Police forfeiture revenues expended for operations, operating expenses		172
Police forfeiture revenues expended capital expenditures		25
Other		6
Expenditures of revenues from federal sources reported on the Schedule	$	77,957

CPAs/ADVISORS

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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cincinnati/Northern Kentucky International Airport (the Airport) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements (the financial statements), and have issued our report thereon dated July 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Airport's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control or on compliance. This report is an integral part of an audit performed in accordance *with Government Auditing Standards* in considering the Airport's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Cincinnati, Ohio
July 15, 2024

CPAs/ADVISORS

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Cincinnati/Northern Kentucky International Airport's (the Airport) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Airport's major federal program for the year ended December 31, 2023. The Airport's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Airport's federal programs.

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Airport's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blue & Co., LLC

Cincinnati, Ohio
July 15, 2024

(in thousands of dollars)

Section I - Summary of Auditor's Results

Type of auditor's report issued:	unmodified	
Internal Control over financial reporting:		
Material weakness(es) identified?	______ yes	✓ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ yes	✓ none reported
Noncompliance material to financial statements noted?	______ yes	✓ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	______ yes	✓ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ yes	✓ none reported
Type of auditor's report issued on compliance for major programs:	unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	______ yes	✓ no

Identification of major program:

Assistance Listing Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

(in thousands of dollars)

Dollar threshold used to distinguish between type A and type B programs:	$2,339
Auditee qualified as a low-risk auditee?	__✓__ yes ____ no

Section II - Findings related to financial statements reported in accordance with *Governmental Auditing Standards*

None reported.

Section III - Findings and questioned costs related to federal awards

None reported.

Federal Award Findings and Questioned Costs

No findings or questioned costs were reported for the year ended December 31, 2022.

Cincinnati/Northern Kentucky International Airport
Notes to Schedule of Passenger Facility Charges Collected and Expended
Year Ended December 31, 2023

(in thousands of dollars)

Final agency decision		Impose authority		PFCs collected in prior years		PFCs collected in current year		Total PFCs collected		Interest earned		Prior year applied expenditures		Current year applied expenditures		Total applied expenditures
U.S. Department of Transportation																
Passenger facility charge program																
Open applications as of December 31, 2023:																
02-08-C-00-CVG	$	194,100	$	176,893	$	-	$	176,893	$	17,206	$	161,422	$	4,992	$	166,414
18-15-C-00-CVG		76,225		72,848		-		72,848		3,377		22,636		1,800		24,436
21-16-C-00-CVG		22,257		11,090.00		7,775		18,865		3,393		21,325		-		21,325
23-17-C-00-CVG		25,200		-		9,397		9,397		-		-		1,347		1,347
Subtotal	$	317,782	$	260,831	$	17,172	$	278,003	$	23,976	$	205,383	$	8,139	$	213,522
Closed applications as of December 31, 2023:																
94-01-C-00-CVG	$	26,533	$	25,513	$	-	$	25,513	$	1,020	$	26,533	$	-	$	26,533
95-02-C-00-CVG		68,280		60,228		-		60,228		8,051		68,280		-		68,280
98-03-C-00-CVG		24,843		23,087		-		23,087		1,756		24,843		-		24,843
98-04-C-00-CVG		33,057		26,842		-		26,842		6,215		33,057		-		33,057
99-05-C-00-CVG		18,221		13,609		-		13,609		4,612		18,221		-		18,221
01-06-C-00-CVG		10,987		9,870		-		9,870		1,117		10,987		-		10,987
01-07-C-00-CVG		31,378		30,685		-		30,685		693		31,378		-		31,378
05-09-C-00-CVG		34,932		31,064		-		31,064		3,868		34,932		-		34,932
06-10-C-00-CVG		19,675		18,819		-		18,819		856		19,675		-		19,675
07-11-C-00-CVG		2,423		2,423		-		2,423		-		2,423		-		2,423
09-12-C-00-CVG		9,657		9,583		-		9,583		74		9,657		-		9,657
11-13-C-00-CVG		14,797		14,450		-		14,450		348		14,797		-		14,797
13-14-C-00-CVG		44,917		43,377		-		43,377		1,540		44,917		-		44,917
Subtotal		339,700		309,550		-		309,550		30,150		339,700		-		339,700
Total	$	657,482	$	570,381	$	17,172	$	587,553	$	54,126	$	545,083	$	8,139	$	553,222

