

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 15, 2020

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: SEE “RATINGS” HEREIN

The delivery of the 2020A Senior Lien Bonds, the 2020B Senior Lien Bonds, the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds is subject to the opinions of Katten Muchin Rosenman LLP and Charity & Associates, Co-Bond Counsel, to the effect that under existing law, interest on the 2020A Senior Lien Bonds, the 2020B Senior Lien Bonds, the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds is not includible in the gross income of the owners thereof for federal income tax purposes and that, assuming continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, interest on the 2020A Senior Lien Bonds, the 2020B Senior Lien Bonds, the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. In addition, (i) interest on the 2020A Senior Lien Bonds, the 2020B Senior Lien Bonds, the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income; and (i) interest on the 2020B Senior Lien Bonds is not excludable from the gross income of owners who are “substantial users” of the facilities financed or refinanced thereby. Interest on the 2020D Senior Lien Bonds is includible in the gross income of the owners thereof for federal income tax purposes. Interest on the 2020 Senior Lien Bonds is not exempt from present Illinois income taxes. See “TAX MATTERS” herein.



\$1,243,245,000*

CITY OF CHICAGO

CHICAGO O’HARE INTERNATIONAL AIRPORT

\$511,400,000*
General Airport
Senior Lien Revenue
Refunding Bonds
Series 2020A
(Non-AMT)

\$143,470,000*
General Airport
Senior Lien Revenue
Refunding Bonds
Series 2020B
(Non-AMT Private
Activity)

\$60,125,000*
General Airport
Senior Lien Revenue
Refunding Bonds
Series 2020C
(Non-AMT)

\$462,630,000*
General Airport
Senior Lien Revenue
Refunding Bonds
Series 2020D
(Taxable)

\$65,620,000*
General Airport Senior
Lien Revenue Bonds
Series 2020E
(Non-AMT)

Dated: Date of Delivery

January 1, as shown on the inside cover pages

The 2020 Senior Lien Bonds (as defined herein) will be limited obligations of the City of Chicago (the “City”) payable from and secured by a pledge of Revenues (as defined herein) derived from the operation of Chicago O’Hare International Airport (“O’Hare”) and will be secured on a parity basis as to Revenues with the City’s Outstanding Senior Lien Bonds (as defined herein) and such other Senior Lien Obligations (as defined herein) as may be outstanding from time to time, as more fully described herein. Debt service on the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds will also be payable from and secured by a subordinate pledge of PFC Revenues (as defined herein), including moneys to be withdrawn from the PFC Capital Fund (as defined herein). The claim of the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds to the PFC Revenues is subordinate to the right of payment to the claim of the City’s PFC Obligations (as defined herein) and subject to certain rights and obligations of the City. See “**THE 2020 SENIOR LIEN BONDS**” and “**SECURITY FOR THE 2020 SENIOR LIEN BONDS.**” Neither the faith and credit nor the taxing power of the City, the State of Illinois or any political subdivision of the State of Illinois will be pledged to the payment of the principal of or interest on the 2020 Senior Lien Bonds.

The 2020 Senior Lien Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2020 Senior Lien Bonds. Purchasers of the 2020 Senior Lien Bonds will not receive certificates representing their interests in the 2020 Senior Lien Bonds purchased. Ownership by the beneficial owners of the 2020 Senior Lien Bonds will be evidenced by book-entry only. Principal of and interest on the 2020 Senior Lien Bonds will be paid by U.S. Bank National Association, Chicago, Illinois, as trustee for the 2020 Senior Lien Bonds to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the 2020 Senior Lien Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the 2020 Senior Lien Bonds will be made to such registered owner, and disbursement of such payments to beneficial owners will be the responsibility of DTC and its participants. See **APPENDIX G - “DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.”**

Interest on the 2020 Senior Lien Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2021. The 2020 Senior Lien Bonds are subject to redemption prior to maturity in the manner and at the times set forth herein. See “**THE 2020 SENIOR LIEN BONDS-REDEMPTION PROVISIONS.**”

The City will use the proceeds from the sale of the 2020A Senior Lien Bonds, the 2020B Senior Lien Bonds, the 2020C Senior Lien Bonds, the 2020D Senior Lien Bonds and the 2020E Senior Lien Bonds (collectively, the “2020 Senior Lien Bonds”), together with other available funds, to: (i) refund certain Outstanding Senior Lien Bonds and certain outstanding PFC Obligations (collectively, the “Refunded Bonds,” as defined herein), (ii) fund the related Reserve Requirements for the 2020 Senior Lien Bonds and (iii) pay costs and expenses incidental thereto and to the issuance of the 2020 Senior Lien Bonds. In addition, proceeds from the sale of the 2020 Senior Lien Bonds may be used to capitalize interest on certain series of the 2020 Senior Lien Bonds and to fund interest on certain Outstanding Senior Lien Bonds. See “**PLAN OF FINANCE**” and “**SOURCES AND USES OF FUNDS**” herein.

For a discussion of certain investment considerations associated with the purchase of the 2020 Senior Lien Bonds, see “**AIR TRAFFIC ACTIVITY AT O’HARE -Recent Developments at the Airport – COVID 19,**” “**AIR TRAFFIC ACTIVITY AT O’HARE – Impact of COVID-19 on Air Traffic**” and “**CERTAIN INVESTMENT CONSIDERATIONS.**” For maturities, principal amounts, interest rates, prices, yields, and CUSIP and ISIN numbers, see the inside cover pages.

The 2020 Senior Lien Bonds are offered when, as and if issued by the City and accepted by the Underwriters subject to the approval of their validity by Katten Muchin Rosenman, LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by (i) its Corporation Counsel and (ii) in connection with the preparation of this Official Statement, Burke, Warren, MacKay & Serritella, P.C., Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, Co-Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by McGuireWoods LLP, Chicago, Illinois. It is expected that delivery of the 2020 Senior Lien Bonds in book-entry form will be made through the facilities of DTC on or about October __, 2020.

JEFFERIES

LOOP CAPITAL MARKETS

BOFA SECURITIES

CABRERA CAPITAL MARKETS LLC

RAMIREZ & Co., INC.

STIFEL

BACKSTROM MCCARLEY BERRY

STINSON SECURITIES, LLC

VALDÉS & MORENO, INC.

Dated September __, 2020

* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Within seven (7) business days following the sale of the Bonds herein described, the City will make available its final Official Statement, dated as of the date of such sale, with respect to the Bonds.

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS, AND CUSIP⁺ AND ISIN⁺ NUMBERS

**CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT**

**\$511,400,000*
GENERAL AIRPORT SENIOR LIEN REVENUE REFUNDING BONDS,
SERIES 2020A (NON-AMT)**

<u>MATURITY*</u> <u>(JANUARY 1)</u>	<u>AMOUNT (\$)*</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRICE</u>	<u>YIELD</u>	<u>CUSIP⁺</u>	<u>ISIN⁺</u>
2027	325,000					
2028	4,235,000					
2029	4,450,000					
2030	4,670,000					
2031	4,900,000					
2032	5,145,000					
2033	17,770,000					
2034	74,950,000					
2035	184,885,000					
2036	89,975,000					
2037	95,595,000					
2038	10,415,000					
2039	6,905,000					
2040	7,180,000					

*Preliminary, subject to change.

⁺ CUSIP® is a registered trademark of the American Bankers Association. CUSIP and ISIN data herein provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP and ISIN numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the registered owners of the applicable 2020 Senior Lien Bonds. Neither the City nor the Underwriters are responsible for the selection or uses of these CUSIP and ISIN numbers, and no representation is made as to their correctness on the applicable 2020 Senior Lien Bonds or as included herein. The CUSIP and/or ISIN number for a specific maturity is subject to being changed after the issuance of the 2020 Senior Lien Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2020 Senior Lien Bonds.

**CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT**

\$143,470,000*
GENERAL AIRPORT SENIOR LIEN REVENUE REFUNDING BONDS,
SERIES 2020B
(NON-AMT PRIVATE ACTIVITY)

<u>MATURITY*</u> <u>(JANUARY 1)</u>	<u>AMOUNT (\$)*</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRICE</u>	<u>YIELD</u>	<u>CUSIP</u> ⁺	<u>ISIN</u> ⁺
2022	3,880,000					
2023	9,905,000					
2024	10,405,000					
2025	10,920,000					
2026	11,465,000					
2027	12,035,000					
2028	12,645,000					
2029	13,275,000					
2030	13,940,000					
2031	14,635,000					
2032	15,365,000					
2033	5,000,000					
2034	5,000,000					
2035	5,000,000					

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**CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT**

\$60,125,000*
GENERAL AIRPORT SENIOR LIEN REVENUE REFUNDING BONDS,
SERIES 2020C
(NON-AMT)

<u>MATURITY*</u> <u>(JANUARY 1)</u>	<u>AMOUNT (\$)*</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRICE</u>	<u>YIELD</u>	<u>CUSIP</u> ⁺	<u>ISIN</u> ⁺
2034	3,210,000					
2035	10,510,000					
2036	10,930,000					
2037	11,365,000					
2038	11,820,000					
2039	12,290,000					

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**CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT**

\$462,630,000*
GENERAL AIRPORT SENIOR LIEN REVENUE REFUNDING BONDS,
SERIES 2020D
(TAXABLE)

<u>MATURITY*</u> <u>(JANUARY 1)</u>	<u>AMOUNT (\$)*</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRICE</u>	<u>YIELD</u>	<u>CUSIP</u> ⁺	<u>ISIN</u> ⁺
2022	3,050,000					
2023	38,505,000					
2024	39,055,000					
2025	39,630,000					
2026	40,245,000					
2027	38,170,000					
2028	35,065,000					
2029	35,855,000					
2030	36,710,000					
2031	37,605,000					
2032	38,570,000					
2033	21,430,000					
2034	19,095,000					
2035	17,965,000					

\$21,680,000* Term Bond Due January 1, 2038*; Interest Rate: ____%; Price: ____%; Yield: ____%; CUSIP+: ____; ISIN+: ____

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**CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT**

\$65,620,000*
GENERAL AIRPORT SENIOR LIEN REVENUE BONDS,
SERIES 2020E
(NON-AMT)

<u>MATURITY*</u> <u>(JANUARY 1)</u>	<u>AMOUNT (\$)*</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRICE</u>	<u>YIELD</u>	<u>CUSIP</u> ⁺	<u>ISIN</u> ⁺
2028	250,000					
2029	4,190,000					
2030	4,400,000					
2031	4,620,000					
2032	4,850,000					
2033	5,090,000					
2034	5,345,000					
2035	5,560,000					
2036	5,780,000					
2037	6,015,000					
2038	6,250,000					
2039	6,505,000					
2040	6,765,000					

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REGARDING THE USE OF THIS OFFICIAL STATEMENT

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

This Official Statement is being used in connection with the sale of the 2020 Senior Lien Bonds and may not be reproduced or used, in whole or in part, for any other purpose. Certain information contained in this Official Statement has been obtained by the City from DTC and other sources that are deemed to be reliable; however, no representation or warranty is made as to the accuracy or completeness of such information by the City. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents in their entirety for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof. Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward looking statements and information that are based on the beliefs of the City as well as assumptions made by and currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

Neither the City nor any other independent accountants, have compiled, examined, or performed any procedures with respect to, or been consulted in connection with the preparation of, the prospective financial information contained herein. The City's independent auditors assume no responsibility for the content of the prospective financial information set forth in this Official Statement, disclaim any association with such prospective financial information, and have not, nor have any other independent auditors, expressed any opinion or any other form of assurance on such information or its achievability.

No dealer, broker, sales representative or any other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement in connection with the offering it describes and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page and inside cover pages hereof, nor shall there be any offer to sell, solicitation of an offer to buy or sale of, the 2020 Senior Lien Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and opinions expressed herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of O'Hare since the date of this Official Statement. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the 2020 Senior Lien Bonds.

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

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE 2020 SENIOR LIEN BONDS. SPECIFICALLY, THE UNDERWRITERS MAY OVERALLOT IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE, THE 2020 SENIOR LIEN BONDS IN THE OPEN MARKET. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE 2020 SENIOR LIEN BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE 2020 SENIOR LIEN BONDS ARE RELEASED FOR SALE, AND THE 2020 SENIOR LIEN BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER

THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE 2020 SENIOR LIEN BONDS INTO INVESTMENT ACCOUNTS.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

THE CITY (REFERRED TO IN THESE LEGENDS AS THE "ISSUER") MAKES NO REPRESENTATION AS TO THE ACCURACY OR ADEQUACY OF THE INFORMATION UNDER THIS CAPTION. REFERENCES UNDER THIS CAPTION TO "BONDS" OR "SECURITIES" MEAN THE 2020 SENIOR LIEN BONDS OFFERED HEREBY, AND REFERENCES TO THE "UNDERWRITERS" MEAN THE UNDERWRITERS AND THE INITIAL PURCHASERS.

