UNISON CONSULTING

Annual Rate Report

For Bond Year 2027

Ted Stevens Anchorage International Airport

Consolidated Rental Car Facility

December 22, 2025

ANC

Table of Contents

List of Tables

List of Figures

SECTION 1 | EXECUTIVE SUMMARY

This Report of the Independent Rate Consultant recommends the Customer Facility Charge (CFC) and Facility Maintenance Charge (FMC) levels for Bond Year (BY) 2027 (March 2, 2026 through March 1, 2027). The recommendations are based on an analysis of historical passenger enplanement and rental car demand trends at Ted Stevens Anchorage International Airport (ANC or the Airport), forecasts of enplanements and rental car transaction days, and projections of the CFC and FMC levels needed to cover the obligations under the Indenture during BY2027.

In BY2026, the CFC was decreased to $7.00 per transaction day, based on the analysis and recommendations presented in the Annual Rate Report for BY2026 (the BY2026 Rate Report). For BY2027, we recommend that the CFC rate remain at $7.00 per transaction day, and that the FMC rate be increased from the current level of $2.25 to $3.15 per transaction day, effective March 2, 2026. The combined charge per transaction day would increase from the current level of $9.25 to $10.15. This Report describes the analysis supporting these recommendations.

SECTION 2 | BACKGROUND

The Anchorage RAC Center, LLC (the Company) commissioned this report to comply with the provisions of the Land/Building Lease between the State of Alaska, Department of Transportation and Public Facilities, Ted Stevens Anchorage International Airport, and the Company, dated September 1, 2005 (the Lease). Under the terms of the Lease, the Company assumed certain obligations for the design and construction of a consolidated facility (the Consolidated Facility) to house all Rental Car Concessionaires (RACs) at the Airport. The Consolidated Facility was financed with the proceeds of the Taxable Revenue Bonds (Rental Car Facility Project at Ted Stevens Anchorage International Airport), Series 2005A in the amount of $49,530,000, and Series 2005B in the amount of $13,294,573 (the Series 2005 Bonds), issued pursuant to the Trust Indenture between the Alaska Industrial and Export Authority (AIDEA) and the Bank of New York Trust Company, N.A., as Trustee, dated September 1, 2005 (the Indenture). The Consolidated Facility includes approximately 1,100 parking and storage spaces, car washing and fueling facilities, a rental customer sales lobby, and associated space. Appendix A of the Official Statement for the Series 2005 Bonds contains a description of the financing plan and a detailed financial feasibility study for the Series 2005 Bonds (the 2005 Feasibility Report).

According to the Indenture, the Series 2005 Bonds are special and limited obligations of AIDEA, payable solely from CFC proceeds. A State of Alaska statute (the CFC Statute) authorized the Commissioner of the Alaska Department of Transportation and Public Facilities (the Commissioner) to impose a CFC of $4.00 per transaction day, effective June 24, 2005, to be adjusted periodically to the level expected to generate proceeds at least sufficient to pay the debt service requirements of the Series 2005 Bonds and meet the other funding requirements of the Indenture. A transaction day covers 24 hours (plus a grace period of up to 59 minutes) during which a car is rented.

On May 24, 2005, the Commissioner of the Alaska Department of Transportation and Public Facilities (the Commissioner) issued an order (the Order) to impose a customer facility charge (CFC), requiring the RACs to collect the CFC from their customers and remit the CFC collections to the Trustee in accordance with the rental car Concession Agreements. In the Order, the Commissioner committed to continue imposing the CFC while the Series 2005 Bonds and any other obligations under the Indenture are outstanding, and to adjust the CFC not less than annually to generate sufficient proceeds to provide for payment of the Series 2005 Bonds and any other obligations under the Indenture. The Lease requires the Company to appoint a qualified Independent Rate Consultant to prepare a Rate Report each year. The Company selected Unison to prepare this report to assess the adequacy of the CFC level and recommend an adjustment, if necessary, to the CFC and FMC levels for each Bond Year.

The CFC was subsequently adjusted to $4.50 for BY2011-2015, $5.50 for BY2016, $5.25 for BY2017-2019, $4.50 for BY2020, and $4.75 for BY2021 through December 31, 2020.

During BY2021, the Coronavirus Diseases 2019 (COVID-19) pandemic caused a sharp fall in passenger traffic and rental car demand at the Airport. Due to these extenuating circumstances, the Company commissioned an Interim Rate Report according to the provisions of the Lease. The Interim Rate Report anticipated that CFC collections during BY2021 would fall short of the BY2021 requirements, and amounts on deposit in the Coverage Fund would be applied to cover the deficiency pursuant to the Indenture. As the Interim Rate Report recommended, the CFC rate was raised from $4.75 to $9.80 effective January 1, 2021, to restore the Coverage Fund balance and to meet the other requirements of the Indenture in BY2022.

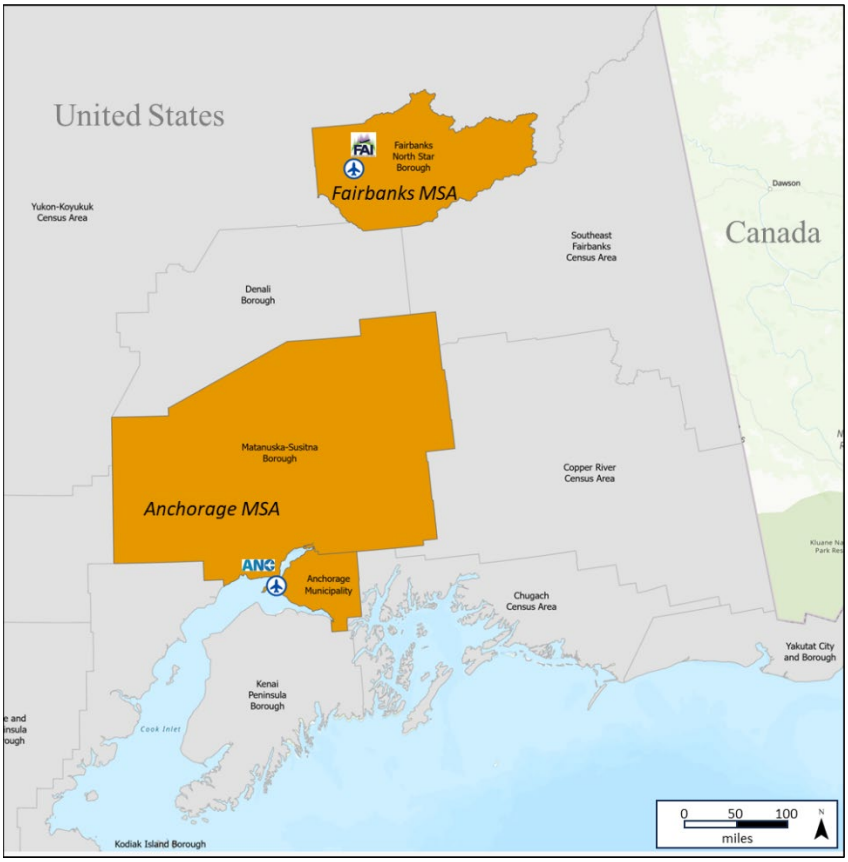
The Company later commissioned a Special Rate Report to estimate the amount of Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds needed to supplement BY2022 CFC collections to reduce the CFC rate back to $4.75 effective April 1, 2022. The CARES Act awarded U.S. airports $10 billion in grant funds to help offset revenue losses due to the COVID-19 Pandemic, and the Airport received approximately $26.4 million of these funds. The Special Rate Report, issued in March 2021, determined that approximately $3.1 million in CARES Act funds would be needed to supplement BY2022 CFC collections to meet the BY2022 CFC financial requirements specified in the Indenture, including the restoration of the Coverage Fund balance, assuming a reduction in the CFC rate to $4.75 effective April 1, 2021. In response to the Special Rate Report, the Airport deposited $3.1 million in CARES Act funds with the Bond Trustee and reduced the CFC rate to $4.75 effective April 1, 2021. The CFC was subsequently increased to $5.15 for BY2023, $6.60 for BY2024, and $8.00 for BY2025, based on the Rate Report analysis and recommendations for each Bond Year. The CFC is currently $7.00 per transaction for BY2026.

The CFC Statute also authorized the Commissioner to impose a uniform FMC to pay for costs, fees, and expenses, including insurance and maintenance reserves, required to maintain and operate the Consolidated Facility. The FMC collections cannot be used to pay the debt service requirements of the Series 2005 Bonds. The FMC was set initially at $0.26 per transaction day, effective March 2, 2006, for BY2007. Since then, the FMC has been adjusted periodically to generate sufficient amounts to cover the expenses paid with FMC collections. The FMC is currently $2.25 per transaction day.

SECTION 3 | ECONOMIC ENVIRONMENT

The Airport is located in the Municipality of Anchorage, about 4 miles from downtown. Anchorage, along with Matanuska-Susitna (Mat-Su) Borough, makes up the Anchorage, AK, metropolitan statistical area (Anchorage MSA), the largest metropolitan area in Alaska and the primary service area for the Airport. ANC is a 6-hour drive from Fairbanks, the nearest significant competing airport. As the largest commercial service airport in Alaska, ANC is the major gateway connecting the state to the rest of the United States and the world.

Figure 1 | Geographic Location of ANC



Sources: Esri and Unison Consulting, Inc.

ANC's advantageous location near the great circle route[1] between many major cities in the contiguous United States and Asia makes it an important passenger, cargo, and logistics node. The

[1] The great circle route is the shortest path between two points on the surface of a sphere.

Airport is also a major employer—about 10 percent of employment in Anchorage is attributed to the Airport.[2]

Economic conditions influence residents' and visitors' demand for transportation services at the Airport. Favorable conditions promote business and leisure travel. A healthy regional economy attracts visitors, the primary customers for rental cars at the Airport. As important are trends in the broader U.S. economy, which determine overall visitor demand for airline service and rental cars at the Airport through their impacts on overall air travel demand and the regional economy.

Over the past 10 years, two major events disrupted the upward trajectories of the broad economy, air travel, and airport rental car demand: the oil industry downturn and the COVID-19 pandemic. The fall in oil prices in the mid-2010s caused a downturn in the oil industry, which sent oil industry-dependent states like Alaska into state-level economic recession. The COVID-19 pandemic, which lasted from March 2020 to May 2023, disrupted all aspects of life and economic activities worldwide. Stay-at-home orders, travel restrictions, and social distancing exacerbated the economic repercussions, leading to a sharp fall in passenger traffic, and a major downturn in the aviation industry.

The Alaskan economy, which has lagged since the mid-2010s due to the oil industry downturn, fell deeper into recession along with the U.S. economy in 2020 due to the COVID-19 pandemic.[3] Alaska also lagged in post-pandemic recovery, remaining below pre-pandemic level as the U.S. economy strongly rebounded in 2021.

Current trends, however, depict healthy economic conditions across the country, which bode well for visitor traffic and rental car demand at the Airport. Economic output, measured by gross domestic product (GDP), and employment now exceed pre-pandemic peak across all geographic levels. In 2023, the Alaska state and Anchorage MSA economies accelerated and outpaced the national growth rate for the year.

The positive economic outlook for both Alaska and the United States bodes well for visitor traffic and rental car demand at ANC.

3.1 | Regional Economy

Demand for air transport services is a function of the economic vitality of a region, gleaned from trends in GDP, the labor market, and key industries.

3.1.1 | Gross Domestic Product

GDP measures the total value of all goods and services produced in a geographic region. Sustained GDP growth signals economic expansions, while decreases in real GDP over two or more

[2] Ted Stevens Anchorage International Airport, "Stats," https://ancairport.com/about/statistics/.

[3] University of Alaska Center for Economic Development, "Alaska's Economic Performance in National Context," https://static1.squarespace.com/static/59f6b60bcf81e02892fd0261/t/63755223ed155a341638d13b/1668633124243/ak-econ-performance.pdf, November 2022.

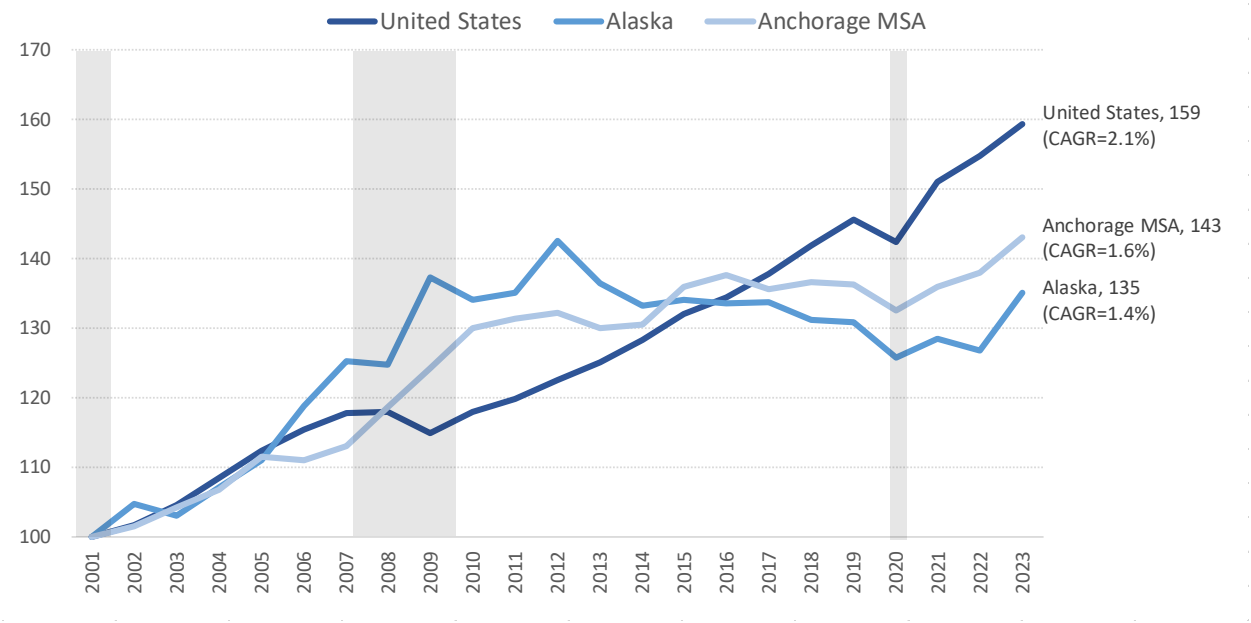
consecutive quarters often signal a recession. increasing employment, incomes, and air travel. Conversely, a decline in GDP over two consecutive quarters often signals a recession, where employment, income, and the demand for air travel and rental cars at airports fall.

From 2001 to 2023, overall real GDP growth in the Anchorage MSA and Alaska (43 percent and 35 percent, respectively) has been slower than the national trend (59 percent) (Figure 2). Annual growth averaged 1.6 percent in Anchorage and 1.4 percent in Alaska, compared to the nation's 2.1 percent.

Alaska's heavy reliance on the oil industry makes it susceptible to oil price fluctuations. Alaska and the Anchorage MSA outpaced national growth from 2005 to 2012 due to high oil prices, continuing to grow through the 2008-2009 Great Recession. However, in 2014, the price for Alaska North Slope oil dropped by about 51 percent—from over $113 to less than $56 per barrel—and the state economy began to lag.

Alaska and the Anchorage continued to lag national trends in post-pandemic recovery and growth until the past year. In 2023, economic growth in Alaska and the Anchorage MSA accelerated. Alaska's real GDP grew by 6.5 percent, more than double the U.S. real GDP growth (2.9 percent). The Anchorage MSA also outperformed the nation though the MSA's real GDP grew at a slower rate (3.7 percent) than the state GDP.

Figure 2 | Gross Domestic Product Index (2001=100), 2001-2023



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

3.1.2 | Labor Market

Labor market trends evolve with business cycles and reflect the state of the economy. Rising employment and low unemployment typically stimulate air travel demand.

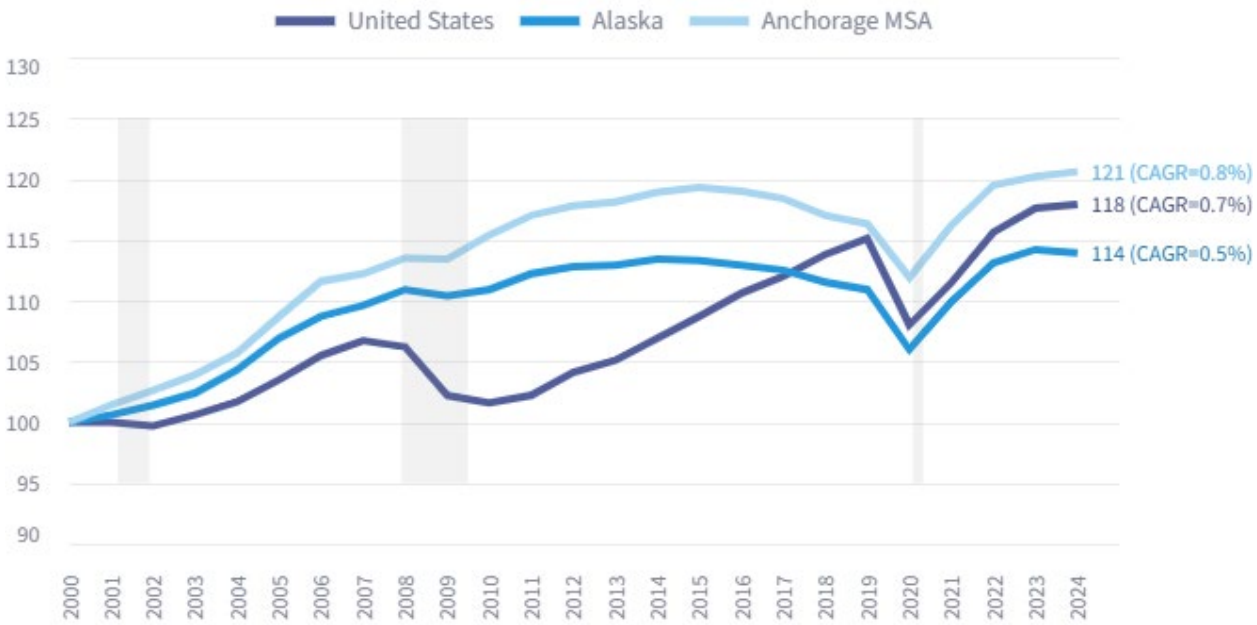
Employment

The Anchorage MSA outpaced the state and national trends in civilian employment growth (Figure 3). From 2000 to 2024, employment in the Anchorage MSA increased BY21 percent (0.8 percent CAGR), faster than in the entire state of Alaska (14 percent, 0.5 percent CAGR) and the United States (18 percent, 0,7 percent CAGR).

Recessions typically cause job losses nationwide, particularly during the 2020 recession induced by business lockdowns, shelter-at-home orders, and voluntary social distancing. Employment levels have since recovered and exceeded pre-pandemic levels. In 2024, however, data through September show the employment level decreasing slightly across Alaska and tapering in the Anchorage MSA and nationwide.

Alaska and the Anchorage MSA weathered previous U.S. recessions—in 2001 and 2008-2009—with little or no decrease in employment, as Alaska's oil industry flourished with rising oil prices from the mid-2000s to the mid-2010s.

Figure 3 | Employment Index (2000=100), 2000-2024



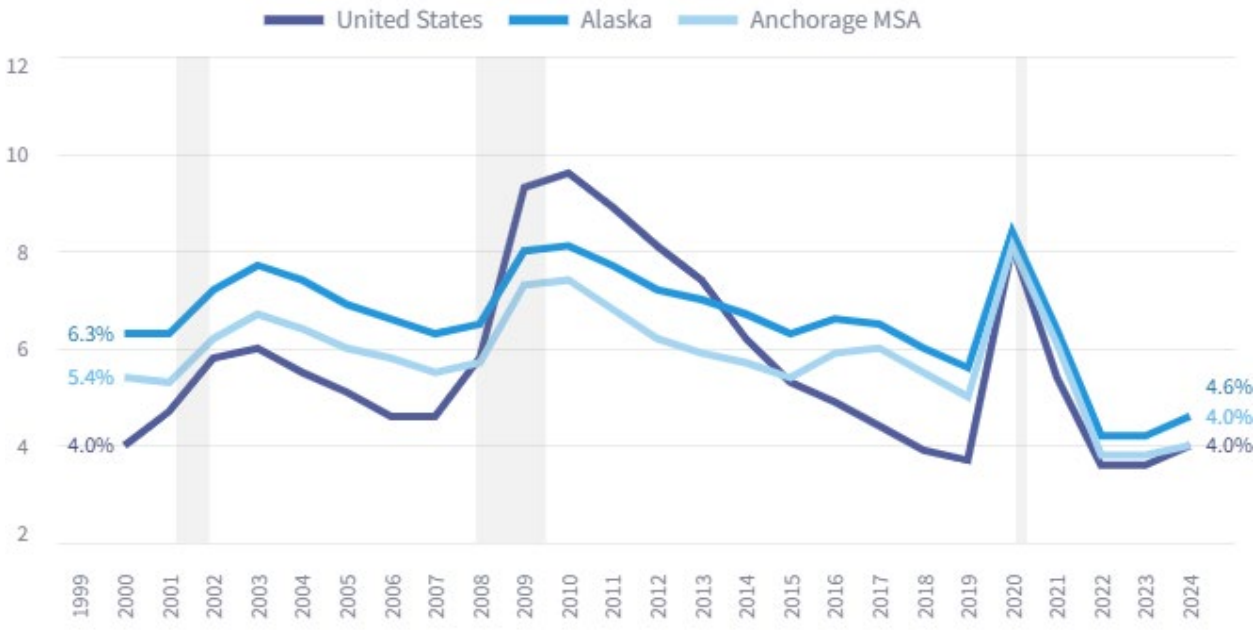
Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
The data represent the growth in employed members of the civilian labor force. U.S. data are from the Current Population Survey, available through October 2024 as of the report date. The state and MSA data are from the Local Area Unemployment Statistics, available through September 2024 as of the report date.
Gray areas indicate economic recession periods.

Unemployment

The unemployment rate measures the percentage of the labor force[4] actively seeking work, indicating unmet job demand. Lower rates are generally associated with increased consumer spending and, consequently, increased air travel. Typically, unemployment rates rise during economic recessions and fall during expansions.

Unemployment rates in Alaska and the Anchorage MSA typically exceeded the national average, except from 2009 to 2013 for the state and 2014 for the MSA (Figure 4). Since 2020, they have become more closely aligned with U.S. unemployment rates. The average unemployment rate has come down from pandemic peak levels above 8 percent to 4.0 percent in the Anchorage MSA and the nation and 4.6 percent in the state, all within the range consistent with full employment.[5]

Figure 4 | Unemployment Rate, 2000-2024



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
The U.S. data are from the Current Population Survey, available through October 2024 as of the report date. The state and MSA data are from the Local Area Unemployment Statistics, available through September 2024 as of the report date.
Gray areas indicate economic recession periods.