		Per PFC quarterly reports Fiscal Year 2023												
		Quarter ended Mar 31, 2023		Quarter ended June 30, 2023		Quarter ended Sept 30, 2023		Quarter ended Dec 31, 2023		Reconciling amount		Interest from prior years		Total
Revenues:														
Collections	$	3,784	$	5,440	$	3,544	$	4,404	$	-	$	-	$	17,172
Interest		422		454		576		1,157		-		-		2,609
Total	$	4,206	$	5,894	$	4,120	$	5,561	$	-	$	-	$	19,781
Expenditures:														
02-08-C-00-CVG	$	1,073	$	1,073	$	1,073	$	1,773	$	-	$	-	$	4,992
18-15-C-00-CVG		450		450		450		450		-		-		1,800
21-16-C-00-CVG		-		-		-		-		-		-		-
23-17-C-00-CVG		-		-		1,347		-		-		-		1,347
Total	$	1,523	$	1,523	$	2,870	$	2,223	$	-	$	-	$	8,139

See report of independent auditors and accompanying notes to financial statements.

1. General

The accompanying Schedule of Passenger Facility Charges Collected and Expended (PFC Schedule) presents all passenger facility charges (PFCs) activities of the Kenton County Airport Board (the Airport). The Airport's reporting entity is defined in Note 1 to the Airport's financial statements. The PFC Schedule includes all the PFCs and the interest earnings thereon collected by the Airport beginning June 1, 1994 through December 31, 2023. PFCs are collected pursuant to Federal Aviation Administration approved applications.

2. Basis of Presentation

The accompanying PFC Schedule of the Airport is presented on the cash basis of accounting which is the basis of accounting used for the PFC quarterly reports. PFCs are recorded as restricted revenue until expending in compliance with applicable Records of Decision from the Federal Aviation Administration. Because the PFC Schedule presents only a selected portion of the operations of the Airport, it is not intended to and does not present the financial position, changes in net position or cash flows of the Airport. Expenditures represent the amount of capital and other cost expended for approved projects.

14 CFR Section 158.63 requires that the public agency provide quarterly reports to carriers collecting PFC revenues for the public agency, with a copy to the appropriate FAA Airports office. The PFC quarterly report must include PFC revenue received from collecting carriers, interest earned, and expenditures for the quarter; cumulative PFC revenue received, interest earned, expenditures, and the amount committed for use on currently approved projects. Amounts reported in the accompanying PFC Schedule include a reconciliation to quarterly amounts reported in the System of Airports Reporting.

3. Reconciliation to Financial Statements

Following is a reconciliation of amounts per the PFC Schedule to the 2023 financial statements (amounts rounded to nearest thousand):

Passenger Facility Charge revenues	$	17,332
PFC's receivable, December 31, 2023		(2,232)
PFC's receivable, December 31, 2022		2,080
Other adjustments		(8)
PFCs collected in the current year	$	17,172

4. Subsequent Event

On April 24, 2024, the Board's submitted to the FAA to impose and use PFC revenues for expenditures related to the Board's 18th PFC Application (Number 24-18-C-00-CVG) to be able to collect a PFC at a $4.50 PFC level. Amounts to be collected under the Board's 18th PFC application will be used to fund the purchase of replacement airfield snow removal equipment.

On June 11, 2024, the FAA notified the Board that the application had been approved under a streamlined process created under Section 121 of the Federal Aviation Administration Reauthorization (FAA) Act of 2018, as codified at 49 U.S.C. § 40117(l), and the Board could begin collecting the PFCs authorized under this application commencing in February 2025.

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Report on Compliance for Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the Cincinnati/Northern Kentucky International Airport's (the Airport) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration* (the Guide), that could have a direct and material effect on its Passenger Facility Charge Program (the Program) for the year ended December 31, 2023 (including quarterly reports under section 158.63(a)).

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Program for the year ended December 31, 2023.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the Guide). Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Program.

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport's compliance with the requirements of the Program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Airport's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Members of the
Kenton County Airport Board
Hebron, Kentucky

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Blue & Co., LLC

Cincinnati, Ohio
July 15, 2024

Cincinnati/Northern Kentucky International Airport
Schedule of Passenger Facility Charge Findings and Questioned Costs
Year Ended December 31, 2023

Summary of Auditor's Results

We have issued an unmodified opinion, dated July 15, 2024, on the financial statements of Cincinnati/Northern Kentucky International Airport (the Airport) as of and for the year ended December 31, 2023.

Our audit disclosed no material weaknesses or significant deficiencies that are considered to be material weaknesses in relation to internal control over financial reporting or internal control over the Passenger Facility Charge Program (the Program).