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF \$5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF \$150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA OR THE UNITED KINGDOM

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA ("EEA") OR IN THE UNITED KINGDOM ("UK"). FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED, THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR ("QUALIFIED INVESTOR") AS DEFINED IN REGULATION (EU) 2017/1129 (AS AMENDED OR SUPERSEDED, THE "PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UK MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR PURPOSES OF THE PROSPECTUS REGULATION. THIS OFFICIAL STATEMENT AND ANY OTHER OFFERING MATERIAL RELATING TO THE BONDS DESCRIBED HEREIN HAVE BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF NOTES IN ANY MEMBER STATE OF THE EEA OR THE UK (EACH, A "RELEVANT STATE") WILL BE MADE ONLY TO A QUALIFIED INVESTOR. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THAT RELEVANT STATE OF BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT MAY ONLY DO SO WITH RESPECT TO QUALIFIED INVESTORS. NONE OF THE ISSUER OR THE INITIAL PURCHASERS HAS AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF THE BONDS OTHER THAN TO QUALIFIED INVESTORS.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THE ISSUE AND DISTRIBUTION OF THIS OFFICIAL STATEMENT IS RESTRICTED BY LAW. THIS OFFICIAL STATEMENT IS NOT BEING DISTRIBUTED BY, NOR HAS IT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA") BY, A PERSON AUTHORIZED UNDER THE FSMA. EACH INITIAL PURCHASER WILL REPRESENT AND AGREE THAT (A) IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL

ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE NOTES IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE ISSUER OR THE DEPOSITOR, AND (B) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE BONDS IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

THE BONDS MAY NOT BE OFFERED OR SOLD TO PERSONS IN THE UNITED KINGDOM EXCEPT TO CERTAIN CLASSES OF PERSONS WHO ARE DESCRIBED BELOW. THIS OFFICIAL STATEMENT AND ANY OTHER COMMUNICATION IN CONNECTION WITH THE OFFERING AND ISSUANCE OF THE NOTES IS INTENDED FOR AND DIRECTED AT AND MAY ONLY BE ISSUED OR PASSED ON TO: (I) PERSONS WHO ARE OUTSIDE THE UNITED KINGDOM, (II) PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND WHICH FALL WITHIN ARTICLE 19(5) OF THE FSMA (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE "ORDER"), (III) PERSONS WHICH FALL WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER, OR (IV) PERSONS TO WHICH IT MAY OTHERWISE LAWFULLY BE ISSUED OR PASSED ON (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT AND ANY OTHER COMMUNICATION IN CONNECTION WITH THE OFFERING AND ISSUANCE OF THE BONDS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES, INCLUDING THE NOTES, IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

NO PART OF THIS OFFICIAL STATEMENT SHOULD BE PUBLISHED, REPRODUCED, DISTRIBUTED OR OTHERWISE MADE AVAILABLE IN WHOLE OR IN PART TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. THE BONDS ARE NOT BEING OFFERED OR SOLD TO ANY PERSON IN THE UNITED KINGDOM, EXCEPT IN CIRCUMSTANCES WHICH WILL NOT RESULT IN AN OFFER OF SECURITIES TO THE PUBLIC IN THE UNITED KINGDOM WITHIN THE MEANING OF PART VI OF THE FSMA.

POTENTIAL INVESTORS IN THE UNITED KINGDOM ARE ADVISED THAT ALL, OR MOST, OF THE PROTECTIONS AFFORDED BY THE UNITED KINGDOM REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE BONDS AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UNITED KINGDOM FINANCIAL SERVICES COMPENSATION SCHEME.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED OR APPROVED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A PROSPECTUS (AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CHAPTER 32 OF THE LAWS OF HONG KONG) (THE "C(WUMP)O")) IN HONG KONG NOR HAS IT BEEN REVIEWED OR APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) ("SFO"). ACCORDINGLY, THE BONDS MAY NOT BE OFFERED OR SOLD OR CONSTITUTED AN OFFER OR INVITATION TO THE PUBLIC IN HONG KONG BY MEANS OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT, AND THIS OFFICIAL STATEMENT MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN HONG KONG, OTHER THAN (A) TO 'PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES OR REGULATIONS MADE UNDER THE SFO OR (B) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS"

AS DEFINED IN THE C(WUMP)O OR WHICH DO NOT CONSTITUTE AN OFFER OR INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE C(WUMP)O AND THE COMPANIES ORDINANCE (CHAPTER 622 OF THE LAWS OF HONG KONG). IN ADDITION, UNLESS PERMITTED BY THE SECURITIES LAWS OF HONG KONG, NO PERSON MAY ISSUE, DISTRIBUTE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, AND (B) TO 'PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES OR REGULATIONS MADE UNDER THE SFO.

NOTICE TO PROSPECTIVE INVESTORS IN AUSTRALIA

ANY OFFER OF BONDS IN CONNECTION WITH THIS NOTICE WILL NOT BE MADE BY WAY OF A DISCLOSURE DOCUMENT UNDER PART 6D OF THE CORPORATIONS ACT 2001 (CTH) (THE "ACT").

NEITHER THE ISSUER NOR THE UNDERWRITER IS REQUIRED TO PROVIDE YOU WITH A PROSPECTUS OR OTHER DISCLOSURE DOCUMENT FOR THE ISSUE OF SECURITIES BECAUSE OF THE APPLICATION OF SPECIFIC EXEMPTIONS FROM THE REQUIREMENTS FOR DISCLOSURE SET OUT IN SECTION 708 OF THE ACT. IN PARTICULAR, THIS OFFICIAL STATEMENT IS BEING PROVIDED TO YOU ON THE BASIS THAT:

1. ANY OFFER IN CONNECTION WITH THIS OFFICIAL STATEMENT IS A PERSONAL OFFER WITHIN THE MEANING OF SECTION 708(2) OF THE ACT, AND THE EXEMPTION IN SECTION 708(1) OF THE ACT APPLIES;
2. SECTION 708(8) OF THE ACT APPLIES AND YOU ARE A SOPHISTICATED INVESTOR WITHIN THE MEANING OF THAT SECTION;
3. YOU ARE AN EXPERIENCED INVESTOR AND SECTION 708(10) OF THE ACT APPLIES;
4. YOU ARE A PROFESSIONAL INVESTOR WITHIN THE MEANING OF SECTION 708(11) OF THE ACT; OR
5. THE SECURITIES ARE DEBENTURES WITHIN THE MEANING OF SECTION 9 OF THE ACT AND YOU ARE AN EXISTING DEBENTURE HOLDER FOR THE PURPOSES OF SECTION 708(14) OF THE ACT.

ANY DOCUMENTS PROVIDED IN CONNECTION WITH THIS OFFICIAL STATEMENT ARE FURNISHED SOLELY FOR INFORMATION PURPOSES ONLY AND MAY NOT BE REPRODUCED OR REDISTRIBUTED TO ANY OTHER PERSONS EXCEPT WITH OUR PRIOR WRITTEN CONSENT. THE DOCUMENTS ARE STRICTLY CONFIDENTIAL.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR OR TO PURCHASE ANY OF THE BONDS AND NEITHER THIS OFFICIAL STATEMENT NOR ANYTHING CONTAINED IN IT WILL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT ON THE PART OF THE ISSUER OR UNDERWRITER TO ISSUE OR TRANSFER BONDS TO ANY PERSON.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR A SOLICITATION TO PURCHASE OR INVEST IN THE BONDS DESCRIBED HEREIN. THE BONDS MAY NOT BE PUBLICLY OFFERED, SOLD OR ADVERTISED, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE LTD. OR ON ANY OTHER

EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS OR A KEY INFORMATION DOCUMENT AS SUCH TERMS ARE UNDERSTOOD PURSUANT TO ARTICLES 35 ET SEQ. AND 58 SEQ. OF THE SWISS FEDERAL ACT ON FINANCIAL SERVICES OR A LISTING PROSPECTUS WITHIN THE MEANING OF THE LISTING RULES OF THE SIX SWISS EXCHANGE LTD. OR ANY OTHER REGULATED TRADING FACILITY IN SWITZERLAND, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY OFFERED OR OTHERWISE MADE PUBLICLY AVAILABLE IN OR FROM SWITZERLAND. ACCORDINGLY, THIS OFFICIAL STATEMENT IS COMMUNICATED IN OR FROM SWITZERLAND TO A LIMITED NUMBER OF SELECTED INVESTORS ONLY. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, NOR THE CITIES, NOR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. THE BONDS ARE NOT SUBJECT TO SUPERVISION BY ANY SWISS REGULATORY AUTHORITY, E.G., THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY FINMA, AND INVESTORS IN THE BONDS WILL NOT BENEFIT FROM PROTECTION OR SUPERVISION BY SUCH AUTHORITY.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED, THE "FIEL"). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (WHICH TERM AS USED HEREIN MEANS ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANIZED UNDER THE LAWS OF JAPAN), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEL AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEL. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF A QUALIFIED INSTITUTIONAL INVESTOR ("QII") DEFINED IN ARTICLE 10 OF THE FIEA CABINET ORDINANCE CONCERNING DEFINITIONS UNDER ARTICLE 2 OF THE FIEL (ORDINANCE NO. 14 OF 1993, AS AMENDED). A PERSON WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN (THE REPUBLIC OF CHINA)

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN (THE "FSC") PURSUANT TO APPLICABLE SECURITIES LAWS AND REGULATIONS OF TAIWAN, AND THE BONDS, INCLUDING A COPY OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENTS RELATING TO THE BONDS, MAY NOT BE OFFERED, ISSUED, SOLD, DELIVERED OR DISTRIBUTED WITHIN TAIWAN (THE REPUBLIC OF CHINA) THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FSC. NO PERSON OR ENTITY IN TAIWAN (THE REPUBLIC OF CHINA) HAS BEEN AUTHORIZED TO OFFER, SELL, DISTRIBUTE, GIVE ADVICE REGARDING OR OTHERWISE INTERMEDIATE THE OFFERING, SALE OR DISTRIBUTION OF THE BONDS. TAIWAN INVESTORS WHO SUBSCRIBE AND PURCHASE THE BONDS SHALL COMPLY WITH ALL APPLICABLE SECURITIES, TAX AND FOREIGN EXCHANGE LAWS AND REGULATIONS IN EFFECT IN TAIWAN (THE REPUBLIC OF CHINA).

NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE

NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH ANY OFFER OF THE BONDS HAS BEEN OR WILL BE LODGED OR REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE (MAS) UNDER THE SECURITIES AND FUTURES ACT (CAP. 289) OF SINGAPORE (SFA). ACCORDINGLY, MAS ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THIS OFFICIAL STATEMENT. THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS AS DEFINED IN THE SFA AND STATUTORY LIABILITY UNDER THE SFA IN RELATION TO THE CONTENTS OF PROSPECTUSES WOULD NOT APPLY. PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE FOR IT.

THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENTS OR MATERIALS IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE DIRECTLY OR INDIRECTLY ISSUED, CIRCULATED OR DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A(1)(C) OF THE SFA) (INSTITUTIONAL INVESTOR) PURSUANT TO SECTION 274 OF THE SFA; (II) TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA) (RELEVANT PERSON) PURSUANT TO SECTION 275(1) OF THE SFA, AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA; (III) TO ANY PERSON PURSUANT TO THE CONDITIONS OF SECTION 275(1A) OF THE SFA (PRESCRIBED INVESTOR); OR (IV) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISIONS OF THE SFA.

UNLESS SUCH BONDS ARE OF THE SAME CLASS AS OTHER BONDS OF THE ISSUER THAT ARE LISTED FOR QUOTATION ON AN APPROVED EXCHANGE (AS DEFINED IN SECTION 2(1) OF THE SFA) (APPROVED EXCHANGE) AND IN RESPECT OF WHICH ANY OFFER INFORMATION STATEMENT, INTRODUCTORY DOCUMENT, SHAREHOLDERS' CIRCULAR FOR A REVERSE TAKE-OVER, DOCUMENT ISSUED FOR THE PURPOSES OF A SCHEME OF ARRANGEMENT, PROSPECTUS, OR ANY OTHER SIMILAR DOCUMENT APPROVED BY AN APPROVED EXCHANGE, WAS ISSUED IN CONNECTION WITH AN OFFER, OR THE LISTING FOR QUOTATION, OF THOSE BONDS, ANY SUBSEQUENT OFFERS IN SINGAPORE OF BONDS ACQUIRED PURSUANT TO AN INITIAL OFFER MADE IN RELIANCE ON AN EXEMPTION UNDER SECTION 274 OF THE SFA OR SECTION 275 OF THE SFA MAY ONLY BE MADE, PURSUANT TO THE REQUIREMENTS OF SECTION 276 OF THE SFA, FOR THE INITIAL SIX MONTH PERIOD AFTER SUCH ACQUISITION, TO PERSONS WHO ARE INSTITUTIONAL INVESTORS, RELEVANT PERSONS, OR PRESCRIBED INVESTORS. ANY TRANSFER AFTER SUCH INITIAL SIX-MONTH PERIOD IN SINGAPORE SHALL BE MADE IN RELIANCE ON ANY APPLICABLE EXEMPTION UNDER SUBDIVISION (4) OF DIVISION 1 OF PART XIII OF THE SFA (OTHER THAN SECTION 280 OF THE SFA).

IN ADDITION TO THE ABOVE, WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON WHICH IS:

(1) A CORPORATION (OTHER THAN A CORPORATION THAT IS AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A(1)(A) OF THE SFA) (ACCREDITED INVESTOR)), THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR

(2) A TRUST (OTHER THAN A TRUST THE TRUSTEE OF WHICH IS AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR,

SECURITIES (AS DEFINED IN SECTION 2(1) OF THE SFA) OR SECURITIES-BASED DERIVATIVES CONTRACTS (AS DEFINED IN SECTION 2(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL

NOT BE TRANSFERRED WITHIN SIX MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE BONDS PURSUANT TO AN OFFER MADE UNDER SECTION 275 OF THE SFA EXCEPT:

- (a) TO INSTITUTIONAL INVESTORS;
- (b) TO RELEVANT PERSONS;
- (c) WHERE SUCH TRANSFER ARISES FROM AN OFFER MADE ON TERMS THAT SUCH SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS OF THAT CORPORATION OR SUCH BENEFICIARIES' RIGHTS AND INTEREST IN THAT TRUST, THE SUBJECT OF TRANSFER, ARE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S\$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION, PROVIDED THAT THE PERSON ACQUIRING SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS OF SUCH CORPORATION MUST ACT AS PRINCIPAL;
- (d) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;
- (e) WHERE THE TRANSFER IS BY OPERATION OF LAW; OR
- (f) WHERE SUCH BONDS ARE OF THE SAME CLASS AS OTHER BONDS OF THE ISSUER THAT ARE LISTED FOR QUOTATION ON AN APPROVED EXCHANGE AND IN RESPECT OF WHICH ANY OFFER INFORMATION STATEMENT, INTRODUCTORY DOCUMENT, SHAREHOLDERS' CIRCULAR FOR A REVERSE TAKE-OVER, DOCUMENT ISSUED FOR THE PURPOSES OF A SCHEME OF ARRANGEMENT, PROSPECTUS, OR ANY OTHER SIMILAR DOCUMENT APPROVED BY AN APPROVED EXCHANGE, WAS ISSUED IN CONNECTION WITH AN OFFER, OR THE LISTING FOR QUOTATION, OF THOSE BONDS.