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

[5] Full employment generally is implied when unemployment rates are between 4.1 and 4.7 percent. Full employment is conceptual state where "…the unemployment rate equals the nonaccelerating inflation rate of unemployment, no cyclical unemployment exists, and GDP is at its potential." See (1) C. Cook, "Full Employment," Bloomberg, 2016, and (2) Bureau of Labor Statistics, "Full Employment: an assumption within BLS projections," 2017.

3.1.3 | Tourism

Alaska is a world-famous tourist destination. Before the pandemic, approximately 2.5 million visitors contributed approximately $4.5 billion in economic impact on the state, including millions of dollars in taxes and fees.[6] Tourism supports about 10 percent of Alaska's jobs.

The COVID-19 pandemic disrupted travel and tourism. Alaska's visitor volume during the peak travel season from April to December decreased by approximately 82 percent, from 2.4 million in 2019 to 427,000 in 2020 (Table 1). Associated visitor spending in Alaska is estimated to have fallen 78 percent from 2.79 billion in 2019 to $619 million in 2020, resulting in a 79 percent decrease in supported jobs.

Table 1 | Impact of the COVID-19 Pandemic on Alaska's Visitor Industry

Number of Visitors (April-December)			
Travel Mode	**2019**	**2020**	**Change**
Cruise	1,330,000	0	-100.0%
Air	1,000,000	420,000	-58.0%
Highway/Ferry	99,000	7,000	-92.9%
Total	2,429,000	427,000	-82.4%
Spending and Jobs			
Visitor Spending	$2,790,000,000	$619,000,000	-77.8%
Visitor Industry Jobs	35,000	7,200	-79.4%

Source: McKinley Research Group, LLC, The Economic Impacts of COVID-19 on Alaska's Visitor Industry, May 2021, in https://www.alaskatia.org/wp-content/uploads/ATIA-COVID-Impacts-on-Visitor-Industry-6_3_21.pdf.

The volume of visitors has rebounded. An estimated 3.05 million visitors traveled to Alaska during the 12-month period from May 2023 to April 2024, 20 percent above the pre-pandemic total for the 12-month period ending in April 2019 (Table 2). Fifty-six percent came on cruise ships, 41 percent by air, and 3 percent by highway or ferry.

Table 2 | Alaska Visitor Volume, 12 Months Ending in April 2019 and 2024

Travel Mode	2018-19	2023-24	Change
Cruise	1,331,600	1,719,000	29%
Air	1,100,600	1,240,000	13%
Highway/ferry	103,800	87,600	-16%
Total	**2,536,000**	**3,046,600**	**20%**

Source: McKinley Research Group, LLC, Alaska Visitor Volume, Summer 2023 & Winter 2023-24, Alaska Travel Industry Association, July 2024.

[6] Alaska Travel Industry Association, https://www.alaskatia.org/resources/tourism-works-for-alaska.

During peak summer months, approximately 90 percent of visitors to Anchorage are leisure travelers. The split between leisure and business evens out during off-peak times when conventions and meetings are more common. About 40 percent of hotel stays are related to cruise industry visitors, while the rest are independent travelers. About 33 percent of visitors to the region rent cars.

3.2 | Oil Industry

Oil production is extremely important to Alaska's economy, but its importance to the state budget has diminished in recent years. With no state-level income or sales tax, tax revenue from oil production historically funded up to 90 percent of the state's unrestricted general fund revenues.[7] This share decreased to only 37 percent in fiscal year 2024, which ended June 30.[8] Volatility in the oil market introduces substantial variability to tax receipts and has far-reaching impacts on Alaska's economy.

More than 95 percent of the oil produced in Alaska is sourced from the North Slope.[9] Figure 5 shows the annual average daily production and the average price of Alaska North Slope (ANS) Crude Oil from 2000 to 2024.

Oil prices rose sharply from an annual average of over $23 per barrel[10] in 2000 to $90 per barrel in 2008—the monthly average price per barrel rose above $125 in June and July that year. During the Great Recession, the price per barrel sank to average $54 in 2009 but rebounded to around $99 in 2011 and 2012, before dropping again to an average of $33 in 2016 due to overproduction and oversupply.[11] Prices were recovering slowly when the COVID-19 pandemic struck and caused a deep global economic recession in 2020. Oil prices again fell sharply. The ANS crude oil price per barrel averaged only $34 that year. It rebounded to average approximately $94 in 2022 because of supply disruptions caused by the Russia-Ukraine conflict and then receded to $74 in 2023 and 2024 due to China's economic slowdown.

The North Slope reached peak production of more than 2 million barrels per day in 1988.[12] Production has fallen steadily. In 2024, through September, ANS crude oil production averaged only 408,000 barrels per day, a new low record. Oil production is expected to increase in the coming

[7] Resource Development Council for Alaska, Inc., *Alaska's Oil & Gas Industry*, accessed on December 16, 2024 at https://www.akrdc.org/oil-and-gas.

[8] Alaska Department of Revenue, *Revenue Sources Book Fall 2024*, December 12, 2024.

[9] S. Teel. "The Oil Industry's Recent Wild Ride," *Alaska Economic Trends*, June 2022.

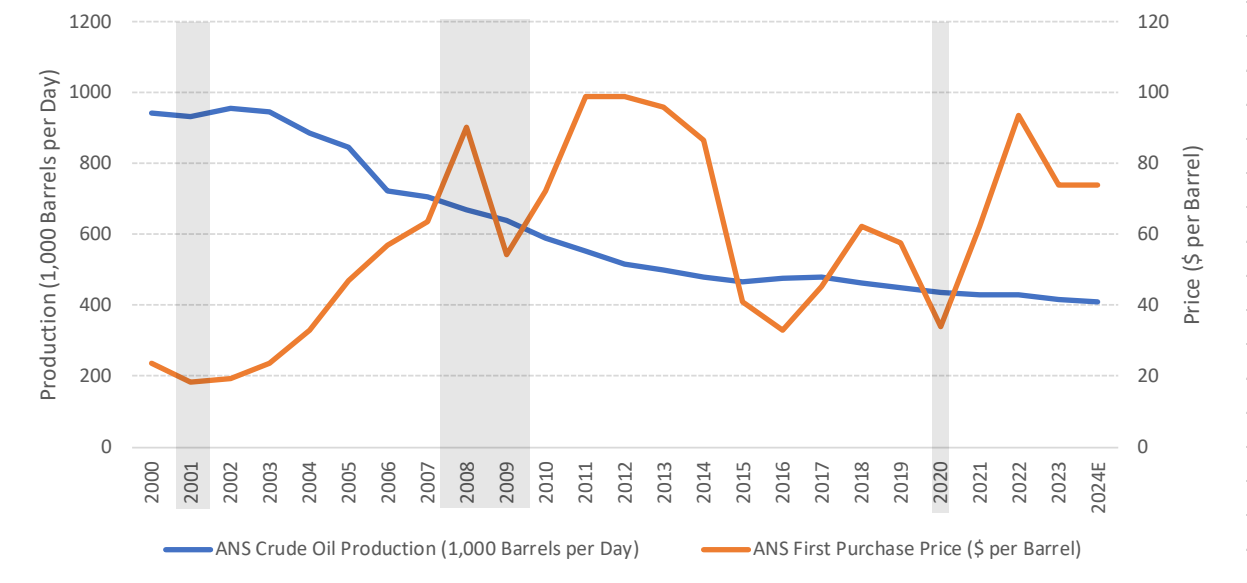
[10] A barrel is 42 U.S. gallons. Prices in this section are listed per barrel.

[11] U.S. Bureau of Labor Statistics, "The 2014 Plunge in Import Petroleum Prices: What Happened? *Behind the Numbers*, May 2015.

[12] Resource Development Council for Alaska, "Alaska's Oil & Gas Industry," https://www.akrdc.org/oil-and-gas.

years, eventually reaching over 600,000 barrels per day in the early 2030s with the development of new oil fields.[13]

Figure 5 | Alaska North Slope Average Daily Oil Production and Average First Purchase Price, 2000-2024



Source: U.S. Energy Information Administration.
The 2024 estimates represent the average of monthly data through September 2024.
Gray areas indicate economic recession periods.

Figure 6 shows Alaska's employment in the oil and gas industry between 2001 and 2024. Between 2004 and 2008, oil and gas extraction jobs rose sharply, by more than 57 percent, from 2004 to 2008 and, after a slight decrease during the Great Recession, increased further to a peak of 14,800 in 2014. However, the subsequent fall in oil prices led to a 54 percent decrease in jobs to a 25-year low of 6,800 in 2021. Since then, Alaska's oil and gas industry has been gradually restoring jobs, employing 8,150 BY2024.

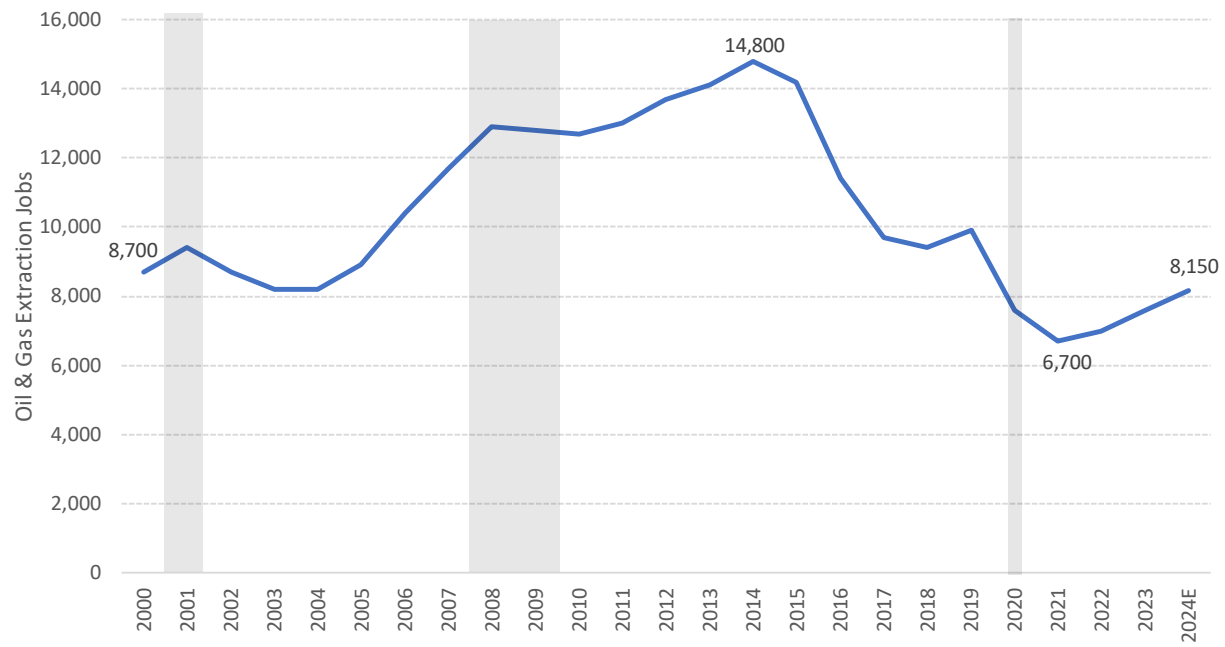
The oil and gas industry accounts for just over 2 percent of non-farm employment but, as a major export industry,[14] it has a significant economic impact. The oil and gas industry supports one-quarter of Alaska jobs, and state spending of oil revenue accounts for about one-half of the state economy.[15]

[13] Alaska Department of Revenue, *Revenue Sources Book Fall 2024*, December 12, 2024.

[14] In this context, export refers to trade outside of Alaska and the region—not limited to international trade.

[15] Resource Development Council for Alaska, Inc., *Alaska's Oil & Gas Industry*, accessed on December 16, 2024 at https://www.akrdc.org/oil-and-gas.

Figure 6 | Alaska Oil & Gas Industry Employment, 2000-2024



Gray areas indicate economic recession periods.
The 2024 estimate represents the average of monthly data through October 2024.
Sources: Alaska Department of Labor and Workforce Development, and Unison Consulting, Inc.

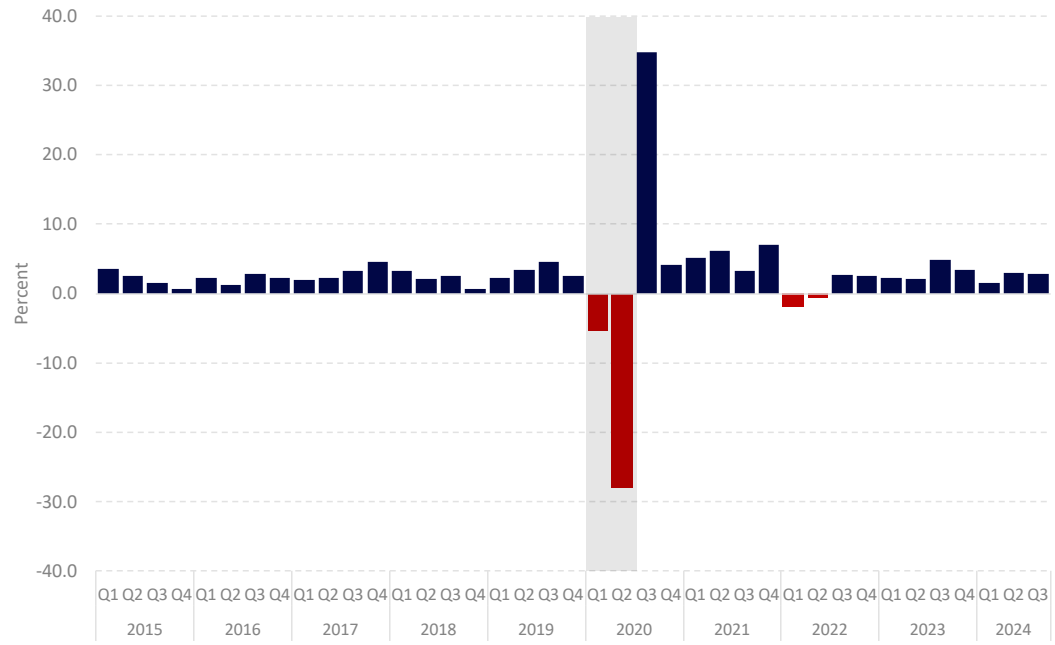
3.3 | Economic Outlook

The national economy is a significant driver of airport passenger traffic, particularly at visitor destinations like Alaska. Overall, macroeconomic indicators paint a positive outlook that benefits Alaska's economy and visitor industry and supports the forecast passenger traffic growth at ANC. A robust national economy encourages travel and spending, boosting visitor arrivals.

The U.S. economy has demonstrated remarkable resilience as it transitioned from a robust post-pandemic recovery to a more sustainable, moderate growth trajectory (Figure 7). The economy rebounded vigorously after a deep recession triggered by COVID-19 lockdowns and travel restrictions. Real GDP surged by 34.8 percent in the third quarter of 2020, followed by 4.2 percent growth in the fourth quarter and 5.8 percent throughout 2021—the highest annual growth rate since 1978.

In 2022, the pace of growth moderated to 1.9 percent annually due to a confluence of factors, including a resurgence of COVID-19 infections, persistent supply-chain disruptions, labor market constraints, and the waning effects of fiscal stimulus. Despite these challenges, the economy maintained a positive momentum, culminating in an annual growth rate of 2.5 percent in 2023. Robust consumer spending helped mitigate the negative impacts of rising interest rates and uncertainties within the banking sector. In 2024, real GDP growth exhibited variability, with a notable rebound in the second and third quarters following a sluggish start.

Figure 7 | U.S. Real GDP, Quarterly, Annualized Percent Change, Q1 2015-Q3 2024



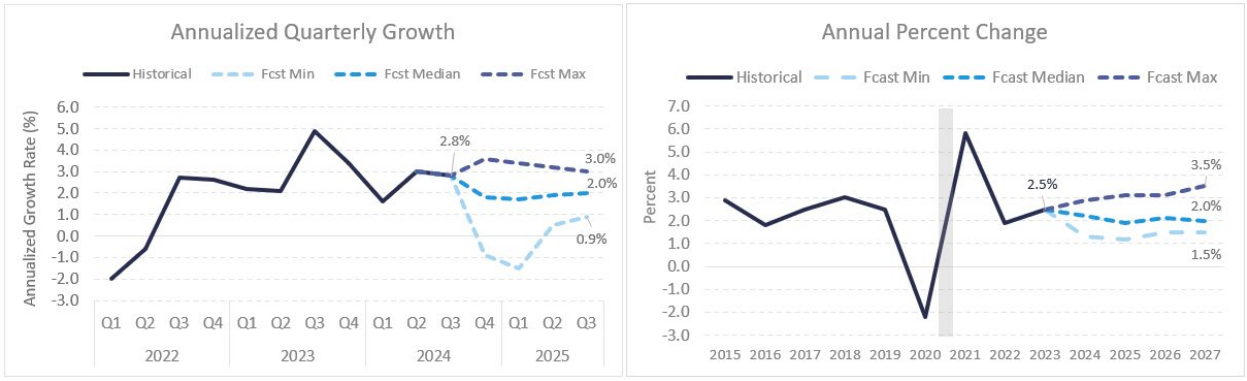
Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

According to recent forecasts (Figure 8), U.S. economic growth is expected to moderate to 2.2 percent in Q4 2024 and stabilize around 1.9-2.2 percent through 2027. This forecast marks an improvement from July's projections of 1.7 percent growth, indicating increased confidence in the strength of the U.S. economy. Estimates of the probability of a recession in the next 12 months have also fallen from 28 percent to 26 percent, on average.[16]

Historical data underscores the resilience of the U.S. economy to shocks. Looking ahead, Moody's Analytics projects a steady growth trajectory for the U.S. economy, with an average real GDP growth of 2.2 percent annually from 2023 to 2033 (Figure 9). This growth is expected to create 8 million new nonfarm jobs BY2033, equating to an annual growth of 0.5 percent, and keep the unemployment rate near full employment levels (Figure 10).

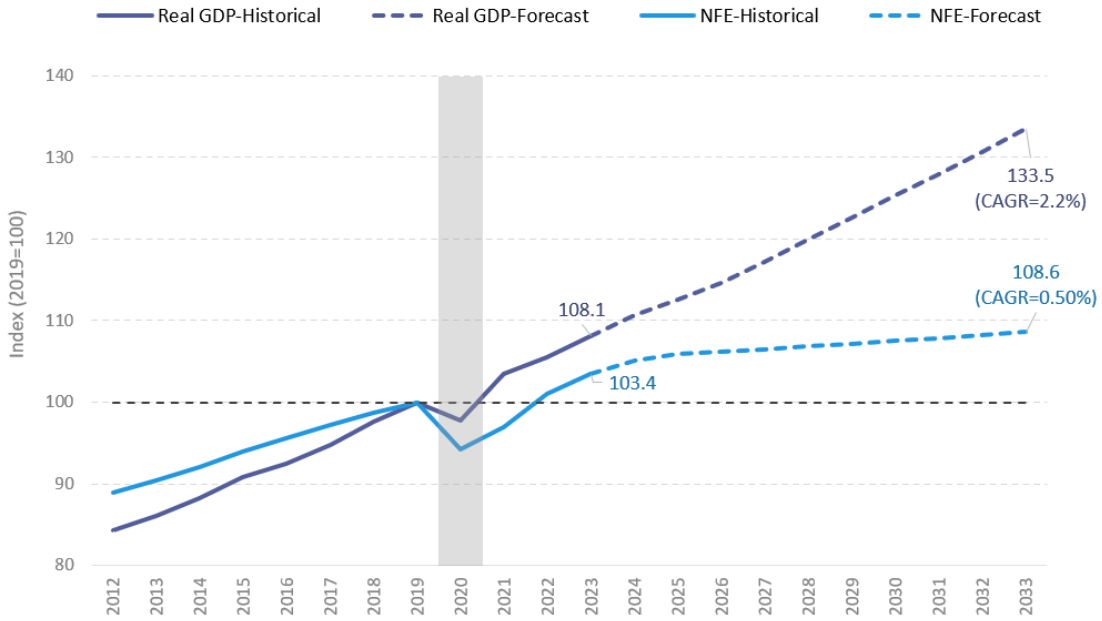
[16] The Wall Street Journal Economic Forecasting Survey, October 2024.

Figure 8 | U.S. Real GDP, Quarterly and Annual Change (Historical and Forecast)



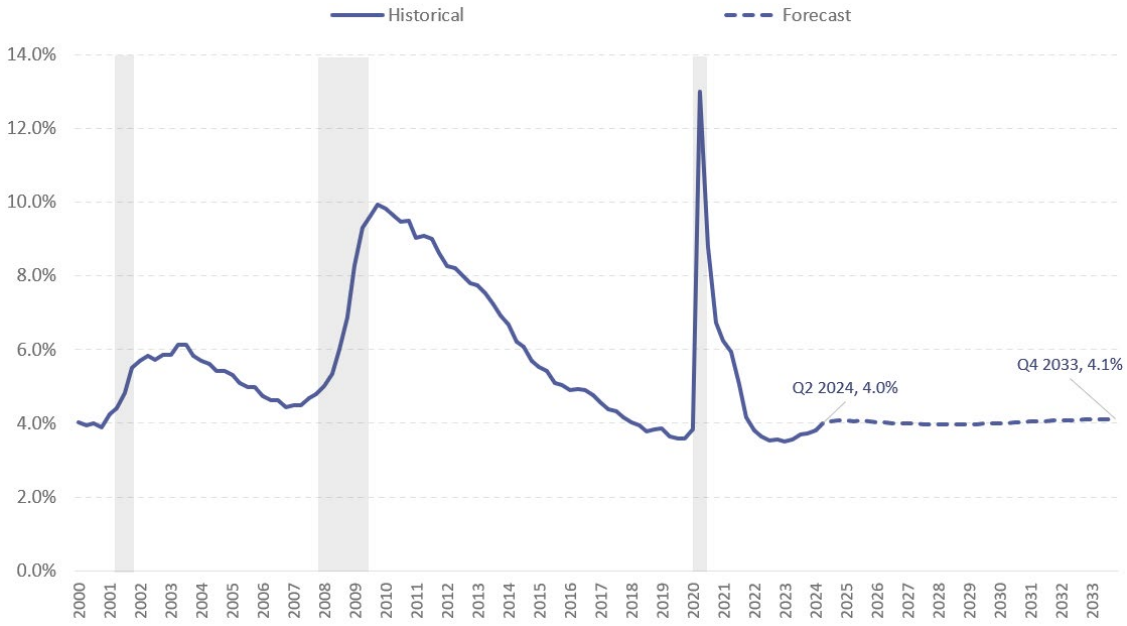
Sources: Unison Consulting, Inc., and *The Wall Street Journal* October 2024 Economic Forecasting Survey.
Gray areas indicate economic recession periods.