Our audit disclosed no instances of non-compliance which are material to the Airport's financial statements.

We have issued an unmodified opinion, dated July 15, 2024 on the Airport's compliance for the Program.

Our audit disclosed no findings required to be reported under the provisions of the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the Guide).

Findings Relating to the Financial Statements

Our audit disclosed no findings which are required to be reported in accordance with the Guide.

Findings and Questioned Costs for the Passenger Facility Charge Program

Our audit disclosed no findings or questioned costs for the Program as defined by the Guide.

Cincinnati/Northern Kentucky International Airport
Schedule of Prior Year Passenger Facility Charge Findings and Their Resolutions
Year Ended December 31, 2023

No findings that are required to be reported in accordance with the provisions of the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration were reported for the year ended December 31, 2022.

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

August 28, 2024

To: Kenton County Airport Board
Erlanger, Kentucky

We have served as bond counsel to our client Kenton County Airport Board (the "Board") in connection with the issuance by the Board of its $245,340,000 Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024A (the "Series 2024A Revenue Bonds") and $15,040,000 Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024B (the "Series 2024B Revenue Bonds" and, together with the Series 2024A Revenue Bonds, the "Series 2024 Revenue Bonds"), each dated the date of this letter.

The Series 2024 Revenue Bonds are issued pursuant to Chapter 183 and Chapter 58 of the Kentucky Revised Statutes, as supplemented and amended, and the 2016 Airport Revenue General Bond Resolution adopted by the Board on May 16, 2016, as supplemented from time to time, and as supplemented by the Series 2024 Bond Resolution adopted by the Board on July 15, 2024 (collectively, the "Resolution"). Capitalized terms not otherwise defined in this letter are used as defined in the Resolution. *Capitalized terms not otherwise defined in this letter are used as defined in the Resolution.*

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2024 Revenue Bonds, a copy of the signed and authenticated Series 2024A Revenue Bond of the first maturity and a copy of the signed and authenticated Series 2024B Revenue Bond of the first maturity, the Resolution and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Series 2024 Revenue Bonds and the Resolution are valid and binding obligations of the Board, enforceable in accordance with their respective terms.

2. The Series 2024 Revenue Bonds have been duly authorized and issued by the Board in accordance with the Constitution and laws of the Commonwealth of Kentucky, including the Act and the Resolution.

3. The Series 2024 Revenue Bonds constitute special, limited obligations of the Board, and the principal of and interest on (collectively, "debt service") the Series 2024 Revenue Bonds, together with debt service on any other

obligations issued and outstanding on a parity with the Series 2024 Revenue Bonds as provided in the Resolution, are payable from and secured solely by the Net Revenues. The payment of debt service on the Series 2024 Revenue Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Series 2024 Revenue Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Board, the Commonwealth of Kentucky or any of its political subdivisions.

4. Interest on the Series 2024 Revenue Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except interest on any Series 2024A Revenue Bond for any period during which it is held by a "substantial user" of the facilities financed or a "related person," as those terms are used in Section 147(a) of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2024 Revenue Bonds is exempt from income taxation by the Commonwealth of Kentucky and all political subdivisions thereof, and the Series 2024 Revenue Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all political subdivisions thereof. We express no opinion as to any other tax consequences regarding the Series 2024 Revenue Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Board.

We express no opinion herein regarding the priority of the lien on Net Revenues or other funds created by the Resolution.

In rendering those opinions with respect to treatment of the interest on the Series 2024 Revenue Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Board. Failure to comply with certain of those covenants subsequent to issuance of the Series 2024 Revenue Bonds may cause interest on the Series 2024 Revenue Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Series 2024 Revenue Bonds and the enforceability of the Series 2024 Revenue Bonds and the Resolution are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2024 Revenue Bonds is concluded upon delivery of this letter.

Respectfully submitted,

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and record keeping with respect to beneficial ownership interests in the Series 2024 Revenue Bonds, payments of principal, premium, if any, and interest on the Series 2024 Revenue Bonds to DTC, its nominee, Participants, defined below, or Beneficial Owners, defined below, confirmation and transfer of beneficial ownership interests in the Series 2024 Revenue Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC, and neither the Board, the Paying Agent, nor the Underwriters make any representation as to the accuracy of such information.

