

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 21, 2026

NEW ISSUE - Book-Entry-Only

Ratings: See "RATINGS" herein.

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, (i) interest on the Series 2026A CFC Bonds is not excluded from gross income for federal income tax purposes, and (ii) interest on the Series 2026 CFC Bonds is exempt from income taxation by the Commonwealth of Virginia. 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 2026B CFC Bonds is excluded from gross income for federal income tax purposes, except interest on any Series 2026B CFC 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. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.



\$137,680,000*

NORFOLK AIRPORT AUTHORITY

\$117,510,000*

\$20,170,000*

Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) Series 2026A (Federally Taxable)

Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) Series 2026B (AMT)

Dated: Date of Delivery

Due: July 1 as shown on the inside cover

The Series 2026 CFC Bonds. The Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) Series 2026A (Federally Taxable) (the "Series 2026A CFC Bonds") and Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) Series 2026B (AMT) (the "Series 2026B CFC Bonds" and, together with the Series 2026A CFC Bonds, the "Series 2026 CFC Bonds") will be issued by the Norfolk Airport Authority (the "Authority") as fully registered bonds in denominations of \$5,000 and integral multiples thereof. The Series 2026 CFC Bonds will be registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the book-entry system described herein. Purchases of the Series 2026 CFC Bonds may be made in book-entry form only. Principal of, premium, if any, and interest on the Series 2026 CFC Bonds will be paid by U.S. Bank Trust Company, National Association, a national banking association, as bond registrar and paying agent (the "Paying Agent") to DTC, which will distribute those amounts to the beneficial owners thereof. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

Maturity and Interest Payment Dates. The Series 2026 CFC Bonds will 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 pages. Interest on the Series 2026 CFC Bonds will be payable on January 1 and July 1, commencing July 1, 2026.

Redemption. The Series 2026 CFC Bonds are subject to redemption prior to maturity, as more fully described herein. See "THE SERIES 2026 CFC BONDS—Redemption Provisions."

Purpose. The Series 2026A CFC Bonds are being issued to (a) finance a portion of the costs and expenses of financing, designing and constructing of a consolidated rental car facility ("ConRAC") at Norfolk International Airport (the "Airport"), (b) fund a portion of the CFC Senior Debt Service Reserve Fund Requirement (as defined herein), (c) fund all of the CFC Coverage Fund Requirement (as defined herein), and (d) pay the costs of issuance of the Series 2026A CFC Bonds, including the costs of bond insurance, if any. The Series 2026B CFC Bonds are being issued to (a) finance a portion of the costs and expenses of financing, designing and constructing roadway improvements and other enabling works related to the ConRAC, (b) fund a portion of the CFC Senior Debt Service Reserve Fund Requirement (as defined herein) and (c) pay the costs of issuance of the Series 2026B CFC Bonds, including providing Credit Facilities, if any. See "THE CFC PROJECT", "PLAN OF FINANCE" and "THE CFC PROJECT - Estimated CFC Project Sources" herein.

The Authority may consider the purchase of a municipal bond insurance policy in connection with the issuance of the Series 2026 CFC Bonds. If the Authority receives a commitment for the provision of such insurance, information regarding the potential issuer of that insurance will be provided by a supplement to this Preliminary Official Statement.

Security/Limited Obligations. The Series 2026 CFC Bonds are special limited obligations of the Authority, payable from and secured solely by a pledge of the Trust Estate (as defined herein), which includes, among other things, a pledge of Customer Facility Charges (as defined herein) collected by the rental car companies operating at the Airport and any Additional RAC Revenues (as defined herein) paid by the rental car companies operating under the RAC Agreements (as defined herein), under the Master CFC Trust Indenture (the "Indenture"), dated as of May 1, 2026, between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). No revenues of the Authority, other than the revenues pledged as part of the Trust Estate under the Indenture, are pledged to the payment of the Series 2026 CFC Bonds. NEITHER THE CFC PROJECT NOR ANY OTHER PROPERTIES OF THE AIRPORT ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SERIES 2026 CFC BONDS, AND NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY, NOR THE FULL FAITH AND CREDIT OR TAXING POWER OF THE CITY OF NORFOLK, VIRGINIA, THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISIONS OR AGENCY OF THE COMMONWEALTH OF VIRGINIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2026 CFC BONDS. THE AUTHORITY HAS NO TAXING POWER. SEE "SOURCES OF PAYMENT AND SECURITY."

The purchase and ownership of the Series 2026 CFC 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 2026 CFC Bonds. Investors are advised to read the entire Official Statement, including any portion hereof included by reference, to obtain information essential to the making of an informed decision, including 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 2026 CFC Bonds are offered when, as and if issued and delivered to the Underwriters. Certain legal matters with respect to the issuance of the Series 2026 CFC Bonds are subject to the approval of Squire Patton Boggs (US) LLP, as Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Mark A. Trank, its Senior Vice President and General Counsel, and by Squire Patton Boggs (US) LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their Counsel, McGuireWoods LLP. It is expected that the Series 2026 CFC Bonds will be available for delivery in book-entry form through the facilities of DTC, on or about May [___], 2026.

Wells Fargo Securities

Raymond James

Dated: _____, 2026

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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

\$117,510,000*
NORFOLK AIRPORT AUTHORITY
Senior Customer Facility Charge Revenue Bonds
(Consolidated Rental Car Facility)
Series 2026A
(Federally Taxable)

<u>Maturity</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP[†] No.</u>
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\$ _____ % Term Bonds Due July 1, 20 __, Yield ____ %, CUSIP[†] No. _____

\$ _____ % Term Bonds Due July 1, 20 __, Yield ____ %, CUSIP[†] No. _____

* Preliminary, subject to change.

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\$20,170,000*
NORFOLK AIRPORT AUTHORITY
Senior Customer Facility Charge Revenue Bonds
(Consolidated Rental Car Facility)
Series 2026B
(AMT)

\$ _____ % Term Bonds Due July 1, 20__, Yield _____%, CUSIP[†] No. _____

* Preliminary, subject to change.

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**NORFOLK AIRPORT AUTHORITY
NORFOLK, VIRGINIA**

BOARD OF COMMISSIONERS

Peter G. Decker, III, *Chair*
Susan Pilato, *Vice Chair*
Michael B. Burnette, *Treasurer*
Joel English, *Commissioner*
Peggy H. Newby, *Commissioner*
Charles Rock, *Commissioner*
Bruce B. Smith, *Commissioner*
Mary Ellen Price, *Commissioner*
Charles Poston, Jr., *Commissioner*

SENIOR MANAGEMENT

Mark A. Perryman, *President and Chief Executive Officer and Board Secretary*
Mark A. Trank, *Senior Vice President and General Counsel and Assistant Board Secretary*
Anthony E. Rondeau, *Executive Vice President and Chief Development Officer*
Chris Jones, *Vice President and Chief Marketing and Communications Officer*
Steven Djunaedi, *Vice President and Chief Commercial Officer*
Melinda Montgomery, *Vice President and Chief Operations Officer*
Kanama Bivins, *Vice President and Chief Financial Officer*
Charles W. Braden, *Associate Vice President, Market Development*
Jeffrey J. Bass, *Vice President, Capital Programs*
Sheila M. Balli, *Vice President, Human Resources*

AUTHORITY CONSULTANTS

Squire Patton Boggs (US) LLP
Washington, D.C.
Bond Counsel and Disclosure Counsel

Frasca & Associates, LLC
New York, New York
Municipal Advisor

Unison Consulting, Inc.
Laguna Hills, California
Airport Consultant

Benzon Aviation Consulting
Austin, Texas
Airport Consultant

REGARDING THE USE OF THIS OFFICIAL STATEMENT

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their 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 2026 CFC 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 Authority 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 Authority. 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 should be 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 Authority as well as assumptions made by and currently available to the Authority. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected. See “FORWARD-LOOKING STATEMENTS” herein.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer to sell, solicitation of an offer to buy or sale of, the Series 2026 CFC Bonds by any person in any jurisdiction in which it is unlawful for such person 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 Authority 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 2026 CFC 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. Neither the United States Securities and Exchange Commission (“SEC”) nor any state securities commission has approved or disapproved of the Series 2026A CFC Bonds or passed upon the adequacy or accuracy of this Official Statement. 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.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SERIES 2026 CFC BONDS. SPECIFICALLY, THE UNDERWRITERS MAY OVERALLOT IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE, THE SERIES 2026 CFC BONDS IN THE OPEN MARKET. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2026 CFC BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE SERIES 2026 CFC BONDS ARE RELEASED FOR SALE, AND THE SERIES 2026 CFC BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE SERIES 2026 CFC BONDS INTO INVESTMENT ACCOUNTS.

THE SERIES 2026 CFC BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

SUMMARY

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

The Issuer The Issuer is Norfolk Airport Authority (the “Authority”), a political subdivision of the Commonwealth of Virginia. The Authority owns Norfolk International Airport (the “Airport”) and is responsible for the Airport’s operation, maintenance and development. See “THE AUTHORITY” and “THE AIRPORT.”

Norfolk International Airport Norfolk International Airport is the primary commercial service airport that provides air transportation services for the Hampton Roads region—the second-largest metropolitan area in Virginia and the 37th most populous metropolitan area in the United States—and northeastern North Carolina. The Airport occupies approximately 1,088 acres of land in the City of Norfolk (the “City”), approximately eight miles from downtown. The Airport has provided regular commercial air passenger service to the region since 1938 and is owned and operated by the Authority. See “THE AIRPORT.”

Bond Issue and Date The Series 2026 CFC Bonds will be special limited obligations of the Authority payable from and secured solely by a pledge of the Trust Estate (as defined herein), which includes, among other things a pledge of Customer Facility Charges (as defined herein) collected by the rental car companies operating at the Airport and any Additional RAC Revenues (as defined herein) paid by the rental car companies operating under the RAC Agreements (as defined herein), under the Master CFC Trust Indenture (the “Indenture”), dated as of May 1, 2026, between the Authority and U.S. Bank Trust Company, National Association (the “Trustee”). No revenues of the Authority, other than revenues pledged as part of the Trust Estate under the Indenture, are pledged to the payment of the Series 2026 CFC Bonds.

The Series 2026 CFC Bonds will be dated as of the date of delivery.

See “THE SERIES 2026 CFC BONDS — General” and “SOURCES OF PAYMENT AND SECURITY.”

Authority for Issuance The Series 2026 CFC Bonds are being issued pursuant to the Act, the Indenture, and an authorizing resolution adopted by the Authority’s Board of Commissioners on December 4, 2025.

Purpose of the Issue The Series 2026A CFC Bonds are being issued to (a) finance a portion of the costs and expenses of financing, designing and constructing the ConRAC (as defined below) at the Airport, (b) fund a portion of the CFC Senior Debt Service Reserve Fund Requirement (as defined herein); (c) fund all of the CFC Coverage Fund Requirement (as defined herein); and (d) pay the costs of issuance of the Series 2026A CFC Bonds, including the costs of bond insurance, if any. The Series 2026B CFC Bonds are being issued to (a) finance a portion of the costs and expenses of financing, designing and constructing road improvements and other enabling works related to the ConRAC, (b) fund a portion of the CFC Senior Debt Service Reserve Fund Requirement (as

defined herein); and (c) pay the costs of issuance of the Series 2026B CFC Bonds, including providing for Credit Facilities, if any. See “THE CFC PROJECT”, “PLAN OF FINANCE” and “THE CFC PROJECT – Estimated CFC Project Sources.”

The CFC Project

The CFC Project consists of the construction by the Authority of a consolidated rental car facility (the “ConRAC”) at the Airport (herein referred to as the “Taxable CFC Project”), as well as related roadway improvements, a departure bridge, and other enabling work (herein referred to as the “Tax-Exempt CFC Project”), allowing the Authority to consolidate all rental car operations into one location. See “THE CFC PROJECT.”

RAC Agreements

Effective November 1, 2025, the Authority has a combined On-Airport Rental Car Concession Agreement and Facility Lease (“RAC Agreement”) in place with each of the rental car companies (“RACs”) operating at the Airport. The RAC Agreements provide for the construction, leasing, use and operation of the ConRAC and the temporary use of certain existing facilities of the Airport prior to completion of the ConRAC. Pursuant to the RAC Agreements, the Authority has agreed to construct the ConRAC and the RACs have agreed to collect and remit the (i) CFCs, (ii) Additional RAC Revenues and (iii) other rents and fees to the Authority (which other rents and fees are not included CFC Pledged Revenues).

The RAC Agreements create a thirty-year facility lease, however, the concession right and obligation to operate a nonexclusive rental car business at the Airport expires after ten years, at which point the Authority has the option to require a re-bidding of those concession rights.

See “SOURCES OF PAYMENT AND SECURITY – On-Airport Rental Car Concession Agreements and Facility Lease Agreements (RAC Agreements)” and “APPENDIX C — FORM OF RENTAL CAR (“RAC”) AGREEMENT.”

Amounts and Maturities

See inside cover pages.

Interest Payment Dates

Interest on the Series 2026 CFC Bonds will be payable on January 1 and July 1 of each year, commencing July 1, 2026.

Redemption *

The Series 2026A CFC Bonds are subject to optional redemption prior to maturity at the election of the Authority maturing on or after July 1, 20__, in whole or in part, on any date on or after July 1, 20__ at par, plus accrued interest to the redemption date.

On any date prior to the first optional redemption date, the Series 2026A CFC Bonds are subject, in whole or in part, to make-whole optional redemption prior to maturity, at the election of the Authority.

The Series 2026B CFC Bonds are subject to optional redemption prior to maturity at the election of the Authority maturing on or after July 1, 20__, in

* Preliminary, subject to change.

whole or in part, on any date on or after July 1, 20__ at par, plus accrued interest to the redemption date.

The 2026[A][B] CFC Bonds maturing on July 1, 20__ and July 1, 20__ are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on the dates set forth herein.

The Series 2026 CFC Bonds are subject to extraordinary mandatory redemption at the direction of the Authority, in whole or in part on the earliest date following the date for which notice of redemption can be given as provided in the Indenture, at a price equal to the principal amount of Series 2026 CFC Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium, in the event the CFC Project is damaged, taken or condemned, under the circumstances as further described herein.

See “THE SERIES 2026 CFC BONDS - Redemption Provisions.”

Paying Agent

Principal of, premium, if any, and interest on the Series 2026 CFC Bonds will initially be paid by the Trustee, as Paying Agent.

Security for Payment

Pursuant to the Indenture, the Series 2026 CFC Bonds will be payable from and secured solely by a pledge of the Trust Estate, which includes the CFC Pledged Revenues and CFC Pledged Funds.

CFC Pledged Revenues include the (i) the Customer Facility Charges received by the Authority, (ii) Additional RAC Revenues received pursuant to the RAC Agreements, and (iii) excluding any investment income derived from the CFC Construction Fund and the CFC Project Fund, all investment income of every kind derived from amounts credited to the CFC Pledged Funds.

CFC Pledged Funds include (i) any amounts on deposit from time to time in the CFC Revenue Fund, the CFC Senior Debt Service Fund, the CFC Senior Debt Service Reserve Fund, the CFC Coverage Fund, the CFC Renewal and Replacement Fund, and the CFC Stabilization Fund, (ii) any amounts, other than investment income, on deposit in the CFC Construction Fund from time to time that are not encumbered or otherwise allocated by the Authority to or necessary for the completion of a CFC Project, and (iii) any amounts, other than investment income, on deposit in the CFC Project Fund from time to time that are not encumbered or otherwise allocated by the Authority to or necessary for the completion of a CFC Project. The CFC Administrative Costs Fund, the CFC Defeasance and Surplus Fund, and the Series 2026 CFC Costs of Issuance Account and the CFC Rebate Fund are specifically excluded from CFC Pledged Funds.

See “SOURCES OF PAYMENT AND SECURITY.”

CFC Senior Debt Service Reserve Fund and Composite CFC Senior

The Indenture establishes a CFC Senior Debt Service Reserve Fund and therein a Composite CFC Senior Debt Service Reserve Account. The Composite CFC Senior Debt Service Reserve Account will, at the time of delivery of the Series

Debt Service Reserve Account	2026 CFC Bonds, be funded from a portion of the proceeds of the Series 2026 CFC Bonds in an amount equal to the CFC Senior Debt Service Reserve Fund Requirement. See “SOURCES OF PAYMENT AND SECURITY - CFC Senior Reserve Fund.”
CFC Coverage Fund	The Indenture establishes a CFC Coverage Fund. The CFC Coverage Fund will, at the time of delivery of the Series 2026 CFC Bonds, be funded from a portion of the proceeds of the Series 2026 CFC Bonds in an amount equal to 25% of the Maximum Annual Debt Service Requirement for the Senior Bonds then Outstanding. See “SOURCES OF PAYMENT AND SECURITY - CFC Coverage Fund.”
Rate Covenant	<p>Under the Indenture, the Authority has covenanted, for as long as any of the Bonds (including the Series 2026 CFC Bonds) remain Outstanding, to lawfully cause the Customer Facility Charges to be calculated, established and imposed. Based on estimated CFC collections prepared by or for the Authority from time to time, unless prohibited by law, the Customer Facility Charges will be adjusted and/or Additional RAC Revenues may be collected pursuant to the RAC Agreements (as defined herein) (provided it is in the Authority’s sole discretion to do either or both) to the extent necessary to generate sufficient CFC Pledged Revenues, along with amounts then on deposit in the CFC Coverage Fund and amounts then on deposit in the CFC Stabilization Fund that the Authority has designated for transfer to the CFC Revenue Fund in such Fiscal Year, to provide in each Fiscal Year (a) an amount equal to at least 1.25x the Current Annual Debt Service Requirement (as defined herein) in such Fiscal Year (as defined herein) on the Senior Bonds then Outstanding, and (b) an amount sufficient to replenish any shortfalls in the amounts required to be maintained in either the CFC Coverage Fund or the CFC Senior Debt Service Reserve Fund within twelve (12) months after the month in which any amounts are withdrawn from either of such Funds for transfer to the CFC Senior Debt Service Fund pursuant to the Indenture (the “Rate Covenant”).</p> <p>In the event that the Rate Covenant is not met in a Fiscal Year, such violation will not be a default under the Indenture and will not give rise to a declaration of an Event of Default (unless the principal of, premium, if any, on, interest on the Bonds is not paid in such Fiscal Year) if, the Authority takes appropriate corrective actions (including collecting and/or increasing Additional RAC Revenues for the next succeeding Fiscal Year) so that the Rate Covenant will be met in the next succeeding Fiscal Year; provided, however, that if the Rate Covenant is not met in the next succeeding Fiscal Year, an Event of Default may be declared. Upon request, the Authority will provide the Trustee with a certification that the Authority is taking appropriate corrective actions so that the Rate Covenant will be met in the next succeeding Fiscal Year. See “SOURCES OF PAYMENT AND SECURITY—Rate Covenant.”</p>
Additional Senior Bonds	Additional Senior Bonds may be issued only upon satisfaction of the conditions set forth in the Indenture. See “SOURCES OF PAYMENT AND SECURITY— Additional Senior Bonds.”

**No Acceleration;
No Cross Default**

The Indenture does not provide for any rights of acceleration with respect to the Series 2026 CFC 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 Indenture. Furthermore, the Indenture has no cross-default or acceleration provision as between the Authority's outstanding general airport revenue bonds issued pursuant to and secured by the Master Indenture of Trust dated as of April 1, 2001 (the "GARB Master Indenture"), by and between the Authority and U.S. Bank National Association and the Series 2026 CFC Bonds.

Tax Matters

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2026A CFC Bonds is not excluded from gross income for federal income tax purposes; and (ii) interest on the Series 2026A CFC Bonds is exempt from income taxation by the Commonwealth of Virginia. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2026A CFC Bonds.

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on Series 2026B CFC 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 2026B CFC 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 Code, and is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) interest on the Series 2026B CFC Bonds is exempt from income taxation by the Commonwealth of Virginia. Bond Counsel expresses no opinion as to any other tax consequences regarding Series 2026B CFC Bonds.

**Report of the Feasibility
Consultant**

The Financial Feasibility Report dated April 21, 2026 (the "Feasibility Report" or "Report"), prepared by Unison Consulting, Inc. (the "Feasibility Consultant"), included as Appendix A to this Official Statement, provides certain information with respect to the Airport and the rental car industry, evaluates aviation and rental car activity, and provides information and assumptions used to derive the financial projections supporting the financing plan for the planned ConRAC in connection with the Series 2026 CFC Bonds. The projections contained in the Report are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Authority assumes any responsibility for the failure to meet such projections. 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," "AIRPORT CONSULTANT" and "APPENDIX A — FEASIBILITY REPORT."

**Investment
Considerations**

There are a number of factors associated with owning the Series 2026 CFC Bonds that prospective investors should consider prior to purchasing the

Series 2026 CFC Bonds. For a discussion of certain risks relating to the Series 2026 CFC 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 Authority’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 Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the Authority’s actual financial and operating results will likely differ, and could differ materially, from those in such forward-looking statements. See “FORWARD-LOOKING STATEMENTS” herein.

Continuing Disclosure

The Authority will covenant for the benefit of the owners and beneficial owners of the Series 2026 CFC Bonds to provide annually certain financial information and operating data concerning the Authority and the Airport, including rental car activity the Airport, and to provide notices of certain enumerated events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (the “EMMA System”) or any successor method designated by the MSRB, pursuant to the requirements of Rule 15c2-12 of the Securities Exchange Commission. See “CONTINUING DISCLOSURE CERTIFICATE” and “APPENDIX G-FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Ratings

Moody’s Ratings and S&P Global Ratings have assigned ratings of “A3” with a stable outlook and “A” with a stable outlook, respectively, to the Series 2026 CFC Bonds. For a discussion of these ratings, see the section herein captioned “RATINGS.”

Bond Insurance

The Authority may consider the purchase of a municipal bond insurance policy in connection with the issuance of the Series 2026 CFC Bonds. If the Authority receives a commitment for the provision of such insurance, information regarding the potential issuer of that insurance will be provided by a supplement to this Preliminary Official Statement.

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OFFICIAL STATEMENT

\$137,680,000* **NORFOLK AIRPORT AUTHORITY**

\$117,510,000*
Senior Customer Facility Charge Revenue Bonds
(Consolidated Rental Car Facility)
Series 2026A
(Federally Taxable)

\$20,170,000*
Senior Customer Facility Charge Revenue Bonds
(Consolidated Rental Car Facility)
Series 2026B
(AMT)

INTRODUCTION

General

The Norfolk Airport Authority (the “Authority”) has prepared this Official Statement in connection with the issuance and sale of its \$117,510,000* Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) Series 2026A (Federally Taxable) (the “Series 2026A CFC Bonds”) and its \$20,170,000* Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) Series 2026B (AMT) (the “Series 2026B CFC Bonds” and, together with the Series 2026A CFC Bonds, the “Series 2026 CFC Bonds”).

The Authority is a political subdivision of the Commonwealth of Virginia pursuant to Chapter 463 of the 1948 Acts of the General Assembly (as amended and in effect from time to time, the “Act”). The Authority owns Norfolk International Airport (the “Airport”) and operates, manages, and maintains the Airport through a Board of Commissioners appointed by the Norfolk City Council. See “THE AUTHORITY.”

This Official Statement provides certain information regarding the purpose, terms and sources of payment of and security for the Series 2026 CFC Bonds and certain information regarding the Authority and the Airport. Capitalized terms used but not defined herein have the meanings ascribed to them in “APPENDIX B – FORM OF INDENTURE.”

Series 2026 CFC Bonds

The Series 2026 CFC Bonds are being issued pursuant to the Act, and an authorizing resolution adopted by the Authority’s Commissioners on December 4, 2025, and the Master CFC Trust Indenture (the “Indenture”), dated as of May 1, 2026, between the Authority and U.S. Bank Trust Company, National Association (the “Trustee”). See “THE SERIES 2026 CFC BONDS.”

The Series 2026 CFC Bonds are special limited obligations of the Authority, payable from and secured solely by a pledge of the Trust Estate (as defined herein), which includes, among other things a pledge of Customer Facility Charges (as defined herein) collected by the rental car companies operating at the Airport and any Additional RAC Revenues (as defined herein) paid by the rental car companies (the “RACs” or “Concessionaires”) operating under the RAC Agreements (as defined herein), under the Indenture.

No revenues of the Authority, other than those included in the Trust Estate, are pledged to the payment of the Series 2026 CFC Bonds. Neither the CFC Project nor any other properties of the Airport

* Preliminary, subject to change.

are subject to any mortgage or other lien for the benefit of the owners of the Series 2026 CFC Bonds, and neither the full faith and credit of the Authority nor the full faith and credit or taxing power of the City of Norfolk, Virginia, the Commonwealth of Virginia (the “Commonwealth”) or any political subdivisions or agency of the Commonwealth is pledged to the payment of the principal of or interest on the Series 2026 CFC Bonds. The Authority has no taxing power. See “SOURCES OF PAYMENT AND SECURITY.”

Additional Information

This Official Statement consists of the cover page, the inside cover pages, the table of contents, the Summary, the body of this Official Statement and the appendices, all of which should be read in their entirety. This Official Statement contains descriptions of the Series 2026 CFC Bonds, the Indenture, the RAC Agreements, the Feasibility Report, 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 Authority since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2026 CFC Bonds. The Authority maintains a website, the information on which is not part of this Official Statement, is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2026 CFC Bonds.

PLAN OF FINANCE

The Authority is constructing a Consolidated Rental Car Facility (the “ConRAC”) on Airport premises to consolidate all rental car operations into one location, which project includes two parts:

(a) the Taxable CFC Project (the “Taxable CFC Project”), which consists of the acquisition, site preparation, permitting, design, development, constructing, furnishing, financing, administrative cost (including, but not limited to, accounting, consultancy, and legal fees) and construction of the ConRAC, portions of certain enabling projects and any further improvement costs related to the Taxable CFC Project authorized by a Supplemental Indenture or any other financing document authorized by the Authority.

(b) The Tax-Exempt CFC Project (the “Tax-Exempt CFC Project”), which consists of certain roadway improvements, other enabling projects or portions thereof, and any further improvement costs related to the Tax-Exempt CFC Project authorized by a Supplemental Indenture or any other financing document authorized by the Authority.

The Taxable CFC Project and the Tax-Exempt CFC Project are referred to collectively as the “CFC Project.” See “THE CFC PROJECT.”

Proceeds of the Series 2026A CFC Bonds will be used by the Authority to (a) finance a portion of the costs of the development and construction of the Taxable CFC Project, (b) fund a portion of the CFC Senior Debt Service Reserve Fund Requirement (as defined herein); (c) fund all of the CFC Coverage Fund Requirement; and (d) pay the costs of issuance of the Series 2026A CFC Bonds, including the costs of bond insurance, if any.

Proceeds of the Series 2026B CFC Bonds will be used by the Authority to (a) finance a portion of the costs and expenses of financing, designing and constructing the Tax-Exempt CFC Project, (b) fund a portion of the CFC Senior Debt Service Reserve Fund Requirement; and (c) pay the costs of issuance of the Series 2026B CFC Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated application of the proceeds of the Series 2026 CFC Bonds.

	Series 2026A CFC Bonds	Series 2026B CFC Bonds	Total
<i>Sources</i>			
Principal Amount	\$		
Original Issue Premium/(Discount)			
<i>Total Sources</i>	\$		
 <i>Uses</i>			
Deposit to Taxable Series 2026 CFC Construction Subaccount	\$		
Deposit to Tax-Exempt Series 2026 CFC Construction Subaccount			
Deposit to CFC Senior Debt Service Reserve Fund			
Deposit to CFC Coverage Fund			
Deposit to Series 2026 Cost of Issuance Account*			
<i>Total Uses</i>	\$		

* Includes Underwriters' discount, legal and other costs of issuance. Such costs of issuance may also include bond insurance premium.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Series 2026 CFC Bonds.

<u>July 1</u>	<u>Series 2026A CFC Bonds</u>		<u>Series 2026B CFC Bonds</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
2052					
2053					
2054					
2055					
2056					
Total					

* Numbers may not total due to rounding to nearest dollar.

THE SERIES 2026 CFC BONDS

General

The Series 2026 CFC Bonds will bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2026 CFC Bonds will be dated their date of delivery, and will bear interest from that date, payable semi-annually on January 1 and July 1 of each year (each an “Interest Payment Date”), commencing July 1, 2026. Interest due and payable on the Series 2026 CFC Bonds on any Interest Payment Date will be paid to the registered owner as of the Record Date (Cede & Co., so long as the book-entry system with The Depository Trust Company (“DTC”) is in effect).

Book-Entry-Only

The Series 2026 CFC Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2026 CFC Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2026 CFC Bonds purchased. So long as Cede & Co., as a nominee of DTC, is the registered owner of the Series 2026 CFC Bonds, references herein to the Holders or registered owners means Cede & Co., and does not mean the Beneficial Owners of the Series 2026 CFC Bonds.

So long as Cede & Co. is the registered owner of the Series 2026 CFC Bonds, principal and redemption price of and interest on the Series 2026 CFC Bonds will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants, for subsequent disbursement to the Beneficial Owners. See “APPENDIX F-BOOK-ENTRY-ONLY SYSTEM.”

Redemption Provisions*

Optional Redemption for the Series 2026A CFC Bonds

Redemption at Par After July 1, 20[]. On any date on or after July 1, 20[], at the election of the Authority, the Series 2026A CFC Bonds maturing on and after July 1, 20[], are subject to optional redemption, in whole or in part, in maturities as selected by the Authority, upon notice as hereinafter provided, at par, plus accrued interest to the redemption date.

Make-Whole Redemption. On any date prior to the first optional redemption date, the Series 2026A CFC Bonds are subject to optional redemption prior to maturity, at the election of the Authority, in whole or in part, with Series 2026A CFC Bonds selected for redemption based on a pro rata pass-through distributions of principal, subject to the provisions described below under “Selection of Series 2026A CFC Bonds for Redemption; Series 2026A CFC Bonds Redeemed in Part,” on any Business Day, in such order of maturity as directed by the Authority, at the Make-Whole Redemption Price (as defined herein). The Authority will retain an independent accounting firm or an independent financial advisor to determine the Make-Whole Redemption Price, perform all actions, and make all calculations required to determine the Make-Whole Redemption Price. The Trustee and the Authority may conclusively rely on such accounting firm’s or financial advisor’s calculations in connection with, and its determination of, the Make-Whole Redemption Price, and neither the Trustee nor the Authority will have any liability for their reliance. The

* Preliminary, subject to change.

determination of the Make-Whole Redemption Price by such accounting firm or financial advisor will be conclusive and binding on the Trustee, the Authority, and the holders of the Series 2026A CFC Bonds.

“*Comparable Treasury Issue*” means the United States Treasury security or securities selected by a Designated Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Series 2026A CFC Bonds to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Series 2026A CFC Bonds.

“*Comparable Treasury Price*” means, with respect to any redemption date, the average of the Primary Treasury Dealer Quotations for such redemption date or, if the Designated Investment Banker obtains only one Primary Treasury Dealer Quotation, such Primary Treasury Dealer Quotation.

“*Designated Investment Banker*” means a Primary Treasury Dealer appointed by the Board.

“*Make-Whole Redemption Price*” means the greater of (i) 100% of the principal amount of a Series 2026 CFC Bond to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest (treating any principal scheduled to be paid after the first call date as if it were scheduled to mature on the first optional redemption date) of the Series 2026 CFC Bond to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2026 CFC Bond is to be redeemed), discounted to the date on which such Bond is to be redeemed on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the adjusted Treasury Rate plus [_____] () basis points, plus, in each case, accrued and unpaid interest on such Series 2026 CFC Bond to, but excluding, the redemption date.

“*Primary Treasury Dealer*” means one or more entities appointed by the Authority, which, in each case, is a primary U.S. Government securities dealer in The City of New York, New York, and its successors.

“*Primary Treasury Dealer Quotations*” means, with respect to each Primary Treasury Dealer and any redemption date, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Primary Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

“*Treasury Rate*” means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Optional Redemption for the Series 2026B CFC Bonds

Redemption at Par After July 1, 20[]. On any date on or after July 1, 20[], the Series 2026B CFC Bonds maturing on or after July 1, 20[], at the election of the Authority, will be subject to optional redemption, in whole or in part, in maturities as selected by the Authority, upon notice as hereinafter provided, at par, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption for the Series 2026A CFC Bonds

The Series 2026A CFC Bonds maturing on July 1, 20[] (the “Series 2026A CFC Term Bonds”) are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price

equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

 % Term Bonds maturing on July 1, 20

<u>Year</u> <u>(July)</u>	<u>Principal</u> <u>Amount</u>
------------------------------	-----------------------------------

[†] Final Maturity Date

Except as otherwise provided under the procedures of DTC, on or before the 45th day prior to any mandatory sinking fund redemption date, the Trustee will proceed to select for redemption on a pro rata pass-through distribution of principal basis for the Series 2026A CFC Bonds, from the applicable Series 2026A CFC Bonds subject to such redemption, an aggregate principal amount of such applicable Series 2026A CFC Bonds equal to the amount for such year as set forth in the table under “Mandatory Sinking Fund Redemption” above and will call such Series 2026A CFC Bonds or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

At the option of the Authority, to be exercised by delivery of a written certificate to the Trustee on or before the 45th day next preceding any mandatory sinking fund redemption date for the applicable Series 2026A CFC Term Bonds, it may (a) deliver to the Trustee for cancellation corresponding Series 2026A CFC Term Bonds or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Authority or (b) specify a principal amount of such Series 2026A CFC Term Bonds or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Trustee at the request of the Authority and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2026A CFC Term Bond or portion thereof so purchased or otherwise acquired or redeemed and delivered to the Trustee for cancellation will be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Authority to pay the principal of such Series 2026A CFC Term Bond on such mandatory sinking fund redemption date.

See “SOURCES OF PAYMENT AND SECURITY—Application of CFC Senior Debt Service Fund; Additional Deposits to Senior Debt Service Fund” for a description of the deposits that are made to the Series 2026 CFC Debt Service Account to pay the principal of the Series 2026 CFC Term Bonds on the applicable mandatory sinking fund redemption dates.

Mandatory Sinking Fund Redemption for the Series 2026B CFC Bonds

The Series 2026B CFC Bonds maturing on July 1, 20[] and July 1, 20[] (the “Series 2026B CFC Term Bonds”) are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

% Term Bonds maturing on July 1, 20

<u>Year</u> <u>(July)</u>	<u>Principal</u> <u>Amount</u>
------------------------------	-----------------------------------

† Final Maturity Date

Except as otherwise provided under the procedures of DTC, on or before the 45th day prior to any mandatory sinking fund redemption date, the Trustee will proceed to select for redemption by lot for the Series 2026B CFC Bonds, from the applicable Series 2026B CFC Term Bonds subject to such redemption, an aggregate principal amount of such applicable Series 2026B CFC Term Bonds equal to the amount for such year as set forth in the table under “Mandatory Sinking Fund Redemption” above and will call such Series 2026B CFC Term Bonds or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

At the option of the Authority, to be exercised by delivery of a written certificate to the Trustee on or before the 45th day next preceding any mandatory sinking fund redemption date for the applicable Series 2026B CFC Term Bonds, it may (a) deliver to the Trustee for cancellation corresponding Series 2026B CFC Term Bonds or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Authority or (b) specify a principal amount of such Series 2026B CFC Term Bonds or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Trustee at the request of the Authority and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2026B CFC Term Bond or portion thereof so purchased or otherwise acquired or redeemed and delivered to the Trustee for cancellation will be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Authority to pay the principal of such Series 2026B CFC Term Bond on such mandatory sinking fund redemption date.

See “SOURCES OF PAYMENT AND SECURITY—Application of CFC Senior Debt Service Fund; Additional Deposits to Senior Debt Service Fund” for a description of the deposits that are made to the Series 2026 CFC Debt Service Account to pay the principal of the Series 2026B CFC Term Bonds on the applicable mandatory sinking fund redemption dates.

Extraordinary Mandatory Redemption of the Series 2026 CFC Bonds. In the event the CFC Project, or any portion thereof, is damaged, taken or condemned and the Available Amounts are insufficient to restore and repair the CFC Project to its Pre-Existing Condition, the Series 2026 CFC Bonds are subject to extraordinary mandatory redemption at the direction of the Authority, in whole or in part on the earliest date following the date for which notice of redemption can be given as provided in the Indenture, at a price equal to the principal amount of Series 2026 CFC Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium, from Available Amounts and such other amounts permitted or required to be applied to such redemption under the Indenture. See “INSURANCE—Casualty and Condemnation” and “APPENDIX B—FORM OF INDENTURE—Article VII Covenants of the Authority – Section 7.7 Casualty and Condemnation.” Federal income tax considerations may necessitate the Series 2026B CFC Bonds being selected for redemption prior to the Series 2026A CFC Bonds.

Notices of Redemption to Holders; Conditional Notice of Optional Redemption. The Trustee will give notice of redemption, in the name of the Authority, to Holders affected by redemption (or DTC, so long as the book-entry system with DTC is in effect) at least 30 days before each redemption date and send such notice of redemption by first class mail (or with respect to Series 2026 CFC Bonds held by DTC by an express delivery service for delivery on the next following Business Day) to each owner of a Series 2026 CFC Bond to be redeemed; each such notice will be sent to the owner's registered address, but no defect in or failure to give such notice of redemption will affect the validity of the redemption. Such notice will state the conditions, if any, for the redemption of the Series 2026 CFC Bonds and that if such conditions are not met on the date selected for redemption, such call for redemption will be revoked. The Authority may make such optional redemption conditional upon the occurrence of certain events, including without limitation the receipt of certain funds by the Authority or the Paying Agent, the issuance of certain bonds or other obligations by the Authority. If so conditioned, the redemption will not be made unless such events occur, the notice will specify such conditions and the required timing and, if such conditions are not met, a notice will be given by the Bond Registrar to the Registered Owners of Bonds promptly after the date it is determined such conditions are not met.

Revocation of Redemption. Notwithstanding any other provision of the Indenture, if, on any day prior to the 5th Business Day preceding any date fixed for redemption of Series 2026 CFC Bonds (other than scheduled mandatory redemption), the Authority notifies the Trustee in writing that the Authority has elected to revoke its election to redeem such Series 2026 CFC Bonds, such Series 2026 CFC Bonds will not be redeemed on such date and any notice of redemption mailed to the Holders of the Series 2026 CFC Bonds to be redeemed pursuant to this section will be null and void. In such event, within five (5) Business Days after the date on which the Trustee receives notice of such revocation, the Trustee will cause a notice of such revocation in the name of the Trustee to be mailed to all Holders owning such Series 2026 CFC Bonds.

Purchase in Lieu of Redemption. The Authority will have the option to purchase Series 2026 CFC Bonds that are subject to optional redemption ("Callable Bonds") in lieu of optional redemption. If a Callable Bond has been called for optional redemption, the Authority may exercise its right of purchase by delivery to the Trustee on or prior to the Business Day preceding the optional redemption date of written notice from the Authority specifying that the Callable Bonds will not be redeemed, but instead will be purchased pursuant to the Indenture.

Effect of Redemption. All Series 2026 CFC Bonds properly called for redemption will cease to bear interest on the date fixed for redemption, provided funds for their redemption have been duly deposited with the Trustee and, thereafter, the Holders of such Series 2026 CFC Bonds called for redemption will have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new Series 2026 CFC Bond for any portion not redeemed.

Selection of Series 2026 CFC Bonds for Redemption; Series 2026 CFC Bonds Redeemed in Part. With respect to Series 2026A CFC Bonds subject to redemption, if less than all of such Series 2026A CFC Bonds will be called for redemption, the particular Series 2026A CFC Bonds or portions thereof to be redeemed will be selected by the Trustee on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Series 2026A CFC Bonds are held in the book-entry only form, the selection for redemption of such Series 2026A CFC Bonds will be made in accordance with the operational arrangements of DTC then in effect. If the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2026A CFC Bonds will be selected for redemption, in accordance with DTC procedures, by lot. If the Series 2026A CFC Bonds are not held in the book-entry only form and less than all of the Series 2026A CFC Bonds are to be redeemed, the Series 2026A CFC Bonds to be redeemed will be selected by the Trustee on a pro rata pass-through distribution of principal basis among all of the Holders of the Series 2026A CFC

a pro rata pass-through distribution of principal basis among all of the Holders of the Series 2026A CFC Bonds based on the principal amount of Series 2026A CFC Bonds owned by such Holders.

With respect to the Series 2026B CFC Bonds subject to redemption, if less than all of such Series 2026B CFC Bonds will be called for redemption, the particular Series 2026B CFC Bonds or portions thereof to be redeemed will be selected as directed in writing by the Authority or, in absence of direction, in inverse order of maturity (and if less than all of a single maturity is being redeemed, randomly within a maturity in such manner as may be designated by the Trustee).

If the Series 2026 CFC Bonds are not held in the book-entry only form and less than all of the Series 2026 CFC Bonds are to be redeemed, the Series 2026 CFC Bonds to be redeemed will be selected by the Trustee on a pro rata pass-through distribution of principal basis among all of the Holders of the Series 2026 CFC Bonds based on the principal amount of Series 2026 CFC Bonds owned by such Holders.

Upon surrender of a Series 2026 CFC Bond to be redeemed, in part only, the Trustee will authenticate for the Holder a new Series 2026 CFC Bond or Series 2026 CFC Bonds of the same maturity date and interest rate equal in principal amount to the unredeemed portion of the Series 2026 CFC Bond surrendered.

SOURCES OF PAYMENT AND SECURITY

General

The Series 2026 CFC Bonds will be issued under and pursuant to the Indenture. Pursuant to the Indenture, the Authority may issue additional bonds on a parity with the Series 2026 CFC Bonds (“Additional Senior Bonds”) upon the satisfaction of certain conditions. See “—Additional Senior Bonds” below. The Series 2026 CFC Bonds and any Additional Senior Bonds (collectively, the “Senior Bonds”) will be equally and ratably secured solely by a lien on and pledge of the Trust Estate. See “—Pledge of Trust Estate” below. The Indenture also authorizes the issuance of Subordinate Bonds; none of which have been issued heretofore. Subordinate Bonds, if issued, will have a junior and subordinate lien on and pledge of the Trust Estate, subject to the prior lien and pledge of the Senior Bonds. Subject to the provisions of the Indenture, neither the Act nor the Indenture limits the total amount of Senior Bonds or Subordinate Bonds that may be issued and Outstanding at any one time.

The summary of the security and sources of payment for the Series 2026 CFC Bonds set forth herein is qualified in its entirety by and reference is hereby made to the Indenture, which sets forth in further detail provisions relating to the security for the Series 2026 CFC Bonds. See “APPENDIX B – FORM OF INDENTURE.”

Special Limited Obligations

The Series 2026 CFC Bonds are special limited obligations of the Authority, payable from and secured solely by a pledge of the Trust Estate, which includes the CFC Pledged Revenues and CFC Pledged Funds.

No revenues of the Authority, other than those pledged as part of the Trust Estate under the Indenture, are pledged to the payment of the Series 2026 CFC Bonds. Neither the Series 2026 CFC Bond Project nor any other properties of the Authority are subject to any mortgage or other lien for the benefit of the owners of the Series 2026 CFC Bonds, and neither the full faith and credit of the Authority, nor the full faith and credit or taxing power the City of Norfolk, Virginia, the Commonwealth or any political

subdivisions or agency of the Commonwealth is pledged to the payment of the principal of or interest on the Series 2026 CFC Bonds. The Authority has no taxing power.

Pledge of Trust Estate

Pursuant to the Indenture, the principal of and interest on the Series 2026 CFC Bonds will be secured solely by a pledge of, and lien on all rights, title and interest of the Authority in the Trust Estate. “Trust Estate” is defined under the Indenture as all CFC Pledged Revenues and CFC Pledged Funds.

“CFC Pledged Revenues” means the aggregate of (a) all Customer Facility Charges received by the Authority, (b) Additional RAC Revenues received pursuant to the RAC Agreements, and (c) excluding any investment income derived from the CFC Construction Fund and the CFC Project Fund, all investment income of every kind derived from amounts credited to the CFC Pledged Funds.

“CFC Pledged Funds” means (i) any amounts on deposit from time to time in the CFC Revenue Fund, the CFC Senior Debt Service Fund, the CFC Senior Debt Service Reserve Fund, the CFC Coverage Fund, the CFC Renewal and Replacement Fund, and the CFC Stabilization Fund, (ii) any amounts, other than investment income, on deposit in the CFC Construction Fund from time to time that are not encumbered or otherwise allocated by the Authority to or necessary for the completion of a CFC Project, and (iii) any amounts on deposit in the CFC Project Fund from time to time that are not encumbered or otherwise allocated by the Authority to or necessary for the completion of a CFC Project. The CFC Administrative Costs Fund, the CFC Defeasance and Surplus Fund, the Series 2026 CFC Costs of Issuance Account and the CFC Rebate Fund are specifically excluded from CFC Pledged Funds. See “APPENDIX B – FORM OF INDENTURE.”

“Additional RAC Revenues” means the revenues received by the Authority pursuant to the RAC Agreements, providing for the ability of the Authority to collect additional payments from the RACs to the extent CFC collections are less than the annual and scheduled principal and interest payments on the Bonds in any calendar year. In the RAC Agreements, such Additional RAC Revenues are referred to as contingent facility rent to satisfy a “Rent Deficiency.” See “APPENDIX C — FORM OF RENTAL CAR (“RAC”) AGREEMENT” and “SOURCES OF PAYMENT AND SECURITY – On-Airport Rental Car Concession Agreements and Facility Lease Agreements (RAC Agreements) – CFCs and Additional RAC Revenues under the RAC Agreements – Additional RAC Revenues” herein.

“Customer Facility Charges” or “CFCs” are defined in the Indenture as the per contract day fee imposed by the Authority and collected from RACs at the Airport from time to time, as established by the Authority pursuant to the CFC Resolution (as defined herein). See “APPENDIX B – FORM OF INDENTURE.”

Customer Facility Charges

CFCs are imposed by the Authority pursuant to Resolution of the Authority adopted on December 4, 2025, as amended, supplemented, and/or restated from time to time (the “CFC Resolution”), which consolidated and ratified prior actions with respect to the CFCs. CFCs have been collected on a monthly basis since 1999, at rates as amended over time. CFCs are currently being collected at a rate of \$10 per rental car transaction day. CFCs may be used to pay or reimburse the Authority for the costs associated with the planning, design, acquisition, construction, equipping, maintenance and operation of the ConRAC as well as the payment of debt service and/or coverage on the Series 2026 CFC Bonds. See “SOURCES OF PAYMENT AND SECURITY.”

The Series 2026 CFC Bonds are not an indebtedness or other liability of the RACs and the RACs are not liable for any payments relating to the Series 2026 CFC Bonds, other than the payment of any Additional RAC Revenues under the RAC Agreements (See “SOURCES OF PAYMENT AND SECURITY – On-Airport Rental Car Concession Agreements and Facility Lease Agreements – CFCs and Additional RAC Revenues under the RAC Agreements – *Additional RAC Revenues for Debt Service*” herein) and the timely remittance of the CFC proceeds collected by the RACs from their respective Customers and remitted to the Trustee for the benefit of the Authority.

Flow of Funds

The application of CFC Pledged Revenues is governed by the Indenture. From and after the issuance of the Series 2026 CFC Bonds, the Authority is required deposit, or cause to be deposited, no later than the 20th day of each month, to the credit of the CFC Revenue Fund all the CFCs and any Additional RAC Revenues received by it during the preceding month. On the 25th day of each month (the “Draw Down Date”), the Trustee will transfer moneys then on deposit in the CFC Revenue Fund to the following Funds and Accounts in the following order of priority with the required deposit amounts and uses of the referenced Funds described below:

FIRST, to the CFC Senior Debt Service Fund;

SECOND, to the CFC Senior Debt Service Reserve Fund;

THIRD, to the CFC Coverage Fund;

FOURTH, to the CFC Administrative Costs Fund;

FIFTH, if any Subordinate Bonds are outstanding, to the CFC Subordinate Debt Service Fund and the CFC Subordinate Debt Service Reserve Fund, as established in a Supplemental Indenture;

SIXTH, prior to receipt of written notice from the Authority that Substantial Completion has occurred, to the CFC Project Fund;

SEVENTH, to the CFC Stabilization Fund;

EIGHTH, to the CFC Renewal and Replacement Fund; and

NINTH, the balance to the Authority for deposit into the CFC Defeasance and Surplus Fund, for further credit to the CFC Defeasance Account and the CFC Surplus Account in such amounts as are determined by the Authority in its discretion as provided in the Indenture.

Application of CFC Senior Debt Service Fund; Additional Deposits to Senior Debt Service Fund

On the 25th day of each month following the issuance and delivery of the Series 2026 CFC Bonds there is required to be deposited into the CFC Senior Debt Service Fund an amount equal to one-sixth (1/6th) of the amount necessary to pay all interest due and payable on the next Interest Payment Date and one-twelfth (1/12th) of the amount necessary to pay all principal due and payable on the next Principal Payment Date; and prior to each Interest Payment Date or Principal Payment Date, there will be deposited from CFC Pledged Funds any additional amounts necessary to increase the balance in the CFC Senior Debt Service Fund to be sufficient to make such payments on such Interest Payment Date or Principal Payment Date. Such additional amounts, if necessary, will be transferred by the Trustee first from the CFC

Stabilization Fund, second from the CFC Coverage Fund, third from the CFC Renewal and Replacement Fund, and fourth from the CFC Senior Debt Service Reserve Fund. Moneys deposited to the credit of the CFC Senior Debt Service Fund will be used solely for the purpose of paying principal of (either at maturity, prior redemption or purchase) and interest on the Senior Bonds, or reimbursing credit providers for amounts advanced for such purpose.

CFC Senior Debt Service Reserve Fund

Pursuant to the Indenture, the Trustee will establish the Senior Debt Service Reserve Fund, consisting of Composite CFC Senior Debt Service Reserve Account and such additional reserve subaccounts as may be established with respect to a particular Series of Additional Senior Bonds issued by the Authority. The Series 2026 CFC Bonds will be secured by the Composite CFC Senior Debt Service Reserve Account. The Authority will satisfy the CFC Senior Debt Service Reserve Fund Requirement at the time of the issuance of each Series of Senior Bonds and the CFC Senior Debt Service Reserve Fund will be replenished as set forth below.

In the event the balance in the CFC Senior Debt Service Reserve Fund (or the applicable account therein) will be less than the applicable CFC Senior Debt Service Reserve Fund Requirement, then on the 25th day of each month, after making all prior required transfers from the CFC Revenue Fund as provided in the Indenture, there will be transferred from the CFC Revenue Fund to the applicable account within the CFC Senior Debt Service Reserve Fund, to the extent available in the CFC Revenue Fund, an amount equal to the CFC Senior Debt Service Reserve Fund Requirement, including amounts necessary to reimburse a Reserve Product Provider of a Reserve Product for draws thereunder in order to reinstate such Reserve Product as further described below, minus amounts already on deposit in the applicable account in the CFC Senior Debt Service Reserve Fund. Subject to the terms of the Indenture, at any time that there are insufficient funds available in the CFC Senior Debt Service Fund to make any required payment of interest on or principal of the Senior Bonds, including the Series 2026 CFC Bonds, or to reimburse any credit providers for amounts advanced for such purpose, there will be transferred from the applicable account in the CFC Senior Debt Service Reserve Fund to the corresponding account within the CFC Senior Debt Service Fund such amounts as may be necessary for such purpose. Any proceeds received from a Reserve Product securing a particular Series of Senior Bonds will be applied immediately to cure deficiencies in the applicable account in the CFC Senior Debt Service Fund with respect to the Series of Senior Bonds for which such Reserve Product was provided and for no other purposes. Amounts in the CFC Senior Debt Service Reserve Fund will be applied as provided herein, and may, at the direction of an Authorized Officer of the Authority, be applied to the final payment of principal and interest on the applicable Outstanding Senior Bonds, including the Series 2026 CFC Bonds. Further, amounts in the CFC Senior Debt Service Reserve Fund, to the extent they are in excess of the CFC Senior Debt Service Reserve Fund Requirement, may be transferred, at the direction of an Authorized Officer of the Authority at any time to the CFC Revenue Fund or to the Trustee or a Depository Trustee to be included as part of a deposit for the refunding of any Outstanding Senior Bonds.

Notwithstanding anything in the Indenture to the contrary, the Authority will not be required to fully fund the CFC Senior Debt Service Reserve Fund Requirement at the time of issuance of any Series of Senior Bonds under the Indenture, if it provides on the date of issuance of any Series of Senior Bonds in lieu of such funds a Reserve Product issued by a Reserve Product Provider in an amount equal to the difference between the CFC Senior Debt Service Reserve Fund Requirement for such Series of Senior Bonds and the sums then on deposit (or required to be on deposit) in the CFC Senior Debt Service Reserve Fund. Such Reserve Product as provided above must provide for payment on any Interest Payment Date or Principal Payment Date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held under the Indenture for a payment with respect to Senior Bonds secured by the CFC Senior Debt Service Reserve Fund or account therein which cannot be cured by funds in any other

account held pursuant to the Indenture and available for such purpose, and which will name the Trustee as the beneficiary thereof. If a disbursement is made from a Reserve Product, the Authority will be obligated to reinstate the maximum limits of such Reserve Product following such disbursement or to replace such Reserve Product by depositing into the CFC Senior Debt Service Reserve Fund from the CFC Pledged Revenues available for deposit pursuant to the Indenture after the deposit required by the Indenture, funds in the maximum amount originally payable under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives, and for purposes of this section, amounts necessary to satisfy such reimbursement obligation and other obligations of the Authority to such a Reserve Product Provider will be deemed required deposits into the applicable account in the CFC Senior Debt Service Reserve Fund, but will be used by the Authority to satisfy its obligations to the Reserve Product Provider.

Notwithstanding the paragraph above, if the applicable account in the CFC Senior Debt Service Reserve Fund has been funded with cash or Investment Securities and no Event of Default will have occurred and be continuing hereunder, the Authority may, at any time in its discretion, substitute a Reserve Product meeting the requirements of this Indenture for the cash and Investment Securities, and the Authority may then withdraw such cash and Investment Securities and deposit them into the CFC Surplus Account to be used by the Authority for any lawful purpose of the Authority, so long as (i) the same does not adversely affect any rating by a Rating Agency then in effect for the applicable Series of Outstanding Senior Bonds and (ii) if the applicable account in the CFC Senior Debt Service Reserve Fund secures Tax-Exempt Bonds, the Authority obtains an opinion of Bond Counsel that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the applicable Series of Tax-Exempt Bonds for federal income tax purposes.

In addition, notwithstanding anything in this section to the contrary, if the funds on deposit in the applicable account in the CFC Senior Debt Service Reserve Fund are less than the CFC Senior Debt Service Reserve Requirement as a result of a withdrawal therefrom for deposit to the CFC Senior Debt Service Fund pursuant to this section, rather than making up the deficiency through the deposit of moneys, the Authority may obtain for such account a Reserve Product meeting the requirements hereof in the amount of such deficiency.

Cash on deposit in the applicable account in the CFC Senior Debt Service Reserve Fund will be used (or investments purchased with such cash will be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product. If and to the extent that more than one Reserve Product is deposited in the applicable account in the CFC Senior Debt Service Reserve Fund, drawings thereunder and repayments of costs associated therewith will be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

CFC Coverage Fund

Pursuant to the Indenture, the Trustee will establish the CFC Coverage Fund. On the closing date, there will be deposited to the credit of the CFC Coverage Fund an amount equal to 25% of the Maximum Annual Debt Service Requirement for the Senior Bonds then Outstanding (the "CFC Coverage Fund Requirement"). On the 25th day of each month, after making all prior transfers from the CFC Revenue Fund as provided in the Indenture, there will be transferred from the CFC Revenue Fund to the CFC Coverage Fund, to the extent available in the CFC Revenue Fund, an amount equal to the CFC Coverage Fund Requirement minus amounts already then on deposit in the CFC Coverage Fund. Subject to the Indenture, amounts in the CFC Coverage Fund will be transferred to the CFC Senior Debt Service Fund to the extent required to pay principal and/or interest on Senior Bonds, including the Series 2026 CFC Bonds, as the same become due and payable.

CFC Administrative Costs Fund

Pursuant to the Indenture, the Trustee will establish the CFC Administrative Costs Fund. On the 25th day of each month, after making all prior transfers from the CFC Revenue Fund as provided in the Indenture, there will be transferred from the CFC Revenue Fund to the CFC Administrative Costs Fund an amount equal to one-twelfth (1/12th) of the CFC Administrative Costs Fund Requirement as determined by the Authority, for the ensuing Fiscal Year. Funds on deposit in the CFC Administrative Costs Fund will be applied by the Trustee to pay its fees and any other administrative fees required or contemplated by this Indenture but only as directed by an Authorized Officer of the Authority.

CFC Project Fund

Pursuant to the Indenture, the Trustee will establish the CFC Project Fund. Customer Facility Charges collected by the Authority prior to the issuance of the Series 2026 CFC Bonds will be deposited into the CFC Project Fund. Prior to Substantial Completion, and after making all prior transfers from the CFC Revenue Fund as provided in the Indenture, funds on deposit in the CFC Project Fund will be used by the Authority, in its discretion, to pay the Costs of the CFC Project on a pay-as-you go basis. Upon Substantial Completion the uncommitted balance remaining in the CFC Project Fund will be transferred as described in the Indenture.

CFC Stabilization Fund

Pursuant to the Indenture, the Trustee will establish the CFC Stabilization Fund. On the 25th day of each month, after making all prior transfers from the CFC Revenue Fund as provided in the Indenture, there will be transferred from the CFC Revenue Fund to the CFC Stabilization Fund the remaining available funds in the CFC Revenue Fund up to a maximum amount of \$5,000,000. Funds on deposit in the CFC Stabilization Fund will be transferred to the CFC Senior Debt Service Fund, to the extent required, to pay principal of and/or interest on the Senior Bonds, including the Series 2026 CFC Bonds, as the same become due and payable. To the extent that the balance in the CFC Stabilization Fund exceeds \$5,000,000, the Authority may direct the Trustee to release and transfer the amount in excess of \$5,000,000 from the CFC Stabilization Fund to the Authority for deposit into the CFC Defeasance and Surplus Fund. In each Fiscal Year, the Authority may designate an amount to be transferred from the CFC Stabilization Fund to the CFC Revenue Fund on a monthly basis, which designated amounts are to be taken into account for purposes of the Rate Covenant (as defined herein). See “SOURCES OF PAYMENT AND SECURITY – Rate Covenant” herein.

CFC Renewal and Replacement Fund

Pursuant to the Indenture, the Trustee will establish the CFC Renewal and Replacement Fund. Prior to Substantial Completion, the CFC Renewal and Replacement Fund will not be funded. After Substantial Completion, the CFC Renewal and Replacement Fund will be funded in equal semi-annual installments of \$500,000 commencing on the first day of the third July following Substantial Completion until the amount on deposit therein is not less than the CFC Renewal and Replacement Fund Requirement; which amounts may, in the Authority’s discretion, be transferred from the Defeasance and Surplus Fund as provided in the Indenture, provided that the funding amount shall be contingent on availability of CFC Revenues for such purpose under Indenture. Any draws on the CFC Renewal and Replacement Fund will be replenished in a semi-annual aggregate amount of \$500,000 or such lesser amount necessary to satisfy the CFC Renewal and Replacement Fund Requirement in monthly payments beginning on the later of the 25th day of the first month of the next Fiscal Year or six months after the date on the draw on the CFC Renewal and Replacement Fund causing the need for replenishment. Such monthly payments will be made on the 25th day of each month, after making all prior transfers from the CFC Revenue Fund as provided in the

Indenture, and will be transferred from the CFC Revenue Fund to the CFC Renewal and Replacement Fund in an amount equal to one-twelfth (1/12th) of the CFC Renewal and Replacement Fund Requirement, if any. Funds on deposit in the CFC Renewal and Replacement Fund will be used by the Authority, in its discretion, to pay the costs of the maintenance, repair, expansion or replacement of, as the case may be, the CFC Project. Subject to the Indenture, amounts in the CFC Renewal and Replacement Fund will be transferred to the CFC Senior Debt Service Fund to the extent required to pay principal and/or interest on Senior Bonds, including the Series 2026 CFC Bonds, as the same becomes due and payable.

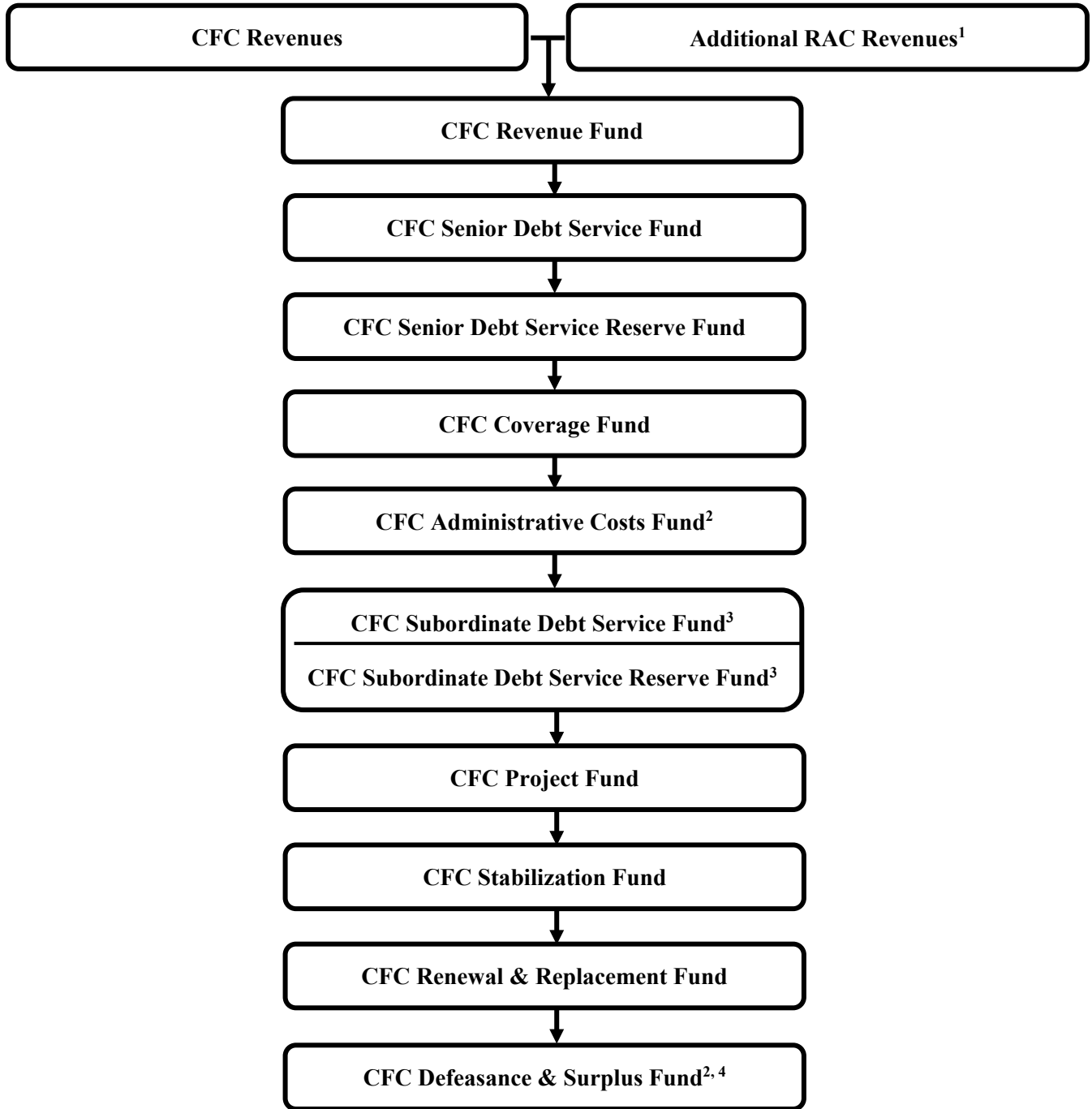
The CFC Renewal and Replacement Fund Requirement will be \$0 initially and will increase to \$3,000,000, which will initially be funded in equal semi-annual payments of \$500,000 commencing on the first day of the third July following Substantial Completion.

CFC Defeasance and Surplus Fund

Pursuant to the Indenture, the Authority will establish the CFC Defeasance and Surplus Fund, which will be maintained with the Authority and kept separate and apart from all other funds of the Authority. After making all prior transfers from the CFC Revenue Fund as provided in the Indenture, the Authority may, at its option, apply amounts transferred to the Authority for deposit into the CFC Defeasance and Surplus Fund, for use as follows: (1) transfer to the CFC Defeasance Account such amount as is determined by the Authority to be used or held for future use by the Authority for the redemption, purchase or defeasance of the Bonds pursuant to the Indenture, and (2) transfer the remaining amount to the CFC Surplus Account to be used by the Authority for any lawful purposes, including, without limitation, transfers to the Renewal and Replacement Fund and payments by the Authority under the RAC Agreements.

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



¹ Additional RAC Revenues payments will be deposited into the CFC Revenue Fund when necessary to satisfy the Rate Covenant.

² Not considered CFC Pledged Funds under the Indenture.

³ The CFC Subordinate Debt Service Fund and CFC Subordinate Debt Service Reserve Fund will be funded only if Subordinate Debt is outstanding under the Indenture.

⁴ Authority held Account.

CFC Insurance and Condemnation Proceeds Account

Pursuant to the Indenture, the Trustee will establish the CFC Insurance and Condemnation Proceeds Account in the CFC Construction Fund. In the event that any proceeds of casualty insurance policies or condemnation awards are delivered to the Trustee pursuant to the Indenture for the purpose of financing the repair, reconstruction, restoration or replacement of the CFC Project, the Trustee will establish the CFC Insurance and Condemnation Proceeds Account in the CFC Construction Fund and deposit such funds into the CFC Insurance and Condemnation Proceeds Account and will disburse such funds as provided in the Indenture. Any amounts remaining after the completion of any such restoration and provision for all costs thereof (as the same are certified by the Authority to the Trustee) will be deposited into the CFC Senior Debt Service Fund and applied to the payment of principal of or interest on the Series 2026 CFC Bonds next coming due.

Tax-Exempt CFC Rebate Fund

Pursuant to the Indenture, the Authority will execute the Tax Certificate and will, pursuant to the provisions of the Tax Certificate, cause the Tax-Exempt CFC Rebate Fund to be established at such times, if any, as provided for in the Tax Certificate, which fund will be funded if so required under the Tax Certificate and amounts in such Tax-Exempt CFC Rebate Fund will be held and disbursed in accordance with the Tax Certificate.

Rate Covenant

Under the Indenture, the Authority has covenanted, for as long as any of the Bonds (including the Series 2026 CFC Bonds) remain Outstanding, to lawfully cause the Customer Facility Charges to be calculated, established and imposed. Based on estimated CFC collections prepared by or for the Authority from time to time, unless prohibited by law, the Customer Facility Charges will be adjusted and/or Additional RAC Revenues may be collected pursuant to the RAC Agreements (provided it is in the Authority's sole discretion to do either or both) to the extent necessary to generate sufficient CFC Pledged Revenues, along with amounts then on deposit in the CFC Coverage Fund and amounts then on deposit in the CFC Stabilization Fund that the Authority has designated for transfer to the CFC Revenue Fund in such Fiscal Year, to provide in each Fiscal Year (a) an amount equal to at least 1.25x the Current Annual Debt Service Requirement in such Fiscal Year on the Senior Bonds then Outstanding, and (b) an amount sufficient to replenish any shortfalls in the amounts required to be maintained in either the CFC Coverage Fund or the CFC Senior Debt Service Reserve Fund within twelve (12) months after the month in which any amounts are withdrawn from either of such Funds for transfer to the CFC Senior Debt Service Fund pursuant to the Indenture (the "Rate Covenant"). In the event that the Rate Covenant is not met in a Fiscal Year, such violation will not be a default under the Indenture and will not give rise to a declaration of an Event of Default (unless the principal of, premium, if any, or interest on the Bonds is not paid in such Fiscal Year) if, the Authority takes appropriate corrective actions (including collecting and/or increasing Additional RAC Revenues for the next succeeding Fiscal Year and/or providing for transfers from the CFC Stabilization Fund) so that the Rate Covenant will be met in the next succeeding Fiscal Year; provided, however, that if the Rate Covenant is not met in the next succeeding Fiscal Year, an Event of Default may be declared. Upon request, the Authority will provide the Trustee with a certification that the Authority is taking appropriate corrective actions so that the Rate Covenant will be met in the next succeeding Fiscal Year. See "APPENDIX B – FORM OF INDENTURE – Article VII Covenants of the Authority — Section 7.2 Rate Covenant."

Additional Senior Bonds

Purposes for Additional Senior Bonds. Pursuant to the provisions of the Indenture, Additional Senior Bonds may be issued for the purposes of paying all or a portion of the costs and expenses of financing, designing, and constructing the CFC Project not fully funded with proceeds of the Series 2026 CFC Bonds, funding all or a portion of the CFC Senior Debt Service Reserve Fund Requirement, funding all or a portion of the CFC Coverage Fund Requirement, and paying the costs of issuance relating to such Series of Additional Senior Bonds.

Requirements for Issuing Additional Senior Bonds. Additional Senior Bonds may be issued under the Indenture, payable from, and secured solely by a lien on and pledge of the Trust Estate, on a parity with the Series 2026 CFC Bonds from time to time issued for the purpose of paying all or a portion of the costs and expenses of financing or refinancing, designing, and constructing the CFC Project not fully funded with proceeds of the Series 2026 CFC Bonds, funding all or a portion of the CFC Senior Debt Service Reserve Fund Requirement, funding all or a portion of the CFC Coverage Fund Requirement, and paying the costs of issuance relating to such Series of Additional Senior Bonds; provided, however, unless such Additional Senior Bonds are (i) Completion Senior Bonds or (ii) Refunding Senior Bonds that comply with the Indenture, no such Additional Senior Bonds will be issued unless all of the following requirements are satisfied:

(a) The Authority and Trustee will execute a Supplemental Indenture providing for the issuance of such Additional Senior Bonds and providing the means by which the CFC Coverage Fund Requirement and the CFC Senior Debt Service Reserve Fund Requirement will each be satisfied upon the issuance of the proposed Series of Additional Senior Bonds.

(b) An Authorized Officer of the Authority will execute a certificate stating that the Authority has the right to issue Additional Senior Bonds and the Authority is still receiving the CFCs.

(c) Either:

(i) An Authorized Officer of the Authority certifies that the CFC Pledged Revenues (excluding amounts then on deposit in the CFC Coverage Fund and the CFC Stabilization Fund) for the prior Fiscal Year or any twelve consecutive months out of the eighteen months prior to the authorization by the Authority of the proposed Series of Additional Senior Bonds (the "Senior Bonds Test Period") was equal to at least 1.25x the Maximum Annual Debt Service Requirement on the Senior Bonds that will be Outstanding after the issuance of such series of Additional Senior Bonds; or

(ii) The Airport Consultant certifies that the CFC Pledged Revenues, including any projected increases in the CFCs estimated to be received in the five consecutive Fiscal Years immediately following the issuance of the proposed Series of Additional Senior Bonds (excluding amounts required to be on deposit in the CFC Coverage Fund during such five years), will in each such Fiscal Year not be less than 1.25x the Maximum Annual Debt Service Requirement in such Fiscal Year on all Senior Bonds that will be Outstanding after the issuance of such Additional Senior Bonds.

In the event the Authority increases the level of the CFCs and such increase was not in effect during all or a portion of the Senior Bonds Test Period described above, then for the purposes of determining whether there are sufficient CFC Pledged Revenues to meet the coverage test specified in the Indenture, the Authorized Officer of the Authority will adjust the amount of CFC Pledged Revenues which were

received during the Senior Bonds Test Period to take into account the additional amount of CFC Pledged Revenues such increase would have generated if it had been in effect for the entire Senior Bonds Test Period; provided, however, that such adjustment will only be made if the increase in the CFCs is in effect on the date of the certification of the Authorized Officer of the Authority described in the Indenture is made.

In making the certifications above, the Airport Consultant may assume that appropriate agreements are in place between the Authority and the various RACs for the collection of the CFCs.

See “APPENDIX B—FORM OF INDENTURE—Article VI Additional Bonds and Refunding Bonds,” for a description of the conditions that must be satisfied prior to the issuance of Refunding Senior Bonds and Completion Senior Bonds.

Casualty and Condemnation

In the event that the CFC Project, or any portion thereof is damaged, taken or condemned, the net proceeds of insurance (including without limitation self-insurance) or condemnation award will be applied as set forth in this Indenture. If the proceeds of an insurance or condemnation award with respect to the CFC Project, net of the reasonable costs, fees and expenses incurred by the Authority in the collection of such proceeds or award and any proceeds paid to a RAC (the “Net Insurance Proceeds”) are less than \$5,000,000, the Net Insurance Proceeds will be paid directly to the Authority and will be applied by the Authority promptly to the costs of restoring the CFC Project. Any Net Insurance Proceeds remaining after the restoration of the CFC Project will be deposited to the CFC Debt Service Fund and applied to the payment of principal of or interest on the Series 2026 CFC Bonds.

If the Net Insurance Proceeds are equal to or greater than \$5,000,000, the Net Insurance Proceeds will be paid to the Trustee and deposited to the CFC Insurance and Condemnation Proceeds Account in the CFC Construction Fund, and disbursed in the same manner and subject to the same conditions and limitations relating to the disbursement of funds from the CFC Construction Fund. In the event that the Net Insurance Proceeds are insufficient to restore and repair the CFC Project as nearly as is reasonably possible to the condition it was in immediately prior to a casualty in the case of any casualty or to a condition, in the case of any Taking, which permits the CFC Project’s use in the manner for which the CFC Project was originally constructed (the “Pre-Existing Condition”), the Authority will take one or more of the following actions and use a combination of any of the following sources (including the Net Insurance Proceeds) to restore and repair to its Pre-Existing Condition: (i) subject to certain provisions of the Indenture, issue Additional Senior Bonds or Subordinate Bonds the proceeds of which will be used restore and repair the CFC Project to its Pre-Existing Condition, (ii) use any amounts on deposit in the CFC Renewal and Replacement Fund and the CFC Defeasance and Surplus Fund to restore and repair the CFC Project to its Pre-Existing Condition, and/or (iii) use Customer Facility Charges to restore and repair the CFC Project to its Pre-Existing Condition. The Net Insurance Proceeds, along with the amounts described in clauses (i) through (iii) in the previous sentence are collectively referred to in this Indenture as “Available Amounts.”

Following a casualty loss or Taking at or affecting the CFC Project and if the Available Amounts made available for repair or restoration are sufficient for such purpose, the Authority will cause the repair and restoration of the CFC Project to substantially its Pre-Existing Condition, and the Authority will cause the commencement of such restoration or repair as soon as is reasonably possible after the casualty loss or Taking and at all times thereafter the diligent prosecution thereof to completion. In the event any Available Amounts remain after the repair and restoration of the CFC Project to its Pre-Existing Condition, the Trustee will deposit such Available Amounts to the CFC Debt Service Fund and apply to the payment of principal of or interest on the Series 2026 CFC Bonds next coming due.

In the event the Available Amounts are insufficient to restore and repair the CFC Project to its Pre-Existing Condition, all Available Amounts and such other amounts on deposit in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Coverage Fund, will be used to redeem the Series 2026 CFC Bonds pursuant to the Indenture hereof and any Additional Senior Bonds or Subordinate Bonds, as the case may be, pursuant to the terms of the applicable Supplemental Indenture.

Permitted Investments

Moneys in all Funds and Accounts held by the Trustee under the Indenture may be invested and reinvested as directed by the Authority in Investment Securities, subject to the restrictions set forth in the Indenture, and subject to restrictions imposed upon the Authority.

Other Covenants of the Authority

Collection of Customer Facility Charges and Additional RAC Revenues. Under the Indenture, the Authority covenants to use diligence to establish and maintain Customer Facility Charges and Additional RAC Revenues in the amounts and at the times necessary to enable the Trustee to make all transfers to the CFC Senior Debt Service Fund, the CFC Subordinate Debt Service Fund, and any other Fund required in the Indenture.

Payment of Bonds. The Authority agrees in the Indenture to promptly cause to be paid as the same becomes due and payable the principal of and interest on the Bonds.

Transfers and Assignments. So long as any Bonds remain Outstanding, the Authority covenants not to cause or permit the RACs to dispose of, or encumber any portion of the CFC Project, except as may be permitted under the Indenture; provided, however, that this prohibition does not prevent the Authority from disposing or permitting the disposal of any portion of the CFC Project that has been declared surplus or is no longer needed or useful for the proper operation of the CFC Project (except to the extent such portion was financed with Tax-Exempt Bonds in which case the Authority will obtain an opinion of Bond Counsel that such disposition will not, in and of itself, adversely affect the exclusion from gross income of interest on the applicable Series of Tax-Exempt Bonds for federal income tax purposes).

Encumbrance of Trust Estate. Except through the issuance of Additional Bonds, Refunding Senior Bonds, and Refunding Subordinate Bonds the Authority covenants that it will not in any manner pledge or further encumber the Trust Estate except as specially provided in this Indenture and any Supplemental Indenture thereto.***Insurance.*** The Authority will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance (as defined in the Indenture) with respect to the CFC Project and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts, against such risks, and with such deductible and retention amounts as are, in the judgment of the Authority, 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. See “APPENDIX B— FORM OF INDENTURE— Article VII Covenants of the Authority.”

Events of Default and Remedies

Events of Default under the Indenture and related remedies are described in “APPENDIX B— FORM OF INDENTURE—Article VIII Events of Default and Remedies.” The Trustee is authorized to take certain actions upon the occurrence of an Event of Default under the Indenture, including proceedings to enforce the obligations of the Authority under the Indenture. See “CERTAIN INVESTMENT CONSIDERATIONS—Enforceability of Remedies” and “—Limitation on Amounts Available Upon the Occurrence of an Event of Default.” Furthermore, the Indenture has no cross-default or acceleration

provision as between the Authority's outstanding general airport revenue bonds issued pursuant to and secured by the Master Indenture of Trust dated as of April 1, 2001 (the "GARB Master Indenture"), by and between the Authority and U.S. Bank National Association and the Series 2026 CFC Bonds.

On-Airport Rental Car Concession Agreements and Facility Lease Agreements (RAC Agreements)

Any term not defined in this subsection will have the meaning set forth in "APPENDIX C – FORM OF RENTAL CAR ("RAC") AGREEMENT."

General

In July 2025, the Authority issued an RFP for qualified companies to conduct automobile rental business from the ConRAC being constructed. In order to conduct its automobile rental business from the ConRAC, the companies were required to enter into a combined On-Airport Rental Car Concession Agreement and Facility Lease (each a "RAC Agreement" and collectively, the "RAC Agreements"). In September 2025, the Board approved the RAC Agreements effective November 1, 2025, with all five of the rental car companies operating at the Airport (herein referred to as the Concessionaires):

- (1) Enterprise Mobility operating the Enterprise, Alamo and National brands;
- (2) Avis Budget Group, Inc. operating the Avis and Budget brands;
- (3) Hertz Global Holdings, Inc. operating the Hertz, Thrifty and Dollar brands;
- (4) Tom Wood Rental Kentucky, Inc. operating as Sixt; and
- (5) American Rent-A-Car.

The RAC Agreements provide for the construction, leasing, use and operation of the ConRAC (referred to in the RAC Agreements as the Consolidated Facility) and also the temporary use of certain existing facilities of the Airport prior to completion of the ConRAC. Pursuant to the RAC Agreements, the Authority has agreed to construct the ConRAC and the Concessionaires have agreed to collect and remit (i) the CFCs, (ii) Additional RAC Revenues and (iii) other rents and fees to the Authority (which other rents and fees are not included CFC Pledged Revenues).

Term

With respect to the Facility Lease, the RAC Agreements establish a term of thirty years from the ConRAC Operation Commencement Date (as defined herein). Prior to the ConRAC Operation Commencement Date, temporary Premises are available to each Concessionaire.

With respect to the term of the Concessions, the RAC Agreements provide that the Authority may rebid the Concession rights ten years after the earlier of (i) the day on which a Concessionaire commences operation at the ConRAC, or (ii) six months following the Concessionaire Access Date (the "ConRAC Operation Commencement Date"). The option to rebid the Concession rights ten years after the ConRAC Operation Commencement Date is subject to the Authority's sole and absolute discretion.

Premises

The temporary Premises include counter, queue and office space in the customer service area of the Airport arrivals terminal, and ready spaces and return lanes/spaces in the adjacent Garage A parking garage.

After the ConRAC is complete, the permanent Premises will include counter and office space in the customer service area, ready spaces and return lanes in the ConRAC garage, and the Quick Turn Around (QTA) area including associated facilities and lots. The permanent Premises may be designated as preferential or common space from time to time at the sole determination of the Authority. The permanent Premises will be allocated initially by the Authority according to each Concessionaire's market share at the Airport, which market share will be measured according to the previous twelve (12) month period computed six (6) months prior to the Concessionaire Access Date. The ConRAC floor (level) assignment will be determined initially by the three (3) highest MAG concessionaires as of the Effective Date, in selection order from highest MAG to lowest MAG, and any additional concessionaire floor locations will be determined by Authority.

CFCs and Additional RAC Revenues under the RAC Agreements

CFCs. Each Concessionaire has agreed to collect from its customers the CFC amount and remit such charges in full to the Authority, pursuant to the RAC Agreements. The amount of the CFC, the application of the CFC to the rental transaction or transaction days or other unit of measure, the collection dates of the CFC, and all other financial and administrative matters relating to the collection and remittance of a CFC by and from each Concessionaire will be determined solely by the Authority. See "SOURCES OF PAYMENT AND SECURITY – Customer Facility Charges."

Additional RAC Revenues. In the event the total amount of Debt Service for a calendar year exceeds the total amount of CFC collections attributable to such calendar year, each Concessionaire is required to pay the Authority, relative to each Concessionaire's market share for such calendar year (or other methodology reasonably determined by Authority after consultation with Concessionaire), any such deficiency (a "Rent Deficiency" as used in the RAC Agreements). Such payment is due within 60 days after each Concessionaire receives a Facility Rent Debt Statement from the Authority. In the event of a Rent Deficiency, the Authority reserves the right to anticipate a future Rent Deficiency. If the Authority anticipates a future Rent Deficiency, after consultation with the Concessionaires, the Authority may charge Concessionaire contingent facility rent on a monthly basis until such time as an anticipated Rent Deficiency is no longer projected. Upon such time as the CFC collections exceed Debt Service attributable to such calendar year and a Rent Deficiency is not anticipated, the Authority will reimburse the Concessionaires from the excess CFCs, for contingent facility rents which were previously paid to the Authority. If the total amount of Debt Service for a calendar year is less than the total amount of CFC collections attributable to such calendar year, the Authority may apply such excess CFC collections, at the Authority's discretion, as permitted under Indenture. See "SOURCE OF PAYMENT AND SECURITY — Rate Covenant."

Other Rents and Fees under the RAC Agreements

The Concessionaires must pay other rents and fees to the Authority under the RAC Agreements ("Other Rents"). **The Other Rents are not part of the Trust Estate and are not pledged for the payment of debt service for the Series 2026 CFC Bonds under the Indenture.** The Other Rents include:

- *Arrivals Terminal Rent.* Arrivals Terminal Rent is paid on a per square footage basis for the space the Concessionaire occupies in the Airport arrivals terminal customer service area prior to the ConRAC Operation Commencement Date.
- *Ready and Return Parking Facilities Rent.* The Concessionaire will pay monthly rent for Concessionaire's temporary Premises at the ready and return parking facilities on a per stall basis at the initial monthly rate of sixty dollars (\$60) per stall; however, the temporary Premises return parking rent will be offset by CFCs.

- *Ground Rent.* Ground Rent, an amount equivalent to each Concessionaire's Proportionate Share of the fair market rent of the ConRAC Property, will be payable by each Concessionaire commencing on the ConRAC Operation Commencement Date and thereafter during the term of the RAC Agreements.

- *Facility Rent.* In addition to the Ground Rent payable by each Concessionaire, the Concessionaire will pay monthly its Proportionate Share of Facility Rent, commencing on the ConRAC Operation Commencement Date, for the Debt Service, Operating Expenses, Impositions, and related costs of the ConRAC.

- *Percentage Fee.* Each Concessionaire must pay an amount equal to eleven percent (11%) of such Concessionaire's Gross Receipts, or in the event that any commercial airport in the states of Virginia, Maryland, West Virginia, or North Carolina collects a greater percentage of Gross Receipts, then an amount equal to that commercial airport's percentage fee.

- *Minimum Annual Guaranteed Fee (MAG).* Each RAC Agreement determines the MAG for the first Agreement Year for the respective Concessionaires. The MAG for each Agreement Year thereafter will be the greater of (i) the prior Agreement Year MAG, or (ii) ninety percent (90%) of the amount of the Percentage Fee due to the Authority from such Concessionaire for the previous Agreement Year but will never be less than the MAG for the first Agreement Year.

Construction and Operation of the Project

Construction of the Project. The Authority has agreed to construct the ConRAC improvements at its own cost and expense (subject to the Authority's receipt of the proceeds of the Series 2026 CFC Bonds) substantially in accordance with the plans and specifications included as Exhibit D to the RAC Agreements. The ConRAC improvements will include any and all on-site and off-site preparation and improvements necessary or desirable in connection with the ConRAC improvements, including, earthwork, roadwork, off-site transportation-related improvements, wetland mitigation, the extension of utilities, storm water drainage, and water retention or detention for the ConRAC Property. The Authority will not be liable for any delays in the completion of the ConRAC improvements.

Each Concessionaire has agreed to construct its respective Concessionaire Improvements at such Concessionaire's sole cost and expense. Concessionaire Improvements may include (i) kiosks, interior traffic control devices, security systems, Concessionaire communications and display devices, (ii) interior proprietary signage, office furniture, communications systems, and other equipment and tenant finishes in the customer service portion of the Premises, (iii) interior proprietary signage, tenant finishes, and office furniture at the QTA, and (iv) proprietary identification of parking spaces within the vehicle parking area.

Concession Operations. Under the RAC Agreements, the Concessionaires have agreed to operate only under specified brands as well as to maintain standards of quality, inventory and price as well as specified hours of operation as determined by the Authority.

No Joint and Several Liability Among Concessionaires. Each Concessionaire has executed a RAC Agreement between itself and the Authority and there is no shared liability among Concessionaires.

Maintenance and Repair Obligations. The Authority is responsible for maintaining the ConRAC and Premises except the Concessionaires' Improvements, which the Concessionaires will maintain. The Authority is obligated to (i) repair and maintain the structural portions of the ConRAC, including the foundations, bearing and exterior walls (excluding glass), subflooring and roof (excluding skylights), and the unexposed electrical, plumbing, and sewer systems, including those portions of such systems which are

located outside the Premises, gutters and downspouts on the ConRAC, and the base building heating, ventilating, and air conditioning systems which serve the Premises, (ii) maintain the landscaping on, adjacent to, and surrounding the Premises in accordance with the landscaping standards and requirements of the Authority applicable to the Airport from time to time; and (iii) perform such other general maintenance, repair, and replacement of the common areas of the ConRAC, including the associated parking facilities or areas, access roads, driveways, truck ways, sidewalks, and passageways, as may be reasonably required from time to time. In addition, the Authority will be responsible for performing any capital repairs or replacements of the ConRAC, including the foundation, roof, structural components, and exterior walls subject to inclusion of such costs as part of Operating Expenses.

Insurance. Each Concessionaire is required to procure such insurance as is customarily maintained by similar business enterprises at commercial airports as well as specific minimum policies pursuant to the applicable RAC Agreements.

Damage and Destruction. If the Premises are totally destroyed by storm, fire or other casualty, or damaged to the extent that, in the Authority's reasonable opinion, the damage cannot be restored, or if the damage is not covered by standard "all risks" property insurance (or such other property insurance as may be maintained by the Authority from time to time), the Authority will have the right to terminate the RAC Agreements effective as of the date of such destruction or damage by written notice delivered to each Concessionaire and rent and fees will be accounted for as between the Authority and each Concessionaire as of that date. The Authority will provide each Concessionaire with written notice no later than sixty (60) days following the date of such damage of the estimated time needed to restore the Premises and whether the Authority elects to restore the Premises.

Sublease and Assignment. The Concessionaires are not permitted to sublease or assign the Premises under the RAC Agreements without the prior written consent of the Authority. The Authority has agreed not to withhold its consent unreasonably to a sublease or assignment to a related party of a Concessionaire.

Condemnation Proceedings. The RAC Agreements provide for the disbursement of condemnation awards in the event of a total, partial or temporary taking. In the event of a total taking, the RAC Agreements will be terminated, and the entire award will be disbursed as follows:

1. The Authority will first be paid that portion of the award which represents the value of the Authority's interest in the Premises and the ConRAC improvements.
2. The balance of any such award will then be paid to the applicable Concessionaire after first deducting the following items a. and b.:
 - a. The amount of the Concession Fee, the Ground Rent, the Facility Rent (including the Additional RAC Revenues for Debt Service), and any other amount due and owing up to the date the condemning authority legally takes possession of the Premises, which will be paid to the Authority;
 - b. All other rents and fees which under the terms of the applicable RAC Agreement are provided to be paid by the Concessionaire, which will either be paid to the Authority to be used for the intended purpose or will be applied directly to the payment of such rents and fees.

Termination of a RAC Agreement by the Authority. The Authority has the right to terminate a RAC Agreement in an Event of Default by a Concessionaire. Events of Default include but are not limited to unpermitted transfers of interest or ownership changes, failures to pay fees or taxes, poor quality control, including poor customer service, and other failures to perform under the RAC Agreements. If the Authority

terminates a RAC Agreement, such Concessionaire’s fees and rent remain due to the Authority as if no termination had taken place. The RAC Agreements also provide for liquidated damages due to the Authority by the Concessionaire for the period of time subsequent to termination (as if no termination had taken place).

Termination of a RAC Agreement by a Concessionaire. A Concessionaire may terminate its RAC Agreement with the Authority in the event of abandonment of the Airport by the Authority, a court injunction restraining the use of the Airport, the damage or destruction of the Premises or a breach by the Authority or its failure to perform any material covenant under the RAC Agreement.

THE CFC PROJECT

The CFC Project

The CFC Project consists of the construction of a ConRAC, related roadway improvements, a pedestrian departure bridge connecting the ConRAC to the terminal, and other enabling work, such as demolition, site preparation, utilities, and relocation of existing infrastructure (also referred to herein collectively as the “CFC Project”), which will be built south of the Departures Terminal at the Airport to consolidate all rental car operations into one location, allowing vehicle rentals, pickups, and returns to function in one location. Quick turnaround (QTA) facilities will be available to maximize efficiency for customers and rental car companies.

Currently the rental car companies operating at the Airport occupy approximately 5,938 square feet in the arrival building and utilize approximately 350 parking spaces within the public parking garage. Upon completion of the CFC Project these spaces will be returned to public use, thereby increasing the availability of public parking.

When the CFC Project is completed, the RACs will relocate from their current facilities to the ConRAC for all on-Airport operations, including customer service counters, ready and return parking, staging, quick turnaround fueling and car wash facilities. The ConRAC will contain the following facilities:

Facility	Approximate Square Footage
Ready/Return Garage	442,672
Shuttle Ramps	47,738
Customer Service Ramps	46,337
Customer Service Building	40,000
Service Yard	25,802
QTA Fueling	23,832
ConRAC Employee Parking	22,668
QTA Stacking	16,051
QTA Car Wash	15,096
RAC Administration	12,619

Note: Final square footage may vary.

Below is a rendering of the ConRAC.



The CFC Project Construction Manager-at-Risk Contract

The Authority is using the Construction Manager-at-Risk project delivery method for the CFC Project, where a construction manager is hired to oversee the project from design to construction completion and to manage the budget and schedule to stay within a guaranteed maximum price (the “GMP”).

The Authority selected W.M. Jordan Company (“WMJ”) as the construction manager at-risk. WMJ has 66 years of experience with 690 completed projects. WMJ has worked with the Authority on several projects that have been successfully completed, including Norfolk’s Concourse A and Federal Inspections Facility, and one project that is still ongoing.

The Authority and WMJ entered into a construction manager-at-risk contract effective February 10, 2025 (the “Construction Management Contract”). Pursuant to the Construction Management Contract, WMJ is responsible for all services that are necessary and appropriate to the successful completion of the CFC Project in a timely and cost-effective manner, including all preconstruction services, design review and recommendations, cost estimates, and the management, financing, labor and all other services, equipment and materials needed for the construction of the CFC Project. WMJ is liable for liquidated damages for failure to complete the CFC Project within the project schedule and milestone dates set forth in an approved GMP.

The Authority also has retained Gresham Smith as the Architect of Record and to provide design services for the CFC Project (the “Design Consultant”). Pursuant to the Construction Management Contract, the Design Consultant provides leadership on all matters relating to the design of the CFC Project, with support from WMJ, and WMJ provides leadership on all matters relating to the construction of the CFC Project.

The CFC Project Status

Over the past year, the Authority has worked with WMJ and the Design Consultant through the preconstruction phase to develop the design of the CFC Project. The GMP for the CFC Project was developed based on 90% design plans. The GMP includes a 3% contractor contingency and a 5% design contingency. Additionally, the Authority is carrying a contingency of 6% on the CFC Project cost of construction, which will be funded by the Authority if needed. The Design Consultant performed in person reviews of each trade partner's scope of work and associated pricing to ensure that there are no missing items in the bids as submitted. The program management team reviewed all GMP qualification statements and general conditions and submitted a revised GMP based on these reviews. The CFC Project is expected to be completed in December 2027, with the ConRAC to be placed in service in early 2028.

The CFC Project Budget

The CFC Project is estimated to cost \$164.8 million.

Estimated Costs of the CFC Project (000s)

Construction (GMP) ¹	\$127,600
Construction (Non-GMP) ²	11,300
Design, Allowances and Contingency (Soft Costs) ³	26,000
Total CFC Project Budget	\$164,800⁴

- 1 Represents the GMP for the ConRAC structure, sitework, signage, certain roadwork, parking areas and building costs.
- 2 Represents the costs of the access road and 50% of the expected costs of the pedestrian bridge to the departures area. These costs are not included in the Construction Management Contract.
- 3 Includes design costs and the Authority's contingencies and allowances.
- 4 Total does not add due to rounding.

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Estimated CFC Project Sources

The CFC Project will be financed with the sources set forth below:

Estimated Sources of funds for the CFC Project (000s)

Series 2026 CFC Bond Proceeds	\$124,000*
Previously Collected CFCs	6,800
CFCs to be collected during construction	28,000
Authority Funds ¹	<u>6,000</u>
Total	<u>\$164,800</u>

¹ Authority funds will be deposited in the CFC Project Fund as needed to pay costs of the CFC Project during construction.

CUSTOMER FACILITY CHARGES AND RENTAL CAR OPERATIONS

Rental Car Operations at the Airport

As of the date of this Official Statement, ten rental car brands, owned by a total of five companies, are operating at the Airport. Each of the rental car companies has entered into a RAC Agreement. See “SOURCES OF PAYMENT AND SECURITY – On-Airport Rental Car Concession Agreements and Facility Lease Agreements (RAC Agreements)” and “APPENDIX C — FORM OF RENTAL CAR (“RAC”) AGREEMENT.”

The following table sets forth the gross revenue share of the rental car companies that were operating at the Airport in Fiscal Year 2025. SIXT, owned by Tom Wood Rental Kentucky, Inc., commenced service at the Airport in November 2025 (Fiscal Year 2026).

Corporate Entity	Rental Car Brands	Fiscal Year 2025 Share of Gross Revenues ¹
Avis Budget Group, Inc.	Avis and Budget	36.5%
Hertz Global Holdings, Inc.	Hertz, Dollar and Thrifty	25.1%
Enterprise Mobility	Enterprise, Alamo and National	38.0%
American Rent-A-Car	American Rent-A-Car	0.3%

Source: Authority records

¹ Total may not add due to rounding.

For a further description of current rental car operations at the Airport, as well as a discussion of the rental car industry and market, both nationally and at the Airport, see “APPENDIX A — REPORT OF THE AIRPORT CONSULTANT.”

* Preliminary, subject to change.

Historical Rental Car Demand and CFC Collections at the Airport

The following table sets forth the following for Fiscal Years 2021 through 2025 and through February 2026 for Fiscal Year 2026, (i) the CFC rate per transaction day, (ii) the number of visiting O&D enplaned passengers, (iii) the total rental car transactions, (iv) the total rental car transaction days subject to the CFC, and (v) the total amount of CFCs received by the Airport.

Fiscal Year	CFC Rate per Transaction Day	Total Rental Car Transactions¹	Total Rental Car Transaction Days²	Total CFCs Received by the Airport¹
2021 ³	\$2.00	172,202	975,939	\$1,987,134
2022 ³	\$2.00	261,130	1,350,114	\$2,724,476
2023 ³	\$2.00	303,291	1,570,092	\$3,166,267
2024 ³	\$2.00 / \$5.00	339,864	1,654,984	\$4,962,370
2025 ³	\$5.00 / \$8.00	327,724	1,639,213	\$9,364,541
2025 (YTD) ⁴	\$5.00 / \$8.00	210,909	1,050,811	\$4,949,248
2026 (YTD) ^{4,5}	\$8.00 / \$10.00	214,522	1,067,659	\$8,976,405

¹ Source: Authority records

² Source: Authority and rental car company records

³ From August 1, 2018, until October 31, 2025, CFCs were collected only for the first twenty days of a rental car transaction.

⁴ YTD: July through February.

⁵ As of November 1, 2025, there is no limit on the number of days CFCs are collected for any rental car transaction.

FEASIBILITY REPORT

General

The Feasibility Report set forth in APPENDIX A was prepared by the Airport Consultant in connection with the issuance of the Series 2026 CFC Bonds. The Airport Consultant has provided its consent to include the Feasibility Report as APPENDIX A hereto. The Feasibility Report has been included herein in reliance upon the knowledge and experience of Unison Consulting, Inc. as the Airport Consultant. As noted in the Report, any forecast is subject to uncertainties. Therefore, the actual results achieved during the forecast period may vary, and the variations may be material. The financial projections and forecasts presented in the Feasibility Report are based on various assumptions that reflect the best information available and circumstances existing as of the date of the Report. The Feasibility Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions contained therein.

Accordingly, the projections contained in the Feasibility Report or that may be contained in any future certificate of the Authority or an Airport Consultant are not necessarily indicative of future performance, and neither the Airport Consultant nor the Authority assumes any responsibility for the failure to meet such projections. In addition, certain assumptions with respect to future business and financing decisions of the Authority are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2026 CFC Bonds are cautioned not to place undue reliance upon the Report or upon any projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of CFCs collected may be materially less than expected and consequently, the ability

of the Authority to make timely payment of the principal of and interest on the Series 2026 CFC Bonds may be materially adversely affected.

Neither the Authority's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted financial information contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted financial information, nor have they expressed any opinion or any form of assurance on such information or its achievability.

THE NORFOLK AIRPORT AUTHORITY

The Authority was established on July 1, 1948, as a political subdivision of the Commonwealth of Virginia pursuant to the Act. The Authority was created to carry out those functions assigned to it as prescribed in the Act. The Authority is managed by a management staff headed by its President and Chief Executive Officer who is appointed by the Board of Commissioners and serves at the pleasure of the Board of Commissioners.

On May 1, 1949, the Authority was given "supervision" responsibility for the operation and maintenance of what was then called the "Norfolk Municipal Airport" and what is now known as the "Norfolk International Airport". On January 1, 1950, the Authority was granted authority to operate, maintain and develop the Airport. The Authority owns the Airport.

Authority Commissioners

The Authority is governed by a Board of Commissioners of at least seven (7) but not more than nine (9) members appointed for four-year terms by the City Council (the "City Council") of the City of Norfolk (the "City"). Certain information regarding the Authority's Commissioners follows:

Mr. Peter G. Decker, III, Esquire, Chair. Term expires June 28, 2027. Initially appointed as a Commissioner on July 21, 2015. Mr. Decker is an Attorney at Law with The Decker Law Firm.

Ms. Susan Pilato, Vice Chair. Term expires August 19, 2028. Initially appointed as a Commissioner on June 28, 2022. Ms. Pilato is a Principal at PC&A Business Environments.

Mr. Michael B. Burnette, Treasurer. Term expires August 19, 2028. Initially appointed as a Commissioner on August 25, 2020. Mr. Burnette is the Founder & Managing Partner at Burnette Development.

Mr. Joel English, Ph.D., Commissioner. Term expires June 28, 2027. Initially appointed as a Commissioner on July 11, 2023. Mr. English is the President Emeritus at AIM Centura College.

Ms. Peggy H. Newby, Commissioner. Term expires June 30, 2026. Initially appointed as a Commissioner on October 4, 2022. Ms. Newby is the CFO/Chief Operations Officer of Fort Norfolk Plaza Medical Associates, LLC; COO/Administrator of NSU Spartan Health Clinic; and Vice President of The James E. Newby, Jr. M.D. Foundation.

Adm. Charles Rock, Commissioner. Term expires August 19, 2028. Initially appointed as a Commissioner on December 6, 2022. Admiral Rock is a Rear Admiral, USN, Retired-Navy Region Mid-Atlantic.

Mr. Bruce B. Smith, Commissioner. Term expires June 30, 2026. Initially appointed as a Commissioner on July 1, 2018. Mr. Smith is the owner of Bruce Smith Enterprises, LLC.

Ms. Mary Ellen Price, Commissioner. Term expires August 19, 2028. Initially appointed as a Commissioner on April 23, 2024. Ms. Price is the CEO/Managing Principal of Work Program Architects.

Mr. Charles Poston, Jr., Commissioner. Term expires June 30, 2026. Initially appointed as a Commissioner on April 23, 2024. Mr. Smith is the Director of Federal and State Affairs, at Troutman Pepper Locke.

Authority Senior Management

The key members of the Authority's staff with brief biographies are set forth below:

Mark A. Perryman, President and Chief Executive Officer. Mr. Perryman joined the Authority in 2021 after serving as President and CEO of Landrum & Brown, an international aviation consultancy, for 31 years. Before that, he served five years in the U.S. Air Force and worked with Edward S. d'Avi Architects for four years. He holds a Bachelor of Science degree in Design from Arizona State University.

Anthony E. Rondeau, Executive Vice President and Chief Development Officer. Mr. Rondeau joined the Authority in September 2009 as the Director of Facilities and was promoted to Deputy Executive Director of Engineering and Facilities in 2016, before assuming his current position in 2009. Prior to joining the Authority, he worked as a Project Manager for a local engineering firm. He holds a Bachelor of Science Degree in Civil Engineering from Virginia Military Institute. He is a registered Professional Engineer and a Certified Member of the American Association of Airport Executives.

Mark A. Trank, Senior Vice President and General Counsel. Mr. Trank joined the Authority in July 2023. He serves as the Senior Vice President and General Counsel. Before joining the Authority, Mr. Trank was the primary legal counsel for the two airports operated by the Lee County Port Authority in Fort Myers, Florida—Southwest Florida International Airport (RSW) and Page Field (FMY). He has a Bachelor of Arts Degree in Philosophy from Yale University and a Juris Doctor degree from the University of Virginia School of Law. He is licensed to practice law in Virginia and Florida as an active member of the Virginia and Florida State Bars.

Chris Jones, Vice President and Chief Marketing and Communications Officer. Mr. Jones has served as Vice President and Chief Marketing & Communications Officer for the Authority since March 2024. He joined the Authority after working as Director of Communications for the City of Norfolk and was previously the Chief Marketing Officer at McCarran International Airport (now Harry Reid International) in Las Vegas, where he worked for nearly sixteen years. Mr. Jones holds a Bachelor of Arts degree in Communications from the University of Nevada, Las Vegas, and a Master's degree in Business Administration from Boise State University, and is a Certified Member of the American Association of Airport Executives.

Steven Djunaedi, Vice President and Chief Commercial Officer. Mr. Djunaedi retired from the US Navy after 28 years of active-duty service and began his next career in January 2025 at the Airport. Prior to his transition from military service, he was the Commanding Officer of Naval Air Station Oceana, the U.S. Navy's East Coast Master Jet Base. He is a 1997 graduate of the United States Naval Academy with a Bachelor of Science in Political Science and a graduate of the Naval Postgraduate School in Monterey, CA with an Executive Master's degree in Business Administration.

Melinda Montgomery, Vice President and Chief Operations Officer. Ms. Montgomery joined the Authority in June 2025 and serves as Vice President and Chief Operations Officer. Previously, Ms. Montgomery served as Airport Manager at Trenton-Mercer Airport in New Jersey. She earned a Bachelor of Science degree in Aeronautics and Management from Dowling College and an MBA in Aviation from Embry Riddle Aeronautical University. Ms. Montgomery is an Accredited Airport Executive and has served on the Board of Directors for the American Association of Airport Executives and as Past President of its Northeast Chapter.

Kanama Bivins, Vice President and Chief Financial Officer. Dr. Bivins joined the Authority in September 2025. She is Vice President and Chief Financial Officer. Prior to joining the Authority, Dr. Bivins served as Chief Financial Officer at NASA’s Langley Research Center. Prior to becoming Chief Financial Officer, Dr. Bivins was the Acting Associate Director of the NASA research center. Dr. Bivins holds a doctorate in Strategic Leadership from Regent University and is an active member of the Association of Government Accountants and CIVIC Executive Alumni.

Charles W. Braden, Associate Vice President, Market Development. Mr. Braden is an airport professional with 38 years of service at Norfolk Airport Authority. Among his responsibilities are air service development and research, airport promotion and advertising, customer relations, and strategic partnerships within the tourism and economic development communities.

Jeffrey J. Bass, Vice President, Capital Programs. Mr. Bass serves as Vice President of Capital Programs. He has a Bachelor of Science degree in Civil Engineering from the Virginia Polytechnic Institute and State University and is a licensed Professional Engineer in Virginia, West Virginia, District of Columbia, North Carolina, and South Carolina with over 25 years of construction and design experience on large-scale capital projects in the public and private sectors.

Sheila M. Balli, Vice President, Human Resources. Ms. Balli joined the Authority in 2005 and currently serves as Vice President of Human Resources. She has Bachelor of Science degrees in Psychology and Human Resources Development and a Bachelor of Arts degree in Guidance and Counseling from Sr. Scholastica’s College in Manila, Philippines. Ms. Balli has also earned professional certifications in Human Resources management.

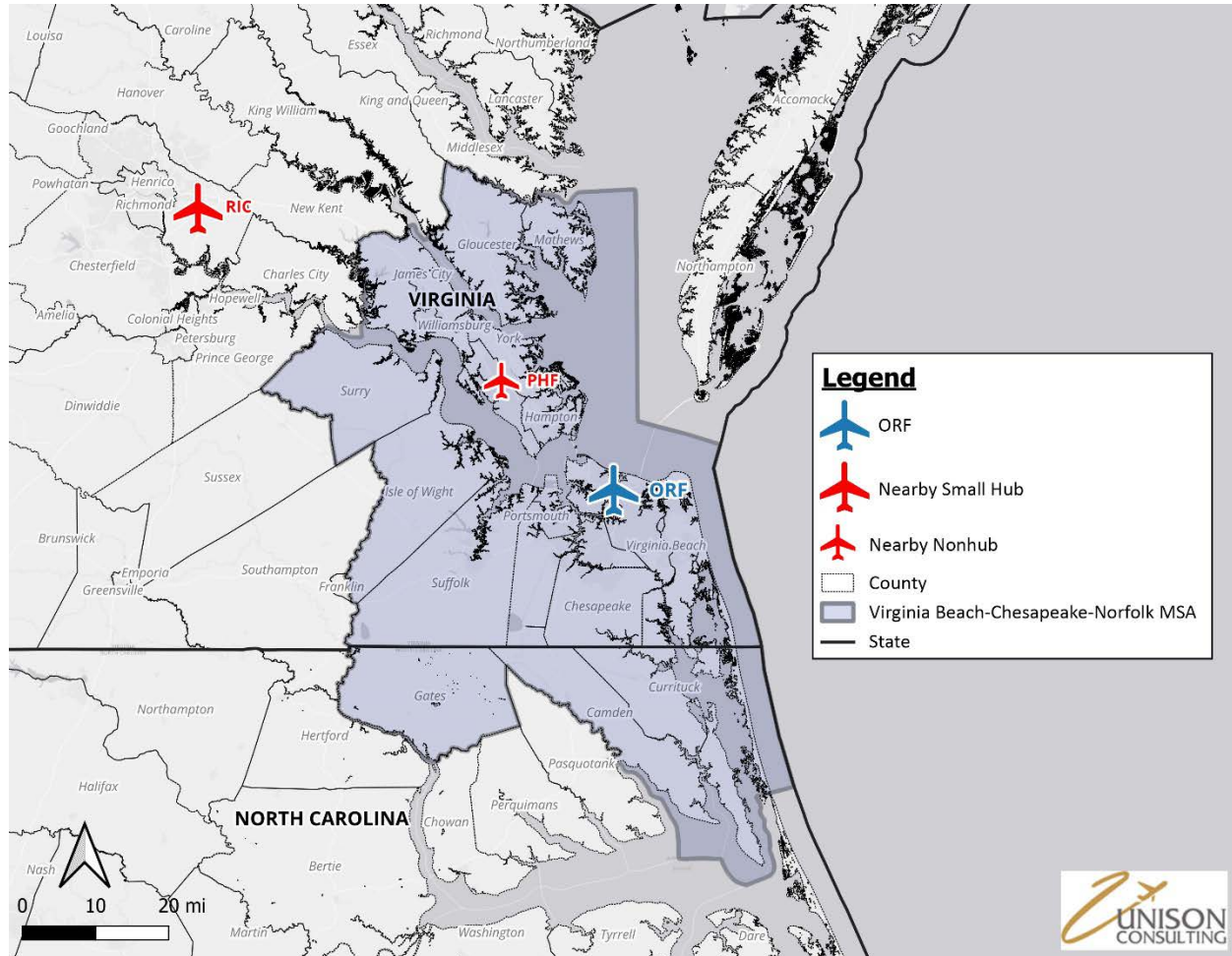
The Air Trade Area

The Airport is the primary commercial air service facility serving the Hampton Roads metropolitan area and the surrounding region. The Airport is primarily an origin and destination (O&D) airport, with O&D traffic estimated to constitute approximately 98% of its annual passenger volume in Fiscal Year 2025, according to the Feasibility Report.

The demand for air transportation at an O&D airport to a large degree is dependent upon the demographic and economic characteristics of an airport’s “Air Trade Area” — the geographical region that serves as the Airport’s primary air service catchment area. The primary Air Trade Area for the Airport is the Virginia Beach-Norfolk, VA-NC Combined Statistical Area (“CSA”), as defined by the federal government’s Office of Management and Budget. The federal government generally defines a CSA as two or more defined areas with social and economic ties, which are measured by commuting; the ties are not as strong as those within a Metropolitan Statistical Area, which reflect broader social and economic interactions. The economic strength of the CSA provides the primary base for supporting air transportation at the Airport. As shown by the following map, the CSA comprises 21 jurisdictions, including the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg and the counties of Gloucester, Isle of Wight, James City, Mathews, and York, all in Virginia, and the counties of Camden, Currituck, Dare, Gates, Pasquotank, Perquimans, and Tyrrell in North

Carolina. The Air Trade Area encompasses approximately 7,000 square miles, with a population in excess of 1.81 million.

Commercial Service Airports Serving the Virginia Beach MSA and Surrounding Regions



Source: Unison Consulting; Esri and Federal Aviation Administration.

The Hampton Roads region has large public and private institutions and smaller enterprises forming the backbone of the region’s economy. Major employers include the U.S. Department of War, Huntington Ingalls Industries, Sentara Healthcare, City of Virginia Beach Schools, Wal Mart, Riverside Regional Medical Center, City of Virginia Beach, and the Chesapeake City Public School Board. The Air Trade Area has one of the highest concentrations of military and federal government assets in the country, making it a critical hub for national defense and a major driver of the regional economy.

Tourism also plays an important role in the leisure and hospitality industry, which is the fourth-largest private industry sector in the Air Trade Area. Tourist attractions in the Air Trade Area include: numerous historical locations such as Fort Norfolk, the Jamestown Settlement, Colonial Williamsburg, and Yorktown; museums, including the Chrysler Museum of Art, Hampton Roads Naval Museum, Nauticus, the Virginia Air & Space Center, and the Military Aviation Museum; cultural attractions such as the Virginia Opera, Virginia Ballet Theater, and the Virginia Symphony Orchestra; beaches and outdoor

recreation, including Virginia Beach and the Outer Banks as well as various other outdoor sites; dining and entertainment districts, professional sports; and the cruise industry.

THE AIRPORT

The Airport provides air transportation services for the Hampton Roads region—the second-largest metropolitan area in Virginia and the 37th-most populous metropolitan area in the United States—as well as northeastern North Carolina. The Airport occupies approximately 1,088 acres of land in the City and is located approximately eight miles from the City’s downtown area. The airfield presently contains one runway, 5/23, approximately 9,000 feet in length, oriented in a northeast/southwest direction. The Airport has three aircraft aprons: a terminal apron, a general aviation (GA)/Fixed Base Operator (FBO) apron, and an air cargo apron. Other airfield facilities include airport equipment storage and maintenance, air traffic control tower, and aircraft rescue and firefighting (ARFF).

The passenger terminal complex consists of two buildings, one housing the departures terminal and the other the arrivals terminal, connected by a 362-foot pedestrian bridge. The main terminal is a three-story building of approximately 400,000 square feet with two passenger concourses. The first level contains the airline ticketing functions, outbound baggage make-up and airline operations space on Concourses A and B. The second level is comprised of the two Transportation Security Administration (TSA) screening checkpoints, 22 air carrier gates on Concourses A and B, a Federal Inspection Services facility, airport administration offices, and various retail and food concession space. The arrivals terminal is a three-level facility consisting of 243,000 square feet. The first level consists of a basement, while the second level contains airline baggage claims and ground transportation center. The third level has administrative offices and the military welcome center. The passenger terminal complex also features a conference center, offering private meeting rooms for hourly or daily rental for business meetings, seminars, receptions, banquets and meal functions, with capacity of up to 75 people banquet style and 300 people for receptions.

Public parking facilities include both surface and garage parking options and provide over 7,800 parking spaces in total. Surface lots include two short-term lots, one long-term lot that can accommodate oversized vehicles, and one permit lot. Structured parking consists of four parking garages (Garages A, B, C and D) adjacent to the arrivals terminal. The parking facilities currently provide space for up to 7,613 public parking, 636 rental cars, and 60 for permit parking. All parking facilities are located within a short walking distance from the passenger terminal complex. Parking Garage D accounts for 3,200 long term, public and employee parking spaces in the description provided above. Upon completion of the CFC Project, rental cars will no longer use the parking facilities discussed above.