Figure 9 | Historical and Long-Term Projected U.S. Real Gross Domestic Product and Nonfarm Employment Index (2019=100), Annual, 2012-2033



Sources: U.S. Bureau of Economic Analysis, Moody's Analytics Baseline Forecast (July 2024), and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Figure 10 | Historical and Forecast U.S. Unemployment Rate, Quarterly, Q1 2000-Q4 2033



Sources: U.S. Bureau of Labor Statistics, Moody's Analytics Baseline Forecast (July 2024), and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

SECTION 4 | AIRPORT AIR TRAFFIC HISTORY

At airports, the demand for rental cars is a derived demand—derived from the demand for air travel to a particular destination. Airport rental car customers first make the choice to travel by air and then decide on renting a car because they need ground transportation once they get off their flights at the Airport. Arriving passengers (deplanements), particularly visitors ending their flights at ANC, constitute the market for airport rental cars. The Airport, however, tracks passenger traffic in terms of enplanements. Enplanements serve as a good proxy for deplanements since the two measures track each other almost perfectly.

Historical monthly data on enplanements are available through August 2025. Projections are generated from a multivariate regression model of enplanements with the following market demand drivers as explanatory variables: real per capita personal income of the Anchorage MSA and passenger yield at ANC.

4.1 | Operating Airline History

According to data accessed on November 11, 2025, twenty different airlines had scheduled flights at ANC through 2025. Table 3 shows all currently serving airlines and the prior years they've served at ANC dating back to 2021.

From 2011 to 2025, the airlines that have operated at ANC for the entire period include Alaska Airlines, American Airlines, ConocoPhillips, Delta Air Lines, Grant Aviation Inc., Ryan Air, Sun Country Airlines, and United Airlines. Many of ANC's international carriers ceased operations at the Airport when the COVID-19 pandemic began in 2020, such as Air Canada, Condor Flugdienst, and Icelandair—of them, Air Canada and Condor Flugdienst resumed service in 2022. Other longstanding airlines that halted operations at ANC include JetBlue and Penair, though Penair is still contracted as a regional carrier for Alaska Airlines.

Three airlines were newly introduced to ANC in 2025: Alaska Air Transit, Everts Air, New Pacific Airlines, Westjet, and Hawaiian Airlines (owned by Alaska Airlines, which received a single operating certificate from the FAA to operate Hawaiian as a separate brand). Inversely, Kenai Aviation, AeroStan, and Northern Pacific Airway are three airlines that operated in 2024 that did not return to ANC in 2025.

Table 3 | Scheduled Passenger Airlines at ANC, by Calendar Year

Annual Scheduled Flights by Carrier						
Code	**Carrier Name**	**2021**	**2022**	**2023**	**2024**	**2025**
AC	Air Canada		●	●	●	●
JN	Alaska Air Transit					●
AS	Alaska Airlines[1]	●	●	●	●	●
VC	Aleutian Airways		●	●	●	●
AA	American Airlines	●	●	●	●	●
DE	Condor Flugdienst		●	●	●	●
CON	ConocoPhillips Aviation Alaska	●	●	●	●	●
DL	Delta Air Lines	●	●	●	●	●
4Y	EW Discover		●	●	●	●
5V	Everts Air					●
GV	Grant Aviation, Inc.	●	●	●	●	●
HA	Hawaiian Airlines					●
V8	Iliamna Air Taxi	●	●			●
KW	Kenai Aviation Operations			●	●	●
7H	New Pacific Airlines					●
7S	Ryan Air	●	●	●	●	●
SY	Sun Country Airlines	●	●	●	●	●
UA	United Airlines	●	●	●	●	●
WS	Westjet					●

Note: Airlines and/or years with less than 10 scheduled flights are not included.
[1] Contracts Penair and Horizon Air.
Source: OAG Schedules Analyzer, last accessed November 11, 2025.

4.2 | Overall Enplanement Trends

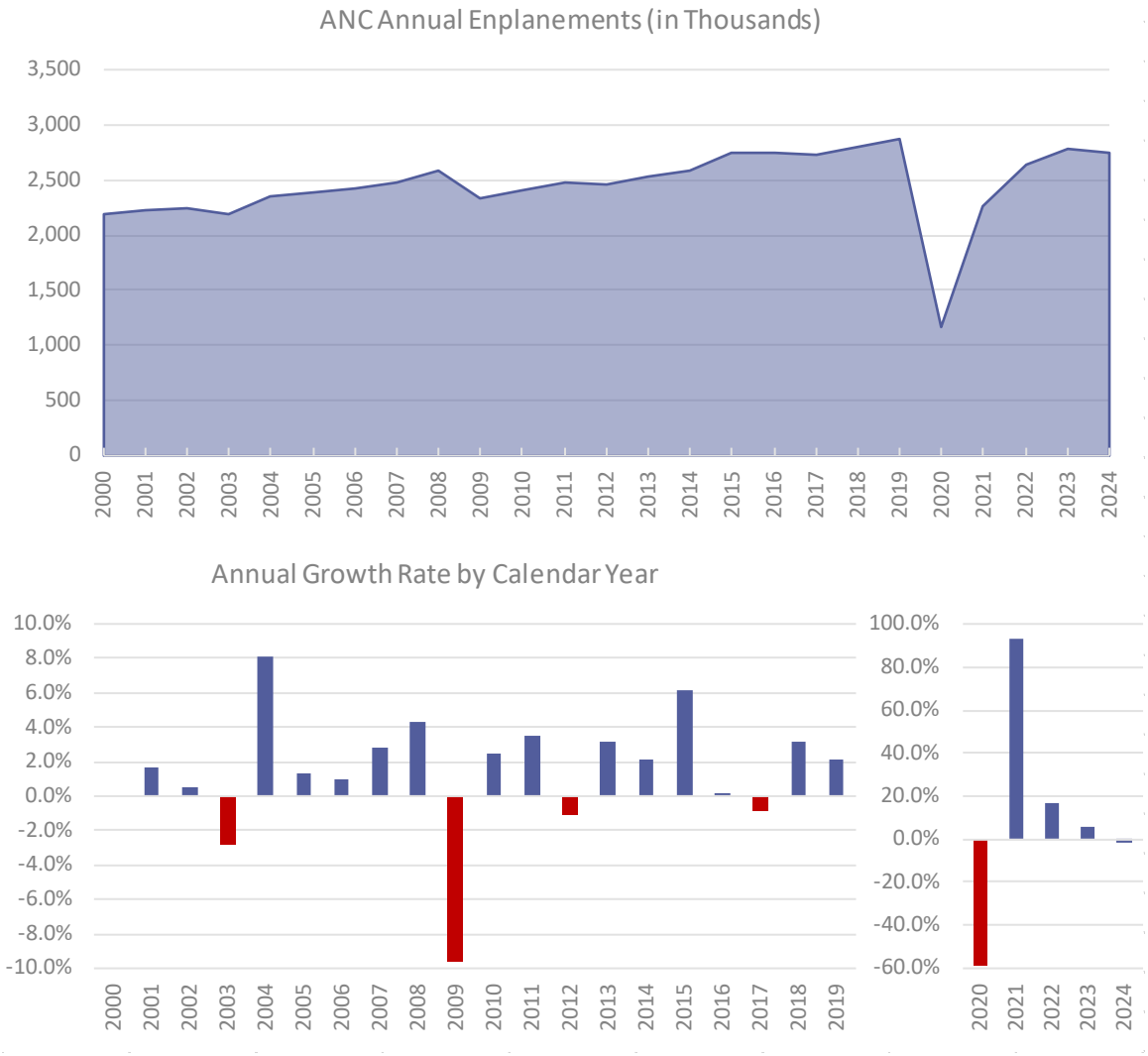
In addition, the trends in passenger traffic at ANC mirror business cycle changes and the significant challenges and transformations that have reshaped the broader U.S. aviation industry. From the early 2000s, a series of major events created a difficult operating environment nationwide. The brief recession of 2001, followed by the devastating terrorist attacks of September 11th, severely curtailed air travel demand. Subsequent years brought slow economic growth, heightened airport security measures that discouraged short-haul travel, and increased price sensitivity among passengers. These challenges were compounded by the dramatic rise in fuel prices, which more than quadrupled between 2002 and 2008, reaching historic peaks just as the Great Recession took hold in 2008. This global economic downturn further suppressed both passenger and cargo demand.

In response, the U.S. airline industry underwent a period of significant restructuring and consolidation, marked by bankruptcies and mergers that ultimately led to four major airlines controlling 80 percent of the domestic market. Airlines implemented aggressive cost-cutting measures, including capacity reductions, fleet adjustments, and changes to route networks. While the industry as a whole began to see profits return around 2010, and a sharp drop in fuel prices in 2014 provided further relief, the COVID-19 pandemic in 2020 delivered an unprecedented shock, causing a near-total collapse in air travel. Since then, the aviation industry has been recovering, but many airports, including ANC, have yet to return to their pre-pandemic traffic levels.

Figure 11 shows ANC's long-term historical enplanement trends from 2000 to 2024. ANC followed a slow but gradual upward trend since 2000, only experiencing four past declines prior to the COVID-19 pandemic: in 2003, 2009, 2012, and 2017. Enplanements faced a 9.6 percent decrease in 2009 due to the Great Recession, but the other three declines were much smaller—under 3 percent. After the Great Recession, however, ANC's enplanements did not return to their previous 2008 peak until 2014. From there, enplanements grew steadily to a 2019 peak of 2.9 million. In 2020, the COVID-19 pandemic caused a significant decline of 59.2 percent in the Airport's enplanements to 1.2 million.

ANC's recovery has been progressing, with a substantial 92.8 percent increase in enplanements from 2020 to 2021, up to 2.3 million. Recovery continued through 2022 and 2023, albeit at a slower rate, with enplanements reaching 2.8 million as of 2023—about 97 percent of ANC's pre-pandemic 2019 peak. However, 2024 showed a minor decrease from this recovery progress, with enplanements declining by a slight 1.4 percent, down to 2.7 million.

Figure 11 | Historical Enplanement Trends at ANC by Calendar Year



Source: Airport records.

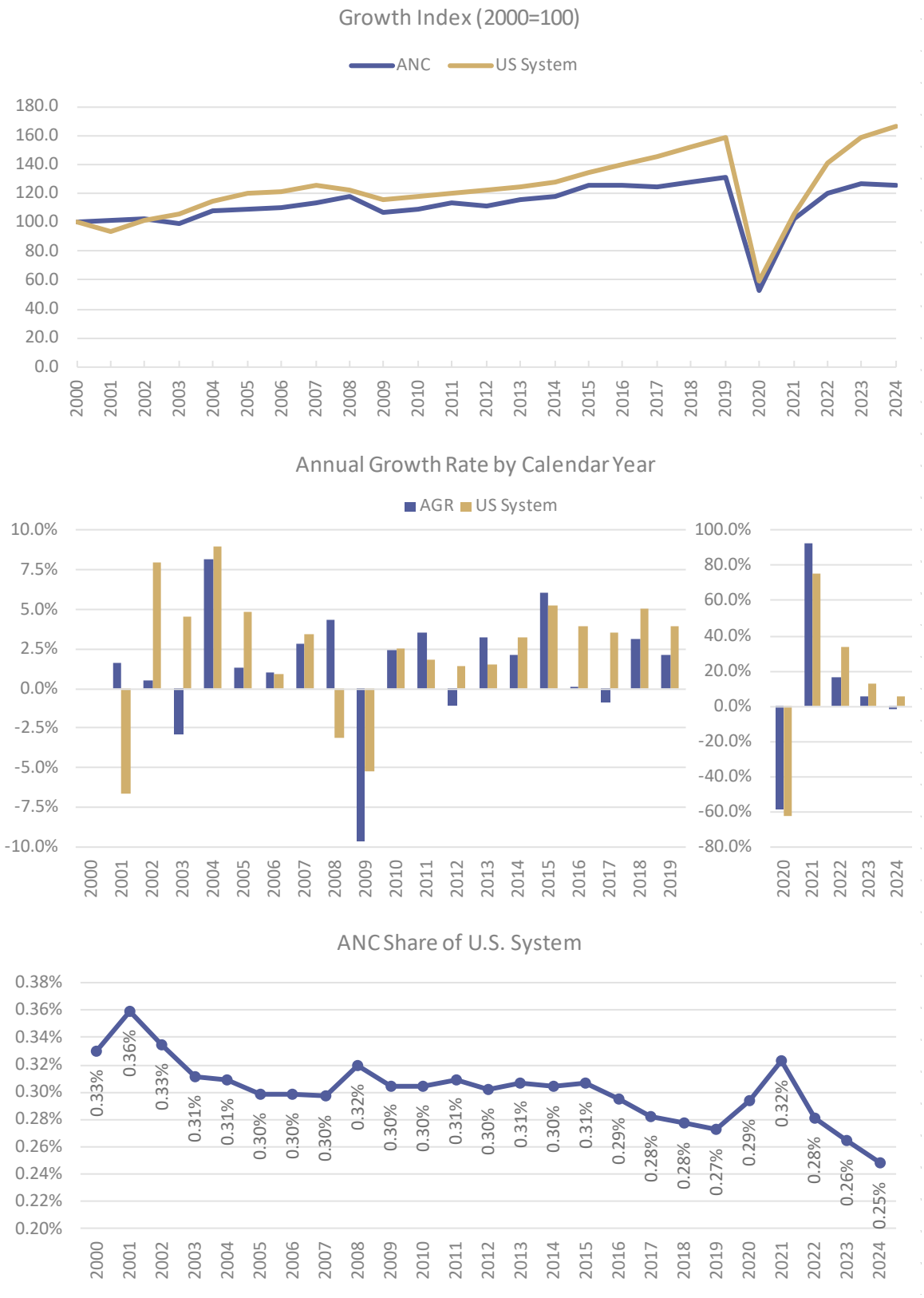
4.3 | Comparison With National Trends

Figure 12 compares enplanement growth trends between ANC and the U.S. total from 2000 to 2024. It shows growth indices starting in 2000, annual growth rate comparisons, and ANC's annual share of U.S. enplanements. Table 4 shows the underlying annual enplanement data including the year-to-date total for January through September 2024.

Unlike the U.S. total, ANC did not suffer a decline in 2001 after the September 11 terrorist attacks. ANC faced a decrease later in 2003 and, since then, has lagged behind the U.S. system's growth. During the Great Recession, ANC experienced a decline in 2009, a year later than the U.S. system, but a sharper decrease. After the Great Recession, enplanement growth for the U.S. system was more consistent than that of ANC, widening the gap between the U.S. and ANC growth trajectories and reducing ANC's share of U.S. total enplanements. During the COVID-19 pandemic in 2020, travel restrictions across the country caused passenger traffic to fall sharply nationwide—down 62.2 percent for the U.S. system, and down 59.2 percent for ANC. ANC again lagged the U.S. system in post-pandemic recovery, losing its upward momentum with 1.4 percent decrease in 2024, while the national trend continued to increase 5.2 percent that year.

ANC is a medium hub commercial service airport by FAA classification. A medium hub is an airport enplaning at least 0.25 percent but less than 1 percent of total U.S. enplanements. Over the past two decades, ANC's share of total U.S. enplanements has been gradually shrinking from its 2000 share of 0.33 percent. Aside from two notable increases, one in 2001 and another in 2008, ANC largely maintained a share of 0.30 to 0.31 percent until 2015. After 2015, ANC's growth lagged behind the U.S. system, and its share shrunk to 0.25 percent as of 2024, the minimum share size for a medium hub classification.

Figure 12 | ANC and U.S. Total Enplanement Growth by Calendar Year



Source: Airport records and Bureau of Transportation Statistics.

Table 4 | ANC and U.S. System Annual Enplanements

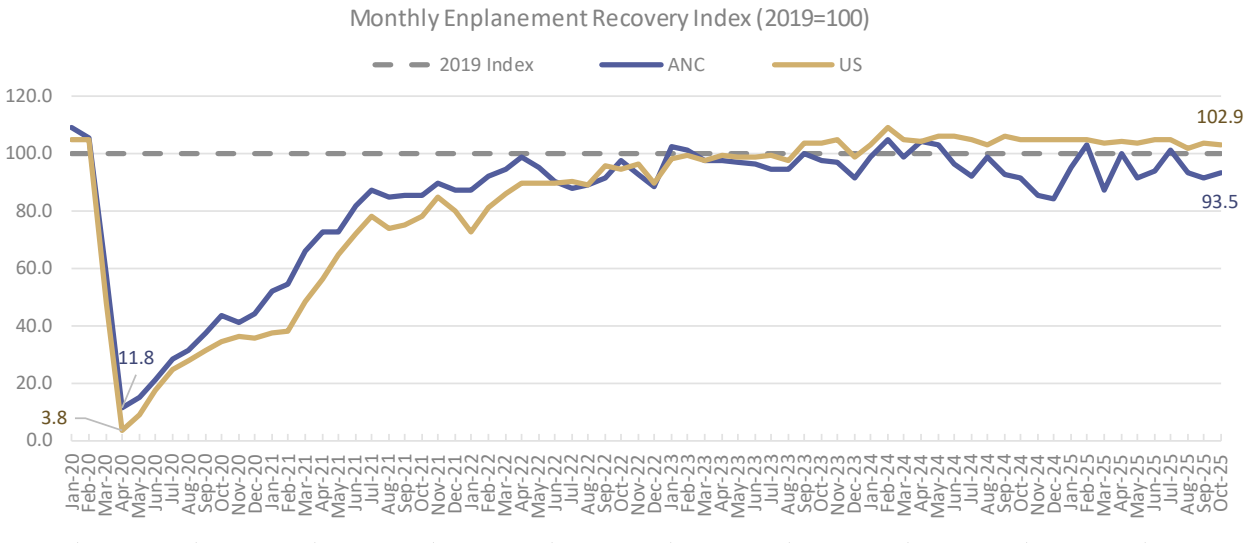
	ANC		US System		ANC Share of
CY	EP (1000s)	AGR	EP (1000s)	AGR	US System
2000	2,198		665,487		0.33%
2001	2,233	1.6%	621,369	-6.6%	0.36%
2002	2,246	0.6%	670,604	7.9%	0.33%
2003	2,181	-2.9%	700,864	4.5%	0.31%
2004	2,359	8.2%	763,710	9.0%	0.31%
2005	2,391	1.3%	800,850	4.9%	0.30%
2006	2,414	1.0%	808,103	0.9%	0.30%
2007	2,482	2.8%	835,510	3.4%	0.30%
2008	2,590	4.4%	809,822	-3.1%	0.32%
2009	2,341	-9.6%	767,817	-5.2%	0.30%
2010	2,398	2.5%	787,478	2.6%	0.30%
2011	2,483	3.5%	802,135	1.9%	0.31%
2012	2,455	-1.1%	813,123	1.4%	0.30%
2013	2,534	3.2%	825,322	1.5%	0.31%
2014	2,589	2.2%	851,850	3.2%	0.30%
2015	2,747	6.1%	896,632	5.3%	0.31%
2016	2,748	0.0%	931,989	3.9%	0.29%
2017	2,723	-0.9%	964,765	3.5%	0.28%
2018	2,808	3.1%	1,013,213	5.0%	0.28%
2019	2,869	2.2%	1,052,981	3.9%	0.27%
2020	1,172	-59.2%	398,655	-62.1%	0.29%
2021	2,260	92.8%	700,560	75.7%	0.32%
2022	2,636	16.6%	937,367	33.8%	0.28%
2023	2,785	5.7%	1,053,310	12.4%	0.26%
2024	2,747	-1.4%	1,107,959	5.2%	0.25%
YTD 2024	2,419		745,717		0.32%
YTD 2025	2,358	-2.5%	738,365	-1.0%	0.32%
Compound Annual Growth Rate					
2000-2010	0.9%		1.7%		
2007-2009	-2.9%		-4.1%		
2000-2019	1.4%		2.4%		
2019-2024	-0.9%		1.0%		
2000-2024	0.9%		2.1%		

Source: Airport records and Bureau of Transportation Statistics.
Year-to-date (YTD) totals are through October.

4.4 | Monthly Enplanement Recovery

In April 2020, the COVID-19 pandemic caused all air traffic across the United States to drop dramatically, and has since been working to recover—the U.S. system fell to 3.8 percent of its 2019 level, and ANC fell to 11.8 percent (Figure 13). The Airport did not suffer as significant a decline as the national total, and initially experienced a faster recovery. However, ANC began to lag national recovery starting in the second half of 2022. The gap widened as ANC's recovery trend went downward through 2024. As of October 2025, ANC's recovery progress dipped to 93.5 percent of its 2019 monthly enplanement level, while the U.S. system hovered just above its 2019 level at 102.9 percent.

Figure 13 | Monthly Recovery Comparison, ANC vs. U.S. System

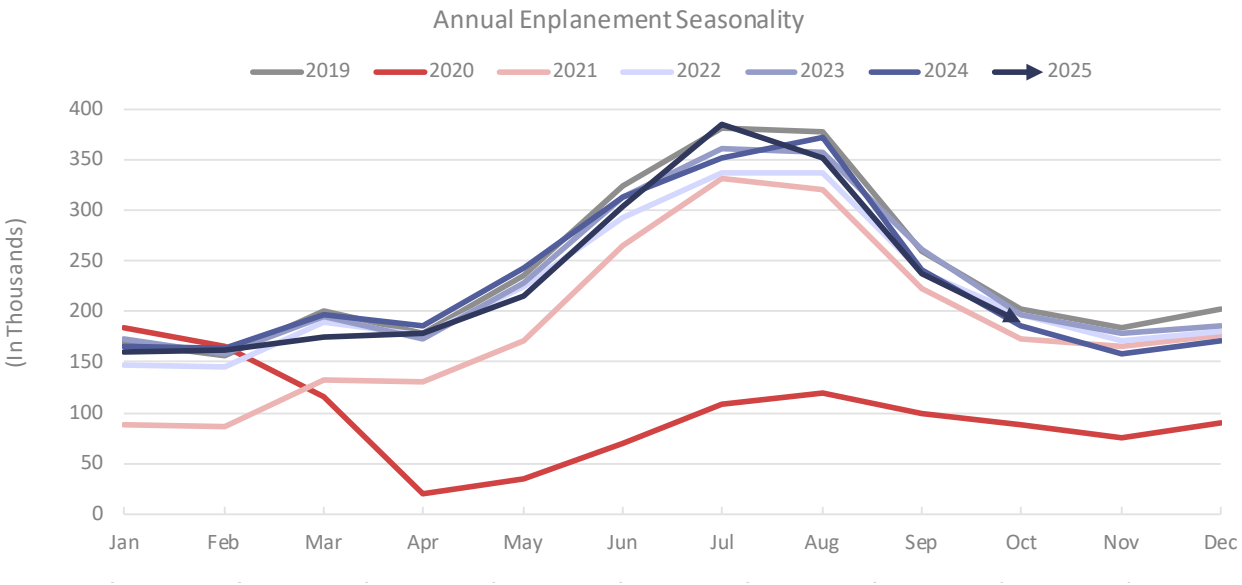


Source: Airport records and Bureau of Transportation Statistics.