General. The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Series 2024 Revenue Bonds. The Series 2024 Revenue Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024A Bond will be issued for each maturity of the Series 2024 Revenue 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 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 Standard & Poor's rating of "AA+". The DTC Rules applicable to DTC and 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 2024 Revenue Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2024 Revenue

Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024A 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 2024 Revenue Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Revenue Bonds, except in the event that use of the book-entry system for the Series 2024 Revenue Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Revenue 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 2024 Revenue Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Revenue Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Revenue 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.

Redemption notices will be sent to DTC. If less than all of the Series 2024 Revenue 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 2024 Revenue 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 Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Revenue Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2024 Revenue 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 Board or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by the authorized representative of DTC) is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Revenue Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024A Bond certificates are required to be printed and delivered. The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024A Bond certificates will be printed and delivered.

So long as Cede & Co. is the registered owner of the Series 2024 Revenue Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the Series 2024 Revenue Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2024 Revenue Bonds.

NEITHER THE BOARD NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (ii) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2024 REVENUE BONDS UNDER THE INDENTURE; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE SERIES 2024 REVENUE BONDS; (iv) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF SERIES 2024 REVENUE BONDS; OR (v) ANY OTHER MATTER.

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APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (B)(5) OF RULE 15C2-12

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Kenton County Airport Board (the "Board") in connection with its issuance of its $260,380,000 Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024 (the "Series 2024 Revenue Bonds"), consisting of $245,340,000 Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024A and $15,040,000 Cincinnati/Northern Kentucky International Airport Revenue Bonds, Series 2024B, which have been duly authorized by the General Bond Resolution adopted by the Board on May 16, 2016 (the "General Bond Resolution"), and the Series 2024 Resolution adopted by the Board on July 15, 2024 (the "Series 2024 Resolution," and collectively referred to herein with the General Bond Resolution as the "Resolution").

In consideration of the issuance of the Series 2024 Revenue Bonds by the Board and the purchase of such Series 2024 Revenue Bonds by the beneficial owners thereof, the Board covenants and agrees as follows:

1. PURPOSE OF THIS UNDERTAKING. This Undertaking is executed and delivered by the Board as of the date set forth below, for the benefit of the beneficial owners of the Series 2024 Revenue Bonds and to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below).

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires. All capitalized terms not defined herein shall be defined and have the meaning as set forth in the Resolution.

"1934 Act" means the Securities Exchange Act of 1934, as amended.

"Airline Parties" means the companies that are signatories to the Airport Use and Lease Agreement, and any additional companies that executes an agreement with the Board substantially the same as the Airport Use and Lease Agreement.

"Airport" means the Cincinnati/Northern Kentucky International Airport.

"Airport Obligations" means all obligations payable from Revenues, issued and outstanding pursuant to the General Bond Resolution.

"Airport Use and Lease Agreement" means the Airport Use and Lease Agreement between the Board and the Airline Parties.

"Annual Financial Information" means the financial information and operating data described in Exhibit I.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the Airport prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time and according to the standard as described in Exhibit I.

"Commonwealth" means the Commonwealth of Kentucky.

"EMMA" means the Electronic Municipal Market Access system established by the MSRB.

"Material Event" means the occurrence of any of the events, with respect to the Series 2024 Revenue Bonds, set forth in Exhibit II.

"Material Events Disclosure" means dissemination, of a notice of a Material Event as set forth in Section 5.

"MSRB" means the Municipal Securities Rulemaking Board.

"Obligated Person" means the Board and each airline or other entity at any time using the Airport (i) that is obligated under an Airport Use and Lease Agreement, lease or other agreement having a term of more than one year to pay a portion of the debt service on the Airport Obligations and (ii) has paid amounts equal to at least twenty (20%) percent of the Revenues of the Airport for each of the prior two fiscal years at the Airport. At this time, there are no airlines or other entities using the Airport that qualify as an Obligated Person under this definition.

"Participating Underwriter" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Series 2024 Revenue Bonds.

"Rule" means Rule 15c2-12 adopted by the SEC under the 1934 Act, as the same may be amended from time to time.

"SEC" means the Securities 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.

"Undertaking" means the obligations of the Board pursuant to this Continuing Disclosure Undertaking.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Series 2024 Revenue Bonds are as set forth in Exhibit III. The Official Statement relating to the Series 2024 Revenue Bonds dated August 20, 2024 is referred to herein as the "Final Official Statement."

