CHARLES M. SCHULZ
SONOMA COUNTY AIRPORT

Independent Accountant's Report,
Schedule of Forecasted Revenues and Costs of the
Consolidated Rental Car Facility and
Notes to the Forecasted Schedule

For the Period from January 1, 2021 through
March 31, 2055

Certified
Public
Accountants

CHARLES M. SCHULZ – SONOMA COUNTY AIRPORT
Forecasted Revenues and Costs of the
Consolidated Rental Car Facility
For the Period from January 1, 2021 through March 31, 2055

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Certified Public Accountants

Independent Accountant's Report

Charles M. Schulz – Sonoma County Airport
Santa Rosa, California

CS Project Delivery
Renton, WA 98057

We have examined the accompanying Schedule of Forecasted Revenues and Costs of the Consolidated Rental Car Facility of Charles M. Schulz – Sonoma County Airport (Airport), as prepared by Conrac Solutions Project Delivery LLC (CS Project Delivery) on behalf of the Airport for the period from January 1, 2021 through March 31, 2055 (Forecasted Schedule). The Airport's management is responsible for preparing and presenting the Forecasted Schedule, based on guidelines for the presentation of forecasts and projections. The projection was prepared by management for compliance with California Civil Code Chapter 1.5 (commencing with Section 1939.01) to Title 5 of Part 4 Division 3, and California Government Code (CFC Code) Sections 50474.1 through 50474.3, related to Customer Facility Charges (CFC) and Consolidated Rental Car Facilities (ConRAC), and should not be considered a presentation of expected future results. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and CFC Code Section 50474.21(b). Those standards and CFC Code Section 50474.21(b) require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants, the underlying assumptions are suitably supported and provide a reasonable basis for management's forecast, the aggregate CFC amount to be collected shall not exceed the reasonable costs to finance, design, and construct those facilities, and independently examine and substantiate the necessity for, and amount of, the CFC in accordance with the considerations identified in CFC Code Section 50474.21(b), in all material respects. An examination involves performing procedures to obtain evidence about the Forecasted Schedule. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the accompanying Forecasted Schedule is presented, in all material respects, in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants, the underlying assumptions are suitably supported and provide a reasonable basis for management's forecast, the aggregate CFC amount to be collected shall not exceed the reasonable costs to finance, design, and construct those facilities, and we have independently examined and substantiated the necessity for, and amount of, the CFC in accordance with the considerations identified in CFC Code Section 50474.21(b).

Because events and circumstances frequently do not occur as expected, there will usually be differences between the forecasted and actual results, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

See all forecasted assumptions described in detail in the Notes to the Forecasted Revenues and Costs of the Consolidated Rental Car Facility.

Macias Gini & O'Connell LLP

Walnut Creek, California
January 5, 2022

CHARLES M. SCHULZ - SONOMA COUNTY AIRPORT

Schedule of Forecasted Revenues and Costs of the Consolidated Rental Car Facility

For the Period from January 1, 2021 through March 31, 2055

Revenues:		
Customer Facility Charge:		
At previous rate	$	366,300
At alternate rate ($5.80 per day max five days) *		46,913,121
Total Actual and Forecasted Revenues	**$**	**47,279,421**
Costs:		
Design/Construction Costs	$	3,154,494
Debt Service		24,242,613
Capital Up-keep Reserve		2,657,554
Equity Recapture and Returns		17,224,760
Total Actual and Forecasted Costs	**$**	**47,279,421**

* Effective April 1, 2022

See accompanying Notes to Schedule of Forecasted Revenues and Costs of the Consolidated Rental Car Facility.