4.5 | Enplanement Seasonality

Figure 14 shows the monthly enplanement levels at ANC from January 2019 to October 2025. Each year, ANC's enplanements consistently peak in the summer and dip in the winter. 2020 broke this pattern due to air traffic dropping almost 97 percent across the United States in April. Enplanements have returned to normal seasonal patterns, albeit at levels mostly below 2019, with the summer peak occurring most often in July.

Figure 14 | Monthly Enplanement Trends, January 2019 – August 2025



Source: Airport records.

Table 5 shows the monthly enplanements shares of each annual total from 2014 through 2024, and highlights the largest and smallest monthly shares each year. July is most often the peak month each year, with February consistently having the least enplanements. 2020 disrupted this pattern due to the COVID-19 pandemic and the suspension of air traffic in April, but monthly enplanement shares returned to usual trends in the next year. 2024 also slightly deviates from the usual pattern, with air traffic instead reaching its peak in August and low point in November.

Table 5 | Monthly Enplanement Shares

Enplanement Shares											
Month	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Jan	6.4%	6.3%	6.4%	6.3%	6.0%	5.9%	15.7%	3.9%	5.6%	6.2%	6.1%
Feb	5.6%	5.5%	5.8%	5.7%	5.4%	5.5%	14.1%	3.8%	5.5%	5.7%	6.0%
Mar	7.2%	7.2%	7.3%	7.1%	6.9%	7.0%	9.8%	5.8%	7.2%	7.0%	7.2%
Apr	6.1%	6.3%	6.4%	6.4%	6.3%	6.2%	1.8%	5.8%	6.7%	6.2%	6.7%
May	8.4%	8.3%	8.4%	8.3%	8.3%	8.2%	3.0%	7.6%	8.5%	8.2%	8.8%
Jun	10.4%	10.8%	11.2%	11.2%	11.3%	11.3%	6.0%	11.7%	11.1%	11.3%	11.4%
Jul	12.7%	13.0%	12.7%	12.8%	13.1%	13.3%	9.3%	14.7%	12.8%	13.0%	12.8%
Aug	12.5%	12.5%	12.7%	12.7%	13.0%	13.1%	10.2%	14.2%	12.8%	12.8%	13.5%
Sep	9.1%	8.9%	8.9%	8.9%	9.1%	9.1%	8.4%	9.9%	9.1%	9.4%	8.8%
Oct	7.4%	7.2%	6.8%	7.0%	7.0%	7.0%	7.6%	7.6%	7.5%	7.1%	6.7%
Nov	6.6%	6.6%	6.4%	6.5%	6.6%	6.4%	6.4%	7.3%	6.5%	6.4%	5.7%
Dec	7.5%	7.2%	7.1%	7.0%	6.9%	7.1%	7.7%	7.8%	6.8%	6.7%	6.2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Third largest share of CY total.	Third smallest share of CY total.
Second largest share of CY total.	Second smallest share of CY total.
Largest share of CY total.	Smallest share of CY total.

Source: Airport records.

SECTION 5 | AIR TRAFFIC FORECASTS

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 different stages of growth, we use a hybrid modeling framework that integrates multiple forecasting methods and data sources.

We present three scenarios—Base, High, and Low—each reflecting a different pace of short-term 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. 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.

5.1 | Forecast Methodology

Our hybrid modeling framework combines different methods and data sources to project air traffic in two phases (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 15):

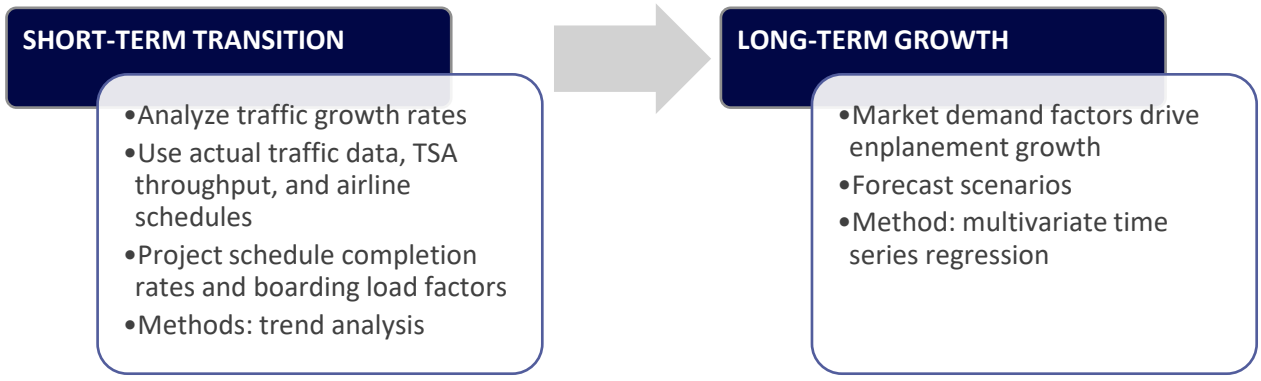
- Short-term transition: We analyze recovery trends and project flights, seats, and enplanements at the airline level based on advance airline schedules, schedule completion rates, and boarding load factors. This process produces near-term projections through June 2026. Beyond that, we analyze the trends 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 quarterly 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 15 | Hybrid Forecast Development by Phase



Source: Unison Consulting, Inc.

5.2 | Short-Term Phase

In this phase, forecast development considers the recent progress in traffic recovery based on actual airport activity (enplanements) through October 2025, TSA screening throughput through November 2025, and advance airline schedules (accessed in November 2025).

Advance airline schedules provide the starting point for projecting seats and enplanements through June 2026. Advance schedules become less reliable farther into the future due to changes in airline networks and routes. To account for potential schedule adjustments, we apply a completion factor to scheduled seats. This considers weather and aircraft maintenance disruptions, as well as periodic schedule adjustments anticipating flight bookings and the projected availability of aircraft and crew. Table 6 shows the projected schedule completion rates decreasing from 100 percent to 95 percent in the Base scenario, 97 percent in the High scenario, and 93 percent in the Low scenario by June 2026.

Table 6 | Projected Schedule Completion Rates and Seats

Month	Seat Completion Rate			Projected Seats		
	Base	High	Low	Base	High	Low
Nov-25	100%	100%	100%	253,112	253,112	253,112
Dec-25	100%	100%	100%	258,160	258,160	258,160
Jan-26	100%	100%	100%	252,143	252,143	252,143
Feb-26	99%	100%	97%	217,660	219,859	213,263
Mar-26	98%	100%	96%	253,885	259,066	248,703
Apr-26	97%	99%	95%	260,380	265,749	255,011
May-26	96%	98%	94%	345,298	352,491	338,104
Jun-26	95%	97%	93%	435,724	444,897	426,551

Source: OAG advance airline schedules and forecasts by Unison Consulting, Inc.

We apply boarding load factors (BLFs) to projected seats to estimate monthly enplanements. The BLF assumptions in Table 7 reflect seasonal patterns and a stabilization in travel patterns. Between January and October 2025, the Airport's monthly BLF averaged 70.9 percent, 4.0 percentage points lower than 2024 levels over the same period (74.9 percent).

Under the Base scenario, we assume the monthly average BLF will continue current trends and edge lower, averaging around 69.5 percent through June 2026. The monthly average BLF is expected to be around 2 percentage points higher in the High scenario (71.5 percent) and 2 percentage points lower in the Base scenario (67.5 percent).

Table 7 | Projected Boarding Load Factors (BLF)

Actual			Forecast			
Month	2024 BLF	2025 BLF	Month-Year	Base	High	Low
Jan	72.4%	68.0%	Jan-26	68.0%	70.0%	66.0%
Feb	75.3%	76.0%	Feb-26	76.0%	78.0%	74.0%
Mar	78.2%	69.3%	Mar-26	69.3%	71.3%	67.3%
Apr	72.8%	72.3%	Apr-26	72.3%	74.3%	70.3%
May	72.4%	62.2%	May-26	62.2%	64.2%	60.2%
Jun	73.9%	68.6%	Jun-26	68.6%	70.6%	66.6%
Jul	75.1%	79.0%				
Aug	83.2%	77.2%				
Sep	74.1%	69.4%				
Oct	71.5%	66.6%				
Nov	67.2%		Nov-25	67.2%	69.2%	65.2%
Dec	72.9%		Dec-25	72.9%	74.9%	70.9%

Source: Unison Consulting, Inc.
BLF = enplanements/OAG available seats.
Forecasts begin in November 2025.

Figure 16 shows the projections of quarterly enplanements based on our assumptions of advanced schedules and boarding load factors indexed to 2019 levels. Since its nadir in April 2020, quarterly enplanements at ANC have gradually recovered toward 2019 pre-COVID levels. As of Q3 2025, enplanements were around 96 percent of the 2019 level. By Q4 2026, ANC's enplanements are expected to be around 88 to 101 percent of 2019 levels, with 94 percent in the Base scenario.

Figure 16 | Historical and Forecast Quarterly Enplanements (Indexed to 2019 Levels)

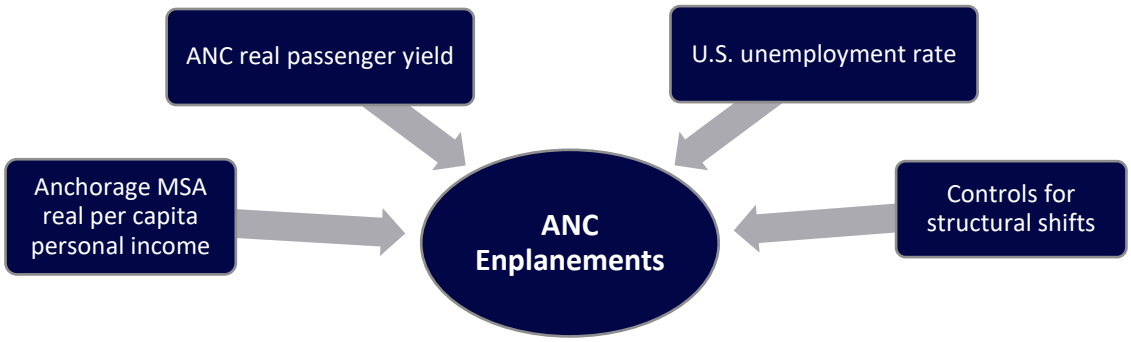
Source: Unison Consulting, Inc.

5.3 | 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 time series regression analysis provides a rigorous quantitative framework for measuring the impact of market drivers (income and price indicators) on enplanement growth while considering structural changes (Figure 17).

Regression analysis provides a rigorous and quantitative framework for measuring the contributions of individual demand drivers to enplanement growth while accounting for structural changes at the Airport, such as the 9/11 terrorist attacks in 2001.

Figure 17 | Key Drivers of Enplanement Growth



Source: Unison Consulting, Inc.

Forecasting using regression analysis involves two steps:

1. **Model estimation**: We estimate the regression equation using historical and short-term forecast data (2000-2019). 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, informs the specification of the regression model. Quarterly enplanements serve as the dependent variable. The key explanatory variables include two economic indicators, the Anchorage MSA's real per capita personal income and U.S. unemployment rate, and a price indicator, ANC's real passenger yield.

In the Base scenario, the forecasts of economic and income indicators and real passenger yield come from Moody's Analytics (forecast update as of November 2025) and FY2025-2045 FAA Aerospace Forecasts, respectively. Alternative growth rates are used in the High and Low scenarios.

To control for the effects of seasonality, the regression model includes control variables that capture the quarterly differences in average enplanements. Together these explanatory variables prove to be strong predictors of ANC's historical enplanement levels. Additional variables are included to adjust for serial correlation common in time series data.

Anchorage MSA's Real per Capita Personal Income

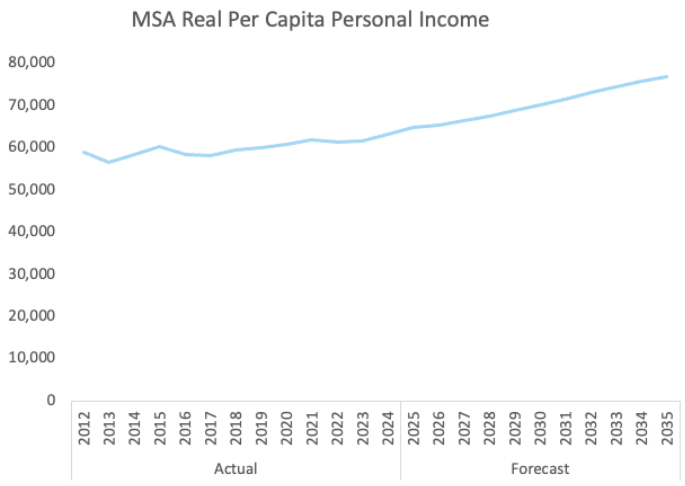
The Anchorage MSA's real per capita personal income indicates consumer income and overall economic trends for the region. Holding all other factors constant, real per capita personal income growth promotes enplanement growth. Conversely, decreases in real per capita personal income decrease enplanements. The positive regression coefficient estimate for real per capita personal income confirms the direct relationship between income and air travel demand.

The Anchorage MSA's real per capita personal income was essentially flat between 2012 and 2019. Since then, it has grown steadily—except in 2022—as the pandemic and tightening labor markets placed upward pressure on price levels (Figure 18).

The outlook for the Anchorage MSA is more optimistic than its history. According to the forecasts of Moody's Analytics, the MSA's real per capita personal income in the Base scenario is expected to grow by an average of 1.8 percent over the forecast period. Relative to the Base scenario, the compound annual growth rate is assumed to be 0.2 percentage points higher in the High scenario (2.0 percent) and 0.3 percentage points lower in the Low scenario (1.5 percent).

Figure 18 | Anchorage MSA Real Per Capita Personal Income

	Calendar Year	Real Per Capita Personal Income, Anchorage MSA 2017$	AGR (%)
	2012	58,849	-0.7%
	2013	56,602	-3.8%
	2014	58,487	3.3%
	2015	60,392	3.3%
	2016	58,361	-3.4%
	2017	58,176	-0.3%
	2018	59,505	2.3%
	2019	59,927	0.7%
	2020	60,824	1.5%
	2021	61,877	1.7%
	2022	61,294	-0.9%
	2023	61,730	0.7%
Actual	2024	63,221	2.4%
Forecast	2025	64,813	2.5%
	2026	65,455	1.0%
	2027	66,483	1.6%
	2028	67,456	1.5%
	2029	68,752	1.9%
	2030	70,212	2.1%
	2031	71,672	2.1%
	2032	73,169	2.1%
	2033	74,562	1.9%
	2034	75,755	1.6%
	2035	76,837	1.4%
	Compound Annual Growth Rate		
	2012-2019		0.3%
	2019-2024		1.1%
	2024-2035		1.8%



Notes: Annual growth rate (AGR)

Source: Moody's Analytics.

Real Passenger Yield at ANC

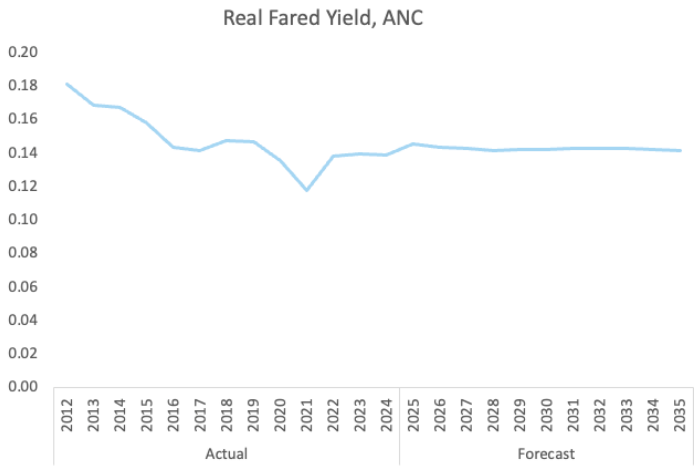
Consumer theory suggests a negative relationship between air travel demand and price. Holding all else constant, an increase in price decreases passenger traffic, while a decrease in price increases passenger traffic. Our measure of price is the average real passenger yield, calculated as total airline passenger revenues divided by revenue passenger miles, adjusted for inflation. This measure, which accounts for trip distance, serves as a more accurate indicator of the price of air travel than average airfare. Regression analysis supports the theory, showing a negative and statistically significant regression coefficient for real passenger yield.

Before the pandemic, ANC's real passenger yield declined from $0.18 in 2012 to $0.15 in 2019 (CAGR –3.0 percent) During the pandemic, airlines sharply discounted fares to stimulate demand, pushing yields down to a $0.12 trough in 2021. As traffic recovered, airlines increased fares, and real yields rose to about $0.14 by 2022–2024.

Looking ahead, as traffic patterns normalize, we expect real yields to remain broadly stable: they are expected to rise to about $0.15 in 2025 and then gradually decrease to $0.14 by the end of the forecast horizon across all scenarios. This path corresponds to a 0.2 percent average annual growth in Base scenario, zero percent average annual growth in the High scenario, and 0.4 percent average annual growth in the Low scenario.

Figure 19 | ANC Real Passenger Yield

	Calendar Year	Real Fared Yield, ANC 2017$	Real Fared Yield, ANC AGR (%)
	2012	0.18	4.5%
	2013	0.17	-6.9%
	2014	0.17	-0.6%
	2015	0.16	-5.7%
	2016	0.14	-9.1%
	2017	0.14	-1.5%
	2018	0.15	4.5%
	2019	0.15	-0.8%
	2020	0.14	-7.7%
	2021	0.12	-13.2%
	2022	0.14	17.7%
	2023	0.14	1.1%
Actual	2024	0.14	-0.8%
Forecast	2025	0.15	4.9%
	2026	0.14	-1.3%
	2027	0.14	-0.5%
	2028	0.14	-0.7%
	2029	0.14	0.1%
	2030	0.14	0.2%
	2031	0.14	0.3%
	2032	0.14	0.2%
	2033	0.14	-0.1%
	2034	0.14	-0.3%
	2035	0.14	-0.4%
Compound Annual Growth Rate			
	2012-2019		-3.0%
	2019-2024		-1.1%
	2024-2035		0.2%



Notes: Annual growth rate (AGR)

Source: DB1B, FAA Aerospace Forecast, and Unison Consulting, Inc.

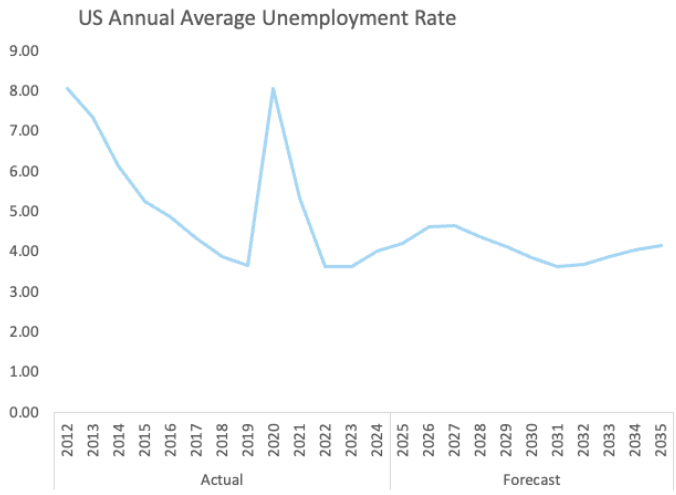
U.S. Unemployment Rate

The U.S. unemployment rate provides a key indicator for national economic conditions, which affect aggregate demand for business and leisure travel. Falling unemployment rates indicate an expanding national economy, while rising unemployment rates indicate a slowing and contracting national economy. Passenger traffic tends to track business cycles in the U.S. economy. The regression coefficient from the model confirms the negative association between the U.S. unemployment rates and ANC passenger traffic, showing a negative and statistically significant negative sign.

Looking ahead, the U.S. unemployment rate in the Base scenario is expected to rise gradually from the historic lows of recent years. According to Moody's Analytics, the U.S. unemployment rate in the Base scenario is projected to increase by 0.4 to 0.5 percentage points in 2026–2027, reaching 4.6 to 4.7 percent, compared with 4.2 percent in 2025. The High scenario assumes lower unemployment, while the Low scenario assumes higher unemployment, with both differing from the Base scenario by roughly 0.3 percentage points.

Figure 20 | U.S. Unemployment Rate

	Calendar Year	Annual Average Unemployment Rate, US	
		Percentage	AGR (%)
	2012	8.07	-9.6%
	2013	7.36	-8.9%
	2014	6.16	-16.3%
	2015	5.27	-14.3%
	2016	4.87	-7.6%
	2017	4.36	-10.6%
	2018	3.89	-10.7%
	2019	3.68	-5.5%
	2020	8.09	120.0%
	2021	5.36	-33.8%
	2022	3.64	-32.0%
	2023	3.63	-0.2%
Actual	2024	4.03	11.0%
Forecast	2025	4.22	4.5%
	2026	4.64	10.0%
	2027	4.67	0.7%
	2028	4.39	-6.0%
	2029	4.15	-5.5%
	2030	3.86	-6.9%
	2031	3.64	-5.9%
	2032	3.69	1.6%
	2033	3.89	5.2%
	2034	4.06	4.5%
	2035	4.16	2.5%
	Compound Annual Growth Rate		
	2012-2019		-10.6%
	2019-2024		1.9%
	2024-2035		0.3%



Notes: Annual growth rate (AGR)

Source: Moody's Analytics.

5.3.1 | Other Explanatory Variables

The regression model also controls for structural shifts in the aviation industry following the terrorist attacks in 2001, seasonality in enplanement trends, and serial correlation inherent in the time series data used for estimating the model.