AS THE BONDS ARE ONLY OFFERED TO PERSONS IN SINGAPORE WHO QUALIFY AS AN ACCREDITED INVESTOR, AN EXPERT INVESTOR (AS DEFINED IN SECTION 4A(1)(B) OF THE SFA), AN INSTITUTIONAL INVESTOR AND/OR ANY OTHER PERSON THAT IS NOT AN INDIVIDUAL, THE ISSUER IS NOT REQUIRED TO DETERMINE THE CLASSIFICATION OF THE BONDS PURSUANT TO SECTION 309B OF THE SFA.

NOTHING SET OUT IN THIS NOTICE SHALL BE CONSTRUED AS LEGAL ADVICE AND EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL COUNSEL. THIS NOTICE IS FURTHER SUBJECT TO THE PROVISIONS OF THE SFA AND ITS REGULATIONS, AS THE SAME MAY BE AMENDED OR CONSOLIDATED FROM TIME TO TIME AND DOES NOT PURPORT TO BE EXHAUSTIVE IN ANY RESPECT.

CITY OF CHICAGO
Chicago O'Hare International Airport

MAYOR
Lori E. Lightfoot

CITY TREASURER
Melissa Conyears-Ervin

CITY CLERK
Anna M. Valencia

CITY COUNCIL
COMMITTEE ON FINANCE
Scott Waguespack

CHIEF FINANCIAL OFFICER
Jennie Huang Bennett

CITY COMPTROLLER
Reshma N. Soni

BUDGET DIRECTOR
Susie Park

CORPORATION COUNSEL
Mark A. Flessner, Esq.

DEPARTMENT OF AVIATION
Jamie L. Rhee, Commissioner

CO-BOND COUNSEL
Katten Muchin Rosenman LLP
Charity & Associates, P.C.

CO-DISCLOSURE COUNSEL
Burke, Warren, MacKay & Serritella, P.C.
Sanchez Daniels & Hoffman LLP

AIRPORT CONSULTANT
Ricondo & Associates, Inc.

FINANCIAL ADVISOR
Frasca & Associates, LLC
The RSI Group, LLC

PRICING ADVISOR
Public Alternative Advisors, LLC

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APPENDIX F	PROPOSED FORMS OF OPINIONS OF CO BOND COUNSEL
APPENDIX G	DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES
APPENDIX H	BONDS TO BE REFUNDED

OFFICIAL STATEMENT

\$1,243,245,000*

CITY OF CHICAGO

CHICAGO O'HARE INTERNATIONAL AIRPORT

\$511,400,000*	\$143,470,000*	\$60,125,000*	\$462,630,000*	\$65,620,000*
General Airport	General Airport	General Airport	General Airport	General Airport
Senior Lien	Senior Lien	Senior Lien	Senior Lien	Senior Lien
Revenue	Revenue	Revenue	Revenue	Revenue Bonds
Refunding	Refunding Bonds	Refunding Bonds	Refunding Bonds	Series 2020E
Bonds Series	Series 2020B	Series 2020C	Series 2020D	(Non-AMT)
2020A	(Non-AMT	(Non-AMT)	(Taxable)	
(Non-AMT)	Private Activity)			

INTRODUCTION

This Official Statement is furnished to set forth certain information in connection with the offering and sale by the City of Chicago (the "City") of its \$511,400,000* aggregate principal amount Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020A (the "2020A Senior Lien Bonds"), its \$143,470,000* aggregate principal amount Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020B (the "2020B Senior Lien Bonds"), its \$60,125,000* aggregate principal amount Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020C (the "2020C Senior Lien Bonds"), its \$462,630,000* aggregate principal amount Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020D (the "2020D Senior Lien Bonds") and its \$65,620,000* aggregate principal amount Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2020E (the "2020E Senior Lien Bonds"). The 2020A Senior Lien Bonds, the 2020B Senior Lien Bonds, the 2020C Senior Lien Bonds, the 2020D Senior Lien Bonds and the 2020E Senior Lien Bonds are referred to collectively herein as the "2020 Senior Lien Bonds."

Certain other capitalized terms used in this Official Statement, unless otherwise defined herein, are defined in APPENDIX A - "GLOSSARY OF TERMS."

AUTHORIZATION

The 2020 Senior Lien Bonds will be issued under the authority granted to the City as a home rule unit of local government under the Illinois Constitution of 1970. The 2020 Senior Lien Bonds will be issued pursuant to an ordinance adopted by the City Council of the City on March 28, 2018 (the "Bond Ordinance"). The 2020 Senior Lien Bonds will also be issued and secured under the Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations dated as of June 1, 2018 (as further amended and supplemented from time to time, the "Senior Lien Indenture"), between the City and U.S. Bank National Association, Chicago, Illinois, as successor trustee to LaSalle Bank National Association (the "Trustee"), as supplemented by the Sixty-Sixth Supplemental Indenture (the "Sixty-Sixth Supplemental Indenture"), the Sixty-Seventh Supplemental Indenture (the "Sixty-Seventh Supplemental Indenture"), the Sixty-Eighth Supplemental Indenture (the "Sixty-Eighth Supplemental Indenture") and the Sixty-Ninth Supplemental Indenture (the "Sixty-Ninth Supplemental Indenture" and collectively with the Sixty-Sixth Supplemental Indenture, the Sixty-Seventh Supplemental Indenture and the Sixty-Eighth Supplemental Indenture, the "2020 Supplemental Indentures" and each a

* Preliminary, subject to change.

"2020 Supplemental Indenture") each dated as of October 1, 2020, and each between the City and the Trustee. The Senior Lien Indenture was amended and restated as of June 1, 2018 and became effective as of December 3, 2018, to reflect modifications to the agreements between the airlines and the City as set forth in the Airline Use and Lease Agreements (as defined herein). See "SECURITY FOR THE 2020 SENIOR LIEN BONDS-Airline Use and Lease Agreements."

The Senior Lien Indenture grants to the Trustee a first lien on and pledge of Revenues (as defined herein) derived from the operation of Chicago O'Hare International Airport ("O'Hare") to secure, on a parity basis, (i) the 2020 Senior Lien Bonds which are described in this Official Statement, (ii) all of the issued and Outstanding Senior Lien Bonds (as defined herein) and (iii) any other Senior Lien Obligations (as defined herein) issued by the City in accordance with the Senior Lien Indenture. The terms "Revenues," "Senior Lien Obligations" and "Outstanding Senior Lien Obligations" are more fully described and defined under the heading "SECURITY FOR THE 2020 SENIOR LIEN BONDS." The City currently has Outstanding Senior Lien Bonds in the aggregate principal amount of \$8.787 billion (which amount includes the Refunded Bonds that are Senior Lien Bonds anticipated to be refunded with proceeds of the 2020 Senior Lien Bonds). The Outstanding Senior Lien Bonds, together with the 2020 Senior Lien Bonds, are collectively referred to herein as the "Senior Lien Bonds." See "PLAN OF FINANCE" and APPENDIX H-"BONDS TO BE REFUNDED."

Each Supplemental Indenture and the related Series of 2020 Senior Lien Bonds is described below:

SUPPLEMENTAL INDENTURE	RELATED 2020 SENIOR LIEN BONDS
Sixty-Sixth Supplemental Indenture	2020A Senior Lien Bonds
Sixty-Seventh Supplemental Indenture	2020B Senior Lien Bonds
Sixty-Eighth Supplemental Indenture	2020C Senior Lien Bonds and 2020E Senior Lien Bonds
Sixty-Ninth Supplemental Indenture	2020D Senior Lien Bonds

For information on the book-entry system operated by DTC (as defined herein), see APPENDIX G - "DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES."

PURPOSE

The proceeds from the sale of the 2020 Senior Lien Bonds, together with other available funds, are being used to: (i) refund certain Outstanding Senior Lien Bonds and certain outstanding PFC Obligations (as defined herein) (collectively, the "Refunded Bonds"), (ii) fund the related Reserve Requirements for the 2020 Senior Lien Bonds, and (iii) pay costs and expenses incidental thereto and to the issuance of the 2020 Senior Lien Bonds. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS."

In addition, proceeds from the sale of the 2020 Senior Lien Bonds may be used to capitalize interest on certain series of the 2020 Senior Lien Bonds and to fund interest on certain Outstanding Senior Lien Bonds.

SECURITY FOR THE 2020 SENIOR LIEN BONDS

The 2020 Senior Lien Bonds and the interest thereon will be limited obligations of the City payable from and secured by a pledge of Revenues derived from the operation of O'Hare and will be secured on a parity basis as to Revenues with the City's Outstanding Senior Lien Bonds and such other Senior Lien Obligations as may be outstanding from time to time, as more fully described herein.

The Revenues are substantially derived from payments of rentals, fees and charges made pursuant to the Airline Use and Lease Agreements (as defined herein) by the "Signatory Airlines" that use O'Hare and are signatories to such Airline Use and Lease Agreements. See "SECURITY FOR THE 2020 SENIOR LIEN BONDS-Airline Use and Lease Agreements" for a discussion of the City's covenant to continue to collect rentals, fees and other charges from the airlines using O'Hare. See also APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AND LEASE AGREEMENTS."

In addition to the Revenues, debt service on the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds is payable from and secured by a pledge of Other Available Moneys consisting of a subordinate pledge of all revenues received by the City from the passenger facility charges imposed by the City at O'Hare ("PFC Revenues") as more fully described under the heading "SECURITY FOR THE 2020 SENIOR LIEN BONDS."

The following sets forth the pledged security under the Senior Lien Indenture and the applicable 2020 Supplemental Indenture for each Series of the 2020 Senior Lien Bonds:

<u>Series of 2020 Senior Lien Bonds</u>	<u>Pledged Security</u>
Series 2020A Senior Lien Bonds	Revenues
Series 2020B Senior Lien Bonds	Revenues
Series 2020C Senior Lien Bonds	Revenues and PFC Revenues
Series 2020D Senior Lien Bonds	Revenues
Series 2020E Senior Lien Bonds	Revenues and PFC Revenues

LIMITED OBLIGATIONS

The 2020 Senior Lien Bonds will not be general obligations of the City and will not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the State of Illinois, the City or any other political subdivision of the State of Illinois will be pledged to the payment of the principal of or interest on the 2020 Senior Lien Bonds. The 2020 Senior Lien Bonds are not payable in any manner from revenues raised by taxation. No property of the City (including property located at O'Hare) is pledged as security for the 2020 Senior Lien Bonds.

OUTSTANDING INDEBTEDNESS AT O'HARE AND FUTURE FINANCINGS

The City has financed capital improvements at O'Hare through various sources, including City financings. The City has issued obligations secured by Revenues, including the Outstanding Senior Lien Obligations secured by Revenues on a senior lien basis, and Chicago O'Hare International Airport Commercial Paper Notes ("Commercial Paper Notes") and Chicago O'Hare International Airport Letter of Credit Agreement Notes ("Credit Agreement Notes") both secured by Revenues on a junior lien basis. The Senior Lien Indenture provides that the City may pledge certain "Other Available Moneys" (as defined in the Senior Lien Indenture) to pay debt service on a Series of Senior Lien Bonds. The City has pledged Other Available Moneys to pay certain maturities of certain Series of Outstanding Senior Lien Bonds. Certain of the Outstanding Senior Lien Obligations are secured by revenue sources which are separate and apart from Revenues, such as Other Available Moneys consisting of a subordinate pledge on all PFC Revenues and a pledge of Other Available Moneys consisting of moneys received by the City from the United States of America and agencies thereof, including the FAA, pursuant to the Grant Letter of Intent ("Grant Receipts"). For additional information regarding the Grant Letter of Intent and the expected uses of such funds, see APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT-The Airport Consultant's Letter." In addition, the City has issued PFC Obligations (as defined herein) secured by PFC

Revenues, CFC Obligations (as defined herein) secured by customer facility charges ("CFCs") paid by customers of the rental car companies operating at O'Hare, and Special Facility Revenue Bonds secured by payments made by individual airlines and other tenants and licensees pursuant to separate special facility agreements with the City. See "OUTSTANDING INDEBTEDNESS AT O'HARE" and APPENDIX D - "AUDITED FINANCIAL STATEMENTS-Note 4."