Other facilities at the Airport include air cargo and general aviation facilities, and two maintenance and equipment storage facilities. Two air cargo terminals provide users with 88,000 square feet of space to facilitate approximately 40 million pounds of air cargo shipped through the Airport annually. Signature Flight Support provides general aviation services based out of a 54,000 square-foot facility.

The Authority currently employs over 230 people, none of whom are represented by labor unions. The Authority believes that its relationship with its employees is favorable and stable.

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Airlines Serving the Airport

As of May 1, 2026, the Airport had scheduled service provided by eight U.S. passenger carriers and two all-cargo carriers, as listed in the table below.

AIRLINES SERVING THE AIRPORT	
Norfolk International Airport¹	
<u>Passenger</u>	<u>All-Cargo Carriers</u>
American Airlines	FedEx
Breeze Airways	UPS Airlines
Delta Air Lines	
Frontier Airlines	
JetBlue Airways	
Southwest Airlines	
Spirit Airlines	
United Airlines	

¹ Carriers include regional code-shares.
Source: Authority records; Official Airline Guide via PlaneStats.com

In 2025, the Airport offered nonstop service to more than 45 destinations with an average of nearly 75 daily flights and over 8,900 seats. The number of scheduled seats at the Airport experienced a steep decline in 2020 due to the pandemic but recovered quickly and by 2022 had surpassed the pre-pandemic level.

Historical Passenger Activity

The following table summarizes numbers of enplaned passengers at the Airport.

Historical Enplaned Passengers

Fiscal Year (July 1–June 30)	<u>Enplaned Passengers</u>	<u>Percent Change</u>
2016	1,567,223	--
2017	1,628,353	3.9
2018	1,742,322	7.0
2019	1,929,422	10.7
2020	1,471,918	(23.7)
2021	1,100,972	(25.2)
2022	1,970,887	79.0
2023	2,138,407	8.5
2024	2,382,617	11.4
2025	2,434,268	2.2
First 8 Months		
2025 YTD ¹	1,579,813	--
2026 YTD ¹	1,607,366	1.7

Source: Authority records
¹ YTD: July through February

In 2020, the pandemic disrupted steady passenger traffic growth at ORF, causing a steep drop in annual enplanements; however, traffic quickly recovered and by 2022, it surpassed the pre-pandemic peak level. Passenger traffic has continued to grow ever since.

The following table presents historical airline shares of enplaned passengers at the Airport. As shown, the market share is well distributed among the airlines. American, Delta, Southwest, and United, with their affiliates, enplaned approximately 84.8% of the passengers at the Airport in FY 2025.

Enplaned Passenger Shares By Airline

Airline	FY 2021		FY 2022		FY 2023		FY 2024		FY 2025	
	Number	Share	Number	Share	Number	Share	Number	Share	Number	Share
Allegiant Airlines ^(a)	67,625	6.1%	50,395	2.6%	47,144	2.2%	35,617	1.5%	22,048	0.9%
American Airlines	372,279	33.8	638,158	32.4	654,412	30.6	696,735	29.2	699,283	28.7
Breeze Airways	1,289	0.1	64,190	3.3	93,170	4.4	139,887	5.9	200,707	8.2
Delta Air Lines	263,646	23.9	528,763	26.8	574,396	26.9	592,028	24.8	634,467	26.1
Frontier Airlines	25,951	2.4	49,169	2.5	57,407	2.7	36,709	1.5	40,338	1.7
JetBlue Airways	-	0.0	-	0.0	-	0.0	-	0.0	7,174	0.3
Southwest Airlines	191,877	17.4	325,066	16.5	356,510	16.7	387,265	16.3	382,246	15.7
Spirit Airlines ^(b)	-	-	-	-	21,964	1.0	121,740	5.1	98,552	4.0
United Airlines	177,247	16.1	313,458	15.9	332,299	15.5	371,187	15.6	347,985	14.3
Charter & Other	1,358	0.1	1,688	0.1	990	0.0	1,367	0.1	1,468	0.1
TOTAL	1,100,972	100.0%	1,970,887	100.0%	2,138,292	100.0%	2,382,535	100.0%	2,434,268	100.0%

Source: Authority records

^(a) On August 11, 2025, Allegiant discontinued service at the Airport.

^(b) On August 29, 2025, Spirit Airlines filed for Chapter 11 bankruptcy protection for the second time in less than one year. Since the latest bankruptcy filing, Spirit Airlines has been significantly reducing its fleet. Spirit Airlines continues to operate at the Airport during its reorganization. See “Airline Agreements” below.

The Authority maintains an Air Service Development Incentive Program in order to attract new entrant airlines and otherwise to increase air service at the Airport. Incentives under this program may include fee waivers, fee abatements and reductions in facility charges, as well as assistance with promotional expenses related to marketing and advertising the new service.

Specific airline changes in service that could impact capacity at the Airport in FY 2026 include:

- Beginning in January 2026, Breeze Airways launched a new nonstop weekly flight from the Airport to Cancun, Mexico, marking the Airport’s first direct non-stop international route since 2001. Breeze Airways is expected to increase this new service to twice a week starting in May 2026.
- In March 2026, JetBlue Airways launched a new nonstop service to San Juan, Puerto Rico operating four days a week.

Historically, the share of annual enplanements that have represented origin and destination enplanements (O&D) has been stable. The Feasibility Consultant estimates the share of O&D passengers was between 98-99 percent of all passengers between 2015 and 2025, with visiting O&D traffic during this same period estimated as 46-47 percent, except for a brief disruption during the pandemic. Visiting O&D enplanements are closely linked with rental car demand. See “APPENDIX A – FEASIBILITY REPORT – SECTION 5 AIRPORT RENTAL CAR ACTIVITY – 5.6 Transaction Day Forecasts – 5.6.2 Airport Visiting O&D Passenger Traffic” for additional information regarding visiting O&D enplanements.

Airline Service at the Airport and Other Area Airports

Due to the Airport's positioning as an O&D airport, the number of passengers depends primarily on the attractiveness of the Air Trade Area as a business and leisure destination and the propensity of its residents to travel, as well as the air service offered by other airports in the region.

Portions of the Air Trade Area are also served by Newport News/Williamsburg International Airport (Newport News), located approximately 25 miles northwest of the Airport, and Richmond International Airport (Richmond), located approximately 90 miles northwest of the Airport. Certain travelers, particularly those beginning or ending their journeys in the northern parts of the Air Trade Area, have choices of airline service at the three airports. See “— Air Trade Area,” above.

Newport News/Williamsburg International Airport is served only by American Airlines providing daily service to Charlotte, North Carolina and recorded approximately 59,000 enplanements in 2025. Richmond International Airport is served by most major airlines, which provided service to 36 destinations and recorded approximately 2.5 million enplanements in 2025.*

In the past, airline traffic and enplaned passenger volumes at the Airport have fluctuated in part as a result of airline service levels and air fares offered at the Airport and at the other airports in the region, particularly with respect to the presence of low-cost carriers at such airports. Although these factors can be expected to affect airline traffic and enplaned passenger volumes at the Airport, the Airport has successfully competed for airline capacity and airline passengers with these alternative facilities, due to the convenience of the Airport to the Air Trade Area as well as the quality, quantity and cost of air service available at the Airport. However, the Authority cannot predict whether the current level of passenger traffic will continue at its current level, nor can it predict what events, occurring domestically or internationally, might adversely affect such passenger traffic in the future.

Airline Agreements

The Authority has entered into Airline Agreements with the Signatory Airlines, presently consisting of American, Delta, Southwest, United and Spirit Airlines.[†] Additionally, although FedEx and UPS Airlines (“UPS”) are not signatories to the Airline Agreement, these cargo airlines operate in excess of the signatory rate threshold number of flights and therefore pay signatory landing fees. Breeze Airways, Frontier Airlines and JetBlue Airways are the only non-signatory airlines currently operating at the Airport.

The Airline Agreements became effective July 1, 2023. The Airline Agreements provide for a calculation methodology for the calculation of the rents, fees and charges of the Signatory Airlines for the use of facilities, rights, licenses, and privileges to operate at the Airport, which is a compensatory rate-setting methodology with a revenue-sharing mechanism. Non-signatory airlines pay a fee that is 1.25 times higher than the rates paid by the Signatory Airlines.

The Airline Agreements provide for the rental of space and the use of certain facilities by the Signatory Airlines, the establishment of cost accounting centers and the periodic adjustment of the rentals, charges and fees to be paid by the Signatory Airlines as determined by the costs and expenses associated with certain direct cost centers (including airfield, terminal, passenger loading bridges, and other) and Indirect Cost Centers (maintenance, janitorial, police, and fire).

* The information in this paragraph was sourced from the Federal Aviation Administration by Unison Consulting, Inc.

[†] Pursuant to the Spirit Airlines' current bankruptcy proceeding, the Airline Agreement with Spirit Airlines was set to expire March 31, 2026. The Authority has agreed to a 45-day extension of that Airline Agreement and Spirit Airlines has filed a proposed order allowing future automatic extensions of its executory agreements, including the Airline Agreement with the Authority.

The Airline Agreements permit the Authority to undertake capital expenditures to preserve, protect, enhance, expand or otherwise improve the Airport, or any part thereof and include such costs in the airlines' rates, fees, and charges without Signatory Airline approval.

Expiration of Airline Agreement. Each Airline Agreement expires June 30, 2026, and is automatically renewed for two additional terms of one year each unless either party gives notice of its intent to terminate 90 days prior to the end of the then current term. At such time, the Authority can give no assurances that it and the airlines then servicing the Airport will enter into new airline agreements on the same or similar terms as the current Airline Agreements. While the rates, fees and charges collected under the Airline Agreements are not pledged for payment on the Bonds, the Authority's relationships with the Airlines are important to maintain the Airport's overall financial position and the ability to attract passengers at the Airport. The Authority expects to extend its contractual relationships with the Signatory Airlines. Even without written agreements with the Airlines, the Authority's enabling legislation authorizes the Authority to set rates, fees and charges for the use of its facilities. The ability of the Authority to set such rates, fees and charges, however, is limited to some extent by federal law and Federal Aviation Administration ("FAA") policies.

Capital Plan

In 2024, the Authority launched a multi-phase plan to modernize public areas in the terminals and enhance the passenger experience, planning to invest a total of \$1 billion in improvements by 2030. The modernization program includes: rehabilitation of runway 5/23, expansion of Concourse A, installation of a moving walkway on the pedestrian bridge, construction of a Federal Inspection Facility, a consolidated TSA checkpoint and ticketing lobby, a new checked baggage inspection system, expanded baggage makeup and shipping and receiving areas, expansion of the cell phone lot facility, and the new ConRAC (collectively, the "Modernization Program Projects").

The Authority anticipates the Modernization Program Projects will be funded through various sources, including issuance of the Series 2026 CFC Bonds for the ConRAC, Passenger Facility Charges (\$180 million combined Pay-go and debt), Airport Improvement Program grants (\$105 million combined entitlement and discretionary), general airport revenue debt issuances (\$200 million) and state grants (\$23 million combined entitlement and discretionary). The Authority is currently negotiating a subordinate general airport revenue revolving line of credit in a maximum amount of \$55 million with a local bank to facilitate interim funding of some of the Modernization Program Projects.

The Modernization Program Projects are subject to change from time to time as capital improvement priorities change as a result of airport activity, airline industry requirements and national or local economic conditions. The estimated costs of, and the projected schedule for, and the funding plan for the Modernization Program Projects are also subject to uncertainties. Such future projects will only be undertaken in response to identified demand and as economically justified. The near-term projects are expected to be funded with federal and state grants. The long-term CIP is anticipated to be funded by net revenues of the Airport, bond proceeds, federal grants, state grants, and Passenger Facility Charge Revenues. The Authority has not committed to issuing any Additional Bonds under the Indenture or other indentures to finance the Modernization Program Projects but may do so if conditions warrant. The funding plan for the Modernization Program Projects assumes that various grants from the FAA will be received in amounts and at times necessary to pay a portion of the costs of the Modernization Program Projects.

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CERTAIN INVESTMENT CONSIDERATIONS

Prospective purchasers of the Series 2026 CFC Bonds are urged to read this Official Statement, including all Appendices, in its entirety. The Authority's ability to derive CFCs sufficient to pay debt service on the Series 2026 CFC Bonds, depends on various factors, most of which are not subject to the control of the Authority. The following information should be considered by prospective investors, in addition to the other matters set forth in this Official Statement in evaluating the Series 2026 CFC Bonds. However, it does not purport to be a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to an investment in the Series 2026 CFC Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. There can be no assurance that other risk factors not discussed herein will not become material in the future.

The Series 2026 CFC Bonds may not be suitable investments for all persons, and prospective purchasers should evaluate the investment considerations and merits of an investment in the Series 2026 CFC Bonds and confer with their own legal and financial advisors before considering a purchase of the Series 2026 CFC Bonds.

Series 2026 CFC Bonds Are Special Limited Obligations

The Series 2026 CFC Bonds are special limited obligations of the Authority, payable from and secured solely by a pledge of the Trust Estate. ***No revenues of the Authority, other than the Customer Facility Charges and Additional RAC Revenues, are pledged to the payment of the Series 2026 CFC Bonds.*** Neither the CFC Project nor any other properties of the Airport are subject to any mortgage or other lien for the benefit of the owners of the Series 2026 CFC Bonds, and neither the full faith and credit of the Authority nor full faith and credit or the taxing power of the City of Norfolk, Virginia, the Commonwealth or any political subdivisions or agency of the Commonwealth is pledged to the payment of the principal of or interest on the Series 2026 CFC Bonds. The Authority has no taxing power.

Factors Affecting Collection of Customer Facility Charges

The payment of the Series 2026 CFC Bonds is primarily dependent on the generation of sufficient CFCs in each Fiscal Year. CFCs are contingent upon, and the amount generated will be impacted by, a variety of factors, including: timely completion of the construction of and the opening of the ConRAC; aviation activity and the rental of motor vehicles at the Airport; the airlines' service and route networks; the financial health and viability of the airline and rental car industries; levels of disposable income; national and international economic and political conditions, including disruptions caused by airline incidents, acts of war and terrorism; the availability and price of aviation fuel and gasoline; levels of air fares and car rental rates at the Airport; the capacity of the national air traffic control system; the capacity at the Airport and the ConRAC. See the discussion below of factors affecting aviation demand at the Airport under "—Certain Airline Industry Investment Considerations."

Construction and Operation of the CFC Project

Construction Risks. The Authority's ability to complete the construction of the CFC Project within budget and on schedule may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) material and/or labor shortages; (d) increases in material costs, including due to tariffs (e) unforeseen site conditions; (f) adverse weather conditions and other force majeure events; (g) contractor defaults and litigation; (h) labor disputes; (i) environmental issues; and (j) unavailability of other funding sources. No assurance can be made that the CFC Project will not cost more than the current budget. Any schedule delays or cost increases could result in the need to issue Additional Bonds. There can be no assurances that significant increases in costs over the amounts projected by the

Authority will not materially adversely affect the amount of CFC Pledged Revenues available to pay debt service on the Series 2026 CFC Bonds.

Construction Manager at Risk Delivery Method. The CFC Project will be delivered pursuant to a Construction Manager at Risk contract, under which the construction manager agrees to a Guaranteed Maximum Price or GMP, subject to specified assumptions, exclusions, and adjustments. The GMP is established prior to the completion of final design and includes allowances, contingencies, and assumptions. To the extent actual costs exceed such assumptions—due to design development, unforeseen site conditions, regulatory requirements, or other factors—the GMP may be increased, or additional costs may be incurred by the Authority. The GMP includes contractor contingency amounts; however, there can be no assurance that such contingencies will be sufficient.

Construction Manager Performance and Credit Risk. The successful completion of the CFC Project depends on the construction manager’s financial strength, experience and performance. In the event of the construction manager’s default, the Authority may incur significant additional costs and experience delays in completing the CFC Project. Performance security guarantees may be insufficient to cover all losses or delays.

Subcontractor Risks. The construction manager will engage multiple subcontractors and suppliers. Subcontractor default, insolvency, performance deficiencies, or supply chain disruptions may increase costs and delay the CFC Project’s completion. Replacement of subcontractors may be time-consuming and costly and may not occur on favorable terms.

Damage and Destruction; Insufficient Moneys to Redeem All Series 2026 CFC Bonds. Pursuant to the Indenture, the Authority will covenant to procure and maintain commercial insurance, or alternatively, provide Qualified Self-Insurance, if applicable, with respect to the CFC Project. However, there can be no assurance that the ConRAC will not suffer extraordinary or unanticipated losses, for which insurance cannot be or has not been obtained, or that the amount of any such loss for the period during which the ConRAC is not available for use will not exceed the coverage of such insurance policies. As described under “APPENDIX B— FORM OF INDENTURE— Article VII Covenants of the Authority— Section 7.7 Casualty and Condemnation,” if insurance proceeds are not sufficient to restore the CFC Project to its pre-existing condition, the Authority is required to issue Additional Bonds, use amounts on deposit in the CFC Renewal and Replacement Fund and the CFC Defeasance and Surplus Fund, and continue to collect and use CFCs and any Additional RAC Revenues (collectively, together with any available insurance proceeds, “Available Amounts”), to restore the CFC Project to its pre-existing condition. If Available Amounts are not sufficient to restore the ConRAC to its pre-existing condition, the Authority will be required to redeem all or a portion of the Series 2026 CFC Bonds at a price equal to the principal amount of the Series 2026 CFC Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium as described under “THE SERIES 2026 CFC BONDS—Redemption Provisions—Extraordinary Mandatory Redemption of the Series 2026 CFC Bonds.” In the event of an Extraordinary Mandatory Redemption, sufficient moneys may not be available to redeem all of the Outstanding Series 2026 CFC Bonds.

Events of Force Majeure and Other Delays. Construction and operation of the CFC Project are at risk from events of force majeure, such as earthquakes, tornados, hurricanes or other natural disasters, epidemics, blockades, rebellions, war, riots, acts of sabotage, terrorism or civil commotion, and spills of hazardous materials, among other events. Construction or operations may also be stopped or delayed from non-casualty events such as discovery of archaeological artifacts, changes in law, delays in obtaining or renewing required permits, revocation of such permits and approvals and litigation, among other things.

Unavailability of or Delay in, Anticipated Funding Sources for Construction of the CFC Project.

As described herein, the Authority anticipates that funding for the CFC Project will be provided by a portion of the proceeds of the Series 2026 CFC Bonds, CFCs previously collected by the RACs and remitted to the Authority and CFCs to be collected by the RACs during construction of the CFC Project. See “PLAN OF FINANCE,” “THE CFC PROJECT” and “APPENDIX A-FEASIBILITY REPORT” for a description of the financing plan for the CFC Project. In the event that CFCs projected to be collected during construction of the CFC Project and used to pay costs of the CFC Project are less than projected, no Additional RAC Revenues can be collected from the RACs which are party to the RAC Agreements, and the Authority is not able to issue or sell Additional Bonds, the completion of the CFC Project could be substantially delayed, and financing costs could be higher than projected. There can be no assurances that such circumstances will not materially adversely affect the amount of CFC Pledged Revenues available to pay debt service on the Series 2026 CFC Bonds.

Report of the Airport Consultant

The Feasibility Report included as APPENDIX A to this Official Statement contains certain assumptions and forecasts. The Feasibility Report should be read in its entirety for a discussion of historical and forecasted results of air traffic activity at the Airport, car rental activity at the Airport and debt service coverage and the assumptions and rationale underlying the forecasts. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts 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.

Accordingly, the projections contained in the Feasibility Report or that may be contained in any future certificate of the Authority or a consultant are not necessarily indicative of future performance, and neither the Airport Consultant nor the Authority assumes any responsibility for the failure to meet such projections. In addition, certain assumptions with respect to future business and financing decisions of the Authority are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2026 CFC Bonds are cautioned not to place undue reliance upon the Feasibility Report or upon any projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of CFCs may be materially less than expected and consequently, the ability of the Authority to make timely payment of the principal of and interest on the Series 2026 CFC Bonds may be materially adversely affected.

Neither the Authority’s independent auditors, nor any other independent accountants have compiled, examined or performed any procedures with respect to the CFC forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the CFC forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability.

Ability to Meet the Rate Covenant

As described above under “SOURCES OF PAYMENT AND SECURITY—Rate Covenant” the Authority has covenanted under the Indenture to meet the Rate Covenant each Fiscal Year. If there is a shortfall of CFCs collected during a Fiscal Year to meet the Rate Covenant during such Fiscal Year, pursuant to the RAC Agreements, the RACs party to the RAC Agreements are obligated to pay Additional RAC Revenues up to the amount needed to pay debt service on the Bonds then outstanding. See “—Certain Rental Car Industry Investment Considerations—Effect of Rental Car Company Bankruptcy or Financial Difficulty” below.

Restrictions Imposed on Authority to Collect CFCs

No assurance can be given that the Authority's ability to impose CFCs will not be affected by future legislation or by future legal challenges so as to reduce CFC revenues available to the Authority. To the extent that the Authority's ability to impose CFCs was reduced or eliminated, or the Authority decided to decrease the amount of CFCs it collects from customers of the RACs, Additional RAC Revenues that the RACs which are party to the RAC Agreements are required to pay would increase pursuant to the terms of the RAC Agreements. The Authority cannot predict what, if any, effect increasing the amount of Additional RAC Revenues due from the RACs would have on such RACs. See "— Certain Rental Car Industry Investment Considerations" below.

Effect of a RAC Termination of the RAC Agreement.

As set forth in "APPENDIX C — FORM OF RENTAL CAR ("RAC") AGREEMENT," a RAC has the right to terminate the RAC Agreement upon the occurrence of certain limited events. If one or more of such events were to occur and a RAC or RACs were to terminate such agreements, the RAC(s) so terminating would be required to cease operations at the Airport. In the event one or more RACs ceased to serve the Airport.

In such circumstances, the Authority would expect to renegotiate agreements acceptable to one or more RACs to meet the demand for rental cars at the Airport. In that event, the rental car demand may not be affected, but CFC collections could be affected until one or more RACs is able to accommodate additional customers.

For the reasons described above, the termination by one or more RACs of their respective RAC Agreements upon the occurrence of one or more events permitting termination could have an adverse effect on the level of collection of CFCs and the number of RACs responsible for paying Additional RAC Revenues.

Enforceability of Remedies

The rights of the owners of the Series 2026 CFC Bonds and the enforceability of the Authority's obligation to make payments on the Series 2026 CFC Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights under existing law or under laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Bond Counsel and the Authority's Senior Vice President and General Counsel as to the enforceability of the Authority's obligations will be qualified as to bankruptcy and similar events and as to the application of equitable principles and the exercise of judicial discretion in appropriate cases and to common law and statutes affecting the enforceability of contractual obligations generally and to principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Authority. See "APPENDIX D—PROPOSED FORM OF BOND COUNSEL OPINION."

Various state laws, constitutional provisions, and federal laws and regulations apply to the obligations created by the issuance of the Series 2026 CFC Bonds. There can be no assurance that there will not be any change in interpretation of or addition to the applicable laws, nor that provisions will not be changed, interpreted, or supplemented in a manner that would have a material adverse effect, directly or indirectly, on the affairs of the Authority or the RACs.

Limitation on Amounts Available Upon the Occurrence of an Event of Default; No Acceleration; No Cross-Default

Other than the pledge of the Trust Estate granted under the Indenture, no mortgage or security interest has been granted or lien created in the ConRAC or the other components of the CFC Project or any properties of the RACs or the Authority to secure the remittance of CFCs or payment of the Series 2026 CFC Bonds. See “-Certain Rental Car Industry Investment Considerations—Effect of Rental Car Company Bankruptcy or Financial Difficulty” below. *No revenues of the Authority, other than the revenues pledged in the Trust Estate under the Indenture, are pledged to the payment of the Series 2026 CFC Bonds.* Furthermore, the Indenture has no cross-default or acceleration provision as between the Authority’s outstanding general airport revenue bonds issued pursuant to and secured by the GARB Master Indenture and the Series 2026 CFC Bonds.

Upon the occurrence of an Event of Default, the Bondholders will have limited remedies that they will be allowed to pursue. See “APPENDIX B— FORM OF INDENTURE—Article VIII—Events of Default and Remedies.” There will be no right of acceleration with respect to the Series 2026 CFC 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. An event of default with respect to any other obligations of the Authority, including, without limitation, the Authority’s outstanding general revenue bonds will not cause an Event of Default under the Indenture.

The rights and remedies available to the owners of the Series 2026 CFC Bonds upon an Event of Default under the Indenture are in many respects dependent upon judicial enforcement actions which are often subject to discretion and delay.

Regulations and Restrictions on Airport Facilities and Operations

The operations and facilities of the Airport are affected by a variety of federal and state statutory and regulatory restrictions and limitations including, without limitation, contractual agreements including the Airline Use Agreements, and extensive federal legislation and regulations applicable to all airports in the United States. Regulatory development and changes could adversely affect the number of passengers, flights and facilities, which in turn could substantially affect CFC collections.

Certain Rental Car Industry Investment Considerations

Economic Conditions. The demand for rental cars is closely linked to both business and leisure visitors traveling to the Airport, which in turn is linked to national and local economic conditions. To the extent that national and local economic conditions reduce consumer purchasing power and discretionary spending — particularly for air travel and car rentals — visiting passenger traffic at the Airport could decline or grow more slowly than projected, which in turn could reduce Customer Facility Charge collections and adversely affect the Authority's ability to generate sufficient CFC Pledged Revenues to pay debt service on the Series 2026 CFC Bonds.

Rental Car Company Financial Condition. Rental car companies face several risk factors that can negatively affect profitability and impact their ability to stay in business and provide services. Demand is highly cyclical and closely tied to travel and economic conditions; recessions, unrest or disruptions such as pandemics can sharply reduce rental volumes. The industry is also capital-intensive, requiring large vehicle fleets whose values fluctuate with used-car markets and depreciation rates. Rising vehicle acquisition costs, interest rates on fleet financing, fuel prices, and maintenance expenses can further pressure margins. Additionally, regulatory changes, insurance costs, and supply chain disruptions affecting vehicle

availability may impact operations and profitability. Financial difficulty, or cessation of operations of a RAC could have an adverse impact on CFC collections.

Effect of Rental Car Company Bankruptcy or Financial Difficulty. In the event a bankruptcy case is filed with respect to a RAC that is party to the RAC Agreements, a bankruptcy trustee or the RAC as debtor-in-possession could reject the RAC Agreement, in which event such agreement(s) would be terminated and such RAC would be required to vacate the ConRAC. In such circumstances, while rental car demand would not be affected, CFC collections could be affected until other RACs are able to increase their capacity to accommodate additional customers.

Additionally, in the event a bankruptcy case is filed with respect to a RAC, notwithstanding the fact that CFCs collected by a RAC are not income, revenue or any other asset of the RAC, CFCs collected by a RAC, but not yet remitted to the Authority prior to the filing of the bankruptcy petition, may be included in the bankruptcy estate, resulting in the Authority having a general creditor claim for payment of such amounts or otherwise render them uncollectible by the Authority. Regardless of any specific adverse determinations in a RAC bankruptcy proceeding, the fact of a RAC bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2026 CFC Bonds.

The ability of the Authority to meet the Rate Covenant each Fiscal Year is dependent upon CFCs collected by the RACs and remitted to the Authority. Certain of the RACs are limited liability companies or private corporations and information regarding the business operations, assets and financial strength of the RACs is not readily available. The financial performance of the RACs throughout the term of the Series 2026 CFC Bonds is dependent on numerous factors which are not possible to assess or predict.

The enforceability of the RAC Agreements and collection of Additional RAC Revenues may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights under existing law or under laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. Such matters could make provisions of the RAC Agreements unenforceable.

Concentration of RACs Operating at the Airport. RAC Agreements have been entered into with the five RACs representing ten rental car brands. Three of the RACs represent eight brands that generated nearly all of the gross revenue from rental car activities at the Airport in Fiscal Year 2025. The concentration of the actual and projected rental car activity at the Airport in a small number of corporate entities increases the risk of factors that may impact the operations and activities of the RACs. The termination of a RAC Agreement, bankruptcy or financial difficulty, or cessation of operations of a RAC could have an adverse impact on the amounts of CFCs available to pay the principal of and interest on the Series 2026 CFC Bonds.

Factors Affecting Rental Car Activity.

Rental Car Activity. As described in the Report of the Airport Consultant, rental car demand at the Airport, and therefore the number of rental car transaction days to which the CFC applies, is highly correlated to passenger demand. The Airport Consultant also concludes, based on historical rental car data and based on the assumptions set forth in the Report of the Airport Consultant, that the number of rental car transaction days at the Airport is primarily a function of the number of visiting O&D passengers. Other factors found by the Airport Consultant to affect rental car demand at the Airport include: the price of renting a car, as measured by the average daily rental rate; market segmentation (business/leisure); rental car costs as a component of total travel costs; convenience; the availability of alternative forms of ground transportation; and certain extraordinary events. For a full discussion of these and other factors affecting rental car activity, see "APPENDIX A—FEASIBILITY REPORT."

A significant component of renting a car at most major U.S. airports is the growing list of add-on fees and taxes, including CFCs, and unbundled rental car operating costs such as tire recycling fees and facility maintenance costs. To the extent add-on fees and taxes, including CFCs, increase, rental car demand could decrease as potential customers opt for alternative modes of transportation that they perceive to be more cost effective than renting a car, thus reducing the total amount of CFCs collected. The Authority is unable to predict what impact, if any, the imposition or increase of such add-on fees and taxes, including CFCs, could have on rental car demand at the Airport. See “APPENDIX A—FEASIBILITY REPORT.”

Competition and Alternative Modes of Ground Transportation. There are alternative forms of ground transportation available at and near the Airport, which could reduce the demand for renting motor vehicles at the ConRAC. These alternate forms that compete with on-airport rental cars include taxis, buses, shuttle services, public transportation and limousines. Various forms of car-sharing and on-demand vehicle services, generally provided by transportation network companies (“TNCs”), including Uber and Turo, have become increasingly prevalent and popular with the public and may offer competition that could reduce the demand for car rentals at the Airport. Such TNCs do not pay CFCs and any parking or other fees collected by the Authority from TNCs are not pledged to the payment of debt service for the Series 2026 CFC Bonds under the Indenture. For a further description of these alternate modes of transportation and their impact on rental car demand, see of “APPENDIX A—FEASIBILITY REPORT.”

Certain Airline Industry Investment Considerations

General. The Series 2026 CFC Bonds will be payable from and secured solely by CFC Pledged Revenues and certain funds and accounts held by the Trustee and the Authority under the Indenture. The ability to pay debt service on the Series 2026 CFC Bonds will depend on the receipt of sufficient CFC Pledged Revenues, including CFCs. The Authority’s ability to generate CFC Pledged Revenues depends upon many factors which may be affected by airline operations at the Airport, many of which are not subject to the control of the Authority. Key factors that affect airline traffic at the Airport and the financial condition of the airlines, and, therefore, the number of rental car transactions at the Airport, include: local, regional, national and international economic and political conditions; international hostilities; public health concerns; natural disasters; aviation security concerns; government shutdowns; airline service and routes; airline fares and competition; airline industry economics, including labor relations and costs; airline bankruptcies; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of the Airport; and business travel substitutes, including teleconferencing, videoconferencing and web-casting. If aviation and enplaned passenger traffic at the Airport do not meet forecast levels, a corresponding reduction could occur in forecasted rental car transaction days and CFCs.

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

Following are just a few of the factors affecting the airline industry including regional and national economic conditions, costs of aviation fuel, international conflicts and threats of terrorism and structural

changes in the travel market. See also “—Aviation Security Concerns” below for additional discussion on the costs of security.

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 and hostilities 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.

Cost 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, war and armed conflict, 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. Geopolitical instability, including regional wars and other conflicts, may cause steep increases of global oil and fuel prices, which can affect the airline industry and result in higher ticket prices. Armed conflict and war in the Middle East region in particular have caused oil prices to increase dramatically and resulted in a corresponding increase in the cost of aviation fuel. The Authority cannot predict the impact of high fuel prices resulting from international conflict on the demand for air travel and rental cars at the Airport.

Aviation Safety and Security Concerns. Concerns about the safety of air travel may affect the public’s choice in using air travel over other means of travel. Recent airline crashes, several of which resulted in fatalities, have heightened the public’s concern for the safety of air travel. Since 2018 several airline crashes and mid-air incidents have occurred around the world, including, among others (a) a Boeing 737 MAX aircraft operated by Lion Air crashed off the coast of Indonesia killing all onboard, (b) a Boeing 737 MAX aircraft operated by Ethiopian Airlines crashed in Ethiopia killing all onboard, (c) a panel in the aircraft fuselage of a Boeing 737 MAX aircraft operated by Alaska Airlines blew out mid-flight (all passengers survived), (d) a PSA Airlines Bombardier CRJ700 regional jet operated by American Airlines collided with a helicopter on final approach to Reagan Washington National Airport killing all on board the plane and the helicopter, (e) a CRJ regional jet operated by Endeavor Air crashed while landing at Toronto Pearson International Airport (all passengers survived), (f) a Boeing 787-8 Dreamliner operated by Air India crashed soon after takeoff in Ahmedabad, India killing all but one onboard and killing 19 people and injuring 67 others on the ground, and (g) an Embraer 145 jet operated by CommuteAir came to a sudden stop at Roanoke-Blacksburg Regional Airport when it rolled beyond the runway edge and into a bed of compressible materials, an emergency stopping safety system (EMAS) (all passengers survived). Travel behavior may be affected by anxieties about the safety of flying, which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Security 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 regarding threats, more intensive screening of passengers, baggage, and cargo, and deployment of new screening technologies.

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 Airport’s operations.

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.

Capacity of National Air Traffic Control and the Airport. Capacity limitations of national air traffic control systems have caused delays and restrictions in recent years, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. These restrictions affect airline schedules and passenger traffic nationwide, including at the Airport. The FAA has made certain improvements to the computer, radar and communications equipment of the national air traffic control system in recent years, but no assurances can be given that future increases in airline and passenger traffic will not again adversely affect airline operations.

The capacity of the national air traffic control system is also constrained by the levels of staffing at FAA air traffic control facilities at airports across the country. Recent shortages of qualified air traffic controllers have reduced air space capacity in some regions. According to a Congressionally mandated report released in 2025, about 30% of FAA air traffic control facilities were understaffed, which the report attributed to the COVID-19 pandemic pausing or reducing training, a long training process and yearly attrition. While the FAA has publicly stated that it is taking steps to recruit and train additional air traffic controllers, it will take time to fully resolve the shortage and ensure a stable workforce for the future. No assurance can be given that such shortage will be resolved in a timely manner or that such shortage will not adversely affect, or ultimately, limit national operations, including at the Airport.

Federal Authorization and Funding Considerations. Federal employees from the TSA, FAA and U.S. Customs and Border Protection (“CBP”) that support financial and operational activities at the Airport, are paid from federal funds subject to appropriation. Federal funding is impacted by changes in presidential administrations or agency leadership, government shutdowns due to failure to pass appropriation bills, and sequestration, which is 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, TSA and CBP budgets and staffing, resulting in staffing shortages and traffic delays and cancellations at airports across the United States. Government shutdowns, sequestration or the reprioritization of federal spending, including any future layoffs or furloughs of federal employees responsible for security screening, air traffic control or customs may impact the airline industry and the Airport’s operations in the future. There is no guarantee that federal policies

will not result in a reduction or elimination of various federal programs, contracts, grants, loans or other awards impacting the aviation section generally and the Airport specifically.

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 may include air traffic controllers, TSA screeners and CBP agents providing services at airports throughout the nation. The longest total government shutdown commenced on October 1, 2025, and ended on November 12, 2025, lasting 43 days. A partial government shutdown, which impacts the Department of Homeland Security and TSA, has been in effect since February 14, 2026. While the various shutdowns have not had a significant impact on the Authority's finances or operations, it is possible that future government shutdowns could result in significant operational or financial effects on the Authority, depending on the duration and severity of the circumstances.

Geopolitical Considerations. The U.S. economy and aviation sector in particular are exposed to risks from geopolitical conflicts. Regional wars and other conflicts have affected the global economy and commercial aviation. Such conflicts, including on-going hostilities in the Middle East, have caused and may in the future cause (i) increased food, commodity and fuel prices and increased strain on global supply chains; (ii) economic sanctions against certain 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 against U.S. government agencies, financial institutions and infrastructure. Trade disputes, including increased tariffs levied by the U.S., China and other countries, may increase costs for the aviation sector, increase economic volatility and contribute to geopolitical tensions.

Structural Changes in the Travel Market. Many factors have combined to alter consumer travel patterns over the past two decades. The threat of terrorism against the United States remains elevated. In response, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price-sensitive, especially during economic downturns. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares. Leisure travelers have come to expect relatively low fares. In addition, the availability of fully transparent price information on the Internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the Internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel, have made business customers more amenable to travel substitutes such as tele- and video-conferencing.

Financial Condition of Airlines Serving the Airport and Airline Bankruptcy. The financial strength and stability of the airlines serving the Airport are key determinants of future airline traffic, including visiting traffic resulting in rental car activity, and therefore of the ability of the Authority to generate CFCs from rental car operations at the Airport. The bankruptcy of an airline with significant operations at the Airport could have a material adverse effect on airline traffic at the Airport and a resulting adverse impact on rental car activity at the Airport and the collection of CFCs. If a bankruptcy case is filed with respect to an airline operating at the Airport, the Airline Agreement to which the debtor airline is a party will be treated as an executory contract or unexpired lease pursuant to Section 365 of the United States Bankruptcy Code (the "Bankruptcy Code"). Under Section 365, a trustee in bankruptcy or the airline as debtor-in-possession might reject the Airline Agreement to which such airline is a party, in which case, among other things, the rights of that airline to continued possession of the facilities subject to the Airline

Agreement (including gates and boarding areas) would terminate. Such facilities could ultimately be leased by the Authority to other airlines. The Authority's ability to lease such facilities to other airlines may depend on the state of the airline industry in general, on the nature and extent of the increased capacity at the Airport, if any, resulting from the airline's bankruptcy, and on the need for such facilities by other airlines. The rejection of the Airline Agreement in connection with the bankruptcy of an airline operating at the Airport may result in the loss of General Revenues to the Authority and a resulting increase in the costs per enplaned passenger for the other airlines at the Airport. In addition, in any airline bankruptcy the Authority may be required to repay landing fees, terminal rentals and other amounts paid by the airline to the Authority during the 90-day period prior to the date of the bankruptcy filing. Such payments are considered "preferential" and are avoidable in a bankruptcy case pursuant to Section 547 of the Bankruptcy Code. The Authority would, however, likely have defenses to any claim brought under Section 547 of the Bankruptcy Code, including that the subject payments were made in the ordinary course of business or that the Authority provided subsequent new value to the airline. Also, under the Bankruptcy Code, any rejection of the Airline Agreement could result in the Authority holding a claim for rents and other items that would have accrued in the future, which claim would rank as that of a general unsecured creditor of an airline, in addition to pre-bankruptcy amounts owed.

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 September 2024, Alaska Air Group merged with Hawaiian Airlines. Further airline consolidation is possible and could continue to change airline service patterns, particularly at the connecting hub airports of the merged airlines. The Authority cannot predict what impact, if any, such consolidations will have on airline traffic at the Airport.

Aviation Security Concerns. Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and continue to occur in the Middle East), terrorist attacks and increased threat levels declared by the Department of Homeland Security 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, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes. The Authority cannot predict whether the Airport will be a target of terrorists in the future. Additionally, the Authority cannot predict the effect of any future government-required security measures on passenger activity at the Airport.

Public Health Concerns. 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. Resulting from the COVID-19 pandemic and related passenger concerns regarding travel, as well as national and global attempts to contain the virus, airlines significantly reduced flights in domestic and international markets as a result of mandated travel restrictions and due to reduced travel demand. 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. With respect to public health crises the Authority 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 public health-related travel restrictions or warnings may have on demand for air travel, including to and from the Airport, Airport's costs or Authority revenues; (iv) to what extent public health crises 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 public health crises 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 public health crises 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 Authority may provide deferrals, forbearances, adjustments or other changes to the Authority'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 a contagious disease; or (ix) whether any of the foregoing may have a material adverse effect on the finances and operations of the Authority. Future pandemics or other public health crises may reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in Authority revenues.

Competing Airports

Portions of the Air Trade Area are also served by Newport News/Williamsburg International Airport (Newport News, Virginia), located approximately 25 miles northwest of the Airport, and Richmond International Airport (Richmond, Virginia), located approximately 90 miles northwest of the Airport. Certain travelers, particularly those beginning or ending their journeys in the northern or western parts of the Air Trade Area, have choices of airline service at the three airports.

Cyber Security

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

The Authority suffered a direct cyber security breach in April 2025, when a fraudulent actor impersonated an Authority contractor and submitted a false pay application for \$2.8 million. The Authority wired the money to an account in California. The Authority discovered the fraud and alerted the FBI, which recovered a portion of the amount. The remainder was covered by the Authority's cyber-insurance policy.

The Authority continues to maintain a security posture designed to deter cyber-attacks and is committed to deterring attacks on its electronic systems and responding to such attacks to minimize their impact on operations. However, no assurances can be given that the Authority's security measures will prevent cyber-attacks, and no assurances can be given that any cyber-attacks, if successful, will not have a material adverse effect on the operations or financial condition of the Authority. While the Authority has attempted to address the risk of loss through the purchase of a cyber liability insurance policy, certain losses may not be covered. Furthermore, even for events that are covered by insurance, the Authority cannot guarantee that coverage will be sufficient or that insurers will pay claims in a timely manner.

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 Authority 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 Authority cannot guarantee that coverage will be sufficient or that insurers will pay claims in a timely manner. From time to time, the Authority may change the types of, and limits and deductibles on, the insurance coverage that it carries. The Authority cannot predict what effects any of these events may have on the Authority's ability to collect CFCs, 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. Coastal public infrastructure may be threatened by the continued increase in the frequency and extent of high tide flooding due to sea level rise, and inland 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. The Airport is located in the Mid-Atlantic region of the east coast of the United States. The Mid-Atlantic region is an area that is periodically susceptible to damaging storms, storm surge, and flooding. The risk of hurricanes, tropical storms or other major weather events affecting the Air Trade Area and interrupting commerce and military activities within Hampton Roads is a material risk that could negatively affect the regional economy and the overall aviation activity level at the Airport. Further, storm and flooding-related risks are likely to intensify over time if scientific projections about climate change and sea-level rise are correct. In addition, the Airport is located within a seismic zone that has experienced earthquakes in the past 15 years, and there can be no assurance that Airport facilities would not be damaged in any future earthquakes. Any material damage to the Airport's infrastructure may impair the CFC Project and the generation of CFCs.

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 on the Authority is not expected to be significant, and the rule does not require modifications to the Airport.

The Authority cannot predict what additional laws and regulations with respect to GHG emissions or on other environmental issues (including but not limited to air, water, hazardous substance and waste regulations) will be adopted, or what effects such laws and regulations will have on the Airport or airlines operating at the Airport or the local or Commonwealth economy. The effects, however, could be material.

Secondary Market

No assurance can be given concerning the existence of any secondary market in the Series 2026 CFC Bonds or its creation or maintenance by the Underwriters. Thus, purchasers of Series 2026 CFC Bonds should be prepared, if necessary, to hold their Series 2026 CFC Bonds until their respective maturity dates.

FORWARD-LOOKING STATEMENTS

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

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including 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 RACs, 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 Authority. 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.

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 Authority 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.

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

LITIGATION

No litigation or administrative action or proceeding is pending or, to the best of the knowledge of the Authority, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Series 2026 CFC Bonds, the collection, pledge or application of any moneys provided for the payment or security of the Series 2026 CFC Bonds, or contesting or questioning the proceedings and authority under which the Series 2026 CFC Bonds have been authorized and are to be issued or delivered, or the validity of the Series 2026 CFC 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 2026 CFC 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 D. Certain legal matters will be passed upon for the Authority by Mark A. Trank, Senior Vice President and General Counsel, and by Squire Patton Boggs (US) LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their Counsel, McGuireWoods LLP.

RENTAL CAR COMPANY INFORMATION

Certain of the RACs or their parent corporations are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, as such are required to file periodic reports, including financial and operational data, with the Securities and Exchange Commission (the "SEC"). All such reports and statements can be inspected and copies obtained at prescribed rates in the Public Reference Room of the SEC at 100 F Street, NE, Room 1503, Washington, DC 20549. 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.

The Authority undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of information available from the SEC as discussed in the preceding paragraph, including, but not limited to, updates of such information on the SEC's website or links to other Internet sites accessed through the SEC's website.

See also "CERTAIN INVESTMENT CONSIDERATIONS" for discussions regarding the financial condition of the RACs and the effects of bankruptcies of the RACs on the ability of the Authority to pay principal of and interest on the Series 2026 CFC Bonds.

CONTINUING DISCLOSURE CERTIFICATE

The offering of the Series 2026 CFC Bonds is subject to the continuing disclosure requirements of Rule 15c2-12 (the "Rule") issued by the SEC. Pursuant to the Rule, the Authority has undertaken for the benefit of the owners to make public certain annual financial information and operating data and notice of certain events by furnishing such information to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as required by MSRB, for posting on its Electronic Municipal Marketplace Access ("EMMA").

See APPENDIX G - "FORM OF CONTINUING DISCLOSURE CERTIFICATE" for a more detailed description of the Authority's continuing disclosure undertakings.

The Authority believes it has complied in all material respects with its prior continuing disclosure undertakings during the last five years except that the Authority inadvertently did not post notices of rating changes for its general aviation revenue bonds from Standard & Poor's (rating upgrade from A- to A) in April 2022, and Moody's (rating upgrade from A3 to A2) in December 2024, although the respective new rating effective date is reflected on EMMA for each CUSIP for such bonds.

A failure by the Authority to comply with its continuing disclosure undertaking will not constitute an Event of Default under the Indenture (although the owners will have any available remedy at law or in equity to enforce the undertaking). However, a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2026 CFC Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2026 CFC Bonds and their market price. See APPENDIX G - "FORM OF CONTINUING DISCLOSURE CERTIFICATE" for the detailed provisions of the Authority's obligation to provide continuing disclosure.

TAX MATTERS

Series 2026A CFC Bonds

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2026A CFC Bonds is not excluded from gross income for federal income tax purposes; and (ii) interest on the Series 2026A CFC Bonds is exempt from income taxation by the Commonwealth of Virginia. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2026A CFC Bonds. The legal defeasance of the Series 2026A CFC Bonds might result in a deemed sale or exchange of the Series 2026A CFC Bonds under certain circumstances; owners of the Series 2026A CFC Bonds should consult their tax advisors as to the federal income tax consequences of such an event. Prospective purchasers of the Series 2026A CFC Bonds should consult their tax advisors as to the federal, state and local, and foreign tax consequences of their acquisition, ownership, and disposition of the Series 2026A CFC Bonds.

The following discussion is generally limited to "U.S. owners," meaning beneficial owners of Series 2026A CFC Bonds that for United States federal income tax purposes are either individual citizens or residents of the United States or corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia). ***Partnerships (including entities treated as partnerships for United States federal income tax purposes) holding Series 2026A CFC Bonds, and partners in such partnerships, and estates or trusts holding Series 2026A CFC Bonds, and beneficiaries of such estates or trusts, should consult their tax advisors regarding the tax consequences of an investment in the Series 2026A CFC Bonds (including their status as U.S. owners).***

Prospective purchasers of the Series 2026A CFC Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Series 2026A CFC 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.

Payment of Interest

In general, interest paid or accrued on the Series 2026A CFC Bonds, including qualified stated interest on Discount Bonds (as defined below), if any, will be treated as ordinary income to U.S. owners. A U.S. owner using the accrual method of accounting for U.S. federal income tax purposes must include interest paid or accrued on the Series 2026A CFC Bonds in ordinary income as the interest accrues, while

a U.S. owner using the cash receipts and disbursements method of accounting for U.S. federal income tax purposes must include interest in ordinary income when payments are received or constructively received by the owner, except as described below under the section entitled **“Original Issue Discount and Original Issue Premium.”**

Original Issue Discount and Original Issue Premium

Certain of the Series 2026A CFC Bonds (“Discount 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 Bond, provided that excess equals or exceeds a statutory *de minimis* amount (one-quarter of one percent of the Discount Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, if required by applicable Treasury Regulations, to an earlier call date)). The issue price of a Discount 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 Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount 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 time a U.S. owner owns a Discount Bond (i) is interest includable in the U.S. owner’s gross income for federal income tax purposes, and (ii) is added to the U.S. owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of the Discount Bond. The effect of OID is to accelerate the recognition of taxable income for a U.S. owner who uses the cash method of accounting during the term of the Discount Bond.

Certain of the Series 2026A CFC Bonds (“Premium Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). If a U.S. owner purchases a Premium Bond, that owner will be considered to have purchased such Premium Bond with “amortizable bond premium” equal in amount to such excess. The U.S. owner may elect (which election will apply to all securities purchased at a premium by such U.S. owner), in accordance with the applicable provisions of Section 171 of the Code, to amortize that premium as an offset to the interest payments on the Premium Bond using a constant yield to maturity method over the remaining term of the Premium Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Premium Bond pursuant to Section 1016(a)(5) of the Code.

Owners of Discount and Premium 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 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.

Sale, Exchange, Retirement or Other Taxable Disposition of Series 2026A CFC Bonds

Upon the sale, exchange, retirement or other taxable disposition of a Series 2026 CFC Bond, a U.S. owner will recognize gain or loss equal to the difference between the amount realized from the sale, exchange, retirement or other disposition and the owner’s adjusted basis in the Series 2026 CFC Bond or applicable portion of the adjusted basis. The owner’s adjusted basis generally will equal the cost of the Series 2026 CFC Bond to the owner, increased by any OID includable in the owner’s ordinary income for the Series 2026 CFC Bond and reduced by any principal payments on the Series 2026 CFC Bond previously received by the owner (including any other payments on the Series 2026 CFC Bond that are not qualified stated interest payments) and by any amortizable bond premium allowed as a deduction as described above

under the section entitled “**Original Issue Discount and Original Issue Premium.**” Any gain or loss recognized upon a sale, exchange, retirement or other disposition of a Series 2026 CFC Bond (excluding amounts attributable to accrued interest or OID) will generally be capital gain or loss and will be long-term capital gain or loss if the U.S. owner’s holding period in the Series 2026 CFC Bond exceeds one year. Long-term capital gains of individuals are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on the Series 2026A CFC Bonds and the proceeds of the sale of Series 2026A CFC Bonds to non-corporate holders of the Series 2026A CFC Bonds, and “backup withholding,” currently at a rate of 24%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of Series 2026A CFC Bonds that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Medicare Tax Affecting U.S. Owners

A U.S. owner that is an individual is subject to a 3.8% Medicare tax on the lesser of (1) the U.S. owner’s “net investment income” for the taxable year and (2) the excess of the U.S. owner’s modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual’s circumstances). A U.S. owner’s net investment income generally includes interest income on, and net gains from the disposition of, Series 2026A CFC Bonds, unless such interest income or net gains are derived in the ordinary course of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. owner that is an individual should consult its tax advisor regarding the applicability of the Medicare tax.

Non-U.S. Owners

Under the Code, interest and OID on any Series 2026 CFC Bond whose beneficial owner is not a U.S. owner is generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Series 2026A CFC Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest or OID on the Series 2026A CFC Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. ***Non-U.S. owners should consult their tax advisors regarding the tax consequences of an investment in the Series 2026A CFC Bonds.***

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (“FATCA”) generally imposes a 30% withholding tax on interest payments to (i) certain foreign financial institutions (including certain investment funds) that fail to certify their FATCA status and (ii) non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders are not satisfied. Proposed Treasury Regulations, which may be relied upon until final Treasury Regulations are promulgated, suspend the requirement to apply the 30% withholding tax to gross proceeds from the sale or other disposition of Series 2026A CFC

Bonds. This requirement otherwise would have applied to a sale or other disposition of Series 2026A CFC Bonds made on or after January 1, 2019.

In the case of payments made to a “foreign financial institution” (generally including an investment fund), as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a “FATCA Agreement”) or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an “IGA”), in either case to, among other things, collect and provide to the U.S. or other relevant tax authorities certain information regarding U.S. account holders of such institution. In the case of payments made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity either provides the withholding agent with a certification that it does not have any “substantial” U.S. owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity) or identifies its “substantial” U.S. owners.

If Series 2026A CFC Bonds are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold the 30% FATCA tax on payments of interest as described above made to (i) a person (including an individual) that fails to comply with certain information requests or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may limit duplicative withholding in cases where the withholding described above in “**Non-U.S. Owners**” or “**Information Reporting and Backup Withholding**” also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments on Series 2026A CFC Bonds as a result of a failure by an investor (or by an institution through which an investor holds the Series 2026A CFC Bonds) to comply with FATCA, none of the Authority, any paying agent or any other person would, pursuant to the terms of the Series 2026A CFC Bonds, be required to pay additional amounts with respect to any Series 2026 CFC Bond as a result of the deduction or withholding of such tax. ***Non-U.S. owners should consult their tax advisors regarding the application of FATCA to the ownership and disposition of Series 2026A CFC Bonds.***

Series 2026B CFC Bonds

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on Series 2026B CFC 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 2026B CFC 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 Code, and is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) interest on the Series 2026B CFC Bonds is exempt from income taxation by the Commonwealth of Virginia. Bond Counsel expresses no opinion as to any other tax consequences regarding Series 2026B CFC 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 Authority contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that Series 2026B CFC 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 Authority's representations and certifications or the continuing compliance with the Authority'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 Series 2026B CFC 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 Authority may cause loss of such status and result in the interest on Series 2026B CFC Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of Series 2026B CFC Bonds. The Authority has covenanted to take the actions required of it for the interest on Series 2026B CFC 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 Series 2026B CFC 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 Series 2026B CFC Bonds or the market value of Series 2026B CFC Bonds.

Interest on Series 2026B CFC 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 Series 2026B CFC Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including Series 2026B CFC Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a 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 Series 2026B CFC Bonds ends with the issuance of Series 2026B CFC Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the owners of Series 2026B CFC 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 Series 2026B CFC Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of Series 2026B CFC 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 Series 2026B CFC 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 Series 2026B CFC Bonds.

Prospective purchasers of Series 2026B CFC Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of Series 2026B CFC 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 Series 2026B CFC Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of Series 2026B CFC Bonds will not have an adverse effect on the tax status of interest on Series 2026B CFC Bonds or the market value or marketability of Series 2026B CFC 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 Series 2026B CFC 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 Series 2026B CFC 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 Series 2026B CFC Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of Series 2026B CFC Bonds may be affected and the ability of holders to sell their 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 Series 2026B CFC Bonds (“Discount 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 Bond. The issue price of a Discount 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 Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount 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 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 Series 2026B CFC 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 Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that

Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of Series 2026B CFC Bonds (“Premium 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 Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium 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 Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium 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 Bond, the owner’s tax basis in the Premium 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 Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium 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 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

Moody’s Ratings and S&P Global Ratings have assigned ratings of “A3” with a stable outlook and “A” with a stable outlook, respectively, to the Series 2026 CFC Bonds. If any of the Series 2026 CFC Bonds are sold on an insured basis, reference to the municipal bond insurance policy, along with certain information regarding the issuer of that policy, will be incorporated into the pricing wire for the Series 2026 CFC Bonds to be insured and in the final Official Statement for the Series 2026 CFC Bonds. Such ratings reflect only the views of such organizations and any explanation of the meaning and significance of such ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses: Moody’s Ratings, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and S&P Global Ratings, 55 Water Street, 38th Floor, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings are not a recommendation to buy, sell or hold the Series 2026 CFC Bonds. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2026 CFC Bonds.

UNDERWRITING

The Underwriters, represented by Wells Fargo Bank, National Association, have agreed, jointly and severally, to purchase the Series 2026 CFC Bonds subject to certain conditions set forth in the Bond Purchase Agreement with the Authority. The Bond Purchase Agreement provides that the obligations of the Underwriters to accept delivery of the Series 2026 CFC Revenue Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all of the Series 2026

CFC Bonds if any Series 2026 CFC Bonds are purchased. The Underwriters have agreed to purchase the Series 2026 CFC Bonds at an aggregate purchase price of \$[_____] (reflecting an underwriters' discount of \$[_____] and net original issue premium/original issue discount of \$[_____]).

The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2026 CFC Bonds to the public.

The Series 2026 CFC Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such Series 2026 CFC 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 Authority, 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 Authority.

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

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), the senior underwriter of the Series 2026 CFC Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2026 CFC Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2026 CFC Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2026 CFC Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

MUNICIPAL ADVISOR

Frasca & Associates, LLC (the “Municipal Advisor”), serves as independent Municipal Advisor to the Authority 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 municipal advisor. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Series 2026 CFC Bonds and has reviewed and commented on certain documentation, including this Official Statement. The advice on the plan of financing and the structuring of the Series 2026 CFC Bonds was based on materials provided by the Authority and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated or otherwise verified the information provided by the Authority or the information set forth in this Official Statement or any other information available to the Authority 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.

AIRPORT CONSULTANT

The Feasibility Report has been included herein in reliance upon the knowledge and experience of Unison Consulting, Inc., as the Airport Consultant. The forecasts in the Feasibility Report are based on information and assumptions that were provided by or reviewed with and agreed to by the Authority. The forecasts reflect the Authority’s expected course of action during the Forecast Period and, in the Authority’s judgment, present fairly the expected financial results of the Authority with respect to the pledge of the Trust Estate, which includes CFC Pledged Revenues and CFC Pledged Funds. Those key factors and assumptions that are significant to the forecasts are set forth in the Report. The Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

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. Neither Unison Consulting, Inc. nor any person acting on its behalf makes any warranty, expressed or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in the Report. Unison Consulting, Inc. has no responsibility to update the Report to reflect events and circumstances occurring after the date of the Report.

INDEPENDENT AUDITORS

The financial statements as of June 30, 2024, and 2025, and for the years then ended, included in APPENDIX D to this Official Statement, have been audited by Cherry Bekaert LLP, the Authority’s independent accountants, as stated in their report appearing therein. Cherry Bekaert LLP has not been engaged to perform and has not performed, since the date of their report included therein, any procedures on the financial statements addressed in that report. Cherry Bekaert LLP also does not cover and has not performed procedures relating to any other information in this Official Statement.

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CONCLUDING STATEMENT

This Official Statement and any advertisement of the Series 2026 CFC Bonds are not to be construed as a contract with the purchasers of the Series 2026 CFC Bonds. Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly identified, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

Financial statements of the Authority are prepared annually and are available to interested persons on the Authority’s website.

The Authority has furnished all information in this Official Statement relating to it and the Airport.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The Authority has authorized the distribution of this Official Statement. For purposes of compliance with Rule 15c2-12, this Official Statement constitutes an official statement of the Authority that has been deemed final by the Authority as of its date.

NORFOLK AIRPORT AUTHORITY

By: _____
President and Chief Executive Officer

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APPENDIX A
FEASIBILITY REPORT

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Norfolk Airport Authority

Series 2026 CFC Revenue Bonds

FINANCIAL FEASIBILITY REPORT

April 21, 2026





Chicago, IL | 150 N. Michigan, Suite 2930
St. Louis, MO | Chicago, IL 60601
Orange County, CA | p. 312.988.3360
Sunny Isles, FL | f. 312.988.3370

April 21, 2026

Mr. Mark Perryman
President and Chief Executive Officer
Norfolk Airport Authority
2200 Norview Avenue
Norfolk, Virginia 23518

Subject: Financial Feasibility Report, Norfolk Airport Authority Series 2026A and Series 2026B Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility)

Dear Mr. Perryman:

Unison Consulting, Inc. (Unison) is pleased to submit this Financial Feasibility Report in connection with the proposed issuance by the Norfolk Airport Authority (the Authority) of its Senior Customer Facility Charge (CFC) Revenue Bonds, Series 2026A and Series 2026B (collectively, the Series 2026 Bonds). This report has been prepared as an appendix to the Official Statement relating to the Series 2026 Bonds.

The proceeds of the Series 2026 Bonds are expected to finance a portion of the costs associated with the Authority's consolidated rental car facility (ConRAC) project and related enabling improvements at Norfolk International Airport (ORF or the Airport), fund required reserve deposits, and pay certain costs of issuance. The ConRAC project is an important component of the Authority's broader capital improvement and passenger experience enhancement program. The project is intended to consolidate rental car operations in a modern, purpose-built facility, improve customer convenience and operational efficiency, support future passenger growth, and release existing garage space for public parking.

In preparing this report, Unison reviewed the Authority's planning documents, rental car concession and lease agreements, historical operating data, passenger traffic trends, rental car activity, regional and national economic conditions, and the proposed financing structure for the Series 2026 Bonds.

The report is organized into six sections, each of which addresses a key element of the feasibility of the proposed financing:

- **Section 1, Introduction**, describes the Norfolk Airport Authority, Norfolk International Airport, the proposed ConRAC project, and the financing plan for the Series 2026 Bonds. The section explains that the Series 2026 Bonds will be payable solely from CFC Pledged Revenues and that no other Airport revenues are pledged to repayment of the bonds.
- **Section 2, Economic Environment**, evaluates the demographic, economic, and macroeconomic characteristics of the Airport's service area. The analysis concludes that the Hampton Roads region provides a stable foundation for continued air travel demand, supported by a large and diverse regional economy, significant military and government activity, the Port of Virginia,



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tourism, and continued private-sector investment. These factors are important because the Airport's rental car activity is derived from passenger travel demand.

- **Section 3, Airport Passenger Traffic**, reviews historical passenger trends at ORF and develops forecasts of future enplanements through the forecast period. The analysis shows that ORF has a strong predominance of origin-and-destination traffic, has recovered substantially from the COVID-19 pandemic, and is expected to continue experiencing long-term passenger growth. These enplanement forecasts provide the principal basis for projecting future rental car demand.
- **Section 4, U.S. Rental Car Industry**, examines the structure and performance of the national rental car industry, including the major companies serving ORF, industry trends, and factors affecting future demand. The section concludes that, despite competitive and technological changes in the industry, airport rental cars remain an essential component of ground transportation and that ORF's rental car market is expected to remain stable and grow with passenger traffic.
- **Section 5, Airport Rental Car Activity**, analyzes the Airport's historical rental car activity and develops forecasts of future rental car transaction days. The section concludes that transaction days and CFC revenues have historically tracked the Airport's passenger traffic and are expected to continue growing over time. The resulting transaction day forecasts are used to estimate the CFC revenues available to repay the Series 2026 Bonds.
- **Section 6, Financial Analysis**, reviews the legal framework for the bonds, the proposed financing plan, projected debt service, projected CFC revenues, and the application of those revenues. This section includes projected debt service coverage under both base and low-demand scenarios. Based on this analysis, the report concludes that projected CFC Pledged Revenues will provide debt service coverage above the required covenant levels throughout the forecast period and that the proposed financing is financially feasible.

Based on our review and subject to the assumptions and limiting conditions set forth in the report, it is our opinion that the projected CFC Pledged Revenues are sufficient to pay the debt service requirements of the Series 2026 Bonds and to satisfy the applicable rate covenant requirements under the financing documents. Under the base forecast, projected debt service coverage remains above the required covenant level throughout the forecast period. Coverage also remains above the covenant requirement under the low-demand scenario analyzed in this report.



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The analysis indicates that the Airport benefits from a stable and diversified service area, a strong predominance of origin-and-destination traffic, continued long-term passenger growth, and a well-established on-airport rental car market. These factors, together with the Authority's existing \$10.00 per transaction day CFC, the contractual obligation of the rental car companies to collect and remit the CFC, and the additional protection provided by contingent facility rent, provide a sound basis for the proposed financing.

Important Disclosures and Limitations

This report has been prepared solely for the use of the Authority, its underwriters, bond counsel, financial advisor, rating agencies, prospective investors, and other parties in connection with the issuance of the Series 2026 Bonds. The report should be read in its entirety, including the assumptions, qualifications, and limiting conditions contained herein. The forecasts and projections presented in the report are based on information available as of the report date and on assumptions we believe are reasonable; however, actual future results may differ from those projected due to events and circumstances that cannot be predicted with certainty.

Neither this letter nor the accompanying report constitutes a guarantee of future financial performance or debt service coverage. Rather, the report represents our professional judgment based on the information and assumptions described therein.

We appreciate the opportunity to assist the Authority with this important financing initiative.

Respectfully submitted,

Unison Consulting, Inc.

UNISON CONSULTING, INC.

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SECTION 1 | INTRODUCTION

The Norfolk Airport Authority (NAA, or the Authority) is issuing Senior Customer Facility Charge (CFC) Revenue Bonds, Series 2026A and Series 2026B, in the approximate principal amount of \$124.0 million (collectively known as “Series 2026 Bonds”), under the CFC Master Trust Agreement (the Indenture). Proceeds from the Series 2026 Bonds, together with other lawfully available funds, will be used to:

- Finance a portion of the costs of the development and construction of a consolidated rental car facility (ConRAC) at Norfolk International Airport (ORF or the Airport), and certain enabling projects (collectively defined as the Series 2026 Project).
- Fund required deposits, if any, into the CFC Senior Debt Service Reserve Fund and the CFC Debt Service Coverage Fund.
- Pay certain costs of issuance of the Series 2026 Bonds.

The Authority implemented a rental car CFC effective August 1, 2018, and the current CFC of \$10 per rental car transaction day took effect on November 1, 2025.

The Series 2026 Bonds will be paid solely from CFC Pledged Revenues, which includes CFC Revenues and Contingent Facility Rent, as described in Article V.E.2. in the On-Airport Rental Car Concession Agreement and Facility Lease. No other Authority revenues, other than the CFC Pledged Revenues, are pledged to the payment of the Series 2026 Bonds.

This report provides an independent assessment of the Airport’s market, passenger traffic, rental car services, and the financial feasibility of the Series 2026 Bonds. The report is structured as follows:

- **Section 1, “Introduction,”** describes the Authority, the Airport, and the Series 2026 project.
- **Section 2, “Economic Environment,”** assesses the broad market context for airport passenger traffic and derived demand for rental cars and parking. Demographic and economic trends at the regional and macro levels influence airport passenger traffic, which mainly consists of domestic origin-and-destination (O&D) passengers.
- **Section 3, “Airport Passenger Traffic,”** reviews historical passenger traffic trends and presents forecasts of enplanements, which are a key input to forecasting rental car transaction days. The demand for rental cars at an airport is a derived demand from passenger air travel to the airport’s service area.
- **Section 4, “U.S. Rental Car Industry,”** provides an overview of the U.S. rental car industry, major companies, key industry performance metrics, and market trends.

- **Section 5, “Airport Rental Car Activity,”** reviews historical trends in rental car activity at ORF and presents forecasts of transaction days. The forecasts of transaction days serve as the basis for CFC revenue projections, an essential input to the financial analysis.
- **Section 6, “Financial Analysis,”** provides information and assumptions used to derive the financial projections supporting the financing plan for the planned consolidated rental car facility in connection with the Series 2026 Bonds.

1.1 | Norfolk Airport Authority

The Authority, which owns and operates ORF, is a political subdivision of the Commonwealth of Virginia. A Board of Commissioners, consisting of up to nine members appointed by the City, governs the Authority, along with the President and Chief Executive Officer, who oversees the Airport’s operations. The Norfolk Port and Industrial Authority was established in 1948, taking responsibility for Norfolk Municipal Airport in 1950. In 1951, the new terminal was officially dedicated. Due to rising air travel demand, the Airport became the transportation hub for the entire region and adopted the name Norfolk Regional Airport in the late 1960s. The Airport was officially named Norfolk International Airport in 1976, following the addition of federal customs facilities. The Authority was renamed the Norfolk Airport Authority in 1988.

The Authority has a staff of more than 225. Its executive staff includes the following individuals:

Mark Perryman, President and Chief Executive Officer: Mr. Perryman joined the Authority in 2021 after serving as President and CEO of Landrum & Brown, an international aviation consultancy, for 31 years. Before that, he served five years in the U.S. Air Force and worked with Edward S. d’Avi Architects for four years. He holds a Bachelor of Science degree in Design from Arizona State University.

Anthony E. Rondeau, Executive Vice President and Chief Development Officer: Mr. Rondeau joined the Authority in September 2009 as the Director of Facilities and was promoted to Deputy Executive Director of Engineering and Facilities in 2016, before assuming his current position in 2022. Before joining the Authority, he worked as a Project Manager for a local engineering firm. He holds a Bachelor of Science Degree in Civil Engineering from Virginia Military Institute. He is a registered Professional Engineer and a Certified Member of the American Association of Airport Executives.

Mark A. Trank, Senior Vice President and General Counsel: Mr. Trank joined the Authority in July 2023. He serves as the Senior Vice President and General Counsel. Before joining the Authority, Mr. Trank was the primary legal counsel for the two airports operated by the Lee County Port Authority in Fort Myers, Florida—Southwest Florida International Airport (RSW) and Page Field (FMY). He holds a Bachelor’s Degree in Liberal Arts from Yale University and a Juris Doctor degree from the University of Virginia School of Law. He is licensed to practice law in Virginia and Florida as an active member of the Virginia and Florida State Bars.

Kanama Bivins, Vice President and Chief Financial Officer: Dr. Bivins joined the Authority in September 2025. She is Vice President and Chief Financial Officer. Prior to joining the Authority, Dr. Bivins served as Chief Financial Officer at NASA’s Langley Research Center. Prior to becoming Chief

Financial Officer, Dr. Bivins was the Acting Associate Director of the NASA research center. Dr. Bivins holds a doctorate in Strategic Leadership from Regent University and is an active member of the Association of Government Accountants and CIVIC Executive Alumni.

Steven V. Djunaedi, Vice President and Chief Commercial Officer: Mr. Djunaedi retired from the U.S. Navy after 28 years of active-duty service and began his next career in January 2025 at Norfolk International Airport. Prior to his transition from military service, he was the Commanding Officer of Naval Air Station Oceana, the U.S. Navy's East Coast Master Jet Base. He is a 1997 graduate of the United States Naval Academy with a Bachelor of Science in Political Science and a graduate of the Naval Postgraduate School in Monterey, CA, with an Executive Master's degree in Business Administration.

1.2 | Norfolk International Airport

The Airport is the primary commercial service airport that provides air transportation services for the Hampton Roads region—the second-largest metropolitan area in Virginia and the 37th-most populous metropolitan area in the United States—and northeastern North Carolina. The Airport occupies approximately 1,088 acres of land in the City, approximately eight miles from downtown.

ORF is classified as a small hub commercial service airport by the Federal Aviation Administration (FAA). A small hub is defined as an airport that enplanes between 0.05 and 0.25 percent of the total U.S. enplaned revenue passengers on certificated route air carriers. ORF ranked 65th in total passengers among all commercial service airports in calendar year 2024, accommodating approximately 2.4 million enplanements, according to the FAA's Airport Activity Information System issued in June 2025.¹

The Airport primarily serves origin-and-destination (O&D) traffic, which is estimated to constitute approximately 98 percent of its annual passenger volume in fiscal year 2025. Its primary service area is the Virginia Beach-Chesapeake, VA-NC Combined Statistical Area (CSA), which comprises the Virginia Beach-Chesapeake-Norfolk, VA-NC Metropolitan Statistical Area (MSA), the Elizabeth City, NC Micropolitan Statistical Area (USA), and the Kill Devil Hills, NC, USA, based on the Office of Management and Budget July 2023 core-based statistical areas.

The Airport is currently served by eight commercial carriers: American, Breeze, Delta, Frontier, JetBlue, Southwest, Spirit, and United, which provide nonstop air service to over 45 destinations.² In 2025, American was the Airport's largest passenger carrier based on its enplanement share (28.7 percent). Delta followed, with a share of approximately 26.1 percent. Southwest and United followed with enplanement shares of 15.7 percent and 13.5 percent, respectively.

¹ Federal Aviation Administration, CY 2024 Passenger Boarding Data, https://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/passenger.

² Allegiant served ORF until mid-August 2025. See 13 News Now, <https://www.13newsnow.com/article/news/local/mycity/norfolk/allegiant-orf-virginia-norfolk-international-airport/291-18907b80-475c-4ec8-bd2e-50730eb0988c>.

The Airport's major facilities are described below.

- **Airfield and Aircraft Parking Aprons** – The Airport has one runway, 5-23, which is 9,000' x 150' and oriented in a northeast/southwest direction. ORF has three aircraft aprons: a terminal apron, a general aviation (GA)/ Fixed Based Operator (FBO) apron, and an air cargo apron.
- **Terminal Facilities** – ORF has two terminals totaling 643,000 square feet. The main passenger terminal is a 400,000 square foot facility containing two airline concourses with 22 gates and various retail and food concessions. One gate in the main terminal is equipped with facility requirements to process international flights. The arrivals terminal is a 243,000 square foot two-floor building containing state-of-the-art baggage claim facilities and ground transportation resources to accommodate passengers renting cars or utilizing taxis and transportation network providers. The two terminals are connected by a 362-foot climate-controlled elevated pedestrian bridge that also provides access to the parking garage.
- **Roadways and Parking** – The Airport has three parking lots, two hourly and one daily, on the eastern side of the main roadway that runs between the two terminal buildings. To the west of the roadway is a nine-level parking garage containing over 2,800 covered spaces for hourly, daily, and rental car parking. Once the ConRAC is completed, rental cars will no longer use the parking garage and those spaces, approximately 350, will be converted to public parking use. The number of spaces is subject to change based on reconfiguration.
- **Other Facilities** – ORF has two maintenance and equipment storage facilities consisting of 46,000 square feet, which are used to house snow removal and maintenance equipment and sand storage. The Airport also has two Air Cargo Terminals with a total of 88,000 square feet and a 54,000 square foot GA terminal facility. ORF's sole FBO, Signature Flight Support, operates six bulk-storage hangars, three sections of T-hangars, and a large aircraft parking apron. The FAA's Air Traffic Control Tower and Terminal Radar Approach Control Facility (TRACON) are also located on Airport property.

Figure 1 | Aerial View of Norfolk International Airport



In 2024, the Authority launched a multi-phase plan to modernize public areas in the terminals and enhance the passenger experience, investing a total of \$1 billion in improvements from 2024 to 2030. The modernization program includes: rehabilitation of runway 5/23, expansion of Concourse A, installation of a moving walkway on the pedestrian bridge, construction of a Federal Inspection Facility, a consolidated TSA checkpoint and ticketing lobby, a new checked baggage inspection system, expanded baggage makeup and shipping and receiving areas, expansion of the cell phone lot facility, and the new ConRAC, as described below.

NAA is authorized to enter into the Master CFC Trust Agreement, issue the Series 2026 bonds, use the proceeds of the Series 2026 bonds to finance the Series 2026 Project, and secure the Series 2026 Bonds by a pledge of the CFC Pledged Revenues.

1.3 | The Series 2026 Project

The Series 2026 Project includes the ConRAC and several enabling projects. The new ConRAC at ORF will be built south of the Departures Terminal, consolidating all rental car operations—such as vehicle rentals, pickups, and returns—in one location. Quick-turnaround (QTA) facilities inside the ConRAC will improve customer service efficiency and reduce the need to move cars off-site for cleaning and refueling. Enabling projects include roadway improvements and a departure bridge connecting the ConRAC to the passenger terminal. The new facility is expected to open in early 2028.

The rental car companies (RACs) currently serving ORF are:

- Enterprise Mobility (includes the Alamo, Enterprise, and National brands)
- Hertz Global Holdings, Inc. (includes the Dollar, Hertz, and Thrifty brands)
- Avis Budget Group, Inc. (includes the Avis and Budget brands)
- American Rent-A-Car
- Sixt

The RACs currently operate their counters and offices from the arrivals building, their ready/return fleet from Garage A, and all QTA and maintenance activities off-site. These operations will continue in their current facilities until the ConRAC facility is completed.

Currently, the RACs occupy approximately 5,938 square feet in the arrivals building and 350 spaces in Garage A. The three corporate families—Enterprise Mobility, Hertz Global Holdings, Inc., and Avis Budget Group, Inc.—have ready spaces on the ground floor, and return lanes and spaces on the second floor of Garage A. American and Sixt have ready and return spaces on the first floor. These spaces in Garage A will be re-purposed for public parking when the RACS move to the ConRAC.

When the ConRAC is completed, the RACs will move all on-airport operations, including customer service counters, ready and return parking, staging, and QTA facilities with fueling and car wash to the ConRAC. The RACs will be able to perform light maintenance at the ConRAC, but heavy maintenance will remain offsite.

The ConRAC will contain the following facilities:

Table 1 | ConRAC Facility Square Footage

Facility	Square Footage
Ready/Return Garage	442,672
Shuttle Ramps	47,738
Customer Service Ramps	46,337
Customer Service Building	40,000
Service Yard	25,802
QTA Fueling	23,832
ConRAC Employee Parking	22,668
QTA Stacking	16,051
QTA Car Wash	15,096
RAC Administration	12,619

Note: Final Square footages may vary.

Construction Manager at Risk Agreement for ConRAC

W.M. Jordan Company will serve as the Construction Manager at Risk (CMAR). W.M. Jordan Company is an experienced company that has completed over 690 CMAR jobs in the past 66 years. W.M. Jordan has experience working with the Authority on Norfolk’s Concourse A, Federal

Inspections (FIS) Facility, six other projects, and one ongoing project. W.M. Jordan Company is partnering with Suffolk Construction to serve as its ConRAC consultant. Suffolk Construction has a history of working with airports and they will provide guidance on logistics and implementation of the project.

The Consolidated Rental Car Facility uses the Construction Manager-at-Risk project delivery method. During the past year, the Authority has worked with WMJ and the design team through preconstruction phases services to develop the design of the facility. The Guaranteed Maximum Price (GMP) for the project was then developed based on 90% design plans. The GMP includes a 3% contractor contingency and a 5% design contingency. Additionally, the Authority is carrying a 6% contingency on the ConRAC construction cost, which will be funded by the Authority if needed. The design team performed in-person reviews of each trade partner's scope of work and associated pricing to ensure there are no missing items in the submitted bids. The program management team reviewed all GMP qualification statements and general conditions. A revised GMP was submitted based on these reviews and has been found to be complete.

Series 2026 Project Budget

The ConRAC project, including enabling projects, is estimated to cost \$164.8 million, with \$6.8 million paid with CFCs as of March 2026, \$28.0 million to be paid with CFCs on a pay-as-you-go basis and \$124.0 million to be financed with the proceeds from the Series 2026 Bonds. The Authority plans to allocate \$6.0 million of its funds to cover the remaining project costs.

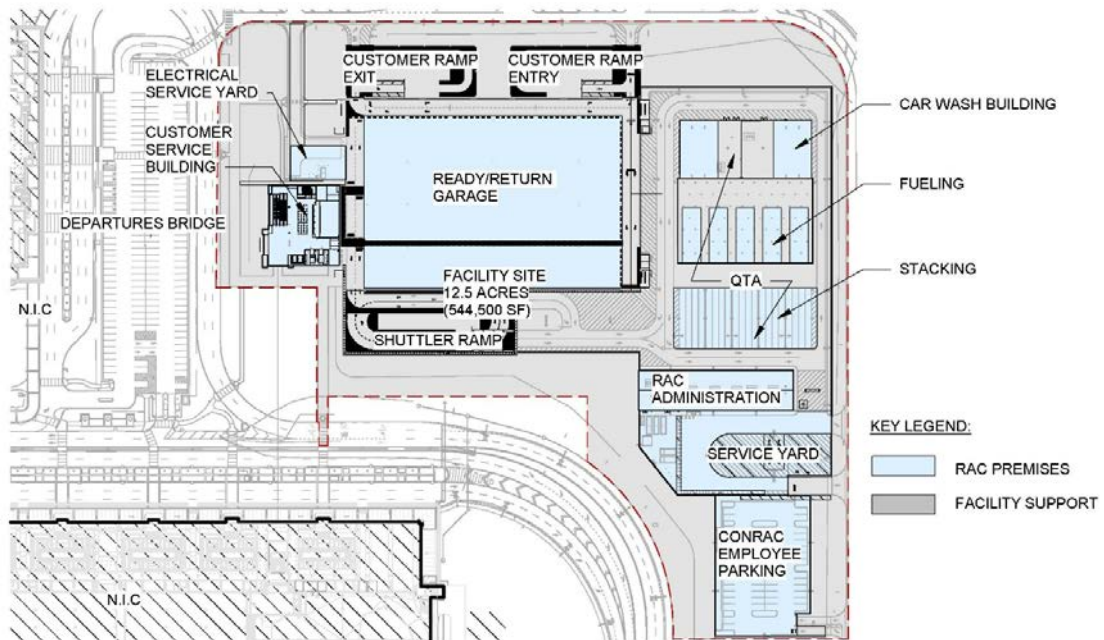
Figure 2 | ConRAC Rendering



Figure 3 | Exterior of ConRAC Rendering



Figure 4 | ConRAC Site Plan



SECTION 2 | ECONOMIC ENVIRONMENT

Norfolk International Airport operates within a dynamic economic environment. Demographic and economic factors affecting residents and visitors influence the demand for air travel and ground transportation services at the Airport, which primarily serves origin-and-destination (O&D) traffic. O&D traffic accounts for approximately 98 percent of its annual passengers.

The Airport draws traffic from the Virginia Beach-Chesapeake, VA-NC CSA, which comprises the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA (Virginia Beach MSA), the Elizabeth City, NC μ SA, and the Kill Devil Hills, NC μ SA, based on the Office of Management and Budget July 2023 core-based statistical areas. This report focuses on the Virginia Beach MSA, which accounts for 96 percent of the Virginia Beach-Chesapeake, VA-NC CSA population. This section explores demographic and economic factors at three geographic levels—the Virginia Beach MSA, the Commonwealth of Virginia, and the United States—providing context for understanding and forecasting passenger traffic and rental car demand at ORF.

The analysis highlights key structural changes and market dynamics, including the impacts of the COVID-19 pandemic (March 2020-May 2023), which are still evident in economic data. The COVID-19 pandemic disrupted economic activity and travel patterns, leading to a deep economic recession and a sharp fall in air passenger traffic. While the World Health Organization (WHO) declared an end to the global pandemic in May 2023, the regional economy and aviation industry continue to experience structural shifts in demand patterns, work arrangements, and consumer behavior.

Regional economic health impacts aviation demand through business travel driven by corporate activity and employment, leisure travel influenced by household income and discretionary spending, visitor traffic affected by regional attractiveness and business climate, and cargo activity determined by manufacturing output and trade flows. Broader macroeconomic trends and policy developments influence regional economic performance and travel demand.

2.1 | The Airport Service Area

The Virginia Beach MSA includes 15 counties/county equivalents in Virginia and three counties in North Carolina:

- Gloucester County, VA
- Isle of Wight County, VA
- James City County, VA
- Mathews County, VA
- Surry County, VA
- York County, VA
- Chesapeake, VA
- Hampton, VA
- Newport News, VA
- Norfolk, VA
- Poquoson, VA
- Portsmouth, VA
- Suffolk, VA
- Virginia Beach, VA
- Williamsburg, VA
- Camden County, NC
- Currituck County, NC
- Gates County, NC

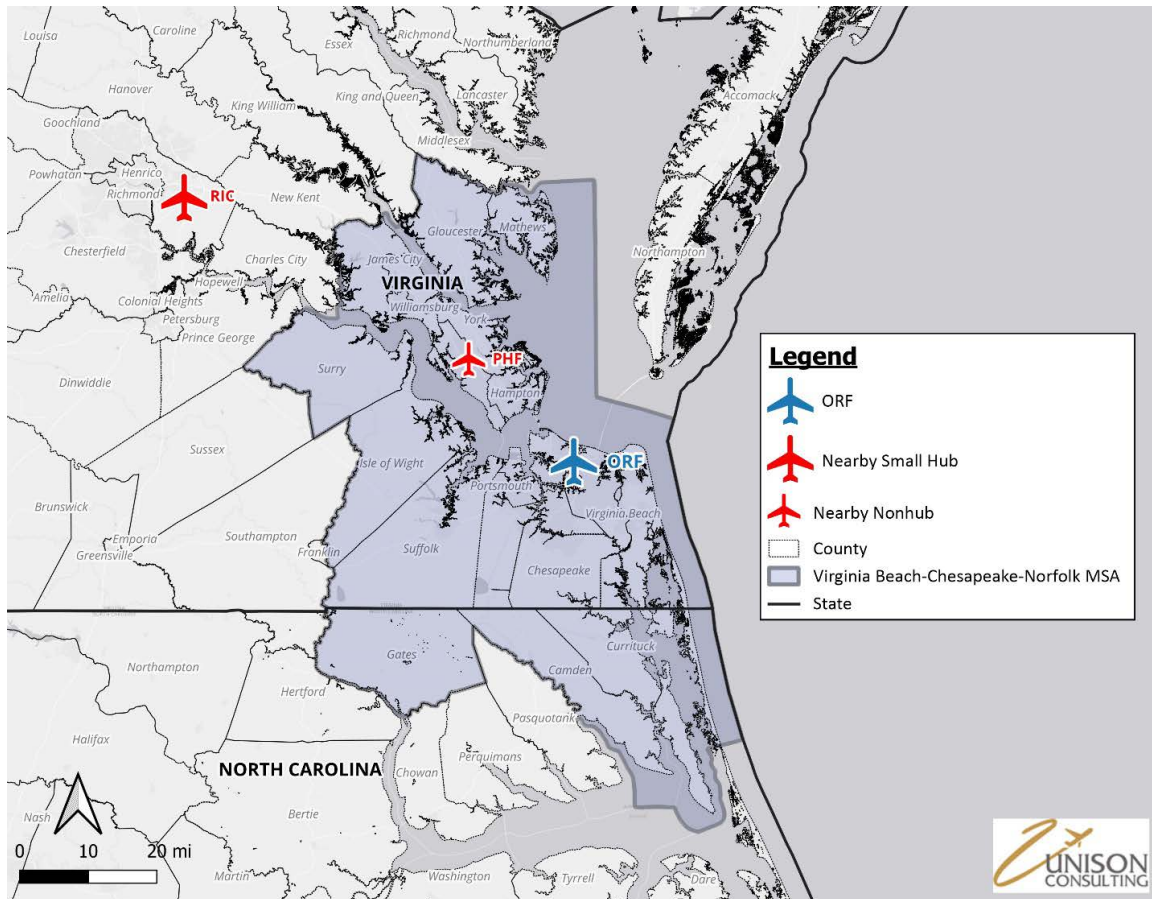
This region, often referred to as Hampton Roads, is the second-largest metropolitan area in Virginia (behind the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA) and the 37th most populous MSA in the United States.

While ORF is the primary commercial service airport for this region, parts of the air service area are also served by Newport News/Williamsburg International Airport (PHF) and Richmond International Airport (RIC) (Figure 5 and Table 2). PHF, located in Newport News, VA, is approximately 29 road miles and a 34-minute drive from ORF, but it is a much smaller airport with more limited air service. Newport News City Council recently announced a \$4 million investment to support the evolution of the Newport News-Williamsburg Airport into a future-ready Air Commerce Park. The investment reflects a shift in focus from commercial air service to diversified uses, including cargo logistics, advanced air mobility, and aircraft manufacturing and final assembly.³

RIC lies outside the Virginia Beach MSA, about 87 miles and 85 minutes from ORF. It is more accessible to residents in the northern part of the MSA and has comparable passenger volume and air service to ORF.

³ “Newport News Invests \$4M to Transform Newport News-Williamsburg Airport into ‘Air Commerce Park,’” *WYDaily*, July 23, 2025, <https://wydaily.com/business/2025/07/23/newport-news-invests-4m-to-transform-newport-news-williamsburg-airport-into-air-commerce-park/>.

Figure 5 | Commercial Service Airports Serving the Virginia Beach MSA and Surrounding Regions



Source: Esri and Federal Aviation Administration.

Table 2 | Commercial Service Airports Serving the Virginia Beach MSA

Airport	FAA Hub ¹ Category	Distance from ORF ²		EP (000) ³ CY2025
		Road Miles	Drive Time	
Norfolk (ORF)	Small			2,451
Newport News/Williamsburg (PHF)	Nonhub	29	34	59
Richmond (RIC)	Small	87	85	2,481

¹ Federal Aviation Administration Airport Categories.

² Google Maps, based on the fastest route and usual traffic.

³ EP stands for enplanements. Source: Airport records for ORF and FAA CY2025 Passenger Boarding Data for PHF and RIC.

2.2 | Demographic Attributes

Demographics influence a region's workforce (supply), consumer spending (demand), and ability to generate passenger traffic for the Airport. Population size, growth, age distribution, immigration, and education levels determine the labor force's size, quality, and productivity. These demographic attributes, when combined with income characteristics, shape consumer demand. Residents create demand for airport services for their travel and visiting family and friends.

2.2.1 | Population

In 2024, the Virginia Beach MSA had a population of 1.81 million, ranking 37th among the 387 MSAs in the United States. Based on population size, the Virginia Beach MSA closely resembles Jacksonville, Florida. Virginia Beach-Chesapeake-Norfolk is the second-largest MSA in Virginia, although it is much smaller than the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA, which had nearly 6.44 million residents.

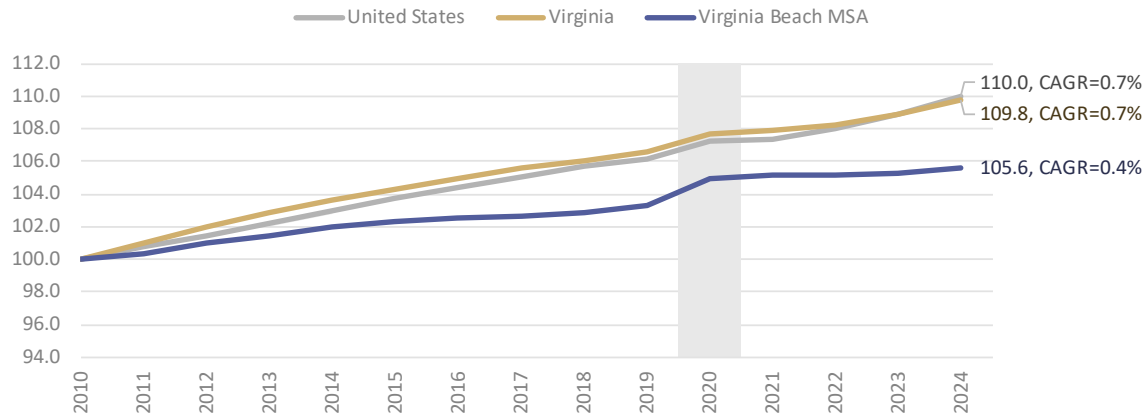
Population growth in the Virginia Beach MSA has been slower than the national and state trends (Figure 6). From 2010 to 2024, the MSA's population grew by 6 percent, a compound annual growth rate (CAGR) of 0.4 percent, compared to the 10 percent increase (0.7 percent CAGR) in the United States and Virginia.

In 2020, the MSA saw a higher annual population growth (1.6 percent) than the United States (1.0 percent) and Virginia (0.9 percent); however, since then, population growth in the MSA has slowed to pre-pandemic levels. During the COVID-19 pandemic, the U.S. experienced notable population migration patterns influenced by remote work, housing affordability, and lifestyle changes. In 2020 and 2021, remote work allowed many individuals and families to move from densely populated urban areas to suburban and rural locations to enjoy more space and access to nature. Large cities faced significant population declines, while suburban and rural areas gained population.⁴ By 2022 and 2023, some pandemic migration trends began to moderate, with some people returning to cities, though many moves during the pandemic seem permanent as remote work policies stabilized.⁵

⁴ William H. Frey, "Big cities saw historic population losses while suburban growth declined during the pandemic," *Brookings Report*, July 11, 2022, <https://www.brookings.edu/articles/big-cities-saw-historic-population-losses-while-suburban-growth-declined-during-the-pandemic/>.

⁵ William H. Frey, "Big cities are showing signs of recovery after historic population losses, new census data shows," *Brookings Research*, June 22, 2023, <https://www.brookings.edu/articles/big-cities-are-showing-signs-of-recovery-after-historic-population-losses-new-census-data-shows/>.

Figure 6 | Population Index (2010=100), 2010-2024



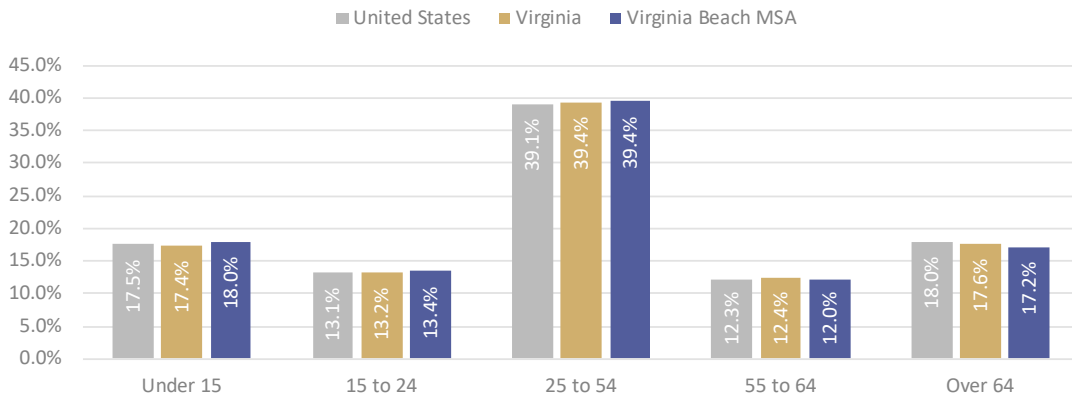
Source: U.S. Census Bureau and Unison Consulting, Inc.
The gray area indicates an economic recession.

2.2.2 | Population Age Structure

The population age distribution in the Virginia Beach MSA closely mirrors the national and state distributions (Figure 7). The MSA’s population is slightly younger on average, indicated by slightly higher shares of age groups under 55 and a lower median age.

In 2024, approximately 39.4 percent of the Virginia Beach MSA’s population was in the primary working age cohort of 25 to 54 years, similar to Virginia’s 39.4 percent and the nation’s 39.1 percent. A sizeable working-age population is essential in maintaining a vibrant local economy and a high standard of living. The MSA’s young population—those aged 24 and younger—makes up a higher share of the MSA’s population (around 31.4 percent), compared to Virginia’s and the nation’s 30.6 percent. A larger share of younger residents will help counter the effects of population aging and ensure workforce renewal. The MSA’s remaining 29.2 percent population is 55 and older, smaller than Virginia’s 30.0 percent and the nation’s 30.3 percent.

Figure 7 | Population Age Distribution, 2024

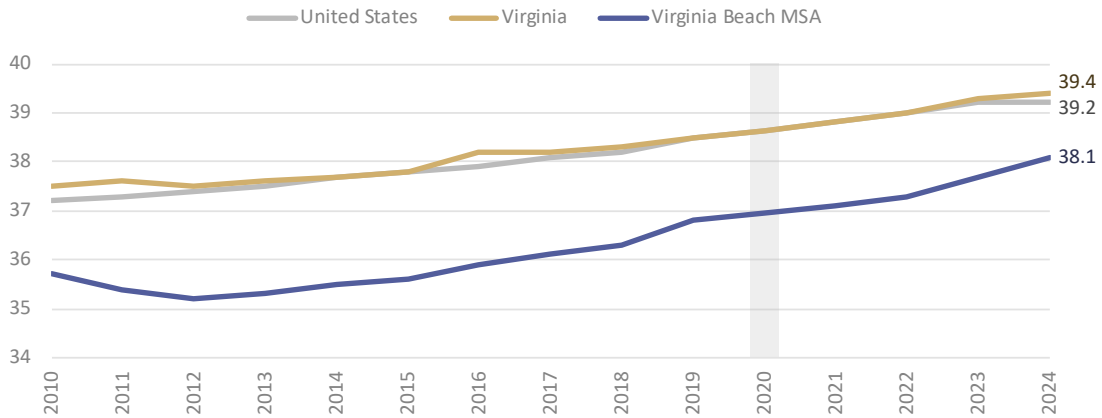


Source: U.S. Census Bureau 2024 American Community Survey (ACS) 1-Year Estimates and Unison Consulting, Inc.

Overall, the Virginia Beach MSA has a younger population than Virginia and the United States (Figure 8). After falling between 2010 and 2012, the Virginia Beach MSA has seen a steady increase in median age (38.1 in 2024), growing slightly faster from 2013 to 2024 than in Virginia and the United States (39.2 and 39.4, respectively, as of 2024).

Overall, the Virginia Beach MSA’s younger age structure supports the region’s workforce renewal and provides greater flexibility and adaptability to changing labor requirements.

Figure 8 | Median Age, 2010-2024



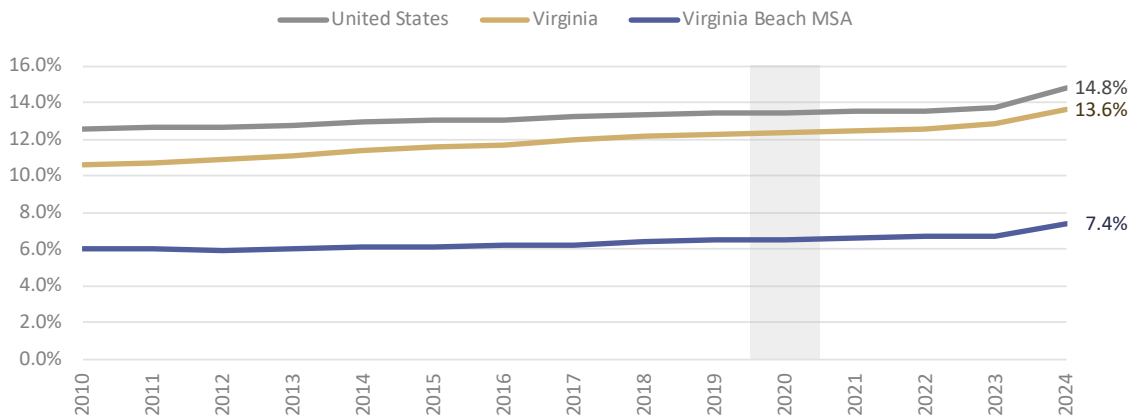
Source: U.S. Census Bureau ACS 1-Year Estimates and Unison Consulting, Inc.
 The 1-year ACS estimate is linearly interpolated for 2020 to impute missing data.
 The gray area indicates an economic recession.

2.2.3 | Foreign-Born Population

Immigration helps mitigate the effects of population aging and declining birth rates.⁶ Immigrants boost labor supply and productivity, and expand the regional market for goods and services, including air travel.⁷ They also contribute to the airport’s passenger and rental car market from visiting family and friends.

The Virginia Beach MSA has a small immigrant population, estimated at around 7.4 percent of its total population in 2024. Although this proportion is about half the U.S. average of 14.8 percent, it has steadily increased from a low of just under 6.0 percent in 2012. The modest growth indicates a gradual diversification of the region’s population, even as national and statewide immigrant shares have expanded more rapidly (Figure 9).

Figure 9 | Foreign-Born Population Share, 2010-2024



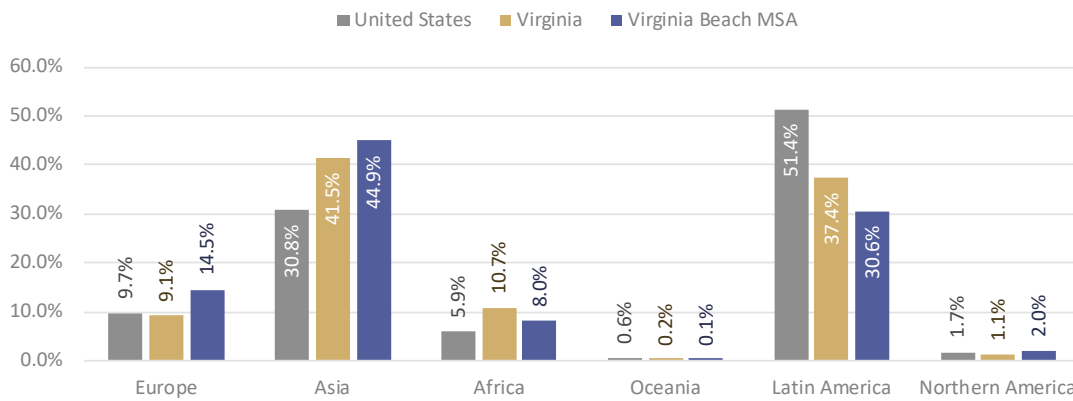
Source: U.S. Census Bureau 2024 ACS 1-Year Estimates and Unison Consulting, Inc.
The 1-year ACS estimate is linearly interpolated for 2020 to impute missing data.
The gray area indicates an economic recession.

The Virginia Beach MSA’s largest immigrant population segment comes from Asia (44.9 percent), followed by Latin America (30.6 percent) (Figure 10). Asians and Latin Americans have been the key drivers of the foreign-born population growth since 2010.

⁶ P. Orrenius and C. Smith, “Without Immigration, U.S. Economy Will Struggle to Grow,” *Dallas Fed Economics*, Federal Reserve Bank of Dallas, April 9, 2020, <https://www.dallasfed.org/research/economics/2020/0409>.

⁷ G.J. Borjas, “Immigration and Economic Growth,” National Bureau of Economic Research *Working Paper Series*, Working Paper 25836, May 2019, https://www.nber.org/system/files/working_papers/w25836/w25836.pdf.

Figure 10 | Foreign-Born Population Distribution, 2024



Source: U.S. Census Bureau 2024 ACS 1-Year Estimates and Unison Consulting, Inc.

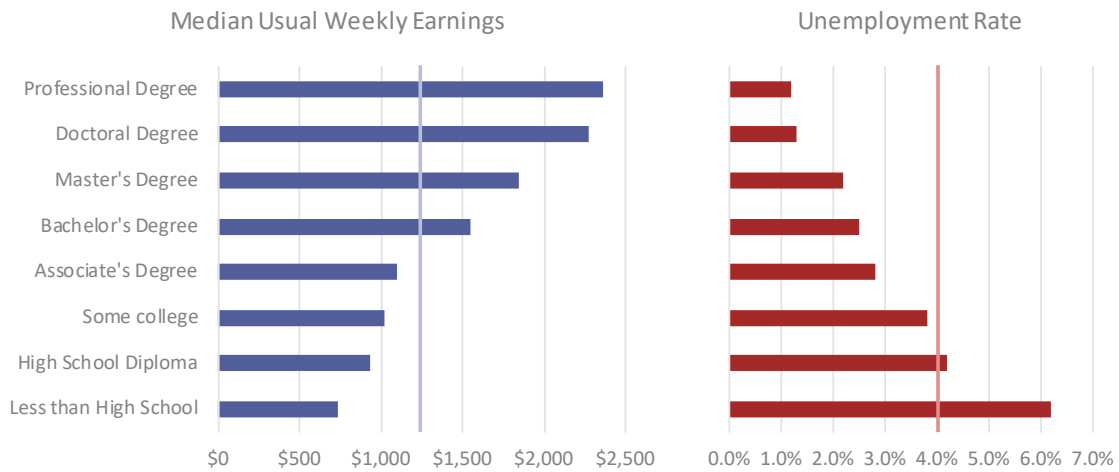
2.2.4 | Educational Attainment

Education promotes economic growth by raising workers’ productivity, fostering innovation, and accelerating the adoption of new technologies. A well-educated workforce can adapt to changing work environments and skill requirements.^{8,9} Wages and unemployment rates highlight the value of education. In 2024, the median weekly earnings for individuals with a bachelor’s degree or higher exceeded the national median earnings by 26.4 to 93.5 percent, and they experienced lower unemployment than the average national rate by 1.5 to 2.8 percentage points (Figure 11).

⁸ E. Hanushek and L. Woessman, “Education and Economic Growth,” *International Encyclopedia of Education* (Oxford: Elsevier, 2010), Vol. 2, pp. 245-252.

⁹ D. Claude and L. Charlotte, “Human Capital and Economic Growth,” *Encyclopedia of International Higher Education Systems and Institutions* (Dordrecht: Springer, 2019).

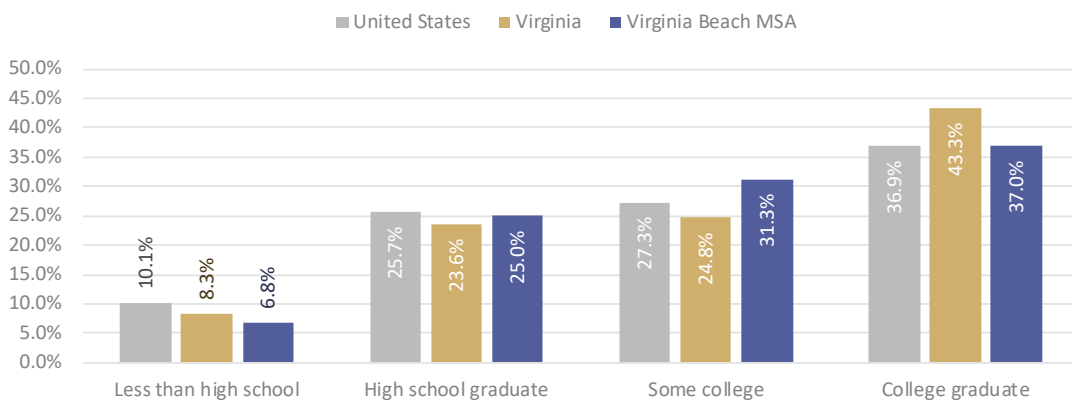
Figure 11 | Weekly Earnings and Unemployment Rates by Educational Attainment, 2024



Source: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

The Virginia Beach MSA has a share of its adult population (25 years and older) with at least a bachelor’s degree (37.0 percent) that is similar to the national average (36.9 percent). However, this figure is below Virginia’s level as a state (43.3 percent) (Figure 12). The Virginia Beach MSA has a higher share (31.3 percent) with some college education than the national average (27.3 percent). The educational attainment structure in the Virginia Beach MSA likely reflects the region’s heavy employment concentration in government and the military, which offers well-paying job opportunities for individuals without bachelor’s degrees.

Figure 12 | Educational Attainment, 2024



Source: U.S. Census Bureau 2024 ACS 1-Year Estimates and Unison Consulting, Inc.

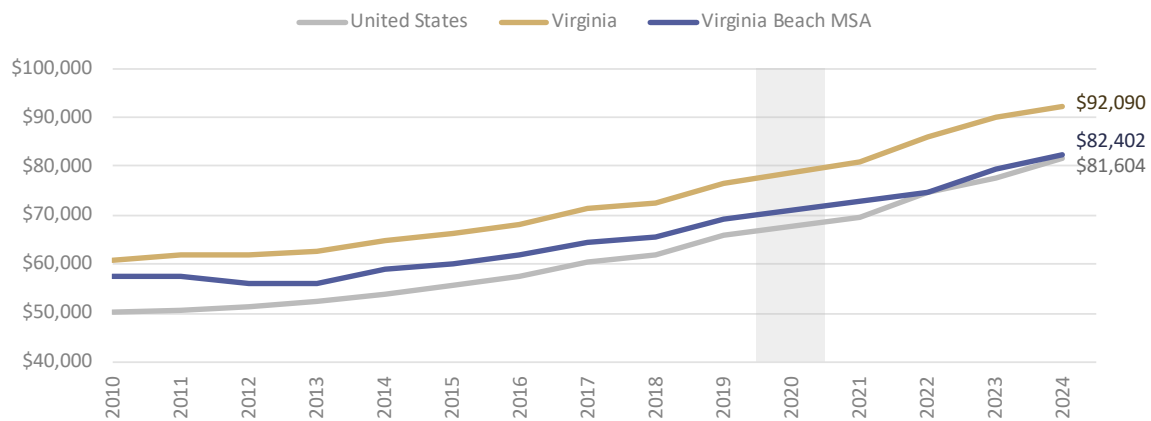
2.2.5 | Income

Higher income fuels air travel demand, with studies showing a strong correlation: as people earn more, they are more likely to fly. This relationship, called income elasticity, is often greater than one for air travel, meaning demand grows faster than income.¹⁰

The Virginia Beach MSA and the entire state of Virginia have higher median household incomes than the nation (Figure 13). In 2024, the median household income in the Virginia Beach MSA was over \$82,402, lower than Virginia’s (\$92,090) but slightly higher than the nation’s (81,604). However, household income growth has been slower in the MSA (2.5 percent CAGR), compared to Virginia (3.1 percent CAGR) and the entire nation (3.4 percent CAGR).

In 2024, households in the Virginia Beach MSA were slightly more concentrated in the middle-income group (Figure 14). About 41.0 percent had incomes in the \$50,000-149,999 range, compared with 46.7 percent in Virginia and 46.1 percent nationwide. The share of households in the Virginia Beach MSA with high incomes (>\$150,000) is 12.4 percent, similar to the share in Virginia as a state (12.1 percent) but below the national share (23.4 percent).

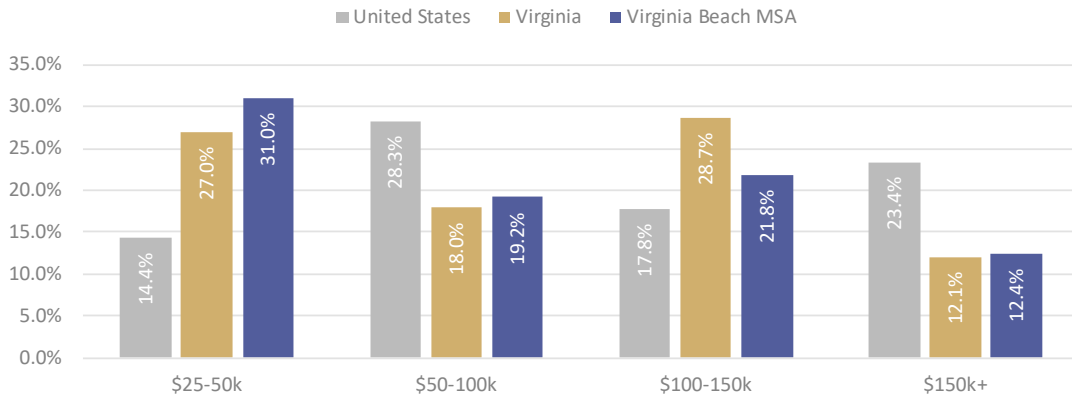
Figure 13 | Median Household Income, 2010-2024



Source: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
The gray area indicates an economic recession.

¹⁰ For example, a 10 percent increase in income will generate more than a 10 percent increase in air travel demand. See C. A. Gallet and H. Doucouliagos, “The income elasticity of air travel: A meta-analysis,” *Annals of Tourism Research* 49 (2014), 141-155.

Figure 14 | Household Income Distribution, 2024

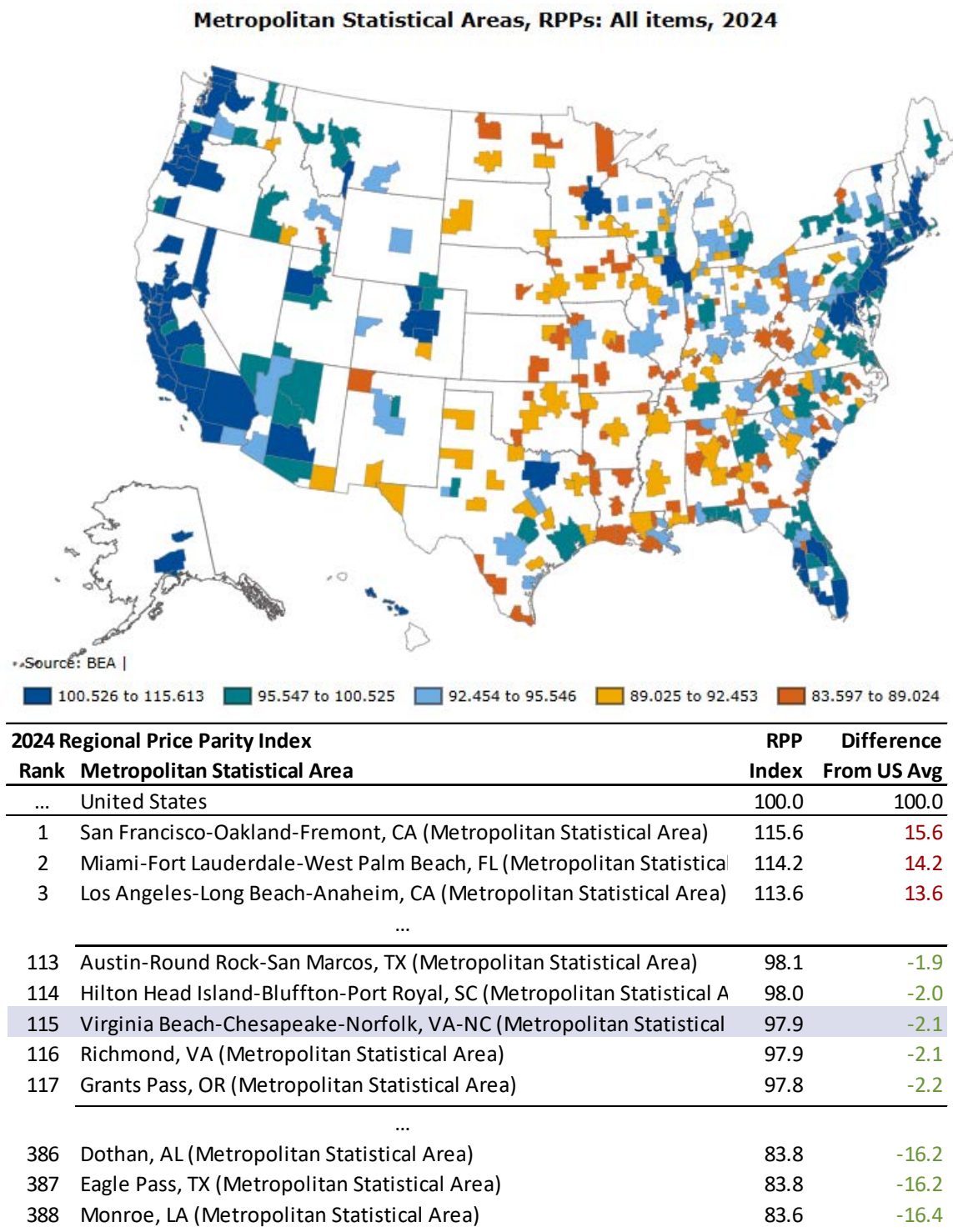


Source: U.S. Census Bureau 2024 American Community Survey 1-Year Estimates and Unison Consulting, Inc.