5.4 | Forecast Enplanements

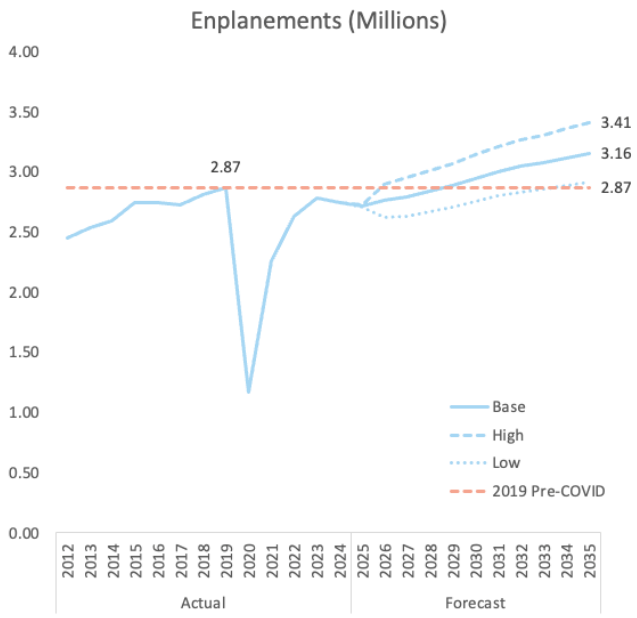
Figure 21 shows the historical and forecast annual enplanement levels. The resulting forecasts are summarized below:

- **Scenario 1 (Base):** In 2025, annual enplanements are expected to reach 2.72 million, a slight decrease from 2024 levels (-1.1 percent). Growth is expected to resume in 2026, and annual enplanements are expected to reach 3.16 million by the end of 2035. The compound annual growth rate over the forecast period is expected to be around 1.3 percent.
- **Scenario 2 (High):** Annual enplanements are expected to first exceed the pre-pandemic level in 2026, reaching 2.90 million. Beyond 2026, annual enplanements are expected to grow at an average annual rate of around 1.8 percent and 3.41 million by the end of the forecast period. The compound annual growth rate is expected to be around 2.0 percent.

- **Scenario 3 (Low):** Annual enplanements eventually return to the pre-pandemic level by the end of 2034, reaching 2.89 million. By the end of 2035, annual enplanements are expected to reach 2.91 million and grow at an average annual rate of 0.5 percent.

Figure 21 | Historical and Forecast Enplanements

	Calendar Year	Enplanement (Millions) Base	AGR (%)	High	AGR (%)	Low	AGR (%)
	2012	2.46	-1.1%	2.46	-1.1%	2.46	-1.1%
	2013	2.53	3.2%	2.53	3.2%	2.53	3.2%
	2014	2.59	2.2%	2.59	2.2%	2.59	2.2%
	2015	2.75	6.1%	2.75	6.1%	2.75	6.1%
	2016	2.75	0.0%	2.75	0.0%	2.75	0.0%
	2017	2.72	-0.9%	2.72	-0.9%	2.72	-0.9%
	2018	2.81	3.1%	2.81	3.1%	2.81	3.1%
	2019	2.87	2.2%	2.87	2.2%	2.87	2.2%
	2020	1.17	-59.2%	1.17	-59.2%	1.17	-59.2%
	2021	2.26	92.8%	2.26	92.8%	2.26	92.8%
	2022	2.64	16.6%	2.64	16.6%	2.64	16.6%
	2023	2.79	5.7%	2.79	5.7%	2.79	5.7%
Actual	2024	2.75	-1.4%	2.75	-1.4%	2.75	-1.4%
Forecast	2025	2.72	-1.1%	2.73	-0.8%	2.71	-1.5%
	2026	2.76	1.7%	2.90	6.4%	2.62	-3.0%
	2027	2.79	1.1%	2.96	1.9%	2.63	0.4%
	2028	2.84	1.6%	3.01	1.8%	2.67	1.3%
	2029	2.89	1.8%	3.07	2.1%	2.71	1.5%
	2030	2.95	2.0%	3.14	2.3%	2.76	1.8%
	2031	3.00	1.9%	3.21	2.1%	2.80	1.6%
	2032	3.04	1.5%	3.26	1.7%	2.83	1.2%
	2033	3.08	1.1%	3.31	1.4%	2.86	0.9%
	2034	3.12	1.2%	3.36	1.6%	2.89	0.9%
	2035	3.16	1.2%	3.41	1.6%	2.91	0.9%
	Compound Annual Growth Rate						
	2012-2019		2.2%		2.2%		2.2%
	2019-2024		-0.9%		-0.9%		-0.9%
	2024-2035		1.3%		2.0%		0.5%



Notes: Annual growth rate (AGR)

Source: Unison Consulting, Inc.
The 2025 forecast is based on Airport records from January to October and projections from Unison Consulting, Inc. from November to December.

SECTION 6 | AIRPORT RENTAL CAR MARKET HISTORY

Data reported by the rental car companies at ANC 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 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.

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.

6.1 | Annual Trends

Table 8 summarizes the demand and revenue indicators of rental car activity for calendar years 2000 through 2024, along with the year-to-date total for January through August 2025.

Rental car companies serving airports operate in the same dynamic business environment that airlines operate in. 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 the different indicators of rental car activity. Since 2000, the ANC rental car market has been adversely affected in various degrees by the following major events: the 2001 U.S. economic recession, the 9/11 terrorist attacks, the 2008-2009 Great Recession, and the 2020 COVID-19 pandemic and economic recession. The downturns in the ANC rental car demand indicators coincide with these events.

Each downturn prior to 2020 was followed by recovery and expansion, as shown in Figure 22 and Figure 23. From 2000 through 2019, aggregate demand measures such as transaction days, rental contracts, and gross revenues exhibited increasing trends:

- Transaction days at ANC increased 34.9 percent (1.6 percent per year, on average)—the result of an increase in rental contracts of 22.7 percent (1.1 percent per year, on average) and an increase in the average contract duration of 11.6 percent (0.6 percent per year, on average).
- Rental gross revenue, in nominal terms, increased 65.5 percent (2.7 percent per year, on average) from an increase in transaction days of 34.9 percent (1.6 percent per year, on

average) and an increase in nominal rental rate of 22.7 percent (1.1 percent per year, on average). In real terms, rental gross revenue increased 11.4 percent (0.6 percent per year, on average), while the average rental rate decreased 17.5 percent (1 percent per year, on average).

- Much of the growth in transaction days, rental contracts, and gross revenue took place in the second half of the last decade, during the expansion phase of the previous business cycle.

The COVID-19 pandemic and subsequent restrictions on travel had a large impact on travel and, by extension, the rental car market in ANC. From 2019 to 2020, transaction days fell 52.7 percent, and rental contracts fell 57.9 percent—both below 2000 levels. While this led to the average contract duration increasing by 12.1 percent, rental gross revenue at ANC dropped 62.1 percent down to $24.7 million, the lowest gross revenue ANC has seen in its available history dating back to 2000. While the overall U.S. economy has recovered from 2020's recession in the second quarter of 2021 and re-entered a state of growth, the aviation and rental car industries have yet to return to their pre-pandemic levels.

Numbers increased across all of ANC's rental car demand and revenue indicators through the following years into 2024. Transaction days increased 79.1 percent from 2020 to 2024, up to a total of roughly 981,000 days. Rental contracts increased 101.3 percent to about 206,000 contracts, leading to a slightly lower average contract duration of 4.8 days in 2024. Gross revenue quickly rebounded, surpassing its 2019 level by a substantial margin and reaching $90.9 million in 2024. The average rental rate jumped 73 percent in 2021, from $42.80 to $84.83, and continued to rise in 2022 to a peak of $102.72. Since then, the average rental rate has decreased to $92.69 in 2024, though this is still significantly higher than its pre-pandemic history.

Table 8 | Annual Rental Car Activity, 2000-YTD2024

	Demand Indicators			Revenue Indicators		
CY	Transaction Days (1000s)[1]	Rental Contracts (1000s)[1]	Avg. Contract Duration (Days)[2]	Gross Revenue ($1000s)[1]	Avg. Nominal Rental Rate[3]	Avg. Real Rental Rate[4]
2000	858.5	198.5	4.33	$39,410.4	$45.91	$65.35
2001	847.9	191.9	4.42	$39,273.4	$46.32	$64.13
2002	835.5	186.7	4.47	$40,550.1	$48.54	$66.14
2003	840.7	184.6	4.56	$42,121.6	$50.10	$66.75
2004	834.6	181.8	4.59	$45,868.5	$54.96	$71.32
2005	814.9	172.2	4.73	$39,894.2	$48.96	$61.46
2006	818.4	170.3	4.81	$39,771.0	$48.59	$59.10
2007	858.2	199.1	4.31	$43,943.1	$51.20	$60.53
2008	891.1	192.7	4.62	$47,133.0	$52.89	$60.23
2009	738.3	168.1	4.39	$38,434.2	$52.06	$59.47
2010	764.1	170.0	4.50	$40,611.0	$53.15	$59.74
2011	803.8	177.1	4.54	$43,206.2	$53.75	$58.58
2012	853.3	185.2	4.61	$41,354.7	$48.47	$51.75
2013	871.4	189.4	4.60	$44,346.8	$50.89	$53.55
2014	910.2	196.7	4.63	$48,341.9	$53.11	$54.99
2015	1,039.5	222.1	4.68	$51,786.1	$49.82	$51.52
2016	979.9	211.5	4.63	$51,121.9	$52.17	$53.28
2017	1,019.7	222.1	4.59	$53,011.7	$51.99	$51.99
2018	1,033.7	228.2	4.53	$59,636.0	$57.69	$56.32
2019	1,158.9	243.3	4.76	$65,237.6	$56.29	$53.97
2020	547.7	102.5	5.34	$24,753.6	$45.20	$42.80
2021	744.0	134.3	5.54	$60,900.1	$81.85	$74.04
2022	837.4	164.8	5.08	$86,010.2	$102.72	$84.83
2023	895.1	177.6	5.04	$87,470.4	$97.72	$78.61
2024	981.1	198.5	4.94	$90,938.3	$92.69	$72.43
2024 YTD	886.7	175.3	5.06	$86,100.2	$97.10	$78.11
2025 YTD	935.5	183.5	5.10	$81,619.5	$87.25	$65.85
Compound Annual Growth Rate						
2000-2019	1.6%	1.1%	0.5%	2.7%	1.1%	-1.0%
2019-2024	-3.3%	-4.0%	0.7%	6.9%	10.5%	6.1%
2000-2024	0.6%	0.0%	0.6%	3.5%	3.0%	0.4%

Sources: ANC rental car companies for data on transaction days, rental contracts, and gross revenue; and Moody's Analytics and the U.S. Bureau of Labor Statistics for Consumer Price Index, both used in deriving gross revenue and rental rate in 2017 dollars.

YTD = January through October.

[1] Data received from rental car companies.

[2] The average contract duration is calculated by dividing transaction days by rental contracts.

[3] The average nominal rental rate is calculated by dividing gross rental revenues by transaction days.

[4] The average real rental rate is expressed in constant 2017 dollars.

Figure 22 | Growth Trends in Transaction Days, Rental Contracts, and Contract Duration (2000=100)

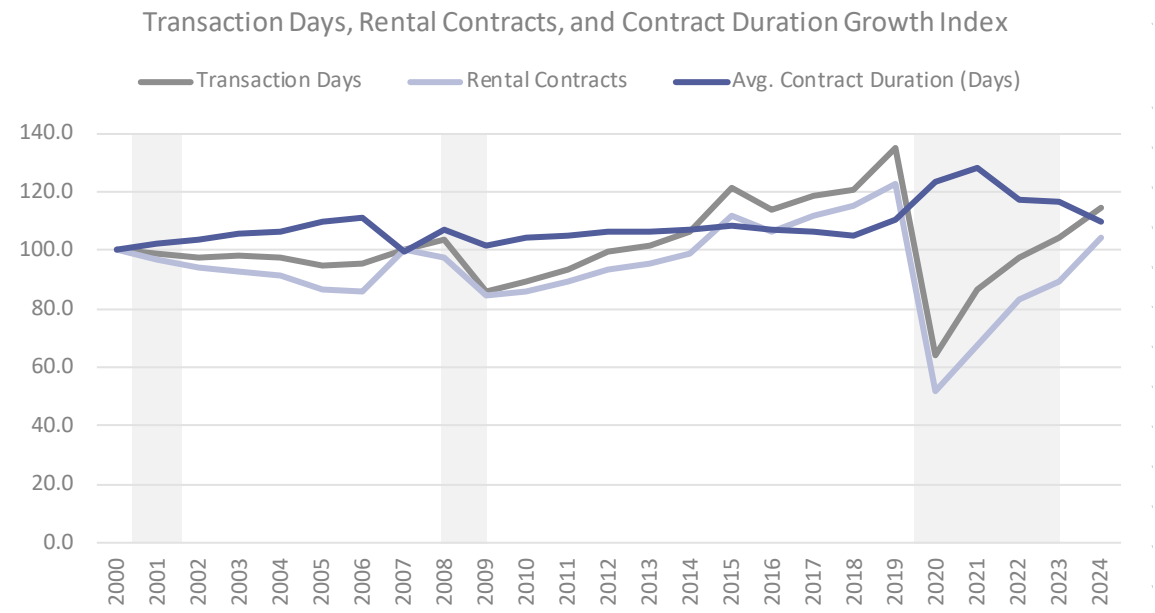
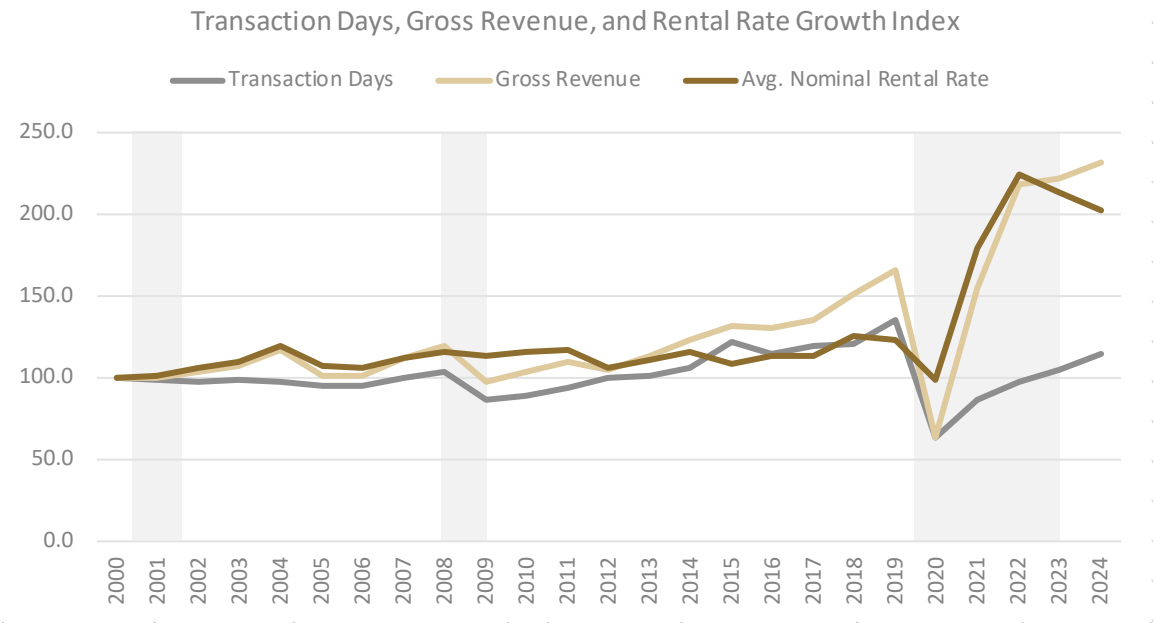


Figure 23 | Growth Trends in Transaction Days, Gross Revenue, and Rental Rate (2000=100)



Following the 9/11 terrorist attacks in 2001, the rental car market at ANC suffered relatively small declines in transaction days and rental contracts initially. The declines, however, persisted for a number of years. Transaction days and rental contracts returned to their 2000 levels only in 2007, when the Consolidated Facility opened. Gross revenue fared better—surpassing the 2000 level in all but one year through 2008—with increases in nominal rental rates.

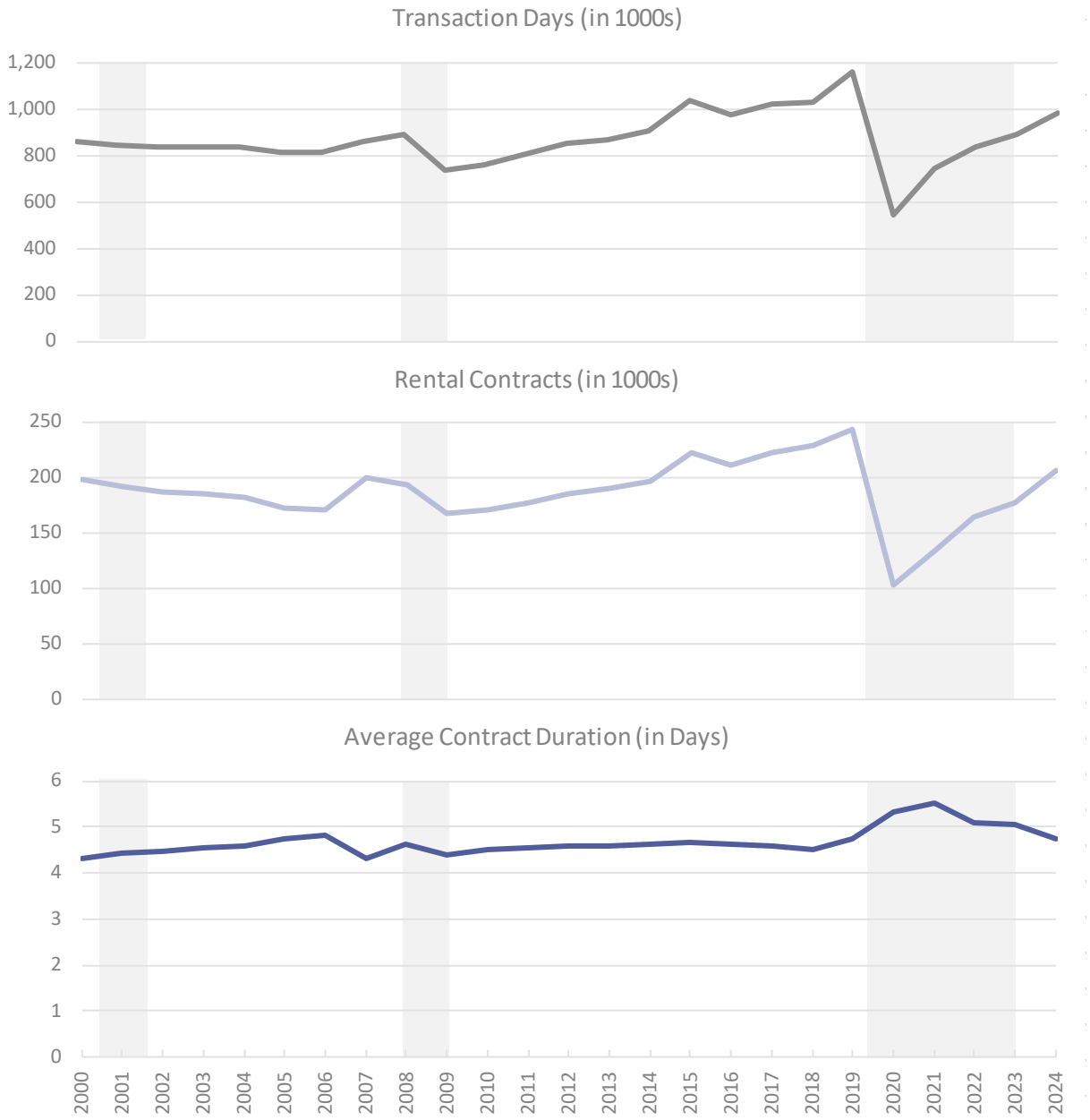
In 2008, the financial market crashed, setting off the Great Recession of 2008-2009. The RACs experienced substantial declines in transaction days, rental contracts, and nominal gross revenue by 7.2, 8.1, and 6.5 percent per year, respectively, during the recession. After the Great Recession ended in 2009, the rental car companies enjoyed steady growth at ANC. Transaction days, rental contracts, and nominal gross revenue increased by a compound growth rate of 4.6, 3.8, and 5.4 percent per year, respectively, between 2009 and 2019.

Figure 24 illustrates the annual levels and rates of change in transaction days, rental contracts, and the average contract duration separately. The trends in transaction days reflect the combined influence of the underlying rental contracts and contract duration. Transaction days exceeded 900,000 beginning in 2014, rising to an all-time high of 1.16 million in 2019. Rental contracts exceeded 200,000 for the first time in 2015 and continued rising to an all-time high of 243,000 in 2019. Record performance in the ANC rental car market in 2019 resulted from an acceleration of ANC passenger traffic growth and the use of the Consolidated Facility by non-airport visitors and cruise ship passengers.

In 2020, the COVID-19 pandemic abruptly ended the long-running economic expansion, resulting in deep declines in economic activities nationwide, including rental car activity at ANC. Through 2020, transaction days decreased from its record high to about 548,000 (down 52.7 percent), resulting from a decrease in rental contracts from its own peak down to about 102,000 (down 57.9 percent). However, the drops were tempered by an increase in contract duration to an average of 5.34 days (up 12.1 percent). The resulting 19.7 percent decrease in average nominal rental rate (from $56.29 to $45.20) reflects rental car companies' response to stimulate demand.

2021 began a partial recovery in transaction days and rental contracts, which continued in the following years up to about 981,000 days and 206,000 contracts in 2024. Neither demand indicator has yet to return to pre-pandemic levels. Average contract durations increased in 2021, up to a peak of 5.5 days. This peak has since decreased to 4.8 days as of 2024, more in line with ANC's pre-pandemic average contract durations.