The City expects to issue additional indebtedness, from time to time, including Senior Lien Bonds, Commercial Paper Notes, Credit Agreement Notes, PFC Obligations and CFC Obligations, to continue implementation and funding of capital projects at O'Hare and refunding of outstanding indebtedness at O'Hare. For a discussion of future financings and financing needs for O'Hare, see "PLAN OF FINANCE," "CAPITAL PROGRAMS" and APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

CHICAGO O'HARE INTERNATIONAL AIRPORT

O'Hare is the primary commercial airport for the City. O'Hare occupies over 7,200 acres of land and is located 18 miles northwest of the City's central business district. Based on preliminary data from Airports Council International ("ACI") for the 12-month period ended December 2019, O'Hare ranked first worldwide in total aircraft operations, and sixth worldwide and third in the United States in terms of total passengers. According to the Chicago Department of Aviation ("CDA"), O'Hare had approximately 79.8 million total enplaned and deplaned passengers in 2017, approximately 83.2 million in 2018, and approximately 84.6 million in 2019. United Airlines and American Airlines each maintain a hub at O'Hare. United Airlines (including its regional affiliates) accounted for 44.5 percent of the enplaned passengers at O'Hare as of December 31, 2019. American Airlines (including its regional affiliates) accounted for 35.2 percent of the enplaned passengers at O'Hare as of December 31, 2019. For additional information regarding O'Hare, see "CHICAGO O'HARE INTERNATIONAL AIRPORT," "AIR TRAFFIC ACTIVITY AT O'HARE – Recent Developments at the Airport – COVID-19," "CERTAIN INVESTMENT CONSIDERATIONS" and APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

CAPITAL PROGRAMS

The City has on-going capital programs at O'Hare that are collectively referred to herein as the "Airport Capital Program" or the "Capital Programs" which includes: (i) the remaining O'Hare Modernization Program ("OMP") Airfield Projects, (ii) Terminal Area Plan ("TAP") Phase I ("TAP Phase I"), (iii) Near-Term Gate Improvements and Other Projects (as defined herein) and (iv) the Capital Improvement Program ("CIP") projects ("CIP Projects").

In March 2018, the City announced approximately \$8.5 billion of new O'Hare projects approved under the Airline Use and Lease Agreement: (i) the Phase I TAP Elements (as defined herein); (ii) the Pre-Approved CIP Projects (as defined herein); and (iii) other Pre-Approved Allowances for major capital maintenance and infrastructure reliability projects (the "Pre-Approved Allowances"). These projects and their funding are described herein and in the Report of the Airport Consultant (as defined herein). See "CAPITAL PROGRAMS" and APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

REGIONAL AIRPORT OVERSIGHT

The City operates O'Hare and Chicago Midway International Airport ("Midway") through the CDA as separate and distinct enterprises for financial purposes. The 2020 Senior Lien Bonds are not secured by any revenues generated, or property located, at Midway. See "CHICAGO O'HARE INTERNATIONAL AIRPORT-Other Commercial Service Airports Serving The Chicago Region" herein. On April 15, 1995, the City and the City of Gary, Indiana entered into the Compact (as defined herein) with respect to the

relationship among O'Hare, Midway, Merrill C. Meigs Field* and the Gary/Chicago Airport (now known as Gary/Chicago International Airport). Gary/Chicago International Airport is owned by the City of Gary, Indiana. See "CHICAGO O'HARE INTERNATIONAL AIRPORT-Regional Authority."

CERTAIN INVESTMENT CONSIDERATIONS

The 2020 Senior Lien Bonds may not be suitable for all investors. Prospective purchasers of the 2020 Senior Lien Bonds should read this entire Official Statement for details of the 2020 Senior Lien Bonds, the use of the proceeds of the 2020 Senior Lien Bonds, the financial condition of the airlines and certain other factors that could adversely affect the airline industry, including specifically the information under the captions "AIR TRAFFIC ACTIVITY AT O'HARE – Recent Developments at the Airport – COVID-19" and "CERTAIN INVESTMENT CONSIDERATIONS."

REPORT OF THE AIRPORT CONSULTANT

Ricondo & Associates, Inc., the City's airport consultant (the "Airport Consultant") prepared a Report of the Airport Consultant dated November 2, 2018 (the "2018 Report of the Airport Consultant"), in connection with the issuance by the City of certain Senior Lien Bonds. The Airport Consultant has further supplemented and updated certain information contained in the 2018 Report of the Airport Consultant pursuant to its letter report to be issued on or about the date of the offering of the 2020 Senior Lien Bonds (the "Series 2020 Letter" and, together with the 2018 Report of the Airport Consultant, referred to herein as the "Report of the Airport Consultant"), and the Report of the Airport Consultant is included as APPENDIX E to this Official Statement. The Report of the Airport Consultant provides certain information with respect to O'Hare and the Capital Programs, evaluates aviation activity at O'Hare and presents the analysis undertaken by the Airport Consultant to demonstrate the ability of the City to comply with the requirements of the Senior Lien Indenture on a pro forma basis for Fiscal Years 2020 through 2029 based on the assumptions set forth therein (the "Projections"). The Report of the Airport Consultant is described more fully under the caption "AIRPORT CONSULTANT" herein. The final maturity date of each Series of the 2020 Senior Lien Bonds extends beyond the period of the Projections. Projections contained in the Report of the Airport Consultant are based on assumptions set forth therein.

As noted below under "-Regarding Use of the Official Statement—*Forward Looking Statements*," any projection, including, but not limited to those contained in the Report of the Airport Consultant, is subject to uncertainties, including the possibility that some of the assumptions used to develop the projections will not be realized and that unanticipated events and circumstances will occur. Accordingly, there are likely to be differences between projections and actual results, which differences could be material. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

REGARDING USE OF THE OFFICIAL STATEMENT

Forward Looking Statements. All statements other than statements of historical facts included in this Official Statement are forward looking statements, including, without limitation: (a) statements concerning projections of future passenger activity at O'Hare and of future financial performance at O'Hare (see APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT"), (b) statements of the plans and objectives of the City in relation to the Capital Programs (see "CHICAGO O'HARE INTERNATIONAL AIRPORT," "AIR TRAFFIC ACTIVITY AT O'HARE" and "CAPITAL PROGRAMS"), (c) statements concerning projections regarding developments and impact of COVID-19 (see "AIR TRAFFIC ACTIVITY AT O'HARE" and "CERTAIN INVESTMENT CONSIDERATIONS") and (d) assumptions relating to the

* Meigs Field was closed in March 2003.

statements described in clauses (a) and (b) above (collectively, the "Forward Looking Statements"). See "CERTAIN INVESTMENT CONSIDERATIONS-Forward Looking Statements."

Projections. The Projections set forth in the Report of the Airport Consultant or otherwise in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the City's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the O'Hare. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information. Neither the City's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. Such parties assume no responsibility for, and disclaim any association with, the prospective financial information.

The City has included the Report of the Airport Consultant based upon the Airport Consultant's expertise in the aviation industry. The Airport Consultant believes that the expectations reflected in the Forward Looking Statements are reasonable. However, there can be no assurance that the expectations contained in the Forward-Looking Statements, including those set forth in the Report of the Airport Consultant, will be achieved. Important factors that could cause actual results to differ materially from the current expectations of the Airport Consultant are discussed in this Official Statement.

Glossary of Terms; Document Summaries. This Official Statement contains summaries of the terms of and security for the 2020 Senior Lien Bonds, together with descriptions of O'Hare and its operations. A Glossary of Terms used in the Senior Lien Indenture is included as APPENDIX A, a summary of certain provisions of the Senior Lien Indenture is included as APPENDIX B and a summary of certain provisions of the Airline Use and Lease Agreements is included as APPENDIX C. APPENDIX A- "GLOSSARY OF TERMS" contains terms of general applicability, which are used herein, and terms related to the Senior Lien Indenture and the Airline Use and Lease Agreements as set forth therein. Certain capitalized terms not otherwise defined herein are defined as set forth in APPENDIX A. All references to the 2020 Senior Lien Bonds are further qualified by references to the information with respect to them contained in the Senior Lien Indenture. All references herein to agreements and documents are qualified in their entirety by references to the definitive forms of the agreement or document.

THE 2020 SENIOR LIEN BONDS

GENERAL

The 2020 Senior Lien Bonds will mature on January 1 of the years and in the amounts shown on the inside cover pages hereof and will be dated as of their date of delivery. The 2020 Senior Lien Bonds will bear a fixed rate of interest until their final maturity or earlier redemption at the rates per annum set forth on the inside cover pages hereof. Interest on the 2020 Senior Lien Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2021.

The 2020 Senior Lien Bonds will be subject to redemption as described below under "Redemption Provisions."

The 2020 Senior Lien Bonds will be issued only as fully registered bonds. The 2020 Senior Lien Bonds will be issued in denominations that are integral multiples of \$5,000. The 2020 Senior Lien Bonds

will be initially registered through a book entry only system operated by The Depository Trust Company, New York, New York ("DTC"). Details of payments of the 2020 Senior Lien Bonds when in the book entry form and the book entry only system are described in APPENDIX G - "DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES." Except as described in APPENDIX G, beneficial owners of the 2020 Senior Lien Bonds will not receive or have the right to receive physical delivery of 2020 Senior Lien Bonds, and will not be or be considered under the Senior Lien Indenture to be the Registered Owners thereof. Accordingly, beneficial owners must rely upon (i) the procedures of DTC and, if such beneficial owner is not a DTC Participant, the DTC Participant who will act on behalf of such beneficial owner to receive notices and payments of principal and interest on the 2020 Senior Lien Bonds and to exercise voting rights, and (ii) the records of DTC and, if such beneficial owner is not a DTC Participant, such beneficial owner's DTC Participant, to evidence its beneficial ownership of 2020 Senior Lien Bonds. As long as DTC or its nominee is the Registered Owner of 2020 Senior Lien Bonds, references herein to Bondholders or Registered Owners of such 2020 Senior Lien Bonds shall mean DTC or its nominee and shall not mean the beneficial owners of such 2020 Senior Lien Bonds.

Beneficial interests in the 2020 Senior Lien Bonds may be held through DTC, Clearstream Banking, S.A. ("Clearstream") or Euroclear Bank S.A./N.V. ("Euroclear"), directly as a participant or indirectly through organizations that are participants in such system. See APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES."

REDEMPTION PROVISIONS*

Optional Redemption Provisions.

2020A Senior Lien Bonds. The 2020A Senior Lien Bonds maturing on and after January 1, 20__, are subject to redemption at the option of the City on or after January 1, 20__, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for the 2020A Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2020A Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2020B Senior Lien Bonds. The 2020B Senior Lien Bonds maturing on or after January 1, 20__ are subject to redemption at the option of the City on or after January 1, 20__, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for the 2020B Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2020B Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2020C Senior Lien Bonds. The 2020C Senior Lien Bonds maturing on and after January 1, 20__, are subject to redemption at the option of the City on or after January 1, 20__, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for the 2020C Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2020C Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2020D Senior Lien Bonds. *Make Whole Redemption Price.* Each maturity of the 2020D Senior Lien Bonds is subject to redemption at the option of the City, as a whole, or in part pro-rata, on any date at a redemption price equal to the greater of (A) the principal amount of such 2020D Senior Lien Bonds to be redeemed and (B) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such 2020D Senior Lien Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date such 2020D Senior Lien Bonds are to be redeemed, discounted to the date on which such 2020D Senior Lien Bonds are to be redeemed on a semi-

* Preliminary, subject to change.

annual basis, assuming a 360 day year consisting of twelve 30 day months, at the Treasury Rate plus _____ basis points, plus, in each case, accrued and unpaid interest on such 2020D Senior Bonds to be redeemed to, but not including, the redemption date. The Calculation Agent shall determine the applicable Treasury Rate and the resulting redemption price of each 2020D Senior Lien Bond to be redeemed pursuant to this paragraph. The City and the Trustee may rely upon the determinations made by the Calculation Agent.

"Treasury Rate" means, as of the redemption date for any 2020D Senior Lien Bond to be redeemed at the option of the City at the Make Whole Redemption Price, (i) the time-weighted interpolated average yield to maturity, assuming a 360 day year consisting of twelve 30 day months, for a term equal to the applicable Make Whole Period, of the two United States Treasury nominal securities at "constant maturity" (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that is publicly available not less than two Business Days no more than 30 calendar days prior to the redemption date (excluding inflation indexed securities)) or (ii) if the Make Whole Period is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year. If the Federal Reserve Statistical Release H.15 (519) is no longer published, then the Trustee shall select as a substitute for the Federal Reserve Statistical Release H.15 (519) any publicly available source of similar market data which, in the reasonable opinion of the Trustee, is most nearly equal to the Make Whole Period.

"Make Whole Period" means, for any 2020D Senior Lien Bond to be redeemed at the option of the City at the Make Whole Redemption Price, the period between the date of redemption of such 2020D Senior Lien Bond and the maturity date of such 2020D Senior Lien Bond, taking into account any Sinking Fund Payments for the 2020D Senior Lien Bonds of like maturity and interest rate of the 2020D Senior Lien Bond to be redeemed.

2020E Senior Lien Bonds. The 2020E Senior Lien Bonds maturing on and after January 1, 20____, are subject to redemption at the option of the City on or after January 1, 20____, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for the 2020E Senior Lien Bonds of the same maturity, at a redemption price equal to the principal amount of each 2020E Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption Provisions.

2020D Senior Lien Bonds. The 2020D Senior Lien Bonds maturing on January 1, 2038* are subject to mandatory redemption, in part and pro-rata, by the application of Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Amount</u>
2036	\$6,990,000
2037	7,220,000
2038 [†]	7,470,000

[†] Final Maturity

If the City redeems the Senior Lien Bonds, subject to mandatory redemption pursuant to optional redemption or purchases such 2020 Senior Lien Bonds subject to mandatory redemption and cancels the same, then an amount equal to the principal amount of the 2020 Senior Lien Bonds of such Series and maturity so redeemed or purchased shall be deducted from the mandatory redemption requirements as

* Preliminary, subject to change.

provided for such 2020 Senior Lien Bonds of such Series and maturity in such order as the Chief Financial Officer of the City shall determine.