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Undertaking, the Board hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in Exhibit I) to the MSRB through EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the SEC at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. The MSRB requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because operations to which it is related have been materially changed or discontinued, the Board shall disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Undertaking, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. EVENTS NOTIFICATION; MATERIAL EVENTS DISCLOSURE. Subject to Section 9 of this Undertaking, the Board hereby covenants that it will disseminate in a timely manner (not in excess of ten (10) business days after the occurrence of a Material Event) a Material Events Disclosure to the MSRB through EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the SEC at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. The MSRB requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2024 Revenue Bonds or defeasance of any Series 2024 Revenue Bonds need not be given under this Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

6. DUTY TO UPDATE PROCEDURES. The Board shall determine, in the manner it deems appropriate, the proper procedures for disseminating such information required to be disseminated under the Rule each time it is required to file information with EMMA.

7. CONSEQUENCES OF FAILURE OF THE BOARD TO PROVIDE INFORMATION. The Board shall give notice in a timely manner (not in excess of ten (10) business days) to the MSRB through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Board to comply with any provision of this Undertaking, the beneficial owner of any Series 2024 Revenue Bond may seek mandamus or specific performance by court order to cause the Board to comply with its obligations under this Undertaking. Any court action to enforce this Undertaking must be initiated in the Fiscal Court of Kenton County, Kentucky. A default under this Undertaking shall not be deemed a default under the Series 2024 Revenue Bonds or the Resolution, and the sole remedy under this Undertaking in the event of any failure of the Board to comply with this Undertaking shall be an action to compel performance.

8. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Undertaking, the Board, pursuant to authorization granted in the Resolution, may amend this Undertaking, and any provision of this Undertaking may be waived, if:

(a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Board or type of business conducted;

(ii) this Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2024 Revenue Bonds, as determined by parties unaffiliated with the Board (such as the Paying Agent or bond counsel), or by approving vote of the beneficial owners of the Series 2024 Revenue Bonds pursuant to the terms of the Resolution at the time of the amendment; or

(b) the amendment or waiver is otherwise permitted by the Rule.

In the event that the SEC or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Material Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Board shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Undertaking.

9. TERMINATION OF UNDERTAKING. The obligations of the Board under this Undertaking shall remain in effect only for such period that the Series 2024 Revenue Bonds are outstanding in accordance with their terms and the Board remains an Obligated Person with respect to the Series 2024 Revenue Bonds within the meaning of the Rule. The obligation of the Board to provide the information and notices of the events described above shall terminate, if and when the Board no longer remains such an Obligated Person. If any person, other than the Board, becomes an Obligated Person relating to the Series 2024 Revenue Bonds, the Board shall engage in reasonable efforts to require such Obligated Person to comply with all provisions of this Undertaking applicable to such Obligated Person.

10. DISSEMINATION AGENT. The Board may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such agent, with or without appointing a successor dissemination agent.

11. ADDITIONAL INFORMATION. Nothing in this Undertaking shall be deemed to prevent the Board 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 Financial Information Disclosure or Material Event Disclosure, in addition to that which is required by this Undertaking. If the Board chooses to include any other information in any Annual Financial Information Disclosure or Material Event Disclosure in addition to that which is specifically required by this Undertaking, the Board shall have no obligation under this Undertaking to update such other information or include it in any future Annual Financial Information Disclosure or Material Event Disclosure.

12. BENEFICIARIES. This Undertaking has been executed to assist the Participating Underwriters in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the Board and the beneficial owners of the Series 2024 Revenue Bonds and shall create no rights in any other person or entity.

13. ASSIGNMENT. The Board shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the Board under this Undertaking or to execute an Undertaking under the Rule.

14. CURRENT COMPLIANCE. To the best of the Board's knowledge, within the past five years, the Board has been in compliance in all material respects with undertakings previously entered into by it pursuant to the Rule.

15. OTHER OBLIGATED PERSONS. If any person, other than the Board, becomes an Obligated Person relating to the Series 2024 Bonds, the Board shall engage in reasonable efforts to require such Obligated Person to comply with Sections 4 and 5 applicable to such Obligated Person. The Board has no obligation to file or disseminate any SEC Reports of an Obligated Person and has no responsibility for the accuracy, completeness or, except as provided in the preceding sentence, the timeliness of an Obligated Person's compliance with Sections 4 or 5. The Board need not engage in any litigation to compel such Obligated Person to comply with the disclosure obligations under Sections 4 or 5.

16. GOVERNING LAW. This Undertaking shall be governed by the laws of the Commonwealth, without giving effect to the conflict of laws provisions thereof.

IN WITNESS WHEREOF, the party hereto has caused this Continuing Disclosure Undertaking in connection with the Series 2024 Revenue Bonds, to be executed by its duly authorized representative as of the date below written.