Figure 24 | Annual Trends in Demand Indicators

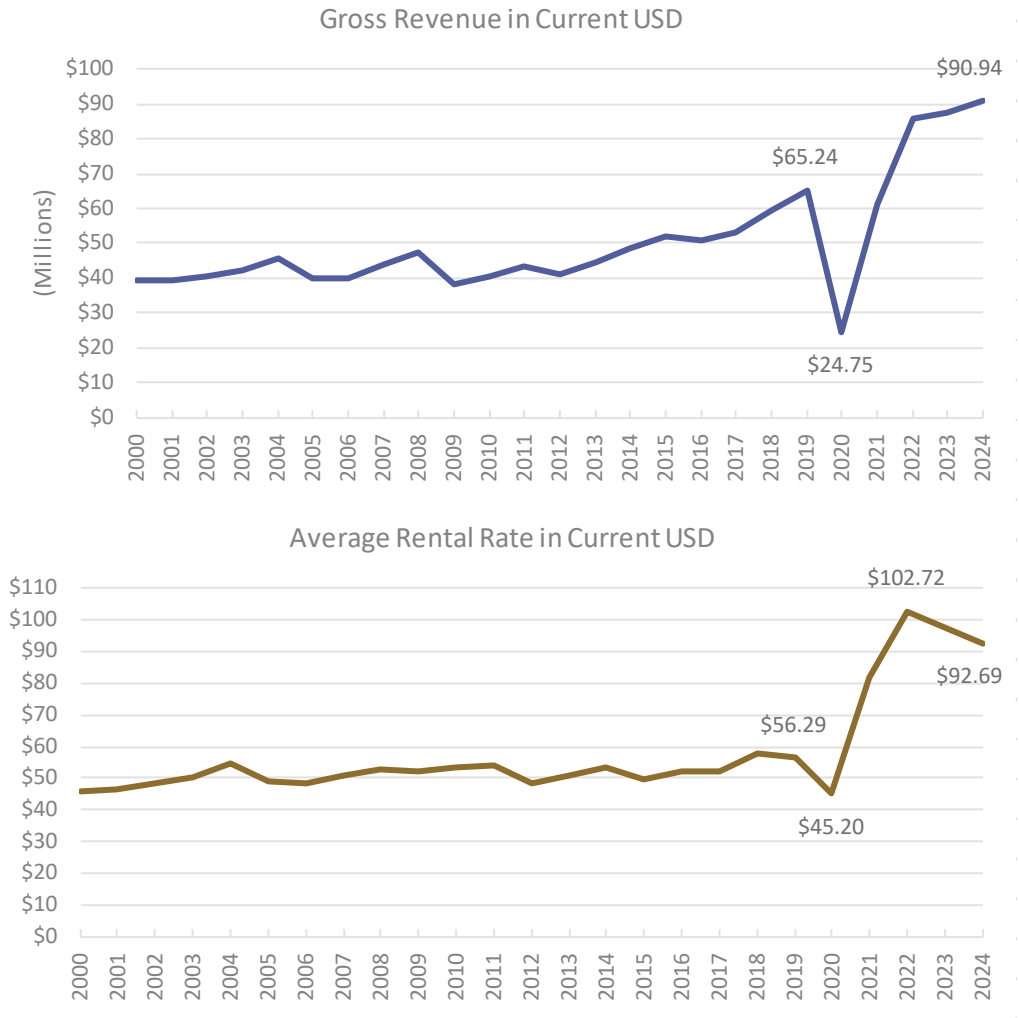


Source: ANC rental car companies.

Figure 25 illustrates the annual levels and rates of change in gross revenue and average rental rate in nominal terms. Gross revenue, in nominal terms, surpassed $50 million beginning in 2015 and continued rising to a peak level of $65.2 million in 2019, before falling significantly to $24.8 million in 2020. The average rental rate, in nominal terms, reached its pre-pandemic peak of $57.69 in 2018, up from values between $45 and $55 in previous years. In 2020, however, the average rental rate decreased to $45.20 in response to economic decline.

Both revenue indicators took a sharp upturn in 2021, which continued into 2022. Gross revenue slowed but still continued to rise up to $90.9 million in 2024, far above its 2019 pre-pandemic peak. Meanwhile, the average rental rate spiked to a height of $102.72 in 2022, but has since slightly decreased to $92.69 in 2024—still far above the rest of ANC's prior rental rate history.

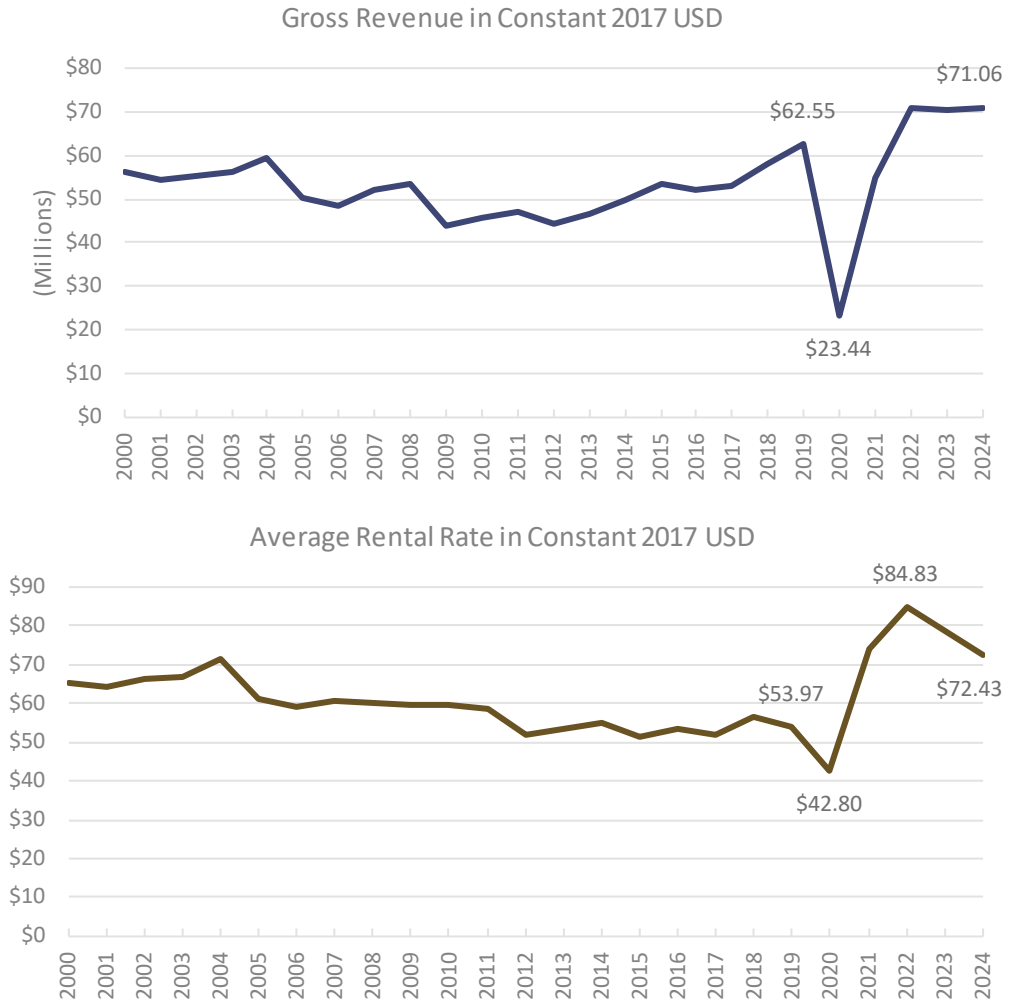
Figure 25 | Annual Trends of Revenue Indicators in Nominal Terms



Source: ANC rental car companies.

Figure 26 shows the trends in revenue indicators in real terms, expressed in constant 2017 dollars. After removing inflation effects, gross revenue and the average rental rate show decreasing trends from 2004 through 2012. After 2012, gross revenue increased steadily through 2019, while the average rental rate remained relatively constant, with both facing sharp declines in 2020 before rising again in 2021. Both measures set new historical peaks in 2022—real gross revenue maintained this height with $71.1 million in 2024, while the average real rental rate decreased from $84.83 in 2022 down to $72.43 in 2024.

Figure 26 | Annual Trends of Revenue Indicators in Real Terms



Sources: ANC rental car companies, Moody's Analytics, and U.S. Bureau of Labor Statistics.

6.2 | Monthly Patterns

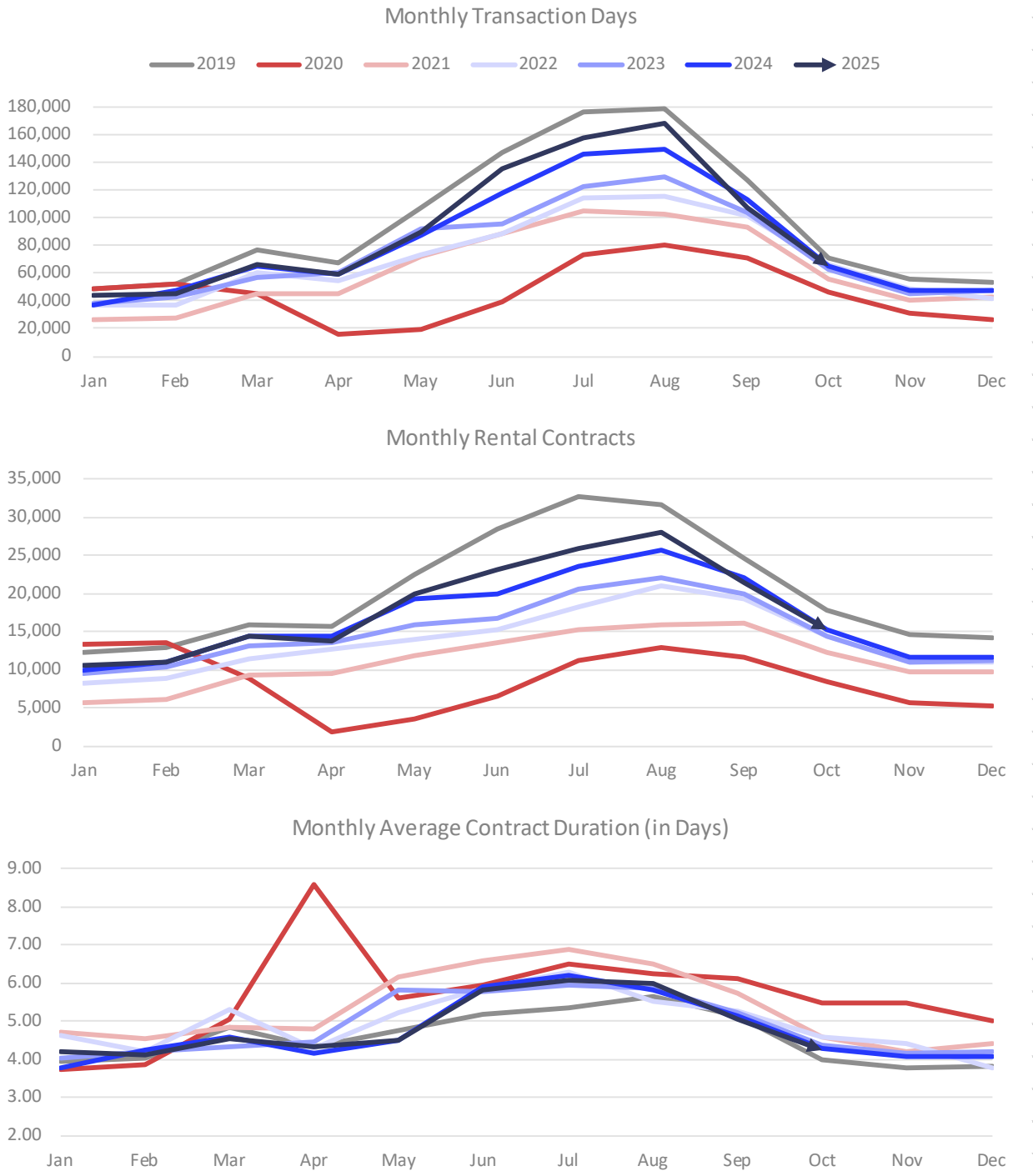
ANC rental car activity shows wide seasonal variation. In previous years before 2020, activity was distinctly high during the summer months and low during the winter months—a reflection of the seasonal patterns in passenger traffic at the Airport and tourism in Alaska. In 2020, COVID-19 impacts altered the monthly patterns substantially. Figure 27 shows the monthly patterns in rental car demand indicators from 2019 to October 2025.

Demand under COVID-19 bottomed in April 2020—transaction days and rental contracts fell to just under 16,000 and 2,000, respectively. Transaction days decreased 76.6 percent, and rental contracts decreased 88.2 percent from their corresponding levels in April 2019. Rental car demand has slowly recovered over the summer of 2020, but fell again through winter. With the distribution of COVID-19 vaccinations in 2021, transaction days and rental contracts improved over the next year, even withstanding the additional waves of infection brought about by the Delta and Omicron variants. This improvement continued through the following years, but has yet to return to pre-pandemic levels, with the gap still especially apparent when comparing each year's summer peaks.

The average contract duration doubled in April 2020 to 8.6 days (from 4.3 days in April 2019). This spike in average contract duration could be attributed to visitors who found themselves stuck in the area at the time of travel restrictions coming into effect due to COVID-19. The average contract duration since decreased from that spike, but consistently remained longer than pre-pandemic levels through the rest of 2020 and all of 2021. This elevated average contract duration began to falter in 2022, occasionally dipping back to pre-pandemic levels in certain months, but still higher overall. As of October 2025, except for June and July, monthly average duration patterns have essentially returned to 2019 levels.

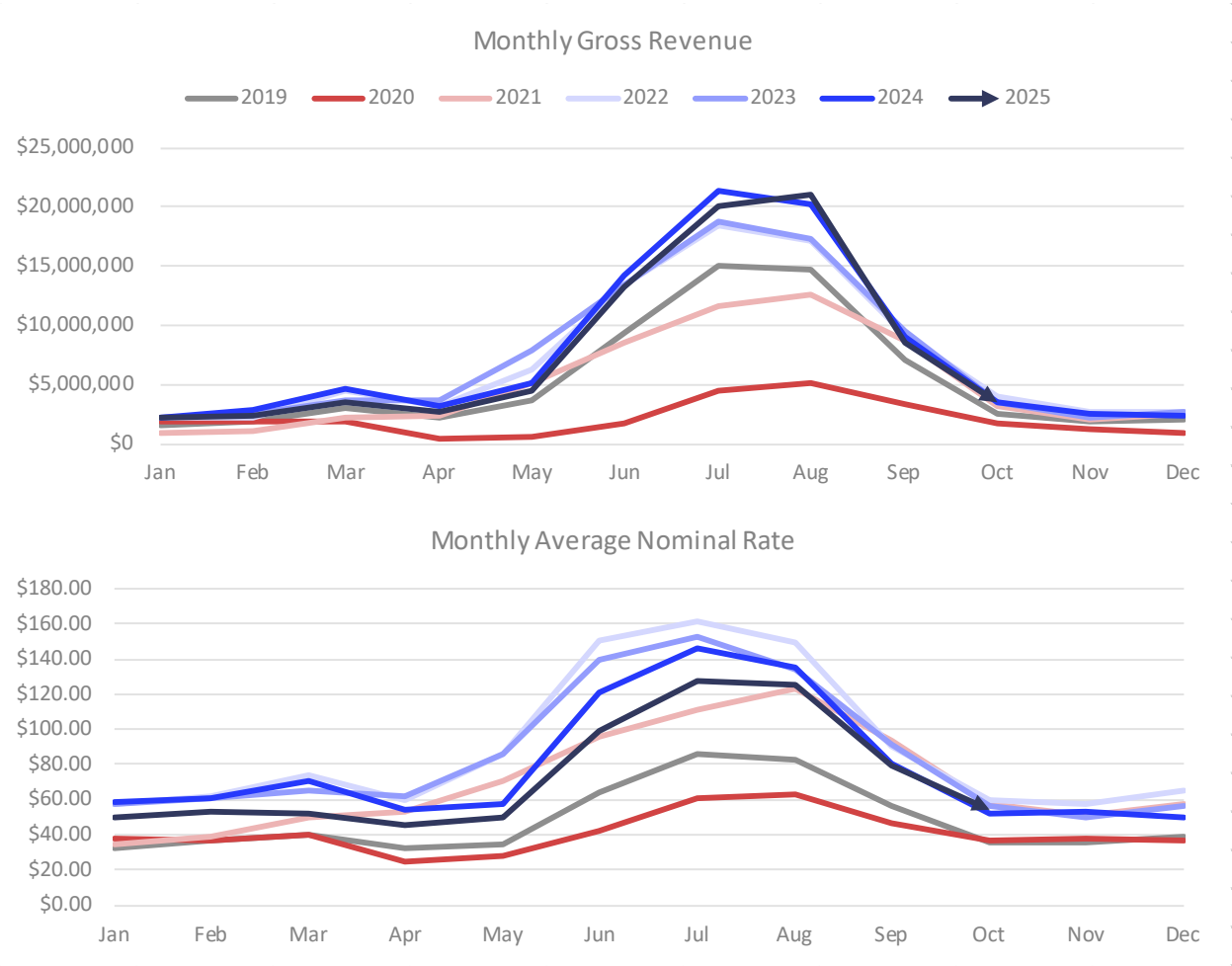
Figure 28 shows the monthly patterns of the nominal revenue indicators over the same time period. 2022's monthly gross revenue had risen beyond pre-pandemic levels—following years have so far maintained this elevated gross revenue above 2019 numbers, especially over the summer. Additionally, the monthly average nominal rate also saw a significant rise from May to June in 2022, with the summer maintaining a considerable height over previous years, in addition to the year's monthly rental rates staying consistently higher than pre-pandemic trends. Monthly average rental rates in following years also show a similarly elevated trend, but gradually decreasing year-over-year. From January to October of 2025, monthly rental rates have continued to marginally decrease from the Airport's 2022 heights, but are still well above pre-pandemic levels.

Figure 27 | Monthly Pattern of Demand Indicators



Source: ANC rental car companies.

Figure 28 | Monthly Pattern of Nominal Revenue Indicators



Source: ANC rental car companies.

6.3 | Market Shares

The following RACs operate at the Consolidated Facility of ANC as of October 2025:

- Alaska Rent A Car, which operates Avis
- Corporate Sales and Leasing, which operates Budget
- Enterprise Rent-A-Car Company, which operates Enterprise, National, and Alamo
- Hertz Corporation, which operates Hertz.
- Delta Leasing

One more RAC was present at ANC until recently: Floyd and Sons, which operated Dollar and Thrifty through April 2023.

The U.S. rental car industry went through a wave of consolidation during the last decade. Today, three companies, each selling multiple brands, control approximately 95 percent of the U.S. rental car market:

- Avis Budget Group, Inc. which owns the Avis, Budget, Payless, and Zipcar brands
- Enterprise Holdings, Inc. which owns the Enterprise, National and Alamo brands
- Hertz Global Holdings, Inc. which owns the Hertz, Dollar and Thrifty brands

Figure 29 shows the distributions of gross revenue shares and the timeline of each brand's share size from 2000 through 2022 at ANC, along with a comparison of distributions between the January-through-September year-to-date totals for 2022 and 2023.

In 2019, the Alamo and National brands together accounted for the largest share of 23.2 percent in gross revenue, followed by the Avis (17.6 percent), Budget (17.1 percent), Enterprise (16.5 percent), and Hertz (13.2 percent), while the Dollar and Thrifty brands together accounted for the smallest share of 12.4 percent. In 2020, Alamo and National again accounted for the largest share of 23.2 percent in gross revenue, followed closely by Avis (22 percent), Enterprise (18.1 percent), Budget (17.6 percent), and Hertz (9.7 percent), while Dollar and Thrifty together accounted for the smallest share of 9.4 percent. With the exception of 2016 and 2017, Alamo and National have consistently held the largest rental car market share at ANC for the past two decades.

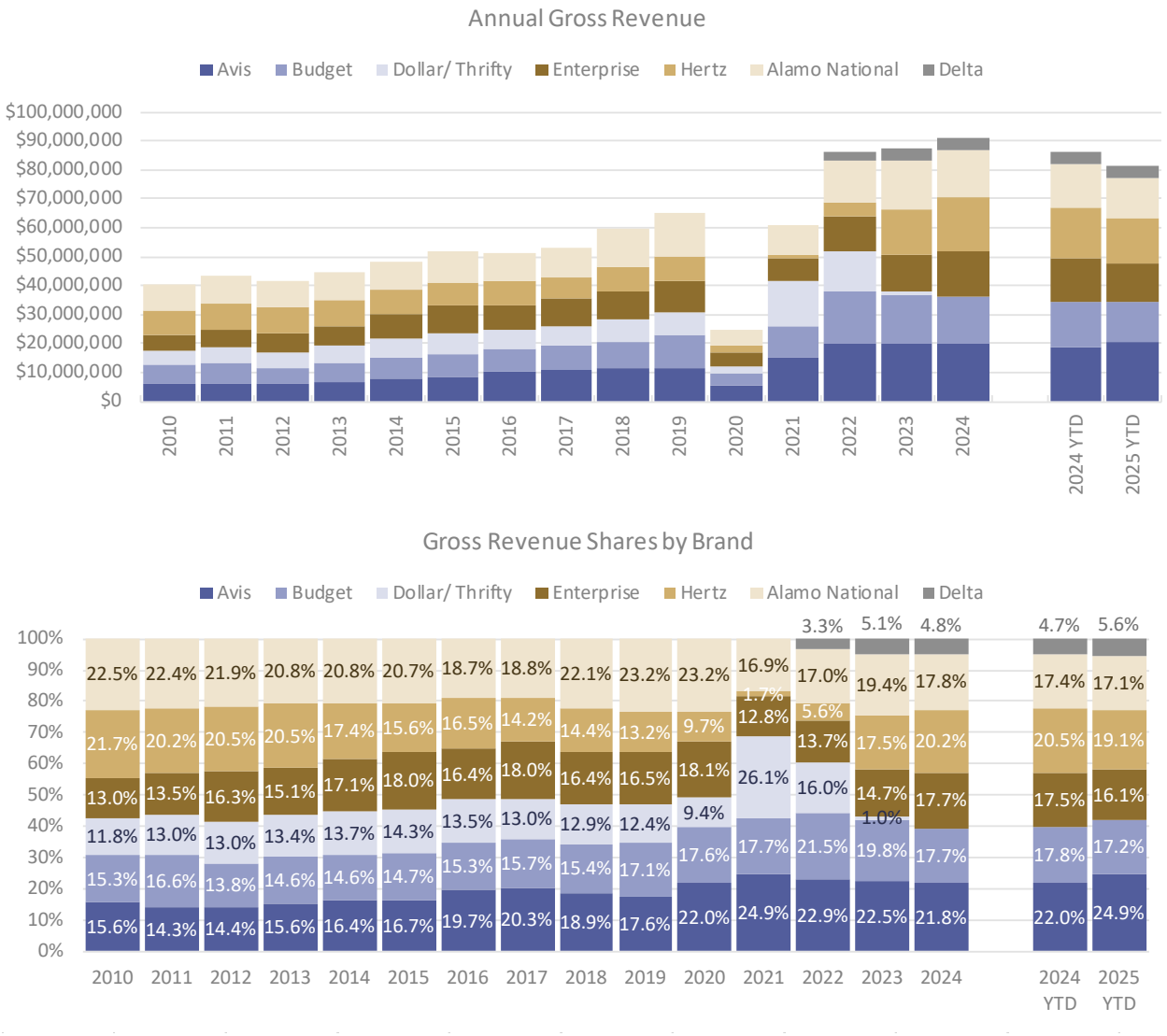
Alamo and National's lead was recently disrupted in 2021, overtaken by the expansion of three other brands. In 2021, Dollar and Thrifty held the lead with a share of 26.1 percent, followed by Avis with 24.9 percent, and Budget with 17.7 percent. Alamo and National fell just under the top three with a share of 16.9 percent, with Enterprise behind them holding 12.8 percent. Hertz has been continuously shrinking in share since 2018, and that shrinkage accelerated in 2021 down to a share size of 1.7 percent. This significant decline in share size is due in part to Hertz slowing service and then completely stopping service from August through October of that year.