Redemption Procedures. Notice of redemption of the 2020 Senior Lien Bonds identifying the 2020 Senior Lien Bonds or portions thereof to be redeemed, and specifying the redemption date, the redemption price (or the manner of determining the redemption price in the case of an optional redemption of the 2020D Senior Lien Bonds), the places and dates of payment, that from the redemption date interest will cease to accrue, and whether the redemption (in the case of an optional redemption) is conditioned upon sufficient moneys being available on the redemption date (or any other condition), shall be given by the Trustee by mailing a copy of such redemption notice, not less than 30 days nor more than 60 days prior to the date fixed for redemption, to the Registered Owner of each such 2020 Senior Lien Bond to be redeemed in whole or in part at the address shown on the registration books. Redemption notices will be sent by first class mail, except that notices to Registered Owners of at least \$1,000,000 of 2020 Senior Lien Bonds of the same Series shall be sent by registered mail. Failure to mail any such notice to the Registered Owner of any such 2020 Senior Lien Bond or any defect therein shall not affect the validity of the proceedings for such redemption of such 2020 Senior Lien Bond. Any such notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the Registered Owner of any 2020 Senior Lien Bond receives the notice.

If a 2020 Senior Lien Bond is of a denomination larger than \$5,000, all or a portion of such 2020 Senior Lien Bond (in a denomination of \$5,000 or any integral multiple thereof) may be redeemed, but such 2020 Senior Lien Bond shall be redeemed only in a principal amount equal to \$5,000 or any integral multiple thereof. Upon surrender of any 2020 Senior Lien Bond for redemption in part only, the City shall execute and the Trustee shall authenticate and deliver to the Registered Owner thereof, at the expense of the City, a new 2020 Senior Lien Bond or 2020 Senior Lien Bonds of the same Series, maturity and interest rate and of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the 2020 Senior Lien Bond surrendered.

Selection of 2020 Senior Lien Bonds to be Redeemed. If fewer than all of the 2020A Senior Lien Bonds, 2020B Senior Lien Bonds, 2020C Senior Lien Bonds or 2020E Senior Lien Bonds of the same Series, maturity and interest rate are called for redemption, such 2020 Senior Lien Bonds (or portions thereof) to be redeemed shall be selected by lot by the Trustee (except at any time when such 2020 Senior Lien Bonds are held in the DTC book entry system, in which case selection of such 2020 Senior Lien Bonds to be redeemed will be in accordance with procedures established by DTC).

In the case of any partial pro-rata redemption of 2020D Senior Lien Bonds of the same maturity and interest rate and at any time that the 2020D Senior Lien Bonds are held in book entry form by DTC, the Trustee shall instruct DTC to provide for such redemption on a pro-rata pass through distribution of principal basis in accordance with DTC procedures and the operational arrangements of DTC then in effect, and, if DTC procedures and operational arrangements do not allow for redemption on such pass through distribution of principal basis, then the Trustee shall direct DTC to provide for such redemption by lot and in denominations of \$5,000 or any integral multiple of \$5,000 in accordance with DTC procedures. If on the date of selection of such 2020D Senior Lien Bonds for pro-rata redemption, any of the 2020D Senior Lien Bonds to be redeemed are not held in book entry form by DTC, the Trustee shall provide for the pro-rata redemption from each Registered Owner of an amount of such 2020D Senior Lien Bonds, determined by multiplying the principal amount thereof to be redeemed on the redemption date by a fraction, the numerator of which is a the principal amount of such 2020D Senior Lien Bonds held by such Registered Owner and the denominator of which is the principal amount of all such 2020D Senior Lien Bonds Outstanding immediately prior to the date such 2020D Senior Lien Bonds are selected for redemption, and then rounding the product to the next lower integral multiple of \$5,000. Any remaining amount allocated

for such redemption shall be applied to such redemption by lot and in denominations of \$5,000 on any integral multiple of \$5,000 as determined by the Trustee.

The City intends that redemption allocations made by DTC with respect to the 2020D Senior Lien Bonds be made on a pro rata pass-through distribution of principal basis as described above. However, neither the City nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of 2020D Senior Lien Bonds on such basis.

For information on the book-entry system operated by DTC, see APPENDIX G- "DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES."

SECURITY FOR THE 2020 SENIOR LIEN BONDS

GENERAL

Overview. The 2020 Senior Lien Bonds and the interest thereon are limited obligations of the City payable from and secured by a pledge of Revenues derived from the operations of O'Hare and certain funds, sub-funds and accounts maintained under the Senior Lien Indenture and do not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the State of Illinois, the City or any other political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the 2020 Senior Lien Bonds. The 2020 Senior Lien Bonds are not payable in any manner from revenues raised by taxation. No property of the City (including property located at O'Hare) is pledged as security for the 2020 Senior Lien Bonds.

As described below, the claim of the holders of the Senior Lien Obligations, including holders of the 2020 Senior Lien Bonds, to Revenues of O'Hare is a first lien on and pledge of such Revenues and is senior to the claim of any Junior Lien Obligations. The 2020 Senior Lien Bonds are secured on a parity basis with the City's Outstanding Senior Lien Obligations. Subject to certain conditions set forth in the Senior Lien Indenture, the City may issue additional Senior Lien Bonds (the "Additional Senior Lien Bonds") or incur other Senior Lien Obligations that will be secured on a parity basis with the 2020 Senior Lien Bonds and the City's other Senior Lien Obligations. See "OUTSTANDING INDEBTEDNESS AT O'HARE-Airport Obligations-Issuance of Additional Airport Obligations" and "CAPITAL PROGRAMS."

As used in this Official Statement the following terms shall have the meanings as set forth below:

"Senior Lien Obligations" means the 2020 Senior Lien Bonds, all Outstanding Senior Lien Bonds, and other obligations of the City payable from Revenues, other than Junior Lien Obligations, including any obligations of the City under a Qualified Senior Lien Swap Agreement and obligations incurred by the City to reimburse the issuers of any letters of credit or bond purchase agreements securing one or more Series of Senior Lien Bonds.

"Junior Lien Obligations" means Commercial Paper Notes, Credit Agreement Notes, and other obligations payable from Revenues on a junior lien basis to Senior Lien Obligations.

"Airport Obligations" refers to and includes all obligations payable from Revenues, including Senior Lien Obligations and Junior Lien Obligations.

The Senior Lien Indenture provides that in addition to the Revenues, Senior Lien Bonds may be secured by and payable from "Pledged Other Available Moneys" pledged to the payment thereof under the Supplemental Indenture securing such Series of Senior Lien bonds.

The 2020A Senior Lien Bonds, the 2020B Senior Lien Bonds and the 2020D Senior Lien Bonds will be payable solely from and secured by a pledge of Revenues.

The 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds will be secured by (i) a pledge of Revenues and (ii) Pledged Other Available Moneys consisting of a subordinate pledge of PFC Revenues, including moneys to be drawn from the PFC Capital Fund (the "2020C and 2020E Pledged PFC Revenues"). The annual amount of the 2020C and 2020E Pledged PFC Revenues may be less than the principal and interest due on the 2020C Senior Lien Bonds and on the 2020E Senior Lien Bonds and, if so, the difference will be paid from Revenues. The application of 2020C and 2020E Pledged PFC Revenues to the payment of principal and interest on the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds will reduce the amount of principal and interest expense otherwise payable from Airport Fees and Charges.

DESCRIPTION OF REVENUES

General. "Revenues" consist of all amounts received or receivable, directly or indirectly, by the City for the use and operation of, or with respect to, O'Hare provided, however, Revenues does not include: (i) interest accruing on, and any profit from the investment of, moneys in any fund or account of O'Hare that is not available by agreement or otherwise for deposit into the Revenue Fund; (ii) Government Grants in Aid; (iii) the proceeds of any PFC, CFC or similar tax or charge levied by or on behalf of the City including but not limited to, any cargo facility charge or security charge; (iv) insurance proceeds, except to the extent such moneys are deemed revenues in accordance with generally accepted accounting principles, and condemnation award proceeds; (v) amounts derived by the City from Special Facility Financing Arrangements, but only to the extent such moneys are required to pay the principal of, premium, if any, and interest on Special Facility Revenue Bonds and other payments required by Special Facility Financing Arrangements; (vi) the proceeds of any borrowing by the City; (vii) the proceeds of any tax levied by or on behalf of the City; (viii) security deposits and the proceeds of the sale of any O'Hare property; and (ix) unless otherwise provided in a Supplemental Indenture, any Released Revenues.

"Released Revenues" means any Revenues in respect of which the Trustee has received the following: (i) a request from the City to exclude such Revenues from the pledge and lien of the Senior Lien Indenture; (ii) a Certificate of an Independent Airport Consultant, based upon reasonable assumptions, to the effect that Revenues, after Revenues covered by such request are excluded for each of the five full Fiscal Years following the Fiscal Year in which such certificate is delivered, will be sufficient to enable the City to satisfy the debt service coverage covenant described in the first paragraph under the subcaption "-Debt Service Coverage Covenants" below in each of those five Fiscal Years; (iii) an opinion of counsel to the effect that (a) the conditions to the release of such Revenues have been met, and (b) the exclusion of such Revenues from the pledge and lien of the Senior Lien Indenture will not, in and of itself, cause the interest on any outstanding Senior Lien Obligations to be included in gross income for purposes of federal income taxation; and (iv) written confirmation from each of the Rating Agencies to the effect that the exclusion of such Revenues from the pledge and lien of the Senior Lien Indenture will not cause a withdrawal or reduction in any unenhanced rating then assigned to any Senior Lien Obligations.

For a complete definition of Revenues, see APPENDIX A - "GLOSSARY OF TERMS." For a general description of the application of Revenues under the Senior Lien Indenture, see "-Flow of Funds" below and APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Source of Payment; Pledge of Revenues and Other Moneys."

The Senior Lien Indenture creates the Revenue Fund to be held and administered by the Trustee as provided in the Senior Lien Indenture. The Senior Lien Indenture requires that all Revenues shall be collected by the City and promptly deposited to the credit of the Revenue Fund.

Certain Aviation Fuel Taxes Excluded from Revenues. Pursuant to the Airport and Airway Safety and Capacity Expansion Act of 1987 (P.L. No. 100-223) (the "1987 Airport Act"), aviation fuel taxes imposed at airports which have received federal grant funds must generally be used for airport capital and operating costs or for a state aviation program or for noise mitigation purposes on or off the airport. However, certain provisions of the 1987 Airport Act authorize the City to use aviation fuel tax revenues generated from aviation fuel taxes at the per gallon rate in effect at O'Hare on December 30, 1987, for other than such permitted airport-related purposes (such provisions of the 1987 Airport Act are referenced in the "Revenue Use Policy" related to such act as "grandfathered"). Such portion of aviation fuel tax revenues do not constitute Revenues pledged to secure the Senior Lien Bonds under the Senior Lien Indenture, and no pledged Revenues are covered by this 1987 Airport Act provision.

O'HARE REVENUES MUST BE USED FOR AIRPORT PURPOSES

The Senior Lien Indenture provides that moneys and securities held by the City in the Airport General Fund, may be applied, used and withdrawn by the City for any lawful corporate purpose. See "-Flow of Funds" for a description of the Airport General Fund. The Senior Lien Indenture also provides that the City will comply with all valid acts, rules, regulations, orders and directives of any governmental, legislative, executive, administrative or judicial body applicable to O'Hare, unless the City contests them in good faith, all to the end that O'Hare will remain operational at all times.

As a recipient of federal grants for O'Hare, the City is required by federal law, including, without limitation, grant assurances applicable to the City under grant agreements with the Federal Aviation Administration ("FAA"), to use all revenues generated at O'Hare, including all Revenues, for the capital or operating costs of O'Hare, the local airport system, or other local facilities which are owned or operated by the City and directly and substantially related to the air transportation of passengers or property.

Any diversion by the City of revenues generated at O'Hare, including Revenues, in violation of federal law or the City's grant assurances, would subject the City to potential enforcement actions by the FAA, including: (i) withholding Airport Improvement Program ("AIP") grant funds, approval of AIP grant applications, modifications of existing AIP grants and approval of applications to impose and use PFCs; and/or (ii) assessment of a civil penalty for unlawful revenue diversion of up to \$50,000; and/or (iii) seeking judicial enforcement for violation of any grant assurance; and/or (iv) assessment of a civil penalty up to three times the amount of the diverted revenue; and/or (v) assessment of interest on the amount of diverted revenue; and/or (vi) withholding any amount from funds otherwise available to the City from the U.S. DOT, including funds for other transportation projects, such as transit or multimodal projects; and/or (vii) exercise by the FAA of its right of reverter and, on behalf of the United States, taking title to all or any part of federal property interests previously conveyed by the federal government to the City.

In addition, any diversion by the City of revenues generated at O'Hare, including Revenues, in violation of the City's grant assurances or federal law may result in a default under the Senior Lien Indenture, which, upon becoming an Event of Default under the Senior Lien Indenture, could result in the exercise by the Trustee of the remedies under the Senior Lien Indenture. See APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Remedies."

DESCRIPTION OF PFC REVENUES

PFC Revenues consist of all revenue received by the City from the passenger facility charges imposed by the City at O'Hare pursuant to the "PFC Act," the "PFC Regulations," the "PFC Approvals" (as such terms are defined below and under the heading "PFC PROGRAM AT O'HARE") and an Ordinance adopted by the City Council of the City on January 12, 1993 (each such passenger facility charge referred to as a "PFC," and collectively, the "PFCs"), including any interest earned thereon after such revenue has been remitted to the City as provided in the PFC Regulations. As of September 2020, the City has authority from the FAA to impose and use PFCs of \$4.50 per eligible enplaned passenger up to an aggregate total of \$6.93 billion to pay for certain Approved Projects (as defined herein). The FAA has approval authority over PFC applications and amendments submitted by the City requesting use of PFCs (the "PFC Approvals"). See "PFC PROGRAM AT O'HARE" herein for a more detailed discussion of O'Hare's PFC program and the City's PFC Program Authority.