2.2.6 | Cost of Living

The cost of living in the Virginia Beach MSA, measured by a regional price parity (RPP) index of 97.9, is slightly lower than the national MSA average (Figure 15). The Virginia Beach MSA’s relative affordability and higher household incomes boost residents’ purchasing power.

Figure 15 | Metropolitan Statistical Areas Regional Price Parities: All Items Index (U.S. Average=100), 2024



Source: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.

2.3 | Economic Attributes

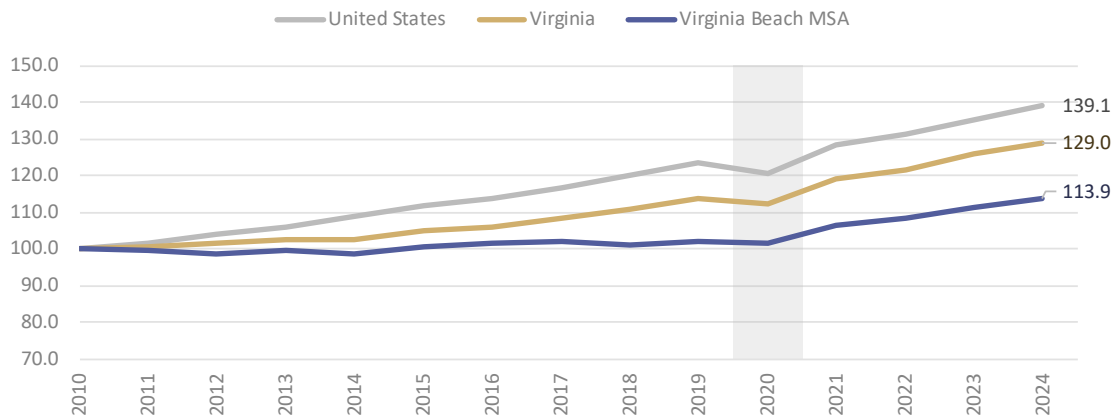
Air travel demand at the Airport is closely linked to a region's economic health. A region's economic vitality is reflected in GDP trends, labor market dynamics, industry composition, and tourism activity.

2.3.1 | Gross Domestic Product

GDP measures the total dollar value of all goods and services produced within a geographic region. Sustained GDP growth signals economic expansion, increasing employment, incomes, and air travel. Conversely, decreases in real GDP over two or more consecutive quarters often signal a recession, where employment, income, and air travel demand fall.¹¹

The Virginia Beach MSA trailed behind the state of Virginia and the nation in GDP growth (Figure 16). From 2010 to 2023, its real GDP grew 12 percent (0.9 percent CAGR) while Virginia's real GDP increased by 26 percent (1.8 percent CAGR) and the U.S. real GDP expanded by 35 percent (2.3 percent CAGR) despite the contraction caused by the pandemic in 2020. The MSA's GDP declined slightly in 2020. However, it grew 1.5 percent overall over the past decade before the pandemic, mainly due to a decline of -9.4 percent in the government sector. In 2020, the government sector helped lessen the recession's impact on the Virginia Beach MSA, and its expansion from 2020 to 2023 provided a boost to the MSA's GDP growth.

Figure 16 | Real Gross Domestic Product Index (2010=100), 2010-2024

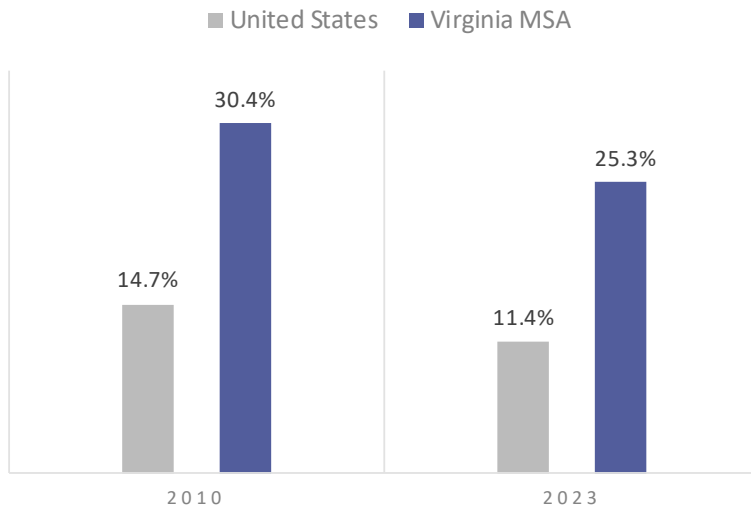


Source: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
The gray area indicates an economic recession.

¹¹ Over the last two decades, the correlation between U.S. enplanements and real GDP is about 0.7. The correlation coefficient measures the degree of association between two data series. A zero-correlation coefficient means there is no association, while a correlation coefficient of one indicates a perfect association.

The government sector’s share of the Virginia Beach MSA GDP decreased from 30.4 percent in 2010 to 25.3 percent in 2023. However, it remains significant compared to the sector’s share of U.S. GDP, which also declined from 14.7 percent in 2010 to 11.4 percent in 2023 (Figure 17).

Figure 17 | Government Sector Share of Real Gross Domestic Product, 2010 and 2023



Source: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
MSA data is not available for more recent years.

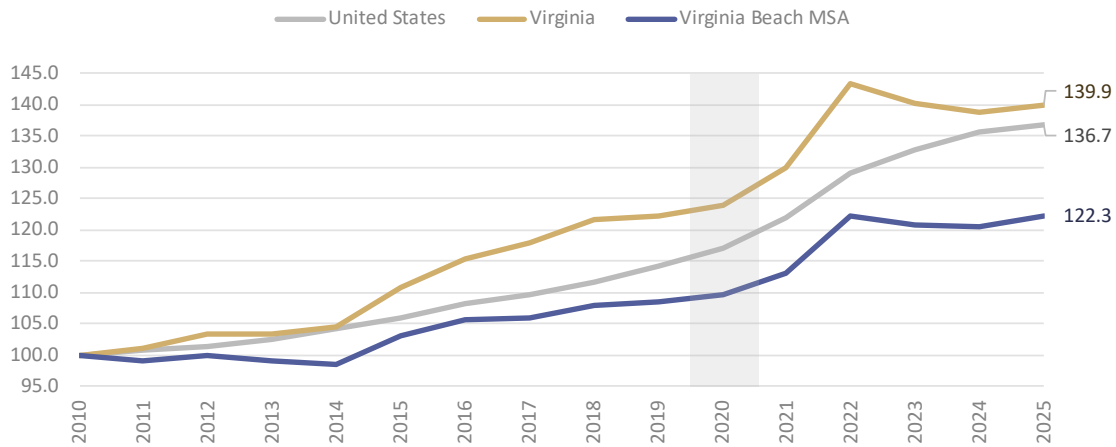
2.3.2 | Labor Market

Labor market trends evolve with business cycles and reflect economic health. Furthermore, they are often positively correlated with income and travel trends. Strong business growth, rising employment, and low unemployment typically stimulate air travel demand.

Business Establishments

From 2010 to 2025, the number of business establishments increased 22.3 percent (1.4 percent CAGR) in the Virginia Beach MSA (Figure 18). However, this increase lagged behind growth in Virginia and the nation of 39.9 percent (2.3 percent CAGR) and 36.7 percent (2.1 percent CAGR), respectively. After the 2008-2009 Great Recession, new business formation began to pick up in 2015, with a more noticeable acceleration in Virginia and, to a lesser extent, in the Virginia Beach MSA, continuing through 2022. Both Virginia and the Virginia Beach MSA have seen a plateau in business establishments since 2022—contrary to the nationwide trend—but their numbers remain well above pre-pandemic levels.

Figure 18 | Business Establishments Index (2010=100), 2010-2025



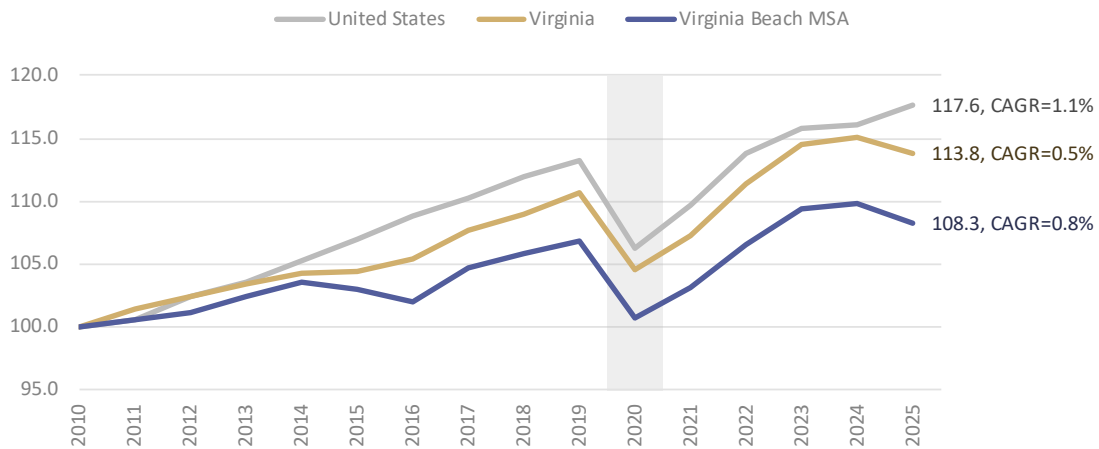
Source: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
The gray area indicates an economic recession.

Employment

Employment has grown in the Virginia Beach MSA since 2010 but at a slower rate than in the entire country and the state of Virginia. Employment—measured by the number of employed members of the civilian labor force¹²—in the Virginia Beach MSA in 2024 reached 12 percent above the 2010 level (Figure 19). The MSA was close behind Virginia, with its 2025 employment surpassing 2010 by 8.3 percent, while U.S. employment rose 17.6 percent from 2010 to 2025, representing a 1.1 percent CAGR.

¹² The labor force consists of civilian residents 16 years and older who are either employed, or unemployed and actively looking for work.

Figure 19 | Employment Index (2010=100), 2010-2025



Source: U.S. Bureau of Labor Statistics Current Population Survey, Local Area Unemployment Statistics, and Unison Consulting, Inc.

The gray area indicates an economic recession.

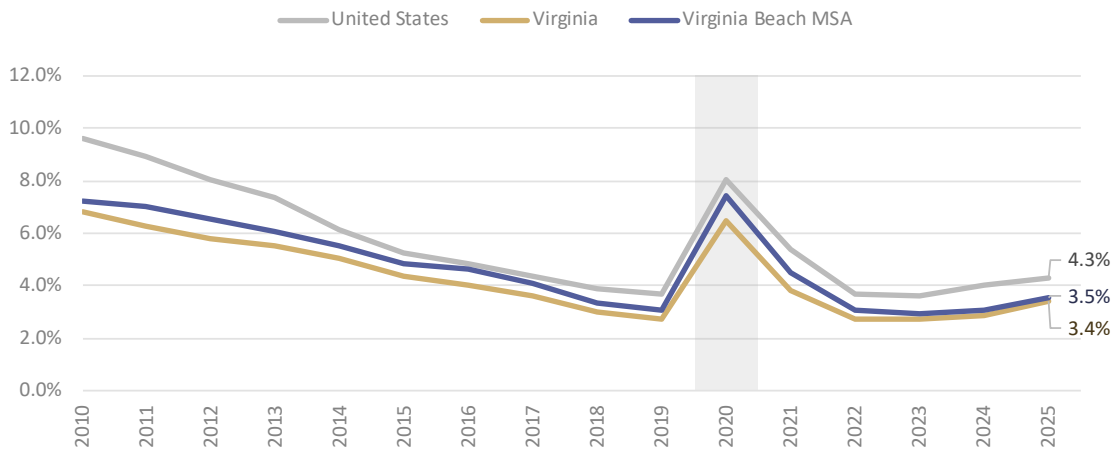
Unemployment Rate

The average unemployment rate in Virginia Beach MSA, though slightly higher than in the entire state of Virginia, has been consistently lower than the U.S. average (Figure 20). Its unemployment rates have also become more aligned with Virginia figures since 2021, falling to 3.5 percent in 2025, indicating a regional economy operating at full employment.¹³

Unemployment rates in the Virginia Beach MSA generally follow trends in the U.S. unemployment rate—rising during economic downturns and decreasing during growth periods. During the prolonged post-Great Recession U.S. economic expansion, the unemployment rate in the Virginia Beach MSA dropped from 7.3 percent in 2010 to 3.1 percent in 2019. Meanwhile, the U.S. unemployment rate decreased from 9.6 percent to 3.7 percent in 2019. Unemployment spiked during the height of the COVID-19 pandemic, but has since settled at 3.5 percent for the MSA, 3.4 percent for the state, and 4.3 percent nationally as of 2025.

¹³ An unemployment rate of 5 percent or lower is often considered to indicate full employment. This level of unemployment prevents inflation and allows workers to move between jobs. It is low enough so that those looking for full-time work can find one. See Investopedia at <https://www.investopedia.com/terms/f/fullemployment.asp>.

Figure 20 | Unemployment Rate, 2010-2025



Source: U.S. Bureau of Labor Statistics Current Population Survey, Local Area Unemployment Statistics, and Unison Consulting, Inc.

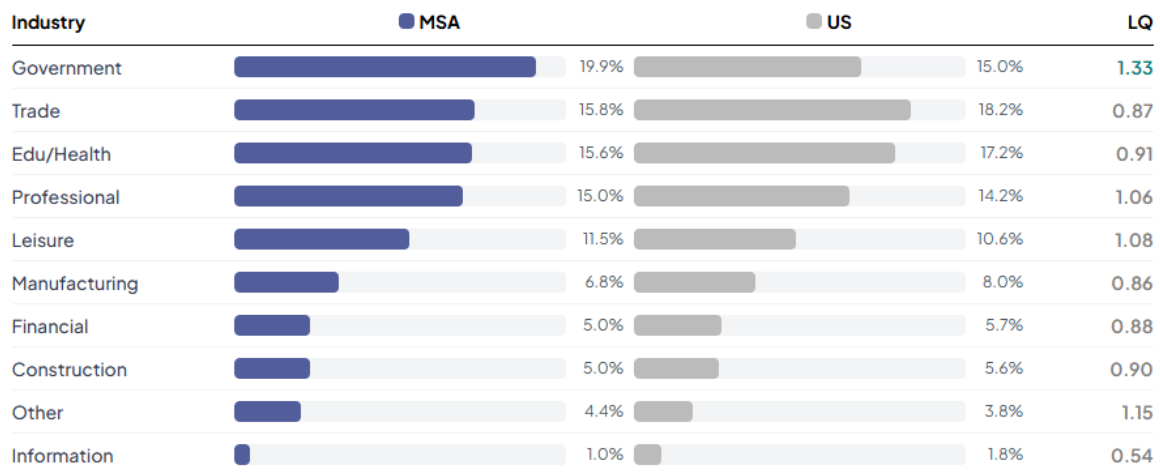
The gray area indicates an economic recession.

2.3.3 | Industry Composition

Figure 21 shows the employment distribution across various nonfarm industry sectors in the Virginia Beach MSA compared with the United States in 2025, along with each industry’s location quotient (LQ), which measures how concentrated an industry is in the region relative to the entire country. An LQ of one indicates that an industry’s share of regional employment matches its national share. Values below one suggest the sector is underrepresented in the region, while values above one indicate a higher concentration, signifying regional specialization.

An LQ threshold of 1.25 indicates moderate specialization, and a threshold of 1.5 or higher indicates significant specialization. The Virginia Beach MSA exhibits a relatively even spread, with its only notably high LQ in the government sector (1.33) and its only notably low LQ in the information sector (0.54). All other sectors are within 0.15 above or below the national share.

Figure 21 | Employment and Location Quotient by Nonfarm Industry Sector, 2025

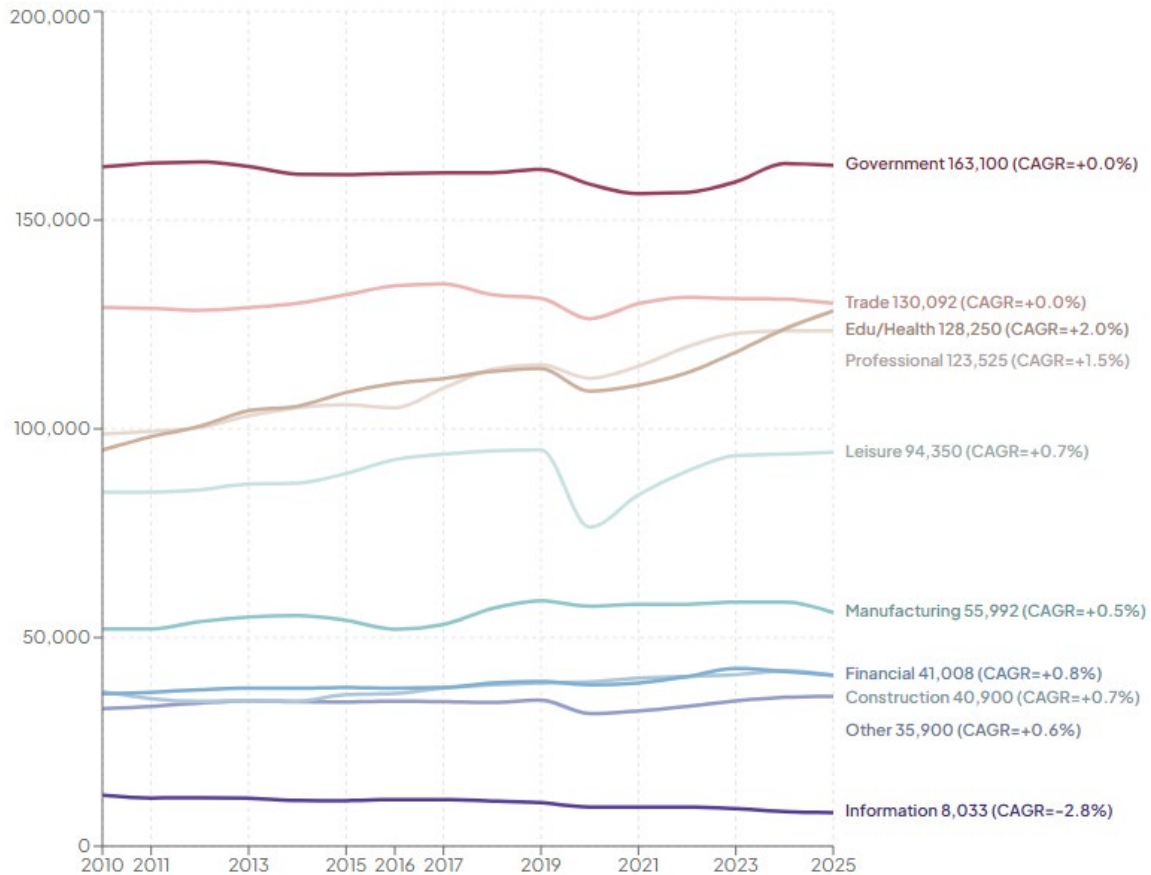


Source: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

The COVID-19 pandemic-induced recession impacted most industry sectors in the Virginia Beach MSA (Figure 22). The leisure/hospitality, trade, education/health, and government sectors experienced the most significant job losses due to travel restrictions, stay-at-home orders, and voluntary social distancing.

Over the 15 years from 2010 to 2025, the education and health services sector, along with professional services, demonstrated the most consistent and significant employment growth. The two largest employers in the MSA—the government and trade, transport, and utilities sectors—showed little to no growth. The information sector experienced the largest proportional decline.

Figure 22 | Employment by Industry, 2010-2025



Source: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

2.3.4 | Major Employers

Large public and private institutions and smaller enterprises form the backbone of the region's economy. In the Virginia Beach MSA, major employers include the U.S. Department of War (DOW), Huntington Ingalls Industries, Sentara Healthcare, City of Virginia Beach Schools, Wal Mart, Riverside Regional Medical Center, City of Virginia Beach, the Chesapeake City Public School Board. Table 3 presents a longer list.

Table 3 | Major Employers in the Virginia Beach MSA, 2024

Employer	Industry
U.S. Department of War	Government/Military
Huntington Ingalls Industries	Manufacturing
Sentara Health Care	Health Services
City of Virginia Beach Schools	Education
Wal Mart	Trade
Riverside Regional Medical Center	Health Services
City of Virginia Beach	Government
Chesapeake City Public School Board	Education
Food Lion	Trade
City of Norfolk	Government
Norfolk City School Board	Education
Old Dominion University	Education
Newport News Public Schools	Education
City of Chesapeake	Government
City of Newport News	Government

Source: 50 Largest Employers, Virginia Works, https://www.virginiaworks.com/_docs/local-area-profiles/5121S47260.pdf, accessed on July 14, 2025.

2.3.5 | Military and Government

The Virginia Beach MSA has one of the highest concentrations of military and federal government assets in the country, making it a critical hub for national defense and a major driver of the regional economy.

Military Presence

With over 80,000 active-duty military personnel in 2025, the region ranks among the nation's largest concentrations of armed forces.¹⁴ The total DOW population, including active duty and civilian personnel, is approximately 150,000.¹⁵ When including reservists, civilian employees, and military families, the total military-related population is around 300,000, making up roughly 20 percent of the area's population.¹⁶

The region has 19 military installations, including several of national importance.

¹⁴ Hampton Roads Alliance, *Hampton Roads is America's Military Metro*, accessed in October 2025, <https://hamptonroadsalliance.com/defense/>.

¹⁵ Hampton Roads Chamber, *Our Military*, accessed in October 2025, <https://hrchamber.com/our-region/our-military/>.

¹⁶ Hampton Roads Transportation Planning Organization (HRTPO), *Military Transportation*, accessed in October 2025, <https://www.hrpdca.gov/391/Military-Transportation>.

- **Naval Station Norfolk:** The world's largest naval base, home to the U.S. Atlantic Fleet and numerous ships and aircraft.
- **Joint Base Langley-Eustis:** A joint-force base that combines the Air Force's Langley Air Force Base and the Army's Fort Eustis.
- **Naval Air Station Oceana:** A master jet base for the U.S. Navy and the largest employer in Virginia Beach.
- **Other bases:** Other major sites include the Norfolk Naval Shipyard, Joint Expeditionary Base Little Creek–Fort Story, and several Coast Guard facilities.

Hampton Roads hosts four-star command headquarters, including U.S. Fleet Forces Command, Air Combat Command, Army Training and Doctrine Command, and NATO's Allied Command Transformation—the only NATO command in the United States.^{17,18,19}

Federal and Government Agencies

Other federal and government agencies also have a significant presence.

- **NASA Langley Research Center:** Located in Hampton, this is NASA's first civilian aeronautics laboratory. Its work focuses on aviation, Earth's atmosphere, and space exploration. The Virginia Air & Space Science Center acts as the official visitor center.²⁰
- **Civilian workforce:** The federal government is a major employer of civilians in the region. For instance, in 2020, civilian personnel on naval bases alone numbered over 40,000.²¹
- **Regional agencies:** Government presence is also seen through critical regional bodies.

Economic Impact

DOW spending accounts for nearly 46 percent of all regional economic activity.²² The substantial military presence offers a stable employment base, including direct jobs for active-duty personnel, federal civilians, and contractors, as well as indirect employment supported by defense spending. Consequently, Hampton Roads draws a large, highly-skilled workforce, including many veterans

¹⁷ Hampton Roads Alliance, <https://hamptonroadsalliance.com/military/>.

¹⁸ Hampton Roads Chamber, <https://hrchamber.com/our-region/our-military/>.

¹⁹ Military.com, <https://www.military.com/base-guide/hampton-roads-military-bases/base-directory>.

²⁰ Langley Research Center, <https://www.nasa.gov/langley/>.

²¹ Virginia State Facts, https://www.repi.mil/Portals/44/Documents/State_Fact_Sheets/Virginia_StateFacts.pdf.

²² Hampton Roads Chamber, *Our Military*, accessed in October 2025, <https://hrchamber.com/our-region/our-military/>.

who choose to stay in the region after their service. Several leading defense contractors also maintain a local presence.^{23,24}

2.3.6 | Virginia Port Authority and the Port of Virginia

The Virginia Port Authority (VPA) and the Port of Virginia are among the most significant economic drivers in the Virginia Beach CSA and the Commonwealth of Virginia. Headquartered in Norfolk, the Port of Virginia operates a network of marine terminals in Hampton Roads, including Norfolk International Terminals, Portsmouth Marine Terminal, Newport News Marine Terminal, and Virginia International Gateway, making Hampton Roads one of the leading international trade and logistics hubs on the U.S. East Coast. The port supports the regional economy directly through terminal operations, warehousing, trucking, rail, shipbuilding, and logistics-related employment, and indirectly by attracting manufacturers, distributors, and import-export businesses to the region. A recent economic impact study estimated that port-related activity supports more than 565,000 jobs statewide and generates approximately \$63 billion in Virginia gross state product. The Port's continued investments in channel deepening, terminal expansion, rail connectivity, and cargo-handling capacity further strengthen the long-term economic outlook for Hampton Roads and Virginia. These investments enhance the region's attractiveness to businesses engaged in international trade and distribution and support demand for business travel and air cargo services at ORF.^{25,26}

2.3.7 | Amazon

Amazon has become another major source of economic growth and diversification in Virginia. Since 2010, Amazon has invested more than \$160 billion and employed more than 43,000 in the Commonwealth through its headquarters, fulfillment centers, logistics facilities, and Amazon Web Services (AWS) data centers. Virginia is home to Amazon's second headquarters in Arlington, where the company plans to create at least 25,000 high-wage jobs and invest approximately \$2.5 billion in office development. Amazon and AWS have also made substantial investments in data centers and logistics facilities across the Commonwealth, including Northern Virginia, Richmond, Hampton Roads, and Virginia Beach. In 2023, Amazon announced plans to develop a robotics fulfillment center and delivery station in Virginia Beach, creating more than 1,000 jobs. Amazon's growing presence strengthens Virginia's technology, logistics, and distribution sectors, diversifies the state economy beyond military and government activity, and supports business travel, freight movement, and consumer spending. The company's continuing investments in cloud computing, artificial

²³ The Hampton Roads Military and Federal Facilities Alliance, <https://www.hrmffa.org/about-us>.

²⁴ Hampton Roads Alliance, <https://hamptonroadsalliance.com/defense/>.

²⁵ Virginia Port Authority, <https://www.portofvirginia.com/>, and Port of Virginia, <https://www.portofvirginia.com/>.

²⁶ College of William & Mary Raymond A. Mason School of Business, *The Fiscal Year 2021 National Economic Impacts of the Port of Virginia*, The Virginia Port Authority, August 18, 2022, <https://www.portofvirginia.com/wp-content/uploads/2024/12/FINAL-FY2021-NATIONAL-ECONOMIC-IMPACTS.pdf>.

intelligence, and e-commerce infrastructure are expected to remain an important source of employment and economic growth for both the Commonwealth and the Hampton Roads region.^{27,28}

2.3.8 | Tourism

Tourism plays an important role in the leisure and hospitality industry, which is the fourth-largest private industry sector in the Virginia Beach MSA. In 2024, tourism attracted 114.5 million visitors to Virginia and generated a record-breaking \$35.1 billion in visitor spending across the state, with the Hampton Roads area accounting for approximately 20 percent of that total. This significant economic impact supported 328,000 jobs across the state, many of which are in the Hampton Roads area.²⁹

The Virginia Beach MSA offers a wide variety of attractions that serve as a catalyst for employment and provide a revenue stream from non-residents. Key tourist attractions include:

- **Historic Sites:** Numerous historical locations such as Fort Norfolk, Jamestown Settlement, Colonial Williamsburg, and Yorktown.
- **Museums:** A wide range of museums, including the Chrysler Museum of Art, Hampton Roads Naval Museum, Nauticus, the Virginia Air & Space Center, and the Military Aviation Museum.
- **Cultural Attractions:** The Virginia Opera, the Virginia Ballet Theatre, and the Virginia Symphony Orchestra.
- **Beaches and Outdoor Recreation:** Numerous beaches, including Virginia Beach and the Outer Banks, as well as rivers for sailing and fishing. Other outdoor sites include Busch Gardens, the Norfolk Botanical Garden, the Virginia Zoo, and the Great Dismal Swamp National Wildlife Refuge.
- **Dining and Entertainment Districts:** The Waterside District and the NEON (New Energy of Norfolk) District in downtown Norfolk offer dining, live music, festivals, art galleries, and hotels.
- **Professional Sports:** The area is home to the Norfolk Tides baseball team and the Norfolk Admirals ice hockey team.

²⁷ Amazon, "Investments in the U.S.," *Amazon News*, updated May 23, 2025, <https://www.aboutamazon.com/news/community/how-amazon-is-investing-in-the-us>.

²⁸ Amazon, "Investing in Virginia," *Virginia Economic Impact Fact Sheet*, updated September 2025, <https://assets.aboutamazon.com/b4/4e/34bdcd7340319b3a82c0793c29aa/amazon-va.pdf>.

²⁹ Tourism Economics, *2024 Economic Impact of Visitors to Virginia*, Virginia Tourism Corporation, <https://vatc.org/research/economicimpact/>

- **Cruise Industry:** Norfolk’s cruise industry is experiencing significant growth, supported by millions in terminal upgrades, and boosting the local economy.³⁰

2.4 | Macroeconomic Outlook

Macroeconomic conditions drive visitor travel and residents’ air travel demand by influencing the regional economy. A robust national economy encourages travel and spending, boosting visitor arrivals at the Airport and revenue and employment in the region’s leisure and hospitality sector. It also supports a robust regional economy, leading to job creation, higher income levels, and increased business activity, all of which contribute to air travel demand at the Airport.

The U.S. economy has shown remarkable resilience and strength. However, recent policy changes under the current administration—including increased tariffs and federal restructuring—have heightened uncertainty and introduced downside risks. Near-term U.S. economic growth forecasts have been lowered compared to last year’s projections, indicating greater caution. Globally, the Organization for Economic Co-operation and Development (OECD), the World Bank, and the International Monetary Fund anticipate that U.S. tariffs will slow economic growth and increase inflation worldwide.

2.4.1 | U.S. Real Gross Domestic Product

The U.S. economy has shifted from a strong post-pandemic recovery to a more sustainable, moderate growth path (Figure 23). After a 2.2 percent decline in 2020 due to COVID-19 lockdowns and travel restrictions, real GDP jumped by 6.1 percent in 2021—the highest annual growth rate since 1984.

Over the next three years, through the end of the COVID-19 pandemic, the U.S. economy continued to expand at rates above the pre-pandemic average (2.4 percent), despite challenges such as the COVID-19 resurgence, supply-chain disruptions, labor market constraints, the diminishing effects of fiscal stimulus, high inflation, and elevated interest rates. Strong consumer spending continued to propel the U.S. economy forward.

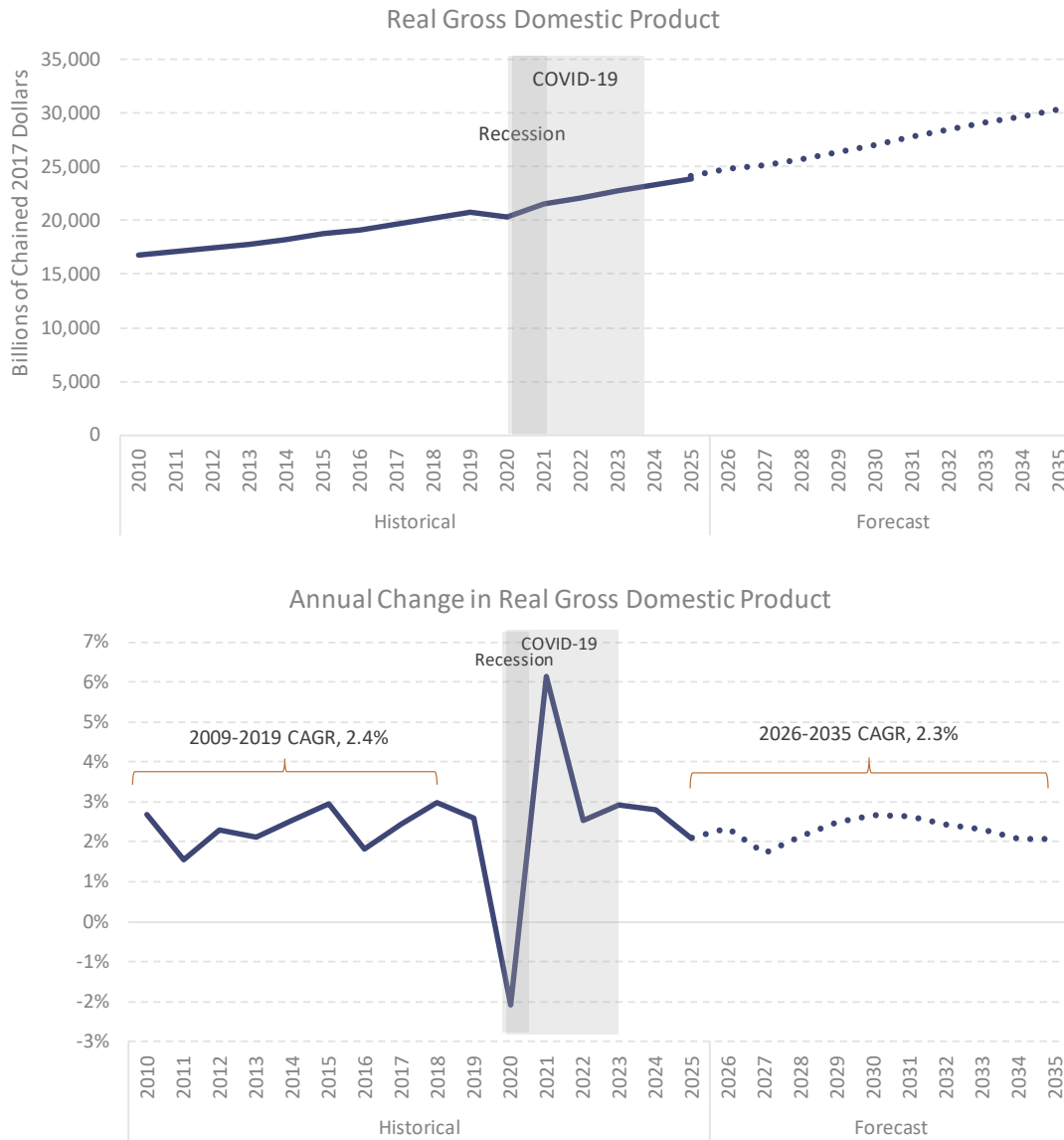
In 2025, the U.S. economy remained solid, but growth slowed amid significant policy shifts, which were further magnified by ongoing uncertainty surrounding the U.S. administration’s policy implementation, particularly regarding tariffs. On an annual basis, real GDP increased 2.1 percent in 2025, compared with an increase of 2.8 percent in 2024. Consumer spending and investment primarily drove the increase in real GDP in 2025.³¹

The US economy is projected to grow over the 10-year period from 2026 through 2035 at a slightly lower annual average rate (2.3 percent) than the pre-pandemic trend (2.4 percent), based on Moody’s Analytics’ U.S. real GDP forecast as of March 2026 (Figure 23).

³⁰ “Cruise industry growing in Norfolk,” 13News Now, <https://www.youtube.com>.

³¹ U.S. Bureau of Economic Analysis, “GDP (Second Estimate), 4th Quarter and Year 2025,” *News Release*, March 13, 2026, <https://www.bea.gov/news/2026/gdp-second-estimate-4th-quarter-and-year-2025>.

Figure 23 | U.S. Real GDP, 2010-2035



Source: U.S. Bureau of Economic Analysis, Moody's Analytics forecast as of March 2026, and Unison Consulting, Inc.

2.4.2 | Challenges

The U.S. economy faces headwinds from several significant factors.

- **Immigration policy:** Sharply lower net immigration is weighing heavily on labor supply and demand and is expected to slow economic growth. Reduced net migration will underpin wages in sectors heavily reliant on immigrant workers (such as farming, construction, health services), further fueling inflation.
- **Tariffs:** Tariffs are expected to push inflation higher and weigh on consumer purchasing power.
- **Federal Government Uncertainty:** Ongoing federal government uncertainty and shutdowns further cloud the outlook. This may be a more significant factor in the Virginia Beach MSA due to the region's large federal presence.
- **Consumer Strain:** Higher tariffs, combined with slowing real disposable income growth, elevated borrowing costs, and resurgent student loan burdens, are placing strain on households and reinforcing a cautious economic outlook. Weaker disposable income growth is expected to weigh on household spending.
- **Labor Market:** Employment growth has slowed due to diminished labor supply and softening labor demand. Unemployment rates have risen from post-pandemic lows.
- **Inflation:** Inflation is stabilizing at around 2.4 percent as of February 2026, based on the headline consumer price index. However, it remains above the Federal Reserve's 2 percent target. Geopolitical tensions, including the ongoing Russia-Ukraine War and the United States-Iran War, disrupt the world oil supply and contribute to inflation.³²
- **Global Economic Slowdown:** The global economy is expected to decelerate due to trade policy uncertainty, tighter financial conditions, and diminished confidence. Core inflation will likely remain persistent, and potential trade disruptions and financial market volatility present significant downside risks.^{33,34}

2.4.3 | Opportunities

Positive drivers supporting the economy include robust business investment, especially in high-tech sectors, resilient consumer spending, and fiscal stimulus.

³² U.S. Bureau of Labor Statistics, "Consumer prices up 3.0 percent from September 2024 to September 2025," *TED: The Economics Daily*, November 19, 2025, <https://www.bls.gov/opub/ted/2025/consumer-prices-up-3-0-percent-from-september-2024-to-september-2025.htm>.

³³ OECD, "Global economic outlook shifts as trade policy uncertainty weakens growth," *Press Release*, June 3, 2025, <https://www.oecd.org/en/about/news/press-releases/2025/06/global-economic-outlook-shifts-as-trade-policy-uncertainty-weakens-growth.html>.

³⁴ World Bank, *Global Economic Prospects*, June 2025, <https://www.worldbank.org/en/publication/global-economic-prospects>.

- **High-Tech Business Investment:** Strong business investment spending, particularly in intellectual property products (like software) and equipment, has been a significant tailwind for the U.S. economy. This strength has endured even amid high borrowing costs and policy uncertainty. However, some of this high-tech investment may represent businesses pulling forward outlays to get ahead of potential tariff-related price increases.
- **AI-Related Investment:** The surge in demand for AI tools is a key factor, with sizable increases observed for investment in computers, electronics, and software. This AI-related investment is expected to remain robust, driving business investment growth in the years to come.
- **Consumer Resilience:** Resilient consumer spending continues to provide short-term support, driving better-than-expected economic activity in the third quarter of 2025.
- **Fiscal Stimulus:** The "One Big Beautiful Bill Act" legislation passed over the summer includes tax breaks and increased deductions that are expected to lead to a one-time, larger tax refund for households during the 2026 tax filing season, which should boost consumer spending in the first half of 2026.

2.5 | Summary

This section's demographic and economic analysis reveals several significant trends influencing aviation demand and rental car usage at the Airport. The region's resilience in the face of economic downturns, such as the COVID-19 pandemic, alongside a steady upward trajectory since 2020, underpins a cautious but optimistic outlook for transportation demand.

Demographic Strengths

- **Favorable Age Structure:** Although the Virginia Beach MSA has a similar percentage of working-age and young residents as Virginia and the nation, the median age of the population is significantly lower at 37.7 years. This supports workforce renewal and helps counter the nationwide aging trend.
- **Educational Attainment:** While bachelor's degree attainment (36.1 percent) is on par with the national average, a substantial portion of the population (30.7 percent) has some college education, supporting the region's industry needs in government, education, and manufacturing sectors.
- **Higher Incomes:** The median household income in the Virginia Beach MSA (\$79,325) exceeds the national average (\$77,700), with stronger representation in middle-income brackets, enhancing disposable income for travel.
- **Competitive Cost of Living:** With a regional price parity of 97.4 (below the national average), residents enjoy enhanced purchasing power from higher incomes.

Economic Challenges and Resilience

- **Slower Population Growth:** Unlike the U.S. population that has grown by 10 percent since 2010, the Virginia Beach MSA's population has increased by only 5.6 percent and is expected to grow more slowly than the national average.

- **Slower Real GDP Growth:** The regional real GDP increased by 12 percent between 2010 and 2023, which is half the rate of Virginia and about one-third the national rate during the same period.
- **Employment Recovery Delays:** While the U.S. has experienced 16 percent employment growth since 2010, employment growth in the Virginia Beach MSA has been slightly lower at 12 percent. The region's small share of employment in the information and finance sectors limits its ability to achieve faster job growth.
- **Low Unemployment:** While overall employment growth has lagged both Virginia and the U.S. as a whole, the region's unemployment rate has consistently been below the national level and has recently converged with Virginia's at around 3 percent. The low unemployment rate provides a measure of spending stability for the region. The current federal budget and employment cuts, however, threaten to raise unemployment rates especially in regions that rely more heavily on federal employment like the Virginia Beach MSA.

Industry Composition and Tourism Potential

- **Government Anchor:** With an LQ of 1.31, government employment (19.4 percent of total jobs) provides employment stability through recessions.
- **Tourism Advantages:** The leisure and hospitality sector (LQ 1.08) benefits from the region's year-round attractions.

Outlook for Airport Demand

The current economic environment presents a mixed but improving picture for Norfolk International Airport. While demographic challenges like slower population growth pose long-term concerns, the region's economic indicators have begun to strengthen. Although the national GDP growth rates are lagging, recent upward trends in local indicators like employment and household income offer a cautiously optimistic outlook for the airport's service demand. However, the local economy's heavy dependence on the government sector indicates a vulnerability to budget cuts. Its tourism industry is particularly at risk due to increasing U.S. and global recession threats.

2.6 | Economic Environment – Concluding Summary

The Hampton Roads region provides a stable and supportive economic foundation for Norfolk International Airport. The Airport benefits from a large and diversified service area centered on the Virginia Beach-Chesapeake-Norfolk MSA, supported by a substantial military and government presence, the Port of Virginia, tourism, and continued private-sector investment, including by Amazon. Although population and income growth in the region have trailed state and national averages, the area maintains favorable demographic characteristics, relatively high household incomes, and a cost of living below the national average. These factors support continued demand for air travel and airport rental car services. While macroeconomic uncertainty, inflation, and other external risks may affect short-term travel patterns, the long-term outlook for the regional economy and the Airport's service area remains favorable.

SECTION 3 | AIRPORT PASSENGER TRAFFIC

Rental car demand at an airport is a derived demand—it is derived from the demand for air travel through the Airport to the Virginia Beach MSA and the surrounding area. Hence, airport passenger traffic, measured by enplanements, is the most important explanatory variable in the forecast model for rental car transaction days.

This section reviews the historical trends in commercial aviation activity at the Airport, explains how forecasts are developed, and presents the results. Trends reflect broader economic cycles and industry disruptions. Acknowledging the inherent uncertainty of future trends, this section's forecasts include multiple scenarios for traffic growth at the Airport over the coming years and discuss external factors that could influence these forecasts.

Annual data are presented by the NAA's fiscal year, which ends on June 30.

3.1 | Annual Passenger Traffic Trends

Changes in the U.S. business cycle influence growth trends in passenger traffic: demand for air travel increases during economic expansions and decreases during recessions. Passenger traffic is also impacted by major shifts in airline network strategies and by single events such as the 2001 terrorist attacks, which occurred during the 2001 U.S. recession, and the COVID-19 pandemic, which triggered the 2020 recession.

3.1.1 | Significant Developments Affecting the U.S. Airline Industry

The U.S. airline industry has undergone a significant transformation since 1980, with each decade bringing a new set of developments that have shaped the industry. The Airline Deregulation Act of 1978 removed government control over fares, routes, and the entry of new airlines into the market, leading to increased competition, lower fares, greater route flexibility, and hub-and-spoke networks. Amid a wave of consolidation, air service supply and demand grew rapidly during the 1980s and 1990s with:

- the emergence of low-cost carriers (LCCs)
- technological advancements (fuel-efficient aircraft and improved navigation systems)
- the rise of the internet and online booking systems
- the formation of global airline alliances
- the U.S. 1990s economic boom

The 2000s experienced a series of disruptions: the 2001 U.S. economic recession, the 9/11 terrorist attacks, rising fuel costs, and the Great Recession. The 2001 recession was short-lived and mild. However, the terrorist attacks on September 11, 2001, caused a sharp decline in air travel. Increased security measures discouraged short-distance trips, and airlines lowered fares to boost demand. Meanwhile, the internet made it easier to compare airfares, increasing passenger price sensitivity.

Jet fuel prices quadrupled from 2000 to 2008 and remained high through 2014. During this period of record fuel prices, the U.S. economy entered the Great Recession (December 2007-June 2009).

Demand for air travel declined, worsening airlines' financial struggles. Several major airlines filed for bankruptcy and merged. This consolidation continued into the 2010s, leaving four major airlines—American, Delta, Southwest, and United—controlling 80 percent of U.S. domestic passenger traffic.

Airlines implemented cost-cutting measures. They renewed their fleets with larger, more fuel-efficient aircraft. They optimized their networks to increase revenues by shifting mainline and regional service routes to match seat capacity with demand and moving flights from less profitable to more profitable markets. They changed pricing structures and created new sources of revenue. They cut flight schedules, added seats on aircraft, and increased load factors to improve aircraft utilization. This capacity rationalization strategy disproportionately impacted smaller airports.

The 2010s experienced the slowest recovery for the U.S. economy and air travel demand, but also the longest expansion on record. Jet fuel prices started to decline in late 2014. U.S. airlines posted profits, modernized fleets, and increased flight schedules while keeping capacity in check. Despite the grounding of the Boeing 737 MAX, air traffic growth accelerated in the last quarter of the decade.

COVID-19 was declared a global pandemic on March 11, 2020, nearly halting air travel, with U.S. passenger traffic plummeting by almost 97 percent in mid-April 2020. The pandemic induced structural changes in the demand for air travel and the supply of airline passenger service, favoring personal and domestic travel over business and international travel.

The WHO declared COVID-19 no longer a global pandemic as of May 5, 2023. Six days later, on May 11, 2023, the U.S. Department of Health and Human Services announced the end of the national public health emergency in the United States. Unlike the aftermath of the Great Recession, consumer spending remained strong throughout the pandemic-induced recession, supported by income-stabilization programs created in successive rounds of COVID-19 recovery legislation. U.S. system enplanements recovered and surpassed pre-pandemic levels in 2023. Recovery among individual airports has been uneven. Large hub airports have been inconsistent, with about 9 of the 31 U.S. large hubs still below their 2019 enplanement levels as of 2025. Conversely, many small hubs have seen enplanements surge well above their 2019 levels.

After strong performances in 2023 and 2024 (passengers up 12.9 percent and 5.0 percent, respectively), the aviation industry experienced a slowdown in travel demand in 2025. TSA daily throughput for the January-November 2025 period was up just 0.2 percent compared to the same period in 2024. Economic uncertainty caused by the new U.S. administration's policy announcements is a major factor in this slowdown, along with declining consumer confidence, reduced discretionary spending. Additionally, fears about increased U.S. border scrutiny are deterring international travel. While international demand was robust in 2023 and 2024, growth in that market segment has slowed in 2025. Many airlines, including Delta Air Lines, American Airlines, Alaska Air, Southwest Airlines, and Frontier, cut their financial forecasts or guidance for the year amid slowing air travel demand and rising economic uncertainty.

Fourth-quarter 2025 earnings reports show mixed financial results across major U.S. airlines, with performance generally meeting or exceeding profit expectations at Delta and United, and middling

results at other carriers with persistent industry capacity management challenges. Profitability was buoyed by higher fares and resilient demand for premium and luxury travel, which is outpacing sales in economy class.³⁵ This trend reflects the uneven growth within the U.S. economy, where higher earners and older Americans see gains in the value of their financial assets and homes, while lower earners and younger individuals face lower wage growth and a higher unemployment rate.³⁶

Looking forward to 2026, the outlook is cautiously optimistic. Recent indicators suggest that demand is stabilizing in the main cabin while premium demand remains robust. Carriers have adjusted their capacity growth to be more in line with demand, resulting in fares and yields stabilizing. Domestic demand growth has shown signs of picking up and may offset the slower growth in international demand. Consumer spending is holding up so far, driven by high earners, providing a foundation for continued growth in airline demand.

3.1.2 | Long-Term Historical Trends at ORF

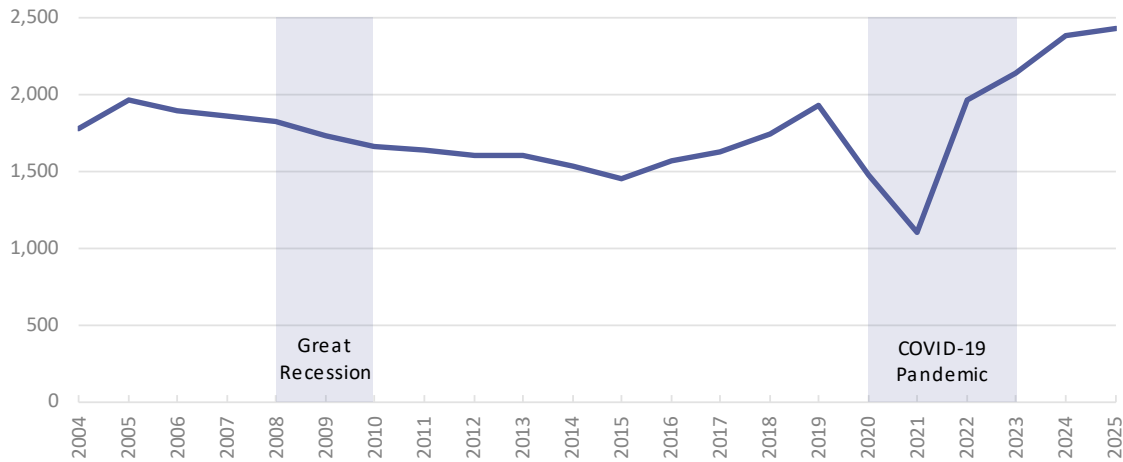
Figure 24 shows the long-term enplanement trends at ORF from FY2004 to FY2025. Enplanements grew from 1.8 million to 2.4 million over 21 years, representing an overall increase of 37.0 percent or a CAGR of 1.5 percent.

³⁵ Various U.S. airlines' third-quarter 2025 earnings reports:

- American Airlines, "American Airlines Reports Third-Quarter 2025 Financial Results," *News Releases*, October 23, 2025, <https://americanairlines.gcs-web.com/news-releases/news-release-details/american-airlines-reports-third-quarter-2025-financial-results>.
- Delta Air Lines, "Delta Air Lines Announces September Quarter 2025 Financial Results," *News*, October 9, 2025, <https://ir.delta.com/news/news-details/2025/Delta-Air-Lines-Announces-September-Quarter-2025-Financial-Results/default.aspx>.
- United Airlines, "United Airlines Continues to Win Brand-Loyal Customers as Q3 Profit and Q4 Outlook Both Exceed Wall Street Expectations," *Newsroom*, October 15, 2025, <https://www.united.com/en/us/newsroom/announcements/cision-125415>.
- Southwest Airlines, "Southwest Airlines Reports Record Third Quarter Revenue, Strong Execution of Transformational Initiatives Continues," *Press Releases*, October 22, 2025, <https://www.southwestairlinesinvestorrelations.com/news-events/press-releases/detail/1901/southwest-airlines-reports-record-third-quarter-revenue-strong-execution-of-transformational-initiatives-continues>.

³⁶ Jeanne Whalen, "The Two-Speed Economy Is Back as Low-Income Americans Give Up Gains," *The Wall Street Journal*, September 16, 2025, <https://www.wsj.com/economy/us-economy-analysis-wealthy-low-income>.

Figure 24 | ORF Annual Enplanements (1,000s), FY2004-FY2025



Source: Airport records and Unison Consulting, Inc.

Numerous economic, industry-wide, and local factors have influenced enplanement trends at ORF. These factors have led to periods of both decline and growth in passenger traffic.

Negative Influences on Enplanement (2005–2014)

The Airport experienced a steady decline in enplaned passengers from 2005 through 2014, with the exception of a minor increase in 2012. The key factors contributing to this trend include:

- **High Fuel Costs:** Record-high aviation fuel prices led airlines to cut back on service across their networks to manage expenses. This is a key factor since fuel is often the largest single cost component for most airlines.
- **Great Recession:** The 2008-2009 global economic recession negatively impacted the demand for air travel.
- **Decreased Defense Spending:** Reduced defense spending slowed the regional economy, which is heavily reliant on defense expenditures, contributing to the decline in passenger numbers.
- **Federal Budget Sequestration:** The implementation of federal budget sequestration in March 2013, which mandated cuts in military spending, slowed economic growth and further contributed to the decline in enplanements.
- **Specific Airline Service Reductions:** During this period, airlines made specific cuts to service that directly impacted passenger counts. For example, Southwest decreased frequency to multiple destinations, and Delta discontinued its New York (JFK) service between 2014 and 2015.

Positive Influences on Enplanement (2015–2019)

From 2015 through 2019, the Airport saw passenger numbers increase at an average rate of 7.1 percent per year. This growth was driven by:

- **Higher Load Factors:** After several years of capacity rationalization, airlines saw increased demand for their existing flights, leading to higher load factors than historically seen.
- **New Airline Service and Expansion:** The Airport successfully attracted new airlines and encouraged existing carriers to expand their services.
 - **New entrant airlines:** Allegiant Air began service in October 2017, and Frontier Airlines began service in August 2018.
 - **Increased service from existing carriers:** United added daily nonstop service to Denver, and Delta converted its Minneapolis-Saint Paul service to year-round in 2018. Southwest also announced new weekend services for summer 2019.
- **Air Service Development Incentive Program:** The Authority maintains a program offering incentives like fee waivers and marketing assistance to attract new airlines and increase air service, which likely contributed to the recent growth.
- **Increased Defense Spending:** Defense spending in Virginia increased from a decade-low of \$42.7 billion in FY2016 to \$60.3 billion in FY 2019. The cities of Newport News, Norfolk, Virginia Beach, and Portsmouth received a total of \$5.5 billion in FY2016, increasing to \$9.6 billion in FY2019. Increased defense spending boosted the regional economy and air travel demand.³⁷

The COVID-19 pandemic disrupted passenger traffic growth at ORF, causing annual enplanements to drop by 42.9 percent from FY2019 through FY2021. However, enplanements rebounded quickly, and by FY2022, they surpassed ORF's pre-pandemic FY2019 peak. Growth continued in subsequent years, with enplanements exceeding 2 million for the first time in FY2023. ORF's continued growth reached 2.4 million as of FY2025, about 26.2 percent higher than its FY2019 level.

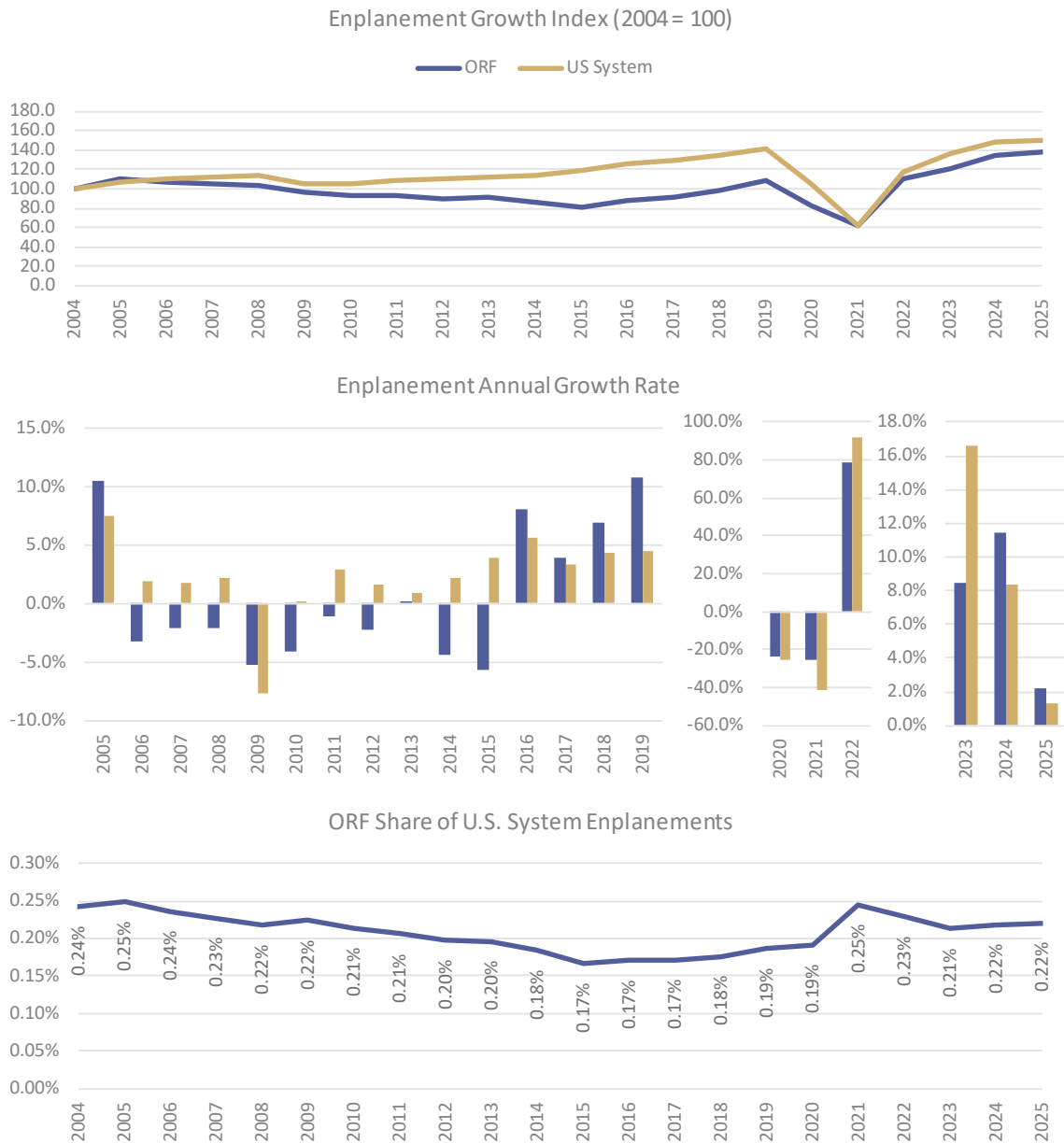
³⁷ DoD Office of Local Defense Community Cooperation, *Defense Spending by State*, FY2016 and FY2019.

3.1.3 | Annual Comparison with National Trends

Figure 25 compares ORF's growth trends with national trends from FY2004 to FY2025, while Table 4 shows the underlying data. ORF's growth began to diverge from the U.S. system as early as FY2006, when the Airport faced a 3.2 percent decline while the national trend continued upward by 2.0 percent. The gap between ORF and the national trend widened as the Airport continued trending downward through the Great Recession and even the years after, through FY2015. In contrast, U.S. system enplanements began recovering right after the Great Recession in FY2010 and maintained consistent growth. ORF's enplanements began increasing again in FY2016, even accelerating with higher annual growth rates than the U.S. system in the latter half of the 2010s. The Airport and national growth trends converged in FY2021, as the COVID-19 pandemic caused ORF enplanements to fall 42.9 percent and national enplanements to fall 56.6 percent. In the following years, ORF recovered and surpassed its pre-pandemic FY2019 level by FY2022, a year sooner than the U.S. system.

According to FAA classification, ORF is a small hub airport, defined as an airport that receives an annual share between 0.05 and 0.25 percent of all U.S. commercial enplanements. ORF's share of U.S. commercial enplanements is reflective of its growth trend, gradually decreasing in size from 0.25 percent in FY2005 down to a low point of 0.17 percent in FY2015. The Airport's share rose to 0.25 percent in FY2021 but has since dipped and maintained a 0.22 percent in the following years of FY2023 through FY2025.

Figure 25 | Annual ORF vs. U.S. System Enplanement Growth Trends, FY2004-FY2025



Source: Airport records for ORF and the Bureau of Transportation Statistics for the U.S. system. Annual U.S. system enplanements are recalculated to align with ORF's fiscal year from July 1 to June 30.

Table 4 | Annual ORF vs. U.S. System Enplanements, FY2004-FY2025

FY	ORF		US System		ORF Share of U.S
	EP (1,000s)	AGR	EP (1,000s)	AGR	
2004	1,777		734,254		0.24%
2005	1,963	10.5%	789,211	7.5%	0.25%
2006	1,900	-3.2%	804,674	2.0%	0.24%
2007	1,860	-2.1%	818,854	1.8%	0.23%
2008	1,823	-2.0%	836,997	2.2%	0.22%
2009	1,728	-5.2%	773,044	-7.6%	0.22%
2010	1,658	-4.1%	773,996	0.1%	0.21%
2011	1,639	-1.1%	797,134	3.0%	0.21%
2012	1,603	-2.2%	810,756	1.7%	0.20%
2013	1,607	0.2%	817,853	0.9%	0.20%
2014	1,538	-4.3%	835,947	2.2%	0.18%
2015	1,450	-5.7%	868,959	3.9%	0.17%
2016	1,567	8.1%	917,693	5.6%	0.17%
2017	1,628	3.9%	948,014	3.3%	0.17%
2018	1,742	7.0%	988,845	4.3%	0.18%
2019	1,929	10.7%	1,033,425	4.5%	0.19%
2020	1,472	-23.7%	767,044	-25.8%	0.19%
2021	1,101	-25.2%	448,916	-41.5%	0.25%
2022	1,971	79.0%	861,051	91.8%	0.23%
2023	2,138	8.5%	1,004,120	16.6%	0.21%
2024	2,383	11.4%	1,088,389	8.4%	0.22%
2025	2,434	2.2%	1,102,262	1.3%	0.22%
YTD 2025	1,580		721,591		0.22%
YTD 2026	1,607	1.7%	713,707	-1.1%	0.23%
Compound Annual Growth Rate					
2004-2010	-1.1%		0.9%		
2010-2019	1.7%		3.3%		
2019-2025	3.9%		1.1%		
2004-2025	1.5%		2.0%		

Source: Airport records for ORF and the Bureau of Transportation Statistics for the U.S. system. Annual U.S. system enplanements are recalculated to align with ORF's fiscal year from July 1 to June 30.

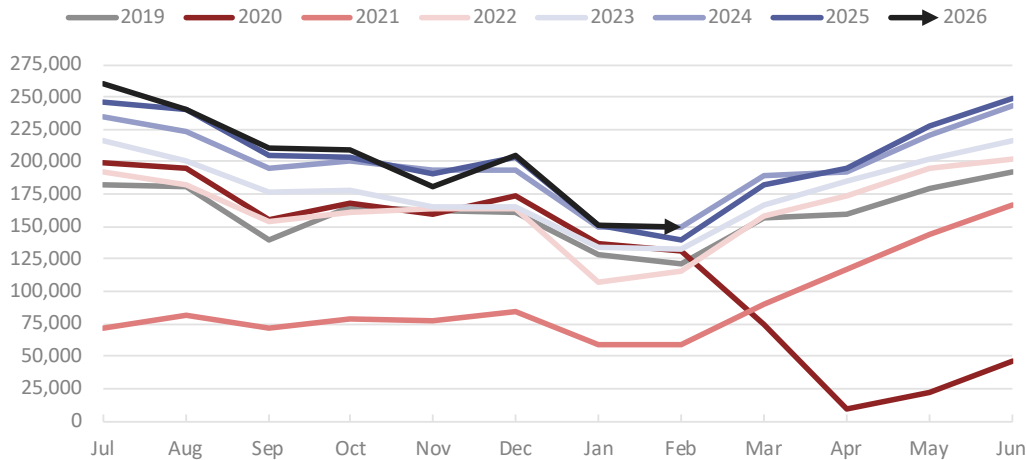
YTD = July through February

3.2 | Monthly Passenger Traffic Trends

As shown in Figure 26, monthly enplanement levels at ORF tend to increase in early spring and continue to rise in the summer months, peaking in July. Then they begin to decrease, reaching their lowest levels in January and February. The seasonal traffic patterns at ORF are consistent with

those observed at most other U.S. airports. As of February, FY2026 has so far continued ORF’s usual seasonality and maintained monthly enplanement levels similar to those of FY2025.

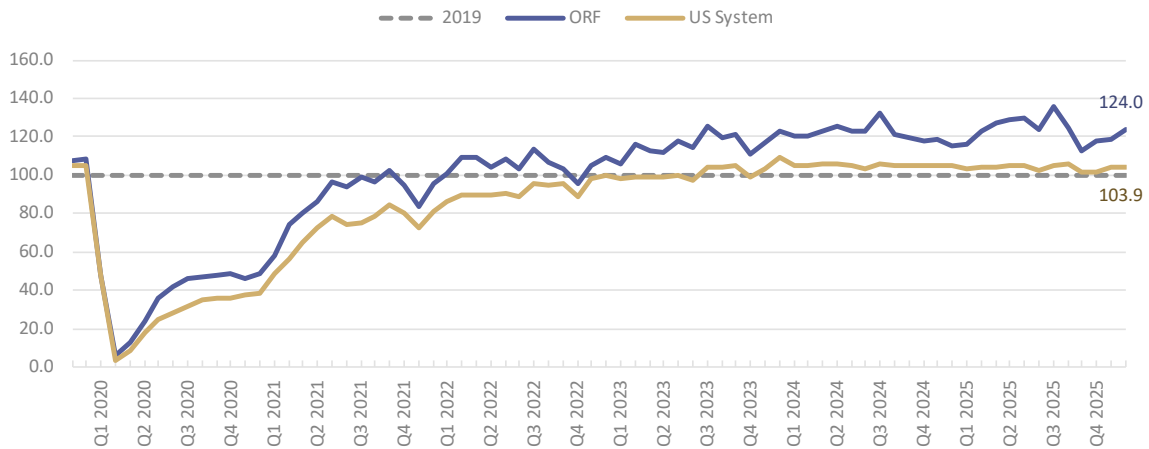
Figure 26 | ORF Monthly Enplanement Trends, FY2019-FYTD2026



Source: Airport records and Unison Consulting, Inc.

As evident in Figure 27, enplanements at ORF declined roughly the same as national enplanements at the onset of the COVID-19 pandemic. However, ORF enplanements recovered at a much quicker rate than did national enplanements, helped in part by new service from Breeze in FY2022 and Spirit in FY2023, and fleet mix changes by Delta and United that increased the number of seats offered at ORF. By early Q1 2022, enplanements at ORF had recovered to 2019 levels and continued to grow through the following years. By the end of February 2026, ORF enplanements are 24 percent above the same month in 2019.

Figure 27 | Monthly ORF vs. U.S. System COVID-19 Recovery Index (2019 = 100), 2020- February 2026

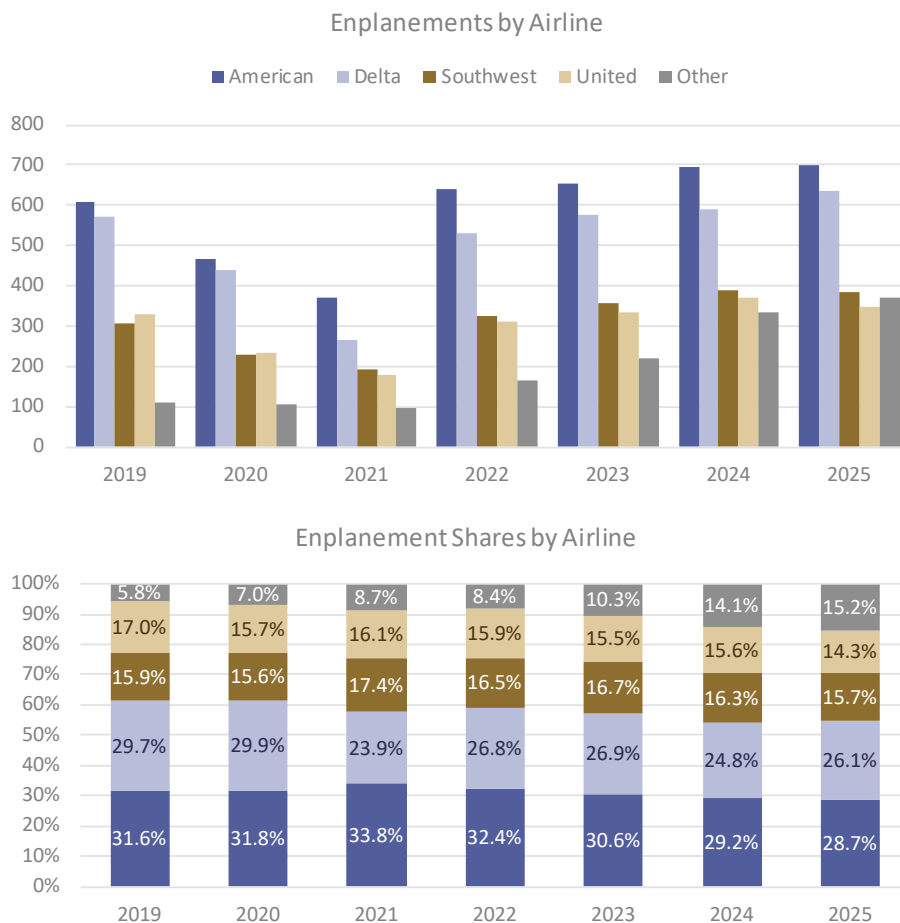


Source: Airport records and Unison Consulting, Inc.

3.3 | Airline Enplanement Shares

Figure 28 breaks down ORF’s enplanements by airline from FY2019 through FY2025. American has maintained the largest share of enplanements at ORF, with 31.6 percent of passenger traffic from FY2019 to a share of 28.7 percent in FY2025. Delta is a close second, with a marginally shrinking share from 29.7 percent in FY2019 down to 26.1 percent in FY2025. Southwest and United held the third and fourth largest enplanement shares of 15.9 and 17.0 percent in FY2019, respectively, both of which decreased slightly to 15.7 and 14.3 percent, respectively, in FY2025. The remaining portion of ORF’s enplanements is made up of the combined shares of four ultra-low cost carriers (ULCCs): Breeze, Spirit, Frontier, and Allegiant, which served ORF until mid-August 2025. The ULCCs combined share made up 5.8 percent of the Airport’s market in FY2019, but saw significant growth to 15.2 percent in FY2025.

Figure 28 | Enplanement Trends by Airline, FY2019-FY2025



Source: Airport records.

Table 5 | Enplanements by Airline, FY2019-FYTD2026

Enplanements by Airline (1000s)								YTD Jul-Feb	
Airline	2019	2020	2021	2022	2023	2024	2025	2025	2026
American	610	468	372	638	654	697	699	455	461
Delta	573	440	264	529	574	592	634	413	418
Southwest	306	229	192	325	357	387	382	250	253
United	329	231	177	313	332	371	348	234	211
Other	112	103	96	165	221	335	370	228	264
Total	1,929	1,472	1,101	1,971	2,138	2,383	2,434	1,580	1,607

Enplanement Shares by Airline								YTD Jul-Feb	
Airline	2019	2020	2021	2022	2023	2024	2025	2025	2026
American	31.6%	31.8%	33.8%	32.4%	30.6%	29.2%	28.7%	28.8%	28.7%
Delta	29.7%	29.9%	23.9%	26.8%	26.9%	24.8%	26.1%	26.2%	26.0%
Southwest	15.9%	15.6%	17.4%	16.5%	16.7%	16.3%	15.7%	15.8%	15.7%
United	17.0%	15.7%	16.1%	15.9%	15.5%	15.6%	14.3%	14.8%	13.1%
Other	5.8%	7.0%	8.7%	8.4%	10.3%	14.1%	15.2%	14.5%	16.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Airport records.

3.4 | Scheduled Passenger Airline Service

Table 6 shows the annual trends in scheduled passenger airline service at the Airport from FY2019 through FY2025. The trends include the following measures: seats, aircraft departures, seats per departure, and nonstop destinations. These measures are broken down by airline, focusing on the top four airlines listed in the previous subsection, with Breeze distinguished as the fifth top airline due to its recent contributions to ORF’s selection of destinations. Figure 29 shows each airline’s seat index, average seats per departure, and the Airport’s total of nonstop destinations over the same period, while Figure 30 visualizes all of ORF’s scheduled FY2025 destinations on a map.

The number of scheduled seats at the Airport quickly recovered since its sharp COVID-related decline in FY2020 and FY2021, surpassing its pre-pandemic level by FY2022. Of all the listed airlines, Delta was the last of the top airlines to recover to its pre-pandemic level of scheduled seats (excluding Breeze, which entered the market in 2021). Delta had a daily average of 2,042 seats in FY2019, which fell to 1,237 in FY2021, but recently recovered to pre-pandemic levels as of FY2025. American and Delta continued to lead the Airport’s market in scheduled seats in FY2025, serving a daily average of 2,396 and 2,078 seats, respectively. United and Southwest follow with a daily average of 1,379 and 1,199 seats, respectively. Breeze has the fifth-highest daily average of 833 seats, with the rest of ORF’s airlines making up a daily average of 670 seats in FY2025.

Unlike scheduled seats, the average daily departure counts for ORF had not yet returned to their pre-pandemic levels in FY2025, with a daily average of 71 departures compared to 73 departures in FY2019. Once again, American and Delta lead the Airport’s market, but even their daily average departures have not reached their pre-pandemic levels (25 daily departures in FY2025 versus 30 in FY2019 for American, and 17 daily departures in FY2024 versus 20 in FY2019).

The slower recovery in departures and faster recovery in seats mean that the Airport had been increasing its average seats per departure, from 94 seats in FY2019 to 124 seats in FY2024, which indicates the use of larger, higher-capacity aircraft (fleet upgauging). The FY2025 schedules indicate a slight reversal of this trend with the average seats per departure decreasing to 120.

The COVID-19 pandemic had no impact on the number of nonstop destinations served at ORF, remaining at 30 different destinations through FY2019 to FY2020. Between FY2022 and FY2023, however, ORF's destinations jumped from 31 to 41, and maintained that elevated level in subsequent years. By FY2025, the Airport's nonstop destinations increased to 47. A major contributor to this growth is the introduction of Breeze in FY2022. Although it does not have the highest daily seat capacity and departures, Breeze quickly surpassed other airlines in destinations served, already leading with 13 destinations by FY2022, which grew to 20 in FY2025. Beginning in January 2026, Breeze launched a new nonstop weekly flight from Norfolk to Cancun, Mexico, marking the Airport's first direct international route since 2001.³⁸

³⁸ Hampton Roads Alliance, "Norfolk International Airport Announces First Direct International Route in Over 20 Years," *News*, September 25, 2025, <https://hamptonroadsalliance.com/news/orf-cancun-direct-flight/>.

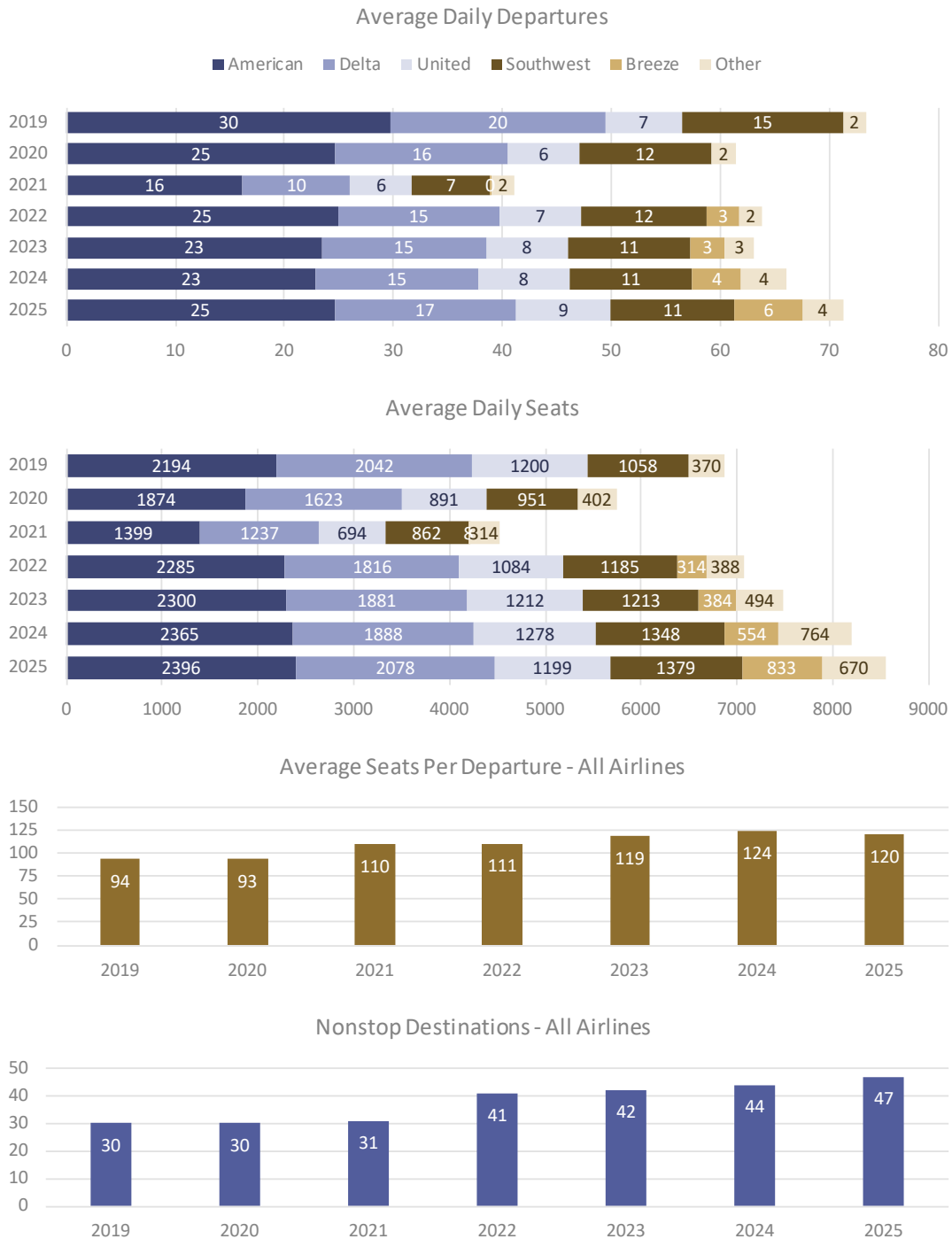
Table 6 | Annual Scheduled Service, FY2019-FY2025

Scheduled Service at ORF by Fiscal Year							
Airline	2019	2020	2021	2022	2023	2024	2025
American							
Number of Nonstop Destinations	8	8	6	8	8	8	8
Average Daily Departures	30	25	16	25	23	23	25
Average Daily Seats	2,194	1,874	1,399	2,285	2,300	2,365	2,396
Delta							
Number of Nonstop Destinations	6	6	4	5	5	6	6
Average Daily Departures	20	16	10	15	15	15	17
Average Daily Seats	2,042	1,623	1,237	1,816	1,881	1,888	2,078
United							
Number of Nonstop Destinations	5	5	5	5	5	5	5
Average Daily Departures	15	12	7	12	11	11	11
Average Daily Seats	1,058	951	862	1,185	1,213	1,348	1,379
Southwest							
Number of Nonstop Destinations	6	6	8	7	6	7	7
Average Daily Departures	7	6	6	7	8	8	9
Average Daily Seats	1,200	891	694	1,084	1,212	1,278	1,199
Breeze							
Number of Nonstop Destinations	0	0	2	13	17	17	20
Average Daily Departures	0	0	0	3	3	4	6
Average Daily Seats	0	0	8	314	384	554	833
Other							
Number of Nonstop Destinations	11	11	12	13	10	13	14
Average Daily Departures	2	2	2	2	3	4	4
Average Daily Seats	370	402	314	388	494	764	670
All Airlines							
Number of Nonstop Destinations	30	30	31	41	42	44	47
Average Daily Departures	73	61	41	64	63	66	71
Average Daily Seats	6,865	5,741	4,515	7,073	7,484	8,197	8,555

Source: SRS Schedules Analyzer, last accessed March 24, 2026.

Note: Counts unique airport nonstop destinations only. Destinations served by multiple airlines in the “Other” and “All Airline” categories are only counted once.

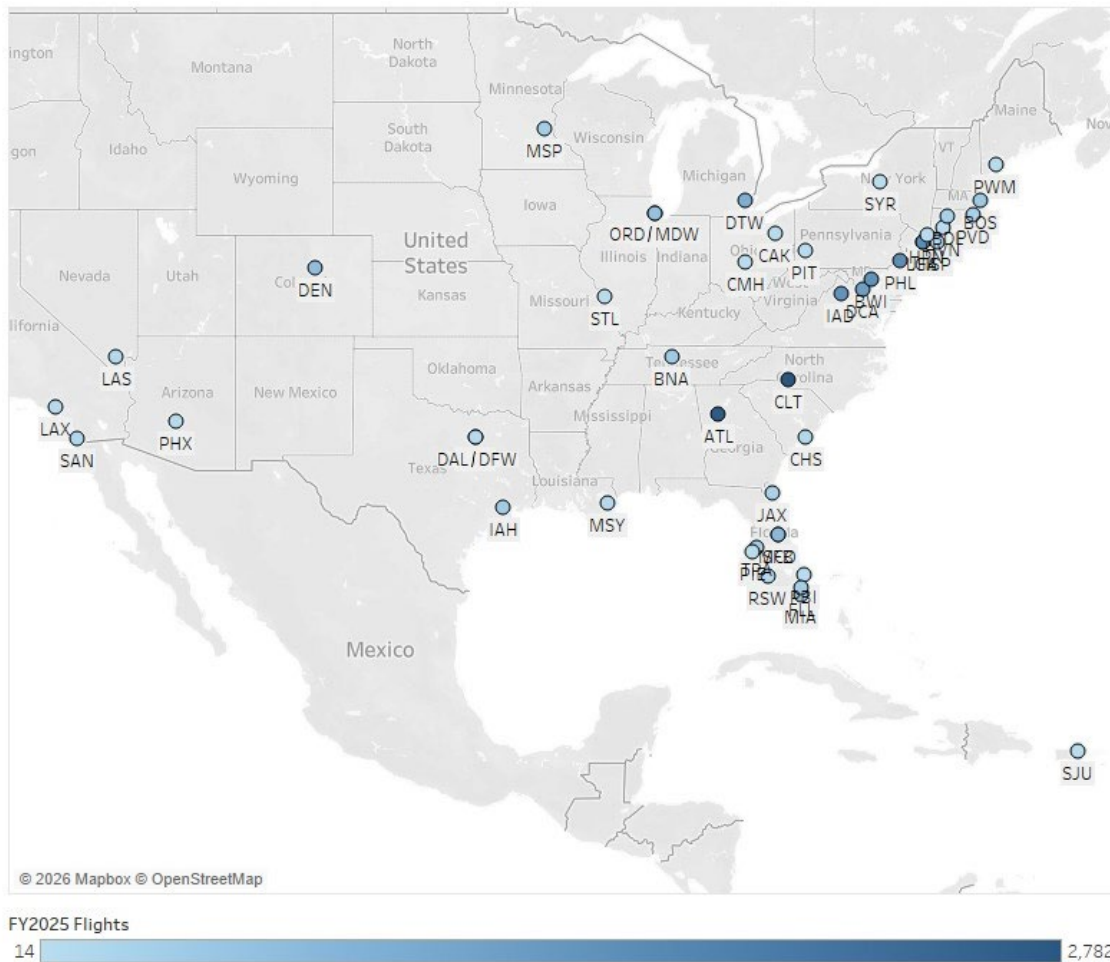
Figure 29 | Annual Scheduled Service Trends, FY2019-FY2025



Source: SRS Schedules Analyzer, last accessed March 24, 2026.

Note: Counts unique airport nonstop destinations only. Destinations served by multiple airlines in the "Other" and "All Airline" categories are only counted once.

Figure 30 | ORF Nonstop Destinations, FY2025



Source: SRS Schedules Analyzer, last accessed March 24, 2026.

3.5 | Top 25 O&D Markets

Table 7 details the top 25 O&D destinations for ORF as of FY2025, and Figure 31 visualizes these destinations on a map. New York is ORF’s largest market, having held a 3.3 percent share of ORF’s O&D traffic in 2024. Orlando is second, with an O&D share of 2.3 percent. From there, subsequent shares have smaller gaps, with Atlanta being third 2.2 percent, Miami in fourth with 2.1 percent, and Boston being ORF’s fifth-largest O&D market with 2.1 percent. In total, ORF’s top 25 O&D markets make up 68.7 percent of the Airport’s O&D traffic.

Table 7 | Top 25 O&D Market Rankings, FY2025

Top 25 ORF O&D Markets, FY2025						
Rank	Metro Market Destination	State	Airports	Airlines with Nonstop Service	Avg. Daily PAX	Market Share
1	New York City	NY	EWR, LGA, JFK	AA, DL, UA	394	3.3%
2	Orlando	FL	MCO	WN, G4, NK, F9	275	2.3%
3	Atlanta	GA	ATL	DL, F9	259	2.2%
4	Miami	FL	MIA	AA	247	2.1%
5	Boston	MA	BOS, PVD	DL, G4, NK	244	2.1%
6	Chicago	IL	ORD, MDW	AA, UA, WN	229	1.9%
7	San Diego	CA	SAN	MX	183	1.5%
8	Dallas/Fort Worth	TX	DAL, DFW	AA, WN	176	1.5%
9	Tampa	FL	TPA	G4, NK, MX	175	1.5%
10	Denver	CO	DEN	UA, WN, F9	151	1.3%
11	Jacksonville	FL	JAX	G4, MX	139	1.2%
12	Las Vegas	NV	LAS	MX	138	1.2%
13	Los Angeles	CA	LAX, SNA, BUR, LGB, ONT	MX	126	1.1%
14	Houston	TX	IAH, HOU	UA	103	0.9%
15	Nashville	TN	BNA	WN	96	0.8%
16	Seattle	WA	SEA		94	0.8%
17	Phoenix	AZ	PHX, AZA	MX	94	0.8%
18	New Orleans	LA	MSY	MX	92	0.8%
19	Detroit	MI	DTW	DL	85	0.7%
20	Hartford	CT	BDL	MX	81	0.7%
21	San Antonio	TX	SAT		71	0.6%
22	Minneapolis/St. Paul	MN	MSP	DL	62	0.5%
23	San Juan	PR	SJU	B6	61	0.5%
24	Austin	TX	AUS		60	0.5%
25	Charlotte	NC	CLT	AA, SY	60	0.5%
...	Other				8,126	68.7%
Top 25 Subtotal					3,697	31.3%
Total O&D					11,823	100.0%

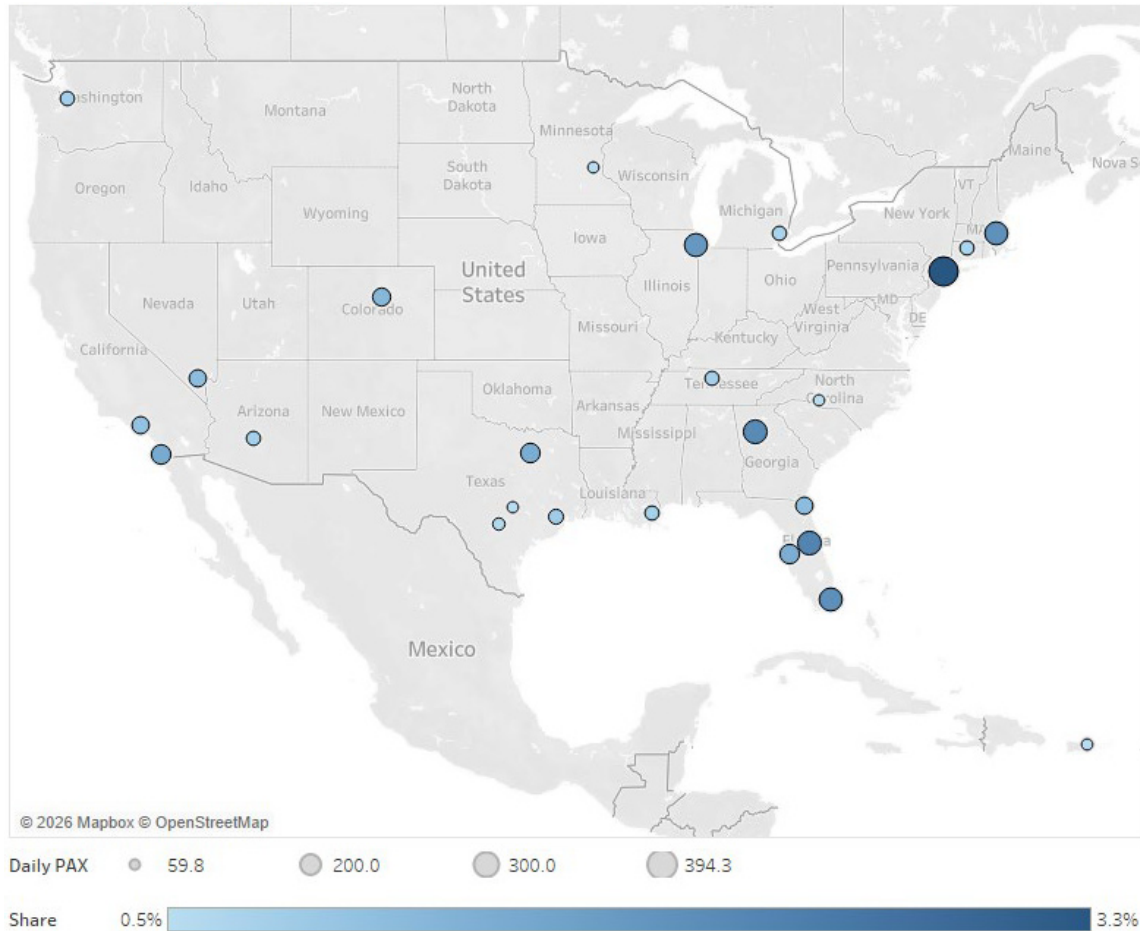
Source: U.S. Bureau of Transportation Statistics DB1B.

Note: This list is not exclusive to nonstop routes.

Airline Acronym Legend:

- AA = American Airlines
- DL = Delta Air Lines
- UA = United Airlines
- WN = Southwest Airlines
- G4 = Allegiant Air
- NK = Spirit Airlines
- F9 = Frontier Airlines
- SY = Sun Country Airlines
- MX = Breeze Airways

Figure 31 | ORF Top 25 O&D Market Map, FY2025



Source: U.S. Bureau of Transportation Statistics DB1B.

3.6 | Forecast Commercial Passenger Traffic

The forecast considers shifts in air service supply and demand, changes in the business environment, and the underlying factors driving passenger traffic growth. To project air traffic through growth phases, we use a hybrid modeling framework that integrates multiple forecasting methods and data sources.

The forecast presents three scenarios—Base, High, and Low—each reflecting different rates of recovery and long-term growth. The Base scenario assumes that recent economic and air traffic trends will continue. The High scenario offers a more optimistic outlook for the economy and air travel demand, while the Low scenario takes a more cautious view, considering longer-lasting labor and fleet constraints on airline capacity, dampening effects of high prices on discretionary travel spending, a cooling labor market, and slowing economic growth.

The three scenarios provide a reasonable range for planning and sensitivity analysis. However, forecasts are inherently uncertain, and many factors can cause actual performance to deviate from the projected range. In addition, structural changes in the airline industry and the broader economy heighten risks and uncertainties. At the end of this section, we will discuss various factors contributing to forecast risk and uncertainty.

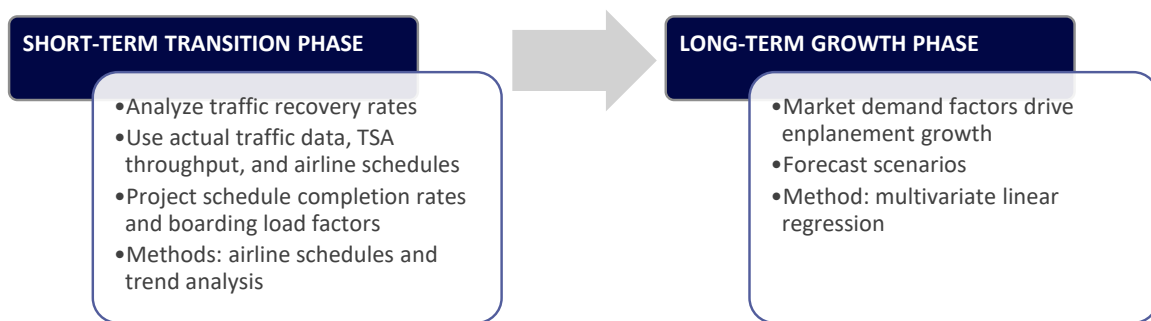
3.6.1 | Forecast Methodology

Our hybrid modeling framework combines different methods and data sources to project air traffic in two phases (Figure 32):

- Short-term transition – We analyze recovery trends and project flights, seats, and enplanements for individual airlines based on their advance schedules, schedule completion rates, and boarding load factors. This process produces near-term projections through June 2026. Beyond that, we analyze the trends in monthly enplanements and assume a stabilization in enplanement growth through the remainder of 2026.
- Long-term growth – Once growth stabilizes, we switch to multivariate regression analysis to quantify the contribution of key market drivers (income and price) to air travel demand. We then forecast annual enplanement growth based on the projected trends in these drivers.

By dividing the forecast period into phases, we can apply the most appropriate methods, data, and assumptions to capture the factors driving air traffic trends in each phase. For example, airline schedules and operational factors provide a good basis for short-term projections. In the long run, market factors, such as income and price, primarily drive long-term passenger traffic, which in turn drives aircraft operations and landed weight. Multivariate regression analysis provides a better framework for linking long-term traffic growth to these market factors.

Figure 32 | Hybrid Forecast Development by Phase



Source: Unison Consulting, Inc.

3.6.2 | Short-Term Phase

In this phase, forecast development considers the recent progress in traffic recovery based on actual airport activity (enplanements, departures, and landed weight) through January 2026, and advance airline schedules (accessed in March 2026).

Advance airline schedules provide the starting point for projecting seats and enplanements only through June 2026. To account for possible schedule adjustments, we apply a completion factor to scheduled seats. This factor considers weather and aircraft maintenance disruptions, as well as periodic schedule adjustments that anticipate flight bookings and the projected availability of aircraft and crew. Table 8 shows the projected schedule completion rates increasing from 99 percent to 100 percent in the Base and High scenarios by June 2026 and from 97 percent to 99 percent in the Low scenario over the same time frame.

Table 8 | Projected Schedule Completion Rates and Seats

Month	Schedule Completion Rate			Projected Seats		
	Base	Low	High	Base	Low	High
Feb-26	99.0%	97.0%	99.0%	214,520	210,186	214,520
Mar-26	99.5%	98.0%	100.0%	251,187	247,400	252,449
Apr-26	99.5%	99.0%	100.0%	264,445	263,117	265,774
May-26	100.0%	99.0%	100.0%	297,179	294,208	297,179
Jun-26	100.0%	99.5%	100.0%	321,116	319,511	321,116

Source: OAG Schedules Analyzer and Unison Consulting, Inc.

We apply boarding load factors (BLFs) to projected seats to estimate monthly enplanements. The BLF assumptions in Table 9 reflect seasonal patterns and stabilization in travel patterns. In FY2025, the Airport’s monthly BLF for the period January-December averaged 77.5 percent, 3.8 percentage points lower than 2024 levels (79.3 percent) but only 0.5 percentage points lower than 2023 levels. In FY 2026, after tracking below 2025 levels by 2.0-2.5 points in July-September, October and November BLFs appear to have been negatively impacted by the U.S. government shutdown that occurred during those months (down 3.5 and 9.3 pts, respectively, vs 2025). The recovery in BLF in December and January followed historic seasonal patterns, albeit at a lower level.

In 2026, we assume BLF will roughly follow 2025 patterns in the Base scenario through June, trend higher in the High scenario, and trend lower in the Low scenario. We project the FY 2026 average BLF to be around 74.4 percent in the Base scenario, 75.2 percent in the High scenario, and 72.7 percent in the Low scenario.

Table 9 | Actual and Projected Boarding Load Factors (BLF)

Month	Historical FY			Projected Boarding Load Factors FY 2026		
	2023	2024	2025	Base	Low	High
Jul	81.1%	82.1%	82.2%	79.7%	79.7%	79.7%
Aug	78.5%	81.0%	80.8%	78.6%	78.6%	78.6%
Sep	77.4%	76.3%	76.8%	74.5%	74.5%	74.5%
Oct	80.0%	79.1%	75.3%	71.8%	71.8%	71.8%
Nov	80.7%	81.1%	77.1%	67.8%	67.8%	67.8%
Dec	79.8%	80.6%	85.0%	77.6%	77.6%	77.6%
Jan	69.9%	70.2%	69.6%	67.0%	67.0%	67.0%
Feb	72.9%	74.9%	69.5%	67.5%	66.3%	69.8%
Mar	76.4%	81.8%	76.3%	74.4%	73.1%	76.8%
Apr	79.9%	79.6%	77.7%	76.8%	70.8%	78.1%
May	80.4%	81.2%	79.5%	78.1%	72.4%	80.0%
Jun	79.1%	83.4%	80.2%	78.8%	73.2%	80.7%
FY Avg	78.0%	79.3%	77.5%	74.4%	72.7%	75.2%

Source: Unison Consulting, Inc.

Notes: BLF = enplanements/seats. Forecasts begin in February 2026.

3.6.3 | Long-Term Phase

For long-term forecasting, we shift to a demand-driven approach. We assume that traffic growth will follow historical patterns, with market factors driving passenger traffic and airlines adjusting supply to meet demand. Multivariate linear regression analysis offers a rigorous quantitative framework for measuring the impact of market drivers (income and price indicators) on enplanement growth while considering structural changes.

Forecasting using regression analysis involves two steps:

1. Model estimation – We estimate the regression equation using historical pre-pandemic data (2009-2019). The equation includes “coefficients” that measure the effect of each driver on enplanements.
2. Forecast development – We combine the regression coefficient estimates with projections of market drivers to forecast enplanement growth.

The regression estimation method minimizes forecast errors, which measure the differences between the actual and predicted enplanement levels.

Consumer demand theory, along with our assessment of structural changes at the Airport and the aviation industry, guides the specification of the regression model. The dependent variable is

enplanements, and the key explanatory variables include economic indicators (U.S. real GDP per capita) and a price indicator (ORF's real fare per passenger).³⁹

U.S. Real GDP Per Capita

U.S. real GDP is a comprehensive indicator of national economic conditions and income levels, both of which drive air travel demand. Holding all other factors constant, increases in real GDP per capita stimulate enplanements, while decreases lower enplanements. The positive and statistically significant regression coefficient of U.S. real GDP per capita confirms this direct relationship.

The Base scenario uses Moody's Analytics' forecast for U.S. real GDP per capita, projecting an annual growth rate of 2.1 percent over the forecast period. This rate is above the historical average of 1.7 percent from 2010 to 2019 and higher than the 1.7 percent observed from 2019 to 2024. The High scenario predicts a stronger annual growth of 2.2 percent, while the Low scenario anticipates a more moderate rate of 1.6 percent.

Real Passenger Fare at ORF

Consumer theory suggests a negative relationship between air travel demand and price. Holding all else constant, an increase in price decreases passenger traffic, while a decrease in price increases passenger traffic. Our measure of price is the average real passenger fare, calculated as total airline passenger revenues divided by the number of revenue passengers, adjusted for inflation. Regression analysis confirms the theory, showing a negative and statistically significant regression coefficient for real passenger fare.

Between 2010 and 2019, ORF's real passenger fare decreased modestly, falling from \$500 to \$493. In 2020, airlines significantly reduced airfares to stimulate demand, causing real airfares to decline to approximately \$400 at their lowest. Fares have since gradually recovered, but have not returned to pre-COVID levels, as new entrants to ORF (Breeze specifically) have provided competition to incumbent carriers, preventing fares from returning to pre-COVID levels. By 2024, ORF's real passenger fare had returned to \$416 and based on data through the first six months of 2025, it is expected to fall to \$408 in 2025. In the base scenario, it is assumed to decline from this level at a rate similar to the 2010-19 period (-0.5 percent annually) over the remainder of the forecast period. In the High scenario, fare pressures since the onset of COVID are expected to continue at a diminished rate. Real passenger fare is assumed to decline 1 percent a year over the forecast horizon. In the Low scenario, fares are expected to stay steady at around \$408 throughout the forecast horizon.

³⁹ Enplanements are log transformed to improve model fit.

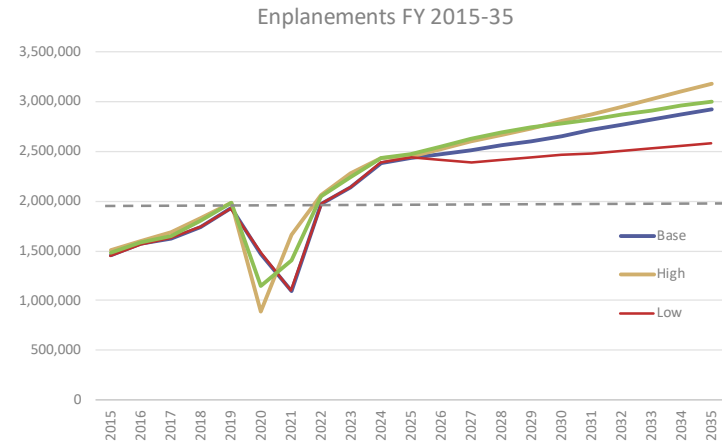
3.6.4 | Forecast Results

Figure 33 presents the forecast results and compares the enplanement forecasts with the 2025 FAA Terminal Area Forecasts (TAF) published in February 2026.

- **Base Scenario** – Enplanements are projected to reach 2.48 million in 2026, growing year over year by 1.7 percent. They are expected to reach 2.92 million by the end of 2035 (CAGR, 1.8 percent)
- **High Scenario** – Enplanements are projected to reach 2.51 million in 2026, growing year over year by 2.9 percent. They are expected to reach around 3.18 million by the end of 2035 (CAGR, 2.6 percent).
- **Low Scenario** – Enplanements total 2.41 million in 2026, falling 1.0 percent compared to 2025 driven by a slowing economy (lower consumer spending) coupled with a cooling labor market and schedule reductions, among other factors. Over the remainder of the forecast horizon, annual enplanement growth is modest, and by the end of 2035, enplanements are forecast to total 2.59 million (CAGR, 0.8 percent).
- **2025 FAA TAF, February 2026 publication** – The TAF is on a federal fiscal year basis, ending on September 30. Compared to this study's forecasts, the TAF projects slightly higher enplanement levels. At the end of the forecast period, enplanements are expected to reach around 3.00 million, which is around 2.9 percent above the Base scenario, 5.1 percent below the High scenario, and 16.1 percent above the Low scenario. Since the TAF was developed in 2025, its projections may not reflect the latest developments in the U.S. economy, including increased recessionary risks.

Figure 33 | Historical and Forecast Enplanements, FY 2015-2035

		Enplanements							
		Base	AGR	High	AGR	Low	AGR	2025 TAF	AGR
Actual	2015	1,450,388		1,450,388		1,450,388		1,483,177	
	2016	1,567,223	8.1%	1,567,223	8.1%	1,567,223	8.1%	1,587,740	7.0%
	2017	1,628,353	3.9%	1,628,353	3.9%	1,628,353	3.9%	1,652,323	4.1%
	2018	1,742,322	7.0%	1,742,322	7.0%	1,742,322	7.0%	1,799,535	8.9%
	2019	1,929,422	10.7%	1,929,422	10.7%	1,929,422	10.7%	1,977,752	9.9%
	2020	1,471,918	-23.7%	1,471,918	-23.7%	1,471,918	-23.7%	1,148,694	-41.9%
	2021	1,100,972	-25.2%	1,100,972	-25.2%	1,100,972	-25.2%	1,404,911	22.3%
	2022	1,970,887	79.0%	1,970,887	79.0%	1,970,887	79.0%	2,044,708	45.5%
	2023	2,138,407	8.5%	2,138,407	8.5%	2,138,407	8.5%	2,235,289	9.3%
	2024	2,382,617	11.4%	2,382,617	11.4%	2,382,617	11.4%	2,433,749	8.9%
2025	2,434,268	2.2%	2,434,268	2.2%	2,434,268	2.2%	2,471,703	1.6%	
Forecast	2026	2,476,757	1.7%	2,505,220	2.9%	2,410,491	-1.0%	2,554,601	3.4%
	2027	2,515,154	1.6%	2,577,891	2.9%	2,385,371	-1.0%	2,627,940	2.9%
	2028	2,556,366	1.6%	2,644,525	2.6%	2,409,461	1.0%	2,687,889	2.3%
	2029	2,603,149	1.8%	2,712,882	2.6%	2,433,794	1.0%	2,736,673	1.8%
	2030	2,655,386	2.0%	2,783,006	2.6%	2,458,372	1.0%	2,780,989	1.6%
	2031	2,709,846	2.1%	2,854,942	2.6%	2,483,199	1.0%	2,822,500	1.5%
	2032	2,764,318	2.0%	2,928,737	2.6%	2,508,277	1.0%	2,866,239	1.5%
	2033	2,817,493	1.9%	3,004,441	2.6%	2,533,608	1.0%	2,909,241	1.5%
	2034	2,868,699	1.8%	3,082,101	2.6%	2,559,194	1.0%	2,954,223	1.5%
	2035	2,917,980	1.7%	3,161,768	2.6%	2,585,040	1.0%	3,001,425	1.6%
		Compound Annual Growth Rate							
2015-2025		5.3%		5.3%		5.3%		5.2%	
2026-2035		1.8%		2.6%		0.8%		1.8%	



Source: Historical data from Airport records. Forecasts by Unison Consulting, Inc., and the Federal Aviation Administration for the Terminal Area Forecasts (TAF) released in February 2026.

The TAF is on a federal fiscal year basis (ending on September 30).

Forecasts by Unison Consulting, Inc. begin in 2026.

3.7 | Forecast Uncertainty and Risk Factors

Forecasts depend on available data, measurable air traffic drivers, and assumptions about future trends. Actual results may differ significantly from the forecasts if these assumptions do not hold or if unexpected events cause major disruptions. The airport operates in a changing environment with many interconnected factors, many of which are volatile and uncertain, creating both risks and opportunities for forecast activity.

3.7.1 | COVID-19 and Potential Disease Outbreaks

Passenger air travel demand is sensitive to disease outbreaks, which impact customer confidence, public health, international travel policies, and airport/airline staff wellbeing. The COVID-19 pandemic exemplifies this risk, initially causing a dramatic downturn before travel gradually recovered with widespread vaccination and the lifting of travel restrictions. Continued vigilance and health safety practices are essential to minimize future impacts.

Although the COVID-19 pandemic has passed, global health authorities are now concentrating on other health threats. Mpox (formerly known as monkeypox) posed a risk to public health in 2024, with several countries, including the United States, implementing Mpox screening protocols at major international airports to prevent the virus from crossing borders. Measles is another outbreak that occurred through the spring of 2025, having been reported by 31 jurisdictions by May. Though both no longer pose current risks in recent months, they still serve as examples for possible outbreaks and reasons to maintain awareness and health safety practices.

3.7.2 | Economic Conditions

The aviation industry is pro-cyclical, with traffic rising during economic expansions and falling during recessions. Economic downturns can be triggered by various factors—for example, the COVID-19 pandemic and the extreme mitigation measures in place at the time. The U.S. economy ended 2025 with solid fundamentals: moderate GDP growth, sustained consumer spending, low unemployment, and low inflation. However, 2026 brings heightened uncertainty and downside risks from federal policy shifts in trade, immigration, and federal spending, a cooling labor market, declining consumer confidence, and spillover global economic impacts, amid ongoing conflicts in Europe and the Middle East.

3.7.3 | Impact of U.S. Tariff Policies

U.S. tariff policies have created substantial uncertainty in the U.S. aviation industry. Tariffs are significantly increasing aircraft maintenance and manufacturing costs, disrupting supply chains, and resulting in backlogs of aircraft production and delivery, which could constrain airline capacities. According to estimates by Kroll Bond Rating Agency, tariffs could increase aircraft prices by more than 10 percent. Aircraft cost increases and capacity constraints could dampen air travel demand if they translate into higher ticket prices.⁴⁰

⁴⁰ “KBRA Releases Research –Impact of Tariffs on the Aviation Industry,” *Business Wire*, May 2, 2025, <https://www.businesswire.com/news/home/20250502681503/en/KBRA-Releases-Research-Impact-of-Tariffs-on-the-Aviation-Industry>.

The uncertainty regarding tariffs and their broader effects on the U.S. economy, incomes, and prices impacts consumer and business confidence, weakening air travel demand.⁴¹ Airlines have reported a decline in leisure travel, noting that people are hesitant to plan either international or domestic vacations. As a result, airlines are taking a cautious approach, which involves less hiring, slower or halted fleet expansion, ultimately contributing to reduced overall economic activity.

The U.S. administration's 2025 tariffs have intensified geopolitical tensions and created negative perceptions abroad, leading to a measurable decline in international tourism to the United States. U.S. government data show declines in international arrivals during the first seven months of 2025.^{42,43} Generally, tariffs and trade wars threaten to slow the global economy, which in turn will dampen global demand for air travel.

3.7.4 | U.S. Airline Industry Volatility

The U.S. airline industry is inherently volatile, with financial results susceptible to many external factors. Economic downturns, fluctuating oil prices, adverse weather, disease outbreaks, travel restrictions, terrorism threats, geopolitical tensions, and aircraft groundings all directly impact airline revenues and net profits. This volatility is illustrated by the historical data on U.S. scheduled passenger airlines' operating revenue and net income (Figure 34).

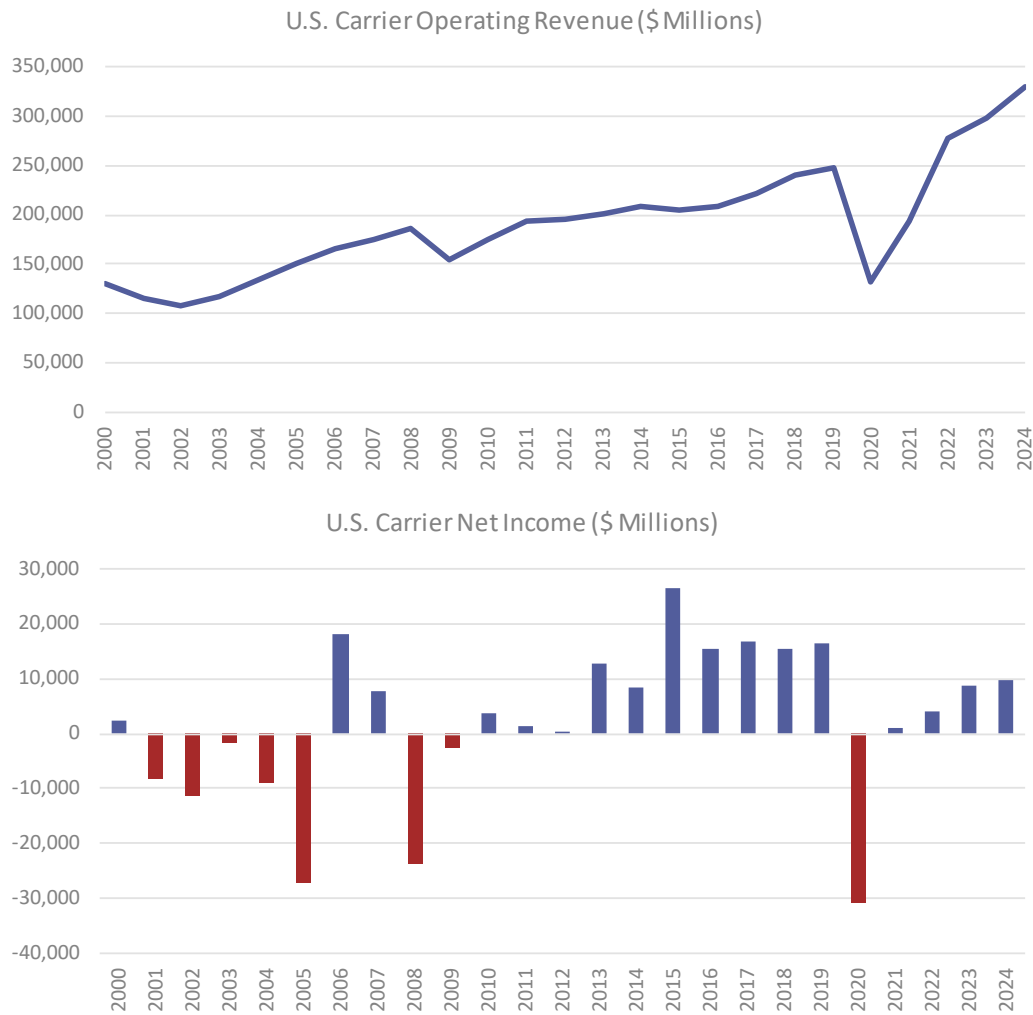
The COVID-19 pandemic highlights this vulnerability clearly. While the seven years before the pandemic saw consistent profits, due to restructuring, capacity restraints, cost-cutting, and productivity gains after the Great Recession, the industry faced a sharp decline in 2020 as passenger travel came to a complete stop. Despite government aid packages, US passenger airlines recorded a staggering net loss of over \$30 billion in 2020—the largest annual loss since 1977.

⁴¹ *Ibid.*

⁴² Rio Yamat, The Associated Press, "A downturn in international travel to the U.S. may last beyond summer, experts warn," *NBC New York News*, September 1, 2025, <https://www.nbcnewyork.com/news/national-international/downturn-in-international-travel-to-u-s-beyond-summer-experts-warn/>.

⁴³ "US Inbound Travel's Continued Decline Amid Sentiment Challenges," *Tourism Economics*, July 22, 2025, <https://www.tourismeconomics.com/press/latest-research/us-inbound-travels-continued-decline-amid-sentiment-challenges/>.

Figure 34 | U.S. Scheduled Passenger Airlines’ Annual Operating Revenue and Net Profit, 2000-2024



Source: U.S. Bureau of Transportation Statistics and Unison Consulting, Inc.

Financial results gradually recovered after the pandemic, with a positive net income of \$1.1 billion in 2021 that grew to \$9.7 billion by 2024. Operating revenue recovered to surpass pre-pandemic 2019 levels by 2022, reaching a total operating revenue of \$278 billion. Since then, operating revenue has continued to rise, reaching \$329 billion by 2024.