KENTON COUNTY AIRPORT BOARD

By ___________________________________
Dilwyn Gruffydd
Chief Financial Officer

Date: August 28, 2024

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

Annual Financial Information means the financial information and operating data as set forth below. All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents, including other official statements (subject to the following sentence), which have been submitted to the MSRB through EMMA, or filed with the SEC. If the information included by reference is contained in a final official statement, the final official statement shall have been submitted by the Board to the MSRB. The Board shall clearly identify each such item of information included by reference.

I. Annual Financial Information:

(a) Financial information and operating data (exclusive of Audited Financial Statements) which shall include information generally consistent with the following information:

(i) with respect to the Board, financial and statistical data of the Airport relating to (a) Enplaned Passengers by Airline, (b) Landed Weight by Airline, (c) Debt Service Coverage, (d) Historical Cost Per Enplanement and (e) Historical Air Cargo (in tons), generally consistent with that contained in the Official Statement; and

Note: If any of the information described above is published by a third party and is no longer publicly available, the Board shall include a statement to that effect as part of its Annual Financial Information for the year in which such lack of availability arises.

(ii) with respect to each Obligated Person other than the Board, the Board will include in its Annual Financial Information the identity of such Obligated Person and a statement that such entity is an Obligated Person as of the year of filing with respect to this Undertaking.

(iii) with respect to any Obligated Person other than the Board, if such Obligated Person files SEC Reports, the Board will include in its Annual Financial Information a statement that such SEC Reports may be viewed on the SEC's website or replacement website.

Note: As of the date of this Undertaking, there are no Obligated Persons, other than the Board. The Board has no obligation to file or disseminate any SEC Reports and has no responsibility for the accuracy, completeness or the timeliness of the filings of any SEC Report.

(b) The Board's Annual Financial Information (exclusive of Audited Financial Statements) will be provided to the MSRB through EMMA not more than 270 days after the last day of the Board's fiscal year, which is currently December 31, commencing with the Board's fiscal year ending December 31, 2024.

(c) Audited Financial Statements as described in Part II are expected to be filed at the same time as the Annual Financial Information described in this Part I. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be filed when available.

II. Audited Financial Statements:

(a) Audited Financial Statements will be prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

(b) Audited Financial Statements will be provided to the MSRB through EMMA within thirty (30) days after their availability to the Board.

EXHIBIT II

MATERIAL EVENT NOTIFICATION AND DISCLOSURE

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 security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;[1]

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;[2]

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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[1] Any scheduled redemption of 2024 Revenue Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a specified event within the meaning of the Rule.

[2] Note that, for purposes of the event identified in item 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing 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 obligated person.

14. Appointment of a successor or additional trustee, or the change of the name of a trustee, if material;

15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

EXHIBIT III

CUSIP NUMBERS

KENTON COUNTY (KENTUCKY) AIRPORT BOARD
$245,340,000
CINCINNATI/NORTHERN KENTUCKY INTERNATIONAL AIRPORT
REVENUE BONDS, SERIES 2024A (AMT)

Year of Maturity	CUSIP†
2029	491026VS6
2030	491026VT4
2031	491026VU1
2032	491026VV9
2033	491026VW7
2034	491026VX5
2035	491026VY3
2036	491026VZ0
2037	491026WA4
2038	491026WB2
2039	491026WC0
2040	491026WD8
2041	491026WE6
2042	491026WF3
2043	491026WG1
2044	491026WH9
2049	491026WJ5
2054	491026WK2

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KENTON COUNTY (KENTUCKY) AIRPORT BOARD
$15,040,000
CINCINNATI/NORTHERN KENTUCKY INTERNATIONAL AIRPORT
REVENUE BONDS, SERIES 2024B (NON-AMT)

Year of Maturity	CUSIP[†]
2026	491026WL0
2027	491026WM8
2028	491026WN6
2029	491026WP1
2030	491026WQ9
2031	491026WR7
2032	491026WS5
2033	491026WT3
2034	491026WU0
2035	491026WV8
2036	491026WW6
2037	491026WX4
2038	491026WY2
2039	491026WZ9
2040	491026XA3
2041	491026XB1
2042	491026XC9
2043	491026XD7
2044	491026XE5
2049	491026XF2
2054	491026XG0

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KENTON COUNTY (KENTUCKY) AIRPORT BOARD • CINCINNATI/NORTHERN KENTUCKY INTERNATIONAL AIRPORT REVENUE BONDS, SERIES 2024

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