All PFC Revenues are deposited with the trustee pursuant to a Master Trust Indenture Securing Chicago O'Hare International Airport Passenger Facility Charge Obligations dated as of January 1, 2008, amending and restating the Master Trust Indenture securing Chicago O'Hare International Airport Second Lien Passenger Facility Charge Obligations dated as of May 15, 2001, as supplemented and amended (the "PFC Indenture"), from the City to The Bank of New York Mellon Trust Company, National Association, as successor to BNY Midwest Trust Company, N.A., as trustee (the "PFC Trustee"). See "OUTSTANDING INDEBTEDNESS AT O'HARE—Airport PFC Obligations" for a discussion of outstanding indebtedness of the City payable from and secured by PFC Revenues imposed at O'Hare.

As used in this Official Statement, "PFC Obligations" means all bonds, notes or evidences of indebtedness payable from PFC Revenues including any obligation of the City under a Qualified PFC Swap Agreement and any obligation incurred by the City to reimburse the issuers of any letters of credit securing one or more Series of PFC Obligations. "Subordinated PFC Obligations" means all bonds, notes or evidences of indebtedness, so designated and issued by the City payable out of or secured by the pledge of amounts withdrawn from the PFC Revenue Fund, the PFC Bond Fund or the PFC Capital Fund which pledge is junior and subordinate to the pledge for the PFC Obligations. "Airport PFC Obligations" means all bonds, notes or other evidences of indebtedness secured solely by a pledge of PFC Revenues, including PFC Obligations and Subordinated PFC Obligations. The PFC Indenture established the PFC Revenue Fund (the "PFC Revenue Fund"), the PFC Bond Fund (the "PFC Bond Fund") and the PFC Capital Fund (the "PFC Capital Fund").

The PFC Indenture provides for PFC Revenues to be applied to fund debt service and other required deposits to secure PFC Obligations and Subordinate Obligations prior to funding the PFC Capital Fund. Amounts in the PFC Capital Fund may be used by the City for any lawful purposes as shall be authorized by the FAA and permitted by the PFC Act, the PFC Regulations and the PFC Approvals. See "OUTSTANDING INDEBTEDNESS AT O'HARE—Airport PFC Obligations" for a discussion of outstanding indebtedness of the City payable from and secured by PFC Revenues. See also "-Flow of Funds" below and APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Source of Payment; Pledge of Senior Lien Revenues and Other Moneys."

The pledge of PFC Revenues and moneys in the PFC Capital Fund as the source of the 2020C and 2020E Pledged PFC Revenues is subject to (i) the prior and superior pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund as security for the payment of PFC Obligations secured under the PFC Master Indenture; (ii) the payments by the City to fund the costs of certain capital projects at the Chicago/Gary International Airport from PFC Revenues pursuant to the Compact between the City and the City of Gary dated April 15, 1995 Relating to the Establishment of the Chicago Gary Regional Airport Authority (the "Compact"); (iii) the parity pledge of and lien on the PFC Revenues and the moneys in the

PFC Capital Fund as security for the payment of the Senior Lien Obligations of the City issued or secured under the (A) Thirty-Eighth Supplemental Indenture, including the outstanding Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2011A, (B) Fifty-Seventh Supplemental Indenture, including the outstanding Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2016F; and (C) Sixtieth Supplemental Indenture including the outstanding Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2017B (iv) the City's right to issue additional Senior Lien Obligations that are also secured by PFC Revenues, including moneys to be withdrawn from the PFC Capital Fund, on a parity with the Bonds and (v) the City's right to issue Subordinated PFC Obligations that are secured by a pledge of and lien on the PFC Revenues and the moneys in the PFC Capital Fund that is superior to the pledge and lien created by the Sixtieth Supplemental Indenture. See "OUTSTANDING INDEBTEDNESS AT O'HARE—Airport PFC Obligations" for a discussion of outstanding indebtedness of the City payable from and secured by PFC Revenues. See also "-Flow of Funds" below, "-Certain Provisions of the PFC Indenture," below and APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Source of Payment; Pledge of Senior Lien Revenues and Other Moneys."

DESCRIPTION OF GRANT RECEIPTS

Grant Receipts consist of moneys received by the City from the United States of America and agencies thereof, including the FAA, pursuant to the Grant Letter of Intent. "Grant Letter of Intent" is defined in APPENDIX A – Glossary of Terms. For additional information regarding the Grant Letter of Intent and the expected uses of such funds see APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT-The Airport Consultant's Letter."

PLEDGE OF REVENUES

Revenues. The Senior Lien Indenture authorizes the issuance of Senior Lien Obligations, without limit as to amount but subject to compliance by the City with certain covenants as to the issuance of additional Senior Lien Obligations, for the purpose of financing "Airport Projects" (as defined in the Senior Lien Indenture), refunding obligations issued to finance Airport Projects and related purposes. Senior Lien Obligations are secured by, and payable from, Revenues paid to the Trustee for deposit into the Revenue Fund established under the Senior Lien Indenture. Pursuant to the Senior Lien Indenture, such Revenues are pledged on a parity basis to the payment of the principal of, premium, if any, and interest on all Senior Lien Obligations (including the 2020 Senior Lien Bonds).

Revenues deposited into the Revenue Fund are allocated monthly to the Operation and Maintenance Fund and semi-annually to the other Senior Lien Indenture Funds, including the Debt Service Fund. Moneys in the Debt Service Fund are then allocated to Dedicated Sub-Funds, including the Common Debt Service Reserve Sub-Fund and any separate debt service reserve fund, to satisfy the then current Deposit Requirements. See "-Flow of Funds" below.

Each 2020 Supplemental Indenture establishes with the Trustee a separate and segregated sub-fund within the Debt Service Fund (the "2020 Senior Lien Dedicated Sub-Funds," each a "2020 Senior Lien Dedicated Sub-Fund"). Each 2020 Senior Lien Dedicated Sub-Fund and each Account established therein are held solely for the benefit of the Registered Owners of the 2020 Senior Lien Bonds issued pursuant to the applicable 2020 Supplemental Indenture. Moneys on deposit in a particular 2020 Senior Lien Dedicated Sub-Fund are not to be used or available for payment of any other Airport Obligations including other 2020 Senior Lien Bonds.

For a general description of the application of Revenues, see "Payment of Debt Service on the 2020 Senior Lien Bonds" below and APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Source of Payment; Pledge of Senior Lien Revenues and Other Moneys."

Other Available Moneys. The Senior Lien Indenture permits the City, at its option, to transfer to the Trustee Other Available Moneys to pay the principal of and interest on the Senior Lien Bonds in addition to Revenues. "Other Available Moneys" means, for any Fiscal Year, the amount of money determined by the Chief Financial Officer to be transferred to the Revenue Fund from sources other than Revenues.

Pledge of 2020C and 2020E Pledged PFC Revenues For 2020C Senior Lien Bonds and 2020E Senior Lien Bonds. The Sixty-Eighth Supplemental Indenture provides that the 2020C and 2020E Pledged PFC Revenues are Other Available Moneys that will be pledged by the City to the payment of the 2020C Senior Lien Bonds and 2020E Senior Lien Bonds.

FLOW OF FUNDS

General. Revenues and expenses of O'Hare are accounted for as a separate enterprise fund of the City, subject to the provisions of the Senior Lien Indenture. Under the Senior Lien Indenture, Revenues, including amounts collected by the City to satisfy deposit requirements established in any resolution, ordinance or indenture securing Airport Obligations, are required to be deposited to the credit of the Revenue Fund in the name of the Trustee with a depository or depositories, each fully qualified under the provisions of the Senior Lien Indenture to receive the same as deposits of money held by the Trustee. The Trustee shall be accountable only for moneys actually so deposited. See "-Airline Use and Lease Agreements" for a discussion of the provisions and term of the Airline Use and Lease Agreements.

Flow of Funds. Moneys in the Revenue Fund shall be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amount provided:

(a) On the tenth day of each month, the Trustee shall transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the then current Operation and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the latest projection in accordance with the Airline Use and Lease Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of required deposits in the Operations and Maintenance Reserve Fund and the Supplemental O&M Reserve Fund), the amount required to be deposited in the Operation and Maintenance Fund each month of such Fiscal Year shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment multiplied by a fraction the numerator of which is 1 and the denominator of which is the number of monthly deposits to the Operation and Maintenance Fund to be made for the remainder of the Fiscal Year.;

(b) On the Business Day of the Trustee immediately preceding each January 1 and July 1, the Trustee shall make the following deposits in the manner and order of priority set forth:

First, into the Debt Service Fund the amount, if any, necessary to increase the amount on deposit therein to an amount sufficient to fund the Deposit Requirements corresponding to that January 1 or July 1;

Second, to the City for deposit into the Operation and Maintenance Reserve Fund, an amount equal to one-half of the Operation and Maintenance Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1; provided, however, that if the latest projection contains an adjustment of Operation and Maintenance Expenses, then the amount required to be deposited in the

Operation and Maintenance Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment;

Third, to the City for deposit into the Maintenance Reserve Fund an amount equal to the lesser of (i) \$1,500,000 and (ii) the amount, if any, required to increase the amount on deposit therein to \$3,000,000;

Fourth, into the Junior Lien Obligation Debt Service Fund an amount, if any, equal to the amount required by any resolution or ordinance authorizing the issuance of Junior Lien Obligations to be deposited therein on such date and without priority, one over the other, to any sub-funds or accounts within the Junior Lien Obligation Debt Service Fund, the amount specified by a Certificate filed with the Trustee;

Fifth, to the City for deposit into the Supplemental O&M Reserve Fund an amount equal to one-half of the Supplemental O&M Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1; provided, however, that if the latest projection contains an adjustment of Operation and Maintenance Expenses, then the amount required to be deposited into the Supplemental O&M Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment; and

Sixth, to the City for deposit into the Airport General Fund, any amount remaining in the Revenue Fund unless the City shall have filed with the Trustee a Certificate specifying a lesser amount, in which case the amount specified by the City in the Certificate shall be the amount to be transferred to the City at such time for deposit into the Airport General Fund.

If at the time deposits are required to be made as described under paragraphs (a) or (b) above, the moneys held in the Revenue Fund are insufficient to make any required deposit, the deposit shall be made up on the next applicable deposit date after required deposits into all other Funds enjoying a higher priority shall have been made in full.

The City shall be mandatorily and irrevocably obligated to apply moneys in the Maintenance Reserve Fund to make up any deficiencies in the Debt Service Fund. In the event moneys are so applied from the Maintenance Reserve Fund, the amount applied shall be restored on the next applicable deposit date after all other Fund deposits enjoying a higher priority shall have been made in full.

Amounts on deposit in the Debt Service Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund, the Junior Lien Obligation Debt Service Fund and the Supplemental O&M Reserve Fund in excess of the amount required under the Senior Lien Indenture or under any Supplemental Indenture, or under any ordinance or resolution authorizing the issuance of Junior Lien Obligations to be on deposit in such Fund at the end of such Fiscal Year shall be transferred to the Revenue Fund.

All moneys held by the City in the Airport General Fund may be applied, used and withdrawn by the City for any lawful airport purpose of O'Hare, free from any lien or security interest in favor of the Trustee and the owners of Senior Lien Obligations. See "-O'Hare Revenues Must Be Used For Airport Purposes" and APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Indenture Funds and Payment of Debt Service-Disbursements from Revenue Fund From and After the Transition Date."

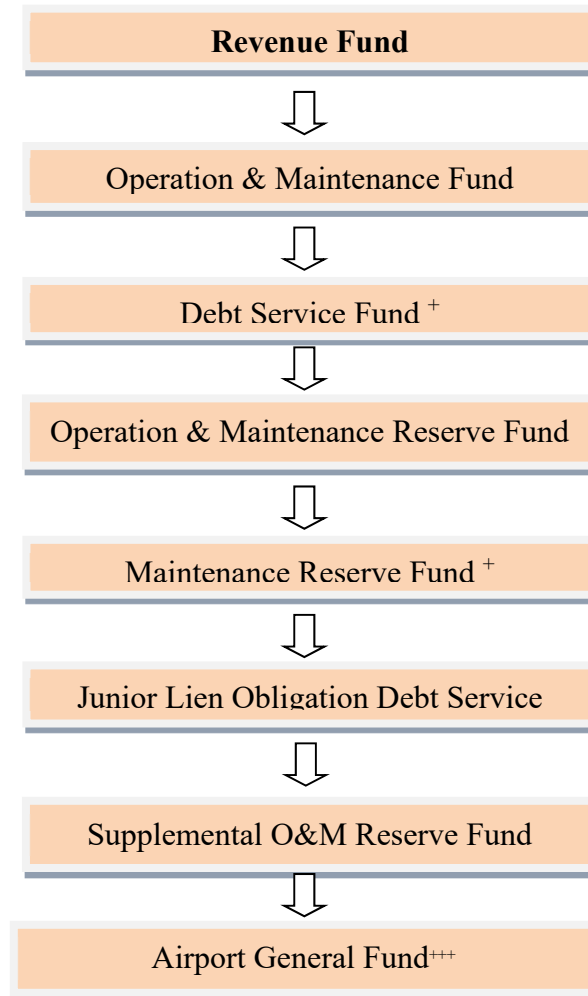
Purpose and Funding of the 2020C and 2020E Senior Lien Bond PFC Revenue Deposit Account. The Sixty-Eighth Supplemental Indenture provides that 2020C and 2020E Pledged PFC Revenues in the PFC Capital Fund will be withdrawn therefrom and deposited into the 2020C and 2020E Senior Lien Bond PFC Revenue Deposit Account (a special account within the Revenue Fund) and used to (i) pay the debt

service on the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds, (ii) satisfy any deficiency in the Consolidated Debt Service Reserve Sub-Fund (as defined herein) and (iii) pay all fees and expenses with respect to the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds. The moneys on deposit in the 2020C and 2020E Senior Lien Bond PFC Revenue Deposit Account are held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2020C Senior Lien Bonds and 2020E Senior Lien Bonds and will not be used or available for the payment of any other Senior Lien Obligations. See APPENDIX B – "SUMMARY OF CERTAIN PROVISION OF THE SENIOR LIEN INDENTURE – Deposit Into and Application of the 2020C and 2020E Bonds PFC Revenue Deposit Account."