3.7.5 | Airline Bankruptcy

Related to the volatility of the airline industry is the possibility that one or more airlines may file for bankruptcy, especially if they cannot adapt to changes in the economic environment. The bankruptcy of an air carrier can have various impacts, potentially even leading to a stronger recovery afterward, but negative effects might include increased expenses, delayed or canceled service schedules, or even total cessation of operations.

Airline bankruptcies were more common in the 2000s among major carriers like Delta and United. American Airlines was the last major airline to file for bankruptcy in 2011, which was resolved with a merger with U.S. Airways in 2013. Later bankruptcies in the 2010s were mostly filed by smaller regional airlines. More recently, however, major ULCC Spirit Airlines filed for bankruptcy in November 2024 after a failed merger attempt with JetBlue.⁴⁴ They emerged in March 2025 with an attempt at a financial restructuring; however, Spirit faced higher costs and lower demand than anticipated, resulting in significant losses. Ultimately, the carrier filed for a second bankruptcy roughly five months later, in August 2025.⁴⁵

3.7.6 | Airline Mergers

The airline industry has been consolidating in response to competition, cost, and regulatory pressure. Airline mergers can affect service and traffic at airports by consolidating facilities, optimizing route networks, and changing connecting traffic flows. The effects usually occur within a few years and depend on the merging airlines' market share and connecting traffic volume at the affected airport.

However, airline mergers also pose the risk of creating high market concentration for a single airline, which can lead to the abuse of market power and significant fare hikes. Elevated airfares decrease passenger demand, especially for discretionary travel or shorter trips with ground transportation options.

Recent merger activity involves JetBlue's attempted takeover of Spirit and Alaska's acquisition of Hawaiian Airlines. Blocked by the U.S. Department of Justice (DOJ) in January 2024, JetBlue officially announced the termination of the merger agreement on March 4, 2024. According to the DOJ, JetBlue's acquisition of Spirit would have eliminated an ultra-low-cost competitor, resulting in fewer choices and higher fares for travelers. Inversely, the DOJ approved Alaska and Hawaiian's

⁴⁴ David Koenig, "Spirit Airlines files for bankruptcy as financial losses pile up and debt payments loom," *APNews*, November 18, 2024, <https://apnews.com/article/spirit-airlines-bankruptcy-debt-losses-782c7fb892adf1d2f366411bab955668>

⁴⁵ Shivansh Tiwary and Rajesh Kumar Singh, "Spirit Airlines files for second bankruptcy in a year as financial challenges persist," August 29, 2025, <https://www.reuters.com/business/spirit-airlines-files-second-bankruptcy-year-financial-challenges-persist-2025-08-29/>

merger in August 2024, and in the following month, the Department of Transportation also cleared the deal, allowing the completion of the merger on September 18, 2024.⁴⁶

3.7.7 | Oil Price Volatility and Aviation Fuel Costs

Oil price fluctuations directly affect aviation fuel costs, a significant component of airline operating expenses.⁴⁷ Rising oil prices, as seen in the 2000s, can strain airline finances and contribute to industry losses. Conversely, lower oil prices can boost airline profits, as experienced in the mid-2010s. In 2020, the global economic recession and an oil supply glut led to a temporary drop in oil and fuel prices, which provided airlines some cost relief during the pandemic.

Figure 35 shows the history of oil prices from 2010 to January 2026, while Figure 36 shows the history of the cost of aviation fuel for the same period. In 2021, increased demand from the global economic recovery and supply disruptions from the Russia-Ukraine conflict began to raise oil prices. Between January 2021 and June 2022, the price of West Texas Intermediate (WTI) crude oil rose from \$52.00 to \$114.84 per barrel (121 percent), and the cost of aviation fuel increased from \$1.51 to \$4.04 per gallon (168 percent). Prices had dropped from those highs as of 2026 (WTI to \$60.04 and aviation fuel to \$2.36 in January). However, since the beginning of armed conflict between the United States and Israel vs Iran in late February 2026, oil prices have risen dramatically from \$66.96 per barrel on the last trading day before the current hostilities began to a high of \$101.26 on March 27. The cost of aviation fuel has followed suit, rising from \$2.43 per gallon to \$4.35 per gallon over the same period.

⁴⁶ Alison Slider, "Transportation Department Blesses Alaska Air-Hawaiian Merger, With Strings," *Wall Street Journal*, September 17, 2024, <https://www.wsj.com/business/airlines/transportation-department-blesses-Alaska-air-hawaiian-merger-with-strings-d1edc2d5>.

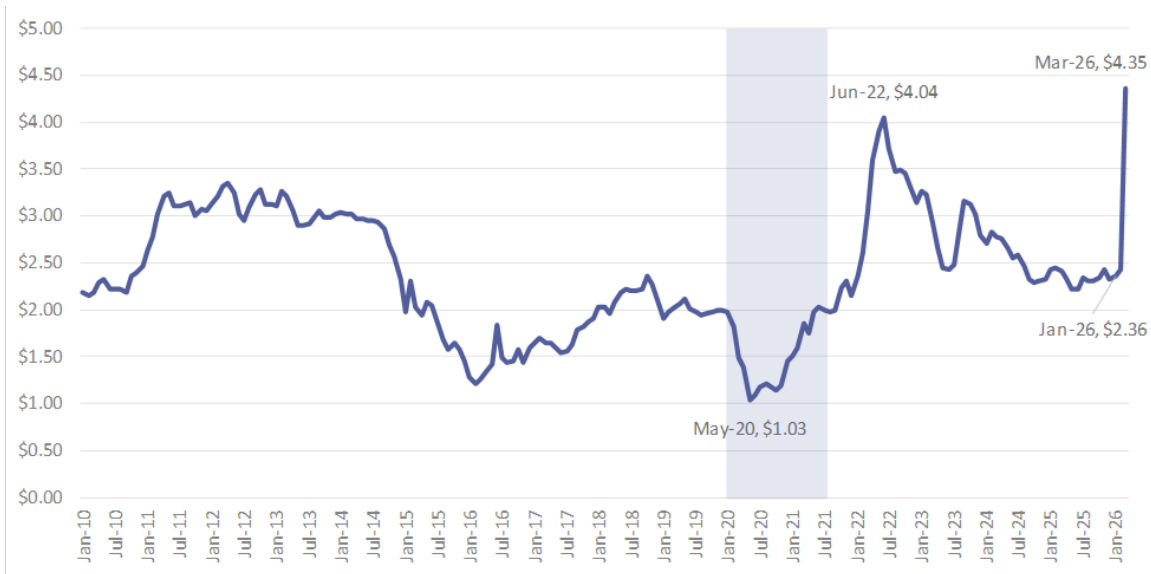
⁴⁷ The correlation coefficient between the monthly average prices of West Texas Intermediate (crude oil) and aviation fuel is approximately 0.994.

Figure 35 | West Texas Intermediate Monthly Crude Oil Cost per Barrel, January 2010 - March 2026



Source: U.S. Energy Administration and Unison Consulting, Inc.
The gray area indicates an economic recession.

Figure 36 | Monthly Aviation Fuel Cost per Gallon, January 2010 - March 2026



Source: U.S. Bureau of Transportation Statistics and Unison Consulting, Inc.
The gray area indicates an economic recession.

3.7.8 | Structural Changes in Demand and Supply

Major crises can trigger lasting structural shifts in aviation demand and supply. For example, the 2001 terrorist attacks led to stricter airport security measures requiring passengers to arrive much earlier for departing flights, reducing travel time advantages for short-haul flights. The COVID-19 pandemic has had similar long-term consequences. Demand-side changes include altered travel preferences due to safety concerns or a shift towards virtual meetings. Supply-side changes involve airlines maintaining streamlined operations due to labor and fleet constraints. One favorable trend is the adoption of no-touch technologies, which speed up passenger processing and stimulate traffic growth.

3.7.9 | Labor Supply Constraints

The COVID-19 pandemic led to airline employee layoffs and early retirements, creating workforce shortages that limit airline capacity and potentially hinder air traffic growth. While this scarcity still impacts smaller regional airlines, the pilot shortage has since been resolved for mainline carriers. Pilot hires surged over the past couple of years to replace pilots who have retired or were furloughed during the height of the pandemic.

A more recent slowdown in pilot hiring is now due to supply chain issues on the aircraft side, especially with Boeing facing delivery delays following recent safety events and quality problems.⁴⁸ However, the supply of pilots versus demand remains a consideration for future years. Boeing's forecast for aviation personnel from 2024 to 2043 projects a total need for 123,000 pilots in the United States.⁴⁹ The FAA-mandated pilot retirement age is 65, and combined with the fact that the U.S. Government Accountability Office found that 27 percent of actively certified pilots are between the ages of 55 and 64,⁵⁰ thousands of pilots will retire in the coming years and require new pilots to replace them.

Aircraft engineers are also in short supply. Boeing's forecast predicts a need for over 600,000 new engineers in the next 20 years. About a third of aircraft engineers are nearing retirement, and there are not enough new workers to replace them, a problem worsened by a 2 to 3-year pause in training new aircraft engineers during the pandemic.

A significant shortage of air traffic controllers is another nationwide problem. As of September 2023, nearly half of the 290 FAA air traffic control facilities were understaffed. The FAA has attributed recent understaffing to the COVID-19 pandemic pausing or reducing training, a long training process (2 to 3 years), and yearly attrition.⁵¹ Currently, the FAA has roughly 10,700 fully

⁴⁸ Antonio Ferraz, "Pilot Hiring is cooling down in the U.S.: Is the pilot shortage over?" *Wader Aviation*, August 3, 2024, <https://www.waderaviation.com/post/current-us-pilot-job-market-2024>.

⁴⁹ *Boeing*, <https://www.boeing.com/commercial/market/pilot-technician-outlook>

⁵⁰ U.S. Government Accountability Office, "Aviation Workforce: Current and Future Availability of Airline Pilots and Aircraft Mechanics," May 17, 2023, <https://www.gao.gov/products/gao-23-105571>

⁵¹ USAFacts Team, "Is there a shortage of air traffic controllers?" *USAFacts*, March 31, 2025, <https://usafacts.org/articles/is-there-a-shortage-of-air-traffic-controllers/>.

certified controllers, which is about 3,000 short of its target.⁵² To add to that issue, about 500 controllers are eligible for retirement in the near term, and the mandatory retirement age for controllers is 56.

3.7.10 | Aging Air Traffic Control Infrastructure

Along with staffing shortages, the FAA faces issues with facilities over 60 years old and radar and communication systems that are well beyond their lifecycle. The aging air traffic control infrastructure creates increasing safety and capacity concerns, leading to flight delays, cancellations, and recently, the fatal crash of a commercial passenger aircraft and a military helicopter in Washington, DC, in January 2025. In response, the FAA is implementing a multi-billion-dollar modernization effort that includes replacing facilities, significant hardware upgrades, and technological changes under NextGen. However, many of these upgrades will not be completed until the early to mid-2030s without ongoing funding and stable political support.

3.7.11 | Geopolitical Conflicts and the Threat of Terrorism

Geopolitical conflicts and acts of terrorism disrupt air travel. The terrorist attacks of September 11, 2001, serve as a constant reminder of the serious threat to the aviation industry. Travel advisories and increased security measures can discourage passengers, leading to longer screening times and increased anxiety.

In recent years, Russia's invasion of Ukraine (since February 24, 2022) and the Israel-Hamas war (since October 7, 2023) have led to airspace closures, increased costs, and longer flight times. Responding to Russia's invasion of Ukraine, the United States, Canada, and the European Union have closed their airspace to Russian aircraft. In retaliation, Russia has limited its airspace to many foreign-flag carriers. As a result, airlines have had to change flight routes, significantly increasing flight times for global travel. The Israel-Hamas war caused the immediate cancellation and suspension of flights to Tel Aviv by three major U.S. airlines (American, Delta, and United).⁵³ Additionally, air travel demand dropped for destinations near the warzone, such as Egypt, Morocco, Tunisia, and Saudi Arabia.

Over 2024 and 2025, the conflict escalated into direct armed conflict between Israel and Iran, with the United States joining on Israel's side as of June 22, 2025. Immediate effects included the closure or avoidance of Iranian airspace, along with the diversion of aviation routes, leading to longer flights, delays, and higher fuel costs. Another possible impact is a surge in oil prices—Iran is the ninth-largest oil producer in the world and controls the Strait of Hormuz, a shipping chokepoint that handles around 20 million barrels of crude oil and petroleum liquids daily. A ceasefire was

⁵² Andrew Tangel, "I Don't Know Where You Are': The Race to Fix Air-Traffic Control," *Wall Street Journal*, May 5, 2025, <https://www.wsj.com/business/airlines/air-traffic-control-fix-problems-2bffc11c>.

⁵³ Shannon Thaler, "Airline stocks slump as carriers in US and abroad cancel flights to Tel Aviv," *New York Post*, October 9, 2023, <https://nypost.com/2023/10/09/major-airlines-suspend-flights-as-war-escalates-in-israel/>.

established on June 25, 2025, though many airlines continue to suspend routes through the Middle East in case armed attacks resume.⁵⁴

United was the first of the three major U.S. airlines to resume flights to Tel Aviv after their initial suspension, with flights resuming in March, but facing additional suspensions in May and June. As of July 2025, United's flights to the region have continued without interruption. Delta followed suit with its own flights to Tel Aviv resuming in September 2025, but American Airlines remains the one major airline between the three to still have no service from North America to Israel.⁵⁵

3.8 | Airport Passenger Traffic – Concluding Summary

ORF has demonstrated long-term passenger growth and a strong recovery from the COVID-19 pandemic, supported by its large origin-and-destination passenger base, expanding airline service, and favorable regional economic conditions. The Airport's passenger traffic is expected to continue growing over the forecast period, although at a more moderate pace than the rebound experienced after the pandemic. The passenger forecasts presented in this report reflect both the Airport's recent performance and the long-term economic and demographic characteristics of its service area. While risks remain from economic cycles, airline industry volatility, fuel prices, labor shortages, and other external factors, the forecast indicates that ORF is well-positioned to sustain continued growth in enplanements over the planning period.

⁵⁴ Anupreeta Das and Niraj Chokshi, "From Iran-Israel Strikes to Russia's War: How Conflicts Reshape Air Travel," *New York Times*, June 30, 2025, <https://www.nytimes.com/2025/06/30/world/asia/iran-israel-airlines-war.html>.

⁵⁵ Lauren Feather, "Air Canada Follows United And Delta By Relaunching Route American Airlines Still Won't Touch," *The Travel*, October 11, 2025, <https://www.thetravel.com/air-canada-resumes-israel-flights-after-united-and-delta-but-not-american-airlines/>

SECTION 4 | U.S. RENTAL CAR INDUSTRY

This section outlines the U.S. rental car industry, highlighting recent market developments and the companies serving the Airport's market. This background establishes the foundation for a detailed analysis of the Airport's rental car market in Section 5.

The U.S. rental car industry is categorized into two primary segments:

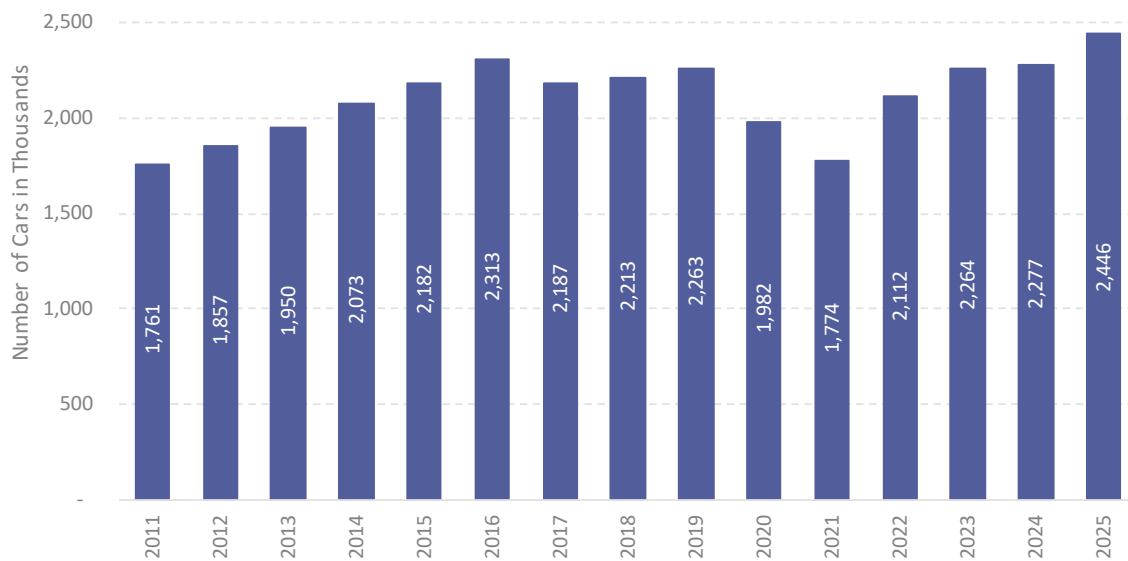
1. The airport market, catering to business and leisure air travelers who rent cars at airports for ground transportation.
2. The local retail and insurance replacement market, referred to as the local market.

The focus here is on the airport market segment.

4.1 | U.S. Rental Car Fleet

In 2019, before the pandemic, the U.S. rental car industry managed a fleet exceeding 2.2 million cars. This represented a significant growth of 28.5 percent since 2011, equating to a compound annual growth rate of 3.2 percent (Figure 37). Despite this overall expansion, there were fluctuations in fleet size. For example, in 2017, the industry experienced a contraction as rental car companies aligned their fleets with market demand, a process known as fleet right-sizing. Additionally, car manufacturers played a role in this reduction by limiting sales to rental fleets.

Figure 37 | U.S. Rental Car Industry Fleet (Number of Cars in Thousands), 2011-2025



Source: Auto Rental News.

After a 5.5 percent decrease in fleet size in 2017, the industry saw modest recoveries in the subsequent two years—1.2 percent in 2018 and 2.2 percent in 2019. In 2020 and 2021, the U.S. rental car fleet experienced significant reductions, shrinking by 12.4 percent and 10.5 percent, respectively. This decline was primarily due to the COVID-19 pandemic, which led to a significant drop in rental car demand because of lockdowns, travel restrictions, and voluntary social distancing. In response, rental car companies downsized their fleets. Additionally, supply chain disruptions significantly impacted vehicle production, further contributing to the reduction in fleet size.

Recovery in fleet capacity ensued from 2022 onward as travel rebounded and car manufacturing bottlenecks subsided. In 2022, the fleet size grew by 19.0 percent, increasing from 1.8 million cars to 2.1 million. By the end of 2023, the U.S. rental car industry had restored its capacity to pre-pandemic levels. Growth was minimal in 2024, but experienced a bump in 2025 that brought fleet capacity up to 2.4 million, about 8 percent above its 2019 pre-pandemic level.

4.2 | U.S. Rental Car Market Revenue

The trend in inflation-adjusted (real) annual U.S. rental car industry revenue closely mirrors the fluctuations in the industry's fleet size (Figure 38). From 2011 to 2019, real U.S. rental car revenue grew from \$24.4 billion to \$30.7 billion, marking a compound annual growth rate of 2.9 percent.

At the height of the pandemic in 2020, real U.S. rental car revenue fell to \$21.6 billion, an annual decrease of 29.8 percent. The trend reversed in 2021: even as the fleet size continued to shrink, the real U.S. rental car market revenue rose to \$26.1 billion, growing by 21.3 percent annually. This quick revenue rebound was driven by a supply shortage of rental cars and a rising demand, which led to sharp increases in rental car prices. The upward trend continued into 2022 and 2023, with real revenue growing by 15.6 percent and 3.9 percent annually, reaching \$31.4 billion and surpassing the 2019 pre-pandemic peak of \$30.7 billion. However, 2024 brought a slight decrease, leading the 2025 annual total revenue to settle at \$30.9 billion.

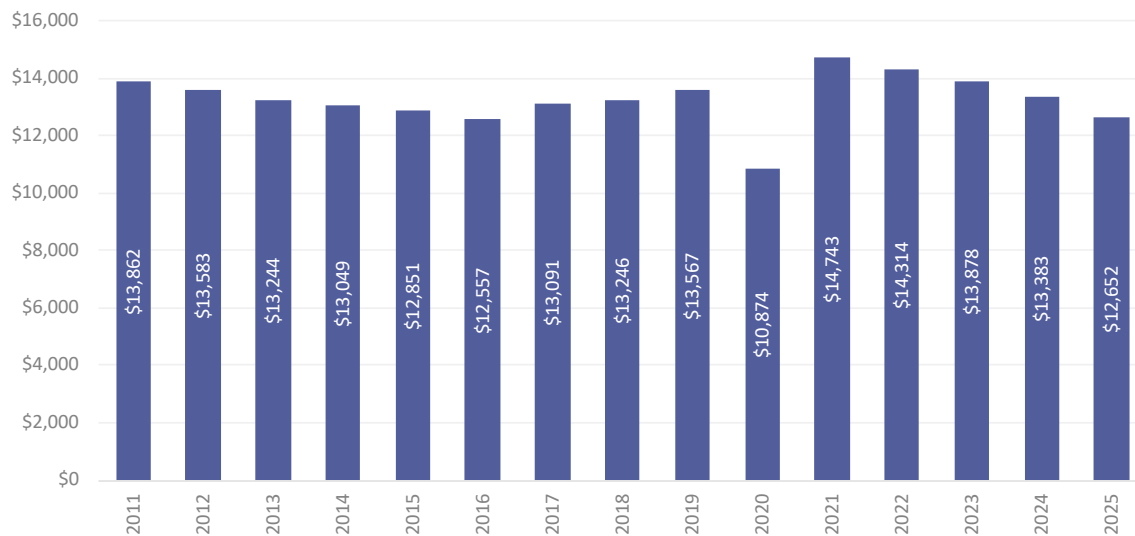
Figure 38 | Real U.S. Rental Car Industry Annual Total Revenue (in million 2017\$), 2011-2025



Source: Auto Rental News and Unison Consulting, Inc.

Between 2011 and 2019, the real annual average revenue generated from each car in the fleet ranged between \$11,800 and \$13,000 (Figure 39). In 2020, this average revenue dropped to \$10,874 (a 20 percent decline) before recovering to \$14,743 in 2021, an increase of nearly 36 percent. However, 2022 through 2025 brought incremental decreases, down to \$12,652 as of 2025.

Figure 39 | Real Annual Average Revenue per U.S. Rental Car (in 2017\$), 2011-2025



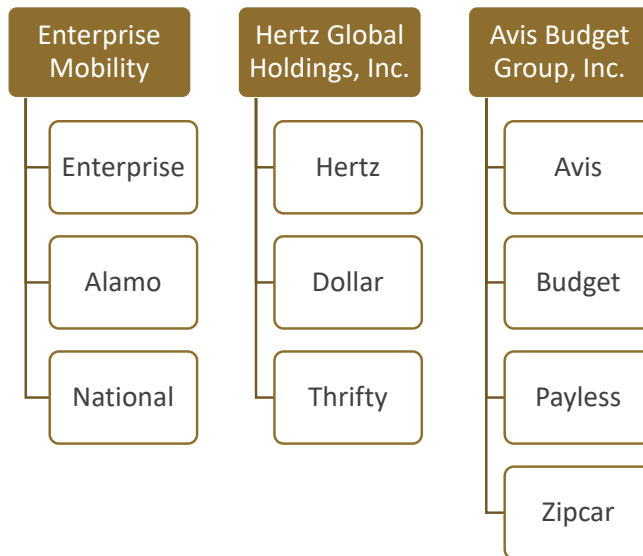
Source: Auto Rental News and Unison Consulting, Inc.

A significant industry shift occurred with the advent of transportation network companies (TNCs) like Uber and Lyft. Since 2014, TNCs have expanded their services nationwide, including into airport rental car markets, attracting both corporate travelers and those undertaking short-distance trips. These structural changes led to a plateauing of real U.S. rental car market revenue starting in 2016, even before the pandemic's impact. To reduce revenue erosion, rental car companies, such as Hertz, have started renting out vehicles to TNC drivers.⁵⁶

4.3 | Major Rental Car Companies

Over the past decade, the U.S. rental car industry has undergone significant consolidation. Presently, three major companies—each operating under multiple brands (Figure 40)—dominate the market, collectively controlling approximately 95 percent of the U.S. rental car market share. Detailed information about each of these rental car companies is provided in the subsequent sections.

Figure 40 | Ownership of Major Rental Car Brands



Source: Unison Consulting, Inc.

4.3.1 | Enterprise Mobility

In 2023, Enterprise Holdings, Inc., which adopted the name Enterprise Mobility on October 26, 2023, was the largest rental car company in North America. Operating popular brands like Enterprise Rent-A-Car, Alamo, and National, Enterprise Mobility managed a fleet of 1.3 million cars across approximately 5,500 locations in the United States. Traditionally catering to local customers in need of replacement vehicles, the company broadened its market reach with the acquisition of Vanguard Car Rental USA Inc. in 2007, adding the Alamo and National brands to its portfolio. This

⁵⁶ Hertz, "Thinking of Becoming an Uber or Lyft Driver? Rent with Hertz," Hertz, June 16, 2022.

expansion diversified Enterprise's customer base, with Alamo focusing on families and leisure travelers, and National targeting business travelers. Enterprise Mobility remains privately held.

4.3.2 | Hertz Global Holdings, Inc.

Hertz Global Holdings, Inc., operating under the names Hertz, Dollar, and Thrifty, maintained an average of 380,000 cars in service at approximately 3,350 U.S. locations in 2022. As per their 10-K filings, 70 percent of Hertz Global Holdings' U.S. car rental revenues were generated from airport locations. The company expanded through acquisitions, including Advantage Rent A Car in 2009 and Dollar Thrifty Automotive Group in 2012. To comply with the Federal Trade Commission's merger requirements, Hertz Global Holdings divested Advantage Rent A Car post the Dollar Thrifty acquisition. Dollar and Thrifty primarily serve leisure customers and independent business travelers with value-priced rental vehicles. After declaring bankruptcy in March 2020 during the COVID-19 pandemic, Hertz Global Holdings successfully restructured its debt and emerged from bankruptcy in June 2021.

4.3.3 | Avis Budget Group, Inc.

Avis Budget Group, Inc., which oversees the operations of Avis, Budget, Payless, and Zipcar, operated a fleet of 445,000 vehicles from around 3,000 domestic locations in 2023. According to its 10-K filings, the group generated 70 percent of its 2022 revenue from airport locations. The formation of Avis Budget Group resulted from the consolidation of Avis Group Holdings and Budget Rent A Car System. In 2013, the company expanded by acquiring Zipcar, Inc., the world's leading car-sharing network, and Payless Car Rental. The addition of Zipcar enabled Avis Budget Group to offer hourly or daily self-service vehicle reservations, while Payless expanded its reach to budget-conscious leisure and business travelers.

4.3.4 | U.S. Rental Car Companies' Market Share of Industry Revenue

Over the last 13 years, Enterprise Mobility has consistently been the leading rental car parent company in terms of real revenue (in 2017 dollars), which has varied from \$12.1 billion to \$17.2 billion (Table 10). A significant portion of the U.S. rental car growth could be attributed to Enterprise Mobility (Figure 41). Before the pandemic, Hertz Global Holdings was the second-highest revenue generator in the industry, with figures ranging from around \$5.0 billion to \$6.6 billion (with the exception of \$3.5 billion in 2020). However, the pandemic brought a shift in this hierarchy as Avis Budget Group surpassed Hertz Global Holdings and became the second-largest in the industry by revenue in 2020. As of 2025, Avis Budget Group reported real revenues of \$6.1 billion, outpacing Hertz Global Holdings' \$5.8 billion, with Enterprise leading with \$16.9 billion.

Table 10 | Real Annual Gross Revenue in Millions (2017\$) by U.S. Rental Car Company, 2011-2025

Year	Enterprise Mobility, Inc.	Hertz Global, Inc. ^{1,2}	Avis Budget Group, Inc. ³	Subtotal - Enterprise, Hertz, and Avis	Others	Total
2011	\$12,097	\$6,415	\$4,479	\$22,990	\$1,417	\$24,407
2012	\$12,278	\$6,644	\$4,815	\$23,737	\$1,489	\$25,227
2013	\$12,522	\$6,629	\$5,472	\$24,622	\$1,206	\$25,828
2014	\$13,306	\$6,627	\$5,695	\$25,629	\$1,425	\$27,054
2015	\$14,355	\$6,568	\$5,632	\$26,554	\$1,480	\$28,034
2016	\$15,640	\$6,244	\$5,668	\$27,553	\$1,492	\$29,045
2017	\$16,200	\$5,975	\$5,000	\$27,175	\$1,451	\$28,626
2018	\$16,497	\$6,277	\$5,076	\$27,850	\$1,462	\$29,312
2019	\$17,066	\$6,652	\$5,273	\$28,992	\$1,706	\$30,698
2020	\$13,425	\$3,463	\$3,599	\$20,487	\$1,070	\$21,557
2021	\$14,170	\$5,066	\$5,468	\$24,704	\$1,451	\$26,155
2022	\$16,680	\$4,774	\$7,061	\$28,515	\$1,715	\$30,231
2023	\$17,203	\$5,587	\$6,767	\$29,557	\$1,862	\$31,418
2024	\$16,209	\$5,782	\$6,408	\$28,399	\$2,072	\$30,470
2025	\$16,899	\$5,840	\$6,124	\$28,862	\$2,085	\$30,947

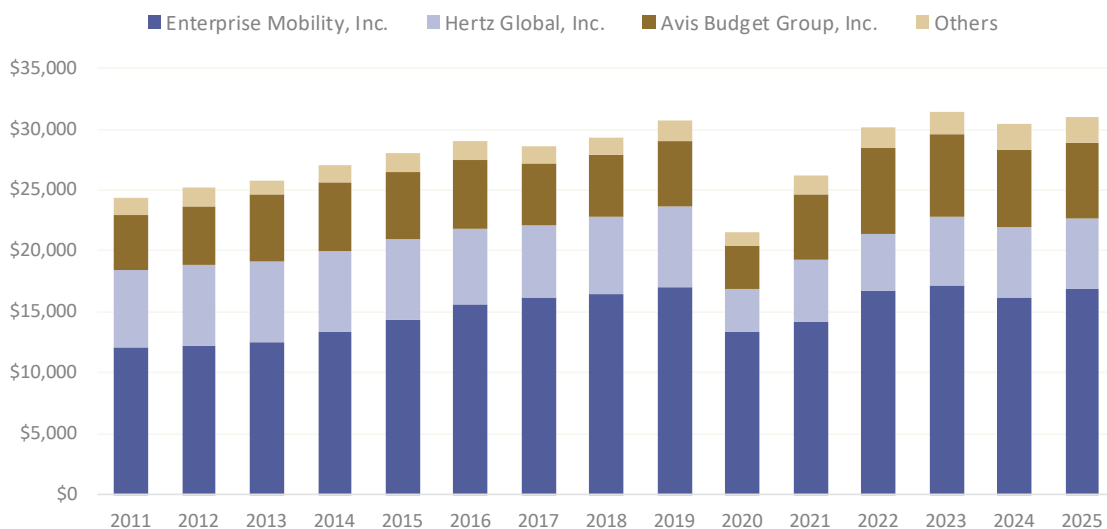
Source: Auto Rental News.

¹ Includes Dollar Thrifty which Hertz acquired in 2012.

² Includes Advantage from 2009 to 2012. Advantage was sold in 2012.

³ Does not include Zipcar which Avis acquired in 2013.

Figure 41 | Share of Rental Car Industry Real Gross Revenue in Millions (2017\$) by U.S. Rental Car Company, 2011-2025



Source: Auto Rental News.

From 2011 to 2025, the combined market share of the top three rental car company brands has remained remarkably stable, hovering between 93 to 95 percent (Table 11). This stability underscores the significant and persistent concentration of market power within the industry.

Before the pandemic, Enterprise Mobility experienced a substantial increase in market share between 2015 and 2019. At its peak, Enterprise Mobility's market share of industry revenue achieved approximately 56.6 percent. Over the same period, both Hertz Global Holdings and Avis Budget Group observed similar declines in their market shares, each experiencing a drop of about two to three percentage points.

The pandemic produced significant shifts in market share among the leading U.S. rental car companies. Hertz Global Holdings, having declared bankruptcy, saw a notable decrease in its market share by nearly 6 percentage points in 2020. However, the company made a substantial recovery in 2021, regaining close to 5 percentage points in lost market share.

Enterprise Mobility capitalized on the situation arising from Hertz's bankruptcy and restructuring. As a result, its market share climbed to 62.3 percent in 2020. This gain was slightly reduced in the following years, partly due to intensified competition from Avis Budget Group.

Avis Budget Group achieved a significant milestone in 2021. For the first time since 2016, its market share exceeded 19.0 percent. This growth trajectory extended into 2022, with the company's market share reaching 23.4 percent.

As of the latest standings in 2025, the market shares are distributed as follows: Enterprise Mobility holds 54.6 percent, Avis Budget Group commands 19.8 percent, Hertz Global Holdings retains 18.9 percent, and the remaining 6.7 percent is shared among other smaller rental car brands.

Table 11 | U.S. Rental Car Revenue Share by Company, 2011-2025

Year	Enterprise Mobility, Inc.	Hertz Global, Inc. ^{1,2}	Avis Budget Group, Inc. ³	Subtotal - Enterprise, Hertz, and Avis	Others	Total
2011	49.6%	26.3%	18.4%	94.2%	5.8%	100.0%
2012	48.7%	26.3%	19.1%	94.1%	5.9%	100.0%
2013	48.5%	25.7%	21.2%	95.3%	4.7%	100.0%
2014	49.2%	24.5%	21.1%	94.7%	5.3%	100.0%
2015	51.2%	23.4%	20.1%	94.7%	5.3%	100.0%
2016	53.8%	21.5%	19.5%	94.9%	5.1%	100.0%
2017	56.6%	20.9%	17.5%	94.9%	5.1%	100.0%
2018	56.3%	21.4%	17.3%	95.0%	5.0%	100.0%
2019	55.6%	21.7%	17.2%	94.4%	5.6%	100.0%
2020	62.3%	16.1%	16.7%	95.0%	5.0%	100.0%
2021	54.2%	19.4%	20.9%	94.5%	5.5%	100.0%
2022	55.2%	15.8%	23.4%	94.3%	5.7%	100.0%
2023	54.8%	17.8%	21.5%	94.1%	5.9%	100.0%
2024	53.2%	19.0%	21.0%	93.2%	6.8%	100.0%
2025	54.6%	18.9%	19.8%	93.3%	6.7%	100.0%

Source: Auto Rental News.

¹ Includes Dollar Thrifty which Hertz acquired in 2012.

² Includes Advantage from 2009 to 2012. Advantage was sold in 2012.

³ Does not include Zipcar which Avis acquired in 2013.

4.4 | Market Trends Affecting the U.S. Rental Car Industry

The U.S. rental car industry continues to evolve rapidly, driven by technological advancements and changing consumer behavior. Below are the causes and consequences of this evolution.

4.4.1 | Digital Technology

The smartphone revolution has significantly reshaped the car rental industry. Modern mobile applications now allow users to select a car, add extras like GPS or car seats, and book directly from their devices. Keyless technology enables remote vehicle access and starting the car from a smartphone. The Avis application, for example, allows users to skip the counter, go directly to their car, unlock it with their smartphone, and drive off.⁵⁷

Additionally, car rental companies are leveraging data analytics for optimized fleet management and adopting digital solutions, such as contactless check-ins and digital key access, to enhance customer experience and safety.⁵⁸

⁵⁷ Avis, "QuickPass Quick-Start Guide."

⁵⁸ Enterprise Rent-A-Car, "How New Tech in Transportation Is Helping Drive Businesses into the Future," Enterprise.

4.4.2 | Competition from TNCs

Smartphones have also facilitated the rise of TNCs as a convenient, on-demand ground transportation alternative. TNCs have captured a portion of the market, especially for corporate travel and short-distance urban trips.⁵⁹ Car rental companies are adapting by offering comprehensive mobility solutions. For example, Sixt offers a mobile app where customers can choose between various transportation options, including a low-priced taxi alternative.⁶⁰

TNCs have also penetrated the airports' ground access market. For instance, Uber and Lyft currently operate at over 300 airports nationwide, including ORF. While TNCs have significantly reduced airport revenues from taxi/limo/shared-ride van services, their impact on rental car revenues is less clear and varies across airports.⁶¹ Less than 40 percent of surveyed hub airports reported decreases in rental car revenue; some airports actually reported increases. Additionally, a smaller percentage of small hub airports (27 percent) experienced decreases in revenues, relative to large and medium hub airports (36 percent and 38 percent, respectively).

We test the effect of the introduction of TNCs on the Airport's rental car gross revenues using regression analysis. Regression models that treat gross revenues as the dependent variable yield either statistically insignificant coefficients or positive coefficients on the TNC variable, suggesting no clear negative impact of TNCs on the Airport's rental car revenues.

4.4.3 | Rentals to TNC Drivers as a New Business Segment

While TNCs may have attracted short-term car renters, they have created a new market for long-term rentals, particularly among TNC drivers. For instance, Hertz Global Holdings partnered with Uber to provide vehicle rentals, including Tesla 3 sedans, to their drivers.⁶²

4.4.4 | Peer-to-Peer Car-Sharing Platforms

Digital advancements have given rise to peer-to-peer (P2P) car-sharing platforms like Turo,⁶³ Getaround, and HyreCar. In 2023, Getaround acquired HyreCar's assets after HyreCar filed for bankruptcy. These platforms allow individuals to rent out their cars via apps, posing new

⁵⁹ Avis Budget Group, Inc., *Form 10-K for the fiscal year ended December 31, 2021*, filed on February 17, 2022, page 14; and Hertz Global Holdings, Inc., *Form 10-K for the fiscal year ended December 31, 2018*, filed on February 23, 2022, page 13.

⁶⁰ World Travel Market, "The Trends Driving Car Rental," *Summer 2018 Magazine*, WTM Global Hub, August 22, 2018.

⁶¹ Craig Leiner and Thomas Adler, "Transportation Network Companies (TNCs): Impacts to Airport Revenues and Operations Reference Guide (2020)," *ACRP Research Report 215*, Airport Cooperative Research Program, Transportation Research Board, National Academies of Sciences, Engineering, and Medicine, 2020.

⁶² Hertz Global Holdings, Inc., *Form 10-K for the fiscal year ended December 31, 2018*, filed on February 23, 2022, page 16.

⁶³ As of May 2025, Turo and Uber have integrated operations for P2P on Uber Rent.

competition to traditional rental car companies. They pose competition to rental cars but also provide another revenue stream to airports like ORF.

Despite competing for end-users, opportunities for synergistic partnerships exist between P2P car-sharing platforms and traditional rental car companies. Such collaborations could offer mutual benefits, including expanded fleet access for P2P platforms and reduced transaction costs for both drivers and rental companies. By leveraging the strengths of both business models, these partnerships could lead to a more efficient utilization of vehicle fleets, potentially increasing profitability and market reach for traditional rental car companies while enhancing the service offerings of P2P platforms. One example is Getaround's partnership with Uber in 15 cities, which simplifies vehicle access and minimizes maintenance expenses for potential Uber drivers.

4.4.5 | Autonomous Fleet

Autonomous vehicles are advancing rapidly, with major players like General Motors, Waymo, and Uber expanding their fleets. Rental car companies are poised to offer fleet management services for these vehicles. Notably, Avis Budget Group began managing Waymo's fleet in Phoenix, Arizona, in June 2017.⁶⁴

The transition to autonomous vehicles has been marred by safety concerns. For instance, the California Department of Motor Vehicles suspended Cruise's (a subsidiary of GM) permit for driverless robotaxis due to them posing "unreasonable risk to public safety." This decision was influenced by several incidents over a number of years, including one in which a woman was struck by a driverless Cruise vehicle. Such events impact public trust in autonomous vehicle technology and could impede its adoption.⁶⁵

4.4.6 | Carsharing Business Model

Avis Budget Group is the first U.S. rental car company to embrace carsharing as a business model for the future. In 2013, Avis Budget Group acquired Zipcar, the world's leading car-sharing network. Zipcar operates a membership-based car-sharing network, providing members with on-demand, self-service vehicles in reserved parking spaces located in neighborhoods, business districts, office complexes, college campuses, and airports, as an alternative to car ownership. Members can reserve vehicles online, on a mobile device or over the phone, by the minute, hour or day.⁶⁶

4.4.7 | Fuel-Efficient Fleet and Electric Vehicles

The composition of rental car fleets also evolved in response to changing customer preferences. A notable shift was the increased inclusion of sports utility vehicles (SUVs). However, environmental concerns have prompted rental car companies to include hybrid, plug-in hybrid, and EVs in their fleets. To meet fuel efficiency targets, some rental car companies have tried offering newer vehicles

⁶⁴ Callum Rivett, "Waymo Strikes Deal for Avis to Manage Autonomous Cars Fleet," *Technology*, May 17, 2020.

⁶⁵ Mark Vaughn, "California Suspends GM's Fleet Of Cruise Autonomous Robotaxis," *Autoweek*, October 25, 2023.

⁶⁶ Avis Budget Group, Inc., *Form 10-K for the fiscal year ended December 31, 2021*, filed on February 17, 2022, page 9.

primarily from the current and immediately preceding model year.⁶⁷ Investments in EV infrastructure, like fast charging stations, could spur EV adoption.⁶⁸ Additionally, federal and state initiatives, such as the Biden Administration's goal for a 50 percent EV sales share by 2030 and state-level bans on gas-powered vehicle sales, are shaping fleet compositions. States like California and New York have already imposed bans on the sale of gas-powered vehicles by 2035, and other states may soon follow suit.⁶⁹

However, the transition to EVs is facing strong headwinds as practical considerations have emerged as significant hurdles. For instance, Hertz, which previously announced a major shift towards EVs in 2021, is now planning to sell about 20,000 vehicles from its global EV fleet, representing a third of its total, and replacing them with fossil fuel-powered vehicles. This decision, attributed to weaker demand and higher operating costs for EVs, underscores the complexities and challenges in the widespread adoption of electric vehicles within the rental car industry.⁷⁰

4.5 | U.S. Rental Car Industry – Concluding Summary

The U.S. rental car industry has recovered from the disruptions of the COVID-19 pandemic and continues to benefit from growth in leisure travel, business activity, and airport passenger traffic. The industry remains highly concentrated among three major corporate groups, which operate the majority of the brands serving ORF. Although the industry faces challenges from competition with transportation network companies, peer-to-peer car-sharing, rising operating costs, and technological change, rental cars remain an important component of airport ground transportation, particularly at airports such as ORF that serve a predominantly origin-and-destination market. Over the long term, continued passenger growth at ORF is expected to support ongoing demand for rental car services.

⁶⁷ *Ibid.*

⁶⁸ The White House, "Fact Sheet: The Bipartisan Infrastructure Deal," *Briefing Room*, November 6, 2021.

⁶⁹ Catherine Clifford, "New York Expedites Efforts to Ban the Sale of New Gas Cars by 2035," *CNBC*, September 29, 2022.

⁷⁰ Mike Colias and Ben Glickman, "After Big Tesla Bet, Hertz Selling One-Third of EV Fleet," *The Wall Street Journal*, January 11, 2024.

SECTION 5 | AIRPORT RENTAL CAR ACTIVITY

This section reviews ORF's airport rental car history, which establishes the foundation for the rental car transaction days forecasts presented later in the section. The U.S. rental car industry is categorized into two primary segments: (1) the airport market, catering to business and leisure air travelers who rent cars at airports for ground transportation, and (2) the local retail and insurance replacement market, referred to as the local market. The focus for this report is on the former of these two segments.

The following rental car brands currently operate at ORF:

- Avis and Budget, which are owned by the Avis Budget Group, Inc. (ABG).
- Hertz, Dollar, and Thrifty,⁷¹ owned by Hertz Global Holdings, Inc. (HDT).
- Enterprise, Alamo, and National, owned by Enterprise Mobility (EAN).
- American, which is an independently operated brand
- Sixt, which is an independently operated brand.

ABG, HDT, and EAN control approximately 95 percent of the U.S. rental car market, and will be the three groupings this analysis will use when breaking down the Airport's rental car activity by brand. American and Sixt will fall under a fourth "Other" category.

5.1 | Historical Rental Car Activity

Data reported by the rental car companies at ORF are aggregated to reveal the historical trends in the Airport rental car market, using the following key indicators:

- **Transaction days** – the total number of days for which vehicles were rented.
- **Rental contracts** – the count of rental transactions completed, or the number of customers accommodated as contract holders.
- **Gross revenue** – the total revenue received by RACs from rental contracts.
- **Average contract duration** – the mean number of days for which a car is rented per rental contract, calculated by dividing transaction days by rental contracts.
- **Average rental rate** – the mean price of renting a car per day, calculated by dividing gross rental revenues by transaction days. RACs adjust rental rates in response to market conditions, causing the average daily rental rate to fluctuate from year to year.

⁷¹ Hertz began offering the Thrifty brand at ORF in November 2025.

Gross revenue and rental rate are expressed in both nominal terms (current dollars) and real terms (constant 2017 dollars), with the latter using the urban consumer price index (CPI) to adjust for price inflation.

ORF's rental car activity data is recorded by ORF's fiscal year, which begins July 1 and ends June 30.

5.2 | Annual Rental Car Activity Trends

Rental car companies serving the Airport operate in the same dynamic business environment as the Airport's airlines. They face changes in air travel demand patterns, economic recessions, and other shocks. The combined effects of these changes in the business environment underlie the trends in airport rental car activity indicators. Since 2000, the ORF and national rental car markets have been adversely affected to different degrees by the following major events:

- The 2001 U.S. economic recession
- The 9/11 terrorist attacks
- The 2008-2009 Great Recession,
- The 2020 COVID-19 pandemic and economic recession.

Table 12 summarizes demand and revenue indicators of rental car activity at the Airport from FY2015 to February 2026 by fiscal year, the period for which full transactions, transaction days, and gross revenue data are available for the Airport. With this data, the table also calculates average contract duration and average rental rates, as well as the real (constant 2017 dollars) calculations for both gross revenue and rental rates to adjust for inflation.

Table 12 | Annual ORF Rental Car Activity by Fiscal Year, FY2015-FYTD2026

FY	Demand Indicators			Revenue Indicators			
	Transaction Days	Rental Contracts	Avg. Contract Duration (Days)	Gross Revenue	Real Gross Revenue	Avg. Nominal Rental Rate	Avg. Real Rental Rate
2015	1,349,637	284,586	4.74	\$53,863,649	\$55,705,108	\$39.91	\$41.27
2016	1,415,297	302,041	4.69	\$57,632,227	\$58,859,997	\$40.72	\$41.59
2017	<i>1,442,565</i>	<i>302,467</i>	4.77	\$62,092,485	\$62,092,485	\$43.04	\$43.04
2018	1,400,215	304,771	4.59	\$65,212,384	\$63,657,563	\$46.57	\$45.46
2019	1,425,172	323,284	4.41	\$69,065,289	\$66,218,737	\$48.46	\$46.46
2020	1,175,476	274,163	4.29	\$52,031,037	\$49,278,615	\$44.26	\$41.92
2021	975,939	172,202	5.67	\$55,002,811	\$49,755,652	\$56.36	\$50.98
2022	1,350,114	261,130	5.17	\$82,978,674	\$69,500,718	\$61.46	\$51.48
2023	1,570,092	303,291	5.18	\$90,206,711	\$72,567,522	\$57.45	\$46.22
2024	1,654,984	339,864	4.87	\$91,706,759	\$71,660,660	\$55.41	\$43.30
2025	1,639,213	327,724	5.00	\$90,462,994	\$68,876,444	\$55.19	\$42.02
YTD 2025	1,050,811	210,909	4.98	\$57,064,111	\$43,447,302	\$54.30	\$41.35
YTD 2026	1,067,659	214,522	4.98	\$58,873,858	\$44,369,166	\$55.14	\$41.56
Compound Annual Growth Rates							
2015-2025	2.0%	1.4%	0.5%	5.3%	2.1%	3.3%	0.2%
2019-2021	-17.2%	-27.0%	13.4%	-10.8%	-13.3%	7.8%	4.7%
2019-2025	2.4%	0.2%	2.1%	4.6%	0.7%	2.2%	-1.7%

Source: Airport records and Unison Consulting, Inc.

YTD = July through February.

FY2017 transaction days and rental contracts are estimated due to missing data from December 2017 through June 2018. The average nominal rate (in current dollars) represents the rental rate per day, excluding all taxes and fees.

5.2.1 | Annual Demand Indicators

Figure 42 visualizes the annual trends in rental car indicators at ORF using the data from Table 4, including rental contracts, transaction days, and average contract duration, from FY2015 to FY2025.

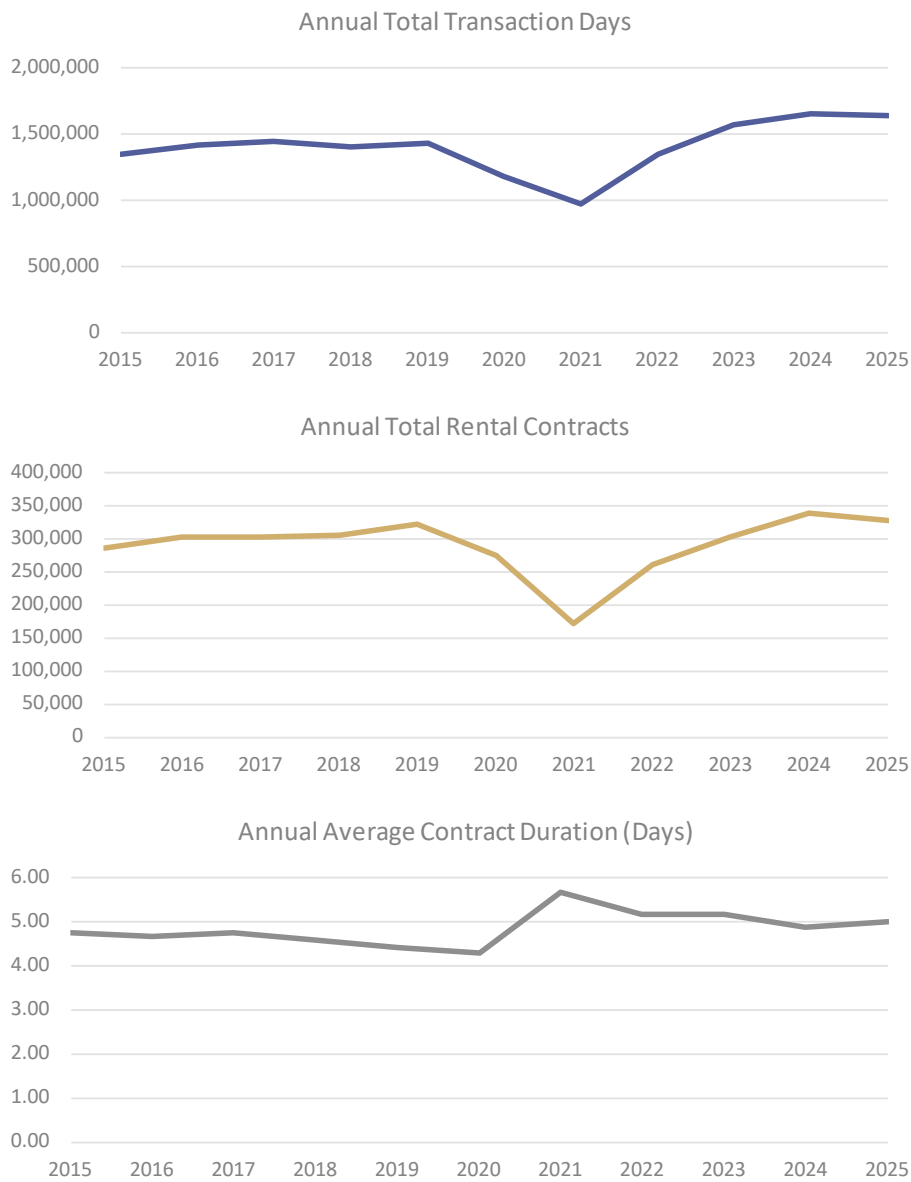
Transaction days, the sum of all the days cars are rented out, increased by a total of 5.6 percent from FY2015 to FY2019, but then fell by 17.5 percent and another 17 percent in FY2020 and FY2021, respectively, mirroring the decline in enplanements at ORF. They rebounded sharply in FY2022 (up 38.3 percent) and were 94.7 percent of the FY2019 level. Sharp growth continued in FY2023 (up 16.3 percent) before tapering off to 5.4 percent in FY2024. For the FY2019 to FY2024 period, total transaction days increased by 16.1 percent, an average annual rate of 3 percent, slightly below the 4.1 percent average annual growth rate of enplanements at ORF. However, in FY2025, transaction days fell by 1.0 percent primarily due to large declines in January and February 2025.

Rental contracts, also commonly referred to as transactions, increased a strong 13.6 percent from FY2015 through FY2019, but then fell by a total of 47 percent over the next two years. Mirroring the sharp growth in enplanements at the airport between 2022 and 2024, rental contracts

increased by 51.6 percent in FY2022, 16.1 percent in FY2023, and 12.1 percent in FY2024, to approximately 340,000 rental contracts, about 5 percent higher than the FY2019 figure. Compared with transaction days, rental contract growth has been slower over the FY2019 to FY2024 period (5.1 percent for rental contracts vs. 16.1 percent for transaction days) as average contract duration increased by 0.46 days during this time. Similar to transaction days, rental contracts in FY2025 declined compared to FY2024, down 3.6.

The faster recovery and growth in transaction days compared to rental contracts also indicate that average contract durations are increasing. In 2018, the average duration of each rental contract was about 4.6 days. This average fell to 4.3 days in FY2020 but then spiked to a peak of 5.67 days in 2021 during the height of the pandemic. Although that spike has since returned to pre-pandemic levels, it still remains higher, with an average contract duration of 4.87 days as of FY2024. Average contract duration continued to climb in FY2025, up 2.7 percent compared to FY2024, with an average contract duration of 5.00 days.

Figure 42 | Annual Demand Indicator Trends by Fiscal Year, FY2015-FY2025



Source: Airport records and Unison Consulting, Inc.

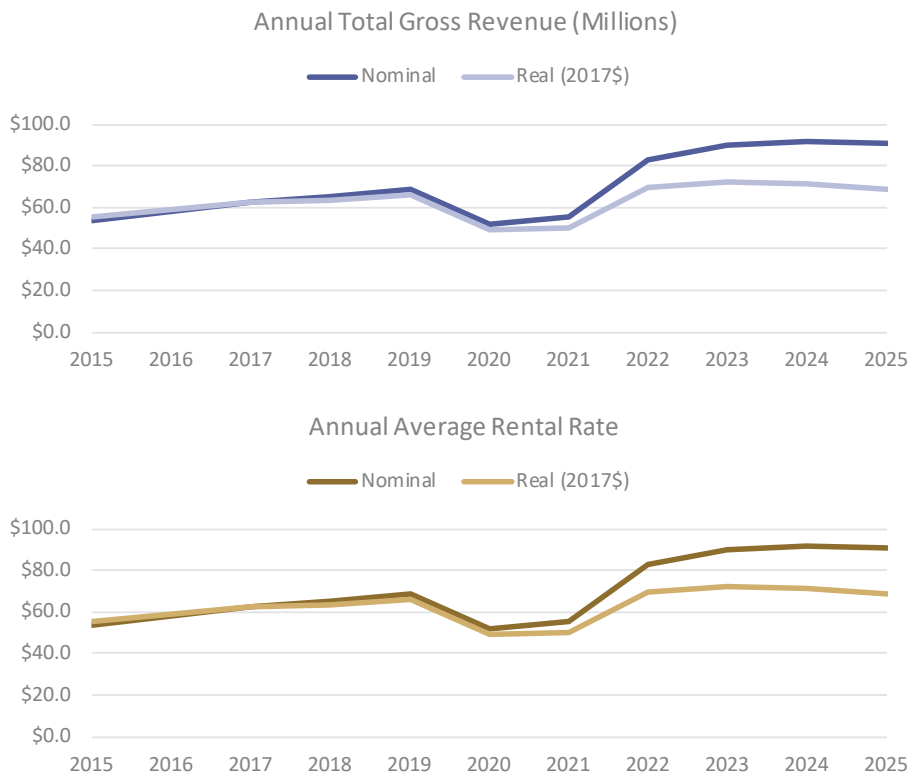
5.2.2 | Annual Revenue Indicators

Figure 43 visualizes the annual trends in rental car revenue indicators at ORF, including gross revenue and average rental rate, from FY2015 to FY2025.

Annual rental car gross revenue grew gradually from \$53.9 million in FY2015 to \$69.1 million in FY2019. This total fell by 20 percent in 2020, down to \$52.0 million. However, recovery was almost immediate, with ORF’s rental car gross revenue fully recovering and even surpassing its 2019 level by FY2022, with gross revenue of \$83.0 million. From there, growth continued even further, and by 2024, ORF’s gross revenue reached \$91.7 million, about 41.0 percent higher than its pre-pandemic 2019 level. In FY2025, gross revenue fell slightly from the FY2024 level, down 1.4 percent to \$90.5 million.

In FY2019, the average nominal rental rate was \$48.46, which decreased in FY2020 and then quickly rose to \$61.46 in FY2022. This rental rate has since decreased to \$55.19 as of FY2025—still substantially higher than in FY2019.

Figure 43 | Annual Revenue Indicator Trends by Fiscal Year, FY2015-FY2025



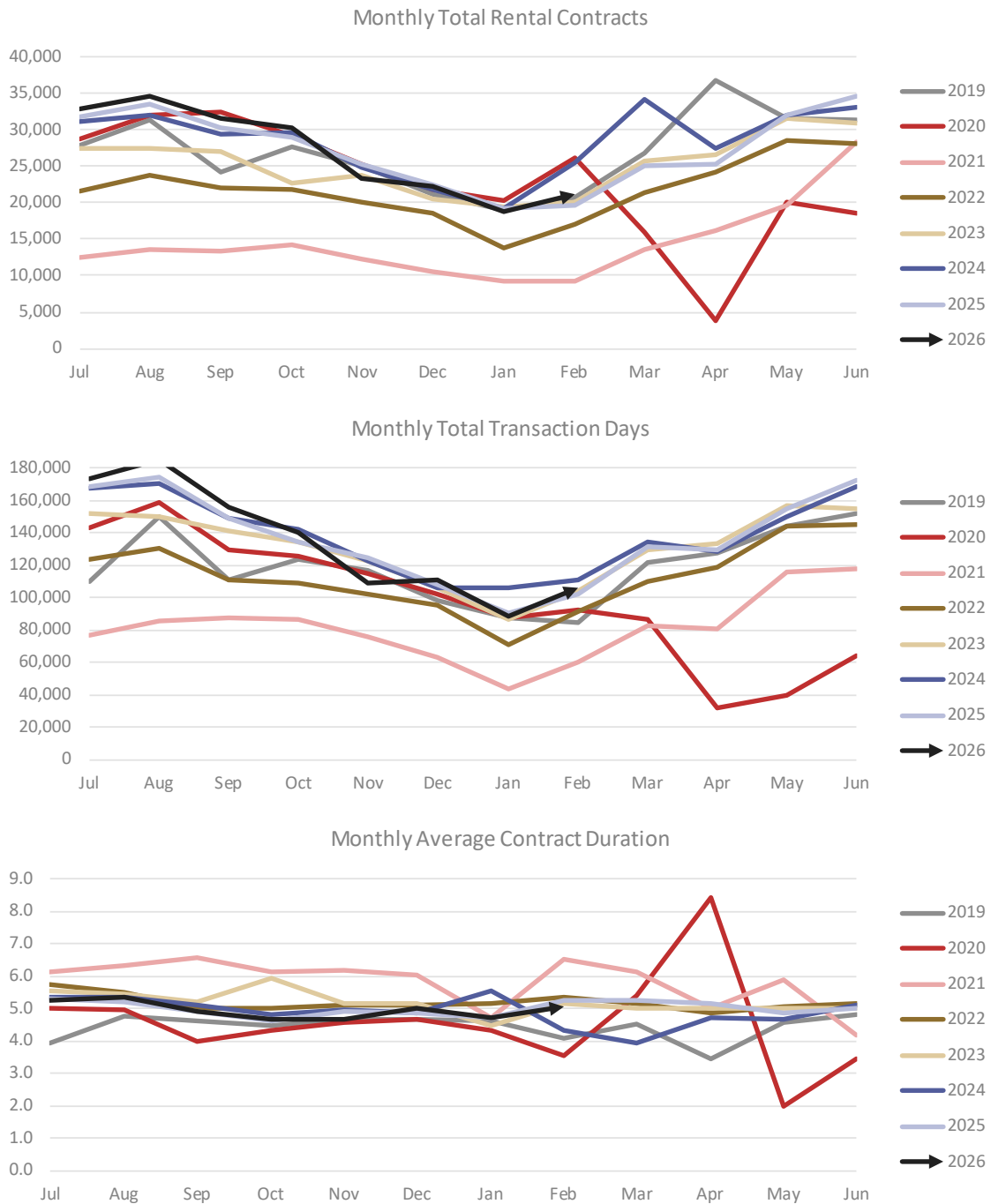
Source: Airport records and Unison Consulting, Inc.

5.3 | Monthly Rental Car Activity Trends

5.3.1 | Monthly Demand Indicators

Figure 44 shows the seasonality of transaction days, rental contracts, and average contract duration from July 2018 through February 2026. February through April 2020 shows the extent of the drop in rental contracts and transaction days due to the COVID-19 pandemic. In contrast, average contract duration spiked abnormally high during that period, likely due to travel restrictions causing travelers to stay at their locations much longer than expected. Even after the spike, average contract duration remained above the FY2019 pre-pandemic levels through the following years since. The monthly trends in rental contracts and transaction days largely conformed back to FY2019's pattern by the end of FY2021. Both measures are typically lowest in December through February period, rising to their annual peak in May or June and falling off slightly in July and August before coming back down.

Figure 44 | Monthly Trends in Demand Indicators, FY2019 - February 2026

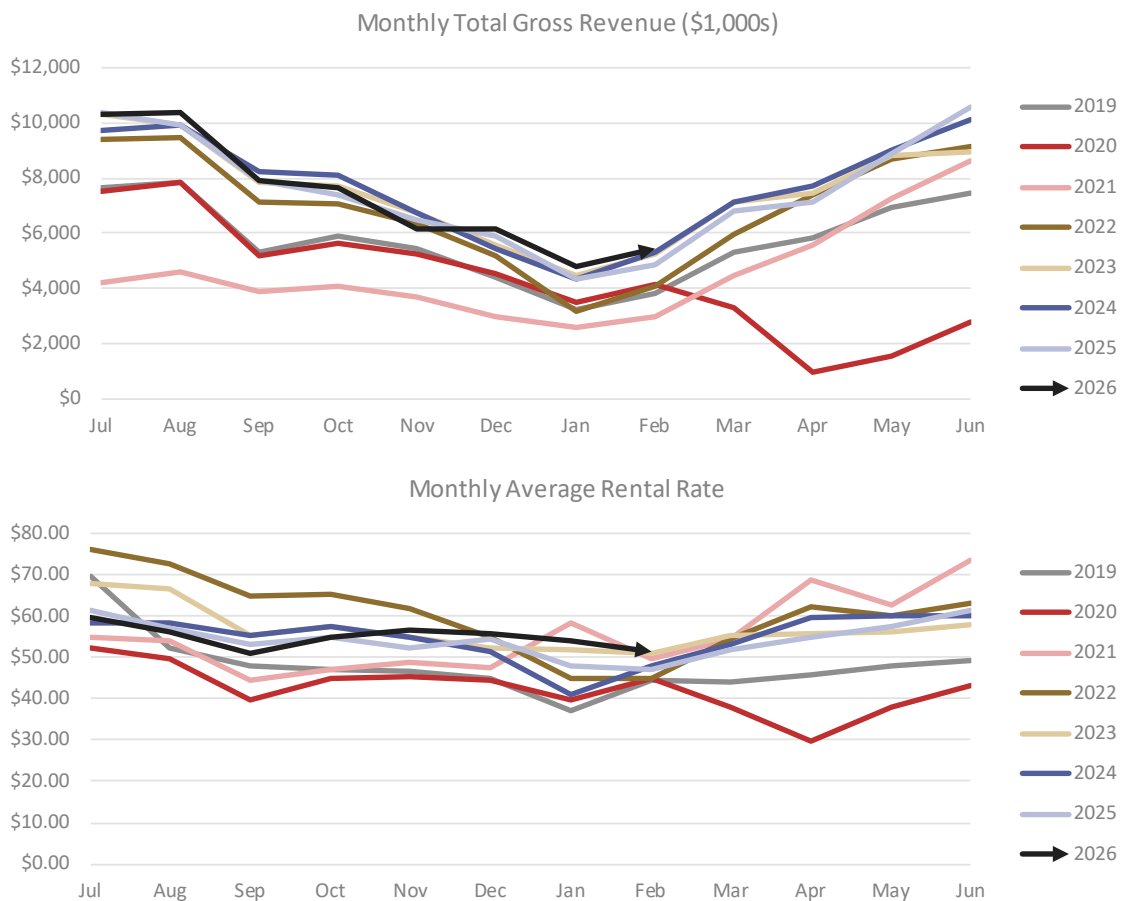


Source: Airport records and Unison Consulting, Inc.

5.3.2 | Monthly Revenue Indicators

Figure 45 shows seasonal variation in both revenue indicators: gross revenue and average rental rate (in nominal values). The seasonal variation in gross revenue largely reflects a similar pattern to transaction days and rental contracts, rising in the summer and dipping in the winter. However, unlike contracts and transaction days, the peak months for revenue are July and August reflecting a higher average rental rate in those months compared to May and June. As with rental contract and transaction day patterns, the monthly trends in both revenue indicators recovered to and surpassed 2019’s pre-pandemic trend.

Figure 45 | Monthly Trends in Revenue Indicators, FY2019 - February 2026

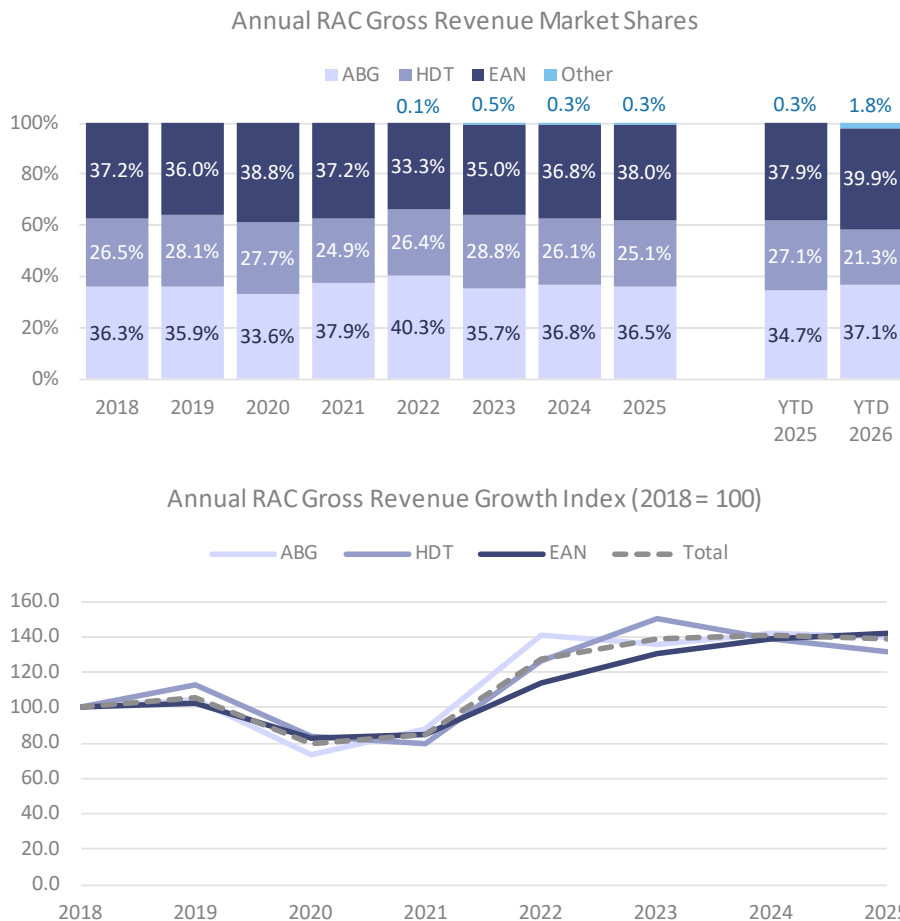


Source: Airport records and Unison Consulting, Inc.

5.4 | Market Shares by Rental Car Group

Figure 46 shows the distribution of gross revenue market shares among three rental car brand groups—ABG, HDT, and EAN—and each group’s gross revenue growth indexed to FY2018. ABG and EAN have closely competed for the largest share throughout the full available history from FY2018 to FY2024, ranging between 33 and 40 percent for each, with HDT in third with about a quarter of the market. HDT saw a spike in its share to almost 39 percent in FY2020, but it was short-lived. ABG saw its share rise to over 40 percent by FY2022, but it quickly fell back down in FY2023 and FY2024. As of FY2025, EAN leads with a 38.0 percent share, followed by ABG with a 36.5 percent share, and HDT with 25.1 percent. The “Other” category refers to American, which entered ORF’s rental car market in FY2022 with a 0.1 percent share that year, later settling at 0.3 percent as of FY2025. Sixt began service at ORF in November 2025, joining American in the “Other” category and growing their year-to-date FY2026 share to 1.8 percent as of February 2026.

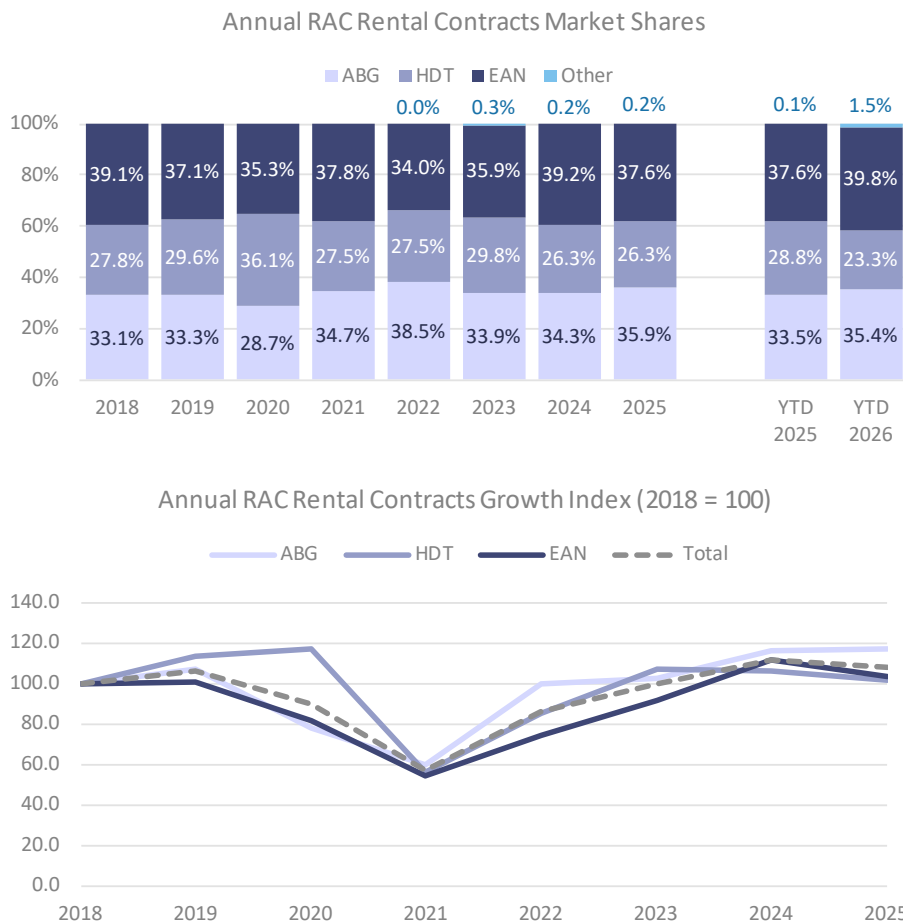
Figure 46 | Annual Gross Revenue Market Shares and Growth Index by RAC Group, FY2018-FY2025



Source: Airport records and Unison Consulting, Inc.
 “Other” includes American and Sixt.
 YTD = July through February

Figure 47 shows the distribution of rental contract market shares and growth indexes for the three rental car brand groups at ORF. Unlike the gross revenue distribution, HDT has generally held the largest share (except for FY2020 and FY2022). EAN has held the smallest share of rental contracts throughout the years, ranging between 26 and 30 percent, except for FY2020, where it peaked at 36.1 percent. During the initial recovery from the COVID-19 pandemic, ABG’s share rose to a peak size of 38.5 percent in FY2022, but the distribution of rental contracts has since reverted closer to a pre-COVID distribution. As of FY2025, HDT holds the largest share, now with 37.6 percent of ORF’s rental contracts. ABG has the second largest share with 35.9 percent, and EAN follows with 26.3 percent. American makes up the remaining 0.2 percent in FY2025, but the addition of Sixt grows their collective “Other” share to 1.5 percent for the year-to-date total of FY2026.

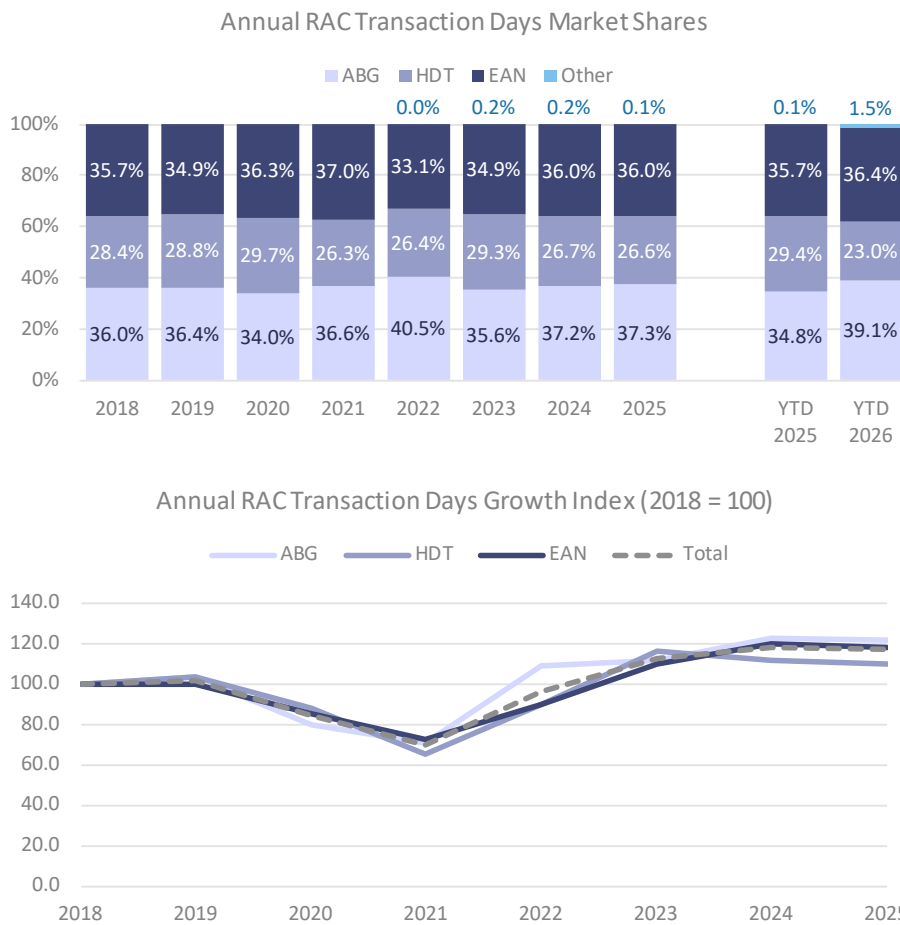
Figure 47 | Annual Rental Contract Market Shares and Growth Index by RAC Group, FY2018-FY2025



Source: Airport records and Unison Consulting, Inc.
 “Other” includes American and Sixt.
 YTD = July through February

Figure 48 shows the transaction day market shares and growth indexes for the three rental car brand groups at ORF. Like the gross revenue distribution, both ABG and HDT competed for the largest share, while EAN held the smallest share of transaction days throughout the years, ranging between 26 and 30 percent. During the initial recovery from the COVID-19 pandemic, ABG’s share rose to a peak of 40.5 percent in FY2022, but the transaction day distribution has since reverted closer to its pre-COVID distribution. As of FY2025, ABG still holds the largest share, now with 37.3 percent of ORF’s rental contracts. HDT has the second-largest share with 36.0 percent, EAN follows with 26.6 percent, and American holds the remaining 0.1 percent. With the addition of Sixt, the “Other” share has so far grown to 1.5 percent in the year-to-date total of FY2026.

Figure 48 | Annual Transaction Day Market Shares and Growth Index by RAC Group, FY2018-FY2025

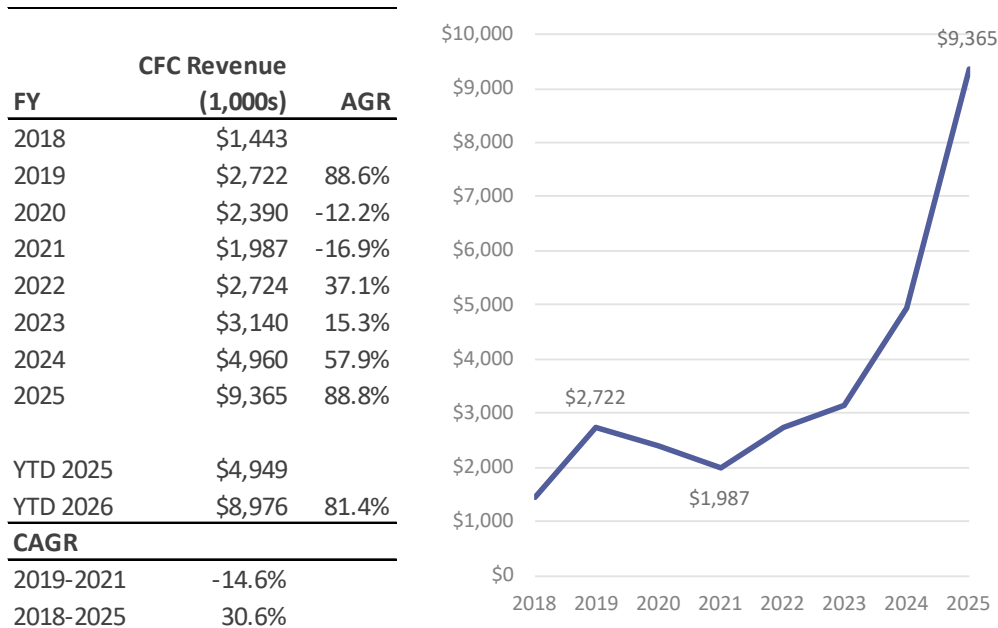


Source: Airport records and Unison Consulting, Inc.
 “Other” includes American and Sixt.
 YTD = July through February

5.5 | Historical CFC Revenues

Figure 49 shows annual growth trends for CFC revenue at ORF from FY2018 through January of FY2026. Despite two years of decline due to the COVID-19 pandemic and Thrifty ceasing operations at the Airport in the middle of FY2021, ORF’s annual CFC revenue has seen rapid growth in recent years. On top of CFC revenue increasing across all rental car brands, American began operations at ORF near the end of FY2022, and Sixt joined in FY2026. These factors led ORF’s CFC revenue to rise quickly from \$1.4 million in FY2018 to its latest peak of \$9.4 million in FY2025. The current year-to-date totals of FY2025 and FY2026 indicate another large increase in annual CFC.

Figure 49 | Annual CFC Revenue Trends, FY2018-FYTD2026



Source: Airport records.

YTD = July through February

5.6 | Transaction Day Forecasts

Forecasts of transaction days serve as the basis for calculating CFC revenues. Forecast development employs multivariate linear regression analysis to quantify the contributions of key explanatory variables to trends in transaction days. The selection of explanatory variables is based on the economic theory of consumer demand, the concept of airport rental car demand as a derived demand from passenger air travel, historical car rental market trends at the Airport, and knowledge of the rental car and airport markets.

Just as airport rental car demand is derived from air travel, the demand for air travel is derived from both business and leisure demand. Leisure demand is largely derived from tourism. The effect of tourism on transaction days is subsumed in the effect of airport passenger traffic.

5.6.1 | Multivariate Linear Regression Analysis

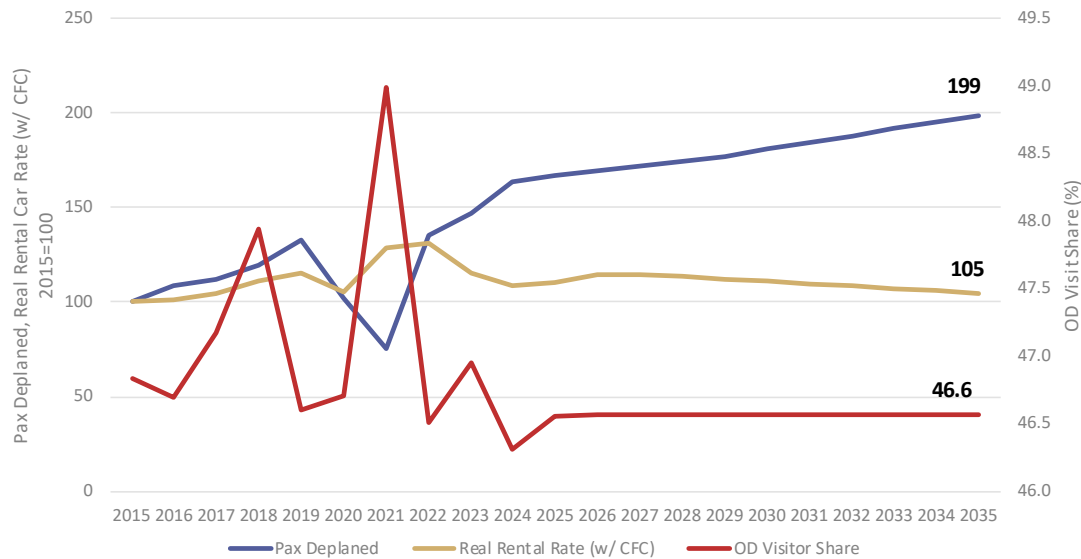
Multivariate linear regression analysis is used to link transaction days with measurable explanatory variables. Regression analysis quantifies the contributions of rental car demand drivers to transaction days, accounting for seasonality patterns in airport rental car demand and serial correlation in linear data. The regression model utilizes monthly historical data from July 2017 to June 2025.

"Regression coefficients" represent the contributions of rental car demand drivers. Regression analysis produces coefficient estimates, which are used to calibrate the regression model and generate forecasts of transaction days given the projected trends for the explanatory variables. Explanatory variables are retained in the forecast model based on the statistical significance of their individual coefficients and their combined contribution in explaining variations in the dependent variable, transaction days. The key explanatory variables, which are individually discussed below, include ORF's deplanements, ORF's local O&D passenger visitor share, and rental car rates.⁷² CFCs, taxes, and other fees are added to the rental rate for a comprehensive price indicator.

An additional variable, controlling for the impact of the COVID-19 pandemic from March 2020 to March 2022, was examined for inclusion in the model but was found not to be statistically significant and was therefore excluded from the final model.

⁷² Transaction days, rental rate, ORF deplanements and visitor passenger share are log transformed to improve model fit.

Figure 50 | Key Explanatory Variables for the Transaction Day Regression Models: Historical and Forecast Annual Trends for the Base Scenario, Indexed to 2015 (2015 = 100)



Source: Unison Consulting, Inc.

5.6.2 | Airport Visiting O&D Passenger Traffic

Rental car demand at ORF derives directly from the demand for air travel to the Virginia Beach MSA, with arriving visitors (deplanements) constituting the primary customer base, specifically the proportion of ORF’s passenger traffic attributable to visitors. We first estimate the share of ORF’s passenger traffic that is O&D, followed by the proportion of O&D traffic represented by visitors. Applying these two fractions to total ORF enplanements yields our estimate of ORF’s O&D visitors.

ORF’s O&D share has been fairly stable around 98-99 percent from 2015-2025. As illustrated in Figure 51, ORF’s visitor share of O&D traffic during this same period has remained relatively stable at around 46-47 percent, except for a brief disruption during the pandemic. The visitor share of ORF’s O&D traffic share in FY 2025 is estimated to have risen by 0.23 points from the FY 2024 level to 46.55 percent. This is consistent with the average share observed during the FY 2022-24 period, and we assume visitor share will remain stable at the 2022-2025 average throughout the forecast period.

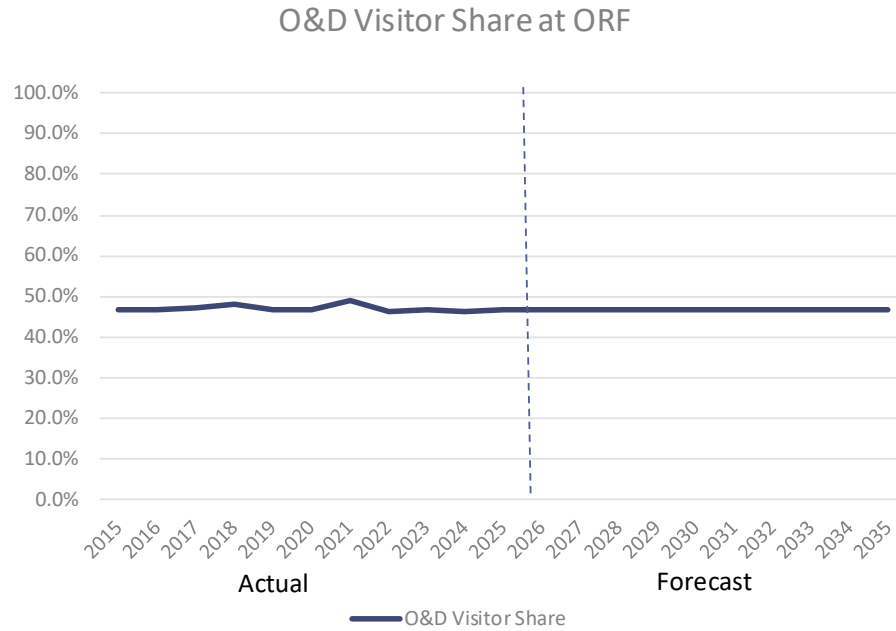
The effect of visiting O&D enplanements on rental car demand is confirmed by a statistically significant, positive coefficient. An increase (decrease) in visiting O&D enplanements increases (decreases) transaction days, holding all other factors constant.

Price of Renting a Car

Demand is inversely related to price. Holding all other factors constant, an increase in price decreases demand, and a decrease in price increases demand. By contrast, a price decrease is expected to increase rental contracts and contract duration. The negative coefficient estimate for the real rental rate variable confirms the expected relationship.

Figure 51 | Visitor Share of O&D Traffic at ORF

O&D Visitor Share			
Actual	2015	46.8%	
	2016	46.7%	
	2017	47.2%	
	2018	47.9%	
	2019	46.6%	
	2020	46.7%	
	2021	49.0%	
	2022	46.5%	
	2023	46.9%	
	2024	46.3%	
	2025	46.6%	
	Forecast	2026	46.6%
		2027	46.6%
		2028	46.6%
		2029	46.6%
2030		46.6%	
2031		46.6%	
2032		46.6%	
2033		46.6%	
2034		46.6%	
2035		46.6%	
Average			
	2015-25	47.0%	
	2026-35	46.6%	

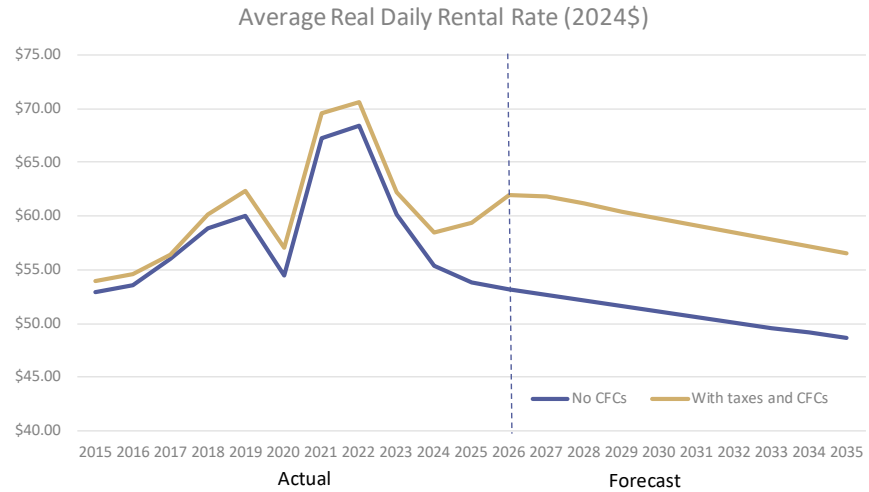


Source: Unison Consulting, Inc.

Figure 52 | Average Real Daily Rental Rate at ORF (2024\$)

		Average Real Daily Rental Rate (2024\$)			
		No CFCs		With taxes and CFCs	
		Dollars	AGR (%)	Dollars	AGR (%)
Actual	2015	\$52.95		\$53.94	
	2016	\$53.62	1.3%	\$54.57	1.2%
	2017	\$55.96	4.4%	\$56.39	3.3%
	2018	\$58.88	5.2%	\$60.18	6.7%
	2019	\$60.02	1.9%	\$62.38	3.7%
	2020	\$54.53	-9.1%	\$57.03	-8.6%
	2021	\$67.19	23.2%	\$69.61	22.1%
	2022	\$68.36	1.8%	\$70.61	1.4%
	2023	\$60.15	-12.0%	\$62.24	-11.9%
	2024	\$55.41	-7.9%	\$58.41	-6.2%
	2025	\$53.77	-3.0%	\$59.33	1.6%
Forecast	2026	\$53.23	-1.0%	\$61.90	4.3%
	2027	\$52.70	-1.0%	\$61.89	0.0%
	2028	\$52.17	-1.0%	\$61.14	-1.2%
	2029	\$51.65	-1.0%	\$60.45	-1.1%
	2030	\$51.13	-1.0%	\$59.77	-1.1%
	2031	\$50.62	-1.0%	\$59.10	-1.1%
	2032	\$50.11	-1.0%	\$58.44	-1.1%
	2033	\$49.61	-1.0%	\$57.79	-1.1%
	2034	\$49.12	-1.0%	\$57.14	-1.1%
	2035	\$48.62	-1.0%	\$56.50	-1.1%
		Compound Average Annual Growth Rate			
2015-25		0.2%		1.0%	
2026-35		-1.0%		-1.0%	

Source: Unison Consulting, Inc.



Between 2015 and 2019, ORF's average real daily rental rate increased minimally, rising from nearly \$53 per day to \$54.5 per day during the COVID-19 recession in 2020. However, rates surged in 2021 and 2022 due to rental car fleet shortages and increased consumer preference for rental cars, driven by public health concerns about close social interactions. Since then, rates have returned to levels similar to those observed in 2015-2017.

Over the forecast period, the average real daily rental rate is projected to decline at a rate of 1 percent per year after 2025. In recent years, the average annual increase in the CPI for car and truck rentals has been less than the average annual increase in the overall CPI. This indicates nationally, car and truck rental rates have not been keeping up with inflation, and we are assuming this trend will continue over the forecast horizon. The regression model employs a comprehensive rental car price measure, incorporating the real daily rental rate, taxes, and CFCs.⁷³

A CFC of \$2 was introduced in September 2018 and then raised to \$5 in January 2024, \$8 in January 2025, and \$10 in November 2025.

5.6.3 | Transaction Day Forecasts

Figure 53 presents a summary of the transaction day forecast results:

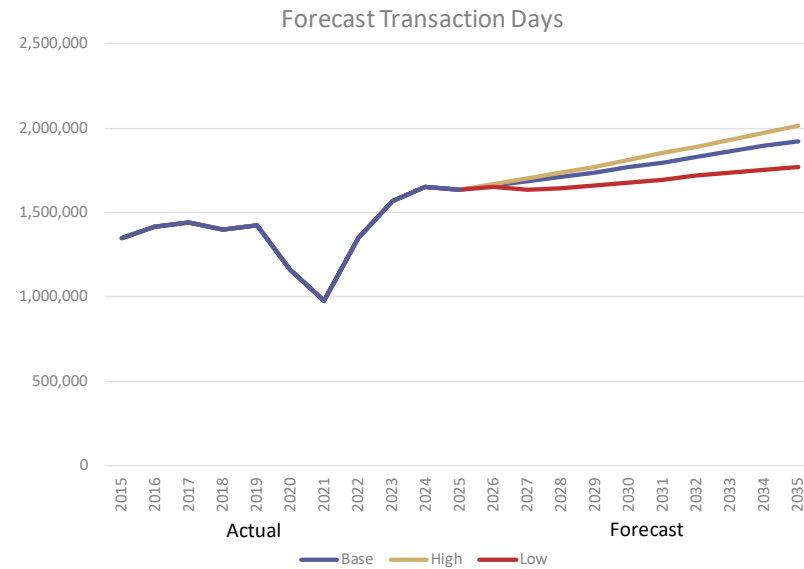
- Base Scenario – Transaction days are projected to reach 1.93 million in 2035 (CAGR, 1.7 percent)
- High Scenario – Transaction days are projected to reach 2.02 million in 2035 (CAGR, 2.1 percent)
- Low Scenario – Transaction days are projected to reach 1.77 million in 2035 (CAGR, 0.8 percent)

Figure 54 shows the ratio of transaction days to O&D enplanements. In the base scenario, this ratio gradually decreases over the forecast horizon after a modest rise in 2026. Overall, this ratio is projected to decrease from 0.687 in 2025 to 0.673 in 2035, after decreasing from 0.925 in 2015 to 0.687 in 2025. It decreases a bit more rapidly to 0.653 in 2035 under the high scenario. In the low scenario the ratio rises to 0.699 in 2026, then declines to 0.682 by 2028, and then rises gradually to 0.687 in 2035.

⁷³ Taxes include Virginia state's 10 percent rental tax for passenger vehicles.

Figure 53 | Historical and Forecast Transaction Days, FY2015-FY2035

		Forecast Transaction Days					
		Base	AGR	High	AGR	Low	AGR
Actual	2015	1,349,637		1,349,637		1,349,637	
	2016	1,415,297	4.9%	1,415,297	4.9%	1,415,297	4.9%
	2017	1,442,565	1.9%	1,442,565	1.9%	1,442,565	1.9%
	2018	1,400,215	-2.9%	1,400,215	-2.9%	1,400,215	-2.9%
	2019	1,425,172	1.8%	1,425,172	1.8%	1,425,172	1.8%
	2020	1,163,531	-18.4%	1,163,531	-18.4%	1,163,531	-18.4%
	2021	975,939	-16.1%	975,939	-16.1%	975,939	-16.1%
	2022	1,350,114	38.3%	1,350,114	38.3%	1,350,114	38.3%
	2023	1,570,082	16.3%	1,570,082	16.3%	1,570,082	16.3%
	2024	1,654,984	5.4%	1,654,984	5.4%	1,654,984	5.4%
	2025	1,639,213	-1.0%	1,639,213	-1.0%	1,639,213	-1.0%
	Forecast	2026	1,661,897	1.4%	1,670,708	1.9%	1,650,599
2027		1,685,668	1.4%	1,699,548	1.7%	1,636,226	-0.9%
2028		1,709,518	1.4%	1,736,663	2.2%	1,641,119	0.3%
2029		1,737,003	1.6%	1,774,457	2.2%	1,659,643	1.1%
2030		1,766,906	1.7%	1,812,913	2.2%	1,678,226	1.1%
2031		1,798,705	1.8%	1,852,246	2.2%	1,697,060	1.1%
2032		1,831,076	1.8%	1,892,385	2.2%	1,716,060	1.1%
2033		1,863,222	1.8%	1,933,343	2.2%	1,735,229	1.1%
2034		1,894,792	1.7%	1,975,237	2.2%	1,754,655	1.1%
2035		1,925,674	1.6%	2,018,119	2.2%	1,774,368	1.1%
		Compound Annual Growth Rate					
2015-25		2.0%		2.0%		2.0%	
2026-35		1.7%		2.1%		0.8%	

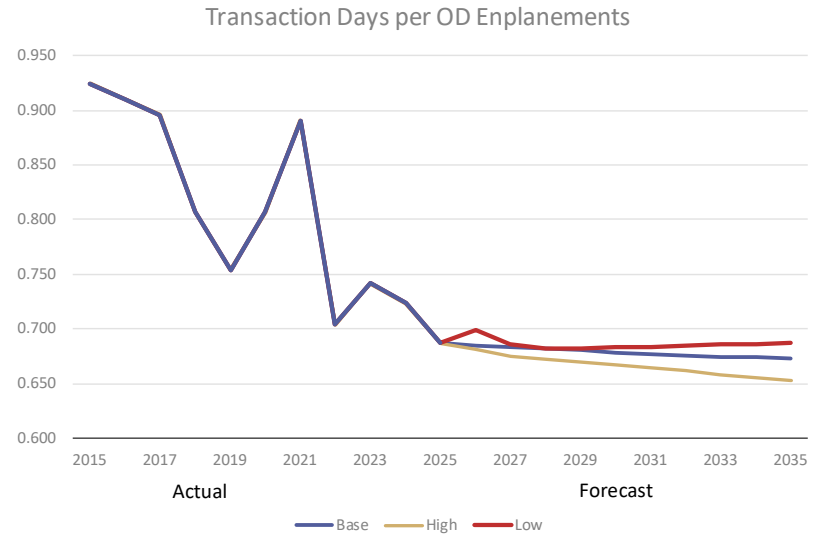


Source: Unison Consulting, Inc.

Figure 54 | Historical and Forecast Transaction Days per O&D Enplanement, FY2015-FY2035

		Transaction Days per OD Enplanements					
		Base	AGR	High	AGR	Low	AGR
Actual	2015	0.925		0.925		0.925	
	2016	0.910	-1.6%	0.910	-1.6%	0.910	-1.6%
	2017	0.896	-1.5%	0.896	-1.5%	0.896	-1.5%
	2018	0.808	-9.9%	0.808	-9.9%	0.808	-9.9%
	2019	0.754	-6.6%	0.754	-6.6%	0.754	-6.6%
	2020	0.807	7.0%	0.807	7.0%	0.807	7.0%
	2021	0.891	10.4%	0.891	10.4%	0.891	10.4%
	2022	0.704	-21.0%	0.704	-21.0%	0.704	-21.0%
	2023	0.742	5.4%	0.742	5.4%	0.742	5.4%
	2024	0.724	-2.4%	0.724	-2.4%	0.724	-2.4%
	2025	0.687	-5.1%	0.687	-5.1%	0.687	-5.1%
Forecast	2026	0.685	-0.4%	0.681	-0.8%	0.699	1.8%
	2027	0.684	-0.1%	0.676	-0.9%	0.686	-1.9%
	2028	0.682	-0.2%	0.673	-0.4%	0.682	-0.7%
	2029	0.681	-0.2%	0.670	-0.4%	0.683	0.1%
	2030	0.679	-0.3%	0.667	-0.4%	0.683	0.1%
	2031	0.677	-0.2%	0.665	-0.4%	0.684	0.1%
	2032	0.676	-0.2%	0.662	-0.4%	0.685	0.1%
	2033	0.675	-0.2%	0.659	-0.4%	0.686	0.1%
	2034	0.674	-0.1%	0.656	-0.4%	0.687	0.1%
	2035	0.673	-0.1%	0.653	-0.4%	0.687	0.1%
		Compound Annual Growth Rate					
2015-25		-2.9%		-2.9%		-2.9%	
2026-35		-0.2%		-0.5%		-0.2%	

Source: Unison Consulting, Inc.



5.7 | Airport Rental Car Activity – Concluding Summary

Rental car activity at ORF has closely tracked the Airport’s growth in passenger traffic and has recovered strongly since the COVID-19 pandemic. Historical trends indicate that transaction days and CFC revenues have increased over time, supported by growth in origin-and-destination traffic and the Airport’s significant visitor market. The transaction day forecasts developed in this report reflect expected growth in passenger traffic, stable rental car usage rates, and reasonable assumptions regarding rental rates and visitor shares. The resulting projections indicate continued growth in rental car transaction days and associated CFC revenues over the forecast period, providing the primary source of repayment for the Series 2026 Bonds.

SECTION 6 | FINANCIAL ANALYSIS

This section discusses the financial aspect of ConRAC, including the legal framework for its financing and operation, the plan of finance, projections of CFC collections, planned application of CFC revenues, and certain financial requirements pursuant to the CFC documents.

6.1 | Legal Framework for the Financing and Operation of the ConRAC

The following documents govern the financing and operation of the ConRAC:

- The CFC Resolution
- Master Indenture of Trust
- Seventh Supplemental Indenture of Trust
- Master CFC Trust Indenture
- On-Airport Rental Car Concession Agreement and Facility Lease

6.2 | CFC Resolution

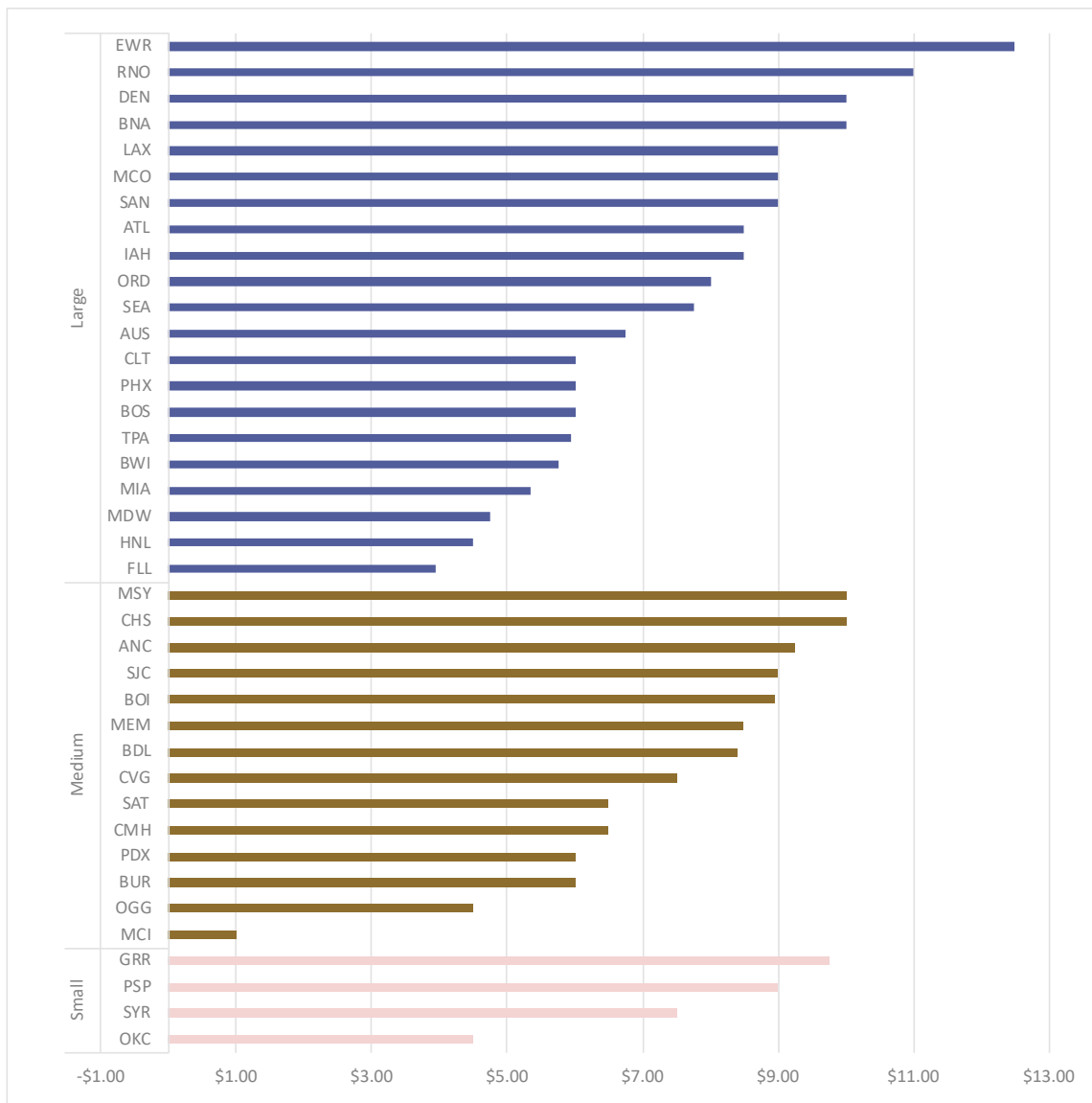
On September 23, 1999, the Authority's Board of Commissioners (Board) approved the collection of CFCs. In subsequent years, the Board approved additional CFC resolutions governing the use of and collection of CFCs at the airport. These documents are collectively referred to as the CFC Resolution. The Board may amend the CFC Resolution and CFC rate as needed. The Authority implemented the CFC, effective July 1, 2017, at a rate of \$1.03 per transaction day. The CFC was only charged for the first 20 rental transaction days. Subsequent to the implementation of the CFC, the rate was increased to the following:

- \$2.00 effective August 1, 2018
- \$5.00 effective January 1, 2024
- \$8.00 effective January 1, 2025

On November 1, 2025, the CFC was increased to \$10.00 per transaction day with no limit regarding the number of transaction days charged per contract.

For comparison, Figure 55 shows the current CFC being charged at airports that have ConRACs. The following airports charge a CFC of at least \$10 per transaction: Denver International Airport (DEN), Nashville International Airport (BNA), Newark Liberty International Airport (EWR), Charleston International Airport (CHS), Reno-Tahoe International Airport (RNO), and Louis Armstrong New Orleans International Airport (MSY). In addition, seven other airports currently charge a CFC of at least \$9.00 per transaction. Effective January 1, 2026, the state of California increased its CFC limit from \$9 to \$12 per transaction day. As a result, the number of airports charging a CFC in excess of \$10 per transaction is expected to increase.

Figure 55 | Current CFC Rates at Airports with ConRACs



Source: Compiled by Unison Consulting, Inc.

6.2.1 | Master Indenture of Trust and Seventh Supplemental Indenture

The Authority previously entered into a Master Indenture of Trust, between the Authority and U.S. Bank Trust Company, National Association, dated as of April 1, 2001, as amended and supplemented, and as particularly amended by the Seventh Supplemental Indenture of Trust dated December 31, 2025 (collectively, the “2001 Master Indenture”), which provided for the issuance of certain debt obligations secured and payable from a pledge of “Pledged Revenues” including Customer Facility Charges. Section 505 of the 2001 Master Indenture enables the Authority to release certain revenues (Released Revenues) if certain conditions are met and pledge the CFC

Revenues under a separate indenture free and clear of the lien from the 2001 Master Trust Indenture. As of December 31, 2025, CFC Revenues were released from the 2001 Master Trust Indenture.

6.2.2 | CFC Master Trust Agreement

The Series 2026 Bonds are being issued pursuant to the new separate Master CFC Trust Indenture (the “CFC Master Indenture”) to be dated as of May 1, 2026, by and between the Authority and U.S. Bank Trust Company, National Association, as Trustee. The CFC Master Indenture outlines the obligations of the Authority to the Trustee and the bondholders regarding the issuance of bonds secured by CFCs.

Under the CFC Master Indenture, the Authority has covenanted to establish and maintain Customer Facility Charges in the amounts and at the times necessary to enable the Trustee to make all transfers to the CFC Senior Debt Service Fund and any other required Funds. The Authority will calculate and impose CFCs as long as any Bonds issued under the CFC Master Indenture remain outstanding. CFCs may be adjusted to ensure CFC Pledged Revenues, amounts already within the CFC Coverage Fund, and amounts transferred from the CFC Stabilization Fund are at least 1.25x the current annual debt service requirement, and to fund any shortfalls in any other required funds. CFC Pledged Revenues include the following:

- CFC Revenues received by the Authority
- Additional RAC Revenues received pursuant to the RAC Agreements, if applicable
- All investment income from CFC accounts, with the following exceptions
 - CFC Construction Fund
 - CFC Project Fund

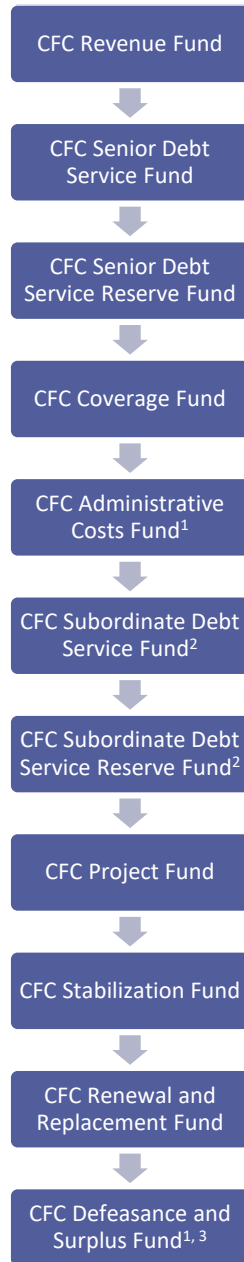
The Authority can issue additional bonds if either of the following conditions is met⁷⁴:

1. The Authority certifies that the CFC Pledged Revenues (excluding amounts then on deposit in the CFC Coverage Fund and the CFC Stabilization Fund) for the prior Fiscal Year or any twelve consecutive months out of the eighteen months prior to the authorization by the Authority of the proposed Series of Additional Senior Bonds (the “Senior Bonds Test Period”) was equal to at least 1.25x the Maximum Annual Debt Service Requirement on the Senior Bonds that will be Outstanding after the issuance of such series of Additional Senior Bonds.
2. The Airport Consultant certifies that the CFC Pledged Revenues, including any projected increases in the CFCs estimated to be received in the five consecutive Fiscal Years immediately following the issuance of the proposed Series of Additional Senior Bonds (excluding amounts required to be on deposit in the CFC Coverage Fund during such five years), will in each such Fiscal Year not be less than 1.25x the Maximum Annual Debt

⁷⁴ Completion Senior Bonds and Refunding Senior bonds may also be issued in accordance with Section 6.2 and 6.5, respectively of the CFC Master Indenture.

Service Requirement in such Fiscal Year on all Senior Bonds that will be Outstanding after the issuance of such Additional Senior Bonds.

Figure 56 | Flow of Funds



Source: Information obtained from Norfolk CFC Trust Indenture Section 4.4

¹ Not considered CFC Pledged Funds under the Indenture.

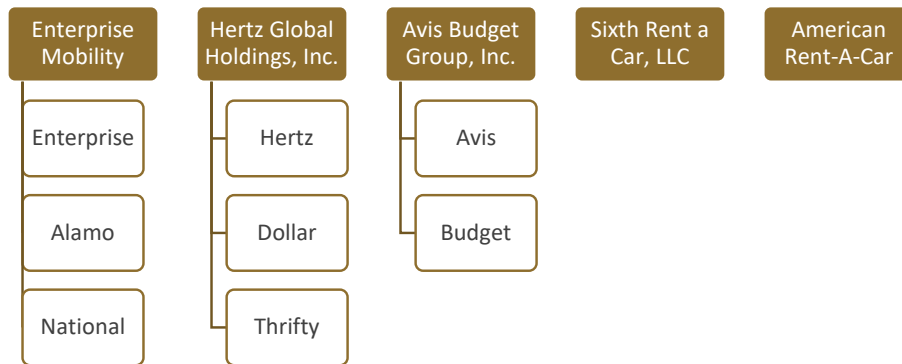
² The CFC Subordinate Debt Service Fund and CFC Subordinate Debt Service Reserve Fund will be funded only if Subordinate Debt is outstanding under the Indenture.

³ Board held Account.

6.2.3 | Rental Car Concession Agreement and Facility Lease

Effective November 1, 2025, the Authority has a combined On-Airport Rental Car Concession Agreement and Facility Lease with each of the RACs operating at the Airport, representing the brands listed in Figure 57.

Figure 57 | Listing of RAC Concession Agreement and Facility Lease Signatories



Source: Airport records

The Concession Agreement and Facility Lease (the “Agreement”) set forth the privileges and obligations for the RACs to operate as non-exclusive concessionaires and for the use and occupancy of the ConRAC. The term of the Agreement is as follows:

- Concessions – Effective November 1, 2025, and continuing for 10 years after the ConRAC Operation Commencement Date.
- Facility Lease – Effective November 1, 2025, through the 30th anniversary of the ConRAC Operation Commencement Date.

The Authority has the option to rebid the concessions portion of the agreement 10 years after the ConRAC Operation Commencement Date. RACs are required to rebid to maintain their privileges under the Agreement. The terms of the rebidding may include modifications to the following:

- Minimum Annual Guarantee (MAG)
- Definition of Gross Receipts
- Ground Rent
- Facility Rent
- Relocation of Concessionaire’s (RACs) premises
- Brand changes
- Other terms as the Authority deems appropriate

The Facility Lease portion of the Agreement is subject to early termination by the Authority with ninety-day notice to the RACs upon redemption or defeasance of the bonds.

The Agreement identifies two types of premises, temporary and permanent. The temporary premises are the space available at the effective date of the Agreement and generally include the following areas: counter, queue, office space in the Arrivals Area of the terminal, and the ready spaces and return lanes in the Garage A parking area. The permanent premises are the areas available at the ConRAC Operation Commencement Date. They are generally expected to include counter and office space in the customer service area, ready and return spaces in the Consolidated Facility garage, and Quick Turn Around (QTA) area.

The Authority sets the CFC rate, which may be revised at any time during the Agreement. CFCs may be used by the Authority for any rental car related general lawful purpose including: certain offsets to rent, expenses, and/or impositions associated with the rental car operations at the temporary premises; the costs associated with the financing, refinancing, enabling, planning, design, construction, improvement, expansion, renovation, repair, and equipment purchases of or for the Consolidated Facility; and of any land and facilities that are related to or support rental car concessions at the Airport.

RACs are responsible for paying rent on the temporary premises, for both the space in the Arrivals Area of the terminal and Ready and Return Parking Facilities. The rent for each is set using the following terms:

- Arrivals Area – charged on a per square foot basis at the signatory airlines' rate applicable to that Fiscal Year
- Ready and Return Parking Facilities – \$60 per month per stall, offset by CFCs, escalated by the greater of three percent or CPI-U each Fiscal Year

RACs are subject to the temporary premises rent noted above until their relocation to the ConRAC on or after the ConRAC Operation Commencement Date.