Delta Leasing began service in April 2022, claiming a 3.3 percent share of gross revenue in its first year. Hertz also returned from its brief 2021 absence with increased activity and finished 2022 with a partially recovered share of 5.6 percent.

2024 saw continued growth in the gross revenue share sizes for Delta, Hertz, and Enterprise, while Avis, Budget, and Alamo and National saw minor reductions. By the end of 2024, Avis maintained its largest share with 21.8 percent. Hertz followed with the second largest share with 20.2 percent, and Alamo and National held the third largest share with 17.8 percent. Enterprise had the biggest growth in 2024, rising from a 14.7 percent share to 17.7 percent, matching Budget's share size that year. Delta holds the remaining 4.8 percent share.

So far, the year-to-date total shares of 2025 show reductions to the share sizes of Budget, Enterprise, Hertz, and Alamo and National, in favor of growth in share sizes for Avis and Delta.

Figure 29 | Annual Gross Revenue Shares by Brand, 2010-YTD2025



Source: ANC rental car companies.

SECTION 7 | TRANSACTION DAY FORECASTS

Forecasts of transaction days serve as the basis for calculating CFC revenues. Forecast development employed multivariate time series regression analysis to quantify the contributions of key explanatory variables to trends in transaction days. The selection of explanatory variables is based on the underlying economic theory of demand, the concept of airport rental car demand as a derived demand from passenger air travel, and the analysis of historical car rental market trends at the Airport.

7.1 | Multivariate Time Series Regression Analysis

Multivariate time series 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 time series data. The regression model utilizes historical monthly data from January 2000—the earliest month for which complete rental revenues, transactions, and transaction days data are available—to October 2025.

The contributions of rental car demand drivers are represented by the "regression coefficients." The estimated coefficients are used to calibrate the regression model and generate forecasts of transaction days given the projected trends in the explanatory variables. Explanatory variables are retained in the regression model based on their explanatory power and the statistical significance of the coefficients. The key model variables, which are individually discussed below, include ANC's passenger enplanements and average daily rental rate as well as U.S. real GDP per capita. The Customer Facility Charge (CFC), Facility Management Charge (FMC), and taxes are added to the average daily rental rate for a comprehensive price indicator.

7.1.1 | Airport Passenger Traffic

The demand for rental cars at ANC derives from the demand for air travel to Alaska. This relationship is confirmed by the positive coefficient estimated for ANC enplanements. An increase in enplanements increases transaction days, and a decrease in enplanements decreases transaction days. The forecasts account for the three enplanement growth scenarios: Base, High, and Low. The forecasts of ANC enplanements under the different scenarios are shown in Figure 21.

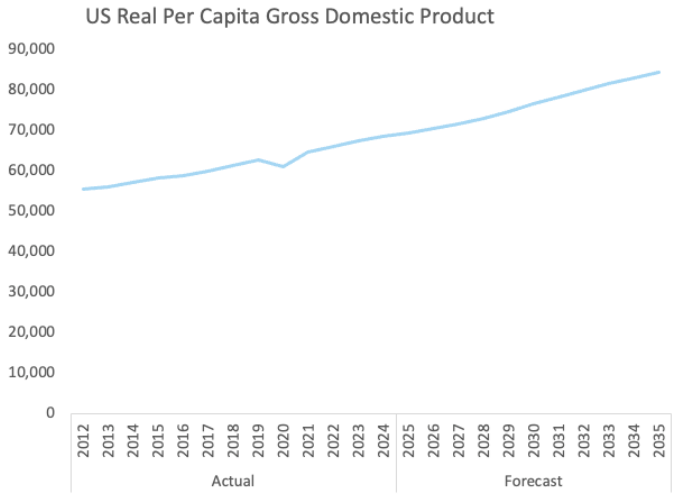
7.1.2 | Economic Trends

U.S. real GDP per capita reflects national economic trends and serves as an important determinant of consumer demand, such as the demand for airport rental cars. We used a national measure of the economy, as opposed to a local measure, because the Airport's rental car customers typically come from outside the local service area. The positive regression coefficient estimate for this variable confirms its expected impact on the Airport's transaction days. Holding all other factors constant, increases in real per capita GDP promote growth in transaction days at ANC. Conversely, decreases in GDP dampen growth in rental car demand at the Airport.

According to the forecasts of Moody's Analytics, U.S. real GDP per capita in the Base scenario is expected to grow at a compound annual growth rate of 1.9 percent over the forecast period. This growth rate is similar to the growth rate observed during the 2012-2019 and 2019-2024 periods, which included a sharp contraction in 2020 and a quick ensuing recovery. Relative to the Base scenario, U.S. real GDP per capita over the forecast horizon is expected to grow around 0.3 percentage points faster in the High scenario (2.2 percent compounded annually) and around 0.2 percentage points slower in the Low scenario (1.7 percent compounded annually).

Figure 30 | U.S. Real Per Capita GDP (2017$)

	Calendar Year	Real Per Capita Gross Domestic Product, US	
		2017$	AGR (%)
	2012	55,438	1.5%
	2013	56,183	1.3%
	2014	57,142	1.7%
	2015	58,359	2.1%
	2016	58,963	1.0%
	2017	60,003	1.8%
	2018	61,428	2.4%
	2019	62,694	2.1%
	2020	61,177	-2.4%
	2021	64,793	5.9%
	2022	66,024	1.9%
	2023	67,386	2.1%
Actual	2024	68,607	1.8%
Forecast	2025	69,447	1.2%
	2026	70,617	1.7%
	2027	71,771	1.6%
	2028	73,145	1.9%
	2029	74,789	2.2%
	2030	76,566	2.4%
	2031	78,368	2.4%
	2032	80,063	2.2%
	2033	81,670	2.0%
	2034	83,133	1.8%
	2035	84,527	1.7%
	Compound Annual Growth Rate		
	2012-2019		1.8%
	2019-2024		1.8%
	2024-2035		1.9%



Notes: Annual growth rate (AGR)

Source: Moody's Analytics.

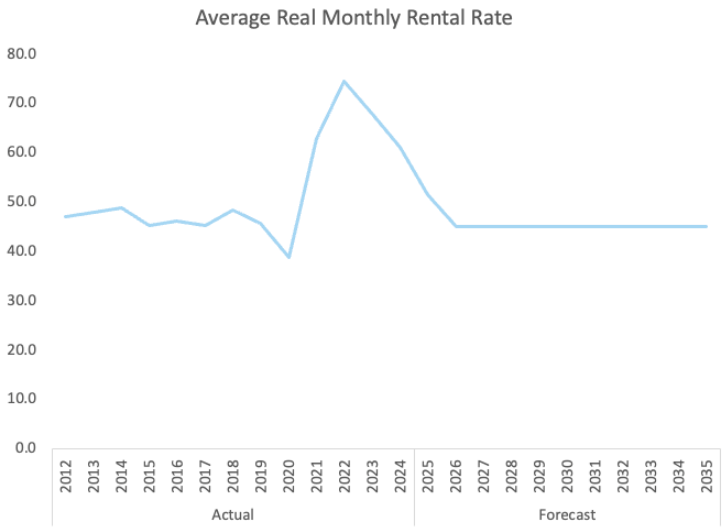
7.1.3 | Price of Renting a Car

Demand is inversely related to price. Holding all other factors constant, an increase in price decreases demand, and a decrease in price increases demand. In the case of rental cars, an increase in price can decrease transaction days by decreasing rental contracts—fewer customers rent cars—and/or by decreasing contract duration—customers rent cars for shorter periods. Conversely, a decrease in price can increase transaction days by increasing rental contracts and/or by increasing contract duration. The negative coefficient estimated for the rental rate variable confirms this inverse relationship.

Prior to the pandemic, average real daily rental rate had remained relatively stable. During the pandemic, real rental rates spiked as a result of rental car supply shortages and shifts in travelers' preferences toward rental cars as public health concerns over the COVID-19 virus intensified. Over the forecast period, the real rental rate is expected to falling to 2019 pre-pandemic levels in the medium and long term (Figure 31), with a 2024-2035 compound annual growth rate of -2.7 percent.

Figure 31 | Average Real Daily Rental Rate ($)

	Calendar Year	Avg. Real Monthly Rental Rate	
		2017$	AGR (%)
	2012	47.0	-10.0%
	2013	47.9	2.0%
	2014	48.8	1.8%
	2015	45.2	-7.4%
	2016	46.2	2.2%
	2017	45.2	-2.0%
	2018	48.4	7.0%
	2019	45.8	-5.3%
	2020	38.8	-15.4%
	2021	63.0	62.5%
	2022	74.5	18.4%
	2023	67.9	-8.9%
Actual	2024	61.2	-9.9%
Forecast	2025	51.5	-15.8%
	2026	45.1	-12.4%
	2027	45.1	0.0%
	2028	45.1	0.0%
	2029	45.1	0.0%
	2030	45.1	0.0%
	2031	45.1	0.0%
	2032	45.1	0.0%
	2033	45.1	0.0%
	2034	45.1	0.0%
	2035	45.1	0.0%
	Compound Annual Growth Rate		
	2012-2019		-0.4%
	2019-2024		6.0%
	2024-2035		-2.7%



Notes: Annual growth rate (AGR)

Sources: Airport records and forecasts by Unison Consulting, Inc.
The 2025 forecast is based on Airport records from January to September and projections by Unison Consulting, Inc. from October to December.

We evaluate the sensitivity of the forecast results to the rental rate recovery assumption. We estimate a model in which real rental prices remain elevated at 110 percent of the 2019 level. The forecasts from this model are similar to the baseline forecasts, with the differences no larger than 1.2 percent of the Base forecast by 2035.

In the forecast model, we employ a comprehensive measure of the price of renting a car, which includes the real daily rental rate, taxes, CFC, and FMC. The forecasts assume no change in taxes through 2035. The sum of CFC and FMC is expected to remain at the current rate of $9.25 through the forecast period.

We also analyze the sensitivity of forecast results to alternative CFC and FMC schedules. Specifically, we tested the following two hypothetical CFC and FMC schedules after CY2025: (1) the nominal sum of CFC and FMC rises with inflation, and (2) the nominal sum of CFC and FMC reduces to zero. The forecast results are not sensitive to the assumption of these alternative schedules, with the 2035 forecast transaction days under these alternative CFC and FMC schedules deviating no larger than 1.1 percent from the Base forecast.

7.1.4 | Impact of Transportation Network Companies (TNCs)

Peer-to-peer ride hailing services like Uber Technologies (Uber) and Lyft are growing their presence at various airport terminals, providing travelers ground transportation to-and-from airports. Uber operated in Anchorage between September 2014 and March 2015 and resumed service in June 2016. Ride hailing services pose competition to rental cars and other ground transportation modes. Therefore, as ride hailing services rise, rental car transaction days are expected to decrease.

We included a control variable to quantify the impact of competition from these ride hailing services on rental car demand. This TNC control variable yielded a statistically insignificant regression coefficient estimate, though with a negative and correct sign. The statistically insignificant regression coefficient suggests either of the following: the presence of TNCs had not materially impacted rental car demand at ANC, or the data is insufficient to measure any impact. Future forecast updates will continue to monitor the regression coefficient on the TNC control variable.

During the COVID-19 pandemic, passenger preferences for ground transportation modes appeared to have shifted from TNCs in favor of rental cars. Rental cars were viewed as a safer option from a public health safety perspective. When these public health concerns subsided, the demand for TNCs began to rise again.

7.2 | Transaction Day Forecast Results

Figure 32 presents the forecast results for transaction days. Three scenarios are presented: Base, High, and Low. The difference in the forecast scenarios is driven by differences in the projected recovery speeds of ANC enplanements, the growth trajectories of the economic and income indicators, and average real daily rental rates. The underlying forecast trends for CFC and FMC are assumed to be the same for the three scenarios. Figure 32 presents the forecast results, which are summarized below:

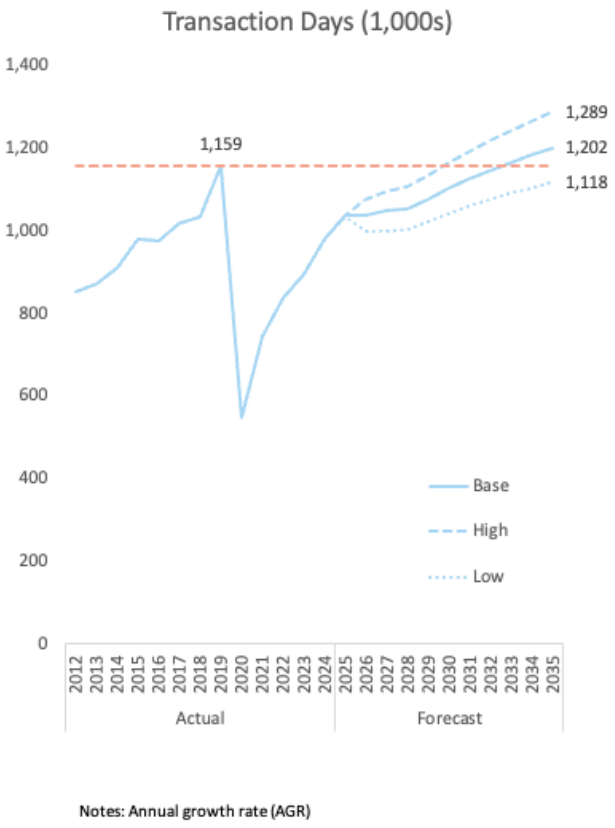
- **Scenario 1 (Base)**: Based on year-to-date data through October, transaction days in 2025 are projected to rise by 5.7 percent year over year. Transaction days are expected to eventually exceed pre-pandemic levels by 2033 and reach around 1.2 million in 2035. The 2024-2035 compound annual growth rate is expected to be around 1.9 percent, around 2.6 percent points lower than the historical growth rate of 4.5 percent from 2012 to 2019.
- **Scenario 2 (High)**: Transaction days are expected to rise by 6.0 percent in 2025, around 0.3 percentage points faster than the Base scenario. Transaction days are expected to exceed pre-pandemic levels by 2030. After 2030, transaction days are expected to continue to exhibit

moderately strong growth, eventually reaching almost 1.3 million in 2035. The 2024-2035 compound annual growth rate is projected to be 2.5 percent, around 0.6 percentage points faster than the Base scenario but 2.0 percentage points lower than the 2012-2019 average.

- **Scenario 3 (Low)**: Transaction days are expected to rise by 5.4 percent in 2025, around 0.3 percentage points slower than the Base scenario. Slower economic growth and rising unemployment, among other factors, are expected to dampen the demand for rental cars in 2026, yielding a -3.5-percent growth year over year. Beyond 2026, transaction days are expected to begin to slowly recover. In 2035, transaction days are expected to be close to 1.11 million, around 41,000 fewer than the 2019 pre-pandemic level. The 2024-2035 compound annual growth rate is projected to be 1.2 percent, around 0.7 percentage point lower than the Base scenario and 3.3 percentage points lower than the 2012-2019 average.

Figure 32 | Forecasts of Transaction Days

	Calendar Year	Transaction Days (1,000s) Base	AGR (%)	High	AGR (%)	Low	AGR (%)
	2012	853	6.2%	853	6.2%	853	6.2%
	2013	871	2.1%	871	2.1%	871	2.1%
	2014	910	4.4%	910	4.4%	910	4.4%
	2015	981	7.8%	981	7.8%	981	7.8%
	2016	978	-0.3%	978	-0.3%	978	-0.3%
	2017	1,020	4.3%	1,020	4.3%	1,020	4.3%
	2018	1,034	1.4%	1,034	1.4%	1,034	1.4%
	2019	1,159	12.1%	1,159	12.1%	1,159	12.1%
	2020	548	-52.7%	548	-52.7%	548	-52.7%
	2021	744	35.8%	744	35.8%	744	35.8%
	2022	837	12.5%	837	12.5%	837	12.5%
	2023	895	6.9%	895	6.9%	895	6.9%
Actual	2024	981	9.6%	981	9.6%	981	9.6%
Forecast	2025	1,037	5.7%	1,040	6.0%	1,034	5.4%
	2026	1,038	0.1%	1,078	3.6%	999	-3.5%
	2027	1,049	1.0%	1,097	1.7%	1,002	0.3%
	2028	1,055	0.6%	1,107	0.9%	1,004	0.2%
	2029	1,078	2.2%	1,135	2.5%	1,022	1.9%
	2030	1,103	2.3%	1,165	2.6%	1,043	2.0%
	2031	1,128	2.2%	1,194	2.5%	1,063	1.9%
	2032	1,148	1.8%	1,220	2.1%	1,079	1.5%
	2033	1,166	1.5%	1,242	1.9%	1,092	1.2%
	2034	1,184	1.6%	1,266	1.9%	1,105	1.2%
	2035	1,202	1.5%	1,289	1.9%	1,118	1.2%
	Compound Annual Growth Rate						
	2012-2019		4.5%		4.5%		4.5%
	2019-2024		-3.3%		-3.3%		-3.3%
	2024-2035		1.9%		2.5%		1.2%



Notes: Annual growth rate (AGR)

Source: Unison Consulting, Inc.
The 2025 forecast is based on actual data through October and Unison's projections for November to December.

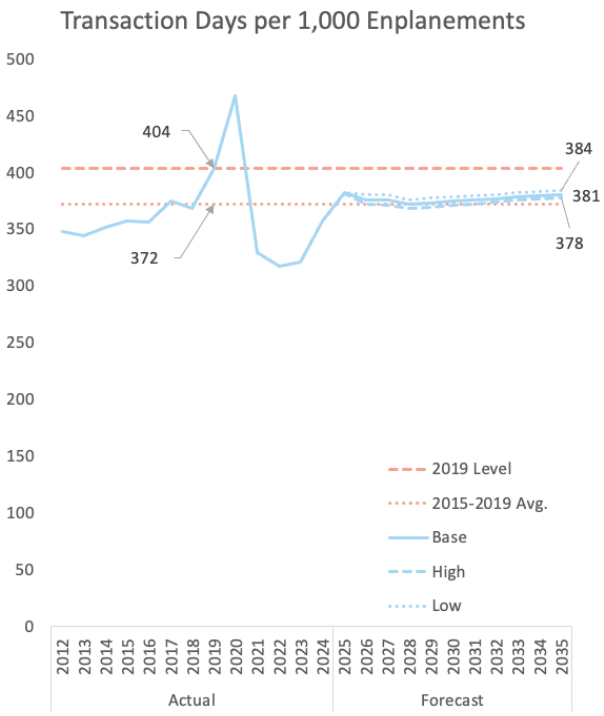
One reason for the slower recovery in transaction days, relative to enplanements, is the changes in the relationship between transaction days and enplanements induced by the pandemic. Before the pandemic, transaction days per enplanement at ANC had been steadily increasing, rising from 324 transaction days per 1,000 enplanements in 2011 to 404 transaction days per 1,000 enplanements in 2019. In the five years leading up the pandemic, from 2015 to 2019, transaction days per 1,000 enplanements averaged 372. During the pandemic, the ratio first rose sharply in 2020 when travel restrictions initially caused those traveling to stay longer in their destinations. It rose to 467 transaction days per 1,000 enplanements in 2020 and then fell sharply in 2021 and 2022, dropping to 329 and 318 transaction days per 1,000 enplanements, respectively, recovering slightly to 321 transaction days per 1,000 enplanements in 2023.

The ratio continued to rise in 2024 and 2025, reaching 357 transactions per 1,000 enplanements in 2024 and an expected 382 in 2025. It is projected to dip slightly in 2026 before resuming an upward trend, ending 2035 above the 2015-2019 average:

- **Scenario 1 (Base)**: 381 transaction days per 1,000 enplanements.
- **Scenario 2 (High)**: 384 transaction days per 1,000 enplanements.
- **Scenario 3 (Low)**: 378 transaction days per 1,000 enplanements.

Figure 33 | Forecasts of Transaction Days per Enplanement

	Calendar Year	Transaction Days Per 1,000 Enplanement					
		Base	AGR (%)	High	AGR (%)	Low	AGR (%)
	2012	347	7.3%	347	7.3%	347	7.3%
	2013	344	-1.0%	344	-1.0%	344	-1.0%
	2014	352	2.2%	352	2.2%	352	2.2%
	2015	357	1.6%	357	1.6%	357	1.6%
	2016	356	-0.3%	356	-0.3%	356	-0.3%
	2017	374	5.2%	374	5.2%	374	5.2%
	2018	368	-1.7%	368	-1.7%	368	-1.7%
	2019	404	9.7%	404	9.7%	404	9.7%
	2020	467	15.7%	467	15.7%	467	15.7%
	2021	329	-29.6%	329	-29.6%	329	-29.6%
	2022	318	-3.5%	318	-3.5%	318	-3.5%
	2023	321	1.2%	321	1.2%	321	1.2%
Actual	2024	357	11.1%	357	11.1%	357	11.1%
Forecast	2025	382	7.0%	382	6.9%	382	7.1%
	2026	376	-1.6%	372	-2.6%	380	-0.5%
	2027	375	-0.1%	371	-0.2%	380	0.0%
	2028	372	-1.0%	368	-0.9%	376	-1.1%
	2029	373	0.4%	370	0.4%	377	0.3%
	2030	374	0.3%	371	0.4%	378	0.3%
	2031	376	0.3%	372	0.4%	379	0.3%
	2032	377	0.4%	374	0.4%	381	0.3%
	2033	379	0.4%	375	0.4%	382	0.4%
	2034	380	0.3%	377	0.3%	383	0.3%
	2035	381	0.3%	378	0.3%	384	0.2%
	Compound Annual Growth Rate						
	2012-2019		2.2%		2.2%		2.2%
	2019-2024		-2.4%		-2.4%		-2.4%
	2024-2035		0.6%		0.5%		0.7%



Notes: Annual growth rate (AGR)

Source: Unison Consulting, Inc.
The 2025 forecast is based on actual data through October and Unison's projections for November to December.

SECTION 8 | FINANCIAL PROJECTIONS AND RECOMMENDATIONS

This section presents the financial projections and recommendations for BY2027. Due to the uncertainties in the current economic and industry environment, three transaction day forecast scenarios were presented in Section 7 above. This section summarizes the financial projections for BY2027, the recommended CFC and FMC rates based on the Base transaction day forecast, the application of Revenues pursuant to the Indenture, and the calculation of Debt Service Coverage.