Flow of Funds Table. The table on the following page sets forth, in simplified form, the flow of funds described above.

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FLOW OF FUNDS⁽¹⁾⁽²⁾



⁺Balance at year end transferred to Revenue Fund.

Source: Senior Lien Indenture.

^{+++ (1)} This chart represents a simplified description of disbursements from the Revenue Fund. For a detailed description of the disbursements from the Revenue Fund, see "–Flow of Funds," above.

⁽²⁾Moneys in the Airport General Fund may be applied, used and withdrawn by the City for any lawful airport purpose of O'Hare, free from any lien or security interest in favor of the Trustee and the owners of Senior Lien Obligations. See "–O'Hare Revenues Must Be Used For Airport Purposes," above.

PAYMENT OF DEBT SERVICE ON THE 2020 SENIOR LIEN BONDS

General. The moneys in the Debt Service Fund are to be disbursed and applied by the Trustee as required by the provisions of the Senior Lien Indenture, or by the provisions of any Supplemental Indenture creating a Series of Senior Lien Obligations (including the applicable 2020 Supplemental Indenture creating each Series of the 2020 Senior Lien Bonds), or by any instrument creating Senior Lien Obligations. The Trustee shall segregate within the Debt Service Fund and credit to (i) the Common Debt Service Reserve Sub-Fund and to the 2020C and 2020E Senior Lien Consolidated Debt Service Reserve Dedicated Sub-Fund (the "Consolidated Debt Service Reserve Sub-Fund"), such amounts as may be required to be so credited under the Senior Lien Indenture and (ii) such Dedicated Sub-Funds, accounts and sub accounts therein as may have been created for the benefit of such Senior Lien Obligations such amounts as may be required to be so credited under the provisions of such Supplemental Indenture or instrument creating Senior Lien Obligations to pay the principal of and interest on such Senior Lien Obligations. See APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Indenture Funds and Payment of Debt Service."

Each Series of the 2020 Senior Lien Bonds will be payable from Revenues allocated to the Dedicated Sub-Fund established for that Series by the applicable 2020 Supplemental Indenture within the Debt Service Fund.

The 2020A Senior Lien Bonds will be payable solely from Revenues in accordance with the provisions of the Sixty-Sixth Supplemental Indenture. The Sixty-Sixth Supplemental Indenture creates and establishes with the Trustee the 2020A Senior Lien Dedicated Sub-Fund which is a separate and segregated sub-fund within the Debt Service Fund.

The 2020B Senior Lien Bonds will be payable from Revenues in accordance with the provisions of the Sixty-Seventh Supplemental Indenture. The Sixty-Seventh Supplemental Indenture creates and establishes with the Trustee the 2020B Senior Lien Dedicated Sub-Fund, which is a separate and segregated sub-fund within the Debt Service Fund.

The 2020C Senior Lien Bonds will be payable from 2020C and 2020E Pledged PFC Revenues and from Revenues in accordance with the provisions of the Sixty-Eighth Supplemental Indenture. The Sixty-Eighth Supplemental Indenture creates and establishes with the Trustee the 2020C Senior Lien Dedicated Sub-Fund and the Consolidated Debt Service Reserve Sub-Fund, each of which is a separate and segregated sub-fund within the Debt Service Fund and the 2020C and 2020E Senior Lien Bond PFC Revenue Deposit Account.

The 2020D Senior Lien Bonds will be payable solely from Revenues in accordance with the provisions of the Sixty-Ninth Supplemental Indenture. The Sixty-Ninth Supplemental Indenture creates and establishes with the Trustee the 2020D Senior Lien Dedicated Sub-Fund which is a separate and segregated sub-fund within the Debt Service Fund.

The 2020E Senior Lien Bonds will be payable from 2020C and 2020E Pledged PFC Revenues and from Revenues in accordance with the provisions of the Sixty-Eighth Supplemental Indenture. The Sixty-Eighth Supplemental Indenture creates and establishes with the Trustee the 2020E Senior Lien Dedicated Sub-Fund and the Consolidated Debt Service Reserve Sub-Fund, each of which is a separate and segregated sub-fund within the Debt Service Fund and the 2020C and 2020E Senior Lien Bond PFC Revenue Deposit Account.

2020A Senior Lien Bonds. On January 1 and July 1 of each year, commencing January 1, 2021 (each such date referred to herein as the "Deposit Date"), there will be deposited into the 2020A Senior Lien Dedicated Sub-Fund from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts shall have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2020A Deposit Requirement"):

(a) for deposit into the "2020A Senior Lien Principal and Interest Account," an amount equal to the aggregate of: (i) one half of the Principal Installment, if any, coming due on the 2020A Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2020A Senior Lien Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2020A Senior Lien Principal and Interest Account); and

(b) for deposit into the "2020A Senior Lien Program Fee Account," the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2020A Senior Lien Bonds during the semiannual period commencing on such Deposit Date.

In addition to the 2020A Deposit Requirement, there shall be deposited into the 2020A Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or the Sixty-Sixth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2020A Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

2020B Senior Lien Bonds. On each Deposit Date of each year, commencing January 1, 2021, there will be deposited into the 2020B Senior Lien Dedicated Sub-Fund from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts shall have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2020B Deposit Requirement"):

(a) for deposit into the "2020B Senior Lien Principal and Interest Account," an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the 2020B Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2020B Senior Lien Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2020B Senior Lien Principal and Interest Account); and

(b) for deposit into the "2020B Senior Lien Program Fee Account," the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2020B Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2020B Deposit Requirement, there shall be deposited into the 2020B Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or the Sixty-Seventh Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2020B Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

2020C Senior Lien Bonds. On January 1 and July 1 of each year, commencing January 1, 2021 (each such date referred to herein as the "Deposit Date"), there will be deposited into the 2020C Senior Lien Dedicated Sub-Fund first from amounts on deposit in the 2020C and 2020E Senior Lien Bond PFC Revenue Deposit Account and second from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts shall have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2020C Deposit Requirement"):

(a) for deposit into the "2020C Senior Lien Principal and Interest Account," an amount equal to the aggregate of: (i) one half of the Principal Installment, if any, coming due on the 2020C Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2020C Senior Lien Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2020C Senior Lien Principal and Interest Account);

(b) for deposit into the "Consolidated Debt Service Reserve Sub-Fund", the amount, if any, required as of the close of business on such Deposit Date to restore the Consolidated Debt Service Reserve Sub-Fund to the Reserve Requirement, including the reimbursement of any Qualified Credit Provider; and

(c) for deposit into the "2020C Senior Lien Program Fee Account," the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2020C Senior Lien Bonds during the semiannual period commencing on such Deposit Date.

In addition to the 2020C Deposit Requirement, there shall be deposited into the 2020C Senior Lien Dedicated Sub-Fund and the Consolidated Debt Service Reserve Sub-Fund, any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or the Sixty-Eighth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2020C Senior Lien Dedicated Sub-Fund and to one or more accounts therein or into the Consolidated Debt Service Reserve Sub-Fund.

2020D Senior Lien Bonds. On January 1 and July 1 of each year, commencing January 1, 2021 (each such date referred to herein as the "Deposit Date"), there will be deposited into the 2020D Senior Lien Dedicated Sub-Fund from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts shall have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2020D Deposit Requirement"):

(a) for deposit into the "2020D Senior Lien Principal and Interest Account," an amount equal to the aggregate of: (i) one half of the Principal Installment, if any, coming due on the 2020D Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2020D Senior Lien Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2020D Senior Lien Principal and Interest Account); and

(b) for deposit into the "2020D Senior Lien Program Fee Account," the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2020D Senior Lien Bonds during the semiannual period commencing on such Deposit Date.

In addition to the 2020D Deposit Requirement, there shall be deposited into the 2020D Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or the Sixty-Ninth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2020D Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

2020E Senior Lien Bonds. On January 1 and July 1 of each year, commencing January 1, 2021 (each such date referred to herein as the "Deposit Date"), there will be deposited into the 2020E Senior Lien Dedicated Sub-Fund first from amounts on deposit in the 2020C and 2020E Senior Lien Bond PFC Revenue Deposit Account and second from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts shall have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2020E Deposit Requirement"):

(a) for deposit into the "2020E Senior Lien Principal and Interest Account," an amount equal to the aggregate of: (i) one half of the Principal Installment, if any, coming due on the 2020E Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2020E Senior Lien Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2020E Senior Lien Principal and Interest Account);

(b) for deposit into the "Consolidated Lien Debt Service Reserve Sub-Fund", the amount, if any, required as of the close of business on such Deposit Date to restore the Consolidated Debt Service Reserve Sub-Fund to the Reserve Requirement, including the reimbursement of any Qualified Credit Provider; and

(c) for deposit into the "2020E Senior Lien Program Fee Account," the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2020E Senior Lien Bonds during the semiannual period commencing on such Deposit Date.

In addition to the 2020E Deposit Requirement, there shall be deposited into the 2020E Senior Lien Dedicated Sub-Fund and the Consolidated Debt Service Reserve Sub-Fund, any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or the Sixty-Eighth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2020E Senior Lien Dedicated Sub-Fund and to one or more accounts therein or the Consolidated Debt Service Reserve Sub-Fund.

DEBT SERVICE RESERVES

The 2020A Senior Lien Bonds, the 2020B Senior Lien Bonds and the 2020D Senior Lien Bonds are Common Reserve Bonds secured by the Common Debt Service Reserve Sub-Fund. The 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds are not Common Reserve Bonds and are secured by the Consolidated Debt Service Reserve Sub-Fund.

Common Debt Service Reserve Sub-Fund. Pursuant to the Senior Lien Indenture, the Common Debt Service Reserve Sub-Fund is a Dedicated Sub-Fund within the Debt Service Fund, to be known as the Common Debt Service Reserve Sub-Fund, which is held and administered by the Trustee in accordance with the terms of the Senior Lien Indenture. The 2020 Senior Lien Bonds, other than the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds, and the Outstanding Senior Lien Bonds, other than the Series 2005C Bonds, the Series 2005D Bonds, the Series 2010F Bonds, the Series 2011A Bonds, the Series 2012A

Bonds, the Series 2016C Bonds, the Series 2016F Bonds and the Series 2017B Senior Lien Bonds, (which Series of bonds are collectively referred to herein as the "Non-Common Reserve Bonds"), are entitled to the benefit of the Common Debt Service Reserve Sub-Fund (the "Common Reserve Bonds"). Non-Common Reserve Bonds, other than the Series 2005C Bonds and the Series 2005D Bonds, are each secured by a separate debt service reserve account established under the respective Supplemental Indenture authorizing their issuance. These individual debt service reserve accounts do not secure and are not available for payment of debt service on the Common Reserve Bonds, and the Common Debt Service Reserve Sub-Fund does not secure and is not available for payment of the Non Common Reserve Bonds. The Series 2005C Bonds and the Series 2005D Bonds are not secured by a reserve fund.

The "Reserve Requirement" for the Common Debt Service Reserve Sub-Fund is an amount equal to the maximum amount of Principal Installments and interest payable on the Common Reserve Bonds in the current or any succeeding Bond Year; provided, however, that if upon the issuance of a Series of Common Reserve Bonds such amount would require that moneys be paid into the Common Debt Service Reserve Sub-Fund from the proceeds of such Common Reserve Bonds in an amount in excess of the maximum amount permitted under the Code, the Reserve Requirement shall be the sum of (a) the Reserve Requirement immediately preceding the issuance of such Common Reserve Bonds, and (b) the maximum amount permitted under the Code to be deposited from the proceeds of such Common Reserve Bonds, as certified by the Chief Financial Officer.

Additional Senior Lien Bonds issued by the City in the future pursuant to the Senior Lien Indenture may, but need not, be designated as entitled to the benefit of the Common Debt Service Reserve Sub-Fund. The moneys in the Common Debt Service Reserve Sub-Fund are held for the benefit of all Common Reserve Bonds issued or to be issued under the Senior Lien Indenture.

The Reserve Requirement for the Common Debt Service Reserve Sub-Fund may be satisfied by the deposit with the Trustee of (i) cash, (ii) one or more Qualified Credit Instruments, (iii) Qualified Investments, or (iv) a combination thereof.

The Senior Lien Indenture provides, and the City covenants in the Sixty-Sixth Supplemental Indenture with respect to the 2020A Senior Lien Bonds, in the Sixty-Seventh Supplemental Indenture with respect to the 2020B Senior Lien Bonds and in the Sixty-Ninth Supplemental Indenture with respect to the 2020D Senior Lien Bonds, respectively, that (i) the City will maintain the Common Debt Service Reserve Sub-Fund in an amount equal to the Reserve Requirement, (ii) moneys held therein will be held and disbursed for the benefit of all Common Reserve Bonds and such moneys are pledged and assigned for that purpose, and (iii) all Common Reserve Bonds are on a parity and rank equally, without preference, priority or distinction. If on any valuation date under the Senior Lien Indenture the amount on deposit in the Common Debt Service Reserve Sub-Fund is more than the Reserve Requirement, unless otherwise directed by a Certificate of the City to be withdrawn and deposited in trust to pay or provide for the payment of Senior Lien Obligations, the amount of such excess shall be transferred to the Trustee for deposit into the Revenue Fund, provided, however, that immediately after such withdrawal, the amount on deposit in the Common Debt Service Reserve Sub-Fund equals or exceeds the Reserve Requirement.