RACs are responsible for paying rent on the permanent premises in the form of Ground Rent and Facility Rent on the effective ConRAC Operation Commencement Date. Each RAC will pay its proportionate share of Ground Rent, calculated using the total area of Consolidated Facility Property (square feet) and the fair market rental rate determined by appraisal. Ground Rent will be escalated annually by the consumer price index (CPI) and subject to a reappraisal every fifth year. Additionally, each RAC will pay its proportionate share of Facility Rent. Facility Rent includes debt service, operating expenses, impositions, and the related costs of the Consolidated Facility. CFC collections will reduce debt service during the applicable payment period. The portions of the Facility Rent not related to debt service may be adjusted by the Authority. If CFC collections are not sufficient to pay the debt service, there is a Contingent Rent that the RACs are responsible for paying, allocated based on market share.

The Authority may charge Alternate Facility Rent for Debt Service if the bonds are retired, defeased, or paid in full. The Alternative Facility Rent For Debt Service is based on fair market value set by an appraisal.

In addition to rents and CFCs, RACs are responsible for paying a concession fee, which is not a component of Pledged Revenues for the Series 2026 Bonds. The concession fee is the greater of the MAG or eleven percent of Gross Receipts. The RAC bid on the MAG, combining all brands of that company, and the MAG will reset each year to the greater of the prior year or ninety percent of the percentage fee, but cannot be less than the first year. The percentage fee is set at eleven percent, but can increase in the future if another commercial airport in a four-state region has adopted a higher percentage fee.

6.3 | Plan of Finance

The plan of finance assumes that a portion of the capital costs for the Series 2026 Project will be funded with CFCs collected prior to the issuance of the Series 2026 Bonds. The projected sources and uses of funds for the Series 2026 Bonds are presented on Table 13. The estimated costs and projected funding sources for the Series 2026 Project are summarized on Table 14.

Table 13 | Projected Sources & Uses of Funds for the Series 2026 Bonds

Sources and Uses	Series 2026A CFC Bonds Taxable	Series 2026B CFC Bonds AMT	Total
Sources:			
Bond Proceeds:			
Par Amount	\$ 117,510,000	\$ 20,170,000	\$ 137,680,000
Premium	-	443,135	443,135
Total Sources	\$ 117,510,000	\$ 20,613,135	\$ 138,123,135
Uses:			
Project Fund	\$ 105,180,464	\$ 18,863,659	\$ 124,044,123
Debt Service Reserve Fund	8,994,609	1,577,798	10,572,407
Coverage Fund	2,340,014	-	2,340,014
Cost of Issuance	994,914	171,678	1,166,591
Total Uses	\$ 117,510,000	\$ 20,613,135	\$ 138,123,135

Source: Frasca & Associates, Unison Consulting

Table 14 | Estimated Costs and Projected Funding Sources for the Series 2026 Project

Description	Amount
Costs:	
Series 2026 Project	\$ 164,844,123
Total Costs	\$ 164,844,123
Funding Sources	
Series 2026 Bond Proceeds	\$ 124,044,123
Interest on Bond Proceeds	-
CFC PayGo ¹	34,800,000
Airport Funds	6,000,000
Total Uses	\$ 164,844,123

Source: Norfolk Airport Authority, Frasca & Associates, Unison Consulting

¹ Includes \$6.8M of CFC collected prior to the establishment of the Project Fund.

6.4 | Debt Service

The schedule of projected annual debt service payments is presented on Table 15. The annual amounts are presented in the year they are due to the Trustee. CFC revenues will be used to fund all required debt service amounts, including those during the construction period. The projected annual debt service assumed the following:

- Par Amount: \$137.7 million
- True Interest Cost (TIC): 6.4%
- Max Amortization Period: 30 years

Annual debt service payments are projected to be approximately \$1.0 million in FY2026, \$8.7 million in FY2027, \$10.6 million in FY2028 through the maturity of the Series 2026 Bonds.

Table 15 | Projected Annual Debt Service

Year	Principal	Interest	Total
2026	\$ -	\$ 1,011,057	\$ 1,011,057
2027	-	8,666,203	8,666,203
2028	1,900,000	8,666,203	10,566,203
2029	1,995,000	8,574,813	10,569,813
2030	2,090,000	8,477,258	10,567,258
2031	2,195,000	8,370,668	10,565,668

Source: Frasca & Associates, Unison Consulting

6.5 | Projected CFC Revenues

Projected CFC Revenues using the base and low transaction day forecast are presented in Table 16.

CFC Revenues are projected to increase from \$15.5 million in FY2026 to \$18.0 million in FY2031, or by an average of 2.5 percent per year using the base transaction day forecast. CFC Revenues are projected to increase from \$15.4 million in FY2026 to \$17.0 million in FY2031, or 1.6 percent using the low transaction day forecast.

Table 16 | Projected CFC Revenues - Base & Low Transaction Day Forecast

Year	Base Forecast			Low Forecast		
	Transaction Days	CFC Rate ¹	CFC Revenues	Transaction Days	CFC Rate	CFC Revenues
2026	1,661,897	\$ 9.33	\$15,511,038	1,650,599	\$ 9.33	\$15,405,595
2027	1,685,668	\$ 10.00	\$16,856,677	1,636,226	\$ 10.00	\$16,362,262
2028	1,709,518	\$ 10.00	\$17,095,177	1,641,119	\$ 10.00	\$16,411,194
2029	1,737,003	\$ 10.00	\$17,370,034	1,659,643	\$ 10.00	\$16,596,427
2030	1,766,906	\$ 10.00	\$17,669,060	1,678,226	\$ 10.00	\$16,782,264
2031	1,798,705	\$ 10.00	\$17,987,051	1,697,060	\$ 10.00	\$16,970,604

Source: Airport records, Unison Consulting.

¹ The \$9.33 CFC Rate in FY2026 represents a weighted average. The CFC Rate in FY2026 was \$8.00 per transaction day through 10/31/2025, and \$10.00 for the remainder of the Fiscal Year.

6.6 | Sources and Uses of CFC Revenues

The sources and uses of CFC Revenues, assuming the base and low transaction day forecasts are presented in Table 17 and Table 18, respectively.

Table 17 | Sources and Uses of CFC Revenues Base Transaction Day Forecast

	Projected					
	2026	2027	2028	2029	2030	2031
CFC Fund						
CFC Fund Beginning Balance	\$ 10,799,098	\$ -	\$ -	\$ -	\$ -	\$ -
CFC Revenue	15,511,038	16,856,677	17,095,177	17,370,034	17,669,060	17,987,051
Interest Received	457,799	322,811	216,395	219,874	223,659	227,684
Less CFCs applied to:						
Payments for Existing Facilities	(541,356)	(270,752)	-	-	-	-
Transfer to Revenue Fund	\$ 26,226,580	\$ 16,908,735	\$ 17,311,572	\$ 17,589,908	\$ 17,892,719	\$ 18,214,735
Revenue Fund						
Deposit to Revenue Fund	\$ 26,226,580	\$ 16,908,735	\$ 17,311,572	\$ 17,589,908	\$ 17,892,719	\$ 18,214,735
Total Deposits to Revenue Fund	\$ 26,226,580	\$ 16,908,735	\$ 17,311,572	\$ 17,589,908	\$ 17,892,719	\$ 18,214,735
Application of CFC Revenues						
Transfers to:						
Senior Debt Service Fund	\$ 1,011,057	\$ 8,666,203	\$ 10,566,203	\$ 10,569,813	\$ 10,567,258	\$ 10,565,668
Senior Debt Service Reserve Fund	-	-	-	-	-	-
Coverage Fund	-	-	-	-	-	-
Administrative Costs Fund ¹	-	40,000	40,000	40,000	40,000	40,000
Project Fund ²	25,215,523	8,153,136	1,431,341	-	-	-
Stabilization Fund	-	-	4,000,000	1,000,000	-	-
Renewal and Replacement Fund	-	-	-	-	1,000,000	1,000,000
CFC Defeasance & Surplus Fund ¹	-	49,396	1,274,027	5,980,095	6,285,462	6,609,067
Total Application of CFC Revenues	\$ 26,226,580	\$ 16,908,735	\$ 17,311,572	\$ 17,589,908	\$ 17,892,719	\$ 18,214,735

Source: Norfolk Airport Authority records, Frasca & Associates, Unison Consulting.

¹ Not considered CFC Pledged Funds under the Indenture

² FY2026 includes \$6.8M of CFC collected prior to the establishment of the Project Fund

Table 18 | Sources and Uses of CFC Revenues Low Transaction Day Forecast

	Projected					
	2026	2027	2028	2029	2030	2031
CFC Fund						
CFC Fund Beginning Balance	\$ 10,799,098	\$ -	\$ -	\$ -	\$ -	\$ -
CFC Revenue	15,405,595	16,362,262	16,411,194	16,596,427	16,782,264	16,970,604
Interest Received	457,799	322,811	207,737	210,081	212,434	214,818
Less CFCs applied to:						
Payments for Existing Facilities	(541,356)	(270,752)	-	-	-	-
Transfer to Revenue Fund	\$ 26,121,137	\$ 16,414,320	\$ 16,618,931	\$ 16,806,508	\$ 16,994,697	\$ 17,185,422
Revenue Fund						
Deposit to Revenue Fund	\$ 26,121,137	\$ 16,414,320	\$ 16,618,931	\$ 16,806,508	\$ 16,994,697	\$ 17,185,422
Total Deposits to Revenue Fund	\$ 26,121,137	\$ 16,414,320	\$ 16,618,931	\$ 16,806,508	\$ 16,994,697	\$ 17,185,422
Application of CFC Revenues						
Transfers to:						
Senior Debt Service Fund	\$ 1,011,057	\$ 8,666,203	\$ 10,566,203	\$ 10,569,813	\$ 10,567,258	\$ 10,565,668
Senior Debt Service Reserve Fund	-	-	-	-	-	-
Coverage Fund	-	-	-	-	-	-
Administrative Costs Fund ¹	-	40,000	40,000	40,000	40,000	40,000
Project Fund ²	25,110,080	7,658,722	2,028,745	-	-	-
Stabilization Fund	-	-	3,900,000	1,100,000	-	-
Renewal and Replacement Fund	-	-	-	-	1,000,000	1,000,000
CFC Defeasance & Surplus Fund ¹	-	49,395	83,983	5,096,695	5,387,440	5,579,755
Total Application of CFC Revenues	\$ 26,121,137	\$ 16,414,320	\$ 16,618,931	\$ 16,806,508	\$ 16,994,697	\$ 17,185,422

Source: Airport records, Frasca & Associates, Unison Consulting.

¹ Not considered CFC Pledged Funds under the Indenture

² FY2026 includes \$6.8M of CFC collected prior to the establishment of the Project Fund

6.7 | Rate Covenant

Under the CFC Master Trust Indenture, the Authority has covenanted to establish and maintain Customer Facility Charges in the amounts and at the times necessary to enable the Trustee to make all transfers to the CFC Senior Debt Service Fund, the CFC Subordinate Debt Service Fund, and any other required Funds. The Authority will calculate and impose CFCs as long as any Bonds remain outstanding. CFCs may be adjusted to ensure CFC Pledged Revenues and any amounts already within the CFC Coverage Fund are at least 1.25x the current annual debt service requirement. CFC Pledged Revenues include CFC collections, Additional RAC Revenues received pursuant to the RAC Agreements, transfers from the CFC Stabilization Fund, and investment income from CFC accounts.

The Rate Covenant Calculation for each year during the forecast period, assuming the base and low transaction day forecasts are presented in Table 19 and Table 20, respectively. The following are summaries of the results:

- **Base Transaction Day Forecast:** The debt service coverage ratio, excluding the coverage fund balance, is projected to be 15.26 in FY2026, 1.95 in FY2027, declining to a low of 1.64 in FY2028, before increasing to 1.72 in FY2031. The debt service coverage ratio, including the coverage fund balance, is projected to be 17.57 in FY2026, 2.22 in FY2027, declining to a low of 1.86 in FY2028, before increasing to 1.95 in FY2031.
- **Low Transaction Day Forecast:** The debt service coverage ratio, excluding the coverage fund balance, is projected to be 15.15 in FY2026, 1.89 in FY2027, declining to a low of 1.57 in FY2028, before increasing to 1.63 in FY2031. The debt service coverage ratio, including the coverage fund balance, is projected to be 17.47 in FY2026, 2.16 in FY2027, declining to a low of 1.79 in FY2028, before increasing to 1.85 in FY2031.

Table 19 | Debt Service Coverage Using Base Forecast Transaction Days

	Projected					
	2026	2027	2028	2029	2030	2031
CFC Revenues	\$ 15,511,038	\$ 16,856,677	\$ 17,095,177	\$ 17,370,034	\$ 17,669,060	\$ 17,987,051
Interest Received	457,799	322,811	216,395	219,874	223,659	227,684
Total CFC Revenues	\$ 15,968,837	\$ 17,179,487	\$ 17,311,572	\$ 17,589,908	\$ 17,892,719	\$ 18,214,735
Less:						
CFC Payments for Existing Facilities	541,356	270,752	-	-	-	-
Total CFC Costs	\$ 541,356	\$ 270,752	\$ -	\$ -	\$ -	\$ -
Net Revenues	\$ 15,427,481	\$ 16,908,735	\$ 17,311,572	\$ 17,589,908	\$ 17,892,719	\$ 18,214,735
Add: Airport Funds Applied to Debt Service	-	-	-	-	-	-
Total Revenues Available for Coverage	\$ 15,427,481	\$ 16,908,735	\$ 17,311,572	\$ 17,589,908	\$ 17,892,719	\$ 18,214,735
CFC Debt Service						
Series 2026 CFC Bonds	1,011,057	8,666,203	10,566,203	10,569,813	10,567,258	10,565,668
Total CFC Debt Service	\$ 1,011,057	\$ 8,666,203	\$ 10,566,203	\$ 10,569,813	\$ 10,567,258	\$ 10,565,668
Coverage Excluding Coverage Fund	15.26x	1.95x	1.64x	1.66x	1.69x	1.72x
CFC Coverage Fund Balance	\$ 2,340,014	\$ 2,340,014	\$ 2,340,014	\$ 2,340,014	\$ 2,340,014	\$ 2,340,014
Coverage Including Coverage Fund	17.57x	2.22x	1.86x	1.89x	1.91x	1.95x

Source: Norfolk Airport Authority records, Frasca & Associates, Unison Consulting.

Table 20 | Debt Service Coverage Using Low Forecast Transaction Days

	Projected					
	2026	2027	2028	2029	2030	2031
CFC Revenues	\$ 15,405,595	\$ 16,362,262	\$ 16,411,194	\$ 16,596,427	\$ 16,782,264	\$ 16,970,604
Interest Received	457,799	322,811	207,737	210,081	212,434	214,818
Total CFC Revenues	\$ 15,863,394	\$ 16,685,073	\$ 16,618,931	\$ 16,806,508	\$ 16,994,697	\$ 17,185,422
Less:						
CFC Payments for Existing Facilities	541,356	270,752	-	-	-	-
Total CFC Costs	\$ 541,356	\$ 270,752	\$ -	\$ -	\$ -	\$ -
Net Revenues	\$ 15,322,039	\$ 16,414,320	\$ 16,618,931	\$ 16,806,508	\$ 16,994,697	\$ 17,185,422
Add: Airport Funds Applied to Debt Service	-	-	-	-	-	-
Total Revenues Available for Coverage	\$ 15,322,039	\$ 16,414,320	\$ 16,618,931	\$ 16,806,508	\$ 16,994,697	\$ 17,185,422
CFC Debt Service						
Series 2026 CFC Bonds	1,011,057	8,666,203	10,566,203	10,569,813	10,567,258	10,565,668
Total CFC Debt Service	\$ 1,011,057	\$ 8,666,203	\$ 10,566,203	\$ 10,569,813	\$ 10,567,258	\$ 10,565,668
Coverage Excluding Coverage Fund	15.15x	1.89x	1.57x	1.59x	1.61x	1.63x
CFC Coverage Fund Balance	\$ 2,340,014	\$ 2,340,014	\$ 2,340,014	\$ 2,340,014	\$ 2,340,014	\$ 2,340,014
Coverage Including Coverage Fund	17.47x	2.16x	1.79x	1.81x	1.83x	1.85x

Source: Norfolk Airport Authority records, Frasca & Associates, Unison Consulting.

6.8 | Financial Analysis – Concluding Summary

The projected CFC Pledged Revenues appear sufficient to support the proposed Series 2026 Bonds. Based on the assumptions and methodologies described in this report, projected CFC revenues, together with contingent facility rent when applicable, are expected to provide debt service coverage above the required covenant level throughout the forecast period under both the base and low-demand scenarios. The proposed financing benefits from several credit strengths, including an established and growing rental car market, a \$10.00 per transaction day CFC, contractual obligations of the rental car companies to collect and remit the CFC, and additional protection from contingent facility rent. Accordingly, in our opinion, the financing plan for the Series 2026 Project is financially feasible.



Enabling the Complex Business of Airports

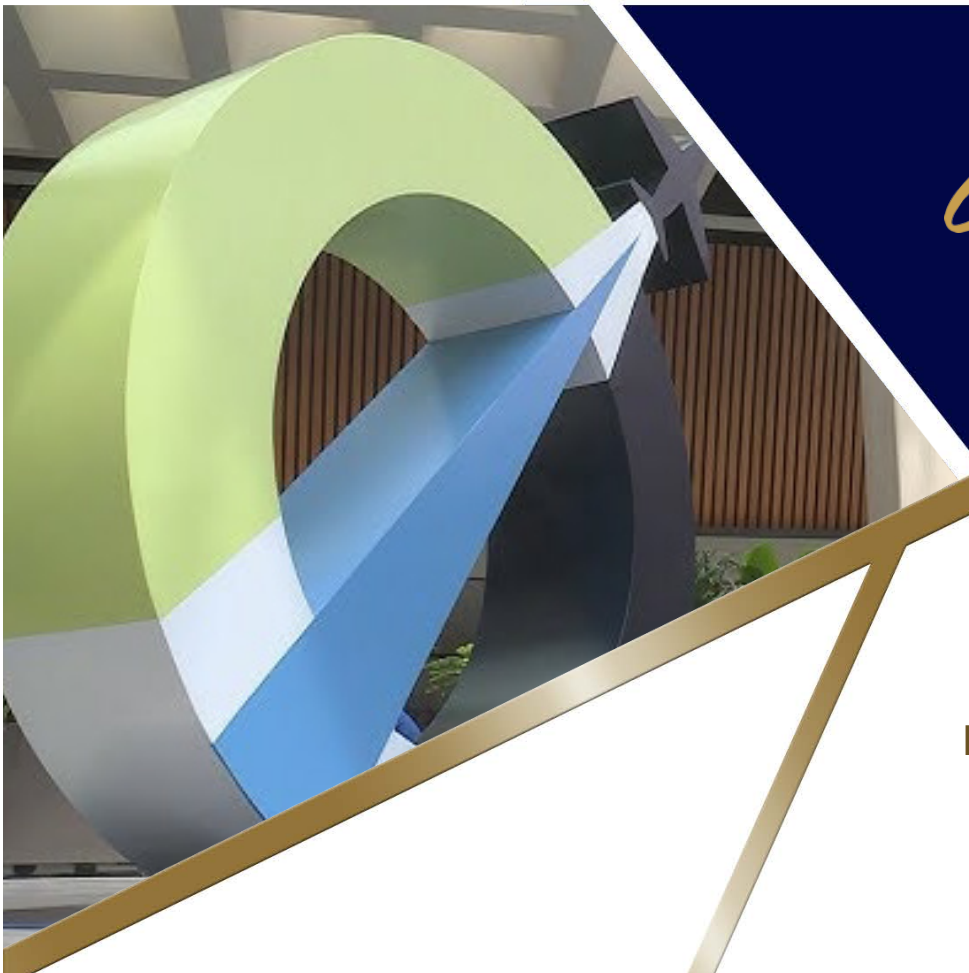
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APPENDIX B

FORM OF INDENTURE

This Appendix includes the Form of the Indenture. The Form of the Indenture may change prior to execution. The Indenture may be amended and/or supplemented from time to time without the consent of or notice to the holders of any outstanding Bonds. All references herein to the Indenture are qualified in their entirety by reference to such document in the form executed, copies of which are available for review at the offices of the Trustee.

MASTER CFC TRUST INDENTURE

by and between

**NORFOLK AIRPORT AUTHORITY
as Issuer**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee**

Dated as of May 1, 2026

**\$ _____
NORFOLK AIRPORT AUTHORITY
SENIOR CUSTOMER FACILITY CHARGE
REVENUE BONDS
(CONSOLIDATED RENTAL CAR FACILITY)
SERIES 2026A
(FEDERALLY TAXABLE)**

**\$ _____
NORFOLK AIRPORT AUTHORITY
SENIOR CUSTOMER FACILITY CHARGE
REVENUE BONDS
(CONSOLIDATED RENTAL CAR FACILITY)
SERIES 2026B
(AMT)**

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MASTER CFC TRUST INDENTURE

This **MASTER CFC TRUST INDENTURE** (this “Indenture”), dated as of May 1, 2026, is made and entered into by and between the **NORFOLK AIRPORT AUTHORITY**, a political subdivision of the Commonwealth of Virginia duly organized and validly existing under the laws of the Commonwealth pursuant to Chapter 463 of the Virginia Acts of Assembly of 1948, as supplemented and amended (the “Authority”), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee or any successor trustee appointed hereunder (the “Trustee”).

WITNESSETH:

WHEREAS, all terms used herein in capitalized form, except as otherwise defined herein, shall have the meanings ascribed thereto in Section 1.1 hereof; and

WHEREAS, the Authority is a political subdivision duly organized and validly existing under the Act; and

WHEREAS, under the Constitution and the laws of the Commonwealth, the Authority controls, possesses, supervises and has complete jurisdiction over the existing Norfolk International Airport (the “Airport”) located in Norfolk, Virginia; and

WHEREAS, the Authority is authorized and empowered by the laws of the Commonwealth including, without limitation, the Act, to issue its revenue bonds, notes or other obligations and to enter into loan agreements to finance, in whole or in part, the cost of undertaking the acquisition, construction, reconstruction and improvement of airport facilities payable from all or any part of the revenues derived from the Airport, and

WHEREAS, the Authority previously entered into a Master Indenture of Trust, between the Authority and U.S. Bank Trust Company, National Association (the “2001 Trustee”), as successor in interest to U.S. Bank National Association, as successor trustee, dated as of April 1, 2001, as amended and supplemented, and as particularly amended by the Seventh Supplemental Indenture of Trust dated as of December 31, 2025 (collectively, the “2001 Master Indenture”), which provided for the issuance of certain debt obligations secured and payable from a pledge of “Pledged Revenues” (as such term is defined in the 2001 Master Indenture) including Customer Facility Charges; and

WHEREAS, on December 23, 2025 Customer Facility Charges were released from the revenues pledged under the 2001 Master Indenture, and, constitute “Released Revenues” under the 2001 Master Indenture; and

WHEREAS, Section 505(d) of the 2001 Master Indenture provides that, upon being designated as Released Revenues under the 2001 Master Indenture, the Authority may enter into a separate indenture or indentures pledging such Released Revenues thereunder, free and clear of the lien of the 2001 Master Indenture; and

WHEREAS, the Authority has determined to issue and has authorized the issuance of the Series 2026 CFC Bonds secured by CFC Pledged Revenues (as defined herein) pursuant to this separate Indenture and not secured by any Revenues (as defined in the 2001 Master Indenture) under the 2001 Master Indenture pursuant to Section 505(d) of the 2001 Master Indenture; and

WHEREAS, pursuant to the CFC Resolution (as defined herein), the Authority has provided for Customer Facility Charges to be derived from the per contract day fee imposed by the Authority and collected from rental car company concessionaires at the Airport from time to time; and

WHEREAS, the Authority has approved the development and construction of a consolidated rental car facility at the Airport (as such facility may be modified, improved, or expanded from time to time, the “CFC Project”) and the Authority has determined the most feasible method of financing the costs and expenses of financing, designing, and constructing the CFC Project is through the issuance of Bonds from time to time pursuant to this Indenture; and

WHEREAS, the Authority desires to pledge the Customer Facility Charges and Additional RAC Revenues (as defined herein) to secure the repayment of the Bonds issued under this Indenture; and

WHEREAS, the execution and delivery of this Indenture and the sale, issuance and delivery of the Series 2026 CFC Bonds have been in all respects duly and validly authorized by the Bond Resolution (as defined herein); and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued and delivered as provided in this Indenture, the valid, binding and limited obligations of the Authority, according to the import thereof, and to create a valid assignment and pledge of the CFC Pledged Revenues and CFC Pledged Funds in order to secure the payment of the principal of and interest on the Bonds and a valid assignment of certain of the rights, title and interest of the Authority, have been done and performed, and the execution and delivery of this Indenture and the execution, issuance and delivery of the Bonds, subject to the terms hereof, have in all respects been authorized; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and in evidence thereof has joined in the execution hereof; and

NOW, THEREFORE, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance by the Holders of the Bonds from time to time issued hereunder and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of and interest on such Bonds according to their tenor and effect and the performance and observance by the Authority of all the covenants expressed or implied herein and in the Bonds, the Authority does hereby assign and grant a security interest in the following to the Trustee and its successors in trust, and assigns forever, for the securing of the performance of the obligations of the Authority herein set forth:

GRANTING CLAUSE

All rights, title and interest of the Authority in, and to the CFC Pledged Revenues and the CFC Pledged Funds. Notwithstanding the foregoing grant, the Authority and the Trustee acknowledge and agree that the Trustee shall not have any rights to appoint a receiver for, right of entry or re-entry, redemption, eviction, possession, regaining or resumption of assigning, letting, or any similar rights with respect to the possession, sale, conveyance, transferring, mortgaging, pledging, assigning or subletting of all or any part of the CFC Project.

TO HAVE AND TO HOLD all the same, with all rights and privileges appurtenant thereto, unto the Trustee and its successors in trust, subject however, to all of the terms and provisions of this Indenture.

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit and security of the Holders from time to time of the Senior Bonds from time to time issued hereunder without preference, priority or distinction as to lien or otherwise of any such Senior Bond by reason of priority in the time of the issue, sale or delivery thereof, or by reason of the date of maturity thereof or for any other reason whatsoever, except such preference and priority as is established herein between Senior Bonds, which includes the Series 2026 CFC Bonds, and Subordinate Bonds (or as otherwise provided herein); and for the equal and proportionate benefit and security of the Holders from time to time of the Subordinate Bonds from time to time issued hereunder without preference, priority or distinction as to lien or otherwise of any such Subordinate Bond by reason of priority in the time of the issue, sale or delivery thereof, or by reason of the date of maturity thereof or for any other reason whatsoever, except such preference and priority shall be subordinate and junior to the Senior Bonds, which includes the Series 2026 CFC Bonds.

PROVIDED, HOWEVER, THAT if the Authority shall pay or cause to be paid the principal of and interest on the Bonds issued hereunder, or shall make provision for such payment as provided in this Indenture or in any other manner provided by law, then upon such final payment or provision therefor, this Indenture, the rights, pledges and liens herein granted and all obligations created or arising hereunder shall thereby automatically cease, terminate and be discharged; otherwise this Indenture shall remain in full force and effect.

IT IS HEREBY DECLARED that the aforesaid CFC Pledged Revenues, CFC Pledged Funds and the proceeds of all Bonds issued from time to time hereunder shall be dealt with and disposed of, upon and subject to the terms, conditions, covenants, agreements, uses and purposes as set forth in this Indenture.

ARTICLE I DEFINITIONS AND INTERPRETATIONS

Section 1.1 Definitions. In this Indenture, the following terms shall have the following meanings, unless the context clearly indicates otherwise:

“Act” shall mean Chapter 463, Virginia Acts of Assembly of 1948, as supplemented and amended.

“Additional Bonds” shall mean one or more Series of Additional Senior Bonds or Subordinate Bonds.

“Additional RAC Revenues” shall mean the revenues received by the Authority pursuant to Article V(E)(2) of the RAC Agreements, providing for the ability of the Authority to collect additional payments from the Companies to the extent CFC collections are less than the annual and scheduled principal and interest payments on the Bonds in any calendar year.

“Additional Senior Bonds” shall mean one or more Series of Bonds designated as Senior Bonds issued pursuant to Section 6.1 hereof.

“Airport” shall mean the Norfolk International Airport in Norfolk, Virginia 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.

“Airport Consultant” shall mean a firm or firms of national recognition experienced in the field of planning the development, operation and management of airports and aviation facilities, selected by the Authority from time to time.

“Authorized Denomination” shall mean \$5,000 and any integral multiples thereof or such other denomination for any series of Bonds as set forth in this and any Supplemental Indenture authorizing such Bonds.

“Authorized Officer of the Authority” shall mean the Chair of the Authority, the Vice Chair of the Authority, the Secretary of the Authority, the Chief Executive Officer, the Chief Financial Officer, or such other officers or employees of the Authority or other persons which other officers, employees or persons have been designated by the Authority by written notice as an Authorized Officer of the Authority.

“Automobile” shall have the meaning given to it in the RAC Agreements.

“Bond Counsel” means Squire Patton Boggs (US) LLP, or such other firm of nationally recognized attorneys with a proven reputation in the field of municipal finance selected by the Authority.

“Bond Purchase Agreement” shall mean the agreement dated _____, 2026, by and between the Authority and the underwriter(s) named therein, setting forth the terms and conditions relating to the purchase of the Series 2026 CFC Bonds by said underwriter(s).

“Bond Resolution” shall mean the resolution of the Authority adopted on December 4, 2025 authorizing the execution of this Indenture and the issuance of the Series 2026 CFC Bonds hereunder, and any resolution amendatory thereof or supplement thereto.

“Bonds” shall mean, collectively, the Series 2026 CFC Bonds and any Additional Bonds issued and Outstanding from time to time.

“Business Day” shall mean a day (a) other than a Saturday, Sunday, or legal holiday or the equivalent (other than a moratorium) on which banking institutions located in the city of New York, New York are authorized or required by law or executive order to close, and (b) on which the New York Stock Exchange is not closed.

“CFC Administrative Costs Fund” shall have the meaning ascribed to such term in Article IV hereof.

“CFC Administrative Costs Fund Requirement” shall mean such amount as shall be estimated by an Authorized Officer of the Authority to be necessary to pay the costs and expenses in the ensuing Fiscal Year as approved by an Authorized Officer of the Authority (i) for fees and expenses of the Trustee, Rating Agency, the auditor, consultants and other administrative or professional fees associated with the Bonds, and (ii) to reimburse the Authority for such costs and expenses previously paid by the Authority.

“CFC Construction Fund” shall have the meaning ascribed to such term in Article IV hereof.

“CFC Coverage Fund” shall have the meaning ascribed to such term in Article IV hereof.

“CFC Coverage Fund Requirement” shall mean 25% of the Maximum Annual Debt Service Requirement for the Senior Bonds then Outstanding.

“CFC Defeasance Account” shall mean the account established pursuant to Article IV hereof.

“CFC Defeasance and Surplus Fund” shall have the meaning ascribed to such term in Article IV hereof.

“CFC Insurance and Condemnation Proceeds Account” shall mean the account of such designation established by the Trustee in the CFC Construction Fund pursuant to Section 5.3 hereof.

“CFC Pledged Funds” shall mean (i) any amounts on deposit from time to time in the CFC Revenue Fund, the CFC Senior Debt Service Fund, the CFC Senior Debt Service Reserve Fund, the CFC Coverage Fund, the CFC Renewal and Replacement Fund, and the CFC Stabilization Fund, (ii) any amounts, other than investment income, on deposit in the CFC Construction Fund from time to time that are not encumbered or otherwise allocated by the Authority to or necessary for the completion of a CFC Project, and (iii) any amounts, other than investment income, on deposit in the CFC Project Fund from time to time that are not encumbered or otherwise allocated by the Authority to or necessary for the completion of a CFC Project. The CFC Administrative Costs Fund, the CFC Defeasance and Surplus Fund, and the Series 2026 CFC Costs of Issuance Account, and the CFC Rebate Fund are specifically excluded from CFC Pledged Funds.

“CFC Pledged Revenues” shall mean the aggregate of (i) the Customer Facility Charges received by the Authority, (ii) the Additional RAC Revenues received pursuant to the RAC Agreement and (iii) excluding any investment income derived from the CFC Construction Fund

and the CFC Project Fund, all investment income of every kind derived from amounts credited to the CFC Pledged Funds.

“CFC Project” shall mean the Taxable CFC Project and the Tax-Exempt CFC Project.

“CFC Project Fund” shall have the meaning ascribed to such term in Article IV hereof.

“CFC Rebate Fund” shall mean the Fund of such designation that may be established from time to time for the Tax-Exempt Bonds pursuant to Section 7.8 hereof and the provisions of the Tax Certificate.

“CFC Renewal and Replacement Fund” shall have the meaning ascribed to such term in Article IV hereof.

“CFC Renewal and Replacement Fund Requirement” shall be \$0 initially and shall increase to \$3,000,000, which will initially be funded in equal semi-annual payments of \$500,000 commencing on the first day of the third July following Substantial Completion as provided in Section 4.10 hereof.

“CFC Resolution” shall mean the Authority resolution adopted on December 4, 2025, as amended, supplemented, and/or restated by the Authority from time to time, establishing the CFC charges that are collected from the Companies at the Airport from time to time.

“CFC Revenue Fund” shall have the meaning ascribed to such term in Article IV hereof.

“CFC Senior Debt Service Fund” shall have the meaning ascribed to such term in Article IV hereof.

“CFC Senior Debt Service Reserve Fund” shall have the meaning ascribed to such term in Article IV hereof.

“CFC Senior Debt Service Reserve Fund Requirement” shall mean, (a) with respect to each Series of Senior Bonds issued hereunder that are secured by the Composite CFC Senior Debt Service Reserve Account, including the Series 2026 CFC Bonds, the Composite CFC Senior Debt Service Reserve Requirement, and, (b) with respect to each Series of Senior Bonds issued hereunder that is not secured by the Composite CFC Senior Debt Service Reserve Account, the amount of money, if any, or available amount of Reserve Product, if any, or any combination thereof, required by the Supplemental Indenture authorizing the related series of Bonds.

“CFC Stabilization Fund” shall have the meaning ascribed to such term in Article IV hereof.

“CFC Subordinate Debt Service Fund” shall mean a CFC Subordinate Debt Service Fund established pursuant to a Supplemental Indenture in connection with the issuance of one or more Series of Subordinate Bonds, as described in Article IV hereof.

“CFC Subordinate Debt Service Reserve Fund” shall mean a CFC Subordinate Debt Service Reserve Fund established pursuant to a Supplemental Indenture in connection with the issuance of one or more Series of Subordinate Bonds, as described in Article IV hereof.

“CFC Subordinate Debt Service Reserve Fund Requirement” shall mean the Subordinate Maximum Annual Debt Service Requirement for the Subordinate Bonds then Outstanding, unless otherwise provided for any particular Series of Subordinate Bonds in the Supplemental Indenture authorizing such Subordinate Bonds, and, upon the issuance of any Additional Subordinate Bonds or Refunding Subordinate Bonds, shall mean such additional amount as shall be provided in the Supplemental Indenture authorizing the related series of Subordinate Bonds.

“CFC Surplus Account” shall mean the account established pursuant to Article IV hereof.

“Closing Memorandum” shall mean the closing memorandum dated the issuance date of the 2026 CFC Bonds and prepared in connection with the delivery of the 2026 CFC Bonds and providing for the receipt and application of the purchase price of the 2026 CFC Bonds.

“Code” shall mean the Internal Revenue Code of 1986, as amended including, when appropriate, the statutory predecessor of the Code, and all applicable regulations thereunder, whether proposed, temporary or final, including regulations issued and proposed pursuant to the statutory predecessor of the Code, and, in addition, all official rulings and judicial determinations applicable to the Tax-Exempt Bonds under the Code and under the statutory predecessor of the Code.

“Commonwealth” shall mean the Commonwealth of Virginia.

“Company” or **“Companies”** shall mean individually or collectively, the rental car companies that operate under the RAC Agreements.

“Completion Senior Bonds” shall mean Additional Senior Bonds issued by the Authority in an aggregate principal amount not to exceed 10% of the original principal amount of the Series 2026 CFC Bonds for the purposes of completing the acquisition, construction, equipping and furnishing of the CFC Project.

“Composite CFC Senior Debt Service Reserve Account” shall mean the account established pursuant to Article IV hereof.

“Composite CFC Senior Debt Service Reserve Requirement” shall mean an amount of money or available amount under one or more Reserve Products, or a combination thereof, determined from time to time, equal to the least of (i) the Maximum Annual Debt Service Requirement calculated with respect to all Series of Senior Bonds Outstanding hereunder that are secured by the Composite CFC Senior Debt Service Reserve Account, (ii) 125% of the average annual scheduled payments of principal and interest on all Series of Senior Bonds Outstanding hereunder that are secured by the Composite CFC Senior Debt Service Reserve Account, or (iii) 10% of the aggregate stated original principal amount of all Series of Senior Bonds Outstanding hereunder that are secured by the Composite CFC Senior Debt Service Reserve Account or such other amount as will not adversely affect the exclusion of interest on all Series of Tax-Exempt

Senior Bonds Outstanding that are secured by the Composite CFC Senior Debt Service Reserve Account.

“Consolidated Rental Car Facility” shall mean the consolidated rental car facility to be constructed at the Airport and consisting collectively of the Consolidated Facility Property, the Consolidated Facility Improvements (which include the QTA) (as such terms are defined in the RAC Agreements), and the inclusive ground transportation area, all as described in the RAC Agreements.

“Continuing Disclosure Undertaking” shall mean, if entered into in connection with any Series of Bonds, the Continuing Disclosure Certificate executed and delivered by the Authority for the benefit of the beneficial owners of such Series of Bonds.

“Costs of the CFC Project” shall mean the costs of the CFC Project plus the costs of issuance of the Bonds which finance the CFC Project.

“Credit Provider” means, with respect to a Series of Bonds, the provider of a Credit Facility.

“Credit Facility” or ***“Credit Facilities”*** 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 Supplemental Indenture, including any alternate Credit Facility with respect to such Series of Bonds delivered in accordance with provisions of the Supplemental Indenture providing for the issuance of such Series of Bonds.

“Current Annual Debt Service Requirement” shall mean the aggregate annual amount of principal of and interest on the Senior Bonds required to be on deposit in the CFC Senior Debt Service Fund in the then current Fiscal Year, excluding any accrued interest or capitalized interest.

“Customer” shall mean the actual individual(s) on the signed Automobile rental agreement as the driver(s) of the Automobile delivered, rented to, or who picked up the Automobile at the Airport, regardless of who pays a portion of, or all of, the Automobile rental fees.

“Customer Facility Charges” or ***“CFC”*** shall mean a per contract day fee imposed by the Authority and collected from the Companies operating at the Airport from time to time, as established by the Authority pursuant to the CFC Resolution.

“Depository Trustee” shall mean any financial institution meeting the requirements as a successor Trustee under Section 9.9 of this Indenture that may be designated by the Authority.

“Digital Signature” or ***“Digital Signatures”*** shall mean one or more signature(s) provided via DocuSign or such other digital signature provider, in English, as specified in writing by an Authorized Officer of the Authority and reasonably acceptable to the Trustee.

“DTC” shall mean The Depository Trust Company or any successor depository.

“DTC Letter of Representations” shall mean the Blanket Issuer Letter of Representations dated March 8, 2001 from the Authority to DTC, and any amendments thereto.

“DTC Participant” shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants through electronic book entry changes in the accounts of the DTC Participants, thereby eliminating the need for physical movement of definitive certificates.

“Event of Default” shall mean those events or occurrences defined in Section 8.1 hereof.

“Fiscal Year” shall mean the Authority's fiscal year, currently July 1 through June 30 or such other date as may be designated from time to time in writing by the Authority.

“Funds” shall mean the funds, accounts and subaccounts as established pursuant Article IV hereof.

“Government Obligations” shall mean (a) non-callable, nonredeemable direct obligations of the United States of America, and (b) obligations the timely payment of the principal of, and interest on, which is fully and unconditionally guaranteed by the United States of America, and (c) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (a) or (b).

“Holder” and **“Registered Owner”** shall mean the Person in whose name such Bond is registered.

“Incumbency Certificate” shall mean a written certificate of the Authority providing the names and signatures of the Authorized Officers of the Authority, provided however, that such Incumbency Certificate may be amended by the Authority from time to time.

“Indenture” shall mean this Master CFC Trust Indenture and any supplements, amendments and modifications thereto.

“Interest Payment Date” shall mean, with respect to the Series 2026 CFC Bonds, January 1 and July 1 of each year while the Series 2026 CFC Bonds are Outstanding, commencing with July 1, 2026 and for any Series of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds, the dates set forth in the related Supplemental Indenture authorizing the issuance of such Series of Bonds.

“Investment Securities” shall mean (a) for the 2026 CFC Bonds, permitted investments under the Authority's investment policy as may be further limited by requirements of any Credit Provider for the 2026 CFC Bonds, and (b) for any Series of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds, obligations permitted as investments with respect to such Series of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds, if different, as described in the related Supplemental Indenture authorizing the issuance of such Series of Bonds.

“Maturity Date” shall mean the dates on which any Outstanding Bonds mature.

“Maximum Annual Debt Service Requirement” for the Bonds then Outstanding, shall mean the maximum annual scheduled payments of principal and interest with respect to all Senior Bonds in any Fiscal Year, excluding any accrued interest or capitalized interest.

“Outstanding” when used with respect to the Bonds shall mean, as of the date of determination, the aggregate principal amount of all Bonds theretofore authenticated and delivered under this Indenture, except, without duplication:

- (1) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;
- (2) Bonds, for the payment or redemption for which money in the necessary amount has been theretofore deposited with the Trustee or any Trustee in trust for the Holders of such Bonds in accordance with Article XI hereof;
- (3) Bonds in lieu of which another Bond has been authenticated and delivered under this Indenture; and
- (4) Bonds purchased or held by the Authority.

“Paying Agent” shall initially mean the Trustee or any other paying agent appointed in accordance with Article IX hereof.

“Paying Agent Agreement” shall mean the agreement, if any, entered into between the Trustee and the Paying Agent which describes the Paying Agent's rights and duties under this Indenture.

“Person” shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, limited liability company, unincorporated organization, or government or agency or political subdivision thereof.

“Principal Payment Date” shall mean with respect to the Series 2026 CFC Bonds, July 1 of each year in which Series 2026 CFC Bonds mature or are subject to mandatory redemption pursuant to Section 3.2 hereof and for any Series of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds, the dates set forth in the related Supplemental Indenture authorizing the issuance of such Series of Bonds.

“RAC Agreements” shall mean, collectively, those certain On-Airport Rental Car Concession Agreement and Facility Leases (or agreements of similar name) by and between the Authority and the Companies named therein dated November 1, 2025, and all supplements, amendments and modifications thereto or substitutions therefore.

“Rating Agency” shall mean each nationally recognized bond rating agency providing a credit rating with respect to the Bonds if such entities are providing a rating on a particular Series of Bonds.

“Record Date” shall mean, with respect to the Series 2026 CFC Bonds, June 15 and December 15 of each year while the Series 2026 CFC Bonds are Outstanding, commencing with

June 15, 2026, and for any other Series of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds with semiannual Interest Payment Dates, the 15th day of the calendar month immediately preceding such Interest Payment Date, and for any Series of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds paying interest other than semiannually, any record dates designated by the Authority in a Supplemental Indenture.

“Refunding Senior Bonds” shall mean one or more Series of Senior Bonds issued pursuant to Section 6.2 hereof to refund Outstanding Bonds.

“Refunding Subordinate Bonds” shall mean one or more Series of Subordinate Bonds issued pursuant to Section 6.4 hereof to refund Outstanding Bonds.

“Register” shall mean the register of the record owners of Bonds maintained by the Registrar.

“Registrar” shall initially mean the Trustee or any other registrar appointed in accordance with Article IX hereof.

“Requisition Certificate” shall mean a written certificate executed by an Authorized Officer of the Authority in substantially the forms of EXHIBIT B, EXHIBIT C, and EXHIBIT D hereto.

“Reserve Product” shall mean bond insurance, a surety bond or a letter of credit or other credit facility used in lieu of a cash deposit in the Composite CFC Senior Debt Service Reserve Account or any other account in the CFC Senior Debt Service Reserve Fund meeting the terms and conditions of Section 4.5 of this Indenture.

“Reserve Product Provider” means a reputable and nationally recognized bond insurance provider or a bank or other financial institution providing a Reserve Product, whose bond insurance policies insuring, or whose letters of credit, surety bonds or other credit facilities securing, the payment, when due, of the principal of and interest on bond issues by public entities results in such issues (as of the date of issuance of the Series of Bonds for which the Reserve Product is to be utilized), except as otherwise provided by Section 4.5 hereof, are rated at least in the “A” category (without regard to gradations) by one of the nationally recognized ratings services that is then rating any of the Bonds Outstanding hereunder or the Bonds to be issued hereunder; provided, however, that nothing herein shall require the Authority to obtain a rating on any Bonds issued under this Indenture.

“Responsible Officer” shall mean any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“Senior Bonds” shall mean any debt obligation of the Authority issued under and in accordance with this Indenture and designated as Senior Bonds, including, but not limited to,

bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Authority. The terms “Senior Bond” or “Senior Bonds” herein do not include any Subordinate Bonds.

“**Series**” shall mean all of the Bonds designated as being of the same Series authenticated and delivered on the date of the original issuance thereof in a simultaneous transaction and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to this Indenture.

“**Series 2026 CFC Bonds**” shall mean, collectively, the Taxable Series 2026 CFC Bonds and the Tax-Exempt Series 2026 CFC Bonds.

“**Series 2026 CFC Construction Account**” shall mean the account established pursuant to Article IV hereof.

“**Series 2026 CFC Costs of Issuance Account**” shall mean the account established pursuant to Article IV hereof.

“**Special Record Date**” shall have the meaning set forth in Section 2.2(d) hereof.

“**Subordinate Bonds**” shall mean any debt obligation of the Authority issued under and in accordance with this Indenture and designated as Subordinate Bonds, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Authority. The terms “Subordinate Bond” or “Subordinate Bonds” herein do not include any Senior Bonds.

“**Subordinate Maximum Annual Debt Service Requirement**” for the Subordinate Bonds then Outstanding, shall mean the maximum annual scheduled payments of principal and interest with respect to all Subordinate Bonds in any Fiscal Year, excluding any accrued interest or capitalized interest.

“**Substantial Completion**” shall mean the “Consolidated Facility Substantial Completion,” as defined in the RAC Agreements.

“**Supplemental Indenture**” shall mean any document supplementing or amending this Indenture or providing for the issuance of Bonds and entered into as provided in Article X hereof.

“**Taking**” shall mean the acquisition by condemnation or the exercise of the power of eminent domain under any federal or state statute by the United States, the Commonwealth, or any federal or state agency or any other person vested with such power, of a temporary or permanent interest in all or any part of the CFC Project.

“**Tax Certificate**” shall mean, as it relates to the Tax-Exempt Series 2026 CFC Bonds, the Tax Compliance Certificate, dated _____, 2026, as amended from time to time, entered into by the Authority, and as it relates to Additional Bonds that are Tax-Exempt Bonds, the Tax Compliance Certificate, dated the date of issuance of the Additional Bonds that Tax-Exempt Bonds, as amended from time to time, entered into by the Authority.

“Taxable CFC Project” shall mean the acquisition, site preparation, permitting, design, development, constructing, furnishing, financing, administrative cost (including, but not limited to, accounting, consultancy, and legal fees) and construction of the Consolidated Rental Car Facility by the Authority, portions of certain enabling projects and any further improvement costs related to the Taxable CFC Project authorized by a Supplemental Indenture or any other financing document authorized by the Authority.

“Taxable Series 2026 CFC Bonds” shall mean the \$ _____ Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility), Series 2026A (Federally Taxable), issued pursuant to the provisions of the Bond Resolution and this Indenture.

“Tax-Exempt Bonds” shall mean those Bonds, the interest on which, in the opinion of Bond Counsel delivered at the time of issuance thereof, is excludable from gross income of the Holders thereof for federal income tax purposes, including the Tax-Exempt Series 2026 CFC Bonds.

“Tax-Exempt CFC Project” shall mean certain roadway improvements, other enabling projects or portions thereof as described in the Tax Certificate, and any further improvement costs related to the Tax-Exempt CFC Project authorized by a Supplemental Indenture or any other financing document authorized by the Authority.

“Tax-Exempt Series 2026 CFC Bonds” shall mean the \$ _____ Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility), Series 2026B (AMT), issued pursuant to the provisions of the Bond Resolution and this Indenture.

“Trust Estate” shall mean the CFC Pledged Revenues and CFC Pledged Funds as described in the Granting Clauses hereof.

“Trustee Fee” shall mean the Trustee’s compensation paid to the Trustee for its services hereunder (including related expenses and counsel fees incurred in good faith) as agreed to from time to time by the Authority and the Trustee pursuant to the terms of a separate agreement.

“2001 Master Indenture” shall mean the Master Indenture of Trust, between the Authority and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as successor trustee, dated as of April 1, 2001, as amended and supplemented.

Section 1.2 Interpretations. All terms defined herein and all pronouns used in this Indenture shall be deemed to apply equally to singular and plural and to all genders. The table of contents, titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the lien on and pledge of the Trust Estate to secure the payment of the Bonds.

ARTICLE II
SERIES 2026 CFC BONDS

Section 2.1 Name, Amount, Purpose, Authorization.

(a) No Bonds may be issued under the provisions of this Indenture except in accordance with this Article and Article VI hereof. All proceeds of Bonds issued under this Indenture and any Supplement hereto shall be used for Costs of the CFC Project and to fund the Funds established hereunder or under any related Supplemental Indenture in connection with the issuance of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds.

(b) (i) The Taxable Series 2026 CFC Bonds shall be designated as the “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility), Series 2026A (Federally Taxable),” shall be issued in the aggregate principal amount of _____ for the purpose of paying or reimbursing the Authority for a portion of the costs and expenses of financing, designing, and constructing the Taxable CFC Project, funding a portion of the CFC Senior Debt Service Reserve Fund Requirement, funding all of the CFC Coverage Fund Requirement, and paying the costs of issuance relating to the Taxable Series 2026 CFC Bonds [, including providing for Credit Facilities, if any] and (ii) the Tax-Exempt Series 2026 CFC Bonds shall be designated as the “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility), Series 2026B (AMT),” shall be issued in the aggregate principal amount of \$_____ for the purpose of paying or reimbursing the Authority for a portion of the costs and expenses of financing, designing, and constructing the Tax-Exempt CFC Project, funding a portion of the CFC Senior Debt Service Reserve Fund Requirement, and paying the costs of issuance relating to the Tax-Exempt Series 2026 CFC Bonds. The Series 2026 CFC Bonds and all other Bonds shall bear the following legend:

THIS BOND SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, AND SHALL BE PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE AND NOT FROM ANY OTHER SOURCES WHATSOEVER. THIS BOND AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE CITY OF NORFOLK, VIRGINIA, THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISIONS OR AGENCY OF THE COMMONWEALTH OF VIRGINIA WITHIN THE MEANING OF THE CONSTITUTION OF VIRGINIA AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF NORFOLK, VIRGINIA, THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISIONS OR AGENCY OF THE COMMONWEALTH OF VIRGINIA WILL BE PLEDGED TO THE PAYMENT OF THE SERIES 2026 CFC BONDS. THE AUTHORITY HAS NO TAXING POWER. THIS BOND AND THE INTEREST HEREON ARE PAYABLE SOLELY FROM AND SECURED BY THE TRUST ESTATE, ALL AS DESCRIBED IN AND SUBJECT TO LIMITATIONS SET FORTH IN THE INDENTURE.

The Series 2026 CFC Bonds and all other Bonds may bear such additional legend or contain such further provisions as may be necessary to comply with or conform to the rules and

requirements of any brokerage board, securities exchange or municipal securities rules making board.

Section 2.2 Denomination, Date, Maturity and Interest Rate.

(a) The Series 2026 CFC Bonds shall be dated the date of issuance thereof and bear interest from the dated date of the Series 2026 CFC Bonds, at the rate or rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months payable on any Interest Payment Date. The Taxable Series 2026 CFC Bonds so authorized shall be issued in the aggregate principal amount of \$_____ and the Tax-Exempt Series 2026 CFC Bonds so authorized shall be issued in the aggregate principal amount of \$_____.

(b) The Taxable Series 2026 CFC Bonds and the Tax-Exempt Series 2026 CFC Bonds shall be initially issued in the principal amounts and bearing interest at the rates set forth in the following schedules, and may be transferred and exchanged as set out in this Indenture. The Series 2026 CFC Bonds shall mature on July 1 in each of the years and in the amounts set out in the following schedule. The Taxable Series 2026 CFC Bonds and the Tax-Exempt Series 2026 CFC Bonds shall be issued in Authorized Denominations and shall be lettered and numbered RA-1 and RB-1, respectively, and upwards according to the records maintained by the Registrar. Series 2026 CFC Bonds delivered on transfer of or in exchange for other Series 2026 CFC Bonds shall be numbered in order of their authentication by the Trustee, shall be in Authorized Denominations, and shall mature on the same date, bear interest at the same rate, and be subject to redemption on the same date as the Series 2026 CFC Bond or Series 2026 CFC Bonds in lieu of which they are delivered.

THE TAXABLE SERIES 2026 CFC BONDS

Maturity (July 1)	Principal Amount Maturing	Interest Rate
	\$	%

*

*

*Term Bond

THE TAX-EXEMPT SERIES 2026 CFC BONDS

Maturity (July 1)	Principal Amount Maturing	Interest Rate
	\$	%

*
*

*Term Bond

(c) The principal of, redemption premium, if any, and the interest on the Bonds shall be payable in lawful currency of the United States. The principal of and redemption premium, if any, on the Bonds shall be payable at the principal office of the Paying Agent upon presentation and surrender of the Bonds. Interest on the Bonds shall be computed from the Interest Payment Date to which interest has been paid or duly provided for next preceding the date of authentication thereof, unless (i) such date of authentication shall be prior to the first Interest Payment Date, in which case interest shall be computed from the issuance date thereof, or (ii) such date of authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case interest shall be computed from such date of authentication; provided, however, that if interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange shall bear interest from the last date to which interest has been paid or duly provided for on the Bonds or, if no interest has been paid or duly provided for on the Bonds, from the issuance date thereof. Interest on the Bonds shall be paid on each Interest Payment Date by check mailed first-class, postage pre-paid by the Trustee to the Registered Owner of record as of the Record Date.

(d) If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Trustee shall establish a new record date for the payment of such interest, to be known as a "Special Record Date." The Trustee shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the Authority. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first-class, postage prepaid, not later than five days prior to the Special Record Date, to each affected Registered Owner as of the close of business on the day prior to mailing of such notice.

(e) The Bonds shall be payable, subject to redemption prior to maturity, have the characteristics, and be executed, sealed, registered and executed by manual or facsimile signature of an Authorized Officer of the Authority and an authorized officer of the Trustee. In case any officer whose manual or facsimile signature shall appear on any Bonds shall cease to be such officer before delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office. The Bonds authorized and issued hereunder shall be issued as fully registered Bonds in substantially the form set out in EXHIBIT A attached hereto, with such variations, omissions, insertions, endorsements and legends as may be necessary or appropriate to conform to, and as are required or permitted by this Indenture and any Supplemental Indenture hereto. CUSIP numbers also may be printed on the Bonds, but errors or omissions in the printing of the numbers shall have no effect on the validity of the Bonds.

Section 2.3 The Depository Trust Company.

(a) Notwithstanding any provision of this Indenture to the contrary, unless the Authority shall otherwise direct, each Series of Bonds issued hereunder shall be registered in the name of Cede & Co., as nominee of DTC, as the Registered Owner of the Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single certificate will be issued and delivered to DTC for each maturity of that Series of Bonds. Beneficial owners of Bonds will not receive physical delivery of Bond certificates except as provided hereinafter as long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interests in the Bonds will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership interests in Bonds is to receive, hold or deliver any Bond certificate; provided, that, if DTC fails or refuses to act as securities depository for the Bonds, the Authority shall take the actions necessary to provide for the issuance of Bond certificates to the Registered Owners of such Bonds.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom a DTC Participant holds an interest in the Bonds, except as otherwise provided in the Continuing Disclosure Undertaking. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner, as shown in the Register, of any amount with respect to the principal of or interest on the Bonds.

(b) In the event that (i) DTC determines not to continue to act as securities depository for the Bonds (which determination shall become effective no less than ninety (90) days after written notice to such effect to the Authority and the Trustee); (ii) the Authority or the Trustee determines (which determination is conclusive as to DTC and the beneficial owners of the Bonds) that DTC is incapable of discharging its responsibilities described herein and in the DTC Letter of Representations; or (iii) the Authority or the Trustee determines (which determination is conclusive as to DTC and the beneficial owners of the Bonds) that it is in the best interests of the

beneficial owners of the Bonds not to continue DTC's book-entry only system of transfer for the Bonds, then the Authority shall use its best efforts to appoint a successor securities depository, qualified to act as such under Section 17A of the Securities Exchange Act of 1934, as amended. In the event of such an appointment, the Authority shall (x) notify DTC of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor or (y) notify DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

In the event the Authority fails to appoint a successor securities depository for the Bonds, the Authority shall cause to be authenticated and delivered replacement Bonds, in certificated form, to the beneficial owners of the Bonds.

(c) Notwithstanding any other provision of this Indenture to the contrary, as long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, (i) all payments with respect to the principal of and interest on the Bonds and all notices with respect to such Bonds shall be made and given, in accordance with DTC's operational arrangements, as provided in the Blanket Letter of Representations between DTC and the Authority; (ii) the requirements of this Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC; and (iii) delivery of the Bonds will be in accordance with arrangements among the Authority, the Trustee and DTC.

(d) If at any time DTC ceases to hold the Bonds in book-entry only form, all references herein to DTC shall be of no further force or effect.

Section 2.4 Authentication of Bonds. Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth on EXHIBIT A attached hereto, duly, executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bonds shall be deemed to have been duly executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

Section 2.5 Registration, Transfer, and Exchange of Bonds. Subject to the provisions of this Section 2.5, the Trustee, acting in the capacity as Registrar, shall cause the Register to be kept for the registration of Bonds and the registration of transfers of Bonds. So long as any Bonds remain Outstanding, the Trustee acting in the capacity as Registrar shall provide for the registration and transfer of the Bonds in accordance with the terms of this Indenture.

Each Bond shall be transferable only upon presentation and surrender thereof at the designated office of the Trustee, duly endorsed for transfer, or accompanied by an assignment duly

executed by the Registered Owner or his authorized representative in form satisfactory to the Trustee. Upon due presentation of any Bond for transfer, the Trustee shall authenticate and deliver in exchange therefor, a new Bond or Bonds for a like Series, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount, and bearing or accruing interest at the same rate as the Bond or Bonds so presented and surrendered.

Each Bond shall be exchangeable upon presentation and surrender thereof at the designated payment office of the Trustee for a Bond or Bonds of the same Series, maturity and interest rate and in any authorized denomination, in an aggregate principal amount, equal to the unpaid principal amount of Bond or Bonds presented for exchange. The Trustee shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each exchanged or replaced Bond delivered by the Trustee in accordance with this Section shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The Authority or the Trustee may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. The Trustee may require the payment of a fee or charge of the Trustee for such transfer or exchange which shall be paid by the Authority.

The Authority, the Trustee, and any other Person may treat the person in whose name any Bond is registered as the absolute Registered Owner of such Bond for the purpose of making payment of the principal and premium, if any, thereof, and for the further purpose of making payment of interest thereon, for the purpose of giving notice to the Holders of the Bonds, and for all other purposes, whether or not such Bond is overdue, except as otherwise provided in the Continuing Disclosure Undertaking, and neither the Authority nor the Trustee shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Holder of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the Authority and the Trustee upon such Bond to the extent of the sums paid.

Section 2.6 Replacement Bonds. Subject to the provisions of this Section 2.6, upon the presentation and surrender to the Trustee of a mutilated Bond, the Authority shall execute, and the Trustee shall authenticate and deliver in exchange therefor a replacement bond of like Series, maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The Authority or the Trustee may require the Holder of such Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Trustee and the Authority.

Upon notification to the Trustee of any lost, destroyed or wrongfully taken Bond, the Authority, pursuant to the applicable Commonwealth law and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute, and the Trustee shall authenticate and deliver, a replacement bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding, provided that the Registered Owner thereof shall have:

(a) furnished to the Trustee satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;

(b) furnished such security or indemnity as may be required by the Trustee and the Authority to save them harmless;

(c) paid all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and any tax or other governmental charge that may be imposed; and

(d) met any other reasonable requirements of the Authority and the Trustee.

If, after the delivery of such replacement bond, a Holder of the original Bond in lieu of which such replacement bond was issued presents for payment such original Bond, the Authority and the Trustee shall be entitled to recover such replacement bond from the Holder thereof, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Authority or the Trustee in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Authority in its discretion may, instead of issuing a replacement Bond, authorize the Trustee to pay such Bond.

Each replacement Bond delivered in accordance with this Section 2.6 shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond or Bonds is delivered.

Section 2.7 Cancellation. Any Bonds surrendered for payment, transfer or exchange shall be promptly cancelled and retained by the Trustee in accordance with its document retention policy. Upon the Authority's written request, the Trustee shall provide the Authority with an appropriate certificate of cancellation for all cancelled Bonds. No Bonds shall be authenticated in lieu of or on exchange for any Bonds cancelled as provided in this Section 2.7, except as expressly provided by this Indenture.

Section 2.8 Delivery of Series 2026 CFC Bonds. Upon the execution and delivery of this Indenture, the Authority shall execute the Series 2026 CFC Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Series 2026 CFC Bonds and deliver them to the purchaser or purchasers as shall be directed by the Authority as hereinafter provided in this Section 2.8.

Notwithstanding the foregoing, prior to the authentication and delivery by the Trustee of any of the Series 2026 CFC Bonds, there shall be filed with the Trustee:

(a) a copy, certified by the Secretary of the Authority of the Bond Resolution;

(b) a certified copy of a form of the RAC Agreements;

(c) an opinion of counsel to the Authority to the effect that the Bond Resolution, the Bond Purchase Agreement, this Indenture, the RAC Agreements, and any other financing documents to which the Authority is a party have been duly authorized, adopted, executed and delivered by the Authority, as applicable, and are legal, valid and binding obligations enforceable against the Authority, subject to exclusions described therein and by laws of the Commonwealth, in accordance with their respective terms;

(d) an opinion of Bond Counsel addressed to the Authority to the effect that the interest on the Tax-Exempt Bonds will be excluded from gross income for federal income tax purposes to the Holders thereof; and

(e) a request and authorization to the Trustee on behalf of the Authority, signed by the Chair or Vice Chair of the Authority, to authenticate and deliver the Series 2026 CFC Bonds in such specified denominations as permitted herein to or to such party as directed by the initial purchaser or purchasers of the Series 2026 CFC Bonds, as set forth in such request and authorization, upon payment to the Trustee, for the account of the Authority, of a specified sum of money. The net proceeds from the sale of the Series 2026 CFC Bonds shall be deposited with the Trustee and applied as provided in Section 5.1 hereof.

When the documents mentioned in paragraphs (a) through (e), inclusive, of this Section 2.8 have been filed or deposited with the Trustee, the Trustee shall authenticate and deliver the Series 2026 CFC Bonds, but only on payment of the purchase price of the Series 2026 CFC Bonds by the purchasers thereof.

Notwithstanding anything herein to the contrary, the conditions to the authentication and delivery of any Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds may be set forth in the Supplemental Indenture pursuant to which such Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds are authorized. To the extent the provisions of such Supplemental Indenture establish conditions to the authentication and delivery of such Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds that differ from those set forth in this Section 2.8, the provisions of such Supplemental Indenture shall control with respect to such Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds.

ARTICLE III **REDEMPTION**

Section 3.1 Optional Redemption of Series 2026 CFC Bonds.

(a) On any date on or after July 1, 20[___], at the election of the Authority, the Taxable Series 2026 CFC Bonds maturing on and after July 1, 20[___], shall be subject to optional redemption, in whole or in part, in maturities as selected by the Authority, upon notice as hereinafter provided, at par, plus accrued interest to the redemption date.

(b) On any date prior to the first optional redemption date, the Taxable Series 2026 CFC Bonds are subject to optional redemption prior to maturity, at the election of the Authority, in whole or in part, with Taxable Series 2026 CFC Bonds selected for redemption based on a pro rata pass-through distributions of principal, subject to the provisions described below under "Selection of Bonds to be Redeemed," on any Business Day, in such order of maturity as directed

by the Authority, at the Make-Whole Redemption Price (as defined herein). The Authority shall retain an independent accounting firm or an independent financial advisor to determine the Make-Whole Redemption Price, perform all actions, and make all calculations required to determine the Make-Whole Redemption Price. The Trustee and the Authority may conclusively rely on such accounting firm's or financial advisor's calculations in connection with, and its determination of, the Make-Whole Redemption Price, and neither the Trustee nor the Authority will have any liability for their reliance. The determination of the Make-Whole Redemption Price by such accounting firm or financial advisor shall be conclusive and binding on the Trustee, the Authority, and the holders of the Taxable Series 2026 CFC Bonds.

“Comparable Treasury Issue” means the United States Treasury security or securities selected by a Designated Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Taxable Series 2026 CFC Bonds to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Taxable Series 2026 CFC Bonds.

“Comparable Treasury Price” means, with respect to any redemption date, the average of the Primary Treasury Dealer Quotations for such redemption date or, if the Designated Investment Banker obtains only one Primary Treasury Dealer Quotation, such Primary Treasury Dealer Quotation.

“Designated Investment Banker” means a Primary Treasury Dealer appointed by the Board.

“Make-Whole Redemption Price” means the greater of (i) 100% of the principal amount of a Taxable Series 2026 CFC Bond to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest (treating any principal scheduled to be paid after the first call date as if it were scheduled to mature on the first optional redemption date) of the Taxable Series 2026 CFC Bond to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the date on which such Taxable Series 2026 CFC Bond is to be redeemed), discounted to the date on which such Bond is to be redeemed on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the adjusted Treasury Rate plus [_____] () basis points, plus, in each case, accrued and unpaid interest on such Taxable Series 2026 CFC Bond to, but excluding, the redemption date.

“Primary Treasury Dealer” means one or more entities appointed by the Authority, which, in each case, is a primary U.S. Government securities dealer in The City of New York, New York, and its successors.

“Primary Treasury Dealer Quotations” means, with respect to each Primary Treasury Dealer and any redemption date, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Primary Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

“Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

(c) [On any date on or after July 1, 20[___], the Tax-Exempt Series 2026 CFC Bonds maturing on or after July 1, 20[___], at the election of the Authority, shall be subject to optional redemption, in whole or in part, in maturities as selected by the Authority, upon notice as hereinafter provided, at par, plus accrued interest to the redemption date.][The Tax-Exempt Series 2026 CFC Bonds shall not be subject to optional redemption prior to maturity.]

Section 3.2 Mandatory Redemption of Series 2026 CFC Bonds.

(a) [Certain of the Taxable Series 2026 CFC Bonds are subject to mandatory sinking fund redemption prior to maturity in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:]

**Taxable Series 2026 CFC Bonds
maturing on July 1, 20__**

Year (July 1)	Principal Amount
--------------------------	-----------------------------

\$

*

*Final Maturity Date

**Taxable Series 2026 CFC Bonds
maturing on July 1, 20__**

Year (July 1)	Principal Amount
--------------------------	-----------------------------

\$

*

*Final Maturity Date

(b) [Certain of the Tax-Exempt Series 2026 CFC Bonds are subject to mandatory sinking fund redemption prior to maturity in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:]

**Tax-Exempt Series 2026 CFC Bonds
maturing on July 1, 20__**

Year (July 1)	Principal Amount
--------------------------	-----------------------------

\$

*

*Final Maturity Date

**Tax-Exempt Series 2026 CFC Bonds
maturing on July 1, 20__**

Year (July 1)	Principal Amount
--------------------------	-----------------------------

\$

*

*Final Maturity Date

(c) On or before the forty-fifth (45th) day prior to any mandatory sinking fund redemption date with respect to the Series 2026 CFC Bonds, the Trustee shall proceed to select for redemption (on a pro rata pass-through distribution of principal basis for the Taxable Series 2026 CFC Bonds and by lot for the Tax-Exempt Series 2026 CFC Bonds) an aggregate principal amount of the Series 2026 CFC Bonds equal to the amount for such year as set forth in the respective table above and shall call such aggregate principal amount of the Series 2026 CFC Bonds (in Authorized Denominations) for redemption and give notice of such call.

(d) At the option of the Authority, to be exercised by delivery of a written certificate to the Trustee on or before the sixtieth (60th) day next preceding any mandatory sinking fund redemption date for the Series 2026 CFC Bonds, it may (i) deliver to the Trustee for cancellation Series 2026 CFC Bonds (in Authorized Denominations for the same Series and maturity) purchased in the open market or otherwise acquired by the Authority or (ii) specify a principal

amount of the Series 2026 CFC Bonds (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Trustee at the request of the Authority and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each Series 2026 CFC Bond so purchased, acquired or optionally redeemed and delivered to the Trustee for cancellation shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Authority to pay the principal of the Series 2026 CFC Bond on such mandatory sinking fund redemption date.

Section 3.3 Extraordinary Mandatory Redemption of the Series 2026 CFC Bonds.

The Series 2026 CFC Bonds shall be subject to extraordinary mandatory redemption at the direction of the Authority pursuant to Section 7.7 hereof, in whole or in part on the earliest date following the date for which notice of redemption can be given as provided in this Indenture, at a price equal to the principal amount of Series 2026 CFC Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium, from Available Amounts and such other amounts permitted or required to be applied to such redemption under Section 7.7 hereof. To ensure compliance with Section 7.9(c) hereof, an extraordinary mandatory redemption of Tax-Exempt Series 2026 CFC Bonds that is necessary to effect a remedial action under Treasury Regulations §§ 1.141-12(d) or 1.142-2, as applicable, in respect of the Tax-Exempt Series 2026 CFC Bonds shall be completed before an extraordinary mandatory redemption of Taxable Series 2026 CFC Bonds.

Section 3.4 Selection of Bonds to be Redeemed.

(a) With respect to Taxable Series 2026 CFC Bonds subject to redemption, if less than all of such Taxable Series 2026 CFC Bonds shall be called for redemption, the particular Taxable Series 2026 CFC Bonds or portions thereof to be redeemed shall be selected by the Trustee on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Taxable Series 2026 CFC Bonds are held in the book-entry only form, the selection for redemption of such Taxable Series 2026 CFC Bonds will be made in accordance with the operational arrangements of DTC then in effect. If the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Taxable Series 2026 CFC Bonds will be selected for redemption, in accordance with DTC procedures, by lot. If the Taxable Series 2026 CFC Bonds are not held in the book-entry only form and less than all of the Taxable Series 2026 CFC Bonds are to be redeemed, the Taxable Series 2026 CFC Bonds to be redeemed shall be selected by the Trustee on a pro rata pass-through distribution of principal basis among all of the Holders of the Taxable Series 2026 CFC Bonds based on the principal amount of Taxable Series 2026 CFC Bonds owned by such Holders.

(b) With respect to Tax-Exempt Series 2026 CFC Bonds subject to redemption, if less than all of such Tax-Exempt Series 2026 CFC Bonds shall be called for redemption, the particular Tax-Exempt Series 2026 CFC Bonds or portions thereof to be redeemed shall be selected as directed in writing by the Authority or, in absence of direction, in inverse order of maturity (and if less than all of a single maturity is being redeemed, randomly within a maturity in such manner as may be designated by the Trustee).

Section 3.5 Notice of Redemption. Notice of redemption in the form provided by the Authority shall be mailed by the Trustee by first class mail, postage prepaid, at least thirty (30)

days before the redemption date to each Holder of the Bonds to be redeemed in whole or in part at his/her last address appearing on the Register, but no defect in or failure to give such notice of redemption shall affect the validity of the redemption. Such notice shall state the conditions, if any, for the redemption of the Bonds and that if such conditions are not met on the date selected for redemption, such call for redemption shall be revoked. All Bonds properly called for redemption will cease to bear interest on the date fixed for redemption, provided funds for their redemption have been duly deposited with the Trustee and, thereafter, the Holders of such Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new Bond for any portion not redeemed. For the avoidance of doubt, there shall be no notices of redemption for mandatory sinking fund redemptions.

Section 3.6 Conditional Redemption. The Authority may, by the filing by an Authorized Officer of the Authority of a certificate to this effect prior to the delivery of the notice of an optional redemption, make such optional redemption conditional upon the occurrence of certain events, including without limitation the receipt of certain funds by the Authority or the Paying Agent, the issuance of certain bonds or other obligations by the Authority. If so conditioned, the redemption will not be made unless such events occur, the notice thereof will specify such conditions and the required timing thereof and, if such conditions are not met, a notice thereof will be given by the Bond Registrar to the Registered Owners of Bonds promptly after the date it is determined such conditions are not met.

Section 3.7 Revocation of Redemption. Notwithstanding any other provision of this Indenture, if, on any day prior to the fifth (5th) Business Day preceding any date fixed for redemption of Bonds (other than scheduled mandatory redemption), the Authority notifies the Trustee in writing that the Authority has elected to revoke its election to redeem such Bonds, such Bonds shall not be redeemed on such date and any notice of redemption mailed to the Holders of the Bonds to be redeemed pursuant to this Article shall be null and void. In such event, within five (5) Business Days after the date on which the Trustee receives notice of such revocation, the Trustee shall cause a notice of such revocation in the name of the Trustee to be mailed to all Holders owning such Bonds.

Section 3.8 Purchase in Lieu of Redemption. The Authority shall have the option to purchase Bonds that are subject to optional redemption (“Callable Bonds”) in lieu of optional redemption. If a Callable Bond has been called for optional redemption, the Authority may exercise its right of purchase by delivery to the Trustee on or prior to the Business Day preceding the optional redemption date of written notice from the Authority specifying that the Callable Bonds shall not be redeemed, but instead shall be purchased pursuant to this Section 3.8. Upon delivery of such notice from the Authority, the Callable Bonds shall not be redeemed, but shall instead be subject to mandatory tender on the date that would have been the optional redemption date at a purchase price equal to the redemption price that would have been payable with respect to such Callable Bonds. The Authority’s option to purchase pursuant to this Section shall be effective whether or not the notice of optional redemption sent to Holders indicates that the Authority has exercised, or intends to exercise, such purchase option. No further or additional notice to Holders shall be required in connection with the purchase in lieu of redemption. The Callable Bonds purchased, pursuant to this Section 3.8, (i) shall not be cancelled or retired, but

shall continue to be outstanding, (ii) shall be delivered to, or as directed by, the Authority, and (iii) shall continue to bear interest at the rate provided for in this Indenture.

Section 3.9 Redemption, Purchase or Tender or Exchange of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds. Notwithstanding anything herein to the contrary, provisions relating to redemption, purchase or tender and/or exchange of any Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds shall be as set forth in the related Supplemental Indenture for such Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds.

ARTICLE IV

SOURCE OF PAYMENT FOR ALL BONDS; FUNDS AND FLOW OF FUNDS

Section 4.1 Source of Payment for Bonds. The Bonds are special, limited obligations of the Authority payable from, and secured solely by a lien on and pledge of, the Trust Estate. The Bonds shall not be general obligations of the Authority. The Holders of the Bonds shall never have the right to demand payment thereof out of any funds raised or to be raised by any other revenues generally available to the Authority or the Airport other than the Trust Estate.

Section 4.2 Establishment of Special Funds.

(a) There are hereby created the following special funds, which shall be maintained with the Trustee:

(i) The “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) CFC Revenue Fund” (the “CFC Revenue Fund”);

(ii) The “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) CFC Construction Fund” (the “CFC Construction Fund”), and therein:

(A) the “Series 2026 CFC Construction Account”, and therein:

a) the “Taxable Series 2026 CFC Construction Subaccount”
and

b) the “Tax-Exempt Series 2026 CFC Construction Subaccount”;

(B) the “Series 2026 CFC Costs of Issuance Account”, and therein:

a) the “Taxable Series 2026 CFC Costs of Issuance Subaccount” and

b) the “Tax-Exempt Series 2026 CFC Costs of Issuance Subaccount”;

(iii) The “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) CFC Senior Debt Service Fund” (the “CFC Senior Debt Service Fund”);

(iv) The “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) CFC Senior Debt Service Reserve Fund” (the “CFC Senior Debt Service Reserve Fund”), and therein the “Composite CFC Senior Debt Service Reserve Account”;

(v) The “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) CFC Coverage Fund” (the “CFC Coverage Fund”);

(vi) The “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) CFC Administrative Costs Fund” (the “CFC Administrative Costs Fund”);

(vii) The “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) CFC Project Fund” (the “CFC Project Fund”);

(viii) The “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) CFC Stabilization Fund” (the “CFC Stabilization Fund”); and

(ix) The “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) CFC Renewal and Replacement Fund” (the “CFC Renewal and Replacement Fund”).

There is also hereby created the “Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) CFC Defeasance and Surplus Fund” (the “CFC Defeasance and Surplus Fund”), which shall be maintained with the Authority and shall be kept separate and apart from all other funds of the Authority and therein:

(A) the “CFC Defeasance Account” and

(B) the “CFC Surplus Account”.

The Authority and the Trustee reserve the right to establish additional Funds, accounts and subaccounts, from time to time, under Supplemental Indentures, including, but not limited to, any CFC Subordinate Debt Service Fund and CFC Subordinate Debt Service Reserve Fund; and any such Supplemental Indenture may provide that amounts on deposit in such Funds, accounts and sub accounts shall be held by the Trustee or the Authority, as applicable, for the sole and exclusive benefit of a particular Series of Bonds to the extent specifically designated in such Supplemental Indenture.

(b) Except for the Series 2026 CFC Costs of Issuance Account, the CFC Administrative Costs Fund, and the CFC Defeasance and Surplus Fund, the Funds shall be held in trust by the Trustee for the benefit of the Holders and shall be used solely as provided in this Indenture so long

as any Bonds remain Outstanding. The Series 2026 CFC Costs of Issuance Account shall constitute trust funds which shall be applied and disbursed by the Trustee as provided in this Indenture.

Section 4.3 CFC Revenue Fund.

(a) On the date of issuance of the Series 2026 CFC Bonds, the Authority shall deposit or cause to be deposited to the credit of the CFC Project Fund a portion of the Customer Facility Charges previously collected and currently held by the Authority which amounts shall be used for Costs of the CFC Project.

(b) From and after the issuance and delivery of the Series 2026 CFC Bonds, the Authority shall deposit, or cause to be deposited, no later than the 20th day of each month, to the credit of the CFC Revenue Fund all CFC Pledged Revenues collected during the preceding month. On the 25th day of each month, the Trustee will cause the distribution of funds in the CFC Revenue Fund to be applied and transferred, as more fully set forth below, to the following Funds in the following order of priority and in the amounts set forth in this Article:

(i) First, to the CFC Senior Debt Service Fund to pay principal and interest on the Senior Bonds, as provided in Section 4.4 hereof;

(ii) Second, to the CFC Senior Debt Service Reserve Fund to satisfy, to the extent necessary, the CFC Senior Debt Service Reserve Fund Requirement as provided in Section 4.5 hereof;

(iii) Third, to the CFC Coverage Fund to satisfy, to the extent necessary, the CFC Coverage Fund Requirement as provided in Section 4.6 hereof;

(iv) Fourth, to the CFC Administrative Costs Fund to satisfy, the CFC Administrative Costs Fund Requirement, as provided in Section 4.7 hereof;

(v) Fifth, if any Subordinate Bonds are outstanding, to the CFC Subordinate Debt Service Fund and the CFC Subordinate Debt Service Reserve Fund, as established in a Supplemental Indenture;

(vi) Sixth, prior to receipt of written notice from the Authority that Substantial Completion has occurred, to the CFC Project Fund to be used for purposes of funding Costs of the CFC Project, and after receipt of written notice from the Authority that Substantial Completion has occurred the remaining balance in the CFC Project Fund shall be transferred as described in (vii) through (ix) below;

(vii) Seventh, to the CFC Stabilization Fund to be used as provided in Section 4.9 hereof;

(viii) Eighth, to the CFC Renewal and Replacement Fund to satisfy the CFC Renewal and Replacement Fund Requirement, as provided in Section 4.10 hereof; and

(ix) Ninth, the balance to the Authority for deposit into the CFC Defeasance and Surplus Fund, for further credit to the CFC Defeasance Account and the CFC Surplus Account in such amounts as are determined by the Authority in its discretion as provided in Section 4.11 hereof.

Section 4.4 CFC Senior Debt Service Fund.

(a) On the 25th day of each month after the issuance and delivery of the Series 2026 CFC Bonds there shall be deposited into the CFC Senior Debt Service Fund an amount equal to one-sixth (1/6th) of the amount necessary to pay all interest due and payable on the next Interest Payment Date and one-twelfth (1/12th) of the amount necessary to pay all principal due and payable on the next Principal Payment Date; and

(b) Prior to each Interest Payment Date or Principal Payment Date, there shall be deposited from CFC Pledged Funds any additional amounts necessary to increase the balance in the CFC Senior Debt Service Fund to be sufficient to make such payments on such Interest Payment Date or Principal Payment Date. Such additional amounts, if necessary, shall be transferred by the Trustee first from the CFC Stabilization Fund, second from the CFC Coverage Fund, third from the CFC Renewal and Replacement Fund, and fourth from the CFC Senior Debt Service Reserve Fund.

(c) Moneys deposited to the credit of the CFC Senior Debt Service Fund shall be used solely for the purpose of paying principal of (either at maturity or prior redemption or purchase) and interest on the Senior Bonds, including the Series 2026 CFC Bonds, or reimbursing credit providers for amounts advanced for such purpose.

(d) To the extent any Series of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds, provide for other than semi-annual interest and annual principal payments, the monthly allocations provided in paragraph (a) of this Section 4.4 may be adjusted as set forth in the related Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 4.5 CFC Senior Debt Service Reserve Fund.

(a) The Authority shall satisfy the CFC Senior Debt Service Reserve Fund Requirement at the time of the issuance of each Series of Senior Bonds and the CFC Senior Debt Service Reserve Fund shall be replenished as set forth below.

(b) In the event the balance in the CFC Senior Debt Service Reserve Fund (or the applicable account therein) shall be less than the applicable CFC Senior Debt Service Reserve Fund Requirement, then on the 25th day of each month, after making all prior required transfers from the CFC Revenue Fund as provided in Section 4.3(b) hereof, there shall be transferred from the CFC Revenue Fund to the applicable account within the CFC Senior Debt Service Reserve Fund, to the extent available in the CFC Revenue Fund, an amount equal to the CFC Senior Debt Service Reserve Fund Requirement, including amounts necessary to reimburse a Reserve Product Provider of a Reserve Product for draws thereunder in order to reinstate such Reserve Product as further described below, minus amounts already on deposit in the applicable account in the CFC Senior Debt Service Reserve Fund.

(c) Subject to Section 4.4(b) hereof, at any time that there are insufficient funds available in the CFC Senior Debt Service Fund to make any required payment of interest on or principal of the Senior Bonds, including the Series 2026 CFC Bonds, or to reimburse any credit providers for amounts advanced for such purpose, there shall be transferred from the applicable account in the CFC Senior Debt Service Reserve Fund to the corresponding account within the CFC Senior Debt Service Fund such amounts as may be necessary for such purpose. Any proceeds received from a Reserve Product securing a particular Series of Senior Bonds shall be applied immediately to cure deficiencies in the applicable account in the CFC Senior Debt Service Fund with respect to the Series of Senior Bonds for which such Reserve Product was provided and for no other purposes.

(d) Amounts in the CFC Senior Debt Service Reserve Fund shall be applied as provided herein, and may, at the direction of an Authorized Officer of the Authority, be applied to the final payment of principal and interest on the applicable Outstanding Senior Bonds, including the Series 2026 CFC Bonds. Further, amounts in the CFC Senior Debt Service Reserve Fund, to the extent they are in excess of the CFC Senior Debt Service Reserve Fund Requirement, may be transferred, at the direction of an Authorized Officer of the Authority at any time to the CFC Revenue Fund or to the Trustee or a Depository Trustee to be included as part of a deposit for the refunding of any Outstanding Senior Bonds.

(e) Notwithstanding anything herein to the contrary, the Authority shall not be required to fully fund the CFC Senior Debt Service Reserve Fund Requirement at the time of issuance of any Series of Senior Bonds hereunder, if it provides on the date of issuance of any Series of Senior Bonds in lieu of such funds a Reserve Product issued by a Reserve Product Provider in an amount equal to the difference between the CFC Senior Debt Service Reserve Fund Requirement for such Series of Senior Bonds and the sums then on deposit (or required to be on deposit) in the CFC Senior Debt Service Reserve Fund. Such Reserve Product as provided above must provide for payment on any Interest Payment Date or Principal Payment Date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held hereunder for a payment with respect to Senior Bonds secured by the CFC Senior Debt Service Reserve Fund or account therein which cannot be cured by funds in any other account held pursuant to this Indenture and available for such purpose, and which shall name the Trustee as the beneficiary thereof. If a disbursement is made from a Reserve Product, the Authority shall be obligated to reinstate the maximum limits of such Reserve Product following such disbursement or to replace such Reserve Product by depositing into the CFC Senior Debt Service Reserve Fund from the CFC Pledged Revenues available for deposit pursuant to Section 4.3(b)(ii) after the deposit required by Section 4.3(b)(i), funds in the maximum amount originally payable under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives, and for purposes of this Section 4.5, amounts necessary to satisfy such reimbursement obligation and other obligations of the Authority to such a Reserve Product Provider shall be deemed required deposits into the applicable account in the CFC Senior Debt Service Reserve Fund, but shall be used by the Authority to satisfy its obligations to the Reserve Product Provider.

(f) Notwithstanding Section 4.5(e) above, if the applicable account in the CFC Senior Debt Service Reserve Fund has been funded with cash or Investment Securities and no Event of Default shall have occurred and be continuing hereunder, the Authority may, at any time in its

discretion, substitute a Reserve Product meeting the requirements of this Indenture for the cash and Investment Securities, and the Authority may then withdraw such cash and Investment Securities and deposit them into the CFC Surplus Account to be used by the Authority for any lawful purpose of the Authority, so long as (i) the same does not adversely affect any rating by a Rating Agency then in effect for the applicable Series of Outstanding Senior Bonds and (ii) if the applicable account in the CFC Senior Debt Service Reserve Fund secures Tax-Exempt Bonds, the Authority obtains an opinion of Bond Counsel that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the applicable Series of Tax-Exempt Bonds for federal income tax purposes.

(g) In addition, notwithstanding anything herein to the contrary, if the funds on deposit in the applicable account in the CFC Senior Debt Service Reserve Fund are less than the CFC Senior Debt Service Reserve Requirement as a result of a withdrawal therefrom for deposit to the CFC Senior Debt Service Fund pursuant to this Section, rather than making up the deficiency through the deposit of moneys, the Authority may obtain for such account a Reserve Product meeting the requirements hereof in the amount of such deficiency.

(h) Cash on deposit in the applicable account in the CFC Senior Debt Service Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product. If and to the extent that more than one Reserve Product is deposited in the applicable account in the CFC Senior Debt Service Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Section 4.6 CFC Coverage Fund.

(a) There shall be deposited from proceeds of the Taxable Series 2026 CFC Bonds to the credit of the CFC Coverage Fund an amount equal to the initial CFC Coverage Fund Requirement for all Senior Bonds then Outstanding less any amounts already then on deposit therein.

(b) On the 25th day of each month, after making all prior transfers from the CFC Revenue Fund as provided in Section 4.3(b) hereof, there shall be transferred from the CFC Revenue Fund to the CFC Coverage Fund, to the extent available in the CFC Revenue Fund, an amount equal to the CFC Coverage Fund Requirement minus amounts already then on deposit in the CFC Coverage Fund. For the avoidance of doubt, the applicable CFC Coverage Fund Requirement shall be calculated annually at the beginning of each Fiscal Year of the Authority.

(c) Subject to Section 4.4(b), amounts in the CFC Coverage Fund shall be transferred to the CFC Senior Debt Service Fund to the extent required to pay principal and/or interest on Senior Bonds, including the Series 2026 CFC Bonds, as the same become due and payable.

Section 4.7 CFC Administrative Costs Fund.

(a) On the 25th day of each month, after making all prior transfers from the CFC Revenue Fund as provided in Section 4.3(b) hereof, there shall be transferred from the CFC Revenue Fund to the CFC Administrative Costs Fund an amount equal to one-twelfth (1/12th) of

the CFC Administrative Costs Fund Requirement as determined by the Authority, for the ensuing Fiscal Year.

(b) Funds on deposit in the CFC Administrative Costs Fund shall be applied by the Trustee to pay its fees and any other administrative fees required or contemplated by this Indenture but only as directed in writing by an Authorized Officer of the Authority.

Section 4.8 CFC Project Fund. On the issuance date of the Series 2026 CFC Bonds, a portion of the Customer Facility Charges collected by the Authority prior to the issuance of the Series 2026 CFC Bonds in the amount set forth in the Closing Memorandum shall be deposited into the CFC Project Fund in accordance with Section 4.3(a) hereof. Prior to Substantial Completion, and after making all prior transfers from the CFC Revenue Fund as provided in Section 4.3(b) hereof, funds on deposit in the CFC Project Fund shall be used by the Authority, in its discretion, to pay the Costs of the CFC Project on a pay-as-you go basis. The disbursements to the Authority for such use shall be made in accordance with the requirements of Section 5.4 hereof. Upon Substantial Completion the uncommitted balance remaining in the CFC Project Fund shall be transferred as described in (vii) through (ix) of Section 4.3(b) above. It being understood that the Authority must provide the Trustee with written notice that Substantial Completion has occurred.

Section 4.9 CFC Stabilization Fund. On the 25th day of each month, after making all prior transfers from the CFC Revenue Fund as provided in Section 4.3(b) hereof, there shall be transferred from the CFC Revenue Fund to the CFC Stabilization Fund the remaining available funds in the CFC Revenue Fund up to a maximum amount of \$5,000,000. Subject to Section 4.4(b), funds on deposit in the CFC Stabilization Fund shall be transferred to the CFC Senior Debt Service Fund, to the extent required, to pay principal of and/or interest on the Senior Bonds, including the Series 2026 CFC Bonds, as the same become due and payable. To the extent that the balance in the CFC Stabilization Fund exceeds \$5,000,000, the Authority may direct the Trustee to release and transfer on the date specified by the Authority the amount in excess of \$5,000,000 from the CFC Stabilization Fund to the Authority for deposit into the CFC Defeasance and Surplus Fund. In each Fiscal Year, the Authority may designate an amount to be transferred from the CFC Stabilization Fund to the CFC Revenue Fund on a monthly basis, which designated amounts are to be taken into account for purposes of the rate covenant set forth in Section 7.2 hereof.

Section 4.10 CFC Renewal and Replacement Fund. Prior to Substantial Completion, the CFC Renewal and Replacement Fund shall not be funded. After Substantial Completion, the CFC Renewal and Replacement Fund shall be funded in equal semi-annual installments of \$500,000 commencing on the first day of the third July following Substantial Completion until the amount on deposit therein is not less than the CFC Renewal and Replacement Fund Requirement, which amounts may, in the Authority's discretion, be transferred from the Defeasance and Surplus Fund as provided in Section 4.11 hereof; provided that the funding amount shall be contingent on availability of CFC Revenues for such purpose under Section 4.3(b) and Section 4.11 hereof, as applicable. Any draws on the CFC Renewal and Replacement Fund shall be replenished in a semi-annual aggregate amount of \$500,000 or such lesser amount necessary to satisfy the CFC Renewal and Replacement Fund Requirement in monthly payments beginning on the later of the 25th day of the first month of the next Fiscal Year or six months after the date of the draw on the CFC

Renewal and Replacement Fund causing the need for replenishment. Such monthly payments shall be made on the 25th day of each month, after making all prior transfers from the CFC Revenue Fund as provided in Section 4.3(b) hereof, and shall be transferred from the CFC Revenue Fund to the CFC Renewal and Replacement Fund in an amount equal to one-twelfth (1/12th) of the CFC Renewal and Replacement Fund Requirement, if any.

Funds on deposit in the CFC Renewal and Replacement Fund shall be used by the Authority, in its discretion, to pay the costs of the maintenance, repair, expansion or replacement of, as the case may be, the CFC Project, and the Trustee shall disburse such funds as provided in Section 5.4 hereof. Subject to Section 4.4(b), amounts in the CFC Renewal and Replacement Fund shall be transferred to the CFC Senior Debt Service Fund to the extent required to pay principal of and/or interest on Senior Bonds, including the Series 2026 CFC Bonds, as the same becomes due and payable.

Section 4.11 CFC Defeasance and Surplus Fund. After making all prior transfers from the CFC Revenue Fund as provided in Section 4.3(b) hereof, the Authority may, at its option, apply amounts transferred to the Authority for deposit into the CFC Defeasance and Surplus Fund, for use as follows: (1) transfer to the CFC Defeasance Account such amount as is determined by the Authority to be used or held for future use by the Authority for the redemption, purchase or defeasance of Bonds pursuant to Article III and/or Article XI herein, and (2) transfer to the remaining amount to the CFC Surplus Account to be used by the Authority for any lawful purposes, including, without limitation, transfers to the Renewal and Replacement Fund and payments by the Authority under the RAC Agreements.

Section 4.12 CFC Insurance and Condemnation Proceeds Account. In the event that any proceeds of casualty insurance policies or condemnation awards are delivered to the Trustee pursuant to Section 7.7 hereof for the purpose of financing the repair, reconstruction, restoration or replacement of the CFC Project, the Trustee shall establish the CFC Insurance and Condemnation Proceeds Account in the CFC Construction Fund and deposit such funds into the CFC Insurance and Condemnation Proceeds Account and shall disburse such funds as provided in Sections 5.3 and 7.7 hereof. Any amounts remaining after the completion of any such restoration and provision for all costs thereof (as the same are certified by the Authority to the Trustee) shall be deposited in the CFC Senior Debt Service Fund and applied to the payment of principal of or interest on the Series 2026 CFC Bonds next coming due.

Section 4.13 Collateralization of Funds and Accounts Deposits. The Trustee shall cause all cash balances from time to time on deposit to the credit of any Funds or accounts maintained by the Trustee under this Indenture that is in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency to be continuously secured as required by § 2.2-4400 et seq. of the Code of Virginia and 12 USC 1823(e) or 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 insolvency of the Trustee.

Section 4.14 Deficiencies in Funds. Subject to Section 4.4(b), if in any month there shall not be transferred into any Fund maintained pursuant to this Article the full amounts required herein, amounts equivalent to such deficiency shall be transferred to such Fund or Funds from the CFC Revenue Fund in accordance with the priorities set forth in Section 4.3(b) hereof, and such

transfer shall be in addition to the amounts otherwise required to be transferred to such Funds during any succeeding month or months.

Section 4.15 Excess in Funds. Subject to Section 4.9, if there shall be an amount in a Fund in excess of the amount required to be in such Fund, such excess may be transferred, at any time, at the direction of an Authorized Officer of the Authority to the CFC Revenue Fund.

Section 4.16 Investment of Funds.

(a) Moneys in all Funds and accounts shall be invested and reinvested by the Trustee in Investment Securities as directed in writing by an Authorized Officer of the Authority. An Authorized Officer of the Authority shall give to the Trustee directions with respect to investment of any money required to be invested hereunder, subject, however, to the provisions of this Article, and the Trustee shall then invest such money as so directed. The Trustee may request additional directions or authorization from the Authorized Officer of the Authority in writing with respect to the proposed investment of money under the provisions of this Indenture. Upon receipt of such directions, the Trustee shall invest, subject to the provisions of this Article, such money in accordance with such directions. The Trustee may conclusively rely upon the Authority's written instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Investment Securities. If no such directions are given then such amounts shall be held by the Trustee uninvested in cash, with no liability for interest. At no time shall any funds constituting gross proceeds of the Tax-Exempt Bonds be used in any manner to cause or result in a prohibited payment under applicable regulations pertaining to, or in any other fashion as would constitute failure of compliance with, Section 148 of the Code.

(b) Moneys held in all Funds and accounts shall be invested and reinvested in Investment Securities that shall mature or be redeemable at the times and in the amounts necessary at the best prices then reasonably available to provide money for payments to be made from such Funds and accounts in accordance with this Indenture. Unless otherwise directed by the Authority, the Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades. Notwithstanding the requirement above, moneys held in the CFC Senior Debt Service Reserve Fund, CFC Coverage Fund and CFC Stabilization Fund may be invested and reinvested only in obligations that mature or are redeemable within five years from the date of purchase.

(c) An investment made from money credited to any Fund or account shall constitute part of that Fund and account and each Fund or account shall be credited with all proceeds of sale and income from the investment of money credited to it provided that all interest and earnings on moneys deposited in Funds or account held by the Trustee other than the CFC Construction Fund and CFC Project Fund shall be transferred to the CFC Revenue Fund upon receipt of such funds. Any investments constituting Investment Securities may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association affiliated with the Trustee subject to any investment policies as may be adopted by the Authority.

All interest and earnings on moneys deposited in the CFC Construction Fund shall be maintained within the CFC Construction Fund and shall remain within such account until completion of the CFC Project and shall be used as provided in Section 5.3 hereof.

All interest and earnings on moneys deposited in the CFC Project Fund shall be maintained within the CFC Project Fund and shall remain within such account until completion of the CFC Project and shall be used as provided in Section 5.4 hereof.

(d) [Reserved.]

(e) The Trustee may elect, but shall not be obligated, to credit the Funds and accounts held by it with the moneys representing income or principal payments due on, or sales proceed due in respect of, Investment Securities in such Funds and accounts, or to credit to Investment Securities intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. The Authority acknowledges that the legal obligation to pay the purchase price of Investment Securities arises immediately at the time of the purchase. Notwithstanding anything else in this Indenture, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Indenture shall constitute a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code §9-206.

Section 4.17 Valuation and Sale of Investment Securities.

(a) The Authority acknowledges that values shall be determined in accordance with the price provided by pricing services and sources relied upon by the Trustee and the Trustee does not have any duty to independently value any asset or an obligation other than the price provided by pricing services and sources relied upon by Trustee.

(b) Except as otherwise provided herein, the Trustee shall sell at the best price obtainable, or present for redemption, Investment Securities whenever it shall be required in writing by an Authorized Officer of the Authority to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund or account held by the Trustee. Investment Securities may be credited on a pro-rata basis to more than one Fund or account and need not be sold in order to provide for the transfer of amounts from one Fund or account to another.

Section 4.18 Balances Remaining When Bonds Retired.

(a) At such time as none of the Bonds remain Outstanding and all other amounts under this Indenture are paid, any balances remaining in any Fund or account shall be transferred to the Authority for deposit into the CFC Surplus Account.

(b) Any money deposited with the Trustee for the payment of the principal of and interest on any Bonds and remaining unclaimed by the Registered Owner after the expiration of three (3) years from the date such funds have become due and payable shall be reported and disposed by the Trustee in accordance with the provisions of Commonwealth law. The Trustee

shall have no liability to the Registered Owners of the Bonds by virtue of actions taken in compliance with the foregoing provision. After the date otherwise set for payment to the Registered Owners, any such unclaimed funds may be held uninvested by the Trustee.

ARTICLE V
DISPOSITION OF PROCEEDS OF SERIES 2026 CFC BONDS
AND SUBSEQUENT DISBURSEMENT OF FUNDS

Section 5.1 Disposition of Proceeds of Series 2026 CFC Bonds. From the proceeds of the Series 2026 CFC Bonds there are hereby appropriated the following amounts which shall be deposited as follows:

(a) To the CFC Coverage Fund, funds sufficient to equal the CFC Coverage Fund Requirement for the Series 2026 CFC Bonds;

(b) To the CFC Senior Debt Service Reserve Fund, funds sufficient to fund the CFC Senior Debt Service Reserve Fund Requirement;

(c) To the CFC Senior Debt Service Fund, accrued interest (if any);

(d) To the Series 2026 CFC Costs of Issuance Account, funds sufficient to pay the costs of issuance with respect to the Series 2026 CFC Bonds as provided for in Section 5.2 hereof; and

(e) To the CFC Construction Fund, the balance of the proceeds of the Series 2026 CFC Bonds.

Section 5.2 Disbursements From the Series 2026 CFC Costs of Issuance Account. Promptly after the delivery of the Series 2026 CFC Bonds and in accordance with written instructions prepared by an Authorized Officer of the Authority, the Trustee shall reimburse the Authority from the Series 2026 CFC Costs of Issuance Account (and any account or subaccount therein) for disbursements made by the Authority with respect to the issuance of the Series 2026 CFC Bonds and any other costs incurred by the Authority in connection with the sale thereof, provided, however, that any reimbursement from the Tax-Exempt Series 2026 CFC Costs of Issuance Subaccount shall be in accordance with and subject to the limitations set forth in the Tax Certificate. After payment of the foregoing costs of issuance, the Trustee shall transfer any remaining balance in the Series 2026 CFC Costs of Issuance Account excluding any interest earnings (which shall be transferred to the CFC Revenue Fund), to the CFC Construction Account to be used as provided in Section 5.3 hereof.

Section 5.3 Disbursements From the CFC Construction Fund.

(a) Amounts on deposit in the CFC Construction Fund (and any account or subaccount therein) shall be used to pay Costs of the CFC Project subject to receipt by the Trustee of an executed Requisition Certificate in the form of EXHIBIT B attached hereto, provided, however, that any amounts used to pay Costs of the CFC Project from the Tax-Exempt Series 2026 CFC Construction Subaccount shall be in accordance with and subject to the limitations set forth in the Tax Certificate.

(b) Notwithstanding anything herein or in the Tax Certificate to the contrary, and upon receipt by the Authority of an opinion of Bond Counsel that the use of proceeds of the Tax-Exempt Series 2026 CFC Bonds described in this Section 5.3(b) will not, in and of itself, adversely affect the exclusion from gross income of interest on the Tax-Exempt Series 2026 CFC Bonds for federal income tax purposes, unencumbered proceeds of the Series 2026 CFC Bonds on deposit in the CFC Construction Fund may, to the extent amounts on deposit in the CFC Senior Debt Service Fund are insufficient to pay principal of and interest on the Series 2026 CFC Bonds, be transferred to the CFC Senior Debt Service Fund for payment of principal of and interest on the Series 2026 CFC Bonds after all other available resources are first exhausted pursuant to Section 4.4(b) hereof; provided, however, that proceeds in the Tax-Exempt Series 2026 CFC Construction Subaccount may only be used to pay interest on the Tax-Exempt Series 2026 CFC Bonds..

(c) When the CFC Project has been completed and when all Costs of the CFC Project shall have been paid, the Trustee, pursuant to written direction of the Authority, shall transfer all moneys remaining in the CFC Construction Fund, if any, *first* to the CFC Senior Debt Service Reserve Fund to the extent a deficiency exists therein and *second* to the CFC Senior Debt Service Fund; provided, however, that proceeds in the Tax-Exempt Series 2026 CFC Construction Subaccount may only be used to pay principal and interest on the Tax-Exempt Series 2026 CFC Bonds.

(d) Amounts on deposit in the CFC Insurance and Condemnation Proceeds Account shall be used for the purposes enumerated in Section 7.7 hereof subject to receipt by the Trustee of an executed Requisition Certificate in the form of EXHIBIT B attached hereto.

(e) The Trustee shall rely fully on any Requisition Certificate delivered by a designated Authorized Officer of the Authority pursuant to the Incumbency Certificate, and the Trustee shall not be required to make any investigation in connection therewith.

Section 5.4 Disbursements From the CFC Project Fund and the CFC Renewal and Replacement Fund.

(a) Amounts on deposit in the CFC Project Fund (and any account therein) shall be used to pay Costs of the CFC Project subject to receipt by the Trustee of an executed Requisition Certificate in the form of EXHIBIT C attached hereto.

(b) After the CFC Project has been completed and all Costs of the CFC Project shall have been paid, the Trustee pursuant to written direction of the Authority shall transfer all moneys remaining in the CFC Project Fund to the CFC Revenue Account.

(c) Amounts on deposit in the CFC Renewal and Replacement Fund (and any account therein) shall be used to pay the costs of the maintenance, repair, expansion or replacement of, as the case may be, the CFC Project subject to receipt by the Trustee of an executed Requisition Certificate in the form of EXHIBIT D attached hereto.

(d) The Trustee shall rely fully on any Requisition Certificates delivered by a designated Authorized Officer of the Authority pursuant to the Incumbency Certificate, and the Trustee shall not be required to make any investigation in connection therewith.

ARTICLE VI
ADDITIONAL BONDS AND REFUNDING BONDS

Section 6.1 Additional Senior Bonds. The Authority reserves the right to issue one or more series of Additional Senior Bonds payable from, and secured by a lien on and pledge of, the Trust Estate, on a parity with the Series 2026 CFC Bonds and any Refunding Senior Bonds from time to time hereafter issued for the purpose of paying all or a portion of the costs and expenses of financing, designing, and constructing the CFC Project not fully funded with proceeds of the Series 2026 CFC Bonds, funding all or a portion of the CFC Senior Debt Service Reserve Fund Requirement, funding all or a portion of the CFC Coverage Fund Requirement, and paying the costs of issuance relating to such series of Additional Senior Bonds; provided, however, unless such Additional Senior Bonds are (i) Completion Senior Bonds that comply with Section 6.5 hereof or (ii) Refunding Senior Bonds that comply with Section 6.2 hereof, no such Additional Senior Bonds shall be issued unless all of the following requirements are satisfied:

(a) The Authority and Trustee shall execute a Supplemental Indenture providing for the issuance of such Additional Senior Bonds and providing the means by which the CFC Coverage Fund Requirement and the CFC Senior Debt Service Reserve Fund Requirement will each be satisfied upon the issuance of the proposed Series of Additional Senior Bonds;

(b) An Authorized Officer of the Authority shall execute a certificate stating that the Authority has the right to issue Additional Senior Bonds and the Authority is still receiving the CFCs; and

(c) Either:

(i) An Authorized Officer of the Authority certifies that the CFC Pledged Revenues (excluding amounts then on deposit in the CFC Coverage Fund and the CFC Stabilization Fund) for the prior Fiscal Year or any twelve consecutive months out of the eighteen months prior to the authorization by the Authority of the proposed Series of Additional Senior Bonds (the “Senior Bonds Test Period”) was equal to at least 1.25x the Maximum Annual Debt Service Requirement on the Senior Bonds that will be Outstanding after the issuance of such series of Additional Senior Bonds; or

(ii) The Airport Consultant certifies that the CFC Pledged Revenues, including any projected increases in the CFCs estimated to be received in the five consecutive Fiscal Years immediately following the issuance of the proposed Series of Additional Senior Bonds (excluding all amounts required to be on deposit in the CFC Coverage Fund during such five years) will in each such Fiscal Year not be less than 1.25x the Maximum Annual Debt Service Requirement in such Fiscal Year on all Senior Bonds that will be Outstanding after the issuance of such Additional Senior Bonds.

In the event the Authority increases the level of the CFCs and such increase was not in effect during all or a portion of the Senior Bonds Test Period described in Section 6.1(c)(i) above, then for the purposes of determining whether there are sufficient CFC Pledged Revenues to meet the coverage test specified in Section 6.1(c)(i) hereof, the Authorized Officer of the Authority shall adjust the amount of CFC Pledged Revenues which were received during the Senior Bonds Test

Period to take into account the additional amount of CFC Pledged Revenues such increase would have generated if it had been in effect for the entire Senior Bonds Test Period; provided, however, that such adjustment shall only be made if the increase in the CFCs is in effect on the date of the certification of the Authorized Officer of the Authority described in Section 6.1(c)(i) hereof is made.

In making the certifications in Section 6.1(c)(ii) above, the Airport Consultant may assume that appropriate agreements are in place between the Authority and the various Companies for the collection of the CFCs.

Section 6.2 Refunding Senior Bonds. In addition to the Additional Senior Bonds authorized in Section 6.1 hereof, the Authority shall have the right in accordance with any applicable law to issue Refunding Senior Bonds to refund all or any part of any Bonds then Outstanding provided that no Refunding Senior Bonds shall be issued which will have a lien on the Trust Estate prior and superior to any Senior Bonds that will remain Outstanding after the refunding, and provided further, however, that no such Refunding Senior Bonds shall be issued unless all of the following requirements are satisfied:

(a) The Authority and Trustee shall execute a Supplemental Indenture providing for the issuance of such Refunding Senior Bonds and providing the means by which the CFC Coverage Fund Requirement and the CFC Senior Debt Service Reserve Fund Requirement will each be satisfied upon the issuance of the proposed Series of Refunding Senior Bonds; and

(b) An Authorized Officer of the Authority shall execute a certificate stating that:

(i) the Authority has the right to issue the proposed Series of Refunding Senior Bonds;

(ii) CFCs are still being collected; and

(iii) the aggregate debt service with respect to all Outstanding Senior Bonds after the issuance of such Refunding Senior Bonds shall be less than the aggregate debt service with respect to all Bonds Outstanding prior to the issuance of such Refunding Senior Bonds or (ii) the proposed issuance of the Refunding Senior Bonds will reduce total debt service payments on all Outstanding Bonds on a net present value basis.

Notwithstanding the foregoing, the Authority may alternatively comply with the provisions of Section 6.1 with respect to the issuance of Additional Senior Bonds being issued for the purpose of refunding all or a portion of Outstanding Bonds.

Section 6.3 Subordinate Bonds. The Authority reserves the right to issue one or more Series of Subordinate Bonds payable from, and secured by a lien, junior and subordinate in all respects to the Senior Bonds, including the Series 2026 CFC Bonds, on and pledge of the Trust Estate on parity with any other Subordinate Bonds, including Refunding Subordinate Bonds, from time to time hereafter issued for the purpose of paying all or a portion of the costs and expenses of financing, designing, and constructing the CFC Project not fully funded with proceeds of the Series 2026 CFC Bonds, funding all or a portion of the CFC Subordinate Debt Service Reserve Fund Requirement, funding all or a portion of the CFC Coverage Fund Requirement, and paying the

costs of issuance relating to such Series of Subordinate Bonds; provided, however, that no such Subordinate Bonds shall be issued unless all of the following requirements are satisfied:

(a) The Authority and Trustee shall execute a Supplemental Indenture providing for the issuance of such Subordinate Bonds and providing the means by which the CFC Coverage Fund Requirement and the CFC Subordinate Debt Service Reserve Fund Requirement will each be satisfied upon the issuance of the proposed Series of Subordinate Bonds;

(b) An Authorized Officer of the Authority shall execute a certificate stating that the Authority has the right to issue Subordinate Bonds and the Authority is still receiving the CFCs; and

(c) Either:

(i) An Authorized Officer of the Authority certifies that the CFC Pledged Revenues (excluding amounts then on deposit in the CFC Coverage Fund and the CFC Stabilization Fund) for the prior Fiscal Year or any twelve consecutive months out of the eighteen months prior to the authorization by the Authority of the proposed Series of Subordinate Bonds (the "Subordinate Bonds Test Period") was equal to at least 1.10x the Maximum Annual Debt Service Requirement on all Bonds that will be Outstanding (including such Subordinate Bonds) after the issuance of such Series of Subordinate Bonds; or

(ii) The Airport Consultant certifies that the CFC Pledged Revenues, including any projected increases in the CFCs estimated to be received in the five consecutive Fiscal Years immediately following the issuance of the proposed Series of Subordinate Bonds (excluding all amounts required to be on deposit in the CFC Coverage Fund during such five years) will in each such Fiscal Year not be less than 1.10x the Maximum Annual Debt Service Requirement in such Fiscal Year on all Bonds (including such Subordinate Bonds) that will be Outstanding after the issuance of such Subordinate Bonds.

In the event the Authority increases the level of the CFCs and such increase was not in effect during all or a portion of the Subordinate Bonds Test Period described in Section 6.3(c)(i) above, then for the purposes of determining whether there are sufficient CFC Pledged Revenues to meet the coverage test specified in Section 6.3(c)(i) hereof, the Authorized Officer of the Authority shall adjust the amount of CFC Pledged Revenues which were received during the Subordinate Bonds Test Period to take into account the additional amount of CFC Pledged Revenues such increase would have generated if it had been in effect for the entire Subordinate Bonds Test Period; provided, however, that such adjustment shall only be made if the increase in the CFCs is in effect on the date of the certification of the Authorized Officer of the Authority described in Section 6.3(c)(i) hereof is made.

In making the certifications in Section 6.3(c)(ii) above, the Airport Consultant may assume that appropriate agreements are in place between the Authority and the various Companies for the collection of the CFCs.

Section 6.4 Refunding Subordinate Bonds. In addition to the Subordinate Bonds authorized in Section 6.3 hereof, the Authority shall have the right in accordance with any

applicable law to issue Refunding Subordinate Bonds to refund all or any part of any Bonds then Outstanding provided that no Refunding Subordinate Bonds shall be issued unless all of the following requirements are satisfied:

(a) The Authority and Trustee shall execute a Supplemental Indenture providing for the issuance of such Refunding Subordinate Bonds and providing the means by which the CFC Coverage Fund Requirement and a CFC Subordinate Debt Service Reserve Fund Requirement will each be satisfied upon the issuance of the proposed Series of Refunding Subordinate Bonds; and

(b) An Authorized Officer of the Authority shall execute a certificate stating that:

(i) the Authority has the right to issue the proposed Series of Refunding Subordinate Bonds; and

(ii) CFCs are still being collected and debt service on all Outstanding Bonds will not increase in any Fiscal Year following the issuance of the proposed Series of Refunding Subordinate Bonds.

Notwithstanding the foregoing, the Authority may alternatively comply with the provisions of Section 6.3 with respect to the issuance of Additional Subordinate Bonds being issued for the purpose of refunding all or a portion of Outstanding Bonds.

Section 6.5 Completion Senior Bonds. The provisions of clauses (a), (b), and (c) of Section 6.1 shall not be required if the Additional Senior Bonds are Completion Senior Bonds; and instead there shall be filed with the Authority a certificate of the Authorized Officer of the Authority stating that (i) the principal amount of such Completion Senior Bonds to be issued for completion purposes does not exceed 10% of the original principal amount of the Series 2026 CFC Bonds, (ii) all of the proceeds of the Series 2026 CFC Bonds previously issued for the CFC Project, including any investment earnings in the CFC Construction Fund funded from the proceeds of the Series 2026 CFC Bonds previously issued, have been or will be used to pay Costs of the CFC Project, and (iii) the estimated Costs of the CFC Project exceed the amounts already paid for the CFC Project plus money available in the CFC Construction Fund and the CFC Project Fund.