Under the terms of the CFC Statute and the Commissioner's Order, the State is required to set the CFC at a level sufficient to (1) pay the debt service requirements on the Series 2005 Bonds, (2) maintain reserve requirements, and (3) meet any other obligations with respect to the Series 2005 Bonds. The FMC must be maintained at a level sufficient to generate annual collections to (1) pay the specified portions of the annual Operations and Maintenance (O&M) Expenses of the Consolidated Facility including a portion of the real property tax obligations, and (2) provide ongoing funding for the O&M Fund.

8.1 | Debt Service

The annual debt service requirements on the Series 2005 Bonds are summarized Table 9. Annual debt service requirements increase periodically throughout the life of the bonds. Annual debt service increased by approximately $1.0 million to $5.3 million in BY2020. Annual debt service increased to $5.8 million in BY2026. Annual debt service will increase once more, prior to bond maturity in 2035, to $6.7 million in BY2031.

Table 9 | Series 2005 Debt Service Schedule

Bond Year	Series A			Series B			Total Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2006	$740,000	$2,433,022	$3,173,022	$0	$0	$0	$3,173,022
2007	200,000	2,565,056	2,765,056	0	0	0	2,765,056
2008	210,000	2,556,054	2,766,054	0	0	0	2,766,054
2009	215,000	2,546,565	2,761,565	0	0	0	2,761,565
2010	225,000	2,536,598	2,761,598	0	0	0	2,761,598
2011	0	2,531,468	2,531,468	850,000	0	850,000	3,381,468
2012	0	2,531,468	2,531,468	850,000	0	850,000	3,381,468
2013	0	2,531,468	2,531,468	850,000	0	850,000	3,381,468
2014	0	2,531,468	2,531,468	850,000	0	850,000	3,381,468
2015	0	2,531,468	2,531,468	850,000	0	850,000	3,381,468
2016	0	2,531,468	2,531,468	1,033,799	734,978	1,768,777	4,300,244
2017	0	2,531,468	2,531,468	980,454	785,589	1,766,042	4,297,510
2018	0	2,531,468	2,531,468	932,627	835,926	1,768,553	4,300,020
2019	0	2,531,468	2,531,468	884,800	881,615	1,766,415	4,297,882
2020	0	2,531,468	2,531,468	831,454	916,068	1,747,522	4,278,990
2021	0	2,531,468	2,531,468	1,250,860	1,516,917	2,767,777	5,299,244
2022	0	2,531,468	2,531,468	1,188,317	1,579,845	2,768,162	5,299,629
2023	0	2,531,468	2,531,468	1,127,614	1,637,777	2,765,390	5,296,858
2024	0	2,531,468	2,531,468	1,072,429	1,696,437	2,768,865	5,300,333
2025	0	2,531,468	2,531,468	1,019,083	1,750,917	2,770,000	5,301,468
2026	3,370,000	2,443,005	5,813,005	0	0	0	5,813,005
2027	3,545,000	2,261,486	5,806,486	0	0	0	5,806,486
2028	3,730,000	2,070,518	5,800,518	0	0	0	5,800,518
2029	3,925,000	1,869,574	5,794,574	0	0	0	5,794,574
2030	4,135,000	1,657,999	5,792,999	0	0	0	5,792,999
2031	5,260,000	1,410,065	6,670,065	0	0	0	6,670,065
2032	5,540,000	1,123,865	6,663,865	0	0	0	6,663,865
2033	5,830,000	822,560	6,652,560	0	0	0	6,652,560
2034	6,140,000	505,355	6,645,355	0	0	0	6,645,355
2035	6,465,000	342,645	6,807,645	0	0	0	6,807,645
TOTAL	**$49,530,000**	**$65,116,377**	**$114,646,377**	**$14,571,435**	**$12,336,069**	**$26,907,503**	**$141,553,881**

8.2 | Operations and Maintenance (O&M) Expenses

Pursuant to the Lease, the Company is required to prepare and submit to the Airport a proposed budget for the next Bond Year that indicates the projected expenditures from the O&M Fund (paid for by the FMC). The Company's BY2027 budget of O&M Expenses (totaling approximately $2.6 million) is displayed on Table 10.

8.3 | Capital Expenditures

An independent Renewal and Replacement Estimate Schematic report, which was dated October 10, 2024, indicates that various capital improvements totaling almost $20 million will need to be made to the Consolidated Facility over the next 15 years. The recommended capital improvements include pavement repairs, improvements, and replacements; roof repairs and replacements; door replacements; exterior wall repair and installation; coating and painting of floors, vehicle ramps, and other surfaces; and replacement of various equipment items and lighting fixtures.

As seen on Table 11, it is estimated the Airport will need to fund approximately $2.7 million of Capital Improvements in BY2027. It is assumed these improvements will be funded by the Renewal & Replacement Fund and the CFC.

Table 10 | BY2027 Budget O&M Expenses

	BY 2027
HVAC	$ 63,150
Elevator/Escalator Maintenance	102,024
Facility Management	405,204
Fuel Maintenance	8,995
Custodial and Pest Control Services	457,666
Concrete Sealing/Crack Repair	80,000
Door/Keys/Locks Hardware, Maintenance and Repair	11,180
Lighting and Signage Supplies and Maintenance	23,580
Electrical Service	6,900
Snow Removal and Grounds Maint.	221,195
Equipment	25,000
Tools and Supplies	34,800
Plumbing Repairs	63,525
Asphalt Repair	0
Painting and Wall Repair	24,000
Transition Plate	0
Miscellaneous Services	0
Total Operating and Maintenance Expenses	**$1,659,039**
Utilities	
Electricity	$ 186,155
Natural Gas	235,323
Water and Sewer	22,980
Trash/Recycling	75,696
Total Utilities	**$520,154**
General Expenses	
Asset Management	48,480
Senior Management	29,820
Management Fee	59,928
Professional Services	5,700
Accounting Services	36,612
Network/IT/Telephone/Internet	36,896
Office Expenses	4,800
Total General Expenses	**$413,168**
Contingency	**$ 49,680**
Total Expenses	**$2,642,041**

Table 11 | BY2027 Estimate Capital Expenditures

	Estimated Capital Expenditures
QTA Vacuum Producers and VFD	$ 132,400
QTA MUA Heater Replacements	690,000
Concrete Helix Rampway Top Coating	1,154,400
Ready Return LED Lighting Update	350,000
QTA LED Lighting Update	350,000
Total Capital Expenditures BY 2027	**$ 2,676,800**

8.4 | Recommended CFC and FMC Rates for BY2027

The CFC was increased to $9.80 in BY2022 in order to collect a sufficient amount to cover the annual requirements, plus to restore the balance in the Coverage Fund, which had been depleted to meet the financial requirements in BY2021. Airport management decided to apply CARES Act funds to the BY2022 financial requirements. As a result, effective April 1, 2021, the CFC was decreased to $4.75.

At the beginning of BY2023, the CFC was increased to $5.15 per transaction day, based on the analysis and recommendations presented in the BY2023 Rate Report. However, BY2023 CFC collections were lower than projected. In March 2023, approximately $1.2 million was withdrawn from the Coverage Fund to meet financial obligations. In BY2024 and BY2025, the Coverage Fund balance was not be able to be restored. In BY2026, the CFC was decreased to $7.00. The Coverage Fund and Renewal & Replacement Fund balances were restored to the required level in April of BY2026.

The FMC level was $2.80 in BY2022, and it was lowered to $2.40 in BY2023 and increased to $3.50 in BY2024. In BY2025 and BY2026, the FMC was reduced to $2.60 and $2.25. It is estimated that the FMC collections will not be sufficient to cover the BY2026 financial requirements. Therefore, the projections include a higher FMC to ensure the O&M Fund meets the BY2027 financial requirements.

Table 12 presents the calculations of the recommended CFC and FMC rates for BY2027, using the Low, Base, and High forecasts of transaction days.

Table 12 | Calculation of Recommended BY2027 CFC and FMC Levels

	BY 2027		
	Low	**Base**	**High**
Amount to be Recovered by CFC			
Annual Debt Service [1]	$5,806,486	$5,806,486	$5,806,486
Deposits to the Administrative Expense Fund	65,000	65,000	65,000
Deposits to the Renewal & Replacement Fund	2,522,184	2,522,184	2,522,184
Deposit to Coverage Fund	0	0	0
Less: Interest Earnings on Amounts on Deposit	(56,759)	(56,759)	(56,759)
Net Amount to be Recovered	$8,336,911	$8,336,911	$8,336,911
Forecasted Transaction Days	1,001,601	1,042,515	1,083,463
Calculated Minimum Required CFC	$8.32	$8.00	$7.69
Recommended CFC for BY2027	**$7.00**	**$7.00**	**$7.00**
Collections Based on Recommended CFC (BY2026)	$7,011,208	$7,297,607	$7,584,244
Surplus of Available Funds from Prior BY	$4,256,094	$4,302,481	$4,345,873
Surplus (Shortage) of Available Funds in Current BY	$2,930,390	$3,263,176	$3,593,206
Amount to be Recovered by FMC			
Projected Deposits to O&M Expense Fund [2]	3,155,044	3,283,923	3,412,910
Calculated Minimum Required FMC	$3.15	$3.15	$3.15
Recommended FMC for BY 2027	**$3.15**	**$3.15**	**$3.15**
Combined Recommended CFC and FMC for BY2027	**$10.15**	**$10.15**	**$10.15**

[1] From Table 9.

[2] Total of amounts projected to be required to be deposited into the O&M Fund during BY2027 to cover budgeted O&M Expenses, maintain the O&M Fund Required balance of $462,000 (see Table 19)

Based on the Base transaction day forecast, we prepared the recommended BY2027 CFC and FMC rates, as follows:

- We recommend that the CFC level remain at $7.00 per transaction day for BY2027. At $7.00, assuming the Base transaction day forecast, BY2027 CFC collections are projected to total approximately $7.3 million. In addition, to the CFC collections, it is estimated there will be approximately $4.3 million in surplus funds. The BY2027 CFC collections and the surplus funds are anticipated to cover the BY2027 requirements pursuant to the Indenture and fund the estimated capital expenditures of $2.7 million.

- We recommend that the FMC be increased to $3.15 per transaction day for BY2027. O&M Expenses are budgeted to equal approximately $2.6 million in BY2027. At $3.15 per transaction day, the FMC is estimated to cover the budgeted BY2027 O&M Expenses while maintaining the O&M Fund Required balance of $462,000 under the Low Forecast (see Table 16). Under all transaction day forecast scenarios, the recommended FMC rate will be

sufficient to meet the BY2027 financial requirements and to maintain the O&M Fund Required balance of $462,000.

Table 13, Table 14, and Table 15 present the projected BY2027 monthly transaction days, CFC collections, and FMC collections under the Low, Base, and High transaction day scenarios, respectively. Table 16, Table 17, and Table 18 present the O&M Expense Fund monthly cash flow under the Low, Base, and High transaction day scenarios.

Table 13 | BY2027 Monthly Transaction Days, CFC, and FMCs – Low Forecast

	Transaction Days	CFC Rate	CFC Collections	FMC Rate	FMC Collections
March 2026	60,842	$7.00	$425,896	$3.15	$191,653
April 2026	61,233	$7.00	$428,630	$3.15	$192,884
May 2026	81,384	$7.00	$569,687	$3.15	$256,359
June 2026	121,203	$7.00	$848,421	$3.15	$381,789
July 2026	153,040	$7.00	$1,071,277	$3.15	$482,075
August 2026	150,883	$7.00	$1,056,179	$3.15	$475,281
September 2026	106,167	$7.00	$743,167	$3.15	$334,425
October 2026	67,311	$7.00	$471,180	$3.15	$212,031
November 2026	51,000	$7.00	$357,002	$3.15	$160,651
December 2026	51,007	$7.00	$357,049	$3.15	$160,672
January 2027	47,538	$7.00	$332,764	$3.15	$149,744
February 2027	49,994	$7.00	$349,957	$3.15	$157,480
Totals	**1,001,601**	**N/A**	**$7,011,208**	**N/A**	**$3,155,044**

Table 14 | BY2027 Monthly Transaction Days, CFC, and FMCs – Base Forecast

	Transaction Days	CFC Rate	CFC Collections	FMC Rate	FMC Collections
March 2026	63,332	$7.00	$443,321	$3.15	$199,495
April 2026	63,835	$7.00	$446,846	$3.15	$201,081
May 2026	84,616	$7.00	$592,309	$3.15	$266,539
June 2026	125,455	$7.00	$878,187	$3.15	$395,184
July 2026	158,234	$7.00	$1,107,641	$3.15	$498,438
August 2026	155,630	$7.00	$1,089,411	$3.15	$490,235
September 2026	109,410	$7.00	$765,870	$3.15	$344,641
October 2026	69,895	$7.00	$489,262	$3.15	$220,168
November 2026	54,727	$7.00	$383,089	$3.15	$172,390
December 2026	54,996	$7.00	$384,971	$3.15	$173,237
January 2027	49,616	$7.00	$347,310	$3.15	$156,289
February 2027	52,770	$7.00	$369,390	$3.15	$166,225
Totals	**1,042,515**	**N/A**	**$7,297,607**	**N/A**	**$3,283,923**

Table 15 | BY2027 Monthly Transaction Days, CFC, and FMCs – High Forecast

	Transaction Days	CFC Rate	CFC Collections	FMC Rate	FMC Collections
March 2026	65,879	$7.00	$461,150	$3.15	$207,518
April 2026	66,497	$7.00	$465,481	$3.15	$209,466
May 2026	87,927	$7.00	$615,490	$3.15	$276,971
June 2026	129,809	$7.00	$908,666	$3.15	$408,900
July 2026	163,388	$7.00	$1,143,714	$3.15	$514,671
August 2026	160,340	$7.00	$1,122,377	$3.15	$505,070
September 2026	112,628	$7.00	$788,393	$3.15	$354,777
October 2026	72,458	$7.00	$507,203	$3.15	$228,241
November 2026	58,567	$7.00	$409,971	$3.15	$184,487
December 2026	59,099	$7.00	$413,694	$3.15	$186,162
January 2027	51,721	$7.00	$362,046	$3.15	$162,921
February 2027	55,151	$7.00	$386,058	$3.15	$173,726
Totals	**1,083,463**	**N/A**	**$7,584,244**	**N/A**	**$3,412,910**

Table 16 | BY2027 Monthly O&M Expense Fund Cash Flow – Low Forecast

	2026 March	2026 April	2026 May	2026 June	2026 July	2026 August	2026 September	2026 October	2026 November	2026 December	2027 January	2027 February
Beginning Balance	$ 76,750	$ 54,142	$ 9,827	$ 27,542	$ 188,007	$ 500,407	$ 724,588	$ 887,328	$ 917,161	$ 861,734	$ 795,379	$ 704,722
Projected Monthly Deposit	$ 191,653	$ 192,884	$ 256,359	$ 381,789	$ 482,075	$ 475,281	$ 334,425	$ 212,031	$ 160,651	$ 160,672	$ 149,744	$ 157,480
Less: Monthly Expenses	215,366	238,303	239,750	222,429	170,779	252,205	172,790	183,303	217,183	228,132	241,505	260,296
Add: Projected Interest Earnings	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105
Ending Balance	$ 54,142	$ 9,827	$ 27,542	$ 188,007	$ 500,407	$ 724,588	$ 887,328	$ 917,161	$ 861,734	$ 795,379	$ 704,722	$ 603,012

Table 17 | BY2027 Monthly O&M Expense Fund Cash Flow – Base Forecast

	2026 March	2026 April	2026 May	2026 June	2026 July	2026 August	2026 September	2026 October	2026 November	2026 December	2027 January	2027 February
Beginning Balance	$ 76,750	$ 61,984	$ 25,866	$ 53,760	$ 227,620	$ 556,384	$ 795,519	$ 968,475	$ 1,006,445	$ 962,758	$ 908,968	$ 824,857
Projected Monthly Deposit	$ 199,495	$ 201,081	$ 266,539	$ 395,184	$ 498,438	$ 490,235	$ 344,641	$ 220,168	$ 172,390	$ 173,237	$ 156,289	$ 166,225
Less: Monthly Expenses	215,366	238,303	239,750	222,429	170,779	252,205	172,790	183,303	217,183	228,132	241,505	260,296
Add: Projected Interest Earnings	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105
Ending Balance	$ 61,984	$ 25,866	$ 53,760	$ 227,620	$ 556,384	$ 795,519	$ 968,475	$ 1,006,445	$ 962,758	$ 908,968	$ 824,857	$ 731,891

Table 18 | BY2027 Monthly O&M Expense Fund Cash Flow – High Forecast

	2026 March	2026 April	2026 May	2026 June	2026 July	2026 August	2026 September	2026 October	2026 November	2026 December	2027 January	2027 February
Beginning Balance	$ 76,750	$ 70,007	$ 42,275	$ 80,600	$ 268,176	$ 613,173	$ 867,143	$ 1,050,235	$ 1,096,278	$ 1,064,687	$ 1,023,822	$ 946,343
Projected Monthly Deposit	$ 207,518	$ 209,466	$ 276,971	$ 408,900	$ 514,671	$ 505,070	$ 354,777	$ 228,241	$ 184,487	$ 186,162	$ 162,921	$ 173,726
Less: Monthly Expenses	215,366	238,303	239,750	222,429	170,779	252,205	172,790	183,303	217,183	228,132	241,505	260,296
Add: Projected Interest Earnings	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105
Ending Balance	$ 70,007	$ 42,275	$ 80,600	$ 268,176	$ 613,173	$ 867,143	$ 1,050,235	$ 1,096,278	$ 1,064,687	$ 1,023,822	$ 946,343	$ 860,878

Table 19 shows the actual, estimated and projected deposits, interest earnings, expenditures and balances in the Administrative Expense Fund, the R&R Fund, the O&M Fund, and the Coverage Fund based on the O&M and R&R budgets. Per the Indenture, the R&R Fund is to be used to pay for capital improvements, repairs, and replacements to the Consolidated Facility and must maintain a balance of $1.0 million. If the balance falls below $1.0 million, the required $1.0 million balance must be met within 18 months.

Table 19 | Funds Established Pursuant to the Trust Indenture

Description	Administrative Expense Fund	Renewal and Replacement Fund	Operation & Maintenance Fund	Coverage Fund
BY2025				
Beginning Balance	$15,380	$733,257	$517,914	$976,695
Deposits	120,834	0	2,883,627	0
Interest Earnings	854	41,709	24,801	0
Withdrawals [1]	(56,466)	0	(2,930,984)	0
Balance as of March 1, 2025	$80,602	$774,966	$495,358	$976,695
BY2026				
Beginning Balance	$80,602	$774,966	$495,358	$976,695
Estimated Deposits	65,697	462,662	2,105,512	725,217
Estimated Interest Earnings	3,615	40,879	13,259	0
Estimated Withdrawals [1]	(54,620)	(163,891)	(2,537,379)	0
Estimated Balance as of March 1, 2026	$95,294	$1,114,615	$76,750	$1,701,912
BY2027				
Beginning Balance	$95,294	$1,114,615	$76,750	$1,701,912
Projected Deposits	65,000	2,522,184	3,283,923	0
Projected Interest Earnings	3,500	40,000	13,259	0
Projected Withdrawals [1]	(55,000)	(2,676,800)	(2,642,041)	0
Projected Balance as of March 1, 2027	$108,794	$1,000,000	$731,891	$1,701,912

[1] Estimated withdrawals from the O&M Fund for BY2026 and BY2027 assume O&M Expenses will equal the budgeted amounts for each year. The ending BY2027 balance in the O&M Fund is projected to exceed the O&M Fund Required balance of $462,000.
[2] Estimates and projections are based on the base case transaction day scenario.

8.5 | Application of CFC Revenues and Debt Service Coverage

The application of revenues and the debt service coverage calculation are presented on Table 20. Revenues consist of (1) CFC collections and (2) the earnings on monies and investments in the Revenue Fund, the Bond Fund, the Issuance Fund, the Administrative Expense Fund and the Coverage Fund. The amounts shown for BY2025 reflect actual amounts, and the amounts shown for BY2026 and BY2027 reflect estimated and projected amounts, respectively.

The Indenture requires that the CFC rate be set each Bond Year at a level estimated to be sufficient to fund the debt service requirements and other funding requirements set forth in the Indenture,

for that Bond Year. The debt service coverage ratio was 1.98 in BY2025. The debt service coverage is estimated to equal 1.56 in BY2026. In BY2027, the debt service coverage is projected to decrease to 1.61.

Table 20 | Application of CFC Revenues and Debt Service Coverage

	Actual 2025	Estimated 2026 [3]	Projected 2027
Revenues [1]			
CFC Collections	$7,401,736	$7,321,522	$7,258,696
Interest Earnings [2]	67,365	57,753	56,759
Total Revenues	$7,469,100	$7,379,275	$7,315,455
Application of Revenues			
Deposits to Bond Fund:			
Interest Account	$3,550,551	$2,443,005	$2,261,486
Principal Account	1,750,917	3,370,000	3,545,000
Total Deposits to Bond Fund	$5,301,468	$5,813,005	$5,806,486
Deposits to Administrative Expense Fund	$120,834	$65,697	$65,000
Deposits to Renewal and Replacement Fund	0	462,662	2,522,184
Deposits to Coverage Fund	0	725,217	0
Increase (Decrease) in Excess CFCs in Revenue Fund	4,105,438	312,693	(752,667)
Total Application of Revenues	$9,527,739	$7,379,275	$7,641,003
Debt Service Coverage			
Total Revenues	$9,527,739	$7,379,275	$7,641,003
Balance in Coverage Fund	976,695	1,701,912	1,701,912
Total for Calculation	$10,504,434	$9,081,186	$9,342,915
Annual Debt Service Requirement	$5,301,468	$5,813,005	$5,806,486
Debt Service Coverage Ratio	**1.98**	**1.56**	**1.61**

[1] FMC collections are not included in Revenues under the Indenture because they are not pledged for the payment of debt service on the Bonds.
[2] Interest from the Revenue Fund, Bond Fund, Issuance Fund, Administrative Expense Fund, and Coverage Fund is included.
[3] Projected based on eight months of actual fund data and actual CFC collection data.

8.6 | Recommendations

We recommend that for BY2027, the CFC rate remain at $7.00. We further recommend that the FMC rate be increased to $3.15, effective March 1, 2025. This will result in the combined CFC and FMC rate increasing to $10.15.

The above recommendations are based on the information available as of the date of this Report. We recommend that the CFC and FMC collections be monitored monthly, due to the changing nature of the environment from month to month.

UNISON CONSULTING

Enabling the Complex Business of Airports

HEADQUARTERS
150 N. Michigan Avenue
Suite 2930
Chicago, Illinois 60601
(312) 988-3360

Orange County (CA)
23461 South Pointe Drive
Suite 185
Laguna Hills, CA 92653

www.unison-ucg.com