CHARLES M. SCHULZ – SONOMA COUNTY AIRPORT
Notes to Schedule of Forecasted Revenues and Costs of the
Consolidated Rental Car Facility
For the Period from January 1, 2021 through March 31, 2055

(1) Summary of Significant Forecast Assumptions

The accompanying Schedule of Forecasted Revenues and Costs of the Consolidated Rental Car Facility (Schedule) presents, to the best of management's knowledge and belief, the Charles M. Schulz – Sonoma County Airport (Airport) expected revenues generated for and reasonable costs of the Consolidated Rental Car Facility (ConRAC), for the period from January 1, 2021 through the year of the final payment of debt service on related debt obligations in 2055. Accordingly, the Schedule reflects management's judgment as of January 5, 2022 of the expected conditions and its expected course of action. This presentation is intended for the use by the Airport and Conrac Solutions Project Delivery LLC (CS Project Delivery) in evaluating the revenue forecast, including the need to collect the alternative Customer Facility Charge (CFC) in accordance with §50474.1 through §50474.3 of the California Government Code (hereinafter "Code"), in connection with the financing, design and construction of the ConRAC. The assumptions disclosed herein are those that management believes are significant to the forecasted schedule. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Pursuant to the Code, the Airport has determined the need for a ConRAC to provide for the safe, secure and efficient processing of rental car transactions for the traveling public, to enhance the choice afforded to rental car customers, and to mitigate the environmental impacts of the current rental car operations on the Airport's neighbors.

The Airport initially established collection of a CFC of $10.00 per rental contract, in accordance with the Code. Effective upon commencement of the design/planning phase of the ConRAC, the $10.00 CFC per rental transaction will be designated to help pay for the design/planning and construction of the ConRAC. In addition to CFC revenue, private debt and equity financing will help fund the ConRAC project. Whereas, the current CFC rate would produce approximately $21.6 million or 46% of the required revenues. The proposed CFC rate of $5.80 per day up to a maximum five days for each rental contract and private debt and equity financing will pay for design and construction of the ConRAC. In no case will the CFC be higher than $5.80 per day for a maximum of five days for each rental contract.

All significant assumptions related to the forecasted revenues and costs are summarized in Note 5.

(2) Description of the Airport

The Airport has a long history in Sonoma County (County). In 1941 the County purchased 339 acres of agricultural land and began constructing a runway using grant funds from the Civil Aeronautics Authority (predecessor to the Federal Aviation Administration). The U.S. Army took over in 1942 and added 826 acres, extended the original runway, built a second runway, added taxiways, apron areas, and other facilities.

The County resumed operation of the Airport in July 1946 and continues its operation as an Enterprise Fund within the Department of Transportation and Public Works. The Airport is designed to be self-supporting through user fees and does not rely on general fund contributions. Although the County operates the Airport, it is done so under the jurisdiction of the Federal Aviation Administration (FAA). Throughout most of its history, the Airport has been both a general aviation facility service private plans and business jets, and a commercial airline facility with scheduled air service.

(3) Consolidated Rental-A-Car Facility Program

Currently, rent-a-car ready/return at the Airport is directly across from the terminal and includes additional vehicle storage and a "mop-and-bucket" car wash station under a canopy to the North. Rent-a-car counters are currently housed in a temporary trailer pending completion of the new terminal and will be relocated into the new terminal as part of that project.

The new consolidated Quick Turn-Around facility (QTA) was proposed as a way to improve efficiency and customer service. The new facility, with occupancy planned to begin in winter 2025 will be designed to a 20-year planning horizon to accommodate a 48.6% increase in rent-a-car activity over that 20-year period.

The QTA will include fueling, vacuuming, fluids, and one (1) automated car wash bay and one (1) manual wash bay with power washing capabilities (2 positions) with the assumption that a second automated car wash could be installed, if needed, in the future. The QTA will also support light maintenance, such as oil change and topping off fluids, tire changing, windshield repairs and fleet storage space.

(4) Background and Overview - California Government Code

The Code permits an airport sponsor to require rental car companies to collect from a renter a CFC to finance, design and construct a consolidated airport rental car facility; to finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, acquire vehicles for use in that system; and to finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation systems. The Airport currently imposes a CFC rate of $10 per rental car contract on vehicles rented at the Airport. The Airport has determined an alternative CFC rate of $5.80 per day up to a maximum of five days per rental car contract will be sufficient to pay for ConRAC design and construction costs until its planned operation during winter 2025 and debt service incurred to finance for the design and construction costs.