ARTICLE VII **COVENANTS OF THE AUTHORITY**

Section 7.1 Collection of Customer Facility Charges and Additional RAC Revenues. The Authority shall use diligence to establish and maintain Customer Facility Charges and Additional RAC Revenues in the amounts and at the times necessary to enable the Trustee to make all transfers to the CFC Senior Debt Service Fund, the CFC Subordinate Debt Service Fund, and any other Fund required herein.

Section 7.2 Rate Covenant. The Authority shall cause the Customer Facility Charges to be calculated, established and imposed so long as any Bonds remain Outstanding. Based on estimated CFC collections prepared by or for the Authority from time to time, unless prohibited by law, the Customer Facility Charges shall be adjusted and/or Additional RAC Revenues may be collected pursuant to the RAC Agreements (provided it is in the Authority's sole discretion to do either or both) to the extent necessary to generate CFC Pledged Revenues, along with amounts

then on deposit in the CFC Coverage Fund and amounts then on deposit in the CFC Stabilization Fund that the Authority has designated for transfer to the CFC Revenue Fund in such Fiscal Year, in each Fiscal Year (a) in an amount equal to at least 1.25x the Current Annual Debt Service Requirement in such Fiscal Year on the Senior Bonds then Outstanding, and (b) in an amount sufficient to replenish any then existing shortfalls in the amounts required to be maintained in either the CFC Coverage Fund or the CFC Senior Debt Service Reserve Fund within twelve (12) months after the month in which any amounts are withdrawn from either of such Funds for transfer to the CFC Senior Debt Service Fund pursuant to Section 4.4(b) hereof (the “Rate Covenant”). In the event that the Rate Covenant is not met in a Fiscal Year, such violation shall not be a default under this Indenture and shall not give rise to a declaration of an Event of Default (unless the principal of, premium, if any, on, interest on the Bonds is not paid in such Fiscal Year), if the Authority takes appropriate corrective actions (including collecting and/or increasing Additional RAC Revenues for the next succeeding Fiscal Year and/or providing for transfers from the CFC Stabilization Fund) so that the Rate Covenant shall be met in the next succeeding Fiscal Year; provided, however, that if the Rate Covenant is not met in the next succeeding Fiscal Year, an Event of Default may be declared pursuant to Section 8.1(c) hereof. Upon request the Authority will provide the Trustee with a certification that the Authority is taking appropriate corrective actions so that the Rate Covenant will be met in the next succeeding Fiscal Year.

Section 7.3 Payment of Bonds. Subject to the provisions of Article IV hereof, the Authority agrees promptly to cause to be paid as the same become due and payable the principal of and interest on the Bonds.

Section 7.4 Transfers and Assignments. So long as any Bonds remain Outstanding, the Authority shall not cause or permit the Companies to sell, dispose of, or encumber any portion of the CFC Project, except as may be permitted under this Indenture; provided, however, that this prohibition shall not prevent the Authority from disposing or permitting the disposal of any portion of the CFC Project that has been declared surplus or is no longer needed or useful for the proper operation of the CFC Project (except to the extent such portion was financed with Tax-Exempt Bonds in which case the Authority shall obtain an opinion of Bond Counsel that such disposition will not, in and of itself, adversely affect the exclusion from gross income of interest on the applicable Series of Tax-Exempt Bonds for federal income tax purposes).

Section 7.5 Encumbrance of Trust Estate. The Trust Estate is not in any manner pledged to the payment of any debt or obligation of the Authority other than the Bonds then Outstanding except as specially provided in this Indenture and any Supplemental Indenture thereto. Except through the issuance of Additional Bonds, Refunding Senior Bonds, and Refunding Subordinate Bonds the Authority covenants that it will not in any manner pledge or further encumber the Trust Estate except as specially provided in this Indenture and any Supplemental Indenture thereto.

Section 7.6 Insurance. Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(a) The Authority shall procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance (as defined below) with respect to the CFC Project and public liability insurance in the form of commercial insurance or Qualified Self

Insurance and, in each case, in such amounts, against such risks, and with such deductible and retention amounts as are, in the judgment of the Authority, 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; and

(b) An Authorized Officer of the Authority shall place on file with the Authority, annually within six (6) months after the close of each Fiscal Year a certificate of the Authorized Officer of the Authority containing a summary of the insurance required by 7.6(a) hereof.

Notwithstanding the foregoing, the Authority shall be entitled to provide the coverage required by this Section 7.6 through Qualified Self Insurance, provided that the requirements hereinafter set forth in this Section 7.6 are satisfied. For the purposes of this Section, “Qualified Self Insurance” means insurance maintained through a program of self-insurance or insurance maintained with a fund, company or association in which the Authority may have a material interest and of which the Authority may have control, either singly or with others. For avoidance of doubt, deductible or self-insured retention payments required under insurance policies by a third party are not subject to the requirements of this paragraph. Each plan of Qualified Self Insurance shall be established in accordance with law, shall provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Authority 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 shall be reviewed at least once every 12 months by an Authorized Officer of the Authority who shall deliver to the Authority a report on the adequacy of the reserves established thereunder. If the Authorized Officer of the Authority determines that such reserves are inadequate, they shall make a recommendation as to the amount of reserves that should be established and maintained, and the Authority shall comply with such recommendation unless it can establish to the satisfaction of and receive a certification from an Authorized Officer of the Authority that a lower amount is reasonable to provide adequate protection to the Authority. The Trustee shall not be under any obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Authority, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur.

(c) The Net Proceeds (as defined herein) paid in satisfaction of any claim made under policies providing the coverage required by this Section 7.6 shall be applied as provided in Section 7.7 hereof.

Section 7.7 Casualty and Condemnation. In the event that the CFC Project, or any portion thereof is damaged, taken or condemned, the net proceeds of insurance (including without limitation self-insurance) or condemnation award shall be applied as set forth in this Section 7.7. If the proceeds of an insurance or condemnation award with respect to the CFC Project, net of the reasonable costs, fees and expenses incurred by the Authority in the collection of such proceeds or award and any proceeds paid to a Company (the “Net Proceeds”) are less than \$5,000,000, the Net Proceeds shall be paid directly to the Authority and shall be applied by the Authority promptly to the costs of restoring the CFC Project. Any Net Proceeds remaining after the restoration of the CFC Project shall be deposited to the CFC Debt Service Fund and applied to the payment of principal of or interest on the Series 2026 CFC Bonds.

If the Net Proceeds are equal to or greater than \$5,000,000, the Net Proceeds shall be paid to the Trustee and deposited to the CFC Insurance and Condemnation Proceeds Account in the CFC Construction Fund, as set forth in Section 5.3 hereof and disbursed in the same manner and subject to the same conditions and limitations relating to the disbursement of funds from the CFC Construction Fund, as set forth in Section 5.3 hereof. In the event that the Net Proceeds are insufficient to restore and repair the CFC Project as nearly as is reasonably possible to the condition it was in immediately prior to a casualty in the case of any casualty or to a condition, in the case of any Taking, which permits the CFC Project's use in the manner for which the CFC Project was originally constructed (the "Pre-Existing Condition"), the Authority shall take one or more of the following actions and use a combination of any of the following sources (including the Net Proceeds) to restore and repair the CFC Project to its Pre-Existing Condition: (i) subject to Sections 6.1 and 6.3 hereof, issue Additional Senior Bonds or Subordinate Bonds the proceeds of which will be used restore and repair the CFC Project to its Pre-Existing Condition, (ii) use any amounts on deposit in the CFC Renewal and Replacement Fund and the CFC Defeasance and Surplus Fund to restore and repair the CFC Project to its Pre-Existing Condition, and/or (iii) use Customer Facility Charges to restore and repair the CFC Project to its Pre-Existing Condition. The Net Proceeds, along with the amounts described in clauses (i) through (iii) in the previous sentence are collectively referred to in this Indenture as "Available Amounts."

Following a casualty loss or Taking at or affecting the CFC Project and if the Available Amounts made available for repair or restoration are sufficient for such purpose, the Authority shall cause the repair and restoration of the CFC Project to substantially its Pre-Existing Condition, and the Authority shall cause the commencement of such restoration or repair as soon as is reasonably possible after the casualty loss or Taking and at all times thereafter the diligent prosecution thereof to completion. In the event any Available Amounts remain after the repair and restoration of the CFC Project to its Pre-Existing Condition, the Trustee shall deposit such Available Amounts to the CFC Debt Service Fund and apply them to the payment of principal of or interest on the Series 2026 CFC Bonds next coming due.

In the event the Available Amounts are insufficient to restore and repair the CFC Project to its Pre-Existing Condition, all Available Amounts and such other amounts on deposit in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Coverage Fund, shall be used to redeem the Series 2026 CFC Bonds pursuant to Section 3.3 hereof and any Additional Senior Bonds or Subordinate Bonds, as the case may be, pursuant to the terms of the applicable Supplemental Indenture.

Section 7.8 CFC Rebate Fund. The Authority hereby agrees that it will execute the Tax Certificate and will, pursuant to the provisions of the Tax Certificate, cause the CFC Rebate Fund to be established at such times, if any, as provided for in the Tax Certificate, which fund will be funded if so required under the Tax Certificate and amounts in such CFC Rebate Fund shall be held and disbursed in accordance with the Tax Certificate.

Section 7.9 Preservation of Tax Exemption.

(a) The Authority shall comply with the covenants and agreements set forth in the Tax Certificate.

(b) The Authority shall not use or permit the use of any proceeds of Tax-Exempt Bonds or any other funds of the Authority held by the Trustee under this Indenture, directly or indirectly, in a manner that would cause any Tax-Exempt Bonds to be an “arbitrage bond” within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder, and shall not use or permit the use of any amounts received by the Authority or the Trustee with respect to Tax-Exempt Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Tax-Exempt Bonds to be (i) “federally guaranteed” within the meaning of Section 149(b) of the Code or (ii) an “arbitrage bond” within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. In the event the Authority is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Trustee, or to use such money in certain manners, in order to avoid Tax-Exempt Bonds being considered “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Tax-Exempt Bonds at such time, the Authority shall issue to the Trustee a certificate to such effect together with appropriate instructions, in which event the Trustee shall take such action as it is directed to take to use such money in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion.

(c) The Authority shall at all times do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to assure that interest paid on Tax-Exempt Bonds will not be included in gross income for federal income tax purposes and shall take no action that would result in such interest being included in gross income for federal income tax purposes (other than interest paid to holders of the Tax-Exempt Series 2026 CFC Bonds that are a “substantial user” of the facilities financed or refinanced with the Tax-Exempt Series 2026 CFC Bonds or a “related person” within the meaning of Section 147(a) of the Code).

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default. Each of the following occurrences or events for the purposes of this Indenture shall be and is hereby declared to be an “Event of Default,” to wit:

(a) The failure to make payment of the principal of or any installment of interest on any of the Bonds when the same shall become due and payable;

(b) The Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements, and provisions contained in the Bonds or in this Indenture on its part to be performed, the result of which materially adversely affects the rights of the Holders of the Bonds and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee; provided, however, if prior to the expiration of such thirty (30) day period the Authority institutes action reasonably designed to cure such default, no “Event of Default” shall be deemed to have occurred upon the expiration of such thirty (30) day period for so long as the Authority pursues such curative action with reasonable diligence and, as certified to the Trustee by an Authorized Officer of the Authority, such curative action can be completed within a reasonable time;

(d) The Authority shall file a petition seeking a composition of indebtedness under Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or the Commonwealth; and

(e) An order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or receivers of the Airport or any part thereof, or other revenues therefrom, or if such order or decree, having been entered without the consent or acquiescence of the Authority, shall not be vacated or discharged, stayed or appealed within ninety (90) days after entry thereof.

Section 8.2 Remedies. Upon the happening and continuation of any Event of Default as provided in Section 8.1 hereof, the Trustee may, and upon the written request of the Holders of the Senior Bonds of not less than fifty-one percent (51%) of the aggregate principal amount of the Senior Bonds then Outstanding and upon indemnification as provided in Section 9.2 hereof, proceed against the Authority for the purpose of protecting and enforcing the rights of the Holders of Bonds under this Indenture, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of the Holders of the Bonds hereunder or any combination of such remedies as the Trustee shall deem most effectual to protect and enforce any of its rights or the rights of the Holders of the Bonds. It is provided, however, that all such proceedings at law or in equity against the Authority shall be strictly limited to the security and source of payment herein pledged to the Bonds, and shall be instituted and maintained for the benefit of all Holders of the Bonds. Each remedy, right or privilege herein provided shall be in addition to and cumulative of any other remedy, right or privilege available at law or equity, and the exercise of any remedy, right or privilege or the delay in or failure to exercise any remedy, right or privilege shall not be deemed a waiver of any other remedy, right or privilege hereunder.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Registered Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Notwithstanding the foregoing, the Authority and the Trustee acknowledge and agree that the Trustee shall not have any rights to appoint a receiver for, right of entry or re-entry, redemption, eviction, possession, regaining or resumption of assigning, letting, or any similar rights with respect to the possession, sale, conveyance, transferring, mortgaging, pledging, assigning or subletting of all or any part of the CFC Project.

Section 8.3 Effect of Discontinuance of Proceedings. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee and each Holder shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 8.4 Right of Holders of Senior Bonds to Direct the Proceedings. Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in principal amount of the Senior Bonds then Outstanding hereunder shall have the right, subject to the provisions of Section 9.2 of this Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to the Holders not parties to such direction.

Section 8.5 Restrictions Upon Action by Individual Holders. No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless (a) such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceedings is to be instituted, (b) the Holders of Senior Bonds of not less than fifty-one percent (51%) in principal amount of the Senior Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein above granted or to institute such action, suit or other proceeding in its or their name, (c) there shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and (d) the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no one or more Holders hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner herein provided and, except as otherwise provided herein, for the benefit of all Holders.

Section 8.6 Trustee's Right to Act Without Possession of Bonds. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee, may be brought against third parties or otherwise and may be enforced by it without the possession of any of the Bonds, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds, subject to the provisions of this Indenture.

Section 8.7 Right of Individual Holder to Enforce Payment. Nothing contained in this Article shall affect or impair the right of any Holder to enforce the payment of the principal of and interest on his or her Bonds, or, the obligation of the Authority to pay the principal of and interest on each Bond issued hereunder to the Holder thereof at the time and place expressed in said Bond.

Section 8.8 No Acceleration; No Cross Defaults. There shall be no rights of acceleration with respect to the Bonds. An Event of Default with respect to one Series of Bonds shall 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 pursuant to Section 8.1 hereof.

Section 8.9 Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be deposited in the CFC Revenue Fund and, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and all of the expenses, liabilities and advances incurred or made by the Trustee, including reasonable attorneys' fees, and all other outstanding fees and expenses of the Trustee and the creation of a reasonable reserve for anticipated fees, costs, and expenses, and thereafter any fees, expenses, liabilities and advances due to, or incurred or made by, the Paying Agent and the Registrar, such moneys shall be applied in the order set forth below:

All such moneys shall be applied:

First: To the payment of interest then due on the Senior Bonds in order of priority first to payments past due for the greatest period and, if the amount available shall not be sufficient to pay in full, then to the ratable payment of the amounts due;

Second: To the payment of the unpaid principal of and premium, if any, of the Senior Bonds which shall have become due (other than Senior Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Senior Bonds from the respective dates upon which they became due (at the rate borne by the Senior Bonds, to the extent permitted by law) and, if the amount available shall not be sufficient to pay in full Senior Bonds due on any particular date, together with such premium, then to the ratable payment of the amounts due on such date;

Third: To the payment of interest then due on the Subordinate Bonds in order of priority first to payments past due for the greatest period and, if the amount available shall not be sufficient to pay in full, then to the ratable payment of the amounts due; and

Fourth: To the payment of the unpaid principal of and premium, if any, of the Subordinate Bonds which shall have become due (other than Subordinate Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Subordinate Bonds from the respective dates upon which they became due (at the rate borne by the Subordinate Bonds, to the extent permitted by law) and, if the amount available shall not be sufficient to pay in full Subordinate Bonds due on any particular date, together with such premium, then to the ratable payment of the amounts due on such date.

Whenever moneys are to be applied pursuant to this Section, the Trustee shall fix the date upon which such application is to be made and upon such date interest on the principal amount of Bonds to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

ARTICLE IX
THE TRUSTEE

Section 9.1 Acceptance of Trusts. The Trustee, for itself and its successors, hereby accepts the trusts under this Indenture, but only upon the following terms and conditions set forth in this Article.

(a) The Trustee may execute any of the trusts or powers hereof and perform any duties required of it by or through attorneys or agents selected by it with reasonable care, and shall be entitled to advice of counsel concerning all matters of trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation as it shall deem proper to all such attorneys and agents as may reasonably be required and employed in connection with the trusts hereof, and the Trustee shall not be responsible for the acts or negligence of such attorneys, agents or counsel, if selected with reasonable care.

(b) The Trustee shall not be responsible for any recitals herein or in the Bonds, except with regard to its acceptance of trusts under this Indenture. The Trustee may require of the Authority full information and advice as to the performance of the covenants, conditions and agreements contained in this Indenture. The recitals and statements of fact and warranties contained in this Indenture and in the Bonds shall be taken as statements by the Authority and shall not be considered as made by or as imposing any obligation or liability upon the Trustee.

(c) The Trustee shall not be under any responsibility or duty with respect to the further disposition of Bonds delivered in accordance with this Indenture, or for the disposition, use or application of any monies disbursed from the CFC Construction Fund, the CFC Project Fund, or the CFC Renewal and Replacement Fund upon receipt of a completed Requisition Certificate.

(d) Except as otherwise provided in this Indenture, the Trustee shall not be bound to recognize any person as a Holder of any Bond or to take action at such person's request, unless such Bond shall be deposited with the Trustee, or submitted to it for inspection. Any action taken by the Trustee pursuant to this Indenture upon the request, authority or consent of any person who, at the time of making such request or giving such authority or consent, shall be conclusive and binding upon all future owners or Holders of such Bond.

(e) Prior to an Event of Default hereunder, and after the curing of any such Event of Default, (i) the Trustee shall not be liable for the performance of any duties, except such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and (ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon the truth, completeness and accuracy of requisitions, the letters of instruction, statements, certificates, opinions, certified resolutions and other certified showings conforming on their face to the requirements of this Indenture. The Trustee shall be under no duty to investigate or make any inquiry as to any matter, document, direction, acquisition or request which, on its face, conformed to the requirements of this Indenture. In case of an Event of Default continuing for the period, if any, specified in Article VIII hereof, which Event of Default has not been cured, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under similar circumstances.

(f) Nothing herein contained shall relieve the Trustee from liability for its own negligent action or failure to act or its own willful misconduct, except that this subsection shall not be construed to limit the effect of subsection (e) of this Section 9.1. The Trustee shall not incur any liability (i) for any error of judgment made in good faith by a responsible officer or responsible officers thereof, unless it shall be proved that it was negligent in ascertaining the pertinent facts, or (ii) in respect of any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of the percentage of the Bonds specified herein relating to the time, method and place of conducting any proceeding, for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture.

(g) Except as otherwise expressly provided by the provisions of this Indenture, the Trustee shall not be obligated and may not be required to give or furnish any notice, demand, report, request, reply, statement, advice or opinion to any Holder of any Bond or to the Authority or any other person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish same unless obligated or required to do so by express provision hereof.

(h) None of the provisions contained in this Indenture shall require the Trustee to advance, expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it by the security afforded to it by the terms of this Indenture. The Trustee shall not be required to give any bond or surety with respect to the execution of its trusts, powers, rights or duties under this Indenture.

(i) No personal recourse may be taken, directly or indirectly, against any incorporator, officer, director, agent or employee of the Trustee with respect to the obligations of the Trustee under this Indenture or any certificate or other writing delivered in connection therewith. The Trustee's immunities and protection from liability and its right to payment of compensation or indemnification in connection with the performance of its duties and functions under this Indenture shall extend to the Trustee's officers, directors, employees and agents and survive the Trustee's resignation or removal and the final payment of the Bonds.

(j) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of Bonds each representing less than a majority of the aggregate principal amount of Bonds then Outstanding, the Trustee, in its sole discretion, may determine what action, if any, shall be taken.

(k) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(l) In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture or the existence, furnishing or use of the CFC Project.

(m) The Trustee shall be under no liability for interest on any monies received by it hereunder except as provided herein.

(n) The Trustee is not required to take notice or deemed to have notice of any Event of Default hereunder, except an Event of Default under Section 8.1(a) hereof, unless a Responsible Officer of the Trustee has received notice in writing of such Event of Default from the Authority or the Holders of at least twenty-five percent (25%) in aggregate principal amount of the Senior Bonds Outstanding, which notice shall reference this Indenture and such Event of Default, and in the absence of any such notice, the Trustee may conclusively assume that no Event of Default exists.

(o) The Trustee may consult with counsel, and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action reasonably taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(p) The Trustee shall not be accountable for the use or application by the Authority of the proceeds of the Bonds or the use or application by the Authority of any money paid over by the Trustee in accordance with the provisions of this Indenture.

(q) The Trustee shall be protected in acting and relying upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of independent counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons.

(r) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default with regard to such right.

(s) Subject to the provisions of paragraph (q) above, the Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods and/or containing Digital Signatures, provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions (including, without limitation, instructions containing Digital Signatures) notwithstanding if such instructions are inconsistent with a subsequent written instruction. The Authority agrees to assume all risks arising out of the use by the Authority of such electronic methods and/or Digital Signatures to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties. Notwithstanding the foregoing, in connection with any instructions or directions that purport to change wire instructions or payment directions of the Authority, the Trustee shall use its best efforts to verify the authenticity of such instructions or directions.

(t) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligation under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; terrorism; similar military disturbances; sabotage; epidemics; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; or acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(u) The Trustee shall be under no responsibility to approve or evaluate any expert or other skilled person selected by the Authority for any of the purposes expressed in this Indenture.

(v) To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. Accordingly, the Trustee will require documentation from the Authority and each non-individual person such as a business entity or other legal entity verifying its formation as a legal entity. The Trustee may also request financial statements, licenses, identification, and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The Authority agrees to provide its reasonable cooperation in such matters and to cause such other business or legal entities, to provide such reasonable cooperation if requested by the Trustee.

Section 9.2 Trustee's Right To Require Indemnification. Before taking any action under this Indenture relating to an event of default, the Trustee may require that a satisfactory indemnity bond be furnished by one or more Holders for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken.

Section 9.3 Accounting Records and Reports of the Trustee.

(a) In order to provide for the full and timely payment of the Bonds, the Trustee agrees that, if by any Interest Payment Date of any year while any Bonds remain Outstanding, sufficient amounts are not available in the CFC Senior Debt Service Fund or CFC Subordinate Debt Service Fund, as applicable, to provide for the payment of all principal of and interest on the Senior Bonds or Subordinate Bonds on the next Principal Payment Date and/or Interest Payment Date the Trustee shall promptly notify in writing the Authority of such failure. Any delay or failure by Trustee to give such notice, however, shall not constitute a waiver of any Event of Default or remedy or other right herein provided.

(b) The Trustee shall at all times keep, or cause to be kept, accurate records in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all Funds and accounts established by it pursuant to this Indenture. Such records shall be available for inspection with reasonable prior notice by the Authority on each Business

Day during reasonable business hours and by any Holders of the Bonds, or his or her agent or representative duly authorized in writing, at reasonable hours, with reasonable notice and under reasonable circumstances.

(c) The Trustee shall provide to the Authority by the sixth (6th) day of each month a report detailing for the prior month the amount of Bond proceeds received during such period, if any, and the amounts deposited into each Fund and account held by it under this Indenture and the amount disbursed from such Funds and accounts, the earnings thereon, the ending balance in each of such Funds and accounts and the investments of each such Fund and account.

(d) The Trustee shall provide to the Authority by the sixth (6th) day of each month (or as soon thereafter as practicable), a report showing the balance of the CFC Revenue Fund and deposits into the CFC Revenue Fund during the prior calendar month.

(e) The Trustee shall maintain, and make available to the Authority upon request, records of all investments and disbursements of Bond proceeds pursuant to this Indenture through the date ending three (3) years following the date on which all the Bonds and Additional Bonds have retired.

Section 9.4 Reliance by Trustee. To the extent not prohibited by Section 9.1 hereof, the Trustee may rely, and shall be protected in acting upon, any statements, certificates, certified resolutions, opinions, notices, consents, orders, reports, policies, Bonds or other papers or documents believed by it to be genuine and to have been signed or presented to it by the proper person or persons, and the Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in good faith and in conformity with the opinion of such counsel.

Section 9.5 Certificate of Authority as Proof. Whenever in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, then, in the absence of bad faith on the part of the Trustee, and unless other evidence in respect thereof be herein specifically prescribed, and unless an Event of Default hereunder, to the knowledge of the Trustee, shall have occurred and be continuing, such matter may be deemed to be conclusively proved and established by a certificate of the Authority, delivered to the Trustee, and such certificate shall be full warranty to the Trustee for any action taken or suffered by it under the provisions of this Indenture in reliance thereon.

Section 9.6 Compensation of Trustee. The Authority agrees to pay the Trustee Fee. In the event the Trustee incurs additional expenses or renders services in any proceedings which result from the occurrence of any event which, by virtue of the passage of time, would become such an Event of Default, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law. The obligation to pay such expenses shall survive the resignation or removal of the Trustee.

Section 9.7 Removal of Trustee. The Trustee may be removed at any time upon 30 days' notice by (a) the Authority, if no Event of Default is then continuing, by delivering written

notice thereof to the Trustee, or (b) an instrument or concurrent instruments in writing, signed by the Holders of a majority in principal amount of the Bonds then Outstanding and delivered to the Trustee, with written notice thereof given to the Authority.

Section 9.8 Resignation of Trustee.

(a) Except as provided in Subsection 9.8(b) hereof, the Trustee may at any time resign and be discharged from the trusts hereby created by giving written notice to the Authority of its intended resignation at least ninety (90) days in advance thereof, which notice shall specify the date on which such resignation shall take effect and shall be given in writing to the Holders of all of the Bonds and such resignation shall take effect from the date specified in such notice, unless a successor to such Trustee shall have been appointed by the Holders of the Bonds or by the Authority as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Trustee.

(b) Notwithstanding any provision to the contrary contained in Section 9.7 or Subsection 9.8(a) above, no removal or resignation of a Trustee hereunder shall become effective until a successor Trustee is appointed under Section 9.9 hereof.

Section 9.9 Appointment of Successor Trustee. In case the Trustee hereunder shall resign, or shall be removed or dissolved, or shall be in the course of dissolution or liquidation, or shall otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under control of any public officer or officers or a receiver appointed by a court, a successor may be appointed by the Authority, if no Event of Default is then continuing, or in the absence of such an appointment by the Authority, be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding, by an instrument or concurrent instruments in writing, signed by such Holders or their duly authorized representatives and delivered to the Trustee; provided, however, that in any of the events above mentioned, the Authority, may nevertheless appoint a temporary Trustee to fill such vacancy until a successor shall be appointed by the Holders in the manner above provided, and any such temporary Trustee so appointed by the Authority shall immediately and without further act be automatically succeeded by the successor to the Trustee appointed by the Holders. The Authority shall promptly provide notice of the appointment of any successor Trustee to the Holders of the Bonds. Any successor Trustee or temporary Trustee shall be a state or national bank or trust company having combined capital and surplus of not less than \$150,000,000 and authorized to serve as trustee under the laws of the Commonwealth.

In the event that no appointment of successor Trustee is made by the Holders or by the Authority pursuant to the foregoing provisions of this Section at the time a vacancy in the office of the Trustee shall have occurred (or within 90 days after receipt by the Authority of notice of resignation), the Holder of any Bond issued hereunder or the retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice as it shall deem proper, if any, appoint a successor Trustee. The costs associated with such proceeding shall be borne by the Authority.

Section 9.10 Powers of Successor Trustee. Each successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Authority, an instrument in writing accepting such appointment hereunder, and thereupon such successor

Trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor, but such predecessor Trustee shall, nevertheless, on the written request of the Authority, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers, trusts, duties and obligations of such predecessor hereunder. Each predecessor Trustee shall immediately deliver all properties, securities and moneys held by it to its successor; provided, however, that before any such delivery is required or made, all proper fees, advances and expenses of the predecessor Trustee shall be paid in full. Should any instrument in writing be required from the Authority by any successor Trustee for properties, rights, powers, trusts, duties and obligations hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. The resignation of any Trustee and the appointment of a successor Trustee hereunder, together with all instruments provided for in this Article, shall be filed with such successor Trustee.

Section 9.11 Merger, Conversion or Consolidation of Trustee. Notwithstanding any provision hereof to the contrary, any corporation or association into which the Trustee may be merged or converted, or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or which succeeds to all or substantially all of the municipal corporate trust business of the Trustee, shall be the successor Trustee under this Indenture without the execution or filing of any instrument or any other act on the part of any of the parties hereto; provided the merged, consolidated, or converted entity must meet the requirements to serve as successor Trustee hereunder as described in Section 9.9 hereof and the Trustee must provide written notice to the Authority of such merger, conversion, or consolidation. Any such successor Trustee under this Section shall be responsible for providing notice to the Bondholders described in Section 9.9 hereof at no cost to the Authority.

Section 9.12 Paying Agent and Registrar. The Trustee, for itself and its successors, hereby accepts the role of Paying Agent and Registrar under this Indenture, but only upon the following terms and conditions set forth in this Article.

(a) The Authority may appoint another Paying Agent and Registrar with respect to the Bonds in any Supplemental Indenture pursuant to which such Series is issued. Each Paying Agent and Registrar shall (i) designate to the Trustee its principal office and (ii) signify its acceptance of the duties and obligations imposed upon it hereunder and under such Supplemental Indenture by written instrument of acceptance delivered to the Authority and the Trustee. The Trustee is, in addition, authorized and directed to enter into a Paying Agent Agreement with each Paying Agent as to such Paying Agent's rights and duties; provided, however, that no Paying Agent Agreement shall be required if the Trustee is the Paying Agent.

(b) The Paying Agent shall exercise its duties in accordance with the terms of and shall have the protection provided to the Trustee in this Indenture.

(c) If any Paying Agent or Registrar shall resign or be removed the Authority shall designate a successor. If the Authority shall designate a successor, then, upon the Trustee's receipt of the written designation and the written acceptance of such designated successor, such entity shall thereupon, without further action by the Authority, be appointed as successor Paying Agent and Registrar.

(d) In the event that any Paying Agent or Registrar shall resign or be removed, or be dissolved, or if the property or affairs of any Paying Agent or Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and no successor shall have been appointed, the Trustee shall, *ipso facto* be deemed to be any Paying Agent or Registrar, until the appointment of a successor.

(e) Any corporation into which any Paying Agent or Registrar may be merged or converted or with which it may be consolidated, or any corporation resulting from any such merger, consolidation or conversion, or succeeding to the corporate trust business of Paying Agent or Registrar, shall be the successor of the Paying Agent and the Registrar if such successor corporation is otherwise eligible under this Section, without the execution or filing of any further act on the part of the Trustee or the entity serving as Paying Agent and the Registrar or such successor corporation. Any such successor Paying Agent or Registrar under this paragraph (e) shall be responsible for providing an appropriate notice to Bondholders at no cost to the Authority.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.1 Supplemental Indentures Not Requiring Consent of Holders. The Authority and the Trustee may without the consent of, or notice to, any of the Holders enter into a Supplemental Indenture to supplement or amend this Indenture for any one or more of the following purposes:

(a) to cure any ambiguity, defect, omission or inconsistent provision in this Indenture or in the Bonds or make any other provision with respect to matters or questions arising under this Indenture or any Supplemental Indenture; provided, however, that such action shall not, based upon an opinion of counsel, materially adversely affect the interests of the Holders;

(b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(c) to add to the covenants and agreements of the Authority contained in this Indenture other covenants and agreements of, or conditions or restrictions upon, the Authority or to surrender or eliminate any right or power reserved to or conferred upon the Authority in this Indenture;

(d) to subject to the lien and pledge of this Indenture additional revenues, properties or collateral;

(e) to provide for the issuance, sale and delivery of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds as provided in Article VI of this Indenture and, in connection therewith, to provide for (i) the deposit of the proceeds of such Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds, (ii) the disbursement of such proceeds in connection with any part of the facilities to be financed by means of such Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds, and (iii) the payment of the principal, interest and premium, if any, on such Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds;

(f) to provide for the issuance, sale and delivery of bonds, notes or other obligations secured in whole or in part by liens on the Trust Estate that are junior and subordinate to the lien on the Trust Estate securing payment of the Bonds;

(g) to make any other change therein, unless in the opinion of counsel, such other change would materially adversely affect the interest of the Trustee or the Holders; and

(h) to comply with any state and/or federal securities law, including without limitations, any applicable regulation of the Securities and Exchange Commission.

When requested by the Authority, the Trustee shall, subject to Section 10.3 hereof, join the Authority in the execution of any such Supplemental Indenture.

Section 10.2 Supplemental Indentures Requiring Consent of Holders.

(a) The Authority and the Trustee may, at any time, enter into one or more Supplemental Indentures to amend, modify, add to or eliminate any of the provisions of this Indenture but, if such Supplemental Indenture is not of the character described in Section 10.1 hereof, only with the written consent of the Authority and the Holders of not less than fifty-one percent (51%) of each affected class (senior or subordinate) of the Bonds Outstanding hereunder, voting separately by class, at the time of the adoption of such amendatory Supplemental Indenture (not including any Bonds then held or owned by the Authority); provided, however, that, without the consent of all Holders of the affected class of Bonds then Outstanding, voting separately by class, no such Indenture shall have the effect of permitting:

(i) an extension of the maturity of any Bonds;

(ii) a reduction in the principal amount of any Bonds, the rate of interest thereon, or any redemption premium payable thereon;

(iii) the creation of a lien upon or pledge of any Trust Estate ranking superior to, or on parity with, the lien or pledge created hereby (except in connection with the issuance of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds);

(iv) a reduction of the principal amount of Bonds required for consent to amendments to this Indenture;

(v) the establishment of priorities among Bonds; or

(vi) a reduction in the aggregate principal amount of the Bonds required for consent to any other change in this Indenture, without the consent of the Holders of at least 90% of the Bonds of the series of Bonds affected then Outstanding.

For purposes of this Indenture, Bonds shall be deemed to be “affected” by a Supplemental Indenture if the same adversely affects or diminishes the rights of the Holders thereof against the Authority or the rights of the Holders thereof in the security for such Bonds. The Trustee may in its discretion determine whether any such Holders would be affected by any Supplemental Indenture and any such determination shall be conclusive upon such Holders, whether theretofore

or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

(b) If at any time the Authority shall request the Trustee to enter into any Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be given in writing to the Holders of all of the Bonds. Such notice shall be in the form provided by the Authority and shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Holders.

(c) Whenever, at any time, including under circumstances described in (f) below, after the date of the first giving of such notice, the Authority shall deliver to the Trustee an instrument or instruments purporting to be executed by the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the affected class of Bonds then Outstanding, voting separately by class, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee may execute such Supplemental Indenture in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

(d) If the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the affected class of Bonds Outstanding, voting separately by class, at the time of the execution of a Supplemental Indenture meeting the requirements of this Section 10.02 shall have consented to and approved the execution thereof as herein provided, no Holder shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Indenture of the Authority and the Trustee and all Holders then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

(f) If a Supplemental Indenture under this Section is proposed by the Authority but does not have consent of the Holders of fifty-one percent (51%) of the affected class of Bonds then Outstanding, voting separately by class, when the Supplemental Indenture is proposed, the Authority may propose that such Supplemental Indenture will become effective later when consent of the Holders of fifty-one percent (51%) of the affected class of Bonds then Outstanding, voting separately by class, is obtained, subject to the following terms and conditions:

(i) Unless the proposed Supplemental Indenture provides that consent of the Holders of fifty-one percent (51%) of the affected class of Bonds then Outstanding, voting separately by class, must be obtained by a specified date in order to be effective, the Authority may solicit consents to such Supplemental Indenture from Holders until consent

of the Holders of fifty-one percent (51%) of the affected class of Bonds then Outstanding, voting separately by class, is obtained.

(ii) The terms of issuance of Additional Bonds may provide that acceptance of such Additional Bonds by the Holder will be deemed consent to the proposed Supplemental Indenture.

(iii) The terms of any consent obtained to a proposed Supplemental Indenture may provide that such consent is irrevocable and will bind any future assignee or transferee, direct or indirect, of the person providing such consent. If a consent is not by its terms irrevocable, or by its terms is revocable at the option of the person providing such consent, such person may revoke such consent before such Supplemental Indenture becomes effective by written notice to the Trustee and the Authority, but a revocable notice that is not revoked prior to the effective date shall no longer be considered revocable.

(iv) If the terms of any consent obtained to a proposed Supplemental Indenture provide that the consent is considered revoked upon the occurrence of a specified event, a written certification by the Authority on the effective date that such event has not occurred shall be deemed conclusive unless on or before the effective date the Trustee has received written notice from an interested party claiming that such event has occurred. For purposes of this Section 10.2(f)(iv), an “interested party” means and includes the Authority, the Holders of the affected class of Bonds, and any person who was authorized to act on behalf of or in lieu of a Holder.

(v) On the effective date of any such Supplemental Indenture consent of the Holders of fifty-one percent (51%) of the affected class of Bonds then Outstanding, voting separately by class, shall be determined according to the principal amount of the Bonds held by each Holder as of the effective date, notwithstanding the principal amount of the Bonds held by a Holder at the time such Holder’s consent was initially obtained.

(g) The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction, who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof; or such facts may be proved by an affidavit of a witness to such execution sworn to before such officer.

(h) With regard to any Bonds that are insured, the issuer of such insurance shall be authorized to exercise the rights of Holders of Bonds it insures for purposes of consenting to any supplement to this Indenture except for the matters detailed in clauses (i) through (vi) in Section 10.2(a) hereof.

Section 10.3 Rights of Trustee. Notwithstanding the foregoing provisions of this Article X, the Trustee shall not be required to enter into any Supplemental Indenture, unless it shall have received an opinion of counsel (if reasonably requested under the circumstances), addressed to the Trustee, reasonably satisfactory to it that such Supplemental Indenture complies with the provisions of this Article X, that all conditions precedent to the execution and delivery of such Supplemental Indenture have been complied with, and to the extent there are then Outstanding any

Tax-Exempt Bonds, an opinion of Bond Counsel to the effect that the execution and delivery of such Supplemental Indenture will not adversely affect the exclusion from gross income of interest on such Tax-Exempt Bonds. Moreover, the Trustee shall not be required to execute any supplement to this Indenture (except a Supplemental Indenture providing for the issuance of Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds pursuant to Article VI hereof entitling the Trustee to the same rights, privileges and immunities in respect of such Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds as provided hereby in respect of the Bonds) if such Supplemental Indenture materially adversely affects its rights, duties or immunities hereunder, in which case the Trustee may, in its discretion, but shall not be obligated to, enter into or consent to such Supplemental Indenture.

Section 10.4 Approval by Trustee. The Trustee shall not unreasonably withhold or delay its consent to a Supplemental Indenture or agreement meeting the requirements of this Article X.

ARTICLE XI **DISCHARGE, RELEASE AND DEFEASANCE**

Section 11.1 Discharge and Release. If the whole amount of the principal and interest due on or to become due and payable upon all of the Bonds then Outstanding, if any, shall be paid, or sufficient funds shall be irrevocably deposited with the Trustee or a Depository Trustee for such purpose, and provision shall also be made for paying all other sums payable hereunder by the Authority, together with all fees and charges of the Trustee, and if any Bonds to be redeemed prior to maturity shall have been duly called for redemption or irrevocable instructions to call such bonds for redemption shall have been given by the Authority to the Trustee, then and in that case, the right, title and interest of the Trustee herein shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the Authority, shall release this Indenture and shall execute such documents to evidence such release as may be reasonably required by the Authority, and shall turn over to the Authority all balances remaining in all Funds created by this Indenture, other than funds held for redemption or payment of Bonds; otherwise this Indenture shall be, continue and remain in full force and effect.

Section 11.2 Defeasance.

(a) Except as otherwise set forth in the related Supplemental Indenture for such Additional Bonds, Refunding Senior Bonds or Refunding Subordinate Bonds, payment of all or any part of the Bonds or a Series of Bonds may be provided for by the deposit with the Trustee or a Depository Trustee of moneys or Government Obligations that are not redeemable by the issuer thereof in advance of their maturity dates. Amounts in the CFC Senior Debt Service Reserve Fund may be included as part of such deposit only if all of the Senior Bonds are to be defeased or if the amount remaining in the CFC Senior Debt Service Reserve Fund after the withdrawal of funds to be so used will satisfy the CFC Senior Debt Service Reserve Fund Requirement. The moneys and the maturing principal and interest income on such Government Obligations, if any, shall be sufficient, as evidenced by a certificate of an independent nationally recognized certified public accountant or firm of such accountants, to pay when due the principal or redemption price of and interest on such Bonds. The moneys and Government Obligations shall be held by the Trustee or the Depository Trustee irrevocably in trust for the Holders of such Bonds solely for the purpose of

paying the principal or redemption price of and interest on such Bonds as the same shall mature, come due or become payable upon redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable to the Trustee or Depository Trustee as to the dates upon which any such Bonds are to be redeemed prior to their respective dates.

(b) Notwithstanding the foregoing, no deposit under subsection (a) above shall be deemed a payment of such Bond as aforesaid until the earlier of: (i) proper notice of redemption of such Bond shall have been given in accordance with the provisions of Section 3.5 or, in the event said Bond is not to be redeemed within the next succeeding sixty (60) days, until the Authority shall have given the Trustee irrevocable instructions in form satisfactory to the Trustee, to notify, as soon as practicable, the Holder of such Bond in accordance with Section 3.5, that the deposit required by subsection (a) has been made with the Trustee and that said Bond is deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption price, if any, on said Bond, plus interest thereon to the due date or redemption date thereof or (ii) the maturity of such Bond.

(c) If payment of Bonds is so provided for, the Trustee or the Depository Trustee shall provide a notice so stating to each Holder of a Bond so provided for.

(d) Bonds, the payment of which has been provided for in accordance with this Section, shall no longer be deemed Outstanding under or secured by this Indenture. The obligation in respect of such Bonds shall nevertheless continue but the Holders of those Bonds will be entitled to payment only from the moneys or Government Obligations deposited with the Trustee or the Depository Trustee to provide for the payment of such Bonds.

(e) No Tax-Exempt Bond may be so provided for if, as a result thereof or of any other action in connection with which the provisions for payment of such Tax-Exempt Bond is made, the interest payable on any Tax-Exempt Bond is made includible in gross income for purposes of federal income taxes. The Trustee and the Authority may rely upon an opinion of Bond Counsel to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Tax-Exempt Bond.

ARTICLE XII **MISCELLANEOUS**

Section 12.1 Indenture a Contract. After any Series of Bonds shall be issued, this Indenture shall constitute a contract between the Authority and Trustee for benefit of the Holders of such Series of Bonds from time to time Outstanding and, subject to the provisions of Article X hereof, this Indenture shall be and remain irrevocable until the Bonds and the interest thereon shall be fully paid or discharged or provision therefor shall have been made as provided in Article XI hereof.

Section 12.2 Payment or Action on Other than Business Days. Unless otherwise provided herein, if the specified date for the making of any payment or the taking of any action as provided in this Indenture is not a Business Day, such payment may be made or action taken, as the case may be, on the next succeeding Business Day with the same force and effect as if such

payment were made or action taken on the nominal date therefor, and, with respect to any payment so made, no interest shall accrue for the period from the nominal date of payment to the date such payment is made pursuant to the provisions of this Section.

Section 12.3 Benefits of Indenture Provisions. Nothing in this Indenture or in the Bonds, express or implied, shall give or be construed to give any person, firm or corporation, other than the Authority and its successors, the Trustee, and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions contained in this Indenture or in the Bonds being for the sole benefit of the Authority and its successors, the Trustee, and the Holders of the Bonds.

Section 12.4 Trustee May Own Bonds. The Trustee, in its individual or any other capacity, may become the owners or pledgees of the Bonds with the same rights they would have if they were not Trustee.

Section 12.5 Severability. If any Section, paragraph, clause or provision of this Indenture shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Indenture.

Section 12.6 Counterparts. This Indenture may be executed in any number of counterparts, and each such counterpart shall be, and shall be deemed to be, an original. All such counterparts shall constitute one and the same instrument.

Section 12.7 Notices. Unless otherwise provided herein, all notices required or permitted to be given hereunder to the Authority or the Trustee, as the case may be, shall be given in writing (unless expressly provided otherwise herein) and shall be deemed sufficiently given if in writing and sent either by registered mail or certified mail, postage prepaid, by hand delivery, telecopy or other electronic means which produces evidence of transmission, in each instance to be effective upon receipt (with an automatically generated receipt or similar notice not constituting an acknowledgement of an email receipt for purposes of this Section), addressed as follows:

To the Authority:

Norfolk Airport Authority
Norfolk International Airport
2200 Norview Avenue
Norfolk, Virginia 23518
Telephone: (757) 857-3351
Attention: President & Chief Executive Officer

To the Trustee:

U.S. Bank Trust Company, National Association
c/o U.S. Bank Global Corporate Trust
CN-VA-MUNI
5065 Wooster Road
Cincinnati, Ohio 45226
Telephone: (804) 343-1560
Attention: Melody M. Scott

or to such other address as the Authority or the Trustee may designate from time to time by written notice to the other parties.

All computations for the expiration of time periods required by this Indenture shall be computed from the date such notice is deposited in the United States mail, as set forth above; provided, however, that should the last day of the period fall on a Saturday, Sunday or legal holiday, the period shall run until the end of the next day which is neither a Saturday, Sunday nor legal holiday.

Section 12.8 Governing Law. This Indenture and the rights and obligations of all parties to this Indenture shall be governed by and construed and interpreted in accordance with the laws of the Commonwealth.

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IN WITNESS WHEREOF, the Authority and the Trustee have caused this Indenture to be signed and delivered on their behalf by their duly authorized officers as of the date first written above.

SIGNATURE PAGES AND ATTACHMENTS INTENTIONALLY REMOVED

APPENDIX C

FORM OF RENTAL CAR (“RAC”) AGREEMENT

Each of the rental car companies serving the Airport has entered into a RAC Agreement that is substantially in the form attached hereto.

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NORFOLK AIRPORT AUTHORITY

**ON-AIRPORT RENTAL CAR
CONCESSION AGREEMENT AND
FACILITY LEASE**

November 1, 2025

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**NORFOLK INTERNATIONAL AIRPORT
NORFOLK AIRPORT AUTHORITY**

**ON-AIRPORT RENTAL CAR CONCESSION
AGREEMENT AND FACILITY LEASE**

THIS ON-AIRPORT RENTAL CAR CONCESSION AGREEMENT AND FACILITY LEASE (“Agreement”) made November 1, 2025 (“Effective Date”), by and between the Norfolk Airport Authority, operator of the Norfolk International Airport, hereinafter called the “Authority,” and [Insert Company Entity], a [Insert State] [Insert Entity Type], licensed in Virginia and doing business as [Insert Company Name], and whose business address is [Insert Company Address], hereinafter called the “Concessionaire”.

For and in consideration of the mutual agreements hereinafter contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties covenant and agree as follows:

ARTICLE I. DEFINITIONS

A. “Agreement Year” means a period beginning on the Effective Date and ending twelve (12) months thereafter. Each subsequent twelve (12) month period will constitute an Agreement Year. On the Consolidated Rental Car Facility (ConRAC) Operation Commencement Date, a new Agreement Year will commence for a twelve (12) month period, and then each subsequent twelve (12) month period will constitute an Agreement Year. In the event the ConRAC Operation Commencement Date, an early termination date, or the Expiration Date does not end on the last date of an Agreement Year, then the days counted from the end of the immediately prior Agreement Year to the date of that event will constitute a partial Agreement Year and such days will be subject to separate reporting (e.g., annual report) for that partial Agreement Year.

B. “Airport” means the Norfolk International Airport, located in Norfolk, Virginia.

C. “Automobile” means a non-chauffeured, self-propelled motor vehicle moving on four wheels for passenger transportation available for rent by Concessionaire. Freight or cargo trucks, trailers, and motor homes do not qualify and will not be rented or stored on the Premises.

D. “Bond Documents” means the documents and authorizations relating to the issuance, financing, refinancing, investment, application, or retirement of the Series 2026 CFC Revenue Bonds.

E. “Bonds” means the Series 2026 CFC Revenue Bonds, all as further described in the Bond Documents, and any additional bonds of the Authority issued from time to time to which the CFCs are to be pledged as security for such Bonds.

F. “CEO” means the President and Chief Executive Officer of the Authority, or designee.

G. “CFC” or “Customer Facility Charge” means that fee to be collected from Concessionaire, and which Concessionaire may collect from its customers that rent or otherwise enter into a similar arrangement for the use of an Automobile with Concessionaire at the Airport, as such fee amount may be determined by the Authority at any time during the Agreement. Such fee is for the exclusive benefit of the Authority and may be used by Authority for any lawful purpose as determined by the Authority, in Authority’s sole discretion, to include, but not to be limited to certain offsets to rent, expenses, and/or Impositions associated with the rental car operations at

the temporary Premises; the costs associated with the financing, refinancing, enabling, planning, design, construction, improvement, expansion, renovation, repair, and equipment purchases of or for the Consolidated Facility; and of any land and facilities that are related to or support rental car concessions at the Airport as determined solely by the Authority. Such charge may only be referred by Concessionaire to customers as a "CFC" or "Customer Facility Charge" and not a "tax" or charge by the Authority.

H. "Concession" means the right and obligation to operate a nonexclusive concession on the Premises for the rental or other similar use of Automobiles, subject to the terms of this Agreement.

I. "Concession Bond" will have the meaning set forth in Article VIII (Concession Bond) hereof.

J. "Concession Fee" means the greater of a fee based on a percentage of Gross Receipts (herein, the Percentage Fee) or a minimum annual guaranteed fee (MAG).

K. "Concessionaire" means the entity identified above to whom this Agreement is awarded and who enters into this Agreement with the Authority.

L. "Concessionaire Access Date" means the date on which the Authority authorizes Concessionaire to access the Consolidated Facility for the purpose of commencing construction of the Concessionaire Improvements therein pursuant to Article VI.A.3 (Concessionaire Construction) hereof.

M. "Concessionaire Delay" means any delay attributable to the acts or omissions of Concessionaire or Concessionaire's officers, agents, employees, contractors, consultants, sub-Concessionaires, or licensees from time to time.

N. "Concession Recovery Fees" means the separate item listed on Concessionaire's rental agreement or similar arrangement with its customers that must be labeled as an "Airport Recovery Fee" and is charged as a recoupment for the Concession Fee owed by Concessionaire to Authority.

O. "Concessionaire Improvement Plans" will have the meaning set forth in Article VI.A.7 (Construction of Concessionaire Improvements) hereof.

P. "Concessionaire Improvements" will have the meaning set forth in Article VI.A.7 (Construction of Concessionaire Improvements) hereof.

Q. "Concessionaire Improvement Substantial Completion" will have the meaning set forth in Article VI.A.7 (Construction of Concessionaire Improvements) hereof.

R. "Concessionaire's Proportionate Share" means the percentage determined by dividing the aggregate square footage of the Premises utilized by Concessionaire by the aggregate square footage utilized by all concessionaires. In the event all or a portion of the use of Premises is not accurately allocable by square footage, in the sole discretion of Authority, the percentage for Concessionaire and all concessionaires may be determined by per stall, fixed fee, or market share basis. It is acknowledged that unless and until the Authority utilizes a portion of the Premises for its commercial use, the percentage of the Premises utilized by all concessionaires is one hundred percent (100%) as of the Effective Date hereof, or otherwise as determined by the Authority from time to time.

S. "ConRac Agreement" means a Consolidated Rental Car Facility Concession Agreement and Facility Lease for a nonexclusive rental car concession at the Airport together with a lease of certain premises at the Consolidated Facility to an On-Airport Rental Car Company which agreement may be in a form substantially similar to this Agreement.

T. "ConRAC Operation Commencement Date" means the earlier of: (i) the day on which Concessionaire commences operation at the Consolidated Facility, or (ii) six months following the Concessionaire Access Date. The ConRAC Operation Commencement Date will be identical for all ConRAC Agreements in effect at that time.

U. "Consolidated Facility" means the consolidated rental car facility to be constructed at the Airport and consisting collectively of the Consolidated Facility Property, the Consolidated Facility Improvements (which include the QTA), and the inclusive ground transportation area.

V. "Consolidated Facility Improvements" will have the meaning set forth in Article VI.A. (Consolidated Facility Improvements) hereof, and to be built upon the Consolidated Facility Property.

W. "Consolidated Facility Plans" will have the meaning set forth in Article VI.A. (Consolidated Facility Improvements) hereof.

X. "Consolidated Facility Property" means the real property and the land underlying and adjoining the Consolidated Facility, all as specifically described in **Exhibit A** attached hereto and made a part hereof. Such delineated property supports and is related to the Consolidated Facility and is subject to ground rent herein.

Y. "Consolidated Facility Substantial Completion" will have the meaning set forth in Article VI.A.3 (Concessionaire construction) hereof.

Z. "Debt Service" means the annual and scheduled principal and interest payments on the Bonds, from time to time, and any related required costs, payments, coverage, or deposits in connection with any of the foregoing, including, without limitation, costs of issuance (inclusive of fees and costs of underwriters, remarketing agents, rating agencies, consultants and other professionals associated with the Bonds, and financing and administrative costs and charges), credit and liquidity fees and reserves, tax compliance costs, and further including, specifically, the amounts of any required deposits into each of the funds specifically referenced and defined in the Bond Documents from time to time, together with all deposits required in connection with any of the foregoing from time to time (except to the extent that any such costs, payments, deposits, credit and liquidity fees, or reserves are funded from the initial proceeds of the Bonds and comprise part of the principal and interest payments, it being understood and agreed that there will be no "double counting" of any such amounts for purposes hereof).

AA. "Disadvantaged Business Enterprises" means a for-profit small business concern (1) that is at least fifty-one percent (51%) owned by one or more individuals who are socially and economically disadvantaged, or, in the case of a corporation, one in which at least fifty-one percent (51%) of the stock is owned by one or more such individuals; (2) whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it; and (3) that is certified by the Commonwealth of Virginia as a Disadvantaged Business Enterprise.

BB. "Expiration Date" means the thirtieth (30th) anniversary from the ConRAC Operation Commencement Date or an earlier termination as provided in this Agreement.

CC. "FAA" means the United States Federal Aviation Administration, or its successor agency.

DD. "Facility Rent" will have the meaning set forth in Article V.E. (Facility Rent) hereof.

EE. "Gross Receipts" means all revenues derived from customers and paid or due to Concessionaire arising out of or in connection with its operations at the Premises, including, without limitation: (a) all time and mileage revenues; (b) all revenues from the sale of any products and services, such as insurance, fuel, etc.; (c) all concession recovery fees; and (d) all other revenues paid or due to Concessionaire arising out of or in connection with its operations at the Consolidated Facility. Gross Receipts will not include: (i) amounts of any federal, state, or municipal taxes; (ii) CFCs collected by Concessionaire; (iii) amounts for credits, refunds, or adjustments to customers for transactions made at the Consolidated Facility at the time of, or prior to, the close-out of the rental transaction and shown on the customer contract (without mark-up or additional fees); (iv) sums received by reason of Concessionaire's disposal of personal property or capital assets (without mark-up or additional fees); (v) sums received by Concessionaire from its customers for traffic tickets, parking tickets, highway tolls, towing charges, impound fees, and other similar governmental fines and charges actually paid by Concessionaire on behalf of such customers (without mark-up or additional fees); and (vi) sums received by Concessionaire for pass-through charges collected by Concessionaire from its customers with respect to damage repair, parts replacement, and extraordinary cleaning of vehicles, and towing and transporting of damaged vehicles, rented by such customers, and replacement of keys for such vehicles (without mark-up or additional fees). The retroactive adjustment by Concessionaire of Gross Receipts designated as volume discounts or rebates, corporate discounts or rebates, or any other designation of any nature, or for any purpose, is prohibited. Concessionaire will not be credited with or allowed to have any reduction in the amount of the Gross Receipts which results from any arrangements for a rebate, kickback, or hidden credit given or allowed to any customer; provided, however, that Concessionaire may allow customary discounts on sales of commodities and products to its own employees and to volume purchasers pursuant to Article XI. A. (Quality and Price Control).

FF. "Ground Rent" means an amount equivalent to Concessionaire's Proportionate Share of the fair market rent of the Consolidated Facility Property, which fair market rent will be calculated based upon approximately 12.5 acres (approximately 544,500 square feet), which is deemed to be the total area of the Consolidated Facility Property as of the Effective Date hereof. Concessionaire's Ground Rent during the first year beginning on the ConRAC Operation Commencement Date will be the sum per year calculated by multiplying the appraised ground rental rate by the square footage of the Consolidated Facility Property and then multiplying the product thereof by Concessionaire's Proportionate Share. Ground Rent payable hereunder will be subject to adjustment by the consumer price index annually and by a new appraisal every fifth (5th) anniversary of the ConRAC Operation Commencement Date. In the event there is not a new appraisal, the Authority may continue to adjust the ground rental rate by the consumer price index annually until such time as an appraisal is conducted and applied. Further, the Authority reserves the right to re-measure the total area of the Consolidated Facility and the underlying and adjoining property at any time and from time to time from and after the Effective Date hereof, and in the event that any such subsequent re-measurement indicates that the actual total area of the Consolidated Facility or Consolidated Facility Property differs from the measurement set forth above, the Authority will so notify Concessionaire in writing, the Ground Rent payable hereunder will be modified to account for such difference, and the Authority will provide written notice to Concessionaire confirming the actual total area of the Consolidated Facility, as so re-measured, and the modified Ground Rent thereafter payable hereunder.

GG. "Impositions" mean any and all charges, assessments, taxes, proportionate share of payment in lieu of taxes, and other fees which are charged, assessed, or otherwise imposed upon the Premises or Consolidated Facility by any federal, state, or municipal public authority.

HH. "Minimum Annual Guaranteed Fee" or "MAG" will have the meaning set forth in Article V.F.2. (Minimum Annual Guarantee) hereof.

II. "On-Airport Rental Car Company" means a rental car company that (i) is a party to a valid ConRac Agreement with the Authority, and (ii) is operating its rental car concession in the Premises.

JJ. "Operating Expenses" mean any and all direct and indirect costs and expenses incurred in operating and maintaining the Consolidated Facility. Operating expenses include, and not limited to, operations, maintenance, utilities, security, insurance, personnel, management, administration, overhead, costs, deposits, fees, supplies, equipment, systems, and other general expenses associated with the Consolidated Facility. Such operating expenses may be collected on a per square foot basis, per stall basis, fixed fee basis, and/or a market share basis, as determined solely by the Authority.

KK. "Percentage Fee" means the amount equal to eleven percent (11%) of Concessionaire's Gross Receipts, or in the event that any commercial airport in the states of Virginia, Maryland, West Virginia, or North Carolina collects a greater percentage of Gross Receipts, then an amount equal to that commercial airport's percentage fee upon thirty (30) days' written notice to Concessionaire.

LL. "Performance Deposit" means an amount equal to six (6) months of: (i) (a) Concessionaire's temporary Premises' Arrivals Terminal Building Rent and the Ready and Return Facilities Rent, or (b) after the ConRAC Operation Commencement Date, the permanent Premises' Ground Rent and Facility Rent, and (ii) the estimated CFCs; each of (i) and (ii) to be deposited with the Authority for Authority's use in the event of Concessionaire's default.

MM. "Premises" means and includes all those areas described in Article III (Premises) of this Agreement, which may be amended from time to time, and which Authority authorizes and makes available for use by Concessionaire for purposes of the Concession.

NN. "QTA" means the quick-turnaround area of the Consolidated Facility Improvements used by Concessionaire for washing, cleaning, and fueling of Concessionaire's Automobiles, and not for electric vehicle charging, unless separately approved by Authority in writing.

OO. "Transportation Security Administration" or "TSA" means the United States Department of Homeland Security, Transportation Security Administration, or any successor agency.

ARTICLE II. CONCESSION AGREEMENT AND FACILITY LEASE

A. Concession Agreement. This Agreement sets forth the obligations and privileges of Concessionaire with respect to the operation of the nonexclusive Concession at the Airport.

B. Facility Lease. This Agreement sets forth the obligations and privileges of Concessionaire with respect to the use and occupancy of the Consolidated Facility at the Airport.

ARTICLE III. PREMISES

A. **Premises.** The Authority, in consideration of the rentals, fees, and other charges to be paid by Concessionaire, as prescribed and set forth in Article V (Concessionaire Payments) hereof, and upon the agreements, covenants, promises, provisions, requirements, restrictions, terms, and conditions as are hereinafter more particularly set forth, all on the part of Concessionaire to be kept, observed, and performed, does hereby grant, demise and let unto Concessionaire, and Concessionaire does hereby lease and hire from the Authority, the nonexclusive right to occupy and use those certain spaces as shown and delineated on **Exhibit B** and **Exhibit C**, each attached hereto and made a part hereof, and hereinafter referred to as the "Premises."

B. **Temporary Premises.** The temporary Premises are those available to Concessionaire on the Effective Date, as shown on **Exhibit B**. The temporary Premises include, but are not limited to, counter, queue, and office space in the customer service area of the Airport arrivals terminal and ready spaces and return lanes/spaces and R/R booth(s) in the adjacent Garage A parking garage. The temporary Premises will be designated as preferential space, except for the return lanes/spaces which will be common space, and all spaces will be assigned by the Authority, and return lanes/spaces may be reassigned from time to time by Authority in order to ensure efficiency. The temporary Premises' counters, queue, and office space will be limited to one (1) brand per each counter, queue, and office space, unless an exception is made by the Authority. The temporary Premises' R/R booth(s), located in the parking garage, may be dual or multi-branded, when approved in writing by Authority. The temporary premises' ready spaces will be allocated initially based upon Concessionaire's MAG in proportion to all other concessionaires' MAGs upon the Effective Date. The location of the ready spaces and return lanes/spaces will be determined by Authority. Concessionaire's payments for the temporary Premises are established in Article V herein.

C. **Permanent Premises.** The permanent Premises are those available to Concessionaire on the ConRAC Operation Commencement Date, as shown on **Exhibit C**. The permanent Premises are anticipated to include, but are not limited to, counter and office space in the customer service area, ready spaces and return lanes in the Consolidated Facility garage, and the Quick Turn Around (QTA) area including associated facilities and lots. The permanent Premises may be designated as preferential or common space from time to time at the sole determination of the Authority. The permanent Premises will be allocated initially by Authority according to Concessionaire's market share in proportion to all other concessionaires' market share, which market share will be measured according to the previous twelve (12) month period computed six (6) months prior to the Concessionaire Access Date. The Consolidated Facility floor (level) assignment will be determined initially by the three (3) highest MAG concessionaires as of the Effective Date, in selection order from highest MAG to lowest MAG, and any additional concessionaire floor locations will be determined by Authority. Concessionaire's payments for the permanent Premises are established in Article V herein.

D. **Common Areas.** Subject to the conditions and provisions in this Agreement, Concessionaire will also have the right to the nonexclusive use of the common areas of the arrivals terminal and the Consolidated Facility which are those areas not reserved by the Authority or demised to another party.

E. **Reallocation of Premises.** Except as provided in Article IV.F and Article IV.G. below, Authority reserves the right to reallocate the permanent Premises among the concessionaires, including Concessionaire, one (1) time every five (5) years of this Agreement, upon one of the following events:

1. Authority, in its sole discretion, initiates a reallocation to rebalance the Consolidated Facility, in which case the Authority will notify concessionaires of its desire to reallocate the Premises upon no less than one hundred twenty (120) days' notice to Concessionaire, or

2. Concessionaire had a market share of at least twenty percent (20%) on the later of the Effective Date or the last reallocation of Premises and A) Concessionaire's market share increased by no less than forty percent (40%) since the later of the Effective Date or the last reallocation of Premises, and B) Concessionaire notifies Authority in writing of Concessionaire's desire for Authority to reallocate the Premises.

A reallocation of Premises triggered by Article III.E.1 or Article III.E.2 above would include all Premises in the Consolidated Facility except the floor (level) assigned to the three (3) highest minimum annual guarantee concessionaires as of the Effective Date. Such reallocation will be funded with CFC, to the extent available, except for proprietary furniture, fixtures, equipment and signage of each concessionaire.

F. Premises' Liquidated Damages. In the event Concessionaire occupies areas outside of the temporary Premises or permanent Premises, or Concessionaire operates within the temporary Premises or permanent Premises, but outside of the designated operational areas or stripping of those Premises for Concessionaire's use, Authority may provide up to three (3) written warnings to Concessionaire to comply. In the event Concessionaire does not comply with the directives of Authority's written warnings, Concessionaire will pay to Authority liquidated damages in the amount of five hundred dollars (\$500) for each subsequent event resulting in a notification of violation as a reasonable estimate of the damages Authority would incur. Each warning to Concessionaire for a violation of this Article III.F. will be cumulative. If Concessionaire exceeds three (3) written notifications for violation during any twelve (12) month period, Concessionaire is subject to default and early termination upon thirty (30) days' written notice from Authority.

ARTICLE IV. TERM

A. Term. The term of this Agreement will be from the Effective Date up to and including the Expiration Date (herein the "Term"). Notwithstanding the greater than thirty (30) years' term of this Agreement, the Concession will begin on the Effective Date and continue for ten (10) years after the ConRAC Operation Commencement Date, and then be subject to Article IV.F. (Option to Require Re-Bidding; No Assurance of Continued Participation) hereof.

B. Early Termination. Notwithstanding the other provisions of this Agreement, Authority will have the right to terminate this Agreement upon ninety (90) days' notice to Concessionaire upon the redemption or defeasance of the Bonds. In the event of early termination pursuant to this Article IV.B, if Concessionaire does not enter into a subsequent facility lease with Authority, Authority would reimburse Concessionaire's unamortized value in accordance with Article XXXVI.C. In the event only a portion of the bonds are retired and the payment schedule for the Bonds ends sooner than the Expiration Date herein, Authority reserves the right upon written notice to Concessionaire to revise and reduce the Expiration Date to a date not later than the Bonds final payment date.

C. Holdover.

1. Authority's decision. The Authority may, but will not be obligated to, permit the Concessionaire to holdover on or at the Premises beyond the expiration of this Agreement, subject to the terms and conditions set forth herein. In making its decision on whether to permit

such a holdover, the Authority will consider any circumstances impacting thereon, including, without limitation: (1) the benefits and costs to the Authority of permitting such a holdover, (2) conditions under which a delay in placing the Concession out to bid could result in greater revenue to the Authority, (3) the potential revenue loss resulting from a gap in the provision of the Concession services, and (4) renovations of the Airport terminal complexes affecting the Concession. The Authority will notify the Concessionaire in writing of the Authority's offer for a holdover tenancy. Within thirty (30) days of receipt of the Authority's notice, the Concessionaire will notify the Authority in writing as to the Concessionaire's acceptance of the holdover tenancy. If the Concessionaire fails to notify the Authority in writing within the thirty (30) day period, the Concessionaire will be deemed to have rejected the Authority's offer for holdover tenancy.

2. Holdover time period. The Authority, in its sole discretion, may permit the Concessionaire to hold over and operate from, at and upon the Premises, in accordance with this Article IV (Term), for a period of time not to exceed one (1) year from the date of expiration.

3. Holdover terms.

a. Month-to-month tenancy. If the Authority permits the Concessionaire to holdover on or at the Consolidated Facility, such a holding over will not be deemed a renewal or extension of this Agreement but will create a month-to-month tenancy on the same terms and conditions of this Agreement in effect immediately prior to the commencement of the holding over (hereafter the "Holdover Start"), unless modified as deemed necessary by the Authority. Such modifications may include, but are not limited to, the Concessionaire's obligation to (1) pay to the Authority the Concession Fee, Facility Rent, and Ground Rent in effect at the Holdover Start, (2) furnish a sufficient Concession Bond and adequate insurance coverage in accordance with the terms of this Agreement in effect at the Holdover Start and (3) provide defense, indemnity and liability protection to the Authority as required by the terms of this Agreement in effect at the Holdover Start.

b. Modifications. The Concessionaire's obligation to pay the Concession Fee, Facility Rent, and Ground Rent in effect at the Holdover Start will, at a minimum, be modified as follows: the Authority may upon thirty (30) days prior written notice, after the Holdover Start, increase or otherwise amend the Concession Fee, Facility Rent, and Ground Rent payable by the Concessionaire to the Authority. The Concessionaire's obligation to furnish a sufficient Concession Bond and adequate insurance coverage will continue and extend no less than one (1) year from the Holdover Start and will be renewed in the same manner, if deemed necessary by the Authority, upon expiration of such one-year period.

D. Surrender of the Premises. At the expiration or earlier termination of this Agreement, Concessionaire will return the Premises in good condition and repair, subject to ordinary wear and tear, and Concessionaire will remove all personal property, trade fixtures, and equipment, if any, of Concessionaire (but excluding the Concessionaire Improvements, unless otherwise directed by the Authority) from the Premises prior to the date of expiration or earlier termination. Concessionaire will repair any and all damage to the Premises caused by Concessionaire's removal of the personal property, trade fixtures, and equipment, if any. All such removal and repair required of Concessionaire pursuant to this Article IV.C (Surrender of the Premises) will be at Concessionaire's sole cost and expense. If Concessionaire fails to remove any items required to be removed by Concessionaire hereunder or fails to repair any resulting damage prior to or within ten (10) days after expiration or earlier termination of this Agreement, then the Authority may (but will not be obligated to) remove the items, and repair any resulting damage, and Concessionaire will pay the cost of any such removal and repair, together with interest thereon at the highest allowable rate by law from and after the date such costs were incurred until receipt of full payment therefor. Concessionaire will also furnish to the Authority (as

to existing Concessionaire Improvements if not previously delivered to the Authority), and the Authority will have the right to use, a full set of the "as-built" plans and specifications for all Concessionaire Improvements, and all final reports prepared by or for Concessionaire on the environmental or physical condition of the Premises.

E. Reversion to the Authority. On the last day of the Term or upon any earlier termination of this Agreement or Concessionaire's right to possession of the Premises under this Agreement, fee simple title to all Concessionaire Improvements therein, to the extent not theretofore vested in the Authority pursuant to the terms of this Agreement, will revert to the Authority without the necessity of any further action by either party hereunder; provided, however, that upon the Authority's request, Concessionaire will execute and deliver to the Authority (in recordable form) all documents necessary to evidence such conveyance.

F. Option to Require Re-Bidding; No Assurance of Continued Participation. Notwithstanding anything herein to the contrary, the Authority will have the right and option, to be exercised in its sole and absolute discretion, to require the re-bidding of this Agreement as to the Concession rights granted hereunder every ten (10) years after the ConRAC Operation Commencement Date hereof, and, in such event, Concessionaire would be required to re-bid for the rights and license granted hereunder as part of the Authority's then-applicable public bidding process therefore. The terms of such re-bidding may include, without limitation, a modified Minimum Annual Guaranteed Fee, a modified definition of "Gross Receipts" hereunder, a modified Ground Rent, a modified Facility Rent, a relocation of Concessionaire's premises (including floor/level), a change in brands, and such other terms as the Authority will deem appropriate. Concessionaire hereby acknowledges and agrees that the Authority has advised Concessionaire of the Authority's right and option to require the periodic rebidding of this Agreement, and Concessionaire further acknowledges that the Authority has not given Concessionaire any assurances that Concessionaire will be given the opportunity to continually participate in the Consolidated Facility or on the Airport pursuant to this Agreement. In the event that Concessionaire does not re-bid, even though required to re-bid under this Article IV.F., the Authority will have the right to terminate this Agreement upon not less than thirty (30) days' written notice to Concessionaire and Concessionaire will be required to make continued payments to Authority pursuant to Article XIII.E. (Termination By Authority, Survival of Concessionaire's Obligations) herein. In the event that Concessionaire is a successful bidder in any such periodic re-bidding, Concessionaire and the Authority will execute a written amendment to this Agreement confirming the modified terms and provisions applicable hereto.

G. Reconstitution of On-Airport Rental Car Companies. Notwithstanding anything herein to the contrary, in the event that any On-Airport Rental Car Company from time to time ceases to operate at the Consolidated Facility at any time during the Term hereof, the Authority will have the right to require that a replacement On-Airport Rental Car Company be substituted therefor (subject to such replacement On-Airport Rental Car Company executing a valid ConRac Agreement with the Authority). In the event that no replacement On-Airport Rental Car Company is substituted therefor, the available counter space, back office space, ready/return parking spaces, Automobile storage spaces, QTA area, and vehicle staging areas may be reallocated among the remaining On-Airport Rental Car Companies based upon their respective market share percentages, or as such remaining On-Airport Rental Car Companies may otherwise agree, but subject in all cases to the prior review and approval of the CEO. In the event that the remaining On-Airport Rental Car Companies fail to agree on such reallocation, the Authority may, but will not be required to, reallocate such available counter space, back office space, ready/return parking spaces, Automobile storage spaces, QTA area, and vehicle staging areas in accordance with the respective market share percentages of such remaining On-Airport Rental Car Companies. In the event that any remaining space is not reallocated to another On-Airport Rental Car Company, the Concessionaire will be required to make continued payments to Authority

pursuant to Article XIII.E. (Termination By Authority, Survival of Concessionaire's Obligations) herein.

ARTICLE V. CONCESSIONAIRE PAYMENTS

A. Payments. The Concessionaire will pay to Authority, without notice or demand, on a monthly basis unless otherwise stated, as and for the privilege of, and occupancy of the Premises related to, doing the Concession business at the Airport, for and during the term of this Agreement, free from any and all claims, deductions, or set offs against Authority, and at such times and in such manner as hereinafter provided for the term of the Concession, as applicable, any and all rents, fees, charges, and payments due under this Agreement.

B. Arrivals Terminal Rent. The Concessionaire will pay rent for Concessionaire's temporary Premises for the customer service area of the Airport arrivals terminal on a per square foot basis at the signatory airlines' average terminal rental rate for the applicable fiscal year. The arrivals terminal rent will be due on the first of the month without invoice. The temporary premises' arrivals terminal rent requirement will expire upon Concessionaire's relocation to the Consolidated Facility on or after the ConRAC Operation Commencement Date.

C. Ready and Return Parking Facilities Rent. The Concessionaire will pay monthly rent for Concessionaire's temporary Premises at the ready and return parking facilities on a per stall basis at the initial monthly rate of sixty dollars (\$60) per stall; however, the temporary Premises return parking rent will be offset by CFCs. A ready parking space is one stall and a return lane is equivalent to several stalls, depending on the length of the return lane. Janitorial contract services for the temporary Premises parking facilities will be offset by CFCs (Concessionaire will still be responsible for ensuring its areas are clear of debris). The ready parking facilities rent will be due on the first of the month without invoice. Each fiscal year the ready parking per stall monthly rate will be increased the greater of the percentage change in the consumer price index-urban (CPI-U) or three percent (3%). The temporary Premises' ready and return parking facilities rent will expire upon Concessionaire's relocation to the Consolidated Facility on or after the ConRAC Operation Commencement Date.

D. Ground Rent. Ground Rent for the Premises will be payable by Concessionaire commencing on the ConRAC Operation Commencement Date and thereafter during the Term. Concessionaire's Proportionate Share of Ground Rent will be payable in monthly installments equal to one twelfth (1/12) of the applicable annual amount, commencing on the ConRAC Operation Commencement Date and on the first day of each and every calendar month of the Term thereafter; provided, however, if the ConRAC Operation Commencement Date is not the first day of any calendar month or the Expiration Date is not the last day of any calendar month, the monthly installment of Ground Rent for such month will be adjusted ratably (based on the number of days of such month within the Term). The ConRAC Operation Commencement Date will be established and set forth by written confirmation to be executed by the parties.

E. Facility Rent.

1. Facility Rent Payments In addition to the Ground Rent payable by Concessionaire hereunder, the Concessionaire will pay monthly Concessionaire's Proportionate Share of Facility Rent, commencing on the ConRAC Operation Commencement Date, for the Debt Service, Operating Expenses, Impositions, and related costs of the Consolidated Facility. Facility Rent due will be reduced for Debt Service to the extent CFC collections from all On-Airport Rental Car Companies for the applicable payment period are available. Facility Rent due for Operating Expenses will be determined by Authority from time to time and may be allocated to

Concessionaire on a per square foot basis, a per stall basis, a fixed fee basis, and/or a market share basis. Facility Rents may be delineated as preferential space and/or as common space within the Consolidated Facility, each as assigned by the Authority. Facility Rent for non-Debt Service charges will be adjusted from time to time and will be paid by Concessionaire within thirty (30) days following the Authority's invoice.

2. Contingent Facility Rent for Debt Service As soon as reasonably practicable following the end of each Agreement Year during the Term hereof, the Authority will provide Concessionaire with a statement (the "Facility Rent Debt Statement") indicating (i) the total amount of Debt Service attributable to such calendar year, and (ii) the total CFC collections received by the Authority and attributable to such calendar year. If such Facility Rent Debt Statement indicates that the total amount of Debt Service for such calendar year exceeds the total amount of CFC collections attributable to such calendar year, Concessionaire will pay to the Authority, relative to Concessionaire's market share for such calendar year (or other methodology reasonably determined by Authority after consultation with Concessionaire), any such deficiency (herein, a "Rent Deficiency") as contingent facility rent within sixty (60) days after Concessionaire receives the Facility Rent Debt Statement for such calendar year, and such sums will be deemed additional rent hereunder. Any such Rent Deficiency which remains unpaid from and after such 60-day period will bear interest at the highest allowable rate by law hereunder from the date due until paid. If such Facility Rent Debt Statement indicates that the total amount of Debt Service for such calendar year is less than the total amount of CFC collections attributable to such calendar year, the Authority may apply such excess CFC collections, at the Authority's discretion, as permitted under the terms and provisions of the Bond Documents. The CFCs generally and CFC collections specifically will be governed by Article V.M. (Customer Facility Charge) hereof. The Authority hereby acknowledges that under each ConRAC Agreement between each Concessionaire and the Authority, each On-Airport Rental Car Company will be required to pay its share of any Rent Deficiency as contingent facility rent payable hereunder directly to the Authority, and the Authority, without limitation of the Authority's other rights and remedies hereunder for the non-payment of any such Rent Deficiency or other sums, and without limitation or modification of the liability of Concessionaire and each such On-Airport Rental Car Company for the payment of such Rent Deficiency or other sums hereunder, hereby agrees to accept payment of such Rent Deficiency from each such On-Airport Rental Car Company. In the event of a Rent Deficiency, Authority reserves the right to anticipate a future Rent Deficiency. If Authority anticipates a future Rent Deficiency, after consultation with Concessionaire, Authority may charge Concessionaire contingent facility rent on a monthly basis until such time as an anticipated Rent Deficiency is no longer projected. Upon such time as CFC collections exceed Debt Service attributable and a Rent Deficiency is not anticipated, Authority will reimburse Concessionaire through excess CFCs for contingent facility rents previously paid to Authority.

3. Alternate Facility Rent for Debt Service. In the event that the Bonds are retired, are defeased, are paid in full, or are otherwise discharged prior to the maturity date established at the time of their initial issuance pursuant to the Bond Documents at any time prior to the Expiration Date hereof such that there is then no additional Debt Service thereafter coming due and payable hereunder, the Authority may continue to impose the CFC until the Expiration Date hereof, CFC proceeds would continue to be collected and remitted to the Authority by the On-Airport Rental Car Companies in accordance with the applicable ConRAC Agreement until the Expiration Date hereof, and Concessionaire will pay hereunder in lieu of, and in substitution for, such Debt Service, and as a component of Facility Rent, rent for the Premises equivalent to the fair rental value, as determined by third party appraisal, therefor (the "Alternate Facility Rent"). Concessionaire's Proportionate Share of Alternate Facility Rent for Debt Service will be due and payable to the Authority at the same time and in the same manner as the Ground Rent otherwise payable hereunder.

F. Concession Fee. In addition to the Ground Rent and the Facility Rent payable by Concessionaire hereunder, Concessionaire will also pay the Percentage Fee and the Minimum Annual Guaranteed Fee (MAG) as hereinafter provided:

1. Percentage Fee. Concessionaire will pay to the Authority monthly, without demand, setoff, reduction, or credit, the Percentage Fee for the preceding month on or before the twentieth (20th) day of each calendar month during the Term, and on or before the twentieth (20th) day of the calendar month immediately following the expiration or other termination of this Agreement. If the Annual Report (as hereinafter defined) of Gross Receipts required pursuant to Article V.G.7.c. hereof shows that additional Percentage Fee is owed, because the Percentage Fee attributable to the Agreement Year or partial Agreement Year to which the statement of Gross Receipts applies exceeds the amount of all payments theretofore made by Concessionaire to the Authority in respect of the Percentage Fee for such Agreement Year or partial Agreement Year, then Concessionaire will pay the balance of the Percentage Fee owed to the Authority concurrently with the submission of the Annual Report. If the Annual Report shows that Concessionaire has overpaid the Percentage Fee, then the Authority will credit the amount of such overpayment against installments of the Percentage Fee next coming due and payable hereunder until exhausted (provided, if this Agreement has then expired or otherwise terminated, the Authority will refund such overpayment within sixty (60) days following the Authority's receipt of such Annual Report).

2. MAG Payment. The MAG for the first Agreement Year will be _____ dollars (\$_____). The MAG for each Agreement Year thereafter will be the greater of (i) the prior Agreement Year MAG, or (ii) ninety percent (90%) of the amount of the Percentage Fee, as described in Article V.F.1 (Percentage Fee) due to the Authority from Concessionaire hereunder for the previous Agreement Year but will never be less than the MAG for the first Agreement Year. The MAG will be adjusted ratably for any partial Agreement Year (based upon the number of days). At the end of each Agreement Year, if the Percentage Fee paid is less than the required MAG payment for that Agreement Year, then Concessionaire will pay Authority the difference between the Percentage Fee paid and MAG payment amount due within thirty (30) days' upon notice from Authority.

G. Business Practices and Records. In connection with the obligations of Concessionaire, Concessionaire hereby agrees to:

1. Promote Business. Use its best efforts in every proper manner to maintain, develop, and increase the Concession business conducted by Concessionaire hereunder.

2. No Diversion. Not divert, nor cause to be diverted, any business that would reduce revenues to the Airport.

3. All Sales Recorded. Will record at the time of sale, in the presence of the customer, all receipts from sales or other transactions, whether for cash or credit. The Concessionaire will issue to each customer a receipt or sales slip for each transaction, which transaction must be recorded on numbered receipt or sales slip.

4. All Transactions Recorded. Will record at the time of the Automobile rental transaction or at the time Concessionaire otherwise enters into a similar arrangement for the use of an Automobile, all Automobile rentals or other transactions conducted as a part of the Concession, including the number of Automobile rental transactions, the number of Automobile rental transaction days, and any other data or unit of measure pertaining to the transactions conducted as a part of the Concession as requested by Authority, which may be reasonably necessary to quantify transaction activity of Concessionaire at the Airport.

5. Storage Obligation. Prepare and keep for a period of not less than three (3) years following the end of each Agreement Year, and in accordance with accepted accounting practices, true and accurate accounts, books, data, and records of Concession operations, which will, among other things, show all rentals, Automobile rental transactions and transaction days, sales made and services performed for cash, credit, or otherwise (without regard to whether paid or not), and, also, the Gross Receipts of the Concession operation, and the aggregate amount of all sales and services and orders, of all Concessionaire's business authorized under this Agreement.

6. Technology. During the Term of this Agreement, Concessionaire agrees to cooperate fully with the Authority's implementation of point-of-sale integration and mobile ordering. With the exception of credit/debit card number, all sales data will be required. Concessionaire must participate fully in the development and implementation of any technology changes and procedures of such systems. If the Authority instructs Concessionaire to use technology, equipment, software and systems, the Authority will not be obligated to furnish Concessionaire with the technology, equipment, software, or systems necessary to do so. If Concessionaire fails to comply within the time designated by the Authority, penalties will apply as set forth by the Authority. Any technology implemented by Concessionaire that involves an interface with the public is subject to Authority approval at its sole discretion.

7. Reports.

a. Daily reports. The Concessionaire may be requested by Authority from time to time to submit to the Authority a daily report utilizing point of sale (POS) integration for certain information required by the Authority for the purposes of administering this Agreement, including but not limited to, a statement of its Gross Receipts and transaction days during the preceding month, upon which the Percentage Fees are computed (a "Daily Report"). The Statement will include a breakdown of Concessionaire's Gross Receipts by category (i.e., time and mileage, customer pick-up fees, insurance fees, cellular phone charges, drop fees, car exchange fees, rental agreement renewals, infant seats and miscellaneous charges.) Each statement will also detail all other exclusions from Gross Receipts as allowed hereunder.

b. Monthly report. The Concessionaire will submit to Authority on or before the twentieth (20th) day of each and every month following each month of the Term, (including the 20th day of the month following the end of the Term), at the place fixed for the fee payment, a written statement using forms prescribed or approved by the CEO, to be certified as correct by Concessionaire, or by a person duly authorized by Concessionaire to so certify, showing in accurate detail, the amount of Gross Receipts for the preceding month (the "Monthly Report").

c. Annual report. The Concessionaire will further submit to Authority on or before the ninetieth (90th) day following the end of each Agreement Year during the Term, at the place fixed for the fee payment, a written statement certified as correct by Concessionaire, or by a person duly authorized by Concessionaire to so certify, showing in accurate detail the amount of Gross Receipts during the preceding Agreement Year, using forms prescribed or approved by the CEO and in the detail as may be required by the CEO (the "Annual Report"). The Annual Report will include a breakdown of Gross Receipts on a month-by-month basis and an opinion of an independent certified public accountant which will include the following language, or language of similar purport:

"We, a firm of independent certified public accountants, have examined the accompanying statement reported to the Authority by Concessionaire, for the year ended _____ relating to its operations at Norfolk International Airport pursuant to the

Consolidated Rental Car Facility Concession Agreement and Facility Lease dated _____ between the Authority and Concessionaire. Our examination was made in accordance with generally accepted auditing standards and, accordingly, includes such tests of the accounting records and such other procedures as we considered necessary in the circumstances. In our opinion, the accompanying statement showing Gross Receipts of \$_____ dollars presents accurately and fairly the amount of Gross Receipts.”

d. Authority’s right to prepare. Without prejudice to any remedies herein provided for such default, if Concessionaire fails to promptly furnish any such reports Authority may have such report prepared on Concessionaire’s behalf by an accountant to be selected by Authority at the sole expense of Concessionaire. Concessionaire will furnish to such accountant all records requested for the purpose of preparing such reports, and Concessionaire will pay to Authority all expenses incurred by Authority in securing such reports.

e. Estimate of Gross Receipts. Authority may make assessments upon Concessionaire, by recourse to such procedures selected by Authority, which would produce a reasonable Gross Receipts expectation upon which the Percentage Fee may be computed. In the event that records have not been prepared and kept in accordance with the provisions set forth herein, Authority will, in addition to all other payments required herein, including any Percentage Fee based on a reasonable amount of Gross Receipts estimated by Authority, be entitled to demand and receive from Concessionaire an additional payment of twenty percent (20%) of the greater of (i) the applicable MAG or (ii) the applicable Percentage Fee.

8. Audited Financial Statements. Concessionaire will submit to Authority, upon request by Authority, a complete set of Concessionaire’s detailed audited financial statements related to its operation at the Airport, including, without limitation, independent auditor’s report, balance sheet, statement of revenues, expenses and changes to retained earnings, statement of cash flows, notes to the financial statements, and all supplementary information, prepared by a licensed independent certified public accountant, hereinafter collectively referred to as the "Concessionaire’s Financial Statements". Authority may request Concessionaire to submit Concessionaire’s Financial Statements if any of the following occur:

a. Assignment or sublease. Concessionaire requests Authority’s consent to an assignment or sublease;

b. Financial hardship. Concessionaire’s request involves any type or claim of financial hardship or distress or any type of financial relief under this Agreement, such as rent or other type of financial relief;

c. Financial impact. Concessionaire requests any change to the terms of this Agreement (assuming such change is permissible), which, in Authority’s discretion, may have a significant financial impact on Concession operations;

d. Monetary claim. Concessionaire submits a rent, financial, or other type of monetary claim under or pursuant to this Agreement; and

e. Authority determination. Authority reasonably believes (based on Authority’s written findings) that the submission of Concessionaire’s Financial Statements is necessary to effectively assess and monitor Concession operations. If Authority evaluates any claims by Concessionaire of financial hardship or distress or requests by Concessionaire for financial relief under this Agreement, Authority may, if it deems necessary after reviewing Concessionaire’s Financial Statements and any other financial information submitted by Concessionaire, require Concessionaire to (i) post additional performance security in the form of

additional surety bonds or (ii) increase the amount of the Concession Bond (as defined herein). If Authority determines that Concessionaire should provide Authority with additional performance security regarding Concessionaire's ability to fully perform its obligations under this Agreement, Concessionaire will provide such additional performance security, such as separate and additional surety bonds or a Concession Bond with increased dollar coverage, within five (5) business days after receiving Authority's written notice.

9. Other Reports. In addition to Concessionaire's Financial Statements required to be submitted pursuant to Article V.E.7. (Audited Financial Statements) hereof, Authority may request and Concessionaire will submit to Authority such other financial and statistical statements, reports, and analyses, to be prepared by a licensed independent certified public accountant (if requested by Authority), as Authority may deem necessary, in Authority's sole discretion, to adequately reflect and explain Concessionaire's financial position and results, in such form and detail as Authority may reasonably direct.

10. Financial Records Inspection.

a. Access to records. Concessionaire hereby grants unto Authority access to all of the following created, kept, maintained, updated, and prepared by or on behalf of Concessionaire relating to the Concession, including operations on the Premises: books, ledgers, journals, accounts, records, reports, files, and all information created, processed, maintained, or stored electronically, including gross income tax reports and records showing daily sales, and all other financial sales, Gross Receipts, cost and expense, capital expenditure and depreciation and amortization, and accounting information, together with all pertinent Concession operations information (hereinafter, collectively the "Records").

b. Right to audit. Concessionaire will ensure that Authority receives a written response to Authority's request to audit all or any portion of Concessionaire's Financial Statements or Concessionaire's Records within forty-eight (48) hours of Concessionaire's receipt of Authority's request. At any reasonable time thereafter, not to exceed five (5) days, Concessionaire will permit a complete audit to be made by Authority's accountant or by a certified public accountant retained by Authority, of Concessionaire's entire business affairs relating to the Concession business for the Term, including without limitation, Concessionaire's Financial Statements and the Records. All of Concessionaire's Financial Statements and the Records will be available for inspection by Authority and any auditor or accountant retained by Authority.

c. Concessionaire will cooperate. Concessionaire will cooperate fully in the making of any inspection, examination, or audit and provide copies to Authority of the Records as may be requested or needed by Authority, at Concessionaire's sole cost and expense.

d. Failure to comply. If Concessionaire fails to fully and promptly by the deadlines required hereunder comply with and satisfy Concessionaire's obligations hereunder, including furnishing copies of the Records requested by Authority or Authority's auditor or accountant, Concessionaire will be deemed in default of this Agreement, and Authority will have the right to assess additional charges against Concessionaire pursuant to Article V.G (Additional Charges) hereof and/or to terminate this Agreement under Article XIII (Termination by Authority) hereof.

e. Auditing standards. It is agreed that examinations of the Records will be conducted in accordance with generally accepted auditing standards applicable in the circumstances and that, as such, the examinations do not require a detailed audit of all transactions. Testing and sampling methods may be used in verifying reports submitted by Concessionaire and deficiencies ascertained by applying percentages of error obtained from such

testing and sampling to the entire period of reporting under examination will be binding upon Concessionaire.

f. Audit cost reimbursement. If such audit by Authority's accountant or by a licensed independent certified public accountant retained by Authority discloses that Concessionaire has underpaid rent and fees by two percent (2%) or more for any period under examination, Authority will, in addition to the remedies provided in Article V.E.6 (Reports) hereof, be entitled to reimbursement of all costs and expenses incurred in completing any such audit in addition to any deficiency (together with applicable interest, service charge, and other charges) revealed or disclosed.

g. Termination. If such audit by Authority's accountant or by a licensed independent certified public accountant discloses that Concessionaire has underpaid rent and fees by five percent (5%) or more for the period under examination, Authority will have the right, in addition to all other rights Authority may have under this Agreement, upon ten (10) days' written notice to Concessionaire, to terminate this Agreement for cause.

H. Operating Expenses and Impositions.

1. Concessionaire's share. Concessionaire will pay, as part of the Facility Rent payable by Concessionaire hereunder, along with other concessionaires, the Concessionaire's Proportionate Share of Operating Expenses and Impositions incurred by the Authority for or in connection with the Consolidated Facility.

2. Operating Budget Meeting. No less than ninety (90) days prior to the ConRAC Operation Commencement Date, and no less than annually thereafter, the Authority will meet with Concessionaire to consult on the Authority's proposed annual operating budget for the Consolidated Facility. Such a meeting will be made available in person and/or virtually to allow for Concessionaire to participate. Concessionaire will be provided with an opportunity for up to seven (7) days following the operating budget meeting to submit written comments for consideration by Authority prior to Authority's adoption of the annual operating budget.

3. Invoicing. The Authority will have the right to invoice Concessionaire monthly for Concessionaire's Proportionate Share of Operating Expenses and Impositions payable by Concessionaire under this Agreement, and Concessionaire will pay to the Authority, as a component of Facility Rent hereunder, those amounts for which Concessionaire is invoiced within thirty (30) days after receipt of the invoice. At the end of each Agreement Year or other fiscal year, the Authority will deliver a statement to Concessionaire setting forth the difference between the actual Concessionaire's Proportionate Share of the Operating Expenses and Impositions and the total amount of monthly payments theretofore paid by Concessionaire to the Authority for such Agreement Year or other fiscal year (the "Annual Operating Expense and Tax Statement"). Concessionaire will thereafter pay to the Authority the full amount of any difference between Concessionaire's actual obligation over the total amount of Concessionaire's estimated payments within thirty (30) days after receipt of the Annual Operating Expense and Tax Statement. Conversely, in the event Concessionaire's estimated payments exceed Concessionaire's actual obligation, the Authority will credit the overpayment against Concessionaire's monthly obligation for Concessionaire's Proportionate Share of the Operating Expenses and Impositions in the forthcoming year. In the event that this Agreement expires on a date other than the end of a billing period, Concessionaire's obligation with respect to any amounts owed to the Authority will survive the expiration of the Term, and will be invoiced to Concessionaire when the same have been accurately determined or, at the Authority's option, such amounts will be reasonably estimated by the Authority to reflect the period of time the Agreement was in effect during such billing period.

4. No waiver. Any delay or failure of the Authority in (i) delivering any estimate or statement described in this Article V.H., or (ii) computing or billing of Concessionaire's Proportionate Share of the Operating Expenses and Impositions will not constitute a waiver of its right to require an increase in Facility Rent, or in any way impair the continuing obligations of Concessionaire under this Article V.H.

5. Imposition payment determination. For purposes of determining Impositions hereunder, the Authority may elect to pay such Imposition in installments as the same from time to time become due under applicable law, together with such interest as may accrue thereon as the result of such installment payment. Any Impositions (other than Impositions payable in installments as referred to herein or which are assessed against the leasehold estate) relating to a fiscal or taxing period of the public authority imposing the Imposition which falls partly within the Term and partly after the Expiration Date or earlier termination of this Agreement, will be considered as accruing from day to day during such fiscal or taxing period so that the amount thereof will be adjusted and prorated between the Authority and Concessionaire as of the Expiration Date or the earlier termination of this Agreement.

6. Survive termination. The terms and provisions of this Article V.H. will survive the expiration or earlier termination of this Agreement.

I. Additional Payments. Concessionaire covenants and agrees that the payments and rents specified in this Article V will be absolutely net to the Authority, except as expressly provided in this Agreement, to the end that this Agreement will yield net to the Authority the entire payment and rent, and so that all costs, fees, interest, charges, maintenance and operating expenses, utility charges, water rates, electricity charges, and Impositions levied, assessed upon, or related to the Premises, or any part thereof, or the use or occupancy thereof, or upon any buildings or improvements at any time situated thereon, or levied or assessed upon the leasehold interest created hereby, during the Term, will be deemed additional rent due and payable by Concessionaire hereunder.

J. Interest on Overdue Amounts. Payments and rent and any additional rent or other charges not paid when due will bear interest at the highest allowable rate by law from the due date until paid; provided, however, that interest on overdue taxes or insurance premiums or other additional rent not payable to the Authority will not accrue unless and until the Authority has expended such amounts following Concessionaire's failure to pay them.

K. Customer Facility Charge. Concessionaire agrees to collect the CFC from each customer that rents or otherwise enters into a similar arrangement for the use of an Automobile with Concessionaire. The determination of the amount of the CFC, the application of the CFC to the rental transaction or transaction days or other unit of measure, the collection dates of the CFC, and all other financial and administrative matters relating to the collection and remittance of a CFC by and from Concessionaire will be determined solely by Authority from time to time and communicated to Concessionaire by written notice, which imposition date will be no earlier than sixty (60) days after the date of submission of the notice to Concessionaire.

L. General Payment Provisions. All payments of money required to be made by Concessionaire to Authority hereunder will be made when due in legal tender of the United States of America at Authority's office at the Airport, or at such other place or in such other manner as Authority may designate in writing. Any amount payable which will not have been paid when due will bear interest at the rate of twelve percent (12%) per annum, which interest will be paid by Concessionaire in addition to such amount payable.

1. Accrued Fees. The termination of this Agreement by the lapse of time, Concessionaire's limited right of termination, or otherwise will not relieve Concessionaire of its obligation to pay any fees or charges accrued during a period in which this Agreement is in effect which are unpaid at the time of any such termination.

2. Pro Rata Payment. If this Agreement terminates without fault of Concessionaire on any day other than the last day of any calendar month, the applicable fees and charges for the month will be paid pro rata in the same proportion that the number of days this Agreement is in effect for that month bears to the number of days in that month.

M. Additional Charges. In addition to the right of Authority to terminate this Agreement pursuant to Article XIII. (Termination by Authority) hereof, Authority may levy on and collect from Concessionaire a charge of five hundred dollars (\$500) per day for each day Concessionaire is in violation of any of the terms of this Agreement provided that there will be no levy unless the violation continues beyond the period specified in Article XIII. (Termination by Authority) hereof for remedial action; and provided further that separate charges may be levied for violations of separate provisions even though the violation may be concurrent. Payment of the additional charge will be due on demand from Authority.

N. Partial Relief from Obligation. If during the term of this Agreement, there has been a reduction of twenty-five percent (25%) or more in the volume of Concession business at the Premises of Concessionaire for a period of ninety (90) days or more, computed on the average monthly Gross Receipts for the eighteen (18) months just prior to the period or for as long as Concessionaire has been in the business under this Agreement, whichever period is shorter, and such reduction, as determined by Authority, is caused by construction work conducted by Authority during the period of time on, within, or contiguous to the Premises, the Authority in its sole discretion may modify any of the terms of this Agreement, including the agreed upon rent or fee, for a period which will allow Concessionaire to recoup the amount lost by such reduction, provided further that this provision will not apply to this Agreement if the application hereto may impair any contractual obligations with bondholders of Authority, or with any other parties. If Concessionaire elects to receive or receives the relief described in this Article V.P. (Partial Relief from Obligation), Concessionaire will not be entitled to combine this relief with any other relief allowed under this Agreement, including Article V.Q. (Relief Due to Economic Emergency) hereof.

O. Relief Due to Economic Emergency.

1. Conditions of relief. In the event of an "economic emergency," Authority may, in its sole discretion, grant financial relief to Concessionaire, in amounts to be determined by Authority, in its sole discretion. An "economic emergency" is an event that satisfies at least the following conditions:

a. Reduction. The Concessionaire suffers a twenty-five percent (25%) reduction in Gross Receipts for a period of sixty (60) days or more, computed on Concessionaire's average monthly Gross Receipts for the eighteen (18) months just prior to the date from which Concessionaire requests relief or as long as Concessionaire has been in business under this Agreement, whichever period is shorter, provided that the CEO may waive this requirement if, in the CEO's sole discretion, the CEO determines that it is likely that Concessionaire will suffer the required twenty-five percent (25%) reduction in Gross Receipts; and

b. Conditions. Either of the following two conditions occurs:

(1) The occurrence of an event that is sudden, extraordinary, and generates relatively immediate severe adverse economic impacts for Authority, as determined by the CEO, in the CEO's sole discretion, including, without limitation, the force

majeure events described in this Agreement, and events such as a natural disaster, civil defense emergency, or acts of terrorism ("Sudden Event"); or

(2) The CEO finds that, from and after the date Concessionaire requests relief, there has been a significant decrease in airline passenger arrivals ("deplanements") at the Airport of twenty-five percent (25%) or more, compared to the latter of: (a) the Effective Date or (2) a rebidding of the Concession under this Agreement, for a period of ninety (90) days.

c. Concessionaire's financial hardship claim. The Concessionaire must submit a written request for relief to Authority claiming financial hardship or distress at the Airport and make available to Authority such financial information as may be required by Authority pursuant to Article V.G.8 (Audited Financial Statements) and Article V.G.9 (Other Reports) hereof.

d. Authority determines amount and extent of relief. The Authority may, if it deems necessary after reviewing Concessionaire's financial statements and any other financial information submitted by Concessionaire, modify the financial terms of this Agreement, at Authority's sole discretion, including, without limitation, waiving a proportionate monthly amount of the MAG in the applicable Agreement Year during which the Sudden Event occurs until (a) the decrease in deplanements from the Airport is cumulatively less than twenty-five percent (25%) as compared to the same time of the previous year for at least sixty (60) consecutive days, and (b) the decrease in Concessionaire's Gross Receipts is cumulatively less than fifteen percent (15%) as compared to the same time of the previous year for at least sixty (60) consecutive days.

e. Authority may terminate relief at any time. The Authority may, at any time, at Authority's sole discretion: (a) terminate any financial relief granted by Authority to Concessionaire, (b) cancel and revoke any terms under which such financial relief was granted, and (c) reinstate the applicable financial terms under this Agreement that were in effect immediately prior to the granting of financial relief by Authority to Concessionaire.

f. Authority may impose additional conditions for the granting of relief. In granting any financial relief to Concessionaire, Authority may impose such other requirements as Authority deems necessary, including, without limitation, additional reporting requirements to ensure that Authority is able to timely monitor and assess Concessionaire's Gross Receipts and Concessionaire's financial condition.

3. No impairment. This provision will not apply to this Agreement if the application hereto may impair any of Authority's contractual obligations to bondholders of Authority or to any other entities. This determination will be made by Authority, in Authority's sole discretion.

ARTICLE VI. CONSTRUCTION, MAINTENANCE AND REPAIR

A. Consolidated Facility Improvements.

1. Commence construction. The Authority will, with reasonable diligence and at its own cost and expense (except as expressly provided to the contrary herein and subject to the Authority's receipt of funds attributable to the Bonds), and as soon as reasonably practicable following the Effective Date, commence the construction upon the Consolidated Facility Property of the Consolidated Facility Improvements more specifically described and depicted in, and in substantial accordance with, those certain plans and specifications as are more specifically described and referenced on **Exhibit D** attached hereto and made a part hereof (the "Consolidated Facility Plans"). The Consolidated Facility Improvements will include, if applicable

and to the extent reflected on the Consolidated Facility Plans, any and all on-site and off-site preparation and improvements necessary or desirable in connection with the Consolidated Facility Improvements, including, without limitation, earthwork, roadwork, off-site transportation-related improvements, wetland mitigation, the extension of utilities, storm water drainage, and water retention or detention for the Consolidated Facility Property. The Authority will thereafter diligently pursue completion of the Consolidated Facility Improvements, subject to force majeure delays and delays attributable to the acts or omissions of Concessionaire. The Authority will not be liable for any delays in the completion of the Consolidated Facility Improvements.

2. No warranty of information. The Authority does not warrant the accuracy of any of the information provided by third parties as part of the Consolidated Facility Plans or the Consolidated Facility Improvements and will have no liability arising out of any inaccurate information provided by third parties as part thereof; provided, to the extent that the Authority has actual knowledge of any such inaccurate information, the Authority will so advise Concessionaire and such third parties and will direct such third parties to correct such inaccurate information. The Authority's approval of the Consolidated Facility Plans and/or the Authority's construction of the Consolidated Facility Improvements will not impose upon the Authority or its officials, officers, employees, or agents any liability or obligation with respect to the design or construction of the Consolidated Facility Improvements, or the compliance of the Consolidated Facility Improvements with any applicable laws; provided: (i) except to the extent arising from any acts or omissions of Concessionaire, any On-Airport Rental Car Company, or any of their respective members, officers, employees, agents, contractors, or representatives, and subject to the availability of adequate CFC collections therefor, the Authority will be responsible for correcting any latent defects in, or any non-compliance with applicable laws resulting from, the initial design or construction of the foundation, roof, structural components, or exterior walls of the Consolidated Facility for a period equal to the greater of (A) one (1) year following Consolidated Facility Substantial Completion, or (B) the period of any third party warranty applicable to such portion of the Consolidated Facility; (ii) with respect to any other matters, the Authority will reasonably cooperate with Concessionaire (at no cost or expense to the Authority) with respect to any action, claim, or proceeding Concessionaire may elect to bring against the architect, engineer, general contractor(s), or any subcontractor(s) in connection with the design or construction of the Consolidated Facility Improvements, or any portion thereof; (iii) subject to the Authority's obligations under clause (i) above, the Authority will assign to Concessionaire, or otherwise make available to Concessionaire the benefit of, any and all warranties and guarantees received by the Authority, together with other rights and remedies of the Authority, if any, in connection with the design and construction of the Consolidated Facility Improvements, or any portion thereof; and (iv) upon the written request of Concessionaire, but subject to the Authority's obligations under clause (i) above, the Authority will commence and pursue on behalf of Concessionaire (and at Concessionaire's sole cost and expense) any action, claim, or proceeding reasonably necessary to enforce the rights of Concessionaire and/or the Authority hereunder as against the architect, engineer, general contractor(s), or any subcontractor(s) in connection with the design or construction of the Consolidated Facility Improvements, or any warranties, guarantees, or other claims relating thereto. Without limitation of the Authority's obligations under clause (i) above, but subject to the provisions thereof, the Authority will be responsible for correcting, or causing to be corrected, any latent defects to the extent attributable to the initial design or construction of the Consolidated Facility Improvements for a period equal to the greater of (A) one (1) year following Consolidated Facility Substantial Completion, or (B) the period of any third party warranty applicable to the Consolidated Facility, and the Authority will assign to Concessionaire, or otherwise make available to Concessionaire the benefit of, any and all warranties and guarantees received by the Authority, together with other rights and remedies of the Authority, if any, in connection with any such latent defects in the initial design or construction of the Consolidated Facility Improvements.

3. Concessionaire construction. The Authority will (i) authorize Concessionaire to access the Consolidated Facility for the purpose of commencing construction of its respective improvements therein on the Concessionaire Access Date (meaning such time as the Consolidated Facility Improvements are sufficiently completed, as determined by the Authority in the Authority's sole discretion, such that Concessionaire is reasonably able to so commence construction of its respective Concessionaire Improvements hereunder), (ii) endeavor to notify Concessionaire in writing at least sixty (60) days prior to the Concessionaire Access Date, and (iii) notify Concessionaire in writing promptly upon Consolidated Facility Substantial Completion. For purposes of the Consolidated Facility Improvements, "Consolidated Facility Substantial Completion" will be deemed to occur at such time as the Consolidated Facility Improvements have been sufficiently completed, other than minor punch list items or items which will not materially and adversely affect the use or occupancy of the Consolidated Facility, such that Concessionaire is reasonably and lawfully able to take possession of the Premises. Within ten (10) business days after the Authority notifies Concessionaire in writing that Consolidated Facility Substantial Completion has occurred, the Authority and Concessionaire will conduct a joint inspection of the Premises and will agree upon a written list of the "punch list" items identifying touch-up work, minor repairs, and incomplete items necessary to complete the Premises in substantial accordance with the Consolidated Facility Plans. As soon thereafter as reasonably practicable, the Authority will promptly commence work on the "punch list" items and will diligently pursue such work to completion, subject to force majeure delay and delays attributable to Concessionaire, any of the other On-Airport Rental Car Companies, or any of their respective officers, agents, employees, agents, contractors, guests, invitees, or licensees. In the event that Concessionaire fails to participate in a joint inspection of the Premises within the aforementioned 10-business day period, Concessionaire will be deemed to have accepted the Consolidated Facility Improvements as completed in accordance with the Consolidated Facility Plans. In addition, promptly following the date on which the Authority notifies Concessionaire in writing that Consolidated Facility Substantial Completion has occurred, the Authority and Concessionaire will execute the Confirmation in substantially the form attached as **Exhibit E** hereto and made a part hereof.

4. Authority not required. Except for the Consolidated Facility Improvements as specified herein, the Authority will not be required to perform any work or construct any improvements, furnish any services or facilities, perform any maintenance, or make any repairs or alterations or environmental remediation or clean-up in or to the Premises throughout the Term hereof.

5. No Authority warranty. Except as expressly provided to the contrary in this Article VI. (Construction, Maintenance and Repair), and subject to the Authority's obligation to construct the Consolidated Facility Improvements in accordance with the Consolidated Facility Plans, the Authority makes no warranty, either express or implied, as to the condition of the Premises or that the Premises will be suitable for Concessionaire's purposes or needs.

6. Construction compliance. Concessionaire will cause any Concessionaire Improvements constructed by or at the direction of Concessionaire to comply with Title III of the provisions of the Americans with Disabilities Act of 1990, as hereafter amended from time to time, and regulations promulgated thereunder, whether or not such obligation is also imposed upon the owner of the Premises, and the other provisions of this Agreement. Such modifications and improvements will be made pursuant to the provisions of this Article VI.A.7 (Construction of Concessionaire Improvements) hereof. Concessionaire will obtain prior written approval from Authority for Concessionaire Improvement Plans (as defined in Article VI.A.7.a (Construction commencement) hereof) and Concessionaire's Improvements (as defined in Article VI.A.7 (Construction of Concessionaire Improvements) hereof) including all initial and subsequent construction, repair, refurbishment, or installment of improvements at, in, or, over or under the

Premises. All of Concessionaire's Improvement Plans will be first submitted to the Authority for written approval before Concessionaire awards, issues, or lets any and all contracts for the construction of Concessionaire's Improvements and/or enters into any and all contracts for the purchase of any personal property to be installed at, in, on, over, or under the Premises.

7. Construction of Concessionaire Improvements. Concessionaire covenants and agrees and it is an express condition of this Agreement that Concessionaire will, with due diligence and at Concessionaire's sole cost and expense (except as expressly provided to the contrary herein and except for such cost allocations by and among the On-Airport Rental Car Companies as may be agreed to by such parties), commence the construction within the Premises of the improvements described herein (collectively, the "Concessionaire Improvements"), all in accordance with this Article VI.A.7 (Construction of Concessionaire Improvements), and other terms and provisions of this Agreement. The Concessionaire Improvements will consist of, without limitation, (i) kiosks, interior traffic control devices, security systems, Concessionaire communications and display devices, (ii) interior proprietary signage, office furniture, communications systems, and other equipment and tenant finishes in the customer service portion of the Premises, (iii) interior proprietary signage, tenant finishes, and office furniture at the QTA, and (iv) proprietary identification of parking spaces within the vehicle parking area, and are more specifically described and delineated in the Consolidated Facility Plans. Without limiting any other provision contained herein, Concessionaire, at a minimum, will adhere to and completely comply with and satisfy Authority's: (i) Development Standards; and, (ii) Tenant Improvement Guidelines, hereinafter referred to collectively as the "Development Standards", and other design development guidelines adopted by Authority.

a. Construction commencement. Concessionaire may not commence construction of the Concessionaire Improvements in the Premises without the Authority's prior written approval of the plans and specifications relating thereto (the "Concessionaire Improvement Plans"), which approval will not be unreasonably withheld, conditioned, or delayed, and receipt of all necessary Authority, municipal, and other governmental approvals, licenses, and permits in connection therewith.

b. Concession to notify Authority prior to construction commencement. Following approval of its Concessionaire Improvement Plans hereunder, and subject to compliance with the other terms and provisions hereof, Concessionaire will notify the Authority in advance of the date Concessionaire will commence construction of its Concessionaire Improvements in the Premises and its proposed construction schedule with respect thereto.

c. Plan approval prior to construction. Prior to commencement of construction (and to the extent required), Concessionaire will procure the approval of the final Concessionaire Improvement Plans by any and all federal, state, municipal, and other governmental authorities, offices, and departments having jurisdiction in the Premises. The Authority will cooperate with Concessionaire in procuring such approval, provided that the Authority will have given its prior approval to such final Concessionaire Improvement Plans.

d. No representation by Authority. Neither the approval by the Authority of the Concessionaire Improvement Plans, nor any other action taken by the Authority with respect thereto under the provisions of this Agreement, will constitute an opinion or representation by the Authority as to the sufficiency of the Concessionaire Improvement Plans, or such design standards as the Authority will have in effect from time to time, compliance with any laws, or ability of Concessionaire to receive any permits from any department of the Authority or other jurisdictions, nor impose any present or future liability or responsibility upon the Authority. Approval will not constitute approval of the Authority or other jurisdiction for any construction, extension, or renovation of any public utilities or public ways which may be necessary to service

the Premises. In any case where more than one standard, code, regulation, or requirement applies to construction or the Concessionaire Improvement Plans, the strictest will control.

e. Concessionaire action prior to execution of contracts. Prior to the execution of any contracts for construction, engineering, or architectural services, Concessionaire will furnish to the Authority the names of the person or entity whom Concessionaire desires to employ and the proposed form of contract. The Authority will have the right to approve the architect, engineer, and general contractor, including any proposed contract for their services, which approval will not be unreasonably withheld or delayed. Such architect, engineer, and general contractor will be licensed in the discipline being contracted for, experienced in design and construction of improvements comparable to those for which its services are being required by Concessionaire, and airport-related work, not be listed on any local, state, or federal non-responsible bidders' list, and not be debarred under any state or federal statute, regulation, or proceeding. In addition, all such contracts will include the matters required by this Article VI. (Construction, Maintenance and Repair), as applicable, and other provisions of this Agreement and will include such other terms as may be reasonably requested by the Authority regarding construction practices at the Airport. Upon their execution, and prior to commencement of construction, Concessionaire will deliver to the Authority copies of its contracts with the design architect and engineer and the general contractor. Concessionaire will simultaneously deliver to the Authority collateral assignments of the contracts, together with instruments executed by the architect, engineer, and by the general contractor under which each consents to the assignment and agrees to continue to supply the same services to the Authority or the Authority's designee provided by their respective contracts with Concessionaire, in the event that (i) Concessionaire fails to comply with any such requirements, and (ii) the Authority gives the architect, engineer, or the general contractor, or any of them, written notice within sixty (60) days after the occurrence of such failure, and (iii) at the time of the Authority's notice of such failure, the Authority or the Authority's designee demands continuance of such services on the same terms contained in the respective contracts and expressly agrees to assume and be bound by such respective contracts; provided that the Authority will not be liable for or obligated to cure prior defaults of Concessionaire.

f. Performance and payment bonds. Concessionaire will also deliver to and for the benefit of the Authority, no later than thirty (30) days prior to commencement of construction of Concessionaire Improvements, dual performance and payment bonds. Performance and payment bond(s) may be required by the Authority and will comply with the provisions of applicable municipal ordinances or state statutes. The surety bond or sureties issuing the bond must be acceptable to the Authority and must be in the form provided by the Authority. The surety for the bond will be on the U.S. Treasury list of acceptable sureties with underwriting capability equal or better than the contract value and have a Best's Key Rating Guide of "A-" or greater, or the equivalent. The bond will name the Authority as co-obligee.

g. Timely completion of improvements. Once commenced, Concessionaire will diligently prosecute construction, and Concessionaire will substantially complete the Concessionaire Improvements within the time required by this Agreement. For purposes of the Concessionaire Improvements, "Concessionaire Improvement Substantial Completion" will mean the completion, in accordance with the Concessionaire Improvement Plans and applicable laws, of all Concessionaire Improvements, other than minor punch list items, and will include issuance of a certificate of substantial completion by the architect and engineer in a customary form reasonably required by the Authority. If any work does not comply with the provisions of this Agreement, the Authority may, by notice to Concessionaire, require that Concessionaire stop the work and take steps necessary to cause corrections to be made.

h. Concessionaire to pay all costs. Concessionaire will pay all costs of the construction incurred by Concessionaire when due, and will require all contractors to deliver

sworn statements of persons furnishing materials and labor before any payment is made and waivers of lien for all work for which payment is made, in order to prevent attachment of mechanic's liens or other liens by reason of work, labor, services, or materials furnished with respect to the Premises.

i. Insurance coverage during construction. During the course of construction, Concessionaire, at its sole expense, will carry or cause to be carried, the insurance required to be carried pursuant to Article IX (Insurance) hereof.

j. Authority inspection during construction. During the course of the construction, the Authority, and its architects, engineers, agents, and employees on behalf of the Authority with responsibilities relating to the Premises may enter upon and inspect the Premises for the purpose of verifying that the Concessionaire Improvements are proceeding in accordance with the requirements of this Agreement. With respect to any such entry and inspection on behalf of the Authority, persons requiring entry will present proper identification to Concessionaire. No right of review or inspection will make the Authority responsible for work not completed in accordance with the Concessionaire Improvement Plans or applicable laws. Concessionaire will keep at the Premises all Concessionaire Improvement Plans, shop drawings, and specifications relating to such construction, which the Authority may examine at all reasonable times and, if required by the Authority, Concessionaire will also furnish the Authority with copies thereof.

k. Exterior lights. Without limiting any other requirements of the FAA, the Authority will install such general obstruction or warning lights on the exterior of the Premises (collectively, the "Exterior Lights") as may then be required to conform to FAA standards or to conform to standards prescribed by the Authority and any other governmental agency having jurisdiction over the Premises as of the date of Consolidated Facility Substantial Completion. The Authority will thereafter be responsible for maintaining, operating, repairing, and replacing any such Exterior Lights during the Term hereof, and will be further responsible for installing any additional or replacement obstruction or warning lights on the exterior of the Premises as may thereafter be required to conform to FAA standards or to conform to standards prescribed by the Authority and any other governmental agency having jurisdiction over the Premises which are first enacted or which first become effective after the date of Consolidated Facility Substantial Completion, except to the extent that any of the same would constitute a capital repair or replacement pursuant to Article VI.A.8 (Maintenance and Repair) hereof, and subject in each case to inclusion of the costs thereof as part of Operating Expenses hereunder from time to time.

l. Concessionaire responsible for work performed. Any work performed at the direction of Concessionaire or any On-Airport Rental Car Company, even though performed by contractors, will be the responsibility of Concessionaire or the On-Airport Rental Car Company directing such work. During any construction by Concessionaire or any other On-Airport Rental Car Company, Concessionaire or such On-Airport Rental Car Company, as the case may be, will be solely responsible for the support, maintenance, safety, and protection of the facilities of the Authority resulting from such construction activities, and for the safety and protection of all persons or employees and of all property therein. All work will be performed in accordance with (and all Concessionaire Improvements, when completed, will comply with) the Concessionaire Improvement Plans and other documents submitted to and approved by the Authority, with such design standards as the Authority will have in effect from time to time, Airport and construction conditions in effect at the time of construction, and any other applicable federal, state, or local laws, and with the project requirements set forth in this Article VI (Construction, Maintenance and Repair). Once work is completed, Concessionaire will furnish "as built" plans and specifications to the Authority within thirty (30) days.

8. Maintenance and Repair.

a. Authority to maintain Consolidated Facility and Premises. Authority will, at all times during the Term hereof, maintain the Consolidated Facility and Premises and include such costs as part of the Operating Expenses. Authority may conduct its maintenance responsibilities hereunder either directly with its employees or through a third-party contractor, at Authority's sole discretion and under either arrangement may charge a management fee. Maintenance of the Consolidated Facility and Premises includes all areas except the Concessionaire's Improvements, for which Concessionaire will maintain. Authority will 1) perform all maintenance, repairs, or replacements using quality materials equal to the original, 2) provide arrangements for the sanitary handling of all trash, garbage, and other refuse generated in connection with the use of the Premises; however, Concessionaire will be responsible for properly disposing of the trash, garbage, and other refuse in the designated disposal locations, 3) perform all rodent and pest control, 4) perform all daily, weekly, monthly, quarterly, and annually maintenance and facility upkeep, 5) provide inspections of areas requiring certifications.

b. Authority to repair and maintain structure. Subject to the provisions of this Agreement, except for damage caused by, or replacement or repairs required as a result of, any act or omission of Concessionaire, or any of its respective officers, agents, employees, contractors, guests, invitees, or licensees, and subject to inclusion of the costs thereof as part of Operating Expenses from time to time (except as hereinafter provided), the Authority will (i) repair and maintain the structural portions of the Consolidated Facility, including the foundations, bearing and exterior walls (excluding glass), subflooring and roof (excluding skylights), and the unexposed electrical, plumbing, and sewer systems, including those portions of such systems which are located outside the Premises, gutters and downspouts on the Consolidated Facility, and the base building heating, ventilating, and air conditioning systems which serve the Premises, (ii) maintain the landscaping on, adjacent to, and surrounding the Premises in accordance with the landscaping standards and requirements of the Authority applicable to the Airport from time to time; and (iii) perform such other general maintenance, repair, and replacement of the common areas of the Consolidated Facility, including, without limitation, the parking facilities or areas, access roads, driveways, truck ways, sidewalks, and passageways associated therewith, as may be reasonably required from time to time. In addition, the Authority will be responsible for performing any capital repairs or replacements of the Consolidated Facility, including, without limitation, the foundation, roof, structural components, and exterior walls thereof, which are reasonably required during the Term hereof, subject to inclusion of the costs thereof as part of Operating Expenses. Concessionaire will promptly report in writing to the Authority any defective condition known to Concessionaire which the Authority is required to repair under this Article VI.A.8 (Maintenance and Repair). Any maintenance, repairs, or replacements to the Consolidated Facility, or any portion thereof, including, without limitation, the foundation, roof, structural supports, and exterior walls thereof, which are required due to damage caused by, or as a result of, any act or omission of Concessionaire, or any of its respective officers, agents, employees, contractors, guests, invitees, or licensees, will be performed by the Authority at the sole cost and expense of Concessionaire and such costs and expenses will be due and payable by Concessionaire to the Authority within thirty (30) days following the Authority's invoice therefor, and if not paid within such 30-day period, will bear interest at the highest allowable rate by law until paid. The Authority may, but will not be required, to enter the Consolidated Facility, inclusive of the Premises, at all reasonable times to perform any maintenance, repairs, or replacements which are the Authority's responsibility hereunder, or as the Authority may be required to do by any applicable laws, governmental department or agency, or by the order or decree of any court or by any other proper authority.

9. Premises Lighting and Signage. Except for the Exterior Lights which are the responsibility of the Authority as expressly provided in Article VI.A.7.I (Exterior Lights) above,

Concessionaire will be solely responsible for the illumination of the Premises, which will comply with all FAA and Authority requirements. Digital screens or other approved signage installed by Concessionaire on the Premises will be limited to the purpose of identifying Concessionaire (including, without limitation, the trade names, trademarks, logos, and brand names), and not for any third party advertising. The number, general type, size, design, and location of such signage, and any modifications or replacements thereof, will be subject to the prior written approval of the Authority in each instance, which approval will not be unreasonably withheld or delayed so long as such signage complies with applicable laws and applicable Airport signage standards, and is otherwise consistent with the appearance and architectural integrity of the Premises. Signage will be approved separately or as part of the Concessionaire Improvement Plans. No exterior or roof signage is permitted. All signage will comply with such design standards and terminal development guidelines as the Authority will have in effect from time to time.

10. Covenant Against Liens. No party, including Concessionaire, will have any right to file any liens against the Premises, the Consolidated Facility, or any other property of the Authority, and Concessionaire will keep the Premises and the Consolidated Facility Improvements free and clear of liens or claims of liens in any way arising out of the construction, improvement, or use thereof by Concessionaire. Concessionaire will promptly take such steps as are necessary to release any claim for lien or attempted claim for lien from the Premises arising out of the construction, improvement, or use thereof by Concessionaire. Concessionaire will not be deemed to be in default hereunder in the event any lien will attach or will exist which is prohibited by or which is contrary to or in violation of the provisions of this Agreement, (a) if such lien will arise as a matter of law, but the amount of the lien be not yet due and payable, or (b) if any such lien will arise and Concessionaire will continuously, diligently, and in good faith contest the same, or the validity thereof, by appropriate legal proceedings which will operate to prevent the foreclosure of any such lien, provided that Concessionaire will give advance written notification to the Authority that it is the intent of Concessionaire to contest the validity or collection thereof and Concessionaire will also comply with the further following provisions of this Article VI.A.10 (Covenant Against Liens). In the event Concessionaire contests any such lien, Concessionaire will give a satisfactory indemnity to the Authority or deposit with the Authority a letter of credit, cash, or security reasonably satisfactory to the Authority in an amount equal to the amount of the claim or lien, plus such interest and penalties, court costs, or other charges as the Authority, any fee mortgagee, or title insurer may reasonably estimate to be payable by Concessionaire at the conclusion of such litigation or is required to provide insurance over any potential lien. In the event such letter of credit, cash or securities will be so deposited, the same will be held until such claim or other imposition will have been released and discharged and will thereupon be returned to Concessionaire, less any amounts expended by the Authority to procure such release or discharge, or any loss, cost, damage, reasonable attorneys' fees or expense incurred by the Authority by virtue of the contest of such lien.

11. Ownership of Improvements. The Authority will own all Consolidated Facility Improvements and Concessionaire Improvements now existing or hereafter constructed (excluding the trade fixtures, trade equipment, supplies and personal property of Concessionaire).

12. Alterations. Concessionaire will have the right from time to time after the completion of the initial Concessionaire Improvements in accordance with the provisions of [Article VI.A.7 (Construction of Concessionaire Improvements) hereof, and at Concessionaire's sole cost and expense, to make alterations and changes ("Alterations") in or to the Premises (except as hereinafter provided), provided Concessionaire will not then be in default in the performance of any of Concessionaire's covenants or agreements in this Agreement; and further provided that Substantial Alterations may be made only with the written consent of the Authority, which consent will not be unreasonably withheld or delayed. "Substantial Alterations" means any Alterations (i)

to infrastructure improvements, (ii) to the structure of the Premises or any portion thereof, (iii) to other items required to be shown on the Concessionaire Improvement Plans for such Alterations or Substantial Alterations, as the case may be, and approved by Authority, or (iv) which would cost more than ten percent (10%) of the replacement cost of the Concessionaire Improvements. The provisions of (Article VI.A.7 (Construction of Concessionaire Improvements) will apply to and will be complied with by Concessionaire as a condition to the performance of any Alteration or Substantial Alteration. The Authority's approval of the Concessionaire Improvement Plans for Alterations or Substantial Alterations, as the case may be, will not be required for those aspects of the Concessionaire Improvement Plans to the extent such approval would not be required for initial Concessionaire Improvements. Furthermore, all Alterations and Substantial Alterations will be subject to the following:

a. Alterations require Authority consent. No Alteration or Substantial Alteration of any kind will be made without the written consent of the Authority (which may be withheld in its sole discretion) which would (i) change the general design, use, or character of the Premises, (ii) reduce or impair, to any material extent, the value, rentability, or usefulness of the Premises, or constitute waste, or (iii) give to any owner, lessee, or occupant of any other property or to any other person or corporation any easement, right-of-way, or any other right over the Premises.

b. Concessionaire progress on alteration. Any Alteration or Substantial Alteration will be made with reasonable dispatch and in a good and workmanlike manner and in compliance with all applicable permits and authorizations and building and zoning laws and with all other laws, and in accordance with the orders, rules, and regulations of the National Board of Fire Underwriters or any other body or bodies hereafter exercising similar functions. If any work does not comply with the provisions of this Agreement, the Authority may, by notice to Concessionaire, require that Concessionaire stop the work and take steps necessary to cause corrections to be made.

c. Concession to demonstrate financial capacity. Concessionaire will demonstrate to the Authority's satisfaction financial capacity to pay the entire cost of any Substantial Alteration or, in lieu thereof, furnish to the Authority cash or other security reasonably satisfactory to the Authority, in an amount at least equal to one hundred twenty percent (120%) of the estimate of cost of such Substantial Alterations, guaranteeing the completion and payment of the cost thereof free and clear of all liens, conditional bills of sale, and chattel mortgages, except that security for demolition and new construction will be furnished as provided in Article VI.A.7.f (Performance and payment bonds) hereof.

d. Authority approval prior to demolition. After completion of Concessionaire Improvements, Concessionaire will not demolish such Concessionaire Improvements without the prior written consent of the Authority. If the Premises will not be occupiable after such demolition, and in the Authority's opinion there is a reasonable risk of non-payment of rent until new improvements are constructed, then prior to the commencement of demolition Concessionaire will deposit with the Authority an amount which will provide for the payment of rent for the period from the commencement of demolition to the anticipated date of completion of such new improvements, or in lieu thereof, security satisfactory to the Authority. In connection with any such demolition, Concessionaire will otherwise comply with all of the other provisions of this Article VI. (Construction, Maintenance and Repair) as though the demolition were a Substantial Alteration. Concessionaire will proceed diligently with its demolition and all demolition will be completed within a reasonable time.

ARTICLE VII. PERFORMANCE DEPOSIT

A. **Performance Deposit.** Concessionaire will deposit with the Authority, on or before the Concessionaire Access Date (and as a condition thereof), cash security (except as otherwise provided in Article VII.B (Letter of Credit) hereof) for the full and prompt performance by Concessionaire of all of Concessionaire's obligations hereunder in the initial amount of equivalent to the past six month period of CFCs computed two (2) months prior to the Concessionaire Access Date and the forecasted six month period of rents due after the ConRAC Operation Commencement Date] (the "Performance Deposit"). If Concessionaire defaults under this Agreement, the Authority may use all or any part of the Performance Deposit to make any defaulted payment, to pay for the Authority's cure of any defaulted obligation, or to compensate the Authority for any loss or damage resulting from any default. To the extent any portion of the Performance Deposit is so used, Concessionaire will, within five (5) days after demand from the Authority, restore the Performance Deposit to its full amount. The Authority may keep the Performance Deposit in its general funds and will not be required to pay interest to Concessionaire on the Performance Deposit. If Concessionaire will perform all of its obligations under this Agreement and return the Premises to the Authority at the end of the Term in the condition required hereunder, the Authority will return all of the remaining Performance Deposit (or the original remaining Letter of Credit, as hereinafter defined, as the case may be) to Concessionaire, within thirty (30) days after the end of the Term. The Performance Deposit will not serve as an advance payment of rent or a measure of the Authority's damages for any default under this Agreement.

B. **Letter of Credit.** Alternatively, and in lieu of the Performance Deposit hereinabove provided, Concessionaire may deposit with the Authority, upon Concessionaire's execution and delivery of this Agreement, as Performance for the full and prompt performance by Concessionaire of all of Concessionaire's obligations hereunder, an irrevocable, unconditional, transferable letter of credit (the "Letter of Credit"), in substantially the form attached as **Exhibit F** hereto and made a part hereof, in favor of the Authority from a bank approved by the Authority (which bank will have a Fitch rating of "A+" or better, will have a branch office located in the Hampton Roads metropolitan area, and will not appear on any "troubled" or "distressed" bank or financial institution lists maintained or published by the Federal Deposit Insurance Corporation ("FDIC"), any other governmental entity or agency with jurisdiction over the issuing bank, or any generally-recognized private bank rating entity or company). The Letter of Credit will provide for Performance in the initial amount equivalent to the past six month period of CFCs computed two (2) months prior to the Concessionaire Access Date and the forecasted six month period of rents due after the ConRAC Operation Commencement Date. Whether or not this Agreement or Concessionaire's right to possession hereunder has been terminated, (a) in the event of a default under any of the terms, covenants and conditions of this Agreement, (b) in the event Concessionaire has filed (or there has been filed against Concessionaire) a petition for bankruptcy protection or other protection from its creditors under any applicable and available law which has not been dismissed or discharged, or in the event Concessionaire files a general assignment for the benefit of its creditors, or (c) the issuing bank is placed in receivership or similar position by the FDIC or any other governmental entity or agency with jurisdiction over the issuing bank, or otherwise appears on any "troubled" or "distressed" bank or financial institution lists maintained or published by the FDIC, any other governmental entity or agency with jurisdiction over the issuing bank, or any generally-recognized private bank rating entity or company, then, in any such event, the Authority may at once and without any notice whatsoever to Concessionaire be entitled to draw down on the Letter of Credit and apply such resulting sums toward the cure of any default by Concessionaire under this Agreement or toward any damages to which the Authority is entitled pursuant to the terms of this Agreement.

C. Letter of credit expiration, automatic extension. The Letter of Credit will provide for an original expiration date not earlier than twelve (12) months following the date of issuance and will be automatically extended without amendment for additional successive twelve (12) month periods from the original expiration date or any future expiration date thereof through the expiration or earlier termination of this Agreement, unless not less than sixty (60) days prior to any such expiration date, the issuing bank sends to the Authority by overnight delivery service written advice that the bank has elected not to consider the Letter of Credit renewed for any such additional 12-month period. In the event such bank so advises the Authority that such Letter of Credit will not be so renewed, or in the event that the issuing bank is placed in receivership or similar position by the FDIC or any other governmental entity or agency with jurisdiction over the issuing bank or otherwise appears on any "troubled" or "distressed" bank or financial institution lists maintained or published by the FDIC, any other governmental entity or agency with jurisdiction over the issuing bank, or any generally-recognized private bank rating entity or company, the Authority will promptly thereafter notify Concessionaire thereof in writing, and Concessionaire will obtain a substitute Letter of Credit from a bank reasonably approved by the Authority meeting all of the terms and conditions described in this Article VII (Performance Deposit), which substitute Letter of Credit ("Substitute Letter of Credit") will be reasonably satisfactory to the Authority and delivered to the Authority no later than thirty (30) days prior to the expiration date of the Letter of Credit then in effect. In the event Concessionaire fails to deliver such Substitute Letter of Credit to the Authority at least thirty (30) days prior to the expiration date of the Letter of Credit then in effect (or within ten (10) days following the date of the Authority's notice advising Concessionaire that the issuing bank was placed in receivership or similar position or otherwise appears on any "troubled" or "distressed" bank or financial institution lists, as the case may be), the Authority will in such instance have the right, without further notice to Concessionaire, to immediately draw down on the entire amount of the Letter of Credit then available to the Authority; and in such instance, the Authority will retain such resulting sum as a cash Performance Deposit and the Authority will have the right to use such cash Performance Deposit to the same extent that the Authority would be entitled to draw down on the Performance Deposit or the Letter of Credit pursuant to the terms of this Article VII (Performance Deposit) (and Concessionaire will replenish such cash Performance Deposit in the same manner as required for the Letter of Credit); provided, in the event that a Substitute Letter of Credit meeting the conditions set forth herein is subsequently submitted by Concessionaire, the cash Performance Deposit then being held by the Authority hereunder will be returned to Concessionaire as soon as reasonably practicable following the Authority's receipt of such Substitute Letter of Credit. The Authority will not, unless required by law, keep the cash Performance Deposit separate from its general funds or pay interest thereon to Concessionaire. No trust relationship is created herein between the Authority and Concessionaire with respect to such Performance Deposit, and the Performance Deposit may be commingled with other funds of the Authority.

D. Performance Bond. With the prior written approval of the Authority, Concessionaire may deliver to the Authority, in lieu of the Performance Deposit hereinabove provided, a performance bond acceptable to the Authority in accordance with terms similar to those for a Concession Bond as provided and described in Article VIII (Concession Bond) hereof, but subject to any other terms and conditions the Authority may require, in the amount of the Performance Deposit (the "Performance Bond").

E. Authority transfers. If the Authority transfers its interest in the Premises or this Agreement, the Authority may transfer the Performance Deposit or the Letter of Credit, as the case may be, to its transferee. Upon such transfer, the Authority will have no further obligation to return the Performance Deposit or the Letter of Credit, as the case may be, to Concessionaire, and Concessionaire's right to the return of the Performance Deposit or the Letter of Credit, as the case may be, will apply solely against the Authority's transferee.

F. Ground Rent, Facility Rent, or CFC increases. Upon any increases in Ground Rent, Facility Rent, or CFC hereunder at any time during the Term hereof, the Performance Deposit, the Letter of Credit, or the Performance Bond, as the case may be, will be increased by the same percentage as the percentage of increase of the Ground Rent, Facility Rent, and CFC so that Concessionaire at all times during the Term hereof has on deposit with the Authority a sum equal to six (6) monthly installments of Ground Rent, Facility Rent, and CFC payable hereunder. In no event, however, will the Performance Deposit, the Letter of Credit, or the Performance Bond, as the case may be, be subject to reduction hereunder. Concessionaire will deposit with the Authority the increased amount of the Performance Deposit, the Letter of Credit, or the Performance Bond, as the case may be, within thirty (30) days after the date on which the Ground Rent, Facility Rent, or CFC has so increased.

G. Letter of credit separate from any other surety, bond, guaranty. With respect to any Letter of Credit deposited hereunder, such Letter of Credit will be separate and independent from any letter of credit, bond, or other performance deposit or guaranty provided pursuant to this Agreement.

ARTICLE VIII. CONCESSION BOND

A. Requirements. Within thirty (30) days after award of this Agreement or prior to the Effective Date of this Agreement, whichever first occurs, and throughout the term of this Agreement and including no less than ninety (90) days after the expiration or sooner termination of this Agreement, Concessionaire will deliver to Authority, and keep and maintain in force and effect at all times, a concession bond acceptable to Authority in accordance with the terms specified in this Article VIII (Concession Bond) in an amount equal to six (6) months of the MAG for the appropriate year of this Agreement (hereafter, the "Concession Bond"). The Concession Bond must:

1. Authorized surety. Be executed by a surety company licensed and authorized to do business under the laws of the Commonwealth of Virginia (hereinafter, the "Surety");

2. Authority approval. Meet with the written approval of Authority, including, without limitation, meeting the requirement that the Surety, to Authority's sole satisfaction, has the financial capability to fully perform and complete the Surety's obligations under the Concession Bond;

3. Authority Attorney's approval. Be in a form approved by an authorized representative of the Authority;

4. Guarantee full performance. Require the Surety to guarantee to Authority that Concessionaire will fully and completely perform all of the promises, duties, responsibilities, obligations, covenants, provisions, requirements, restrictions, stipulations, terms, and conditions set forth in this Agreement that Concessionaire is required to perform;

5. Concessionaire's cost. Be maintained by Concessionaire, at Concessionaire's sole cost and expense; and

6. Cover all Concession operations. Cover all of Concessionaire's Concession operations during and throughout the term of this Agreement; provided that suits or actions thereon by Authority, or any other entity entitled to do so may be commenced within the applicable period of limitation for contract claims unless otherwise specifically provided.

B. Surety. If Authority, in its sole discretion, permits Concessionaire to use on the Concession Bond sureties other than a surety company licensed and authorized to do business under the laws of the Commonwealth of Virginia, such sureties must meet the requirements of all applicable Authority laws, statutes, rules, and regulations.

C. Beyond Termination Date. If the Concession Bond is for a period less than the full term of this Agreement plus ninety (90) days, Concessionaire, at least sixty (60) days prior to the expiration date of the then-active Concession Bond, will submit to Authority another Concession Bond providing the coverage required herein beyond the expiration date of the then-active Concession Bond.

D. Replacement Bond. If Authority should receive a notice that the Concession Bond has been or will be cancelled; Concessionaire will provide Authority with a replacement Concession Bond providing the coverage required herein from the effective date and time of the cancellation of the Concession Bond so that there is no period of time wherein an adequate Concession Bond does not cover this Agreement as provided for herein. Such a replacement Concession Bond must meet all of the requirements set forth in this Article VIII. (Concession Bond) hereof and be forwarded to and received by Authority at least twenty (20) days prior to the effective date and time of the Concession Bond cancellation.

E. Agreement Default. In the event that a replacement Concession Bond or another Concession Bond in the required amount and meeting the required terms is not received by Authority prior to the effective date and time of the bond cancellation or expiration, as stated, Concessionaire will be deemed in default of this Agreement, regardless of whether or not a notice of breach or default or time to correct breach or default has been provided to Concessionaire by Authority, and the full value shown on the face of the Concession Bond and an additional charge of two hundred and fifty dollars (\$250) per day that no Concession Bond coverage is in effect will be immediately payable by Concessionaire to Authority as liquidated damages.

F. Any Lapse. Any lapse in keeping the Concession Bond in full force and effect, in the required sum or in accordance with the terms required herein, will be a default of this Agreement and will give Authority the right to assess the additional charge and/or terminate this Agreement pursuant to Article V.N. (Additional Charges) and Article XIII. (Termination by Authority), respectively, hereof.

ARTICLE IX. INSURANCE

A. Insurance Requirements.

1. Purchase and Maintain. Concessionaire will purchase and maintain, at its sole expense, such insurance as is customarily maintained by similar business enterprises at commercial airports, which insurance must include the insurance required by the provisions of this Article IX. Concessionaire agrees to keep all insurance policies in effect during the Term of the Agreement, notwithstanding an early termination by Authority or any other provision of this Agreement. Concessionaire will maintain insurance in companies acceptable to the Authority of the kinds and in the amounts herein specified, with companies licensed and qualified to conduct business within the Commonwealth of Virginia, and having a current A. M. Best Key Rating of at least A-VII, and a financial rating of at least "X," in the prescribed form or such other form as is, in its sole discretion, acceptable to the Authority. If any part of the Service is permitted by the Authority to be subcontracted, Concessionaire shall require the subcontractor to comply with this section and all other provisions of the Agreement relating to insurance.

2. Forms of Coverage. In accordance with the above, Concessionaire shall maintain the following forms of insurance coverage and the greater of the corresponding minimum limits of liability set forth below or those imposed by law. The Authority reserves the right to modify these insurance requirements during the Term of this Agreement to reflect operational and market conditions.

Forms of Coverage	Minimum Policy Limits
Workers' Compensation & Employer's Liability	Virginia Statutory \$1,000,000
Commercial General Liability (Incl. completed operations, personal injury, advertising injury, and medial expenses)	CSL \$4,000,000 Aggregate \$8,000,000
Business Automobile (May be included in CGL)	\$5,000,000
Network Security/Privacy Liability (Incl. cyber/security incident or breach, errors or omissions of Concessionaire)	\$5,000,000
Pollution Legal Liability (Incl. bodily injury, property damage, and clean-up costs)	\$5,000,000
Commercial Crime Insurance Policy (Incl. employee dishonesty)	\$1,000,000
Commercial Property Insurance (Consolidated Facility Improvements and Concessionaire Improvements)	Market Value

3. Evidence of Insurance Coverage. Concessionaire will submit, on or by the Effective Date, along with the executed Agreement, the standard "ACORD" insurance certificate forms signed by an authorized representative of the insurance companies, with endorsements, that the insurance coverage required hereunder is in effect for the scope of work covered by the Agreement. The insurance certificate will indicate that the Authority will be given at least thirty (30) days advance written notice of cancellation or nonrenewal of any insurance required under the Agreement. Concessionaire will provide authorization for its insurance company to deliver copies of any certificates of insurance covering the insurance required here under to the Authority within ten (10) days following a request by the Authority to the insurance company or its agent for such copies. On all policies of insurance, the Authority shall be an additional insured or loss payee or certificate holder, as applicable, and where their interest may appear for liabilities arising out of the conduct of the Concessionaire. If available, the policy will provide for a waiver of subrogation against the Authority.

4. Cost of Insurance Coverage. The cost of all insurance required by the Agreement will be paid by Concessionaire. Notwithstanding the provision of this section, the Authority will have the right to pay the premium for each insurance policy required under the Agreement and Concessionaire agrees to reimburse the Authority for all premiums and related expenses associate with the procurement of the necessary insurance coverages under the terms and conditions of the Agreement. Failure of the Authority to secure such insurance for Concessionaire will not impose any liability upon the Authority and such failure will not operate to waive or invalidate any obligation assumed hereunder by Concessionaire.

5. Notice of Claims. Concessionaire will provide Authority immediate notice in writing of any claim in excess of \$5,000 made on Concessionaire's insurance or any claim,

regardless of amount, where the Authority is named as an involved party. The Authority agrees to notify Concessionaire promptly in writing of any claims, demands, or actions arising out of an occurrence related to the performance of the Agreement of which the Authority has knowledge and to cooperate with Concessionaire in the investigation hereof.

6. Limitation of Liability. The Authority will not be liable or responsible for any loss or damage to any real or personal property of Concessionaire, including Concessionaire's property, vehicles, or other equipment, including loss of income and extra expense associated with any incident, arising out of any incident that is the proximate cause of any peril included within the 'special causes of loss' form of a standard commercial property policy as used within the Commonwealth of Virginia, and including additional perils of flood, the dishonest acts of either the Authority's or Concessionaire's employees, earthquake, earth movement, the backup of sewers or drains, collapse of any building or structure, weather conditions, acts of God, or any other cause of loss arising out of nature. Concessionaire will full insure all such property against such perils.

7. Third Party Beneficiaries. Nothing in this Agreement will cause or create in the public or any individual or other entity a third party beneficiary or authorize anyone not a party to the Agreement to maintain an action for personal injuries or property damage pursuant to the terms of provisions of the Agreement.

8. Defense of Claims. Concessionaire will defend, with counsel approved by the Authority, any and all suits brought against the Authority, and its representatives, officers, agents and employees by any employee or other person for damage to real or personal property and/or injury to persons (including death) alleged or claimed to have been caused by or through the performance of Concessionaire, and will indemnify and hold harmless the Authority, and its representatives, officers and agents and employees of each of them from and against any and all claims arising out of the operations by Concessionaire, and whether or not such claim or claims are based in whole or in part on the negligence of any one or more of them, except that Concessionaire will not be liable for any gross negligence on the part of the Authority. Concessionaire will pay, liquidate and discharge any and all claims or demands for personal injury (including death), and for loss or damage to any and all property caused by, growing out of or incidental to the performance by Concessionaire of the scope of work or the condition of the Premises, including without limitation, damage to the property of the Authority, and including all other damages and all costs and expenses of such suits and attorneys' fees. The obligation set forth in this section will specifically include, without limitation, all claims and judgments arising or alleged to arise with respect to protection of or damages to the Premises and any other areas of the Airport.

ARTICLE X. DAMAGE OR DESTRUCTION

A. Damage and Destruction.

1. Authority's right to terminate. If the Premises are totally destroyed by storm, fire or other casualty, or damaged to the extent that, in the Authority's reasonable opinion, the damage cannot be restored, or if the damage is not covered by standard "all risks" property insurance (or such other property insurance as may be maintained by the Authority from time to time), the Authority will have the right to terminate this Agreement effective as of the date of such destruction or damage by written notice delivered to Concessionaire on or before thirty (30) days following the Authority's notice described in the next sentence, and rent and fees will be accounted for as between the Authority and Concessionaire as of that date. The Authority will provide Concessionaire with written notice no later than sixty (60) days following the date of such damage of the estimated time needed to restore and whether the Authority elects to restore hereunder.

2. Authority restoration. If the Premises are damaged by any such casualty but the Authority does not elect to terminate this Agreement as provided in Article X.A.1. (Authority's right to terminate) above, this Agreement will remain in full force and effect. The Authority will notify Concessionaire in writing no later than sixty (60) days after the date of such damage that such damage will be restored (and will include the Authority's good faith estimate of the date the restoration will be complete), and the Authority will promptly commence to diligently restore the shell and core portions of the Premises (including the Consolidated Facility Improvements, as the same may be modified to conform to applicable laws then in effect, but excluding any Concessionaire Work Items, as hereinafter defined) to substantially the same condition as before such damage occurred (any such activity being a "Authority Restoration") as soon as reasonably practicable, subject to force majeure events and delays attributable to the acts or omissions of Concessionaire. Concessionaire may not terminate this Agreement (and will otherwise remain liable for the performance of all of its obligations hereunder in accordance with the terms and provisions hereof), except as expressly provided in Article X.A.6 (Damage in last year of term) below, in the event of any such casualty. Ground Rent and Concessionaire's Proportionate Share of Operating Expenses and Impositions (but specifically excluding any other components of Facility Rent) will be reduced or abated on a pro rata basis during the period of such Authority Restoration to the extent that the Premises is not habitable as a result of such casualty; provided, notwithstanding anything herein to the contrary, in no event will Facility Rent (other than Concessionaire's Proportionate Share of Operating Expenses and Impositions) or CFCs be subject to reduction or abatement hereunder.

3. Concessionaire restoration. In the event of damage to, or destruction of, any Concessionaire Improvements, Alterations, or other Concessionaire work, or of the fixtures and equipment within the Premises (collectively, the "Concessionaire Work Items"), by fire or other casualty, Concessionaire will promptly, at its expense, repair, restore, or rebuild such Concessionaire Work Items to the condition existing prior to the happening of such fire or other casualty (any such activity being a "Concessionaire Restoration"). Rent will not be reduced or abated during the period of such Concessionaire Restoration even if the Premises is not concessionable and the Concessionaire Work Items are not usable, and Concessionaire may not terminate this Agreement, except as expressly provided in Article X.A.6 (Damage in last year of term) below.

4. Concessionaire compliance prior to restoration. Before Concessionaire commences or causes such Concessionaire Restoration, Concessionaire will, in connection therewith, comply with the requirements of Article VI (Construction, Maintenance and Repair) hereof. The Authority may waive (but will not be obligated to do so) any requirements of Article VI (Construction, Maintenance and Repair) after taking into consideration the degree of damage or destruction and Concessionaire Restoration.

5. Insurance proceeds, additional security. Provided that the insurer does not deny liability as to the insureds, and provided Concessionaire is not then in default hereunder, all sums arising by reason of loss under the property insurance required in Article IX (Insurance) will be available to Concessionaire for the work. All proceeds will be payable to the Authority which may disburse proceeds through an escrow on satisfaction of conditions established by the Authority (which may include retention requirements, waivers of lien and sworn statements, architect's certificates, and other evidence of satisfactory completion and payment for work) or payable directly to Concessionaire or contractors, at the Authority's option. Concessionaire will deposit with the Authority any excess cost of the Concessionaire Restoration over the amount held by the Authority as proceeds of the insurance within thirty (30) days from the date of the determination of the cost of the Concessionaire Restoration; but in no event later than commencement of work. At all times the undisbursed balance remaining in the hands of the Authority will be at least sufficient to pay for the cost of completion of the work free and clear of

liens; any deficiency will be paid to the Authority by Concessionaire. Concessionaire will diligently pursue the repair or rebuilding of the Concessionaire Work Items (but in any event within the time period in which Concessionaire was required to complete the Concessionaire Improvements under Article VI (Construction, Maintenance and Repair) hereof. If Concessionaire does not repair or rebuild the Concessionaire Work Items or proceed diligently to repair or restore the Concessionaire Work Items and fails to cure or correct any such default after notice and expiration of applicable cure periods hereunder, or there are insurance proceeds remaining after repair or rebuilding, all insurance proceeds will belong to and be payable to the Authority, and Concessionaire will assign all such proceeds to the Authority.

6. Damage in last year of term. In case of damage or destruction of all or any material portion of the Premises which occurs during the last twelve (12) months of the Term, either Concessionaire or the Authority will have the option of terminating this Agreement as of the date of such damage or destruction by notice in writing given to the other party within thirty (30) days after the occurrence of such damage or destruction. In such event, the Authority will be entitled to the proceeds of any Concessionaire insurance covering any part of the Premises on account of such damage or destruction (excluding any insurance coverage for the Concessionaire Work Items), and Concessionaire will assign all such insurance proceeds to the Authority.

7. Bond Documents govern. Notwithstanding anything in this Article X. (Damage or Destruction) to the contrary, while the Bonds remain outstanding, the terms and provisions of the Bond Documents will govern and control in the event of damage or destruction to the Premises.

ARTICLE XI. CONCESSION OPERATION

A. Brands. Concessionaire will operate under the brand(s) listed in **Exhibit G**, attached and incorporated herein. Concessionaire is prohibited from operating at the Airport under any brand name or trade name other than the brand(s) listed in **Exhibit G**. Concessionaire will be limited to operating no more than three (3) brands at any one time. Concessionaire may request the replacement of a brand or brands, subject to the approval of Authority.

B. Quality and Price Control.

1. The Authority, in entering into this Agreement, has foremost in mind providing the air traveler and the general public facilities, services, and products of the highest quality. The Concessionaire will therefore be required to at all times provide Concession patrons with late model Automobiles (not more than three (3) years old at any time), which Automobiles will be maintained by Concessionaire in first class operating and mechanical condition and repair and in a clean and attractive condition. Concessionaire will ensure that each Automobile is thoroughly sanitized and maintained for each customer.

2. The Concessionaire will furnish all services authorized hereunder to its customers and patrons upon a fair and equal, and nondiscriminatory basis; and charge fair, reasonable, and nondiscriminatory prices; provided, however, that Concessionaire may make or give such reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions as Concessionaire may desire to Concessionaire's employees or volume purchasers.

C. Type of Operation.

1. First class. The Concessionaire will maintain and operate the Concession in an orderly, proper, and first-class manner, which, in the sole judgment of Authority, does not

disturb, or is not offensive to, others at the Airport. The Concessionaire will not solicit Concession business in any manner which would prove offensive to the public or which may result in deception or disguise of all actual costs or charges relating to the rental of Automobiles anywhere at the Airport except in a proper manner upon the Premises and by means of advertising elsewhere at the Airport first approved in writing by Authority.

2. Hours of operation. The Concession will be maintained and operated seven (7) days per week with each day beginning no later than one (1) hour prior to the first scheduled commercial airline departure and ending no earlier than one (1) hour after the last scheduled commercial airline arrival. Authority may require that the Concession be maintained and operated in excess of the hours designated by Authority per day as is necessary or desirable to adequately serve the demands of air travelers for the Concession services.

3. Timely. Concessionaire will maintain a quantity of Automobiles at the Airport necessary to meet public demand. Upon written notice from the Authority due to lack of inventory of Automobiles at the Airport available for rental, Concessionaire will have five (5) calendar days to provide the quantity of Automobiles necessary to meet demand. If such Automobiles are not provided and Concessionaire is unable to supply enough vehicles to meet demand, Concessionaire will be subject to liquidated damages of five hundred dollars (\$500) per day until such supply is provided.

In the event Concessionaire is not timely processing Automobiles from the return lanes/spaces, meaning Concessionaire's assigned return lanes/spaces are full and overflowing into other common areas outside the assigned return lanes/spaces, then upon written notice from Authority, Concessionaire will be subject to a progressive discipline process. Such progressive discipline process will consist up to of three (3) written warnings for noncompliance, followed by up to three (3) charges for liquidated damages of five hundred dollars (\$500) for each event, followed by up to three (3) charges for liquidated damages of one thousand dollars (\$1,000) for each event, and followed by a continuation of additional charges for liquidated damages of one thousand dollars (\$1,000) for each subsequent event or Authority may notify Concessionaire of default and an early termination of this Agreement, at the Authority's sole discretion.

4. No Diversion. Concessionaire will not intentionally divert Automobile rentals to other locations off of the Airport. Intentional diversion will include, without limitation, Concessionaire advising, directing, or otherwise suggesting to a customer or prospective customer arriving at the Airport that such customer or prospective customer rent an Automobile at any off-Airport location, whether from Concessionaire or some other rental car provider, regardless of the basis or reason for such advice, direction, or suggestion. All such intentionally diverted revenues will be included in Gross Receipts plus liquidated damages, which may be assessed by Authority in an amount no less than five hundred dollars (\$500) per incident or other higher amount as determined by Authority from time to time.

5. Other On-Airport Rentals. Concessionaire may perform a limited rental operation on-Airport, off-Premises (e.g., at the fixed based operator location). Such rental activity must be reported and applicable fees paid to Authority, as if such activities occurred on the Premises. Authority maintains the right to restrict or cancel such on-Airport, off-Premises rental activities at any time, upon 30-days' written notice from Authority to Concessionaire.

D. Personnel.

1. Manager. The Concessionaire will retain an active, qualified, competent, experienced manager or other similarly authorized representative at the Airport to supervise all Premises operations. The Concessionaire's manager will be based locally with responsibility only

for Concessionaire's operations at the Airport. The Concessionaire's manager will be authorized to represent and act for and on behalf of Concessionaire at all times. In the absence of the designated manager, one or more responsible subordinates will be on duty at the Airport to perform and act on behalf of Concessionaire. The Concessionaire will provide and continuously inform the Authority of the names and contact numbers (phone and e-mail) of the manager and responsible subordinate(s).

2. Other personnel. The Concessionaire will further employ and have on duty adequate personnel at all times, all of whom will:

a. Appearance. Present a neat and clean appearance; and

b. Courtesy. Be courteous and efficient in the discharge of their duties at all times in order to promptly and efficiently serve the public and to provide the quality of the Concession operation as required herein.

3. Uniforms. The Authority reserves the right to require Concessionaire's employees to wear badges, uniforms, or other reasonable means of identification so as to render such employees readily identifiable with the Concession.

4. Conduct. No personnel employed by Concessionaire, while on or about the Premises, will use improper language, act in a loud, boisterous or otherwise improper way, or be permitted to solicit business in an inappropriate manner.

5. Customer service. Duty personnel will be informed and knowledgeable about the Automobiles and services Concessionaire offers and be capable of resolving disputes on service or quality and value and handle and address complaints resulting from any aspects of Concessionaire's activities. The Concessionaire will be immediately responsive to resolving or handling any complaint or problem that may be brought to the attention of Concessionaire by customers or the Authority.

6. Training. The employees of Concessionaire will participate in a training or orientation regarding the Airport.

a. Training program. The Concessionaire will develop and administer a training program for employees to assist in their understanding and awareness of Airport operating procedures, activities, and the general layout and location of major Concessionaires. Training will include awareness and familiarity with applicable Authority's rules and regulations and Authority's Airport requirements, appearance guidelines, customer relations, sanitation, and service greeting standards.

b. Knowledgeable. The Concessionaire's staff will also be knowledgeable about the layout of the Airport and will assist travelers when asked or approached, by answering questions about way finding and other Airport locations, and directing the traveler to the appropriate site, counter, office, or Airport personnel or others for further assistance. All of the employees of Concessionaire will undergo or undertake any Airport established or required training or orientation. Concessionaire's staff will work with Authority to ensure compliance with official Authority directives and to engage with Authority during irregular operations.

E. Airport Activities. The Concessionaire will provide a management representative to participate in Airport organized meetings designed to communicate information regarding events and activities affecting the operation of the Airport, as well as to meet with any consultant, planner, or employee of Authority identified by Authority to discuss and review matters pertaining to the Airport or Concession and Premises activities. The Concessionaire will actively

participate in the Airport's tenant committees and other similar groups established at the Airport which are organized to support Airport concessionaires and tenants, and as specified in this Article XI. (Concession Operation) hereof.

F. Use of Premises and/or Consolidated Facility in Compliance with Laws.

1. No impact to insurance. Concessionaire will not use or occupy or permit the Premises and/or Consolidated Facility to be used or occupied, or do or permit anything to be done in or on the Premises and/or Consolidated Facility, in whole or in part, in a manner which would in any way violate any certificate of occupancy affecting the Premises and/or Consolidated Facility, or make void or voidable any insurance then in force with respect thereto, or which may make it impossible to obtain fire or other insurance thereon required to be furnished by Concessionaire under this Agreement, or which will constitute a public or private nuisance, or which will disrupt the safe, efficient, and normal operations of the Airport.

2. No violation of laws. Concessionaire will not use or occupy the Premises and/or Consolidated Facility, or permit the Premises and/or Consolidated Facility to be used or occupied, in whole or in part, in a manner which may violate, and Concessionaire will at all times comply with, any and all present and future, ordinary and extraordinary, foreseen and unforeseen, laws, statutes, rules, regulations, directives, ordinances, or requirements of any federal, state, or municipal governments or of any other governmental, public, or quasi-public authorities now existing or hereafter created (sometime hereinafter collectively, "Laws"), to the extent such governments or authorities have jurisdiction over the Premises and/or Consolidated Facility, whether or not the Authority also is liable for compliance.

3. Contest validity of laws. Concessionaire may, in good faith (and whenever necessary, in the name of, but without expense to, the Authority), and after having secured the Authority to its reasonable satisfaction by cash or by a surety company bond in an amount, from a company, and in form and substance reasonably satisfactory to the Authority, against loss or damage if the Authority will be exposed to any as the result thereof, contest the validity of any such Laws and, pending the determination of such contest, may postpone compliance therewith, except that Concessionaire will not so postpone compliance therewith as to subject the Authority to the risk of any fine or penalty, loss of any permit or license, adverse impact on the Airport or Airport operations, or prosecution for a crime, or to cause the Premises and/or Consolidated Facility or any part thereof to be condemned or to be foreclosed upon.

G. Commencement of Operations. Concessionaire will (i) promptly take possession of the Premises, and commence the construction of the Concessionaire Improvements therein, upon the date on which the Authority authorizes Concessionaire to access the Consolidated Facility for the purposes set forth above, and (ii) commence operating the Premises, upon Concessionaire Improvement Substantial Completion, subject to force majeure delays.

H. Restrictions on Concessionaire. Except as may otherwise be expressly provided in this Agreement, Concessionaire will not, without the prior written consent of the Authority in each instance, which consent may be granted or withheld in the Authority's sole and absolute discretion:

1. Advertising. Other than approved branding signage and location, Concessionaire will not place, construct, or maintain in or about the Premises and/or Consolidated Facility Property any advertisement media, including, without limitation, searchlights, flashing lights, loudspeakers, phonographs, televisions, radios, antennas, or other similar media or device;

2. Solicit. Solicit business or distribute handbills or other advertising or promotional materials in, on, or about the Premises and/or Consolidated Facility, the common use transportation system, or other buildings and structures in the area of the Airport, except that Concessionaire will be entitled to engage in internet, radio, television, and newspaper advertising as is customarily used for Concessionaire's type of business;

3. Animals. Keep or permit animals of any kind in or about the Premises and/or Consolidated Facility except dogs trained to assist sight-impaired or other disabled persons;

4. Sleeping quarters. Use or permit any portion of the Premises and/or Consolidated Facility to be used as living or sleeping quarters;

5. Selling. Sell, distribute, display, or offer for sale any item which, in the Authority's judgment, is inconsistent with the quality of operation of the Airport, or which may tend to detract from the image of the Airport;

6. Reflect unfavorably. Do or permit to be done anything in connection with Concessionaire's occupancy or advertising which, in the Authority's judgment, may reflect unfavorably on the Authority or the Airport, or may confuse or mislead the public as to any apparent partnership or similar relationship between the Authority and Concessionaire.

7. Auctions. Except as expressly provided to the contrary in this Agreement, conduct any auction (except with the prior written consent of the Authority at the Authority's sole and absolute discretion), fire, bankruptcy, distress, clearance, or going-out-of-business sale on the Premises and/or Consolidated Facility or post any sign or advertisement regarding such activity in or about the Premises and/or Consolidated Facility;

8. No impairment. Use or permit the Premises and/or Consolidated Facility to be used in any manner or permit anything to be brought into or kept therein which would (a) violate the certificate of occupancy for the Premises and/or Consolidated Facility, (b) cause structural injury to any part of the Premises and/or Consolidated Facility, (c) impair or interfere with the proper operation and maintenance of improvements in the Airport, or (d) violate any of Concessionaire's other obligations under this Agreement or the obligations of any On-Airport Rental Car Company under such party's ConRac Agreement;

9. No artwork. Permit a work of visual art, as defined in 17 U.S.C. § 107, to be installed in the Premises and/or Consolidated Facility;

10. Remain within boundaries. Parking equipment or Automobiles outside of the designated areas and marked lanes or stalls; or

11. No unauthorized parking. Except for Automobiles, permit parking only is required on the Premises and/or Consolidated Facility for vehicles. Employees may only park in Authority designated areas for work purposes with permits upon payment of monthly fees (if applicable), and employees may not use work designated areas or permit parking for personal purposes.

ARTICLE XII. COMPLIANCE WITH LAWS

A. Generally. The Concessionaire will, at all times during the term of this Agreement, comply with all applicable laws, statutes, rules, regulations, orders, and ordinances of all governmental authorities, including, without limitation, the United States of America, the

Commonwealth of Virginia, Authority, municipality, and any political subdivision or agency, authority, or commission thereof, which may have jurisdiction to pass laws, statutes, or ordinances or make and enforce orders, rules, and regulations with respect to the Concession, the Premises, or the Airport.

1. Licenses and permits. The Concessionaire will also take out and keep current all licenses and permits required by any governmental authority for Concessionaire's conduct of the Concession at or on the Premises and the Airport and pay promptly when due all fees.

2. Contest. Notwithstanding the foregoing provisions, Concessionaire will have the right, in its own name, to contest in good faith the validity or applicability of any law, statute, rule, regulation, order, or ordinance of any governmental body or agency to Concessionaire's operation. The fact that Concessionaire may, in connection with such contest, refrain from complying with such law, statute, rule, regulation, order, or ordinance will not affect in any way Concessionaire's obligation to pay the required rent and fees set forth in Article V. (Concessionaire Payments) hereof.

B. Compliance with Americans with Disabilities Act.

1. Concessionaire's warranty. The Concessionaire warrants that it will conduct its Concession operation in accordance with the Americans with Disabilities Act, 42 U.S.C.S. Section 12101 et seq. (hereinafter, collectively, the "ADA"), including, without limitation, modifying Concessionaire's policies, practices, and procedures, and providing auxiliary aids and services to disabled persons.

2. Accessible services. The Concessionaire acknowledges that, pursuant to the ADA, programs, services, and other activities provided by a public entity, whether directly or through a contractor, must be accessible to the disabled public. The Concessionaire will provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state, and municipal disability rights legislation. The Concessionaire agrees not to discriminate against disabled persons in the provision of services, benefits, or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Concessionaire, its officers, employees, agents, servants, or assigns will constitute a material breach of this Agreement.

3. Concessionaire's indemnification. Without limiting any other provision herein, the Concessionaire will defend, indemnify, and keep and hold harmless Authority, its officers and employees, and their respective successors, and assigns, from and against any and all claims, demands, suits, actions, causes of action, judgments, liabilities, losses, damages, costs, and expenses resulting or arising from Concessionaire's failure to comply with Concessionaire's obligations hereunder with respect to the ADA.

C. Airport Performance. The Concessionaire will comply with any and all of the performance requirements covering the Airport of Authority and all applicable performance access procedures, rules, or regulations prescribed by Authority and/or the TSA.

1. Performance agreements. The Concessionaire will enter into any performance agreements with Authority that may be required by Authority or the TSA for performance purposes covering the airports of Authority, and the agreements will become part of this Agreement and the covenants, terms, and conditions herein, although executed separately.

2. Failure to prevent violations. The Concessionaire accepts liability and responsibility (a) for Concessionaire's failure to comply with any Airport performance requirements and applicable performance access procedures, rules, or regulations prescribed by Authority and/or the TSA and (b) for any reimbursement to Authority for Authority making direct payment to any citing authority for any fines or penalties of any and all airport performance violations by Concessionaire, its contractors, agents, representatives, guests, or invitees. Failure to observe this performance requirement will be cause for the assessment of additional charges under this Agreement and/or termination of this Agreement by Authority.

D. Compliance with Airport Concession Disadvantaged Business Enterprise.

1. The Authority has established an Airport Concession Disadvantaged Business Enterprise (ACDBE) program in accordance with the regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 23. Unless such requirement has been removed federally, Concessionaire is required to participate in the Authority's ACDBE program. The ACDBE concession specific goal of two and seventy-five one hundredths percent (2.75%) of purchased goods and services has been established for this Agreement and may be race neutral. This percentage goal is subject to change from time to time to align with the Authority's FAA-approved ACDBE rental car concession's goal for the Airport. Concession will be good faith efforts to meet this concession specific goal. Concessionaire agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by Title 49 CFR Part 23.

2. The Concessionaire agrees to include the statement set forth in paragraph B in any subsequent concession agreement or contract covered by Title 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

3. The Authority has available several remedies to enforce the ACDBE requirements contained in its contracts, including, but not limited to, the following:

- a. Breach of contract action, pursuant to the terms of this contract
- b. Breach of contract action, pursuant to applicable state statutes

4. The federal government has available several enforcement mechanisms that it may apply to firms participating in the ACDBE problem, including, but not limited to, the following:

- a. Suspension or debarment proceedings pursuant to 49 CFR part 23
- b. Enforcement action pursuant to 49 CFR part 31; and
- c. Prosecution pursuant to 18 USC 1001.

5. The Authority will comply with all regulations set forth in 49 CFR Part 23 and will monitor Concessionaires at the Airport for compliance with the ACDBE program.

6. The Authority will submit to the Federal Aviation Administration's Regional Civil Rights Office, an annual ACDBE participation report showing the commitments and attainments. The Authority will take measures to ensure nondiscriminatory participation of ACDBEs in concession, and other covered activities. Concessionaire agrees to participate and to provide information to Authority representing Concessionaire's ACDBE-related purchases of

goods and services, and evidence of its good faith efforts if the percentage goal for ACDBE is not reached.

ARTICLE XIII. TERMINATION BY AUTHORITY

A. Events of Breach or Violation. The Concessionaire will be in breach or violation of this Agreement, and Authority will have the right to terminate this Agreement, if any one or more of the following events (each an “Event of Default”) occur:

1. Transfer of interest. When, without the prior written approval or consent of Authority, any interest of Concessionaire under this Agreement is transferred or assigned, whether voluntarily or involuntarily, by reason of assignment, sublease of Premises or otherwise, stock transfer, operation of law, or death, to any other individual, limited or general partnership, joint venture, firm, company, corporation, limited liability company, or any other entity; or

2. Ownership change. When the ownership of Concessionaire, without the prior written approval or consent of Authority, is changed by inter vivos stock transfer to one or more individuals or entities who are not stockholders at the inception of this Agreement, or if Concessionaire is a partnership, whether limited or general, by the introduction of a new partner or partners, whether limited or general, who was not a partner or who were not partners at the inception of this Agreement; or

3. Partnership dissolution. If Concessionaire is a partnership of any type and the partnership is dissolved as a result of any act or omission of its partners, or any one of them, or by operation of law, or the order or decree of any court having jurisdiction, or for any other reason whatsoever; or

4. Receivership. When, by or pursuant to, or under authority of any legislative act, resolution, or rule, or any order or decree of any court or governmental board, agency, or officer having jurisdiction, a receiver, trustee, or liquidator takes possession of all or substantially all of the property of Concessionaire, and such possession or control continues in effect for a period of at least fifteen (15) days without being contested by Concessionaire in good faith by proper legal proceedings within the 15-day period; or

5. Abandonment. When Concessionaire voluntarily abandons, deserts, or vacates the Premises or a significant portion of the Premises, or discontinues its operation of the Concession on or at the Premises; or

6. Prevented from use. After exhausting or abandoning any right of further appeal, Concessionaire is prevented for a period of at least ninety (90) days by the action of any governmental agency from using the Premises, regardless of the fault of Concessionaire; or

7. Suspension. The happening of any act which results in the suspension or revocation of the rights, powers, licenses, permits, or authorities necessary for the conduct and operation of the Concession authorized herein for a period of more than thirty (30) days; or

8. Successor corporation. The Concessionaire becomes, without the prior written approval of Authority, a successor or merged corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution; or

9. Attachment. When any attachment, judgment, lien, or encumbrance is filed against Concessionaire’s interest in the Premises because of any act or omission of

Concessionaire, and the attachment, judgment, lien, or encumbrance is not discharged or contested by Concessionaire in good faith by proper legal proceedings within thirty (30) days; or

10. Failure to pay fees. When Concessionaire fails to duly and punctually pay the fees and charges required under this Agreement, including any interest, service charges, or late fees, or to make any other payment required under this Agreement when due to Authority upon the lapse of five (5) business days after Concessionaire's receipt of a written notice from Authority demanding such payment or payments; or

11. Failure to pay taxes. When Concessionaire fails to duly and punctually make payments due to any agency of the Authority or municipality or state, including, but not limited to, payments for any permit, license, or this Agreement, general excise taxes, workers' compensation payments, unemployment taxes, real property taxes, leasehold taxes, etc., and such payments are not made within thirty (30) days of their due dates; or

12. Poor quality control. When Concessionaire fails to provide, maintain, and upgrade, as necessary, the quality of Concession merchandise or services to the satisfaction of Authority, as required by Article XI. (Concession Operation) hereof, within fifteen (15) days from and after receipt of written notice from Authority to correct or cure the condition objected to; or

13. Failure to perform. When Concessionaire fails to keep, perform, comply and observe each and every other agreement, promise, covenant, term, and condition set forth in this Agreement or the Bond Documents, on its part to be kept, performed, or observed, and such failure will continue for a period of more than thirty (30) days after Concessionaire's receipt of a written notice from Authority of such breach or violation by personal service or registered mail or certified mail to Concessionaire, except where fulfillment of Concessionaire's obligation requires activity over a period of time, and Concessionaire begins to perform whatever may be required for fulfillment within ten (10) days after receipt of the written notice and continues such performance, showing improvement or correction, without interruption except for causes beyond Concessionaire's control; or

14. General assignment. The Concessionaire makes a general assignment for the benefit of creditors, or files a petition or answer seeking an arrangement for its reorganization, or the readjustment of its indebtedness under any law or statute of the United States, or of any Commonwealth of Virginia law, or consents to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property or its property located within the Premises; or

15. Lien. Any lien is filed against or affecting the Premises or any portion thereof, because of any act or omission of Concessionaire and such lien is not removed or enjoined or a bond for satisfaction of such lien is not posted within thirty (30) days; or

16. Other contract. When Concessionaire fails to cure or remedy any breach or violation of any promise, covenant, term, and condition in this Agreement or any other permit, contract, lease, or other agreement entered into between Authority and Concessionaire during the term of this Agreement; or

17. Default under other agreement(s). If Concessionaire is in default under any other agreement which Concessionaire has with Authority including, but not limited to, any other concession or lease agreement with Authority.

B. Default and Termination. In the event of any breach or violation due to the occurrence of any of the events enumerated in Article XIII.A (Events of Breach or Violation) hereof, Authority may, after the giving of a written notice of default, pursue any available remedy, legal or equitable, it may have against Concessionaire.

1. Failure to correct violation. If Concessionaire fails to correct the violation(s) contained in the notice of default to the satisfaction of Authority, Authority may, without prejudice to any other remedy, elect to:

a. Additional charge. Assess a charge for liquidated damages of two thousand dollars (\$2,000) per day as prescribed and set forth in Article V.N. (Additional Charges) hereof; and

b. Termination letter. Concurrent with or subsequent to the assessment of such additional charge, proceed to terminate this Agreement by providing a written Letter of Termination and Notice to Vacate to Concessionaire.

2. Prohibition from bidding. In the event that this Agreement is terminated by Authority because of a breach or violation as set forth in Article XIII. (Termination by Authority) hereof, Concessionaire will not be allowed to bid on or enter into any other concession agreement, facility lease, or other contract or lease offered by Authority, for a period of five (5) years following the date of termination.

C. Right of Re-entry. The Authority will have, as an additional remedy upon the giving of a written Letter of Termination and Notice to Vacate, as provided in Article XIII.B.1.b (Termination letter) hereof, the right to re-enter the Premises and upon the effective date of termination without further notice of any kind, and may regain and resume possession either with or without the institution of summary or any other legal proceedings or otherwise. Such re-entry, or regaining or resumption of possession, however, will not in any manner affect, alter, or diminish any of the obligations of Concessionaire under this Agreement, and will in no event constitute an acceptance of surrender.

D. Concessionaire's Rights Cease. Upon such termination by Authority, all rights, powers, and privileges of Concessionaire granted hereunder will cease. Unless otherwise stated herein, Concessionaire will immediately vacate the Premises and Concessionaire will have no claim of any kind whatsoever against Authority, by reason of such termination, or by reason of any act by Authority incidental or related thereto.

E. Survival of Concessionaire's Obligations.

1. Concessionaire's obligations remain. In the event that this Agreement is terminated by Authority, all of the obligations of Concessionaire hereunder will survive and will remain in full force and effect for the full Term of this Agreement as if there had been no termination.

2. Rent and Fees remain due. Subject to Authority's obligation to mitigate damages, the amount of the rent, fees and charges hereunder will become due and payable to Authority to the same extent, at the same time, and in the same manner as if no termination had taken place. The Authority may maintain separate actions to recover any monies then due, or at its option and at any time, may sue to recover the full deficiency.

3. Fee amount subsequent to termination. The amount of liquidated damages due to Authority by Concessionaire for the period of time subsequent to termination will be subject to an offset for any fees and charges received by Authority during the remaining term of this Agreement (as if no termination had taken place) from a succeeding operator of the Concession, and will be determined as follows:

a. Ground Rent. With respect to the Concessionaire's Ground Rent obligation, the cumulative total thereof owed by Concessionaire less the amount paid by Concessionaire prior to the effective date of termination; and

b. Facility Rent. With respect to the Concessionaire's Facility Rent obligation, the cumulative total thereof owed by Concessionaire less the amount paid by Concessionaire prior to the effective date of termination; and

c. MAG. With respect to Concessionaire's MAG obligation, the cumulative total thereof owed by Concessionaire less the amount paid by Concessionaire prior to the effective date of termination; or

d. Percentage Fee. With respect to Concessionaire's percentage of annual Gross Receipts, the percentage of Gross Receipts, (if in excess of the MAG,) to the extent that such Gross Receipts would have been received by Concessionaire during the balance of the term of this Agreement. For the purpose of computation hereunder, the amount of Gross Receipts will be derived by dividing Concessionaire's total Gross Receipts during the twelve (12) months immediately preceding termination by three hundred sixty-five (365) days and then multiplying the result by the number of days in the balance of the term hereof.

e. No effect on Authority's rights. The Authority and Concessionaire agree that the damages specified above will not affect or be construed to affect Authority's right to such damages in the event of termination where Concessionaire has not received any actual Gross Receipts under this Agreement.

F. Additional Rights of Authority. The Authority, upon termination of this Agreement, may occupy the Premises and will have the right to permit any person, firm, corporation, or entity to enter upon the Premises and use the same. Such occupation by others may be of only a part of the Premises, or the whole thereof, or a part thereof, together with other space, and for a period of time the same as or different from the balance of the term remaining hereunder as if no termination, reentry, regaining, or resumption of possession had taken place, and on terms and conditions the same as or different from those set forth in this Agreement. The Authority will also have the right to repair or to make such structural or other changes in the Premises as are necessary in its judgment to maintain the suitability thereof for any uses and users including uses and purposes similar to those granted under this Agreement without affecting, altering, or diminishing the obligations of Concessionaire hereunder.

G. Termination before Commencement. If any of the events enumerated in Article XIII.A (Events of Breach or Violation) hereof occurs prior to the commencement of the term of this Agreement, Concessionaire will not be entitled to enter into possession of the Premises or any portion thereof, and Authority, upon the occurrence of any such event, or at any time thereafter during the continuance thereof, with twenty-four (24) hours' notice to Concessionaire, may cancel or terminate the interest of Concessionaire under this Agreement, such cancellation or termination to be effective upon the date specified in such notice.

ARTICLE XIV. CONDEMNATION

A. Procedure. In the event that at any time during the Term of this Agreement, all or a portion of the Premises, or all access thereto, or Concessionaire's entire leasehold interest in all or a portion of the Premises pursuant to this Agreement, is taken or damaged by the exercise of power of eminent domain by any condemning authority ("Condemnation Proceedings"), then (whether or not this Agreement terminates by operation of law upon the exercise of such power), the share of any award resulting to the Authority or Concessionaire for the taking of their

respective interests in and to the Premises or damages resulting to their respective interests by reason of the exercise of such power of eminent domain, will be separately determined by the court having jurisdiction, not by the jury, and separate judgments with respect to such damages to the Authority and Concessionaire, respectively, and to each of their respective interests, will thereafter be made and entered. The Authority and Concessionaire will make such requests and petitions to the court as are consistent with the foregoing procedure.

B. Total Taking. In the event that: (a) all of the Premises are sought to be taken by the exercise of the power of eminent domain; or (b) under the threat of condemnation, all of the Premises are conveyed to a condemning authority pursuant to an agreement between the Authority, Concessionaire, and such condemning authority; or (c) a portion of the Premises are taken by eminent domain or conveyed as under threat of condemnation and the remainder of the Premises are not capable of being restored to a condition as may be reasonably required to fulfill the intent and purpose of this Agreement; or (d) all of the Premises are taken by the exercise of the power of eminent domain for occupancy by a condemning authority for a temporary period and such temporary period extends beyond the date of the termination of this Agreement; this Agreement will terminate effective upon the date that the condemning authority legally acquires the right of possession to the Premises. In the event of termination of this Agreement as, the Concession Fee, the Ground Rent, the Facility Rent, Impositions, and any other sum or sums of money and other charge whatsoever provided in this Agreement to be paid by Concessionaire will be paid by Concessionaire up to the date of such termination. The amount of compensation and damages resulting to the Authority and Concessionaire and respectively and to their respective interests in and to the Premises and in and to and in connection with this Agreement in the event of termination of this Agreement as will be determined in accordance with the provisions of this Article XIV (Condemnation) hereof.

In the event of a taking of the Premises described in this Article XIV (Condemnation) and the termination of the Concession and this Agreement, the entire award will be disbursed as follows:

1. The Authority will first be paid that portion of the award which represents the value of the Authority's interest in the Premises and the Consolidated Facility Improvements.

2. The balance of any such award will then be paid to Concessionaire after first deducting the following items a. and b.:

a. The amount of the Concession Fee, the Ground Rent, the Facility Rent, and any other amount due and owing up to the date the condemning authority legally takes possession of the Premises, which will be paid to the Authority;

b. All Impositions which under the terms of this Agreement are provided to be paid by Concessionaire, which will either be paid to the Authority to be used for the intended purpose or will be applied directly to the payment of such Impositions.

C. Partial Taking. In the event that less than the entire Premises and access thereto or Concessionaire's leasehold interest in less than the entire Premises and access thereto is taken permanently by the exercise of the power of eminent domain, and if the remainder of the Premises are capable of being restored to a condition reasonably required to fulfill the intent and purpose of this Agreement, then in such event, this Agreement will not terminate but will remain in full force and effect and Concessionaire will continue to perform and observe all of the obligations of Concessionaire hereunder, including the obligations to pay the Concession Fee, the Ground Rent, the Facility Rent, and Impositions as provided herein, and will restore the Premises to a condition required to fulfill the interest and purpose of this Agreement. However,

effective as of the date the condemning authority legally acquires the right of possession to such portion of the Premises so taken and continuing thereafter during the remainder of the Term, the Ground Rent payable by Concessionaire during the remainder of the Term of this Agreement will be adjusted solely by reducing the area of the Premises used in calculating Ground Rent by that portion of the land area of the Premises used in calculating Ground Rent which was taken by Condemnation Proceedings. The value of the Concessionaire's interest will not include any money to pay Ground Rent in the future (and any such amount allocated to Concessionaire will be paid to the Authority).

In the event of such a partial taking, the Authority will first be paid that portion of the award which represents the value of its interest in and to the Premises as may have been taken as a result of such partial taking. Next, Concessionaire will first be paid an amount of any award in trust sufficient to undertake the complete restoration of the Premises as may be necessary as a result of such partial taking, after deducting therefrom and paying to or applying for the benefit of the Authority the amounts set forth in Article XIV.A.2.a. and XIV.A.2.b hereof. Concessionaire will be entitled to receive and retain any balance remaining of such award made as a result of such partial taking. If the proceeds are insufficient to complete restoration of the Premises, Concessionaire will nevertheless perform such restoration at its cost, in accordance with the provisions of Article VI. (Construction, Maintenance and Repair) of this Agreement.

D. Temporary Takings. If the temporary use of the whole or any part of the Premises will be taken by Condemnation Proceedings as hereinabove referred to for a period which does not extend beyond the Term of this Agreement, this Agreement will not terminate by reason thereof and Concessionaire will continue to pay in full the Concession Fee, the Ground Rent, the Facility Rent, Impositions, and other charges herein provided to be paid or assumed or reimbursed by Concessionaire, and, except only to the extent that Concessionaire is prevented from so doing by reason of any order of the condemning authority, Concessionaire will continue to perform and observe all of the covenants, conditions, and obligations hereof which are herein provided to be observed or performed by Concessionaire, all to the same extent and with the same force and effect as if such temporary use or taking had not occurred. Any award for such temporary taking, whether paid or by way of damages, rent, or otherwise will be received, held and disbursed in the manner following:

1. An amount equal to the sum of (x) the Ground Rent for the entire period of such temporary use or taking, plus (y) the estimated amount of the Facility Rent and Impositions for such period (computed on the basis of the most recently ascertainable information) will be deposited with an escrow trustee acceptable to the Authority and will be from time to time applied to the payment of Ground Rent, Facility Rent, and Impositions as the same from time to time become due and payable;

2. The amount jointly agreed upon by the Authority and Concessionaire as the estimated amount required to be expended upon the termination of such temporary use or occupancy to restore the Premises and Concessionaire Improvements as nearly as may be reasonably possible to the condition in which same was immediately prior to such taking, will be reserved and will be used and available for use for such purposes (and if no agreement is reached, then the Authority may deduct and retain an amount reasonably estimated by the Authority); and

3. The remainder will be paid over to and become the property of Concessionaire; however, the amount of any fee or rent or other charges then owing by Concessionaire to the Authority under the provisions of this Agreement, together with all unpaid Impositions, and the amount so deducted will be paid to or upon the order of the Authority.

E. Taking Upon Possession. The Premises or any part thereof will be deemed to be taken by Condemnation proceedings within the meaning of the foregoing provisions upon the transfer of possession thereof to the condemning authority; provided, however, any valuation of the Authority's or Concessionaire's interests will be as of the date of the filing of Condemnation proceedings.

F. No Restriction. Nothing in this Agreement or the existence of this Agreement will be construed to restrict or in any way interfere with the exercise of eminent domain by the County. Notwithstanding anything herein to the contrary, the Authority agrees that it will not voluntarily commence or seek commencement of Condemnation proceedings against the Premises except to the extent that the Authority, in connection with such Condemnation proceedings (i) reimburses Concessionaire for the then-unamortized costs and expenses of any and all Concessionaire Improvements constructed in the Premises, or any portion thereof, by Concessionaire and each such On-Airport Rental Car Company (with such Concessionaire Improvements being amortized on a straight-line basis over a period of thirty (30) years at a rate equivalent to the Discount Rate, and (ii) makes available to Concessionaire reasonable alternate space for the provision of rental car services by Concessionaire to customers at the Airport.

G. Taking of Concessionaire's Entire Leasehold Interest. In the event of a taking of Concessionaire's entire leasehold interest hereunder, whether or not there is a taking of the underlying fee interest, the value of such leasehold interest will be the difference between the fair cash rental value of the Premises as improved and the rent reserved under this Agreement (including Ground Rent and Facility Rent), and including payment of Impositions, discounted for the present value at the Discount Rate.

H. Bond Documents. Notwithstanding any in this Article XIV to the contrary, while the Bonds remain outstanding, the terms and provisions of this Bond Documents shall govern and control in the event of a partial, total or temporary taking.

ARTICLE XV. WAIVER

A. Authority Waiver. No acceptance by Authority of fees, charges, or other payments, in whole or in part, for any period or periods after a default of any of the covenants, provisions, requirements, stipulations, terms, or conditions hereof to be performed, kept, or observed by Concessionaire will be deemed a waiver of any right on the part of Authority to terminate this Agreement for any like or other or succeeding breach or default.

B. No Implied Waiver. No failure by either party to insist upon the strict performance of the other party under this Agreement or to exercise any right, power, or remedy consequent upon a breach hereof will constitute a waiver of any such breach or of such term, covenant, or condition. A waiver or assent by Authority, express or implied, of or to any breach or default of Concessionaire, in the performance of any of the covenants, provisions, requirements, stipulations, terms, or conditions of this Agreement will not be deemed or considered to be a waiver of any other or succeeding breach or default. No express written waiver of any default or the performance of any provision hereof will affect any other default or performance, or cover any other period of time, other than default, performance, or period of time specified in such express waiver.

C. Cumulative Remedies. The rights, powers, privileges, options, and remedies of Authority contained in this Agreement will be construed to be cumulative, and no one of them will be deemed to be exclusive of the other, or exclusive of any right, power, privilege, option, or remedy provided by law.

ARTICLE XVI. TERMINATION BY CONCESSIONAIRE

If any one of the following events will occur, Concessionaire may terminate this Agreement, in its entirety, either prior to or subsequent to the commencement of the term of this Agreement, to wit:

A. **Abandonment.** The permanent abandonment of the Airport as a terminal for the transport by air of persons, property, cargo, or mail.

B. **Assumption.** The lawful assumption by the United States government, or any authorized agency thereof, of the operation, control, or use of the Airport, or any substantial part or parts thereof, in such a manner as to substantially restrict Concessionaire from operating the Concession thereon for a period of at least sixty (60) consecutive days.

C. **Injunction.** The issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of the Airport for the purposes authorized under this Agreement, and the injunction remaining in force for a period of at least sixty (60) consecutive days.

D. **Breach.** The breach by Authority of, or its failure to perform, any of the material covenants or agreements contained in this Agreement, and either the failure of Authority to remedy such breach for a period of sixty (60) days after receipt of a written notice of the existence of such breach, or, if fulfillment of Authority's obligations requires activity over a period of time, the failure of Authority within the sixty (60) day period in good faith to commence the required activity and to continue the same thereafter except for causes beyond Authority's control.

E. **Damage.** The damage or destruction of the Premises of the nature and to the extent described in Article X. (Damage or Destruction) of this Agreement.

ARTICLE XVII. SUSPENSION OR ABATEMENT

Upon the occurrence or maturity of any of the termination events contained in Article XVI (Termination by Concessionaire) hereof, Concessionaire may, in lieu of termination and upon prompt written notice to Authority, either suspend this Agreement, or in the alternative, request a just abatement of such portion of the Concession Fee obligations of Concessionaire hereunder, as may be mutually agreed upon, in writing, by and between Authority and Concessionaire, such suspension or abatement to be effective from the time of the receipt of such written notice until there is a cessation of the occurrence or activity giving rise to the initial right to terminate this Agreement.

ARTICLE XVIII. SUBLEASE AND ASSIGNMENT OF PREMISES

A. **General.** Except as otherwise set forth in this Article XVIII (Sublease and Assignment of Premises), Concessionaire will not, without the prior written consent of the Authority in each instance: (a) assign, transfer, mortgage, pledge, hypothecate, or encumber, or subject to or permit to exist upon or be subjected to any lien or charge, this Agreement or any interest under it (including any sublease or easement); (b) allow to exist or occur any transfer of or lien upon the Premises, this Agreement, or Concessionaire's interest herein by operation of law; (c) sublet the Premises or any part thereof; or (d) permit the use or occupancy of the Premises or any part thereof for any purpose not provided for herein or by anyone other than Concessionaire. The requirements of this Article XVIII (Sublease and Assignment of Premises)

will apply to any transaction or series of transactions that will have the same effect as any of the aforementioned occurrences, and in no event will this Agreement be assigned or assignable by voluntary or involuntary bankruptcy proceedings or otherwise, and in no event will this Agreement or any rights or privileges hereunder be an asset of Concessionaire under any bankruptcy, insolvency or reorganization proceedings. The Authority may withhold its consent to any of the acts described in Article XVIII.A.(a) through (d) herein in its sole and absolute discretion; provided however, the Authority agrees not to withhold its consent unreasonably to a sublease or assignment to a Related Party (as defined in Article XVIII.B (Notice and Consent) hereof on the terms set forth in the Article XVIII.B. (Notice and Consent). Concessionaire will not grant a leasehold mortgage without the Authority's prior written consent, which consent may be withheld or conditioned in the Authority's sole and absolute discretion.

B. Notice and Consent. The term "Related Party" means: a person or entity controlling, controlled by, or under common control of, or in partnership with common control with, the original named Concessionaire under this Agreement, or which acquires all of the assets of the original Concessionaire, or which results from a merger or consolidation with the original Concessionaire. As used in the term "Related Party", "control" means ownership of the (a) managing partner interests in a partnership, (b) managing member interests in a limited liability company, or (c) more than fifty percent (50%) of the voting stock in a corporation. Concessionaire will notify the Authority in writing ("Notice of Subletting or Assignment") of the proposed commencement date of the assignment or subletting, and will include the name and address of the proposed sub-Concessionaire or assignee, a true and complete copy of the proposed sublease or assignment, and all related documents, and a financial statement of the sub-Concessionaire or assignee, disclosures and information required by Authority as applicable to its form of business organization, representation and warranties and such other information as may be required by the Authority. Concessionaire agrees that the withholding by the Authority of its consent will be deemed reasonable if: (i) the proposed assignee or sub-concessionaire is not sufficiently financially responsible, experienced, and capable in the Authority's sole judgment to operate and use the Premises in accordance with the terms and conditions of this Agreement and in a manner required hereunder; (ii) the use of the Premises by the proposed assignee or sub-concessionaire would, in the Authority's judgment, adversely affect the operation of the Airport or the Premises; (iii) the proposed assignee or sub-concessionaire is in default under any agreement with the Authority; (iv) the proposed assignee or sub-concessionaire would not provide the same employment opportunities at the Premises, would not conduct aviation related business, or would not generate comparable economic benefits to the Authority or the Airport; (v) there is then in existence an Event of Default, or there exists a set of circumstances which, with the giving of notice or the passage of time, will constitute an Event of Default; (vi) any of the terms or provisions of the assignment or transfer submitted to the Authority are not the same as given the Authority in the Notice of Subletting or Assignment; or (vii) if, in the Authority's sole judgment and discretion, the assignee or sub- concessionaire is not capable of performing or is not sufficiently qualified to perform Concessionaire's obligations under this Agreement. Concessionaire may not assign its right, title and interest under this Agreement prior to Concessionaire Improvement Substantial Completion. Following approval by the Authority of any sublease or assignment, Concessionaire will deliver the final form of sublease or instrument of assignment to the Authority no later than thirty (30) days prior to the proposed commencement of such sublease or assignment.

C. Effect of Consent. Consent by the Authority to any assignment or sublease will not operate to relieve, release, or discharge the Concessionaire making such assignment or sublease of or from any obligations, whether past, present, or future, under this Agreement, and such Concessionaire will continue fully liable hereunder except to the extent, if any, expressly provided for in such consent. Upon any such permitted assignment, the term "Concessionaire" as used in this Agreement will refer to the assignee holding the interest and leasehold estate under this

Agreement (except as otherwise specifically provided herein), provided that the assignor Concessionaire will remain jointly and severally liable for the obligations of Concessionaire under this Agreement. Consent by the Authority in any one instance will not be deemed to be a consent to or relieve Concessionaire from obtaining the Authority's consent to any subsequent assignment or subletting. Consent by the Authority will be conditioned upon agreement by the sub-concessionaire or sub-concessionaires or assignees to comply with and be bound by all of terms, covenants, conditions, provisions, and agreements of this Agreement to the extent of the space sublet or assigned, and an agreement that the Authority will have the right, but not the obligation, to enforce the terms and provisions of any such assignment or sublease affecting the Authority's interests and Concessionaire will deliver to the Authority within thirty (30) days after execution, an executed copy of each such sublease or assignment containing an agreement of compliance by each such sub-Concessionaire and assignee. Concessionaire will pay all of the Authority's costs, charges, and expenses, including attorney's fees, incurred in connection with any assignment or sublease requested or made by Concessionaire.

D. Changes in Ownership Interest in Concessionaire. Concessionaire acknowledges that the Authority is entering into this Agreement with Concessionaire based upon the information contained in its disclosure of direct and indirect ownership interests in Concessionaire furnished prior to execution of this Agreement or from time to time thereafter. If at any time there is a change in the direct or indirect ownership interests in Concessionaire which would change the information set forth in the prior disclosure statement, Concessionaire will furnish the Authority an updated disclosure statement. At the Authority's election, in addition to any rights it may otherwise have under this Article XVIII (Sublease and Assignment of Premises), upon any such change in ownership interest, the Authority may treat such change as an assignment of this Agreement by Concessionaire subject to the Authority's approval.

ARTICLE XIX. HAZARDOUS SUBSTANCES

A. Defined Terms.

1. "**Claim**" will mean any demand, cause of action, proceeding, or suit for damages (actual or punitive), injuries to person or property, damages to natural resources, fines, penalties, interest, or losses, or for the costs of site investigations, feasibility studies, information requests, health or risk assessments, contribution, settlement, or actions to correct, remove, remediate, respond to, clean up, prevent, mitigate, monitor, evaluate, assess, or abate the Release of a Hazardous Substance, or any other investigative, enforcement, cleanup, removal, containment, remedial, or other private or governmental or regulatory action at any time threatened, instituted, or completed pursuant to any applicable Environmental Law, or to enforce insurance, contribution, or indemnification agreements being made pursuant to a claimed violation or non-compliance with any Environmental Law against Concessionaire or against or with respect to any part of the Premises or any condition, use, or activity on the Premises (including any such action against the Authority), and any claim at any time threatened or made by any person against Concessionaire or against or with respect to the Premises or any condition, use, or activity on the Premises (including any such claim against the Authority), relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from or in any way arising in connection with any Hazardous Substance or any Environmental Law.

2. "**Environmental Assessment**" will mean a report (including all drafts thereof) of an environmental assessment of the Premises of such scope (including, but not limited to, the taking of soil borings and air and groundwater samples and other above and below ground testing) as may be recommended by a licensed consulting firm acceptable to the Authority and made in accordance with the recommendations of such consultant.

3. **"Environmental Damages"** will mean all Claims, demands, liabilities (including strict liability), losses, damages, causes of action, judgment, penalties, fines, costs and expenses (including fees, costs, and expenses of attorneys (whether incurred at, before or after any trial, proceeding, or appeal therefor, and whether or not taxable as costs), witnesses, consultants, contractors, experts, laboratories, deposition costs, and copying and phone charges), of any and every kind or character, contingent or otherwise, matured or unmatured, known or unknown, foreseeable or unforeseeable, made, incurred, suffered, brought, or imposed at any time and from time to time, whether before, on or after the Expiration Date (other than any Pre-Existing Condition) to the extent arising from one or more of the following:

a. the presence of any Hazardous Substance on the Premises on or before the Expiration Date in violation of or requiring clean-up under any Environmental Law, or any escape, seepage, leakage, spillage, emission, release, discharge, or disposal of any Hazardous Substance on or from the Premises, or the migration or release or threatened migration or release of any Hazardous Substance to, from, or through the Premises before, on, or after the Expiration Date, including, but not limited to, any matters set forth in the Existing Environmental Report (as hereinafter defined); or

b. any act, omission, event, or circumstance existing or occurring in connection with the handling, treatment, containment, removal, storage, decontamination, clean-up, transport, or disposal of any Hazardous Substance which is at any time before, on, or after the Expiration Date present on the Premises; or

c. the breach of any representation, warranty, covenant, or agreement contained in this Agreement; or

d. any Claim, or the filing or imposition of any environmental lien against the Premises, because of, resulting from, in connection with, or arising out of any of the matters referred to in subsections 1 through 3 above, and including, but not limited to: (1) injury or damage to any person, property, or natural resource occurring on or off of the Premises, including, but not limited to, the cost of demolition and rebuilding of any improvements on real property; (2) the investigation or remediation of any such Hazardous Substance or violation of Environmental Law, including, but not limited to, the preparation of any feasibility studies or reports and the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration, monitoring, or similar work required by any Environmental Law (including any of the same in connection with any foreclosure action or transfer in lieu thereof); (3) all liability to pay or indemnify any person or governmental authority for costs expended in connection with any of the foregoing; (4) the investigation and defense of any Claim, whether or not such Claim is ultimately defeated; and (5) the settlement of any Claim or judgment.

4. **"Environmental Law"** will mean any Federal, state, or local law, statute, ordinance, code, rule, regulation, license, authorization, decision, order, or injunction which pertains to health, safety, any Hazardous Substance, or the environment (including, but not limited to, ground or air or water or noise pollution or contamination, and underground or above-ground tanks) and will include, without limitation, the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Section 11001 et seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Section 6901 et seq., as amended by the Hazardous and Solid Waste Amendments of 1984; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq. ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"); the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 et seq.; the Clean Air Act, 42 U.S.C. Section

7401 et seq.; and any other local, state, or federal environmental statutes, and all rules, regulations, orders, and decrees now or hereafter promulgated under any of the foregoing, as any of the foregoing now exist or may be changed or amended or come into effect in the future.

5. **"Hazardous Substance"** will mean any substance, whether solid, liquid, or gaseous, which is listed, defined, or regulated as a "hazardous substance," "hazardous waste", or "solid waste," or otherwise classified as hazardous or toxic, in or pursuant to any Environmental Law; or which is or contains asbestos, radon, any polychlorinated biphenyl, urea formaldehyde foam insulation, explosive or radioactive material, or motor fuel or other petroleum hydrocarbons; or is a hazard to the environment or to the health or safety of persons.

6. **"On"** when used with respect to the Premises or any property adjacent to the Premises, means "on, in, under, above, or about."

7. **"Pre-Existing Condition"** will mean the presence of any Hazardous Substance on the Premises prior to the date on which Concessionaire first enters onto the Premises and commences performance of the Concessionaire Improvements therein.

8. **"Release"** or **"Released"** will have the meaning set forth in CERCLA, including, but not limited to, any actual or threatened spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of Hazardous Substances into the environment, as "environment" is defined in CERCLA.

9. **"Response"** or **"Respond"** will mean action taken in compliance with Environmental Laws to correct, remove, remediate, clean-up, prevent, mitigate, treat, monitor, evaluate, investigate, assess, or abate the Release of a Hazardous Substance or prevent or abate any public nuisance.

10. **"Special Waste"** will have the meaning set forth in 415 ILCS 5/3.45, as amended from time to time.

B. Concessionaire's Obligations with Respect to Environmental Matters. During the Term: (i) Concessionaire will at its own cost comply with all Environmental Laws; (ii) Concessionaire will not handle, generate, manufacture, process, treat, store, use, re-use, refine, recycle, reclaim, blend or burn for energy recovery, incinerate, accumulate speculatively, transport, transfer, dispose of, or abandon Hazardous Substance or authorize any of such activities on the Premises, except as otherwise and expressly permitted herein, and in any case without prior written disclosure to the Authority (other than for Hazardous Substances expressly permitted herein; (iii) Concessionaire will not take any action that would subject the Premises to permit requirements under RCRA or any other Environmental Laws for storage, treatment, or disposal of Hazardous Substances; (iv) Concessionaire will not dispose of Hazardous Substances in dumpsters provided by the Authority for Concessionaire's disposal of ordinary refuse; (v) Concessionaire will not discharge Hazardous Substances into drains or sewers; (vi) Concessionaire will not cause or allow the Release of any Hazardous Substances on, to or from the Premises; (vii) Concessionaire will at its own cost arrange for the lawful transportation and off-site disposal at a properly permitted facility of all Hazardous Substances that it generates or Releases; (viii) Concessionaire keep such records and obtain such permits as may be required for Concessionaire's activities under Environmental Laws; and (ix) Concessionaire will comply with any applicable Airport storm water pollution prevention plan and spill prevention control and countermeasures plan in effect from time to time.

1. Hazardous Substances used in fueling, washing, servicing and repairing Automobiles. Notwithstanding the foregoing, Concessionaire may use and dispose of on the

Premises those Hazardous Substances normally used in connection with fueling, washing, servicing, and repairing Automobiles, as well as cleaning products normally and customarily used in maintaining and cleaning the Premises, as part of the Concessionaire's use of the Premises so long as Concessionaire's use, storage, disposal, and transportation of such Hazardous Substances complies in all respects with all applicable Environmental Laws. Concessionaire will establish and provide upon the request of the Authority written operating procedures for review and comment by the Authority covering the operation of fleet vehicles and the receipt, storage, and dispensing of Automobile fuel, including the operations and recordkeeping procedures applicable to fleet vehicles and the installation, maintenance, safety checks, and safety procedures applicable to storage and dispensing equipment. Concessionaire may also conduct such handling, storage, and disposal on the Premises of any Hazardous Substances which Concessionaire may lawfully transport in the ordinary course of its business operations; provided, however, that all such handling, storage, disposal, and transportation on the Premises will comply in all respects with applicable Environmental Laws. The procedures and equipment will comply with the applicable laws and standards of the federal, state, and local governmental bodies having jurisdiction over the fuel and fuel dispensing procedures, equipment, or facilities.

2. Expiration date, Environmental Assessment. If any Claim is made or threatened, or upon the occurrence of the Expiration Date if requested by the Authority, Concessionaire will at its expense provide to the Authority, in each case as soon as is practicable under the circumstances, an Environmental Assessment made after the date of the Authority's request. Concessionaire will select the environmental consulting firm to prepare such Environmental Assessment (which consulting firm will be duly licensed and in good standing, and will otherwise be reasonably acceptable to the Authority), will cooperate with such consulting firm making the such Environmental Assessment, and will supply to the consulting firm, from time to time and promptly on request, all information available to Concessionaire to facilitate the completion of the Environmental Assessment. Concessionaire will use its best efforts to facilitate the Authority's communication with the consulting firm and, at the Authority's request, require that the consulting firm permit the Authority, in writing, to rely on its Environmental Assessment. If Concessionaire fails to furnish the Authority for its consideration and approval, within thirty (30) days after the Authority's request, with a copy of a proposed agreement with an acceptable environmental consulting firm to provide such Environmental Assessment, or if Concessionaire fails to furnish to the Authority such Environmental Assessment within the time hereinabove required, the Authority may cause any such Environmental Assessment to be made at Concessionaire's sole expense and risk. The Authority hereby reserves the right to enter upon the Premises at any time and from time to time, upon reasonable notice (which may be written or oral), to make or cause to be made such Environmental Assessment. The Authority will use reasonable efforts to coordinate access to the Premises with Concessionaire so as to minimize any disruption of Concessionaire's business created thereby, and will be responsible for promptly repairing any damages to the Premises to the extent caused by the Environmental Assessment performed by or at the direction of the Authority. Concessionaire will also cooperate in allowing and coordinating such access. The Authority may disclose any information the Authority ever has about the environmental condition or compliance of the Premises to persons or entities whom the Authority believes would use or need the information for a valid business or governmental purpose and any person to whom the Authority is required to disclose such information by law (including the Freedom of Information Act or similar requirements), but the Authority will be under no duty to disclose any such information except as may be required by applicable law.

C. Copies of Notices. During the Term, Concessionaire will promptly provide the Authority with copies of all summons, citations, directives, information inquiries or requests, notices of potential responsibility, notices of violation or deficiency, orders or decrees, Claims, complaints, investigations, judgments, letters, notices of environmental liens or Response actions in progress, and other communications, written or oral, actual or threatened, from the United

States Environmental Protection Agency, Occupational Safety and Health Administration, Commonwealth of Virginia Department of Health, or other federal, state, or local agency or authority, or any other entity or individual, concerning (i) any Release of a Hazardous Substance on, to, or from the Premises, (ii) the imposition of any lien on the Premises, or (iii) any alleged violation of or responsibility under Environmental Laws.

D. Reports. Concessionaire will deliver to the Authority, within ten (10) days after receipt by Concessionaire, any written report, citation, notice, or other writing, including, without limitation, any Environmental Assessment, having an effect on or relating to the environmental condition of Premises or relating to Concessionaire's compliance with or pursuant to any Environmental Laws. Concessionaire will deliver to the Authority written reports and summaries of any substantive oral reports of any environmental consultants which impact the Premises (other than to a de minimis extent) upon Concessionaire's receipt thereof and will immediately advise the Authority in writing of any Claim, any Release of a Hazardous Substance on, to, or from the Premises, or of the discovery of the existence of any Hazardous Substance on the Premises in violation of, or requiring Response under, any applicable Environmental Laws, as soon as Concessionaire first obtains knowledge thereof, including a full description of the nature and extent of the Claim or Hazardous Substance and all relevant circumstances.

E. Access and Inspection. The Authority will have access to the Premises and to the books and records of Concessionaire relating to Hazardous Substances for the purpose of ascertaining the nature of the activities being conducted thereon and determine the type, kind, and quantity of all products, materials, and substances brought onto the Premises or made or produced thereon. The Authority will have the right to enter the Premises upon reasonable prior written notice, except in an emergency, and conduct appropriate inspections or tests in order to determine Concessionaire's compliance with Environmental Laws; provided, the Authority will use reasonable efforts to minimize any disruption of Concessionaire's business created thereby, and will be responsible for promptly repairing any damages to the Premises to the extent caused by the Authority or the Authority's contractor in performing such inspections or tests. The Authority and its agents and representatives will have the right to take samples, including, without limitation, (a) soil, water, and groundwater samples, in quantity sufficient for scientific analysis of all materials and substances present on the Premises, and (b) samples of products, materials or substances brought onto or made or produced on the Premises by Concessionaire or an occupant claiming by, through or under Concessionaire or otherwise present on the Premises.

F. Obligation to Respond.

1. Claim, public health effect, nuisance. If the presence of Hazardous Substances at the Premises (1) gives rise to liability or to a Claim under any Environmental Law, (2) causes a significant public health effect, or (3) creates a nuisance, Concessionaire will promptly, without cost or expense to the Authority (except as expressly provided to the contrary hereof), take all applicable action in Response, except as otherwise provided in this Article XIX.F. Without limiting the foregoing, if at any time any Hazardous Substance is discovered to exist on the Premises in violation of or requiring clean-up under any Environmental Law and regardless of the cause, (except if resulting from a Pre-Existing Condition or migration thereof from adjacent properties as set forth below), then Concessionaire will promptly, without cost or expense to the Authority (and based on a scope of work and timetable first reviewed and approved by the Authority), Respond to and dispose of the Hazardous Substance in compliance with all applicable Environmental Laws and solely under Concessionaire's name and provide the Authority with satisfactory evidence thereof; and

2. Cost estimate. Before performing the work, provide the Authority with a cost estimate, and if requested by the Authority, provide to the Authority within ten (10) days of

the Authority's request (or earlier time period prescribed by the Authority in case of emergency) a letter of credit, financial performance, or other written assurance evidencing to the Authority's reasonable satisfaction that all necessary funds are readily available to pay the costs and expenses of the actions required by subsection (1) above and to discharge any assessments or liens established against the Premises as a result of the presence of the Hazardous Substance on the Premises. As soon as practicable after completion of such remedial actions (but not more than thirty (30) days after completion), Concessionaire will obtain and deliver to the Authority an Environmental Assessment of the Premises made after such completion, which will state that all required remedial action as stated above has been taken and successfully completed in compliance with all Environmental Laws, and that there is no evidence or suspicion of any contamination or risk of contamination on the Premises or any adjacent property in violation of any Environmental Law, with respect to any such Hazardous Substance.

a. Concessionaire failure to respond. The Authority may, but will never be obligated to, upon not less than twenty (20) days' prior notice to Concessionaire (or such shorter time period prescribed by the Authority in case of emergency) and Concessionaire's failure to cure within such time period, Respond to or to cause the Response to the Hazardous Substance if Concessionaire fails to promptly commence such Response following discovery and thereafter diligently pursue the same as may be required in Article XIX.F.1 (Obligation to Respond) hereof.

b. Concessionaire not responsible. Notwithstanding anything in this Article XIX (Hazardous Substances) to the contrary, it is acknowledged and agreed that, except to the extent caused by or arising from the acts or omissions of Concessionaire, or any of its respective officers, agents, employees, contractors, guests, invitees, or licensees, neither Concessionaire, nor any of its respective officers, agents, employees, contractors, guests, invitees, or licensees, will have any liability for (nor will Concessionaire be required under Article XIX.G (Environmental Indemnification) below to indemnify, defend, or hold harmless any Indemnified Party for): (i) any Pre-Existing Condition; (ii) any Release of Hazardous Substances by any third party on properties adjacent to the Premises which affect the Premises or otherwise require a Response with respect to the Premises; or (iii) any Release of Hazardous Substances on the Premises to the extent caused by or otherwise attributable to the acts or omissions of the Authority or its officials, officers, agents, employees, or contractors. To the extent required by applicable Environmental Laws, the Authority will Respond to, and will be entitled to access the Premises at any time or times upon reasonable prior notice (which may be oral) to Concessionaire to Respond to, any Hazardous Substances arising under subsections (i) or (iii) above (such actions arising under subsections (i) or (iii) above being referred to herein as "Authority Response Actions"); provided, the Authority will use reasonable efforts to minimize any disruption of Concessionaire's business in connection with such Response Actions, and will be responsible for promptly repairing any damages to the Premises to the extent caused by the Authority or the Authority's contractor in performing such Response Actions.

G. Environmental Indemnification. In addition to the indemnifications set forth in this Agreement, Concessionaire hereby indemnifies and agrees to defend and hold each Indemnified Party harmless from and against and, if and to the extent paid, reimburse such parties upon demand made in accordance with this Article XIX (Hazardous Substances) for, any and all Environmental Damages, including, without limitation, any and all Claims made in connection with the Premises, except to the extent expressly provided to the contrary in Article XIX.F.2.b (Concessionaire not responsible) hereof. Such indemnity will not apply to a particular Indemnified Party to the extent that such indemnity is void under applicable law. Concessionaire's obligations under this Article XIX (Hazardous Substances) will survive the termination or expiration of this Agreement and will not be affected in any way by the amount of or the absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under insurance policies affecting the Premises or any part thereof.

H. Other Rights. If any conflict exists between the provisions of this Agreement and the provisions of any other agreement between the Authority and Concessionaire relating to access to the Premises, Claims, or Environmental Damages, the stricter provision will control. Nothing in this Agreement will limit or impair any rights or remedies of the Authority against Concessionaire or any other person under any other agreement, any Environmental Law or otherwise at law or in equity, including, without limitation, any rights of contribution or indemnification. Rights under this Article XIX (Hazardous Substances) granted to the Authority will be exercisable by the Authority's officers, employees, agents, licensees, contractors, and designees.

I. Disposal of Materials, Construction and Demolition Debris, Soil and Waste.

1. Concessionaire responsible. Without limiting other provisions of this Article XIX (Hazardous Substances) or any other provisions of this Agreement, Concessionaire will be responsible for the proper disposal of all materials, construction and demolition debris, soil, and other waste generated by the business operations of Concessionaire, and its respective officers, agents, employees, contractors, guests, invitees, or licensees, including, but not limited to, the construction of capital improvements, or any activities as set forth in this Agreement, all in accordance with Environmental Laws. Concessionaire will identify to the Authority any disposal site or transfer station for materials, debris, soil, or other waste of which Concessionaire is disposing, prior to its disposal, and will complete and execute any form required by the Authority identifying such site or station. Concessionaire will not use or allow to be used for disposal or transfer any site or station not properly licensed. Any substitution, for whatever reason, will be at Concessionaire's cost. Concessionaire will pay the cost to remove waste to a properly licensed site or station. Concessionaire will haul materials, including, but not limited to, fuel of any nature, any construction debris, soil, and other wastes in vehicles and containers complying with all applicable Environmental Laws.

2. Notification of Authority. Concessionaire will notify the Authority of any community meetings, media involvement, or media coverage related to the loading, hauling, or disposal of materials, construction debris, soil, and other wastes under this Agreement in which Concessionaire is asked to participate.

3. Eligibility for future contracts. Non-compliance with the terms and conditions of this Article XIX (Hazardous Substances) may affect Concessionaire's eligibility for future contracts or leases.

J. Miscellaneous Records. Concessionaire must show evidence to the Authority of, and keep current throughout the Term of this Agreement, all permits of any kind (including waste hauling, special waste hauling, and disposal permits) and insurance certificates required by Authority and any federal, state, or other local governmental body or agency pursuant to any Environmental Law; copies of all load tickets, manifests, bills of lading, scale tickets, and other pertinent documents, including copies of all permits and licenses for the proposed transfer station or landfill; vehicle maintenance records; safety and accident reports; and records, reports, and permits required by Authority and any federal, state, or other local governmental body or agency. All such records and accounts will be subject to review by the Authority and will be made available to the Authority within ten (10) days following written request of the CEO, or other shorter reasonable period requested by the CEO. The Authority's review of any such records and accounts will in no way serve to limit Concessionaire's obligations or liability under the terms and conditions of this Agreement or any Environmental Law.

K. No Liability of the Authority. The Authority will have no liability to Concessionaire (except as expressly provided in this Agreement), or any permitted sub-concessionaire or

occupant of the Premises or any portion thereof, or any of their respective members, employees, agents, partners, shareholders, officers, directors, contractors, licensees, or invitees, or other persons whom Concessionaire has permitted entry or with whom Concessionaire has entered into a contract or understanding (oral or written) to use or occupy the Premises, as a result of Hazardous Substances now or hereafter located on the Premises; provided, the Authority will be required to Respond to any Authority Response Actions to the extent provided under Article XIX.F.2 hereof.

L. No Authority Warranty. The Authority makes no representation or warranty as to the environmental condition of the Premises. Except for Authority Response Actions required hereof and the Authority's liability to the extent arising in connection therewith, Concessionaire hereby waives any and all claims against the state, its officials, officers, employees, contractors, and agents which may currently exist or which may arise in the future by contract, at common law, in equity, or under statute, now or then currently in effect, and which relate to environmental conditions on, under or near the Premises.

M. Waiver. Except as otherwise set forth or provided in this Article XIX (Hazardous Substances) or elsewhere in this Agreement, nothing contained in this Article XIX (Hazardous Substances) is intended to limit or waive any common law or statutory rights of the Authority or Concessionaire for liability to third parties for damage to property or injury to persons resulting from or arising in connection with Hazardous Substances located on the Premises and/or Consolidated Facility Property.

ARTICLE XX. DISPUTES

A. All Disputes. All controversies and disputes between Authority and Concessionaire which arise under, or by virtue of, this Agreement, and which are not resolved by mutual agreement, will be decided by the CEO, in writing, within one hundred twenty (120) calendar days after receiving a written request by Concessionaire for a final decision concerning the controversy; provided that, if the CEO does not issue a written decision within 120 calendar days after receiving a written request for a final decision, then within such longer period as may be agreed upon by the parties, Concessionaire may proceed as if an adverse decision had been received.

B. Notice of Decision. The CEO will furnish a copy of the decision to Concessionaire, pursuant to Article XXII. (Notices) herein.

C. Final and Conclusive. Any such decision by the CEO will be final and conclusive.

ARTICLE XXI. LITIGATION

A. Concessionaire Responsible. If Authority will, without any fault, be made a party to any litigation initiated by or against Concessionaire arising out of Concessionaire's operation of this Concession, Concessionaire will indemnify, defend, and keep and hold harmless and if appropriate or necessary, insure Authority and Authority's officers, employees, and agents, from and against any all claims, demands, actions, suits, causes of action, judgments, injunctions, decisions, orders, liabilities, losses, damages, costs, and expenses arising out of or related to any such litigation, including, without limitation, paying any and all costs, charges, and reasonable attorneys' fees incurred or imposed on Authority in connection with such litigation. In any action by Authority for recovery of any sum due under this Agreement, or to enforce any of the terms, covenants, or conditions contained in this Agreement, Authority will be entitled to recover all costs, fees, charges, and attorneys' fees incurred or imposed on Authority in connection with such actions.

B. Attorneys' Fees. For purposes of this Agreement, reasonable attorneys' fees will be based on the fees regularly charged by private attorneys who practice in the City of Norfolk with the equivalent number of years of experience in the subject matter area of law for which Authority's attorneys' services were rendered.

C. Prompt Notice. Each party will give prompt written notice to the other party of any claim or suit instituted against it that may affect the other party.

D. Waiver of Claims. The Concessionaire hereby waives any claim against Authority and Authority's agents for loss of revenue, loss of opportunity, and loss of anticipated profits caused by any suit or proceedings directly or indirectly attacking the validity of this Agreement or any part hereof, or by any judgment or award in any suit or proceedings declaring this Agreement null, void, or voidable, or delaying the same, or any part hereof, from being carried out.

ARTICLE XXII. NOTICES

Except as otherwise specifically provided in this Agreement, any notice, consent, request, demand, or other correspondence given under this Agreement will be in writing and given via electronic mail, or by sending via overnight courier to: (a) Concessionaire at the address set forth on Page 1 of this Agreement; or (b) Authority at the following address: 2200 Norview Avenue, Norfolk, Virginia 23518, or (c) such other address as either Concessionaire or Authority may designate in writing as its new address for such purpose by notice given to the other in accordance with this Article XXII. (Notices). Any notice hereunder will be deemed to have been given and received and effective (a) two (2) business days after the date when it is mailed if sent by overnight courier, or (b) upon the date personal delivery is made.

ARTICLE XXIII. INTERPRETATION OF AGREEMENT

A. Headings. The headings and captions preceding the articles and sections of this Agreement and in the table of contents have been inserted for convenience of reference only and such captions will in no way define or limit the scope or intent of any provision of this Agreement.

B. Not against Drafter. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and will be interpreted to achieve the intents and purposes of the parties, without any presumption against the party responsible for drafting any part of this Agreement. The language hereof, and in all parts of this Agreement, will, in all cases, be construed simply according to its fair meaning, and not strictly for or against either Authority or Concessionaire.

C. Fair Meaning. Unless otherwise specifically stipulated, references in this Agreement relating to the number of days will mean calendar days. The word "including" will mean "including, without limitation". References to statutes, sections, ordinances, or regulations are to be construed as to include all statutory, ordinance, or regulatory provisions consolidating, amending, replacing, succeeding, or supplementing the statute, section, ordinance, or regulation.

D. Gender and Number. Whenever the singular number is used in this Agreement and when required by the context, the same includes the plural, the plural includes the singular, and the masculine gender includes the feminine and neuter genders, and the meaning of the word "person" will include corporation, partnership, firm, limited liability company, and association.

ARTICLE XXIV. FORCE MAJEURE

A. **Obligations.** The Authority or Concessionaire will not be liable for any failure, delay, or interruption in performing its obligations hereunder due to strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of God, acts of the public enemy, acts of terrorism, riots, rebellion, or sabotage, or other similar circumstances for which the party is not responsible or which are not within the party's control.

B. **Fees Remain Payable.** Unless and only to the extent otherwise specified in this Agreement (such as in Article V.P. (Relief Due to Economic Emergency) hereof), no abatement, diminution, or reduction of the fees, rents, or other charges payable by Concessionaire will be claimed by or allowed to Concessionaire.

C. **Non-economic Relief.** Upon the occurrence of a force majeure event, as determined by the CEO, in the CEO's sole discretion, the CEO may, but is not obligated to, grant non-economic relief to Concessionaire, the amount, extent, and duration of which will be determined by the CEO, in the CEO's sole discretion.

D. **Concessionaire Enforcement.** Nothing in this Article XXIV. (Force Majeure) will preclude nor be construed to preclude the enforcement by Concessionaire of any of its rights contained in Article XVI. (Termination by Concessionaire) hereof, and Article XVII. (Suspension or Abatement) hereof.

ARTICLE XXV. SUBORDINATION

A. **U.S. Government.** This Agreement will be subordinate in all respects to the provisions of any existing or future agreements between Authority and the United States government, or any agency thereof, relative to the aircraft operating areas of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport. In the event of any such inconsistency between such agreement(s) and the operation of the Concession, this Agreement or the particular terms and conditions affected hereby will be suspended or terminated without Authority being liable for any damages.

B. **Bond Documents.** This Agreement will be subordinate in all respects to the provisions of any Bond Documents. In conflicts between this Agreement and the Bond Documents, the Bond Documents will govern.

C. **National Emergency.** During times of war, whether declared by Congress or not, or national emergency, Authority will have the right to enter into any agreement with the United States government for any military use of part or all of the landing area, the publicly owned air navigation facilities, and all other areas and facilities of the Airport. In the event any such agreement is executed, the provisions of this Agreement, insofar as they are inconsistent with the provisions of the agreement with the United States government, will be suspended without Authority being liable for any damages.

D. **Rights of Concessionaire.** Nothing in this Article XVIII (Subordination) hereof will detract from or limit, nor be construed to detract from or limit, the rights of Concessionaire set forth in Articles XVI (Termination by Concessionaire) and XVII (Suspension or Abatement) hereof, to seek damages or compensation from other than Authority in the event of the execution of any such agreement described above, the terms of which are or may be inconsistent with the rights of Concessionaire under this Agreement.

ARTICLE XXVI. NONDISCRIMINATION

A. **Operation**. The Concessionaire, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby further covenant and agree:

1. **Use of Concession**. That no person on the grounds of race, creed, color, national origin, sex, or a physical handicap or disability, as defined in the Americans with Disabilities Act of 1990, will be denied the benefits of, or be otherwise subjected to discrimination in, the use of the Concession;

2. **Concession services**. That in the furnishing of Concession services, no person on the grounds of race, creed, color, national origin, sex, or a physical handicap or disability, as defined in the Americans with Disabilities Act of 1990, will be denied the benefits of this Concession services, or otherwise be subjected to discrimination;

3. **Title 49 CFR**. That this Agreement is subject to the requirements of the U. S. Department of Transportation's regulations, Title 49, CFR Parts 23 and 26;

4. **Business owners**. That Concessionaire will not discriminate against any business owner because of race, creed, color, national origin, sex, or a physical handicap or disability, as defined in the Americans with Disabilities Act of 1990, in connection with operating and maintaining the Concession at the Airport or in connection with the award and performance of any agreement covered by Title 49, CFR Parts 23 and 26;

5. **Concession operation**. That Concessionaire will operate and maintain the Concession in compliance with all other requirements imposed by or pursuant to Title 49, CFR, U.S. Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the U.S. Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as the Federal Regulations may be amended; and

6. **Statements**. That Concessionaire will include the foregoing statements in any subsequent Agreement or other agreements it enters and cause those businesses to similarly include the statements in further agreements.

7. **Additional Federal Contract Provisions**. Concessionaire will abide by federal contract provisions as provided in **Exhibit H**.

B. **Breach**. In the event of a breach of any of the foregoing nondiscrimination covenants, Authority may terminate this Agreement and re-enter and repossess the Premises and hold the same as if this Agreement had never been made or issued.

ARTICLE XXVII. CIVIL RIGHTS PROVISION

The Concessionaire assures that it will undertake an affirmative action program as required by Title 14, CFR Part 152, Subpart E and as the regulation may be administered upon the Airport by the FAA, to ensure that no person will, on the grounds of race, creed, color, national origin, or sex, be excluded from participating in any employment activities covered by Title 14, CFR Part 152, Subpart E. The Concessionaire assures that no person will be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Concessionaire further assures that it will require that its covered sub-organizations provide assurances to Authority that they similarly will undertake affirmative action programs, and that they will require assurances from their sub-organizations, as required

by Title 14, CFR Part 152, Subpart E, to the same effect. In addition, Concessionaire will abide by federal contract provisions as provided in Exhibit H.

ARTICLE XXVIII. SURVIVAL OF OBLIGATIONS

A. Authority's Right to Enforce. Termination of this Agreement, whether by expiration or sooner termination, will not affect the right of Authority to enforce any or all indemnities and representations and warranties given or made by Concessionaire to Authority under this Agreement, which through incorporation by reference includes this Agreement, nor will it affect any provision of this Agreement that expressly states it will survive termination hereof including, without limitation, Articles II. (Concession Agreement and Facility Lease), XIX.B. (Concessionaire's Obligations With Respect to Environmental Matters), VII. (Performance Bond), VIII. (Concession Bond), and XXI. (Litigation) hereof. The Concessionaire specifically acknowledges and agrees that, with respect to each of Concessionaire's indemnities contained in this Agreement, Concessionaire has an immediate and independent obligation to defend Authority from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent, or false, which obligation arises at the time such claim is tendered to Concessionaire by Authority.

B. Accrued Obligations. The Concessionaire's obligation to make payments to Authority in respect of accrued charges (including those that have not yet been billed), which are accrued at the expiration or earlier termination of this Agreement, will survive the expiration or earlier termination of this Agreement.

ARTICLE XXIX. SUCCESSORS AND ASSIGNS

Each and all of the expressions, phrases, terms, conditions, provisions, stipulations, promises, covenants, agreements, requirements, and obligations of this Agreement will, whenever applicable, extend to and bind and inure to the benefit of Authority and Concessionaire, and the legal representatives, successors, and permitted assigns of either or both of them.