Changing the rate from $10 per rental car contract to an alternative CFC requires an examination by an independent auditor under the Code (§50474.21(b)), which includes the following:

> The aggregate amount to be collected shall not exceed the reasonable costs, as determined by an audit by an independent auditor paid for by the airport, to finance, design, construct, operate, maintain, or otherwise improve, as applicable, those facilities, systems, and modifications. The auditor shall independently examine and substantiate the necessity for, and the amount of, the customer facility charge, including whether the airport's actual or projected costs are supported and justified, any steps the airport may take to limit costs, potential alternatives for meeting the airport's revenue needs other than the collection of the fee, and whether and to what extent rental companies or other businesses or individuals using the facility or common-use transportation system may pay for the costs associated with these facilities and systems apart from the fee from rental customers, or whether the airport did not comply with any provision of this section.

(5) Development of Financial Model and Assumptions Used

The primary assumptions in the Schedule of Forecasted Revenues and Costs of the Consolidated Rental Car Facility are as follows:

1. The Airport and CS Project Delivery provided data on actual rental car transactions as reported by the car rental companies starting in year 2009. Historically, rental car transaction activity at the Airport has generally followed the trends of transactions and transaction days alongside enplanement passengers. Based on this relationship, the passenger projection for the Airport serves as basis for the projection of rental car activity at the Airport. 2019 was the last full fiscal year of operations prior to the impact of COVID-19. For 2020, Transactions and transaction days decreased around 50 percent, while enplanements decreased close to 60 percent. As a result, the ratio of transactions to enplanements (transactions per enplanement) increased from 0.171 in 2019 to 0.206 in 2020, and the ratio of transaction days to enplanements (transaction days per enplanement) increased from 0.683 in 2019 to 0.866 in 2020.

2. The rental car demand derives from airport passenger traffic – a concept known as *derived* demand. The near-perfect positive correlation (correlation coefficient near one) between rental car activity and enplanements (a common measure of passenger traffic) attests to the *derived* demand nature of airport rental car activity.

3. The number of rental car transaction days is assumed to be 8 percent average growth for the years 2021 through 2030 and is assumed to be 1 percent average growth annually throughout the remainder of the lease.

4. No adjustment was factored in for transaction days that may be over the 5-day maximum, as prior year actuals deem that any such adjustment is not warranted.

5. The current CFC of $10 per contract and the Airport is assumed to change to $5.80 per transaction day (subject to a 5-day maximum charge) beginning April 1, 2022 and stay at that level throughout the forecast period.

6. The private debt and equity financing will be principally based on the lease negotiation with the County and the results of the third-party assessment (Unison Financial Feasibility Report) of the transaction day performance of the facility. Pending the conclusion of those two steps during Phase 2 of the project model, CS Project Delivery will bring on equity partners as members of a project company that will provide approximately 20% equity funding and receive committed debt financing for the remaining 80% of the project budget. The plan of finance contemplates the CFC transitioning from a per contract to a per day basis in April 2022. Based on current estimates, it is also reasonable to expect the debt markets will provide funding to this project at an interest rate of about 5.5% for an overall blended rate of approximately 7.2%. Part of the efficiency of this financing is that it is not necessary to borrow 100% of debt in advance and then carry a capitalized interest component, nor to borrow or maintain substantial debt reserves or to adjust CFCs to produce a minimum coverage ratio as a security for the debt.

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7. The final step in the financial model is to develop a plan to pay the design and construction costs and annual net debt service requirements. The Airport expects to pay these costs with CFC revenues.

Annual CFC receipts during the forecast period are estimated by the Airport to be $47.3 million. From years 2021 through March 31, 2055, the CFC revenue will be used towards the ConRAC design and construction costs. Upon ConRAC's planned completion and operation, CFC revenue will be used towards debt service, capital up-keep, and equity recapture and returns. The summary of forecasted CFC revenues and expenses are presented as follows:

	CFC Revenues			CFC Requirements				
Year Ending	Transaction Days Subject to CFC*	CFC Rate**	Forecast CFC Revenue	CFCs Used for Design/ Construction	Debt Service	Capital Up-Keep Reserve Transfers	Equity Recapture and Returns	Total CFC Requirement
3/31/2021	20,293	$10.00	$ 53,400	$ 53,400	$ -	$ -	$ -	**$ 53,400**
3/31/2022	118,904	$2.63	312,900	312,900	-	-	-	**312,900**
3/31/2023	141,025	$5.80	817,946	817,946	-	-	-	**817,946**
3/31/2024	164,058	$5.80	951,536	951,536	-	-	-	**951,536**
3/31/2025	175,640	$5.80	1,018,712	1,018,712	-	-	-	**1,018,712**
3/31/2026	187,222	$5.80	1,085,890	-	808,087	40,000	237,803	**1,085,890**
3/31/2027	198,804	$5.80	1,153,065	-	808,087	42,000	302,978	**1,153,065**
3/31/2028	210,386	$5.80	1,220,240	-	808,087	44,100	368,053	**1,220,240**
3/31/2029	220,989	$5.80	1,281,735	-	808,087	46,305	427,342	**1,281,735**
3/31/2030	227,014	$5.80	1,316,681	-	808,087	48,620	459,974	**1,316,681**
3/31/2031	232,386	$5.80	1,347,840	-	808,087	51,051	488,702	**1,347,840**
3/31/2032	234,710	$5.80	1,361,318	-	808,087	53,604	499,628	**1,361,318**
3/31/2033	237,057	$5.80	1,374,932	-	808,087	56,284	510,561	**1,374,932**
3/31/2034	239,428	$5.80	1,388,681	-	808,087	59,098	521,496	**1,388,681**
3/31/2035	241,822	$5.80	1,402,568	-	808,087	62,053	532,428	**1,402,568**
3/31/2036	244,240	$5.80	1,416,593	-	808,087	65,156	543,351	**1,416,593**
3/31/2037	246,683	$5.80	1,430,759	-	808,087	68,414	554,259	**1,430,759**
3/31/2038	249,149	$5.80	1,445,067	-	808,087	71,834	565,146	**1,445,067**
3/31/2039	251,641	$5.80	1,459,518	-	808,087	75,426	576,005	**1,459,518**
3/31/2040	254,157	$5.80	1,474,113	-	808,087	79,197	586,828	**1,474,113**
3/31/2041	256,699	$5.80	1,488,854	-	808,087	83,157	597,610	**1,488,854**
3/31/2042	259,266	$5.80	1,503,743	-	808,087	87,315	608,340	**1,503,743**
3/31/2043	261,859	$5.80	1,518,780	-	808,087	91,681	619,012	**1,518,780**
3/31/2044	264,477	$5.80	1,533,968	-	808,087	96,265	629,616	**1,533,968**
3/31/2045	267,122	$5.80	1,549,307	-	808,087	101,078	640,142	**1,549,307**
3/31/2046	269,793	$5.80	1,564,801	-	808,087	106,132	650,581	**1,564,801**
3/31/2047	272,491	$5.80	1,580,449	-	808,087	111,439	660,923	**1,580,449**
3/31/2048	275,216	$5.80	1,596,253	-	808,087	117,010	671,155	**1,596,253**
3/31/2049	277,968	$5.80	1,612,216	-	808,087	122,861	681,267	**1,612,216**
3/31/2050	280,748	$5.80	1,628,338	-	808,087	129,004	691,247	**1,628,338**
3/31/2051	283,555	$5.80	1,644,621	-	808,087	135,454	701,080	**1,644,621**
3/31/2052	286,391	$5.80	1,661,067	-	808,087	142,227	710,753	**1,661,067**
3/31/2053	289,255	$5.80	1,677,678	-	808,087	149,338	720,253	**1,677,678**
3/31/2054	292,147	$5.80	1,694,455	-	808,087	156,805	729,562	**1,694,455**
3/31/2055	295,069	$5.80	1,711,399	-	808,087	164,645	738,667	**1,711,399**
Total			**$ 47,279,421**	**$ 3,154,494**	**$ 24,242,613**	**$ 2,657,554**	**$ 17,224,760**	**$ 47,279,421**

**Excludes Transaction Days beyond the stautory 5 day limit.*
***2021 CFC Rate of $10 is per transaction*