ARTICLE XXX. ACCORD AND SATISFACTION

A. Concessionaire's Instructions Void. Payment by Concessionaire or receipt by Authority of a lesser amount than the Concession Fee stipulated in this Agreement may be, at Authority's sole option, deemed to be on account of the earliest due of first (1st) any interest, service charges, and late fees and second (2nd) any stipulated Concession Fee (beginning with earliest owing Concession Fee), notwithstanding any instruction by or on behalf of Concessionaire to the contrary, which instructions will be null and void, and no endorsement or statement on any check or any letter accompanying any such check or payment will be deemed an accord and satisfaction, and Authority may accept such check or payment without prejudice to Authority's right to recover the balance of such Concession Fee or rent or payment or pursue any other remedy available in this Agreement or by law.

B. Acceptance Does Not Invalidate Notice. The Authority may accept any partial payment from Concessionaire without invalidation of any contractual notice required to be given herein (to the extent such contractual notice is required) and without invalidation of any notice given or required to be given pursuant to applicable law.

ARTICLE XXXI. JOINT AND SEVERAL LIABILITY

The obligations, covenants, promises, liabilities, warranties and representations of Concessionaire under this Agreement will be joint and several by and among any and all entities and persons comprising Concessionaire.

ARTICLE XXXII. ESTOPPEL STATEMENTS

A. Concessionaire Must Deliver. Within ten (10) days after request therefore by Authority, Concessionaire will deliver, in recordable form, an estoppel statement certifying that this Agreement is in full force and effect, the date of Concessionaire's most recent payment of the Concession Fee, and that Concessionaire has no defenses or offsets outstanding, or stating those claimed, and any other information reasonably requested by Authority.

B. Failure to Deliver. If Concessionaire fails to deliver the requested estoppel statement to Authority within the specified period, the following will be deemed conclusive: (1) this Agreement is in full force and effect, without modification, except as may be represented by Authority; (2) there are no uncured defaults in Authority's performance and Concessionaire has no right of offset, counterclaim, or deduction against the Concession Fee payable under this Agreement; and (3) no more than one (1) month's Concession Fee has been paid in advance. Such conclusions will be binding upon Concessionaire. Notwithstanding these conclusions, Concessionaire's failure to deliver the requested estoppel statement will constitute a breach of this Agreement.

ARTICLE XXXIII. CONSENTS

If Authority is required to be reasonable in granting or withholding consent or approval, but fails to do so, Concessionaire's sole and exclusive legal remedy is to seek specific performance, and in no event will Authority be liable for any monetary damages. All consents and approvals by Authority will be in writing.

ARTICLE XXXIV. NON-LIABILITY OF INDIVIDUALS

Neither Authority, the CEO, nor any governmental agency of the Authority (including any as may succeed to the duties, powers, or functions of the Authority), nor any agency, officer, or employee thereof, will be charged personally by Concessionaire with any liability, or be held liable to Concessionaire under any term, condition, covenant, or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, hereof.

ARTICLE XXXV. GOVERNING LAW AND VENUE

This Agreement will be interpreted in accordance with the laws of the Commonwealth of Virginia without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement will be in the state or federal courts located in the City of Norfolk, Virginia.

ARTICLE XXXVI. WITHDRAWAL OR RECAPTURE

A. Authority's Right. Authority reserves and will have the right, at any time during and throughout the term of this Agreement, in its sole discretion, and regardless of whether or not Concessionaire has breached this Agreement or has been or then is in default: (1) to withdraw any portion of the Premises from this Agreement, terminate or cancel this Agreement with respect to the portion(s) of the Premises so withdrawn, and to reoccupy the portion(s) of the Premises thereunder in the public interest; or (2) to recapture any portion(s) of the Premises not utilized by Concessionaire for the uses identified or prescribed by this Agreement.

B. Notice. Authority will give Concessionaire written notice of any such withdrawal or recapture, and Authority's intent to cancel or terminate this Agreement as to the portion of the Premises so withdrawn or recaptured, not less than sixty (60) calendar days prior to the effective date of such cancellation or termination.

C. Leasehold Improvements. To the extent any Concessionaire Improvements are impacted by Authority's withdrawal or recapture of Premises, Authority will pay to Concessionaire the then unamortized value of the construction costs (hard costs only) for Concessionaire Improvements constructed, erected, installed by Concessionaire, done at Concessionaire's sole cost and expense at the portion(s) of the Premises being withdrawn or recaptured, utilizing a straight line depreciation schedule. The straight line depreciation schedule will be measured from the ConRAC Operation Commencement Date to the Expiration Date and Authority will pay Concessionaire for the unamortized value of the affected Concessionaire Improvements, as noted above, remaining on the depreciation schedule from the date of the withdrawal or recapture of Premises to the Expiration Date.

D. No Claim Against Authority. Concessionaire will peaceably surrender the portion(s) of the Premises Authority desires to withdraw or recapture, and Concessionaire will remove all Concessionaire Improvements and Concessionaire's trade fixtures, equipment, and other personal property so situated on the portion(s) of the Premises so withdrawn or recaptured, all in accordance with Article IV.C. (Surrender of Premises) hereof, if required by Authority, all at no cost to Authority. Concessionaire will not, by reason of its surrender, be entitled to any claim against Authority for any of Concessionaire's cost of removal. Upon completion of the withdrawal, the Ground Rent charged to Concessionaire will be reduced by an amount equal to the product of the square footage of the withdrawn portion(s) of the Premises and the applicable per square foot rental rate. Concessionaire will not be entitled to any other payment (except as provided herein) or any other relief for Authority's withdrawal or recapture of the requested portion(s) of the Premises. If Concessionaire is in breach of any provision of this Agreement, or has been or then is in default of this Agreement, Authority need not compensate Concessionaire for the unamortized value of the Concessionaire Improvements. In such event, Concessionaire will be deemed to have waived its rights to the Concessionaire Improvements and any compensation that might be payable therefor.

E. Surrender of Entire Premises. If the surrender of the portion(s) of the Premises requested by Authority renders the remainder of the Premises unsuitable for the uses of Concessionaire under this Agreement, and Authority does not provide an alternate location, Concessionaire may surrender the remainder of the Premises and be relieved of any further obligation hereunder, except with respect to such other obligations of Concessionaire which are intended to survive the termination of this Agreement including, but not limited to those described in Article XXVIII (Survival of Obligations) hereof.

ARTICLE XXXVII. LIQUIDATED DAMAGES

The Authority and Concessionaire acknowledge and agree that because of the unique nature of this Agreement, it is difficult or impossible to determine with precision the amount of damages that would or might be incurred by Authority as a result of Concessionaire's failure to perform under certain provisions of this Agreement. Therefore, such provisions are in the nature of liquidated damages, and not a penalty, are fair and reasonable, and each payment represents a reasonable estimate of fair compensation for the losses that may reasonably be anticipated from each such failure to perform. On an annual basis as part of Authority's budget process, Authority reserves the right to update the amounts listed throughout this Agreement for liquidated damages without formal amendment to this Agreement.

ARTICLE XXXVIII. CONDITIONS PRECEDENT

Notwithstanding anything in this Agreement to the contrary, it is hereby acknowledged, understood, and agreed that, in the event that the Authority fails to obtain or receive financing for the Consolidated Facility Improvements upon such terms and conditions as the Authority will deem appropriate in its sole and absolute discretion, the Authority will be entitled to terminate this Agreement upon thirty (30) days' written notice to Concessionaire, in which case the Authority will have any further liability or obligation hereunder.

ARTICLE XXXIX. BOND FINANCING

Pursuant to the Bond Documents, the Authority anticipates the issuance of Bonds in connection with the design and construction of the Consolidated Facility and the Consolidated Facility Improvements hereunder. Such Bonds are being issued together with any and all related documents executed in connection therewith, and will be and remain subject to the applicable terms, conditions, and provisions thereof, as the same may be amended or modified from time to time.

ARTICLE XL. AMENDMENTS

Neither this Agreement nor any terms and conditions contained herein may be varied, changed, modified, or revised by any oral agreement or representation, or otherwise, except by an instrument, in writing, of subsequent date hereto, executed by the respective officer(s) of both parties or other duly authorized person(s).

ARTICLE XLI. INVALID PROVISION-SEVERABILITY

If any provision of this Agreement or the application thereof to any person, entity, or circumstance will, to any extent, be deemed invalid or unenforceable by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons, entities, or circumstances other than those that were deemed to be invalid or unenforceable, will not be affected thereby, and each other provision of this Agreement will be valid and enforceable to the full extent permitted by law.

ARTICLE XLII. NO PARTNERSHIP

It is expressly understood and agreed by and between Authority and Concessionaire that Authority will in no way be, nor for any purpose become, nor be construed to become, a partner of Concessionaire in the conduct of its Concession business, or otherwise, or a joint venturer or

a member of a joint enterprise with Concessionaire and Authority does not assume responsibility for Concessionaire's conduct or performance under this Agreement. The provisions of Article V. (Concessionaire Payments) hereof, relating to the Percentage Fee payable hereunder to Authority by Concessionaire, are included herein solely for the purpose of providing a method whereby this Concession Fee is to be measured and ascertained. The Authority and Concessionaire acknowledge and agree that there are no third-party beneficiaries to this Agreement.

ARTICLE XLIII. BROKERS

The Concessionaire warrants and represents to Authority that Concessionaire has not had any contact or dealings or any communication through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with this Agreement. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, Concessionaire will be responsible for such commission or fee and will indemnify, defend, and hold harmless Authority from any and all claims, demands, actions, suits, causes of action, judgments, liabilities, losses, damages, costs, and expenses arising from Concessionaire's dealings and interactions with any broker, finder, or person who could claim a right to a commission or finder's fee. The provisions of Article XLIII (Brokers) hereof will survive any termination or expiration of this Agreement.

ARTICLE XLIV. AUTHORITY TO BIND

If Concessionaire signs as a corporation, a limited liability company, or a partnership, each of the persons executing this Agreement on behalf of Concessionaire does hereby covenant and warrant that Concessionaire is a duly authorized and existing entity, that Concessionaire has and is duly qualified to do business in the Commonwealth of Virginia, that Concessionaire has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of Concessionaire are authorized to do so. Upon Authority's request, Concessionaire will provide Authority with evidence reasonably satisfactory to Authority confirming the foregoing representations and warranties.

ARTICLE XLV. MOST FAVORED NATIONS

In the event that any ConRAC Agreement contains terms and conditions more favorable to such company than the terms and conditions herein (other than allocation, quantity, and/or location of space), then this Agreement will be modified to include such more favorable terms and conditions to ensure that each On-Airport Rental Car Company is operating on similar terms and conditions.

ARTICLE XLVI. COUNTERPARTS

This Agreement may be executed in counterparts, each of which will be deemed an original Agreement. The counterparts will together constitute one and the same document, binding all of the parties hereto notwithstanding that all of the parties are not signatory to the original or the same counterpart. For all purposes, including, without limitation, recordation, filing, and delivery of this Agreement, duplicate unexecuted pages of the counterparts may be discarded and the remaining pages assembled as one document.

ARTICLE XLVII. ENTIRE AGREEMENT

The parties hereto intend that this Agreement (including all of the exhibits and attachments that are made a part of this Agreement) will be the final expression of their entire agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous written or oral agreements or understandings. The parties hereto further intend that, in the event of any ambiguity or conflict between the terms or provisions of any documentation contained in this Agreement, the terms and provisions of this Agreement control. This Agreement constitutes the complete and exclusive statement of Agreement terms and that no extrinsic evidence whatsoever (including prior drafts hereof and changes thereto) may be introduced in any judicial, administrative, or other legal proceeding, including this Agreement.

**THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK-
EXECUTION PAGE FOLLOWS**

IN WITNESS WHEREFORE, the Parties have executed this Agreement as of the day and year written below.

AUTHORITY:

NORFOLK AIRPORT AUTHORITY,
a political subdivision of the
Commonwealth of Virginia

By: _____
Mark A. Perryman
President and Chief Executive Officer

Date: _____

CONCESSIONAIRE:

By: _____
Title and Name _____

Date: _____

EXHIBITS OMITTED

APPENDIX D

**AUDITED FINANCIAL STATEMENTS OF NORFOLK AIRPORT AUTHORITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2025**

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NORFOLK AIRPORT AUTHORITY

**BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
SUPPLEMENTARY INFORMATION, AND
COMPLIANCE SECTION**

As of and for the Years Ended June 30, 2025 and 2024

And Report of Independent Auditor

NORFOLK AIRPORT AUTHORITY
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Report of Independent Auditor

To the Board of Commissioners
Norfolk Airport Authority
Norfolk, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Norfolk Airport Authority (the “Authority”), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2025 and 2024, and the changes in financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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, and the *Specifications for Audits of Authorities, Boards, and Commissions* (the “*Specifications*”), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and *Specifications* 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and the *Specifications* 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* and the *Specifications*, 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension and other postemployment benefits trend information, and the notes to the Required Supplemental Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
November 7, 2025

NORFOLK AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025 AND 2024

The management of the Norfolk Airport Authority (the "Authority") offers readers of its basic financial statements the following narrative overview and analysis of financial activities as of and for the years ended June 30, 2025 and 2024. The following should be read in conjunction with the basic financial statements and notes thereto.

Basic Financial Statements and the Authority Background

The Authority's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is a similar basis of accounting as employed by most private-sector enterprises.

The following components are included in the Authority's financial statements:

The statements of net position presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority, with the resulting differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses, and changes in net position reports revenues and expenses, classified as operating and nonoperating, for the period. The resulting change in net position for the period is combined with the beginning of the year total net position balance in order to reconcile to the end of the year total net position.

The statements of cash flows reports the cash flows experienced by the Authority from operating activities, capital and related financing activities, and investing activities. The net result of the cash provided by or used in these activities for the period, added to the beginning of the year cash balance, is reconciled to the cash balance presented on the statements of net position.

The notes to the basic financial statements explain and provide additional information on the data presented in the basic financial statements as of and for the years ended June 30, 2025 and 2024.

The Authority was formed in 1988 to account for the operations of the Norfolk International Airport (the "Airport"). The Airport is the primary origination and destination airport serving the Virginia Beach-Norfolk, VA-NC Combined Statistical Area. Revenues generated by Airport operations are used to meet all operating expenses and to provide for payment of all principal and interest on debt of the Authority. The Authority is authorized to finance projects by issuing bonds or obtaining loans in its own name.

Throughout this report, airlines that lease space from the Authority on a long-term basis are referred to as signatory airlines. Other airlines operate on a per use basis at the Airport and are referred to as non-signatory airlines.

Financial and Activity Highlights

FY 2025 was another record setting year, with passenger traffic continuing to grow at a high pace. The Airport continued to see success in attracting new flight options from airlines and these options have been well utilized by our passengers. In total, 4,866,945 and 4,765,412 passengers used the Airport during FY 2025 and FY 2024 respectively, which were an increase of 2.1% and 11.2% over the previous years, respectively. With the debut of JetBlue Airlines flights from the Airport in April 2025, nine airlines serve the market.

The airport has experienced a consistently high level of growth over the past 10 years. Since FY 2015, the Airport has added five airlines and has grown passenger traffic by 67.8%.

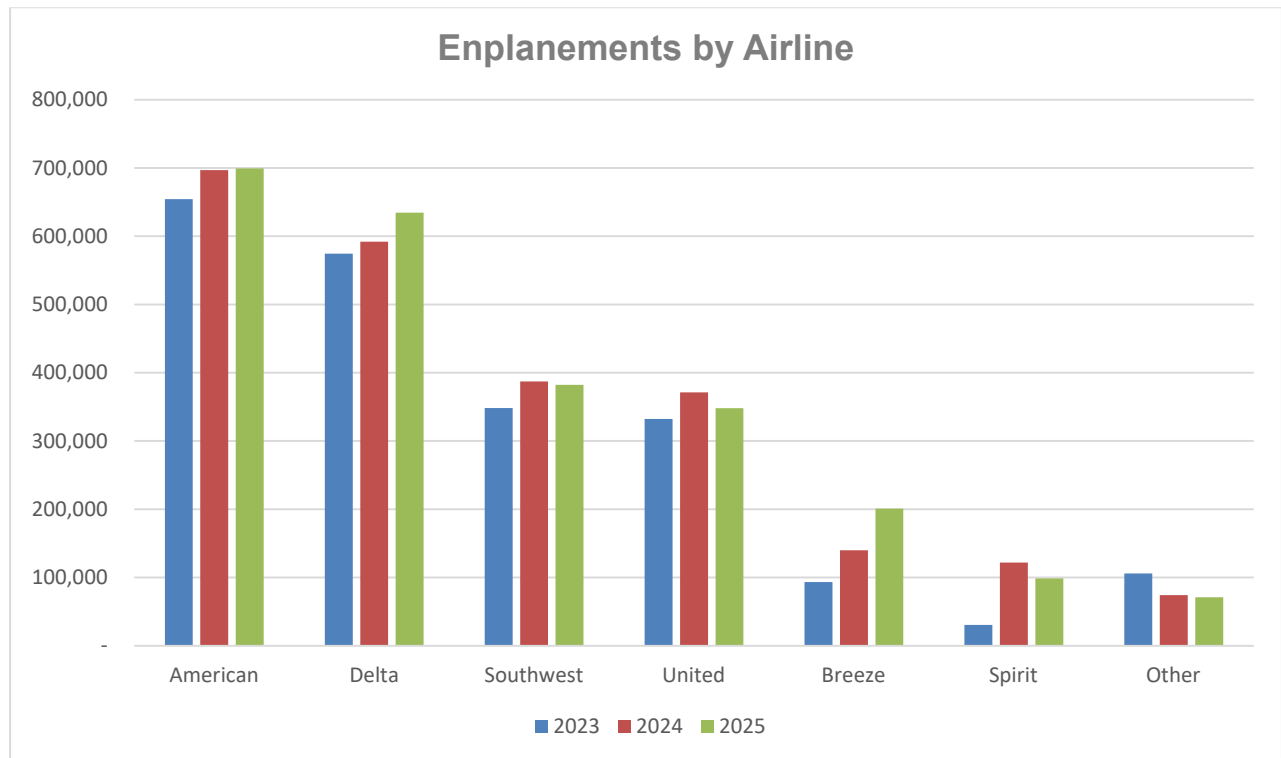
**NORFOLK AIRPORT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

JUNE 30, 2025 AND 2024

A summary of the market share by enplanements of each of the air carriers operating at the Airport for the years ended June 30 is shown below:

	2025		2024		2023			
American	699,283	28.7%	American	696,735	29.2%	American	654,412	30.6%
Delta	634,467	26.1%	Delta	592,028	24.8%	Delta	574,396	26.8%
Southwest	382,246	15.7%	Southwest	387,265	16.3%	Southwest	348,139	16.3%
United	347,985	14.3%	United	371,187	15.6%	United	332,299	15.5%
Breeze	200,707	8.2%	Breeze	139,887	5.9%	Breeze	93,170	4.4%
Spirit	98,552	4.0%	Spirit	121,740	5.1%	Spirit	30,335	1.4%
Frontier	40,338	1.7%	Frontier	36,709	1.5%	Frontier	57,407	2.7%
Allegiant	22,048	0.9%	Allegiant	35,617	1.5%	Allegiant	47,144	2.2%
JetBlue	7,174	0.3%	JetBlue	-	0.0%	JetBlue	-	0.0%
Other	1,468	0.1%	Other	1,837	0.1%	Other	1,360	0.1%
Total	2,434,268	100.0%	Total	2,383,005	100.0%	Total	2,138,662	100.0%

The following chart presents the change in enplanements by airline for the last three fiscal years.



The Airport has experienced consistent growth over the last four fiscal years, with three of the six signatory airlines netting growth in passenger count each year.

As mentioned above, FY 2025 set the record for most passengers to ever utilize the Airport. This marks the fourth year in a row the Airport has set the record for annual passenger activity. In addition to the movement of passengers, the Airport contains the only air cargo facility within the metro area. Currently, there are two cargo airlines operating at the Airport, FedEx and UPS.

NORFOLK AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025 AND 2024

Revenues

A summary of the major revenues for the years ended June 30, 2025 and 2024 are shown below:

	Year		Percent Change
	2025	2024	
Operating Revenues:			
Parking	\$ 28,417,325	\$ 25,400,835	11.9%
Landing fees	11,265,135	10,032,771	12.3%
Rent	18,335,606	15,888,765	15.4%
Rental cars	9,679,707	9,736,423	-0.6%
Concessions	5,618,021	4,668,475	20.3%
Other	1,916,361	1,725,624	11.1%
Total Operating Revenues	<u>75,232,155</u>	<u>67,452,893</u>	11.5%
Nonoperating Revenues and Capital Contributions, Net:			
Federal, State, and State grants interest	29,464,585	11,926,515	147.1%
Passenger facility charges and interest	9,837,846	10,056,982	-2.2%
Customer facility charges	9,364,541	4,962,370	88.7%
Interest income	4,119,389	3,603,810	14.3%
Other income	334,887	328,317	2.0%
Total Nonoperating Revenues and Capital Contributions	<u>53,121,248</u>	<u>30,877,994</u>	72.0%
Total Revenues	<u>\$ 128,353,403</u>	<u>\$ 98,330,887</u>	30.5%

Overall, the total operating revenues of the Authority were \$75.2 million in FY 2025, an increase of \$7.8 million, or 11.5% as compared with FY 2024. This was primarily driven by the increase in passenger traffic experienced at the Airport.

Parking fees are the largest single source of operating revenues for the Authority, which increased \$3.0 million or 11.9% due to increased passenger traffic and increased rates. Landing fees increased by \$1.2 million or 12.3% due to higher landing fee rates and an increased number of flights. Rent revenue increased \$2.4 million or 15.4% due to higher rates and higher use of common-use gates. Concessions revenue increased by \$0.9 million or 20.3% due to increased passenger traffic and a new contract with the FBO.

Total nonoperating revenues of \$53.1 million increased by \$22.2 million or 72.0%. This increase was primarily driven by an increase in federal and state grants and interest by \$18.0 million or 147.1%. Passenger Facility Charges ("PFCs") and interest decreased by \$0.2 million or 2.2% due to lower interest rates on specific holding accounts. Customer Facility Charges ("CFCs") increased \$4.4 million or 88.7% due to an increase in the CFC rate. Interest income increased by \$0.5 million or 14.3% due to higher balances earning interest.

NORFOLK AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025 AND 2024

A summary of the major revenues for the years ended June 30, 2025 and 2024 are shown below:

	Year		Percent Change
	2024	2023	
Operating Revenues:			
Parking	\$ 25,400,835	\$ 23,074,850	10.1%
Landing fees	10,032,771	8,194,451	22.4%
Rent	15,888,765	8,692,778	82.8%
Rental cars	9,736,423	8,584,322	13.4%
Concessions	4,668,475	2,954,938	58.0%
Other	1,725,624	1,503,302	14.8%
Total Operating Revenues	<u>67,452,893</u>	<u>53,004,641</u>	27.3%
Nonoperating Revenues, Net:			
Federal, State, and State grants interest	11,926,515	19,488,894	-38.8%
Passenger facility charges and interest	10,056,982	8,998,940	11.8%
Customer facility charges	4,962,370	3,166,267	56.7%
Interest income	3,603,810	2,072,333	73.9%
Other income	328,317	330,691	-0.7%
Total Nonoperating Revenues and Capital Contributions	<u>30,877,994</u>	<u>34,057,125</u>	-9.3%
Total Revenues	<u>\$ 98,330,887</u>	<u>\$ 87,061,766</u>	12.9%

Overall, the total operating revenues of the Authority were \$67.5 million in FY 2024, an increase of \$14.4 million or 27.3% as compared with FY 2023. There were two primary drivers of this increase in operating revenues. The first was a new Use and Lease Agreement (“ULA”) with the airlines operating at the Airport. This new ULA increased the rents charged to signatory and non-signatory airlines and brought their cost of operating at the Airport closer to the average of peer airports. The second driver of increased operating revenues was the increase in passenger traffic experienced at the Airport.

Parking fees are the largest single source of operating revenues for the Authority, which increased \$2.3 million or 10.1% due to increased passenger traffic. Rental revenue experienced the largest change during year, increasing by \$7.2 million or 82.8% due to the higher rental rates in the new ULA.

Landing fees increased by \$1.8 million or 22.4% due to higher landing fee rates, and a reduction in the quantity of abated landed weight from airline incentives.

Rental car revenue increased by \$1.2 million or 13.4%. This was primarily driven by an increase in passenger activity. Concessions revenue increased by \$1.7 million or 58.0% due to increased hours of food and beverage locations throughout the Airport. Other operating revenues increased by \$0.2 million or 14.8% due to an increase in passenger traffic.

Total nonoperating revenues of \$30.9 million decreased by \$3.2 million or 9.3%. Passenger Facility Charges (“PFCs”) and interest increased by \$1.1 million or 11.8% due to higher passenger activity and higher interest rates. Customer Facility Charges (“CFCs”) increased \$1.8 million or 56.7% due to an increase in the CFC rate and higher passenger activity. Interest income increased by \$1.5 million or 73.9% due to higher interest rates.

NORFOLK AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025 AND 2024

Expenses

A summary of the major expenses for the years ended June 30, 2025 and 2024 are shown below:

	Year		Percent Change
	2025	2024	
Operating Expenses:			
Salaries and fringe benefits	\$ 25,691,674	\$ 22,348,232	15.0%
City tax assessment	2,650,000	2,650,000	0.0%
Maintenance and repairs	3,134,819	3,080,859	1.8%
Depreciation and amortization	18,162,094	17,263,646	5.2%
Other expenses	15,272,946	13,586,611	12.4%
Total Operating Expenses	<u>64,911,533</u>	<u>58,929,348</u>	10.2%
Nonoperating Expenses:			
Interest expense	<u>1,916,134</u>	<u>1,981,589</u>	-3.3%
Total Nonoperating Expenses	<u>1,916,134</u>	<u>1,981,589</u>	-3.3%
Total Expenses	<u>\$ 66,827,667</u>	<u>\$ 60,910,937</u>	9.7%

Total operating expenses of the Authority were \$64.9 million in FY 2025, an increase of \$6.0 million or 10.2% compared with FY 2024. Salaries and fringe benefits increased by \$3.3 million or 15.0% due to pay rate increases for Authority employees and an expansion of the workforce. Depreciation and amortization expenses increased by \$0.9 million or 5.2% due to new capital assets being placed in service. Other expenses increased by \$1.7 million or 12.4% due to higher costs.

A summary of the major expenses for the years ended June 30, 2025 and 2024 are shown below:

	Year		Percent Change
	2024	2023	
Operating Expenses:			
Salaries and fringe benefits	\$ 22,348,232	\$ 19,608,251	14.0%
City tax assessment	2,650,000	2,650,000	0.0%
Maintenance and repairs	3,080,859	3,717,484	-17.1%
Depreciation	17,263,646	17,193,370	0.4%
Other expenses	13,586,611	13,134,230	3.4%
Total Operating Expenses	<u>58,929,348</u>	<u>56,303,335</u>	4.7%
Nonoperating Expenses:			
Interest expense	<u>1,981,589</u>	<u>2,049,094</u>	-3.3%
Total Nonoperating Expenses	<u>1,981,589</u>	<u>2,049,094</u>	-3.3%
Total Expenses	<u>\$ 60,910,937</u>	<u>\$ 58,352,429</u>	4.4%

NORFOLK AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025 AND 2024

Total operating expenses of the Authority were \$58.9 million in FY 2024, an increase of \$2.6 million or 4.7% compared with FY 2023. Salaries and fringe benefits increased by \$2.7 million or 14.0% due to pay rate increases for Authority employees and an expansion of the workforce. Depreciation and amortization expenses increased by \$0.1 million or 0.4% due to new capital assets being placed in service. Maintenance and repairs decreased by \$0.6 million or 17.1% due to less required maintenance. Other expenses increased by \$0.5 million or 3.4% due to higher costs.

Total nonoperating expenses were \$2.0 million, a decrease of \$0.1 million, or 3.3% due to lower outstanding debt balances.

Net Position

A summary of the major components of the statements of net position as of June 30, 2025 and 2024 is as follows:

	Year		Percent Change
	2025	2024	
Current assets	\$ 115,590,643	\$ 84,616,706	36.6%
Restricted assets	13,424,964	20,406,986	-34.2%
Capital assets, net	364,188,190	327,121,435	11.3%
Other noncurrent assets	1,812,139	2,624,230	-30.9%
Total Assets	495,015,936	434,769,357	13.9%
Deferred Outflows of Resources	3,911,770	3,284,361	19.1%
Current liabilities	16,997,996	9,144,459	85.9%
Amounts payable from restricted assets	7,251,565	7,546,084	-3.9%
Long-term liabilities	78,230,181	85,810,106	-8.8%
Total Liabilities	102,479,742	102,500,649	0.0%
Deferred Inflows of Resources	5,543,006	6,373,847	-13.0%
Net investment in capital assets	284,587,930	241,510,373	17.8%
Restricted net position	13,424,964	20,406,986	-34.2%
Unrestricted net position	92,892,064	67,461,863	37.7%
Total Net Position	\$ 390,904,958	\$ 329,379,222	18.7%

Current assets as of June 30, 2025 were \$115.6 million, an increase of \$31.0 million, or 36.6%, which was driven by an increase in operating capital. Restricted assets were \$13.4 million, a decrease of \$7.0 million, or 34.2% due to timing of capital project spending. Capital assets, net were \$364.2 million, an increase of \$37.1 million or 11.3%. Other noncurrent assets of \$1.8 million, decreased \$0.8 million, or 30.9% due to leases receivable timing.

Deferred outflows of resources were \$3.9 million, an increase of \$0.6 million, or 19.1% due to actuarial adjustments related to the Authority's pension and other postemployment benefits ("OPEB") plans.

Current liabilities were \$17.0 million, an increase of \$7.9 million, or 85.9%. This increase was primarily due to an increase of payables related to construction activity. Long-term liabilities were \$78.2 million, a decrease of \$7.6 million or 8.8%. This decrease was driven by scheduled debt service payments.

NORFOLK AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025 AND 2024

Deferred inflows of resources were \$5.5 million, a decrease of \$0.8 million, or 13.0% due to actuarial adjustments related to the Authority's pension and OPEB plans.

Net position was \$390.9 million, an increase of \$61.5 million or 18.7%. This increase was primarily driven by the operations of the Authority and the grants, PFCs, and CFCs received by the Authority during the year.

A summary of the major components of the statements of net position as of June 30, 2025 and 2024 is as follows:

	Year		Percent Change
	2024	2023	
Current assets	\$ 84,616,706	\$ 84,493,309	0.1%
Restricted assets	20,406,986	24,322,880	-16.1%
Capital assets, net	327,121,435	295,854,772	10.6%
Other noncurrent assets	2,624,230	3,891,003	-32.6%
Total Assets	<u>434,769,357</u>	<u>408,561,964</u>	6.4%
Deferred Outflows of Resources	<u>3,284,361</u>	<u>3,133,531</u>	4.8%
Current liabilities	9,144,459	13,221,046	-30.8%
Amounts payable from restricted assets	7,546,084	7,630,538	-1.1%
Long-term liabilities	85,810,106	89,395,598	-4.0%
Total Liabilities	<u>102,500,649</u>	<u>110,247,182</u>	-7.0%
Deferred Inflows of Resources	<u>6,373,847</u>	<u>9,489,041</u>	-32.8%
Net investment in capital assets	241,510,373	204,244,749	18.2%
Restricted net position	20,406,986	24,322,880	-16.1%
Unrestricted net position	67,461,863	63,391,643	6.4%
Total Net Position	<u>\$ 329,379,222</u>	<u>\$ 291,959,272</u>	12.8%

Current assets as of June 30, 2024 were \$84.6 million, an increase of \$0.1 million, or 0.1%, which was driven by an increase in operating capital. Restricted assets were \$20.4 million, a decrease of \$3.9 million or 16.1% due to timing of capital project spending. Capital assets, net were \$327.1 million, an increase of \$31.3 million or 0.6%. Other noncurrent assets of \$2.6 million, decreased \$ 1.3 million, or 32.6% due to leases receivable timing.

Deferred outflows of resources were \$3.3 million, an increase of \$0.2 million, or 4.8% due to actuarial adjustments related to the Authority's pension and other postemployment benefits ("OPEB") plans.

Current liabilities were \$9.1 million, a decrease of \$4.1 million, or 30.8%. This decrease was primarily due to timing of construction activity. Amounts payable from restricted assets were \$7.5 million, a decrease of \$0.1 million, or 1.1% due to the timing of debt service payments. Long-term liabilities were \$85.8 million, a decrease of \$3.6 million, or 4.0%. This decrease was driven by scheduled debt service payments.

Deferred inflows of resources were \$6.4 million, a decrease of \$3.1 million, or 32.8% due to actuarial adjustments related to the Authority's pension and OPEB plans.

Net position was \$329.4 million, an increase of \$37.4 million, or 12.8%. This increase was primarily driven by the operations of the Authority and the grants, PFCs, and CFCs received by the Authority during the year.

NORFOLK AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025 AND 2024

Capital Assets

Capital assets include land, construction in progress, buildings, structures, improvements, roads and runways, equipment, and capitalized interest during construction periods before adoption of Government Accounting Standards Board Statement No. 89 in FY 2018. Capital assets are net of related accumulated depreciation. Significant capital asset additions in the current period included the rehabilitation of the primary runway's south portion. A summary of capital assets by category and the associated accumulated depreciation as of June 30, 2025, 2024, and 2023, as well as a schedule of additions and retirements for the years ended June 30, 2025, 2024, and 2023, are included as follows:

	June 30		
	2025	2024	2023
Summary of Capital Assets:			
Land	\$ 15,771,497	\$ 15,771,497	\$ 15,771,497
Buildings, structures, and improvements	422,859,403	420,517,589	407,433,032
Roads and runways	101,237,000	100,987,606	87,094,059
Equipment	41,178,839	40,771,586	50,170,290
Construction in progress	102,834,650	50,774,263	31,822,231
Right-to-use IT subscription	454,729	371,947	371,947
	<u>684,336,118</u>	<u>629,194,488</u>	<u>592,663,056</u>
Accumulated depreciation and amortization	<u>(320,147,928)</u>	<u>(302,073,053)</u>	<u>(296,808,284)</u>
Total	<u>\$ 364,188,190</u>	<u>\$ 327,121,435</u>	<u>\$ 295,854,772</u>

Schedule of additions and retirements:

	June 30		
	2025	2024	2023
Capital assets, beginning of year	\$ 327,121,435	\$ 295,854,772	\$ 285,179,557
Additions	55,228,849	48,530,309	27,868,584
Depreciation and amortization	<u>(18,162,094)</u>	<u>(17,263,646)</u>	<u>(17,193,369)</u>
Capital assets, end of year	<u>\$ 364,188,190</u>	<u>\$ 327,121,435</u>	<u>\$ 295,854,772</u>

The major projects underway as of June 30, 2025 include the federal inspection services modernization, alpha concourse gate addition, road intersection improvement, rehabilitation of the primary runway's south portion, and the design of the future terminal redevelopment. Approval was granted within the FY 2026 budget for capital expenditures worth approximately \$246.5 million. Approximately 94% of these expenditures will be funded via bonds, PFCs, federal grants, state grants, and CFCs. See Note 5 within the notes to basic financial statements section for further information.

Capital Financing and Debt Management

The Authority finances capital projects through a combination of revenues, federal and state grants, PFCs, CFCs, and revenue bonds.

The Authority's Series 2021 and 2019 bonds are rated A3 (stable outlook) by Moody's and A (stable outlook) by Standard & Poor's.

NORFOLK AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025 AND 2024

The Authority, through its Master Indenture of Trust, has agreed to maintain debt service coverage of not less than 1.25. Debt service coverage is calculated as defined in the Master Indenture of Trust. Historically, the Authority has maintained a coverage ratio significantly higher than its requirement. For FY 2025, the debt service coverage was 5.72. For FY 2024, the debt service coverage was 4.76. See Note 6 within the notes to basic financial statements section for further information.

Economic Factors

The Airport is located on the border of the cities of Norfolk and Virginia Beach and is the primary airport serving the Virginia Beach-Chesapeake, VA-NC CSA, which is the 35th largest CSA in the country. The area contains a dynamic mix of economic activity. Included within its boundaries are the Port of Virginia, tourism destinations in Virginia Beach and the North Carolina Outer Banks, and a significant military presence anchored by Naval Station Norfolk – the largest naval base in the world. Additionally, the region is the headquarters for two Fortune 500 companies.

The strong growth of passenger traffic has continued into FY 2026, with Q1 passenger activity increasing 2.7% over FY 2025 Q1 results. Although Allegiant has ceased operations at the Airport effective September 2025, JetBlue began operations in April 2025 and Breeze will begin a weekly international flight in January 2026.

Contacting the Authority's Financial Management

This financial report is designed to provide interested parties with a general overview of the Authority's finances. Should you have any questions about this report or need additional information, please contact the Norfolk Airport Authority, Attention: Bruce Tingle, Controller, 2200 Norview Avenue, Norfolk, VA 23518-5807. Alternatively, information about the operation of the Authority can be obtained via the internet at www.norfolkairport.com.

NORFOLK AIRPORT AUTHORITY
STATEMENTS OF NET POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 73,211,532	\$ 56,124,220
Investments	26,228,349	21,269,786
Accounts receivable, net	5,534,578	4,220,728
Lease receivable	1,267,374	1,738,244
Grants receivable	8,368,072	261,790
Prepaid expenses	980,738	1,001,938
Total Current Assets	<u>115,590,643</u>	<u>84,616,706</u>
Restricted Assets:		
Cash and cash equivalents	7,187,980	11,663,448
Investments	4,492,296	7,059,365
Passenger facility charges receivable	1,744,688	1,684,173
Total Restricted Assets	<u>13,424,964</u>	<u>20,406,986</u>
Capital Assets:		
Land	15,771,497	15,771,497
Buildings, structures, and improvements	422,859,403	420,517,589
Roads and runways	101,237,000	100,987,606
Equipment	41,178,839	40,771,586
Construction in progress	102,834,650	50,774,263
Right-to-use IT subscription	454,729	371,947
Total Capital Assets, Net	684,336,118	629,194,488
Less accumulated depreciation and amortization	<u>(320,147,928)</u>	<u>(302,073,053)</u>
Total Capital Assets	364,188,190	327,121,435
Lease receivable	1,812,139	2,624,230
Total Assets	<u><u>\$ 495,015,936</u></u>	<u><u>\$ 434,769,357</u></u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	\$ 7,441	\$ 11,155
Deferred outflows related to pensions	3,301,344	2,645,653
Deferred outflows related to OPEB plans	602,985	627,553
Total Deferred Outflows of Resources	<u><u>\$ 3,911,770</u></u>	<u><u>\$ 3,284,361</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

NORFOLK AIRPORT AUTHORITY
STATEMENTS OF NET POSITION (CONTINUED)

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 13,090,404	\$ 6,121,517
Current portion of accrued leave and wages	2,188,496	1,852,735
Other accrued expenses	1,293,959	982,397
Other liabilities	425,137	187,810
Total Current Liabilities	<u>16,997,996</u>	<u>9,144,459</u>
Amounts Payable from Restricted Assets:		
Accrued interest	1,704,596	1,795,751
Current portion of bonds payable	5,546,969	5,750,333
Total Amounts Payable from Restricted Assets	<u>7,251,565</u>	<u>7,546,084</u>
Long-Term Liabilities:		
Accrued leave and wages, less current portion	566,900	1,136,526
Bonds payable, less current portion	72,217,041	77,764,009
Net pension liability	3,308,613	4,441,155
Net OPEB liability	1,849,920	1,940,189
Other long-term liabilities	287,707	328,227
Total Long-Term Liabilities	<u>78,230,181</u>	<u>85,610,106</u>
Total Liabilities	<u>\$ 102,479,742</u>	<u>\$ 102,300,649</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred amount on refunding	\$ 139,095	\$ 182,763
Deferred inflows related to pensions	1,731,805	1,298,286
Deferred inflows related to OPEB plans	718,091	673,643
Deferred inflows for leases	2,954,015	4,219,155
Total Deferred Inflows of Resources	<u>\$ 5,543,006</u>	<u>\$ 6,373,847</u>
NET POSITION:		
Net investment in capital assets	\$ 284,587,930	\$ 241,510,373
Restricted for:		
Capital projects	6,394,643	13,022,267
Debt service	7,030,321	7,384,719
Unrestricted	92,892,064	67,461,863
Total Net Position	<u>\$ 390,904,958</u>	<u>\$ 329,379,222</u>

The accompanying notes to the financial statements are an integral part of these statements.

NORFOLK AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues:		
Parking	\$ 28,417,325	\$ 25,400,835
Landing fees	11,265,135	10,032,771
Rent	18,335,606	15,888,765
Rental cars	9,679,707	9,736,423
Concessions	5,618,021	4,668,475
Other	1,916,361	1,725,624
Total Operating Revenues	<u>75,232,155</u>	<u>67,452,893</u>
Operating Expenses:		
Salaries and fringe benefits	25,691,674	22,348,232
Depreciation and amortization	18,162,094	17,263,646
Utilities	3,520,918	3,642,070
Maintenance and repairs	3,134,819	3,080,859
Administrative	997,341	1,003,646
Professional services	979,046	511,170
Advertising and promotion	1,118,205	999,149
Insurance	1,174,565	1,158,667
Security and other services	5,851,175	4,581,498
Sanitation	1,049,167	1,196,629
City tax assessment	2,650,000	2,650,000
Other	582,529	493,782
Total Operating Expenses	<u>64,911,533</u>	<u>58,929,348</u>
Operating Income	<u>10,320,622</u>	<u>8,523,545</u>
Nonoperating Revenues (Expenses):		
Federal grant revenues	-	50,500
State grant revenues	50,000	50,000
Passenger facility charges	9,805,889	9,783,076
Customer facility charges	9,364,541	4,962,370
State grant interest income	281,324	603,513
Passenger facility charges interest income	31,957	273,906
Interest income	4,119,389	3,603,810
Other income	334,887	328,317
Interest expense	(1,916,134)	(1,981,589)
Total Nonoperating Revenues	<u>22,071,853</u>	<u>17,673,903</u>
Change in net position before capital grants	32,392,475	26,197,448
Capital grants	29,133,261	11,222,502
Change in net position	61,525,736	37,419,950
Net position, beginning of year	329,379,222	291,959,272
Net position, end of year	<u>\$ 390,904,958</u>	<u>\$ 329,379,222</u>

The accompanying notes to the financial statements are an integral part of these statements.

NORFOLK AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Collections from customers	\$ 73,936,126	\$ 67,049,981
Payments to employees for services	(26,987,808)	(25,857,439)
Payments for city tax assessment	(2,650,000)	(2,650,000)
Payments to suppliers	<u>(17,734,913)</u>	<u>(14,910,690)</u>
Net cash flows from operating activities	<u>26,563,405</u>	<u>23,631,852</u>
Cash flows from capital and related financing activities:		
Principal payments on bonds	(4,355,000)	(4,235,000)
Acquisition of capital assets	(48,716,943)	(51,425,369)
Interest paid on debt	(3,398,908)	(3,575,511)
Deferred amount on refunding	(43,668)	(48,894)
Passenger facility charges	9,745,374	9,736,965
Customer facility charges	9,364,541	4,962,370
Federal and state grants received	<u>21,076,979</u>	<u>17,344,981</u>
Net cash flows from capital and related financing activities	<u>(16,327,625)</u>	<u>(27,240,458)</u>
Cash flows from investing activities:		
Interest income	4,767,557	4,809,546
Purchases of investments	(34,877,682)	(15,906,398)
Proceeds from maturities of investments	<u>32,486,189</u>	<u>13,779,508</u>
Net cash flows from investing activities	<u>2,376,064</u>	<u>2,682,656</u>
Net change in cash and cash equivalent and restricted cash and cash equivalent	12,611,844	(925,950)
Cash and cash equivalent and restricted cash and cash equivalent, beginning of year	<u>67,787,668</u>	<u>68,713,618</u>
Cash and cash equivalent and restricted cash and cash equivalent, end of year	<u>\$ 80,399,512</u>	<u>\$ 67,787,668</u>
Cash and cash equivalents are presented in the accompanying statements of net position as follows:		
Cash and cash equivalent	\$ 73,211,532	\$ 56,124,220
Restricted cash and cash equivalent	<u>7,187,980</u>	<u>11,663,448</u>
	<u>\$ 80,399,512</u>	<u>\$ 67,787,668</u>

The accompanying notes to the financial statements are an integral part of these statements.

NORFOLK AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating income	\$ 10,320,622	\$ 8,523,545
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	18,162,094	17,263,646
Decrease (increase) in operating assets:		
Accounts receivable	(1,313,850)	(458,936)
Leases receivable	17,821	56,024
Prepaid expenses	21,200	(678,825)
Other assets	(113,273)	(122,925)
Increase (decrease) in operating liabilities:		
Accounts payable	570,255	2,778,276
Accrued leave and wages	(233,865)	217,984
Other accrued expenses	311,562	(2,738,589)
Net pension liability	(1,354,714)	(1,027,670)
Net OPEB liability	(19,117)	39,068
Other liabilities	194,670	(219,746)
Net cash flows from operating activities	<u>\$ 26,563,405</u>	<u>\$ 23,631,852</u>
Supplemental disclosure of noncash capital and related financing activities:		
The Authority incurred noncash capital expenditures related to construction in progress that are included in accounts payable	<u>\$ 4,499,725</u>	<u>\$ 4,773,147</u>

The accompanying notes to the financial statements are an integral part of these statements.

NORFOLK AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(1) Summary of Significant Accounting Policies

(a) Organization and Purpose

The Norfolk Airport Authority (the "Authority") was formed on April 4, 1988 from the Norfolk Port and Industrial Authority to account for the operations of the Norfolk International Airport (the "Airport"). The Authority is an independent subdivision of the Commonwealth of Virginia. Revenues generated by Airport operations are used to meet all operating expenses and to provide for payment of all principal and interest on debt of the Authority. The Authority is authorized to finance projects by issuing bonds or obtaining loans in its own name.

(b) Basis of Accounting

The Authority prepares its financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority uses the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Current assets include cash and amounts convertible to cash during the next normal operating cycle, or one year. Current liabilities include those obligations to be liquidated with current assets. The Authority generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The Authority may defer the use of restricted assets based on a review of the specific transaction.

(c) Revenue Recognition

Rentals and concession fees are generated from airlines, parking structures and lots, food service, rental cars, fixed-base operators, and other commercial operators and are included in the applicable operating revenue accounts. Concession revenue is recognized based on the Authority's share of reported concessionaire revenue.

(d) Cash and Cash Equivalents

The Authority considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

(e) Accounts Receivable

Accounts receivable are reported when earned, net of estimated uncollectible amounts. An allowance for doubtful accounts is established based on management estimates of uncollectible revenue billings, if any. As a customer's balance is deemed uncollectible, the receivable is offset against this allowance. Subsequent receipt of a receivable previously written off is applied to this allowance. There was no allowance for doubtful accounts as of June 30, 2025 or 2024.

(f) Leases Receivable

The Authority recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. 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 as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(1) Summary of Significant Accounting Policies (continued)

(g) Capital Assets

Beginning on July 1, 2023, capital assets with an initial individual cost of \$25,000 or more are capitalized at cost. Prior to July 1, 2023, this threshold was \$10,000. The Authority provides for depreciation of all capital assets by the straight-line method over estimated useful lives as follows:

Buildings and structures	20 to 50 years
Improvements	5 to 30 years
Roads and runways	10 to 40 years
Equipment	3 to 50 years

Major renewals and improvements that extend a capital asset's useful life are capitalized; maintenance and repairs are expensed when incurred.

When a capital asset is retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in operating revenues or expenses.

Capital assets also include certain right-to-use ("RTU") Information Technology ("IT") subscription assets. These RTU assets arise in association with agreements where the Authority enters into an IT subscription. The RTU IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable. The RTU subscription assets are amortized on a straight-line basis over the subscription term.

(h) Bond Premiums, Discounts, and Issuance Costs

Bond premiums and discounts incurred to issue debt are capitalized and amortized as interest expense over the related bond issue period using the effective interest method. With the exception of prepaid bond insurance costs discussed in item (i) below, bond issuance costs are expensed in the period incurred.

(i) Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position contains a separate section for deferred outflows of resources, which represent a consumption of net position that applies to a future period and will be recognized as an outflow of resources in a future period. The Authority recognizes deferred outflows for debt refundings, pension plans, and other postemployment benefits ("OPEB") plans.

In addition to liabilities, the statements of net position contains a separate section for deferred inflows of resources, which represent an acquisition of net position that applies to a future period and will be recognized as an inflow of resources in a future period. The Authority recognizes deferred inflows for debt refunding, leases, pension, and OPEB plans. Deferred outflows and deferred inflows of resources for debt refundings are amortized over the shorter maturity of the refunded or refunding debt. The pension and OPEB deferred inflows and outflows related to the difference between expected and actual experience, changes in assumptions, and changes in proportion, are recognized using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans. The pension and OPEB deferred inflows and outflows related to the difference between projected and actual earnings are recognized using a systematic and rational method over a closed five-year period. The pension and OPEB deferred outflows of resources related to contributions subsequent to the measurement date are recognized as a reduction of the net pension and OPEB liabilities in the subsequent fiscal year.

NORFOLK AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(1) Summary of Significant Accounting Policies (continued)

(j) Operating Revenues and Expenses

Operating revenues and expenses consist of all revenue and expenses not related to capital and related financing or investing transactions.

(k) Use of Estimates

The preparation of the financial statements requires management to make a number of estimates and assumptions related to reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and changes in net position during the reporting period. Significant items subject to such estimates include the valuation allowance for receivables and assets and obligations related to employee benefits. Actual results could differ from those estimates.

(l) Pensions

The Authority participates in the Virginia Retirement System ("VRS"), an agent multiple-employer, public employee retirement system with separate agent multiple pools for each locality, which acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Authority's Retirement Plan, and the additions to/deductions from the Authority's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when paid in accordance with the benefit terms. Investments are reported at fair value.

(m) OPEB Plans

(i) Group Life Insurance

The VRS Group Life Insurance ("GLI") Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to Section 51.1-500, et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers.

(ii) Line of Duty Act Program

The VRS Line of Duty Act Program ("LODA") is a multiple-employer, cost-sharing plan. The LODA Program was established pursuant to Section 9.1-400, et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members.

NORFOLK AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(1) Summary of Significant Accounting Policies (continued)

(iii) *Political Subdivision Employee Virginia Local Disability Program*

The VRS Political Subdivision Employee Virginia Local Disability Program (“VLDP”) is a multiple-employer, cost-sharing plan. All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits, who are in the VRS Hybrid Retirement Plan benefit structure, and whose employer has not elected to opt out of the VRS-sponsored program, are automatically covered by the VLDP. This plan is administered by the VRS, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDP.

For purposes of measuring the net GLI, LODA, and VLDP Programs’ corresponding OPEB liability, each individual plan’s deferred outflows of resources and deferred inflows of resources related to the OPEB and OPEB expense, information about the fiduciary net position of the OPEB, and the additions to/deductions from the OPEB’s fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(n) *Fair Value*

The Authority utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Authority determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market.

When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- *Level 1 Inputs* – Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at measurement date.
- *Level 2 Inputs* – Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantively the full term of the asset or liability.
- *Level 3 Inputs* – Unobservable inputs for the asset or liability used to measure fair value to the extent observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identified assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The level in the fair value hierarchy within which a fair value measurement, in its entirety falls in, is based on the lowest level input that is significant to the fair value measurement in its entirety.

Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(1) Summary of Significant Accounting Policies (continued)

(o) New Accounting Pronouncements – GASB Statement No. 101

As of July 1, 2024, the Authority adopted the provisions of GASB No. 101, *Compensated Absences*, which requires the recognition of a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. There was no material impact on the Authority with the adoption of this standard. The following is a summary of the changes in the compensated absences liability:

	<u>Beginning Balance</u>	<u>Net Change</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
June 30, 2025	\$ 2,427,444	\$ (405,135)	\$ 2,022,309	\$ 1,455,409
June 30, 2024	<u>\$ 2,254,852</u>	<u>\$ 172,592</u>	<u>\$ 2,427,444</u>	<u>\$ 1,290,918</u>

The balance of the compensated absences liability is recorded in accrued leave and wages in the statement of net position.

(2) Deposits and Investments

The Authority maintains several restricted cash and investment funds in addition to its operating funds. These funds are disclosed on the accompanying statement of net position as restricted cash and cash equivalents and investments.

The Code of Virginia authorizes the Authority to invest in certificates of deposit with national banks located within the Commonwealth of Virginia, obligations of the United States or its agencies, obligations of the Commonwealth of Virginia or its political subdivisions, and certain other investments.

(a) Deposits

The carrying values of the Authority’s deposits with banks were \$80,399,512 and \$67,787,668 and the bank balances were \$80,338,700 and \$67,564,823 at June 30, 2025 and 2024, respectively. The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”). In accordance with the Act, the depository institution pledged collateral in the form of federal agency obligations with a market value equal to 110% of the Authority’s deposits with a third party trustee in the name of the Treasurer of the Commonwealth of Virginia. In the event the banking institution fails, the Treasurer will take possession of the collateral, liquidate it, and reimburse the Authority up to the value of its deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks.

(b) Investments

The Authority’s investment policy (the “Policy”) permits investments and investment practices that meet or exceed all statutes governing the investment of public funds in Virginia and any investment restrictions imposed by bond covenants. The Policy establishes limitations on the investment options to include U.S. government obligations, Commonwealth of Virginia Local Government Investment Pool (“LGIP”), prime quality commercial paper, and certain corporate notes, banker’s, acceptances, repurchase agreements, negotiable certificates of deposit, bank deposit notes, and mutual funds that invest exclusively in securities specifically permitted by the Code of Virginia.

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(2) Deposits and Investments (continued)

(c) Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following: Moody’s Investors Service, Standard & Poor’s, Fitch Ratings, and Duff & Phelps. Corporate notes, negotiable certificates of deposit, and bank deposit notes maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investors Service. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s and “Aa” by Moody’s Investors Service. Any investment with a rating of less than “A-1” or its equivalent will be liquidated and reinvested as soon as reasonably possible.

As of June 30, 2025, the Standard & Poor’s ratings on the Authority’s rated securities included 63.3% of AAAM, 30.3% of AA+, 0.9% of AA, 4.7% of AA-, and 0.8% of A.

As of June 30, 2024, the Standard & Poor’s ratings on the Authority’s rated securities included 63.5% of AAAM, 31.9% of AA+, 1.3% of AA, and 3.4% of AA-.

(d) Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 5% of the Authority’s portfolio will be invested in the securities of any single issuer with the following exceptions:

U.S. Treasury	100% maximum
Each federal agency	35% maximum
Each repurchase agreement counterparty	25% maximum
LGIP	75% maximum
Registered investments (mutual funds)	75% maximum

As of June 30, 2025, the Authority’s portfolio was invested as follows:

<u>Issuer</u>	<u>Percentage of Portfolio</u>
U.S. Treasury	82.7%
Corporate notes	17.3%
	<u>100.0%</u>

As of June 30, 2024, the Authority’s portfolio was invested as follows:

<u>Issuer</u>	<u>Percentage of Portfolio</u>
U.S. Treasury	87.3%
Corporate notes	12.7%
	<u>100.0%</u>

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(2) Deposits and Investments (continued)

(e) Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy limits the investment of funds as a means of limiting exposure to fair value losses arising from permitted investments with a stated maturity of no more than five years from the date of purchase. To control the volatility of investments, a duration target not to exceed three years is determined for the core portfolio.

Proceeds from the sale of bonds issued by the Authority shall be invested in compliance with the specific requirements of the bond covenants without further restriction as to the maximum term of securities purchased.

As of June 30, 2025, the carrying values and weighted average maturity of the Authority's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
U.S. Treasury securities	\$ 25,274,551	2.60 years
Corporate notes	5,446,094	2.66 years
Total investments	<u>\$ 30,720,645</u>	

As of June 30, 2024, the carrying values and weighted average maturity of the Authority's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
U.S. Treasury securities	\$ 24,522,254	2.25 years
Corporate notes	3,806,897	1.76 years
Total investments	<u>\$ 28,329,151</u>	

(f) Custodial Credit Risk

Custodial credit risk for deposits is defined as 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 the outside party. The custodial credit risk for investments is defined as the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The policy requires that all investment securities purchased by the Authority or held as collateral on deposits or investments shall be held in third party safekeeping at a qualified public depository that may not otherwise be a counterparty to the investment transaction.

As of June 30, 2025 and 2024, all the Authority's investments were held in a bank's trust department in the Authority's name.

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(2) Deposits and Investments (continued)

(g) Summary of Deposits and Investments

A reconciliation of the carrying value of deposits and investments reported above to amounts reported in the statement of net position as of June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Deposits	\$ 80,399,512	\$ 67,787,668
Investments	<u>30,720,645</u>	<u>28,329,151</u>
	<u>\$ 111,120,157</u>	<u>\$ 96,116,819</u>
Current assets:		
Cash and cash equivalents	\$ 73,211,532	\$ 56,124,220
Investments	26,228,349	21,269,786
Restricted assets:		
Cash and cash equivalents	7,187,980	11,663,448
Investments	<u>4,492,296</u>	<u>7,059,365</u>
	<u>\$ 111,120,157</u>	<u>\$ 96,116,819</u>

(h) Fair Value Measurements

The Authority has the following recurring fair value measurements as of June 30, 2025 and 2024, respectively:

U.S. Treasury securities and corporate notes of \$30,720,645, \$28,329,151 are valued using a matrix pricing model (Level 2 inputs).

(3) Restricted Assets

The Authority received \$2,000,000 during FY 2025 and FY 2024 from the Commonwealth Airport Fund (State block grant) for the Authority's use in financing capital asset additions. These funds are provided in advance of actual expenditure or specific project approval based on the relative size of each of the Commonwealth's air carrier airports and are restricted for expenditures on qualifying projects.

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(3) Restricted Assets (continued)

The trust indenture securing the Series 2021 and Series 2019 bonds payable requires segregation of certain assets into restricted accounts. These restricted accounts include a construction account holding funds for the design and construction of capital improvements, a capitalized interest account, a debt service reserve account, and a cost of issuance account. The passenger facility charge cash and receivable accounts are also restricted assets, as there are federal restrictions on how these funds may be disposed. All cash and investments are held by the following financial institutions: US Bank, Truist, Fidelity, and the Virginia Department of the Treasury's LGIP. Restricted assets consist of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
State block grant account	\$ 4,419,924	\$ 8,935,474
Bond ordinance related	7,030,319	7,384,719
Passenger facility charges account	228,214	2,400,802
Passenger facility charges receivable	1,744,688	1,684,173
Other restricted assets	1,819	1,818
Restricted assets	<u>\$ 13,424,964</u>	<u>\$ 20,406,986</u>

The current authorization from the Federal Aviation Administration ("FAA") permits the Authority to collect Passenger Facility Charges ("PFC") of \$4.50 per eligible enplaned passenger up to an aggregate amount of \$196,597,049. As of June 30, 2025, the remaining collection authority was \$25,331,667 and expires August 2028. The net receipts from PFC are accounted for on the accrual basis of accounting and are restricted to use on FAA-approved projects. Unexpended PFC and related interest are included as restricted net position for projects that are approved by the FAA.

(4) Leases

The Authority leases portions of the Airport property to tenants. The leases are discounted between 1.54% to 6.42%. As the lessor, the Authority recognizes lease revenue and interest revenue in a systematic and rational manner over the terms of the underlying leases. Lease receivables are measured based on payments using the interest method during the respective lease terms. FY 2025 and FY 2024 amounts related to these leases are as follows:

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Rent	\$ 275,122	\$ 417,321
Concessions	1,063,043	1,063,043
Nonoperating revenues:		
Investment income (interest revenue)	107,914	113,602
Other income	397,303	489,169

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(4) Leases (continued)

Leasing principal and interest payments to be received as of June 30, 2025 were as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,347,374	\$ 72,063
2027	948,892	48,642
2028	456,078	31,202
2029	257,263	19,500
2030	69,906	15,148
	<u>\$ 3,079,513</u>	<u>\$ 186,555</u>

Additionally, the Authority has leases that are not recognized as receivables or within deferred inflows of resources as they meet the definition of a regulated lease. These leases are generally aeronautical in nature and are subject to certain regulations set forth by the FAA. The leases with the airlines are related to the main terminal buildings and are leased on a preferential use basis. Separate leases with cargo terminal operators, general aviation operators, and hangar leases are maintained on an exclusive use basis. The Authority recognized lease revenue during FY 2025 and FY 2024 related to these regulated leases of \$10,418,152 and \$8,703,314, respectively, which was recognized as rent revenue in the statement of revenues, expenses, and changes in net position.

Future minimum payments under these regulated leases are expected as follows:

<u>Years Ending June 30,</u>	
2026	\$ 10,429,565
2027	2,062,020
2028	1,682,917
2029	1,683,631
2030	1,684,360
2031-2035	8,199,706
2036-2040	8,058,323
2041-2045	6,440,342
Thereafter	50,991
	<u>\$ 40,291,855</u>

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(5) Capital Assets

The following is a summary of the changes in capital assets for the years ended June 30, 2025 and 2024:

	Balances, June 30, 2024	Increases	Decreases	Balances, June 30, 2025
Capital assets not being depreciated:				
Land	\$ 15,771,497	\$ -	\$ -	\$ 15,771,497
Construction in progress	50,774,263	54,416,648	(2,356,261)	102,834,650
	<u>66,545,760</u>	<u>54,416,648</u>	<u>(2,356,261)</u>	<u>118,606,147</u>
Capital assets being depreciated:				
Building, structures, and improvements	420,517,589	2,341,814	-	422,859,403
Roads and runways	100,987,606	249,394	-	101,237,000
Equipment	40,771,586	494,472	(87,219)	41,178,839
Right-to-use IT subscription	371,947	82,782	-	454,729
Less accumulated depreciation for:				
Building, structures, and improvements	(203,742,722)	(13,649,496)	-	(217,392,218)
Roads and runways	(68,161,654)	(2,292,447)	-	(70,454,101)
Equipment	(29,926,090)	(2,106,877)	87,219	(31,945,748)
Right-to-use IT subscription	(242,587)	(113,274)	-	(355,861)
	<u>260,575,675</u>	<u>(14,993,632)</u>	<u>-</u>	<u>245,582,043</u>
Capital assets, net	<u>\$ 327,121,435</u>	<u>\$ 39,423,016</u>	<u>\$ (2,356,261)</u>	<u>\$ 364,188,190</u>
	Balances, June 30, 2023	Increases	Decreases	Balances, June 30, 2024
Capital assets not being depreciated:				
Land	\$ 15,771,497	\$ -	\$ -	\$ 15,771,497
Construction in progress	31,822,231	47,252,825	(28,300,793)	50,774,263
	<u>47,593,728</u>	<u>47,252,825</u>	<u>(28,300,793)</u>	<u>66,545,760</u>
Capital assets being depreciated:				
Building, structures, and improvements	407,433,032	13,607,838	(523,281)	420,517,589
Roads and runways	87,094,059	13,893,547	-	100,987,606
Equipment	50,170,290	2,076,892	(11,475,596)	40,771,586
Right-to-use IT subscription	371,947	-	-	371,947
Less accumulated depreciation for:				
Building, structures, and improvements	(190,927,952)	(13,338,051)	523,281	(203,742,722)
Roads and runways	(66,394,755)	(1,766,899)	-	(68,161,654)
Equipment	(39,365,915)	(2,035,771)	11,475,596	(29,926,090)
Right-to-use IT subscription	(119,662)	(122,925)	-	(242,587)
	<u>248,261,044</u>	<u>12,314,631</u>	<u>-</u>	<u>260,575,675</u>
Capital assets, net	<u>\$ 295,854,772</u>	<u>\$ 59,567,456</u>	<u>\$ (28,300,793)</u>	<u>\$ 327,121,435</u>

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 was \$18,162,094 and \$17,263,646, respectively.

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(6) Bonds Payable

Bonds payable comprise the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Series 2019 bonds payable	\$ 49,975,000	\$ 51,535,000
Series 2021 bonds payable	<u>17,785,000</u>	<u>20,580,000</u>
	67,760,000	72,115,000
Unamortized premium	<u>10,004,010</u>	<u>11,399,342</u>
	<u>\$ 77,764,010</u>	<u>\$ 83,514,342</u>

In June 2021, the Authority completed the sale of \$20,890,000 Airport Revenue Bonds Series 2021A (Non-AMT), \$2,690,000 Airport Revenue Bonds Series 2021B (AMT), and \$2,270,000 Airport Revenue Bonds Series 2021C (Federally Taxable). Proceeds of the Series 2021 Bonds were used to defease and refund its previously outstanding Series 2011 Bonds. The Series 2021 Bonds are payable from general revenues of the Authority and certain funds and accounts established under the indenture. Principal payments on the Series 2021 Bonds are due on July 1 of each year through July 1, 2031. Interest is payable on the bonds on January 1 and July 1 of each year, with interest rates ranging from 0.3% to 5.0% during the term of the bonds. The bond resolutions include reserve requirements, including the requirement that total revenues provide for 100% of operating expenses and net revenues provide at least 125% of the debt service requirement for the following year.

In June 2020, the Authority entered into a Subordinate Lien Revolving Line of Credit with STI Institutional & Government, Inc. (a subsidiary of Truist Financial Corporation). This line of credit has a maximum principal sum outstanding of \$30,000,000 and a term of five years. The proceeds from the line of credit are being used as short-term financing for capital projects. The line of credit is secured by a lien on general revenues on a subordinate basis from general revenues and CFC revenues of the Authority and certain funds and accounts established under the indenture. Under the terms of the line of credit, interest payments are due monthly and principal payments are due at the maturity date of June 2025. Interest is variable and is calculated each month as 79% of the sum of SOFR plus 69 basis points. The interest rate is subject to a minimum rate of 1.14%.

In June 2019, the Authority completed the sale of \$54,435,000 Airport Revenue Bonds Series 2019 (Non-AMT). Proceeds of the Series 2019 Bonds were used to construct the Authority's parking garage D. The Series 2019 Bonds are payable from general revenues and CFC revenues of the Authority and certain funds and accounts established under the indenture. Principal payments on the Series 2019 Bonds are due on July 1 of each year through July 1, 2043. Interest is payable on the bonds on January 1 and July 1 of each year, with an interest rate of 5.00% during the term of the bonds. The bond resolutions include reserve requirements, including the requirement that total revenues provide for 100% of operating expenses and net revenues provide at least 125% of the debt service requirement for the following year.

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(6) Bonds Payable (continued)

Maturities of bond principal and interest to be provided for all bonds outstanding at June 30, 2025 were as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	4,280,000	3,247,825
2027	3,960,000	3,063,800
2028	4,140,000	2,872,500
2029	4,350,000	2,660,250
2030	4,560,000	2,437,500
2031-2035	17,080,000	9,126,250
2036-2040	14,730,000	5,578,000
2041-2044	14,660,000	1,511,000
	<u>\$ 67,760,000</u>	<u>\$ 30,497,125</u>

Revenue bond activity for the year ended June 30, 2025 is as follows:

	<u>Balance, June 30, 2024</u>	<u>Issuance of Bonds</u>	<u>Amortization of Premium</u>	<u>Bond Payments</u>	<u>Balance, June 30, 2025</u>	<u>Current Portion</u>
Series 2021	\$ 23,323,259	\$ -	\$ (675,152)	\$ (2,795,000)	\$ 19,853,107	\$ 3,213,589
Series 2019	60,191,083	-	(720,180)	(1,560,000)	57,910,903	2,333,380
	<u>\$ 83,514,342</u>	<u>\$ -</u>	<u>\$ (1,395,332)</u>	<u>\$ (4,355,000)</u>	<u>\$ 77,764,010</u>	<u>\$ 5,546,969</u>

Revenue bond activity for the year ended June 30, 2024 is as follows:

	<u>Balance, June 30, 2023</u>	<u>Issuance of Bonds</u>	<u>Amortization of Premium</u>	<u>Bond Payments</u>	<u>Balance, June 30, 2024</u>	<u>Current Portion</u>
Series 2021	\$ 26,863,399	\$ -	\$ (790,140)	\$ (2,750,000)	\$ 23,323,259	\$ 3,470,152
Series 2019	62,417,016	-	(740,933)	(1,485,000)	60,191,083	2,280,181
	<u>\$ 89,280,415</u>	<u>\$ -</u>	<u>\$ (1,531,073)</u>	<u>\$ (4,235,000)</u>	<u>\$ 83,514,342</u>	<u>\$ 5,750,333</u>

Bond Covenant

The bond indenture states the Authority will provide general revenues at least 125% of the debt service requirement on all related bonds secured by general revenues then outstanding for the sinking fund years ending on the next June 30. At June 30, 2025 and 2024, the rate covenant was met. The indenture further provides that in the event the coverage is not met for a single year, the Authority shall hire a consultant to study revenues, expenses, and debt coverage for the following year and to provide guidance on rates and charges and meeting the rate coverage calculation. A noncompliance with the covenant is not a default until it is not met for two consecutive years.

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(7) Changes in Other Long-Term Liabilities

Other long-term liability activity for the year ended June 30, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Right-to-use IT subscription liabilities	\$ 118,521	\$ 69,111	\$ 111,767	\$ 75,865	\$ 54,254
Deposits payable	209,706	2,136	-	211,842	-
	<u>\$ 328,227</u>	<u>\$ 71,247</u>	<u>\$ 111,767</u>	<u>\$ 287,707</u>	<u>\$ 54,254</u>

Other long-term liability activity for the year ended June 30, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Right-to-use IT subscription liabilities	\$ 234,627	-	\$ 116,106	\$ 118,521	\$ 87,327
Deposits payable	249,706	60,000	100,000	209,706	-
	<u>\$ 484,333</u>	<u>\$ 60,000</u>	<u>\$ 216,106</u>	<u>\$ 328,227</u>	<u>\$ 87,327</u>

(8) Airport Use Agreement

Effective July 1, 2023, the Authority entered into a new Airline Use and Lease Agreement (the "ULA") with the signatory airlines operating scheduled passenger service at the Airport. The term of the ULA for the signatory carriers is through June 30, 2026. The agreement automatically renews for two (2) additional terms of one year each unless either party gives notice. The Agreement provides for airlines to pay rates and charges calculated based on established cost centers.

(9) Defined Benefit Pension Plan

(a) Plan Description

The Authority participates in the VRS, an agent multiple-employer, public employee retirement system, which acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. All full-time, salaried permanent (professional) employees of the Authority are automatically covered by the VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the "System" or "VRS") along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior public service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public services, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each plan has a different eligibility and benefit structure as set forth below:

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(9) Defined Benefit Pension Plan (continued)

(a) Plan Description (continued)

VRS Plan 1 is a defined benefit plan. Members hired before July 1, 2010 and who were vested as of January 1, 2013, and they have not taken a refund, are eligible for Plan 1. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service and at age 50 with 30 years of service for participating employers. An optional reduced retirement benefit is available to members of VRS as early as age 50 with at least 10 years of service credit or age 55 with at least five years of service credit. Active members may purchase previous service as service credit to their plan and, if eligible, may purchase periods of leave without pay.

VRS Plan 2 is a defined benefit plan. Members hired or rehired on or after July 1, 2010, and who have no service credits before July 1, 2010, and are not vested as of January 1, 2013, are covered under Plan 2. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. Employees are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. An optional reduced retirement benefit is available to Plan 2 members as early as age 60 with at least five years of service credit. Active members may purchase previous service as service credit to their plan and, if eligible, may purchase periods of leave without pay.

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members hired on or after January 1, 2014 are eligible for the Hybrid Plan. The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. The benefit payment payable from the defined contribution plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. Employees are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. An optional reduced retirement benefit is available as early as age 60 with at least five years of service credit. Under the defined benefit plan, active members may purchase previous service as service credit to their plan and, if eligible, may purchase periods of leave without pay.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. The retirement multiplier for Authority's employees is 1.70% for Plan 1 members, 1.85% for hazardous duty Plan 1 members, 1.65% for Plan 2 members, and 1.0% for Hybrid Plan members. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Under Plan 1, average final compensation is the average of the member's 36-consecutive months of highest compensation. Under Plan 2 and the Hybrid Plan, average final compensation is the average of the member's 60-consecutive months of highest compensation. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment ("PLOP"), or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option, or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment ("COLA") effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(9) Defined Benefit Pension Plan (continued)

(b) Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	<u>188</u>
Inactive members:	
Vested inactive members	44
Nonvested inactive members	54
Inactive members active elsewhere in VRS	<u>44</u>
Total inactive members	<u>142</u>
Active members	<u>187</u>
Total covered employees	<u><u>517</u></u>

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	<u>183</u>
Inactive members:	
Vested inactive members	34
Nonvested inactive members	48
Inactive members active elsewhere in VRS	<u>43</u>
Total inactive members	<u>125</u>
Active members	<u>193</u>
Total covered employees	<u><u>501</u></u>

(c) Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's actuarially required contribution rate for the years ended June 30, 2025 and 2024 was 13.74% of covered employee compensation. This rate was based on an actuarially determined rate from actuarial valuations as of June 30, 2021. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$2,265,868 and \$1,973,035 for the years ended June 30, 2025 and 2024, respectively.

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(9) Defined Benefit Pension Plan (continued)

(d) Net Pension Liability

The Authority's net pension liability as of June 30, 2025 was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2023.

The Authority's net pension liability as of June 30, 2024 was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

(e) Actuarial Assumptions

The total pension liability for general employees and public safety employees in the Authority's Retirement Plan was based on an actuarial valuations as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement, and rolled forward to the measurement dates of June 30, 2024.

	General Employees	Public Safety Employees
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50 - 5.35%	3.50 - 4.75%
Investment rate of return, net of pension plan investment expense, including inflation	6.75%	6.75%

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(9) Defined Benefit Pension Plan (continued)

	Mortality Assumptions	
	General Employees	Public Safety Employees
Preretirement: (GLI & VLDP)	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
Preretirement: (LODA)	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
Postretirement: (GLI & VLDP)	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
Posretirement: (LODA)	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
Post-disablement: (GLI & VLDP)	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
Post-disablement: (LODA)	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
Beneficiaries and survivors: (GLI & VLDP)	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
Beneficiaries and survivors: (LODA)	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
Mortality improvement: (GLI, VLDP, & LODA)	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(9) Defined Benefit Pension Plan (continued)

The total pension liability for general employees and public safety employees in the Authority’s Retirement Plan was based on an actuarial valuations as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement, and rolled forward to the measurement dates of June 30, 2023.

	General Employees	Public Safety Employees
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50 - 5.35%	3.50 - 4.75%
Investment rate of return, net of pension plan investment expense, including inflation	6.75%	6.75%

Mortality Assumptions		
	General Employees	Public Safety Employees
Preretirement: (GLI & VLDP)	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
Preretirement: (LODA)	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
Postretirement: (GLI & VLDP)	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
Posretirement: (LODA)	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
Post-disablement: (GLI & VLDP)	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
Post-disablement: (LODA)	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
Beneficiaries and survivors: (GLI & VLDP)	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
Beneficiaries and survivors: (LODA)	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
Mortality improvement: (GLI, VLDP, & LODA)	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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JUNE 30, 2025 AND 2024

(9) Defined Benefit Pension Plan (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Preretirement, postretirement, healthy, and disabled) (General Employees)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Mortality Rates (Preretirement, postretirement, healthy, and disabled) (Public Safety Employees)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates (General Employees)	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Retirement Rates (Public Safety Employees)	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates (General Employees)	Adjusted rates to better fit experience at each year age and service through nine years of service.
Withdrawal Rates (Public Safety Employees)	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(9) Defined Benefit Pension Plan (continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2021, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Preretirement, postretirement, healthy, and disabled) (General Employees)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Mortality Rates (Preretirement, postretirement, healthy, and disabled) (Public Safety Employees)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates (General Employees)	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Retirement Rates (Public Safety Employees)	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates (General Employees)	Adjusted rates to better fit experience at each year age and service through nine years of service.
Withdrawal Rates (Public Safety Employees)	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change.
Salary Scale	No change.
Line of Duty Disability	No change.
Discount Rate	No change.

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(9) Defined Benefit Pension Plan (continued)

(f) Long-Term Expected Rate of Return

The long-term expected rate of return on pension system investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension system investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summaries in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public equity	32.00%	6.70%	2.14%
Fixed income	16.00%	5.40%	0.86%
Credit strategies	16.00%	8.10%	1.30%
Real assets	15.00%	7.20%	1.08%
Private equity	15.00%	8.70%	1.31%
MAPS - Multi-Asset Public Strategies	1.00%	8.00%	0.08%
PIP - Private Investment Partnership	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
	<u>100.00%</u>		<u>7.07%</u>
Expected arithmetic nominal return**			<u>7.07%</u>

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(9) Defined Benefit Pension Plan (continued)

(g) Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(h) Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2023	\$ 66,321,004	\$ 61,879,849	\$ 4,441,155
Changes for the year:			
Service cost	1,876,796	-	1,876,796
Interest	4,486,619	-	4,486,619
Differences between expected and actual experience	1,165,828	-	1,165,828
Contributions – employer	-	1,972,985	(1,972,985)
Contributions – employee	-	729,052	(729,052)
Net investment income	-	5,997,907	(5,997,907)
Benefit payments	(3,458,747)	(3,458,747)	-
Administrative expenses	-	(39,320)	39,320
Other changes	-	1,161	(1,161)
Net changes	4,070,496	5,203,038	(1,132,542)
Balances at June 30, 2024	\$ 70,391,500	\$ 67,082,887	\$ 3,308,613

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(9) Defined Benefit Pension Plan (continued)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2022	\$ 62,353,129	\$ 58,720,589	\$ 3,632,540
Changes for the year:			
Service cost	1,829,175	-	1,829,175
Interest	4,226,986	-	4,226,986
Differences between expected and actual experience	1,032,307	-	1,032,307
Contributions – employer	-	1,831,950	(1,831,950)
Contributions – employee	-	670,283	(670,283)
Net investment income	-	3,813,587	(3,813,587)
Benefit payments	(3,108,814)	(3,108,814)	-
Administrative expenses	-	(37,499)	37,499
Refunds of contributions	(11,779)	(11,779)	-
Other changes	-	1,532	(1,532)
Net changes	3,967,875	3,159,260	808,615
Balances at June 30, 2023	\$ 66,321,004	\$ 61,879,849	\$ 4,441,155

(i) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

For the years ended June 30, 2025 and 2024, the following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's net pension liability (asset)	\$ 11,709,545	\$ 3,308,613	\$ (3,699,642)
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's net pension liability (asset)	\$ 12,501,797	\$ 4,441,155	\$ (2,220,973)

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(9) Defined Benefit Pension Plan (continued)

(j) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2025 and 2024, the Authority recognized pension expense of \$911,104 and \$946,958, respectively. At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,035,476	\$ -
Differences between expected and actual experience	-	1,731,805
Employer contributions subsequent to the measurement date	2,265,868	-
	<u>\$ 3,301,344</u>	<u>\$ 1,731,805</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,677,259
Change of assumptions	600,574	-
Differences between expected and actual experience	-	1,242,590
Employer contributions subsequent to the measurement date	1,830,357	-
	<u>\$ 2,430,931</u>	<u>\$ 2,919,849</u>

Deferred outflows of resources related to pensions totaling \$2,265,868 resulting from the Authority's contributions subsequent to the measurement date of June 30, 2025, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized as decreases to pension expense as follows:

<u>Years Ending June 30,</u>	
2026	\$ (728,799)
2027	746,014
2028	(343,976)
2029	(369,568)
	<u>\$ (696,329)</u>

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(9) Defined *Benefit Pension Plan (continued)*

(k) Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report. A copy of the 2024 Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

(10) OPEB Plans

(a) Plan Descriptions

(i) GLI plan

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by the VRS, along with pensions and other OPEB, for public employer groups in the Commonwealth of Virginia.

In addition to the basic group life insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

The benefits payable under the GLI Program have several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include accidental dismemberment benefits, safety belt benefits, repatriation benefits, felonious assault benefits, and accelerated death benefit options. The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 COLA calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

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(10) OPEB Plans (continued)

(i) LODA plan

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the VRS, the State Police Officers' Retirement System ("SPORS"), or the Virginia Law Officers' Retirement System ("VaLORS") are automatically covered by the LODA program. As required by statute, the VRS is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the VRS's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The eligible employees of the LODA included paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the VRS, the SPORS, or the VaLORS.

The LODA provides death and health insurance benefits for eligible individuals. The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows. \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. The benefit will be \$75,000 for approved presumptive deaths occurring on or after January 1, 2025. An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. These benefits are managed through the Virginia Department of Human Resource Management ("DHRM"). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members.

(iii) VLDP plan

All full-time, salaried general employees, including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions, who do not provide enhanced hazardous duty benefits, who are in the VRS Hybrid Retirement Plan benefit structure, and whose employer has not elected to opt out of the VRS-sponsored program, are automatically covered by the VLDP. This plan is administered by the VRS, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDP.

The VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work related and work related disabilities for employees with Hybrid retirement benefits.

Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. Eligibility includes full-time general employees, including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.

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(10) OPEB Plans (continued)

The VLDP provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work related, short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work related or work related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. The VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

(b) Contributions

The contribution requirements for the GLI Program are governed by Sections 51.1-506 and 51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were \$91,622 and \$78,831 for the years ended June 30, 2025 and 2024, respectively.

The contribution requirements for the LODA Program are governed by Section 9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2025 was \$1,015 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$57,855 and \$46,536 for the years ended June 30, 2025 and 2024, respectively.

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(10) OPEB Plans (continued)

The contribution requirement for the VLDP Program for active Hybrid employees is governed by Section 51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the years ended June 30, 2025 was 0.74% of covered employee compensation for employees in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VLDP were \$49,436 and \$36,421 for the years ended June 30, 2025 and 2024, respectively.

(c) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB

(i) GLI plan

At June 30, 2025, the Authority reported liabilities of \$660,068, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Authority's proportion of the Net GLI OPEB Liability was based on the Authority's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Authority's proportion was 0.05915% as compared to 0.05954% at June 30, 2023.

For the years ended June 30, 2025 and 2024, the Authority recognized GLI OPEB expenses of \$8,946 and \$28,177, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

(i) LODA plan

At June 30, 2025, the Authority reported liabilities of \$1,213,469, for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB Liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the entity's proportion was 0.30835% as compared to 0.30828% at June 30, 2023.

For the years ended June 30, 2025 and 2024, the Authority recognized LODA OPEB expense of \$148,799 and \$161,834, respectively. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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JUNE 30, 2025 AND 2024

(10) OPEB Plans (continued)

(c) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB (continued)

(i) VLDP plan

At June 30, 2025, the Authority reported a net asset of \$23,617 for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2024, and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The political subdivision's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the political subdivision's proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was 0.65466% as compared to 0.65466% at June 30, 2023.

For the year ended June 30, 2025 and 2024, the Authority recognized VLDP OPEB expense of \$31,851 and \$24,863, respectively. Since there was a change in proportionate share between measurement dates, a portion of the VLDP net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the GLI, LODA, and VLDP OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 59,649
Change of assumptions	227,464	277,670
Differences between expected and actual experience	149,137	317,527
Changes in proportionate share	27,471	63,245
Employer contributions subsequent to the measurement date	198,913	-
Total as of June 30, 2025	\$ 602,985	\$ 718,091
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 24	\$ 32,311
Change of assumptions	289,835	305,217
Differences between expected and actual experience	140,912	260,482
Changes in proportionate share	34,994	75,633
Employer contributions subsequent to the measurement date	161,788	-
Total as of June 30, 2024	\$ 627,553	\$ 673,643

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(10) OPEB Plans (continued)

(c) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB (continued)

(i) VLDP plan (continued)

Deferred outflows of resources related to OPEB plans totaling \$198,913 resulting from the Authority's contributions subsequent to the measurement date of June 30, 2025, will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plans will be recognized in the Authority's OPEB expense in future reporting periods as follows:

<u>Years Ending June 30,</u>	
2026	\$ (63,922)
2027	(16,393)
2028	(28,884)
2029	(30,671)
2030	(39,451)
Thereafter	<u>(134,698)</u>
	<u>\$ (314,019)</u>

(d) Actuarial Assumptions

The total GLI, LODA, and VLDP OPEB liabilities were based on actuarial valuations as of June 30, 2023, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Inflation	2.50%
Salary increase, including inflation:	3.50% to 5.35%
General employees (GLI and VLDP)	
Medical cost trend rates assumption (LODA):	
Under age 65	7.00% to 4.75%
Ages 65 and older	5.25% to 4.75%
Investment rate of return (GLI and VLDP)	6.75%, net of investment expenses, including inflation
Year of ultimate trend rate (LODA):	
Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028
Investment rate of return (LODA)	3.86%, including inflation*

* Since LODA is funded on a current disbursement basis, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return.

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(10) OPEB Plans (continued)

	Mortality Assumptions											
	General Employees			Hazardous Duty Employees								
Preretirement:	Pub-2010	Amount	Weighted	Safety	Employee	Rates	Pub-2010	Amount	Weighted	Safety	Employee	Rates
	projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.						projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.					
Postretirement:	Pub-2010	Amount	Weighted	Safety	Healthy Retiree	Rates	Pub-2010	Amount	Weighted	Safety	Healthy Retiree	Rates
	projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.						projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.					
Post-disablement:	Pub-2010	Amount	Weighted	General	Disabled	Rates	Pub-2010	Amount	Weighted	General	Disabled	Rates
	projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.						projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.					
Beneficiaries and survivors:	Pub-2010	Amount	Weighted	Safety	Contingent Annuitant	Rates	Pub-2010	Amount	Weighted	Safety	Contingent Annuitant	Rates
	Rates projected generationally.						Rates projected generationally; 110% of rates for males and females set forward 2 years.					
Mortality improvement scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.						Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.					

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study for general employees include updating the mortality table, adjusting retirement rates to better fit experience, changing the final retirement age, and adjusting withdrawal rates to better fit experience. Changes to the actuarial assumptions, as a result of the experience study for hazardous duty employees include updating the mortality table, adjusting retirement rates to better fit experience and decreasing withdrawal rates.

(e) Net OPEB Liability

The net OPEB liability represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, net OPEB liability amounts are as follows (dollar amounts in thousands):

	June 30, 2024		
	GLI	LODA	VLDP
Total OPEB liability	\$ 4,196,055	\$ 398,395	\$ 12,230
Plan fiduciary net position	3,080,133	4,841	15,837
Employers' net OPEB liability (asset)	<u>\$ 1,115,922</u>	<u>\$ 393,554</u>	<u>\$ (3,607)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	73.41%	1.22%	129.49%

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JUNE 30, 2025 AND 2024

(10) OPEB Plans (continued)

The net OPEB liability represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, net OPEB liability amounts are as follows (dollar amounts in thousands):

	June 30, 2023		
	GLI	LODA	VLDP
Total OPEB liability	\$ 3,907,052	\$ 406,211	\$ 9,525
Plan fiduciary net position	2,707,739	5,311	11,134
Employers' net OPEB liability (asset)	<u>\$ 1,199,313</u>	<u>\$ 400,900</u>	<u>\$ (1,609)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	69.30%	1.31%	116.89%

The total OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

(f) Long-Term Expected Rate of Return

The long-term expected rate of return on VRS' investments for the GLI and VLDP plans was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS' investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	32.00%	6.70%	2.14%
Fixed income	16.00%	5.40%	0.86%
Credit strategies	16.00%	8.10%	1.30%
Real assets	15.00%	7.20%	1.08%
Private equity	15.00%	8.70%	1.31%
MAPS - Multi-Asset Public Strategies	1.00%	8.00%	0.08%
PIP - Private Investment Partnership	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
	<u>100.00%</u>		<u>7.07%</u>
Expected arithmetic nominal return**			<u>7.07%</u>

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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(10) OPEB Plans (continued)

(f) Long-Term Expected Rate of Return (continued)

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.97% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments' 6.75% assumption. Instead, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

(g) Discount Rate

The discount rate used to measure the total GLI and VLDP OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the entity for the GLI and VLDP OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI and VLDP OPEBs' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI and VLDP OPEB liabilities.

The discount rate used to measure the total LODA OPEB liability was 3.97%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(10) OPEB Plans (continued)

(h) Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability using the current discount rates, as well as what the Authority's proportionate share of the 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 years ended June 30, 2025 and June 30, 2024, respectively:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the GLI net OPEB liability	\$ 1,026,491	\$ 660,068	\$ 364,046
The Authority's proportionate share of the VLDP net OPEB (asset)	(17,174)	(23,617)	(29,286)
	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
The Authority's proportionate share of the LODA net OPEB liability	\$ 1,345,288	\$ 1,213,526	\$ 1,100,226
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the GLI net OPEB liability	\$ 1,058,477	\$ 714,071	\$ 435,617
The Authority's proportionate share of the VLDP net OPEB (asset)	(5,121)	(9,774)	(13,851)
	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
The Authority's proportionate share of the LODA net OPEB liability	\$ 1,385,729	\$ 1,235,892	\$ 1,109,132

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(10) OPEB Plans (continued)

(i) Sensitivity of the Authority's Proportionate Share of the Net LODA OPEB Liability to Changes in the Healthcare Trend Rate

Because the LODA plan contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the healthcare trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using health care trend rate of 7.25% decreasing to 4.25%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate for the years ended June 30, 2025 and June 30, 2024, respectively:

	1% Decrease (6.00% decreasing to 3.75%)	Healthcare Trend Rates (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
The Authority's proportionate share of the LODA Net OPEB Liability	\$ 1,033,763	\$ 1,213,526	\$ 1,434,098

	1% Decrease (6.00% decreasing to 3.75%)	Healthcare Trend Rates (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
The Authority's proportionate share of the LODA Net OPEB Liability	\$ 1,048,078	\$ 1,235,892	\$ 1,468,623

(j) VRS OPEB Programs Fiduciary Net Positions

Detailed information about the GLI, LODA, and VLDP fiduciary net position is available in the separately issued VRS 2023 ACFR. A copy of the 2024 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NORFOLK AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(11) Employee Contribution Plan

The Authority maintains a deferred compensation plan through Mission Square Retirement. The plan was established under the guidelines of Section 457 of the Internal Revenue Code ("IRC"). The plan is a voluntary employee contribution plan in which employees elect a dollar amount to be withheld each pay period. Assets and liabilities related to this plan are not included in the accompanying statements of net position.

All regular full-time employees of the Authority are eligible to participate with a minimum contribution of \$10 per pay period. Maximum contributions made by an employee are subject to IRC limitations.

The plan is entirely funded by the Authority's employees. Mission Square charges fees to employees if they are enrolled in a managed account. Mission Square also has the authority to annually deduct a certain percentage of the daily average net asset balance to cover administrative and other various costs.

(12) Concentration of Credit Risk

Financial instruments that potentially subject the Authority to concentration of credit risk consist of investments and accounts receivable. The Authority's investments are described in Note 2. A substantial portion of the Authority's accounts receivable is from U.S. commercial airlines and rental car companies that could be similarly affected by industry economic conditions. Historically, the Authority's uncollectible accounts receivable have been minimal and the Authority does not require collateral for its receivables.

(13) Risk Management

The Authority is exposed to a variety of risks or losses related to torts (i.e., injuries to employees, damage to property, destruction or theft of assets, cyber-attacks, and natural disasters). The Authority purchases insurance through the Commonwealth of Virginia and commercial insurance carriers for specific types of coverage.

The Authority participates in a risk management self-insurance plan through the Commonwealth of Virginia administered by the Division of Risk Management. Through this plan, the Authority obtains public officers, law enforcement, and medical malpractice liability coverage of \$1,000,000 per occurrence. The ACFR of the Commonwealth of Virginia contains disclosure of the Commonwealth's estimated claims payable and estimated losses for self-insurance plans at June 30, 2025 and 2024.

NORFOLK AIRPORT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(13) Risk Management (continued)

Through commercial insurance carriers, the Authority has property insurance coverage of \$501.7 million annually, airport liability coverage of \$300.0 million annually, pollution coverage of \$10.0 million, terrorism coverage for 80% of the loss, business auto coverage of \$1.0 million per occurrence, cyber-attack coverage of \$5.0 million, crime insurance coverage of \$1.0 million per occurrence, watercraft coverage of \$1.0 million, and workers' compensation coverage for bodily injury of \$1.0 million per occurrence.

There were no reductions to insurance coverage from the prior year. Claim settlements and judgments not covered by insurance coverage are covered by operating resources. The amount of settlements did not exceed insurance coverage for any of the past three years. Claim expenditures and liabilities are reported when it is probable a loss occurred and the amount of loss can be reasonably estimated.

(14) Government Grants in Aid of Construction

The Authority receives, on a reimbursement basis, grants from the Commonwealth of Virginia and the federal government for certain capital construction projects through the Airport Improvement Program. As a recipient of state and federal financial assistance, the Authority is responsible for maintaining an internal control structure that ensures compliance with all laws and regulations related to this program. All grants are subject to financial and compliance audits by the grantors. In the opinion of management, audit adjustments, if any, would not have a significant impact on the financial position of the Authority.

(15) Commitments and Contingencies

Prior to July 1, 1998, the Authority had an agreement with the City of Norfolk, Virginia (the "City") whereby the Authority had use of the Airport property free of charge. As of July 1, 1998, the City reacquired title to all property. On January 18, 2000, the City executed a deed conveying title to the Authority, reserving a right of reversion if the Airport property is no longer used as an airport. In consideration of the conveyance of the property, the Authority agreed to compensate the City for the loss of tax revenue on the Airport property. Beginning in FY 2016, the adjusted annual payment was set by the City's tax assessor; in no event shall the payment exceed stated tax rates on the fair value of the Airport property. Advance payments are due annually on July 1. Payment in the amount of \$2.65 million was required for FY 2025 and FY 2024. This amount is due each year through the July 1, 2024 payment.

As of June 30, 2025 and 2024, the Authority had entered into contracts totaling \$200.6 million and \$77.0 million, of which \$91.9 million and \$45.7 million was outstanding, respectively.

The Authority receives funding through capital grants and operating assistance grants from the federal and state agencies. Expenditures financed by capital and operating assistance grants are subject to audit and acceptance by the granting agency. Any disallowed expenditure may need to be repaid to the granting agency; however, it is management's opinion that no material liabilities will result from any such audits.

From time to time, the Authority is a defendant in certain lawsuits which are incidental to its operations. Management is of the opinion that the accompanying financial statements will not be materially affected by the ultimate resolution of litigation pending or threatened as of June 30, 2025 or 2024.

NORFOLK AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

(16) Conduit Debt

From time to time, the Authority has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying promissory notes. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Authority, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying statements of net position. As of June 30, 2025 and 2024, there were three series of revenue bonds outstanding with an aggregate principal amount of approximately \$8.3 million and \$11.8 million, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

NORFOLK AIRPORT AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Schedule of Changes in the Authority's Net Pension Liability and Related Ratios:										
Total Pension Liability:										
Service cost	\$ 1,876,796	\$ 1,829,175	\$ 1,586,837	\$ 1,507,543	\$ 1,528,644	\$ 1,420,679	\$ 1,414,966	\$ 1,373,319	\$ 1,346,523	\$ 1,300,433
Interest	4,486,619	4,226,986	4,115,054	3,810,696	3,631,931	3,419,644	3,151,550	3,053,266	2,880,450	2,688,486
Differences between expected and actual experience	1,165,828	1,032,307	(1,243,533)	(1,383,443)	353,978	1,367,730	1,816,734	(429,688)	237,910	484,660
Changes of assumptions	-	-	-	1,935,184	-	1,462,450	-	(222,799)	-	-
Benefit payments, including refunds of employee contributions	(3,388,256)	(3,108,814)	(2,936,638)	(2,931,301)	(2,682,147)	(2,615,193)	(2,475,362)	(2,264,730)	(1,727,430)	(1,735,055)
Refunds of contributions	(70,491)	(11,779)	(27,672)	-	(118,923)	(16,096)	-	-	-	-
Other	-	-	-	-	-	-	-	(313)	-	-
Net Change in Total Pension Liability	4,070,496	3,967,875	1,494,048	2,938,679	2,713,483	5,039,214	3,907,888	1,509,055	2,737,453	2,738,524
Total pension liability – beginning	66,321,004	62,353,129	60,859,081	57,920,402	55,206,919	50,167,705	46,259,817	44,750,762	42,013,309	39,274,785
Total Pension Liability – Ending (a)	70,391,500	66,321,004	62,353,129	60,859,081	57,920,402	55,206,919	50,167,705	46,259,817	44,750,762	42,013,309
Plan Fiduciary Net Position:										
Contributions – employer	1,972,985	1,831,950	1,631,522	1,568,710	1,366,885	1,335,367	1,208,422	1,170,578	1,223,465	1,179,412
Contributions – employee	729,052	670,283	613,815	593,589	611,117	593,189	577,112	564,624	553,205	522,626
Net investment income	5,997,907	3,813,587	(60,437)	12,931,550	899,668	2,992,190	3,148,504	4,691,484	671,007	1,669,448
Benefit payments, including refunds of employee contributions	(3,388,256)	(3,108,814)	(2,936,638)	(2,838,514)	(2,682,147)	(2,615,193)	(2,475,362)	(2,264,730)	(1,727,430)	(1,735,055)
Administrative expense	(39,320)	(37,499)	(36,884)	(31,995)	(30,745)	(29,605)	(27,217)	(27,108)	(23,348)	(22,585)
Refunds of contributions	(70,491)	(11,779)	(27,672)	(92,787)	(118,923)	(16,096)	-	-	-	-
Other	1,161	1,532	1,380	1,222	(1,069)	(1,890)	(2,799)	(4,170)	(173)	(663)
Net Change in Plan Fiduciary Net Position	5,203,038	3,159,260	(814,914)	12,131,775	44,786	2,257,962	2,428,660	4,130,678	696,726	1,613,183
Plan fiduciary net position – beginning	61,879,849	58,720,589	59,535,503	47,403,728	47,358,942	45,100,980	42,672,320	38,541,642	37,844,916	36,231,733
Plan Fiduciary Net Position – Ending (b)	67,082,887	61,879,849	58,720,589	59,535,503	47,403,728	47,358,942	45,100,980	42,672,320	38,541,642	37,844,916
Authority's Net Pension Liability – Ending (a)-(b)	\$ 3,308,613	\$ 4,441,155	\$ 3,632,540	\$ 1,323,578	\$ 10,516,674	\$ 7,847,977	\$ 5,066,725	\$ 3,587,497	\$ 6,209,120	\$ 4,168,393
Plan Fiduciary Net Position as a Percentage of the total pension liability (b) / (a)	95.30%	93.30%	94.17%	97.83%	81.84%	85.78 %	89.90 %	92.24 %	86.13 %	90.08 %
Covered payroll (c)	\$ 15,159,322	\$ 13,981,234	\$ 12,819,953	\$ 12,330,340	\$ 12,677,884	\$ 12,300,841	\$ 11,882,270	\$ 11,725,164	\$ 10,903,311	\$ 10,406,965
Authority's net pension liability as a percentage of covered payroll [(a)-(b)] / (c)	21.83%	31.77%	28.34%	10.73%	82.95 %	63.80 %	42.64 %	30.60 %	56.95 %	40.05 %

See accompanying report of independent auditor and notes to the required supplementary information.

NORFOLK AIRPORT AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)

YEAR ENDED JUNE 30, 2025

For the Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	\$ 2,265,868	\$ 2,265,868	\$ -	\$ 17,619,685	12.86
2024	1,973,035	1,973,035	-	15,159,822	13.01
2023	1,830,357	1,830,357	-	13,981,234	13.09
2022	1,630,080	1,630,080	-	12,819,953	12.72
2021	1,568,710	1,568,710	-	12,330,340	12.72
2020	1,368,135	1,368,135	-	12,677,884	10.79
2019	1,338,260	1,338,260	-	12,300,841	10.88
2018	1,207,848	1,207,848	-	11,882,270	10.17
2017	1,156,652	1,156,652	-	11,725,164	9.86
2016	1,223,500	1,223,465	35	10,903,311	11.22
2015	1,180,959	1,179,412	1,547	10,406,956	11.33

See accompanying report of independent auditor and notes to the required supplementary information.

NORFOLK AIRPORT AUTHORITY
SCHEDULE OF OPEB CONTRIBUTIONS (UNAUDITED)

YEAR ENDED JUNE 30, 2025

Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025					
GLI Plan:	\$ 91,622	\$ 91,622	\$ -	\$ 17,619,685	0.52%
LODA Plan:	57,855	57,855	-	17,619,685	0.33%
VLDP Plan:	49,436	49,436	-	6,866,081	0.72%
2024					
GLI Plan:	78,831	78,831	-	15,159,822	0.52%
LODA Plan:	46,536	46,536	-	15,159,822	0.31%
VLDP Plan:	36,421	36,421	-	5,058,427	0.72%
2023					
GLI Plan:	72,702	72,702	-	13,981,234	0.52%
LODA Plan:	40,910	40,910	-	13,981,234	0.29%
VLDP Plan:	26,662	26,662	-	3,703,097	0.72%
2022					
GLI Plan:	66,663	66,663	-	12,819,953	0.52%
LODA Plan:	42,321	42,321	-	12,819,953	0.33%
VLDP Plan:	20,238	20,238	-	2,810,841	0.72%
2021					
GLI Plan:	64,117	64,117	-	12,330,340	0.52%
LODA Plan:	41,604	41,604	-	12,330,340	0.34%
VLDP Plan:	17,554	17,554	-	2,438,139	0.72%
2020					
GLI Plan:	65,925	65,925	-	12,677,885	0.52%
LODA Plan:	42,346	42,346	-	12,677,885	0.33%
VLDP Plan:	16,704	16,704	-	2,319,957	0.72%
2019					
GLI Plan:	64,000	64,000	-	12,273,178	0.52%
LODA Plan:	42,000	42,000	-	12,273,178	0.34%
VLDP Plan:	15,000	15,000	-	2,047,146	0.73%
2018					
GLI Plan:	62,000	62,000	-	11,445,288	0.54%
LODA Plan:	35,000	35,000	-	11,445,288	0.31%
VLDP Plan:	9,000	9,000	-	977,098	0.92%

See accompanying report of independent auditor and notes to the required supplementary information.

NORFOLK AIRPORT AUTHORITY
SCHEDULE OF AUTHORITY'S SHARE OF NET OPEB LIABILITY (UNAUDITED)

YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
GLI Plan:								
Authority's Proportion of the Net GLI OPEB Liability	0.05915%	0.05954%	0.05918%	0.05978%	0.06162%	0.06261%	0.06224%	0.06204%
Authority's Proportionate Share of Net GLI OPEB Liability	\$ 660,068	\$ 714,071	\$ 712,584	\$ 696,001	\$ 1,028,337	\$ 1,018,831	\$ 945,000	\$ 933,000
Employer's Covered Payroll	15,159,822	13,981,234	12,819,953	12,330,340	12,677,885	12,273,178	11,445,288	11,841,567
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	4.35%	5.11%	5.56%	5.64%	8.11%	8.30%	8.26%	7.88%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%
LODA Plan:								
Authority's Proportion of the Net LODA OPEB Liability	0.30835%	0.30828%	0.30953%	0.30219%	0.31160%	0.31552%	0.32493%	0.31564%
Authority's Proportionate Share of Net LODA OPEB Liability	1,213,469	1,235,892	1,171,433	1,332,633	1,305,029	1,132,042	1,019,000	829,000
Employer's Covered Payroll	15,159,822	13,981,234	12,819,953	12,330,340	12,677,885	12,273,178	11,445,288	11,841,567
Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered Payroll	8.00%	8.84%	9.14%	10.81%	10.29%	9.22%	8.90%	7.00%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%	1.31%	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%
VLDP Plan:								
Authority's Proportion of the Net VLDP OPEB Liability	0.65466%	0.65466%	0.60746%	0.59998%	0.62229%	0.66244%	0.58676%	0.53211%
Authority's Proportionate Share of Net VLDP OPEB Liability/(Asset)	(23,617)	(9,774)	(3,528)	(6,144)	6,212	13,420	4,000	3,000
Employer's Covered Payroll	5,058,427	3,703,097	2,810,841	2,438,139	2,319,957	2,047,146	977,098	1,430,793
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	-0.47%	-0.26%	-0.13%	-0.25%	0.27%	0.66%	0.41%	0.21%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	129.49%	116.89%	107.99%	119.59%	76.84%	49.19%	51.39%	38.40%

See accompanying report of independent auditor and notes to the required supplementary information.

NORFOLK AIRPORT AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

YEAR ENDED JUNE 30, 2025

(1) Changes of Benefit Terms

There have been no actuarially material changes to the system benefit provisions since the prior actuarial valuation.

(2) Changes of Assumptions

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Updated the mortality table to PUB 2010 public sector. For future mortality improvements, replaced the load with a modified Mortality Improvement Scale SP-2020. Increased disability life expectancy for hazardous duty employees.
- Adjusted retirement rates for general employees to better fit experience for Plan 1, set separate rates based on experience for Plan 2 and Hybrid, and changed the final retirement age. Hazardous duty retirement rates were adjusted to better fit experience and changed final retirement from 65 to 70.
- Adjusted withdrawal rates for general employees to better fit experience at each year age and service through nine years of service. Reduced withdrawal rates for hazardous duty employees and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 hazardous duty.

(3) Years Presented in Schedules

The Schedule of Authority's Share of Net OPEB liability and the Schedule of OPEB contributions are required to be presented for the last 10 fiscal years. However, the Authority has only presented the required supplementary information for the last eight years as FY 2018 was the first year of implementation of the requirement to provide such required supplementary information and such information is not available for the prior years.

COMPLIANCE SECTION

Report of Independent Auditor 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 Board of Commissioners
Norfolk Airport Authority
Norfolk, Virginia

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, and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the “Specifications”), the financial statements of Norfolk Airport Authority (the “Authority”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated November 7, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’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* or under the *Specifications*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
November 7, 2025

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

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Upon delivery of the Series 2026 CFC Bonds, Squire Patton Boggs (US) LLP, Bond Counsel, proposes to render its final opinion with respect to the Series 2026 CFC Bonds in substantially the following form:

[Closing Date]

To: Norfolk Airport Authority
Norfolk, Virginia

We have served as bond counsel to our client the Norfolk Airport Authority (the “Authority”) in connection with the issuance by the Authority of its \$_____ Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility), Series 2026A (Federally Taxable) (the “Taxable CFC Bonds”) and \$_____ Norfolk Airport Authority Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility), Series 2026B (AMT) (the “Tax-Exempt CFC Bonds”) and together with the Taxable CFC Bonds, the “Bonds”), each dated the date of this letter.

The Bonds are issued pursuant to Chapter 463, Virginia Acts of Assembly of 1948, as supplemented and amended, the authorizing resolution adopted by the Board of Commissioners of the Authority on December 4, 2025 (the “Resolution”), and a Master CFC Trust Indenture, dated as of May 1, 2026 (the “CFC Indenture”), between the Authority and U.S. Bank Trust Company, National Association, as trustee. Capitalized terms not otherwise defined in this letter are used as defined in the CFC Indenture.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, copies of the signed and authenticated Taxable CFC Bonds and Tax-Exempt CFC Bonds of the respective first maturity, the Resolution, the CFC Indenture 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 Bonds and the CFC Indenture are valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
2. The Bonds constitute special, limited obligations of the Authority, and the principal of and interest on (collectively, “debt service”) the Bonds are payable from and secured solely by the revenues and other moneys pledged and assigned by the CFC Indenture to secure that payment. The payment of debt service on the Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the full faith and credit or taxing power of the City of Norfolk, the Commonwealth of Virginia, or any of its political subdivisions.
3. Interest on the Tax-Exempt CFC 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 Tax-Exempt CFC Bonds 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. Interest on the Tax-Exempt CFC Bonds is exempt from income taxation by the Commonwealth of Virginia. We express no opinion as to any other tax consequences regarding the Tax-Exempt CFC Bonds.

4. Interest on the Taxable CFC Bonds is not excluded from gross income for federal income tax purposes. Interest on the Taxable CFC Bonds is exempt from income taxation by the Commonwealth of Virginia. We express no opinion as to any other tax consequences regarding the Taxable CFC 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 Authority.

We express no opinion herein regarding the priority of the lien on Trust Estate or other funds created by the CFC Indenture.

In rendering those opinions with respect to treatment of the interest on the Tax-Exempt CFC 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 Authority. Failure to comply with certain of those covenants subsequent to issuance of the Tax-Exempt CFC Bonds may cause interest on the Tax-Exempt CFC 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 Bonds and the enforceability of the Bonds and the CFC Indenture 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 Bonds is concluded upon delivery of this letter.

Respectfully submitted,

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED BELOW CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE AUTHORITY OR THE UNDERWRITERS AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

The Depository Trust Company (“DTC”) will act as securities depository for the Series 2026 CFC Bonds. The Series 2026 CFC Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each separate series of Series 2026 CFC Bonds set forth on the inside front cover page of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has Standard & Poor's rating of: AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about the DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2026 CFC Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 CFC Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 CFC 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 2026 CFC Bonds, except in the event that use of the book-entry only system for the Series 2026 CFC Bonds is discontinued.

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co.

or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 CFC Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 CFC Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Series 2026 CFC Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 CFC Bonds within a maturity of a particular series of the Series 2026 CFC Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 CFC Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Series 2026 CFC 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 Paying Agent or the issuer on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County 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 the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2026 CFC Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not required under the Indenture or obtained, Bond certificates are required to be printed and delivered in accordance with the Indenture.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or successor securities depository). In that event Bond certificates will be printed and delivered to DTC.

The above information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable but neither the Authority nor any of the Underwriters takes any responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN HOLDERS OR OWNERS OF BOOK-ENTRY BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY BONDS.

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APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

NORFOLK AIRPORT AUTHORITY

\$117,510,000*
Senior Customer Facility Charge Revenue Bonds
(Consolidated Rental Car Facility)
Series 2026A
(Federally Taxable)

\$20,170,000*
Senior Customer Facility Charge Revenue Bonds
(Consolidated Rental Car Facility)
Series 2026B
(AMT)

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Norfolk Airport Authority (the “Issuer”) in connection with the issuance of its \$117,510,000* Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) Series 2026A (Federally Taxable) (the “Series 2026A Bonds”) and \$20,170,000* Senior Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility) Series 2026B (AMT) (the “Series 2026B Bonds” and together with the Series 2026A Bonds, the “Bonds”), dated the date hereof.

The Bonds are being issued pursuant to the Master CFC Trust Indenture, dated as of May 1, 2026, between the Issuer and the Trustee (the “Indenture”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean the Issuer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on July 1 and ending on June 30, or such other 12-month period as may be adopted by the Issuer in accordance with law.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

“Obligated Person” means (a) the Issuer and (b) each rental car company or other entity (each, a “Concessionaire”) using the Issuer’s consolidated rental car facility (the “ConRAC”) under an On-Airport Rental Car Concession Agreements and Facility Lease Agreements or other agreement (a “RAC Agreement”) extending for more than one year from the date in question, which includes debt service payable on the Bonds as part of the calculation of payments thereunder and under which RAC Agreement such Concessionaire has paid amounts in the form of contingent facility rent or similar payments equal to

at least 20% of the debt service payable on the Bonds for each of the then immediately preceding two Fiscal Years of the Issuer. At the time of issuance of the Bonds, the Issuer is the only Obligated Person with respect to the Bonds.

“Official Statement” means the final Official Statement prepared in connection with the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Certificate.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer’s Fiscal Year, beginning with the Issuer’s Fiscal Year ending June 30, 2026, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements of the Issuer prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit B hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

With respect to each Obligated Person other than the Issuer, the Issuer will include in its Annual Report 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 Disclosure Certificate (Note: As of the date of this Disclosure Certificate, there are no Obligated Persons, other than the Issuer).

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any

of the events listed below with respect to the Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Bonds.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;⁹
- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;

⁹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, 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 official 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.

(15) Incurrence of a financial obligation¹⁰ 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 obligation² of the Obligated Person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds. If any person, other than the Issuer, becomes an Obligated Person relating to the Bonds, the Issuer shall engage in reasonable efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

SECTION 8. Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agency shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the Issuer and the Dissemination.

(b) In addition to the filing duties on behalf of the Issuer described in this Disclosure Certificate, the Dissemination Agent shall:

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

¹⁰ For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" does not include municipal securities as to which a financial official statement has been otherwise provided to the MSRB consistent with the Rule. Numerous other terms contained in these subsections and/or in the definition of "financial obligation" are not defined in the Rule; SEC Release No. 34-83885 contains a discussion of the current SEC interpretation of those terms. For example, in the Release, the SEC provides guidance that the term "debt obligation" generally should be considered to include only lease arrangements that operate as vehicles to borrow money.

(2) send written notice to the Issuer at least forty-five (45) days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the Issuer, certify in writing to the Issuer that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided.

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section (3)(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Other Obligated Persons. If any person, other than the Issuer, becomes an Obligated Person relating to the Bonds, the Issuer shall engage in reasonable efforts to require such Obligated Person to comply with Sections 4 and 5 applicable to such Obligated Person. The Issuer 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 Issuer need not engage in any litigation to compel such Obligated Person to comply with the disclosure obligations under Sections 4 or 5.

DATE: [_____, 2026]

NORFOLK AIRPORT AUTHORITY

By: _____
President and Chief Executive Officer

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Norfolk Airport Authority

Name of Bond Issue: \$[] Senior Customer Facility Charge Revenue Bonds
(Consolidated Rental Car Facility) Series 2026A (Federally Taxable) and
\$[] Senior Customer Facility Charge Revenue Bonds
(Consolidated Rental Car Facility) Series 2026B (AMT)

Date of Issuance: [], 2026

CUSIP Number: []

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated [], 2026. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

NORFOLK AIRPORT AUTHORITY

By: _____
President and Chief Executive Officer

EXHIBIT “B”

OFFICIAL STATEMENT INFORMATION TO BE UPDATED

- (a) Debt service requirements and calculation of debt service coverage ratio for the immediately preceding fiscal year in substantially the following format:

Fiscal Year	CFC Rate	CFCs Collected	Interest Earnings¹	Total CFCs Collected and Interest Earnings	Amount Available in the Coverage Fund	Series 2026A Bonds and Series 2026B Bonds Debt Service Requirements	Total Debt Service Coverage
[2026]							

¹ Earnings on investments in the CFC Debt Service Fund, CFC Debt Service Reserve Fund, CFC Rolling Coverage Fund, Renewal and Replacement Fund and Stabilization Fund; excludes interest on CFC Construction Fund and CFC Project Fund.

- (b) The tabular information contained under the heading “Rental Car Operations at the Airport”
- (c) The tabular information contained under the heading “Historical Rental Car Demand and CFC Collections at the Airport”
- (d) The tabular information contained under the heading "Historical Enplaned Passengers”.



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