If at any time the Common Debt Service Reserve Sub-Fund holds both Qualified Credit Instruments and Qualified Investments, the Qualified Investments shall be liquidated and the proceeds applied for the purposes for which Common Debt Service Reserve Sub-Fund moneys may be applied under the Senior Lien Indenture prior to any draw being made on the Qualified Credit Instrument. If the Common Debt Service Reserve Sub-Fund holds Qualified Credit Instruments issued by more than one issuer, draws shall be made under such credit instruments on a pro rata basis to the extent of available funds.

Deficiencies in the Common Debt Service Reserve Sub-Fund are required to be satisfied from Revenues. Amounts deposited in the Common Debt Service Reserve Sub-Fund shall be applied first to reimburse the Qualified Credit Provider and thereby reinstate the Qualified Credit Instrument and next to make deposits into the Common Debt Service Reserve Sub-Fund. The Common Debt Service Reserve Sub-Fund will be applicable only to the Common Reserve Bonds and will not be available to pay debt service on any other Senior Lien Obligations. See "Payment of Debt Service on the 2020 Senior Lien Bonds" above and APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Indenture Funds and Payment of Debt Service."

Prior to issuance of the 2020 Senior Lien Bonds, the Reserve Requirement for the Common Reserve Bonds is \$545,006,338. Upon issuance of the 2020 Senior Lien Bonds, \$_____ will be the new Reserve Requirement for the Common Reserve Bonds and the Common Debt Service Reserve Sub-Fund.

In addition to the cash and Qualified Investments on deposit, various Qualified Credit Instruments remain on deposit in the Common Debt Service Reserve Sub-Fund. As a result of the widespread losses in the mortgage market and overall credit market challenges, among others, Qualified Credit Providers may experience claims and/or reductions in capital such that their capital resources may no longer be sufficient at their respective rating levels to meet their ongoing additional capital needs and/or to respond to claims, including claims under the Qualified Credit Instruments. In the event of the financial distress of any Qualified Credit Provider that has provided a Qualified Credit Instrument on deposit in the Common Debt Service Reserve Sub-Fund, the City is under no obligation to replace the applicable Qualified Credit Instrument with cash or another Qualified Credit Instrument so long as the Common Debt Service Reserve Sub-Fund remains fully funded with cash and Qualified Investments on deposit in satisfaction of the requirements of the Senior Lien Indenture. Except as may be required by the Undertaking described below under "SECONDARY MARKET DISCLOSURE," neither the City nor the Underwriters undertakes responsibility to bring to the attention of the owners of the 2020 Senior Lien Bonds any information regarding the financial condition of any Qualified Credit Provider or to take any action in connection therewith.

Consolidated Debt Service Reserve Sub-Fund. In the Sixty-Eighth Supplemental Indenture, the City covenants that the City will maintain the Consolidated Debt Service Reserve Sub-Fund in an amount equal to the Reserve Requirement with respect to the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds, which requirement may be satisfied with (i) one or more Qualified Reserve Credit Instruments, (ii) Qualified Investments, or (iii) a combination thereof. The Reserve Requirement for the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds will be the lesser of \$_____ (being 125% of the average annual amount of the principal of and interest on the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds), and the maximum amount of principal of and interest on the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds payable in the current or any future Bond Year, and will be fully funded with cash and Qualified Investments in satisfaction of the requirements of the Sixty-Eighth Supplemental Indenture.

If on any Payment Date for the payment of the Principal Installment of and interest on any Series of the 2020C Senior Lien Bonds on the 2020E Senior Lien Bonds, the amount held in the Dedicated Sub-Fund for that Series for the payment of Principal Installment and interest shall be less than the Principal Installment and interest then payable, then the Trustee will withdraw from the Consolidated Debt Service Reserve Sub-Fund and deposit into the Dedicated Sub-Fund for that Series the amount necessary to cure such deficiency. In the case of deficiencies for both Series, such withdrawal shall be made ratably, without preference on priority of any kind.

DEBT SERVICE COVERAGE COVENANTS

The City covenants in the Senior Lien Indenture to fix and establish, and to revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient:

(i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and

(ii) to provide for the greater of (A) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all Outstanding Senior Lien Obligations or other Outstanding Airport Obligations are issued and secured, and (B) (1) for the 2020 Fiscal Year, one and twenty-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year and (2) for the 2021 Fiscal Year and each subsequent Fiscal Year, one and twenty five-hundredths times the Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, and, in each case, such Aggregate Debt Service shall be reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations.

The City further covenants in the Senior Lien Indenture to fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys consisting solely of (a) any PFCs deposited with the Trustee for that Fiscal Year, and (b) any other moneys received by the City in the immediately prior Fiscal Year and deposited with the Trustee no later than the last day of the immediately prior Fiscal Year, will be at least sufficient:

(i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and

(ii) to provide for the payment of Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during the Bond Year to pay the principal of and interest on Senior Lien Obligations.

If during any Fiscal Year, Revenues and other funds are estimated to produce less than the amount required under sections (i) and (ii) above, the City shall revise its Airport rentals, fees and charges or alter its methods of operation to take other action in such manner as is necessary to produce the amount so required in such Fiscal Year.

Within 90 days after the end of each Fiscal Year, the City is required by the Senior Lien Indenture to furnish to the Trustee calculations of the required debt service coverage, as described above. If either calculation for any Fiscal Year indicates that the City has not satisfied its obligations described above, then as soon as practicable, but in any event no later than 45 days after receipt by the Trustee of such calculation, the City must employ an Independent Airport Consultant to review and analyze the financial status and the administration and operation of O'Hare and to submit to the City, within 45 days after employment of the Independent Airport Consultant, a written report on the same, including the action which the Independent Airport Consultant recommends should be taken by the City with respect to the revision of O'Hare rentals, fees and charges, alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the then current Fiscal Year or, if less, the maximum amount

deemed feasible by the Independent Airport Consultant. Within 60 days following its receipt of the recommendations, the City must revise O'Hare rentals, fees and charges or alter its methods of operation, which revisions or alterations need not comply with the recommendations so long as any revisions or alterations are projected by the City to result in compliance with the required debt service coverage, as described above. If at any time and as long as the City is in full compliance with the provisions of the Senior Lien Indenture summarized in this paragraph, there shall be no event of default under the Senior Lien Indenture as a consequence of the City's failure to satisfy the coverage covenants described above.

COVENANTS AGAINST LIEN ON REVENUES

The City covenants in the Senior Lien Indenture that it will not issue any indebtedness, other than Senior Lien Obligations, secured by the pledge of Revenues. The City also covenants not to create or cause to be created any lien or charge on Revenues, or on any other amounts pledged for the benefit of owners of the Senior Lien Obligations, including the 2020 Senior Lien Bonds, other than the pledge of Revenues contained in the Senior Lien Indenture.

Notwithstanding the covenants described in the prior paragraph, the City has the right to issue debt payable from or secured by a pledge of Revenues to be derived on and after the discharge and satisfaction of all Senior Lien Obligations and to issue debt payable from, or secured by, a pledge of amounts to be withdrawn from the Junior Lien Obligation Debt Service Fund so long as such pledge is expressly junior and subordinate to the pledge of Revenues to the payment of Senior Lien Obligations.

ISSUANCE OF ADDITIONAL SENIOR LIEN BONDS

Additional Senior Lien Bonds may be issued upon the satisfaction of certain conditions as set forth in the Senior Lien Indenture. These conditions include delivery to Trustee of:

(i) a Certificate of an Independent Accountant or a Certificate of the City, in either case stating that Revenues and Other Available Moneys in the most recent completed Fiscal Year for which audited financial statements have been prepared satisfied the first covenant described under "-Debt Service Coverage Covenants" above, assuming for such purpose that Aggregate Debt Service for the Bond Year commencing during such Fiscal Year includes the maximum Annual Debt Service on all Outstanding Senior Lien Obligations and the Series of Senior Lien Obligations proposed to be issued (disregarding any Airport Obligations that have been paid or discharged or will be paid or discharged immediately after the issuance of the Senior Lien Obligations proposed to be issued); or

(ii) a Certificate of an Independent Airport Consultant or a Certificate of the City, in either case stating that, based upon reasonable assumptions set forth in the Certificate, Revenues and Other Available Moneys are projected to be not less than that required to satisfy the first covenant described under "-Debt Service Coverage Covenants" above (disregarding any Airport Obligations that have been paid or discharged or will be paid or discharged immediately after the issuance of the Senior Lien Obligations proposed to be issued) for each of the next three Fiscal Years following the issuance of the Senior Lien Obligations or, if later, for each Fiscal Year from the issuance of the Senior Lien Obligations through the two Fiscal Years immediately following completion of the project or projects financed by the Senior Lien Obligations.

For the purpose of computing Revenues under either clause (i) or (ii) above, there must be taken into account (x) any reduction in the rate of any PFCs, and (y) any increase in the rate of any PFCs authorized by legislation if the City has taken all action required to impose those increased charges at O'Hare pursuant to such legislation. For the purpose of computing Revenues and Other Available Moneys under clause (ii) above, Other Available Moneys shall be projected only to the extent they have been (x)

paid over to the Trustee and deposited in the Revenue Fund, or (y) irrevocably pledged to the payment of debt service on Airport Obligations.

The City may issue Refunding Bonds and Completion Bonds (both as defined in the Senior Lien Indenture) either by satisfying the debt service coverage requirement described above, or by satisfying the applicable requirements described in APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Refunding Bonds" and "-Completion Bonds."

ISSUANCE OF ADDITIONAL SENIOR LIEN OBLIGATIONS SECURED BY PFC REVENUES

The Sixty-Eighth Supplemental Indenture provides that the 2020C and 2020E Pledged PFC Revenues pledged to the payment of principal and interest on the 2020C Senior Lien Bonds and 2020E Senior Lien Bonds are subject to the City's right to issue additional PFC Obligations that are secured by the PFC Revenues on a senior lien basis and Senior Lien Obligations or Junior Lien Obligations that are also secured by PFC Revenues on a parity with the 2020C Senior Lien Bonds and 2020E Senior Lien Bonds.

AIRLINE USE AND LEASE AGREEMENTS

Airline Use and Lease Agreements. The use and lease agreements previously in effect with airlines operating at O'Hare expired, in accordance with their terms, on May 11, 2018 (the "Prior Use Agreements"). The City and the airlines operating at O'Hare entered into new Airline Use and Lease Agreements (collectively, the "Airline Use and Lease Agreements") effective May 12, 2018 (with respect to each signatory airline, the applicable effective date of its agreement being the "Effective Date"), which agreements were approved by the City Council on March 28, 2018. The airlines identified as signatories to the Airline Use and Lease Agreements, together with any additional airline that executes an agreement with the City substantially the same as the Airline Use and Lease Agreements, are referred to as the "Signatory Airlines."

The Airline Use and Lease Agreements are designed to expand and elevate O'Hare as a global gateway. The Airline Use and Lease Agreement launched the largest capital expansion of O'Hare's history, with construction and implementation scheduled to take place through 2028 for the Phase I TAP Elements. As part of the expansion, the City is making a series of investments in terminals and the core airport design to increase capacity, connectivity and growth to match passenger demand. For a discussion of Phase I TAP Elements, see "CAPITAL PROGRAMS – Terminal Area Plan – TAP Phase I."

The Airline Use and Lease Agreements are residual agreements with non-airline revenues used to offset charges to the airlines. There are two term options for airline signatories to the Airline Use and Lease Agreements. For Long-Term Signatory Airlines, the Airline Use and Lease Agreements expire on December 31, 2033. For Short-Term Signatory Airlines, the Airline Use and Lease Agreements expire on December 31, 2023 (if the Effective Date is prior to January 1, 2024), December 31, 2028 (if the Effective Date is between January 1, 2024 and December 31, 2028), or December 31, 2033 (if the Effective Date is between January 1, 2029 and December 31, 2033). Short-Term Signatory Airlines have the option to extend the Term for each of two successive five-year periods through December 31, 2028 and then through December 31, 2033. Short-Term Signatories are eligible for common use gates and cannot vote on capital improvement control decisions. Non-Signatory airlines must sign operating agreements in order to operate at O'Hare and have separate month-to-month leases.

The Airline Use and Lease Agreements do not provide airlines with exclusive use gates. Rather, Long-Term Signatories are given the first right to schedule use of preferential gates. Long-Term Signatories can earn additional preferential gates by increasing flight activity. Reallocation of the preferential gates will occur on an annual basis beginning in 2021. During extended windows without scheduled use, the City

can allocate such preferential gate for use by another carrier, as defined in the terminal space use protocols promulgated in accordance with the AULA. Common use gates are available for any airline.

Airline rates and charges are set by the City on an annual basis, calculated to generate sufficient moneys to cover all of O'Hare's annual operating and debt service requirements as well as coverage and reserves, including the satisfaction of all of the City's obligations to make deposits and payments under the Senior Lien Indenture and any other ordinance or resolution authorizing Airport Obligations in accordance with the Airline Use and Lease Agreements. Landing fees are charged for each flight landing at O'Hare. Landing fees are calculated in a manner that will ensure sufficient moneys are available to cover City associated airfield costs. Terminal rates and fees are set to sufficiently pay for costs associated with terminals with an offset of the concession, net parking and ground transportation revenues. Additionally, square foot rental rates are paid for exclusive use space such as offices, clubs, and operations space and preferential gates and check-in space. Common use fees are charged for gates, check-in, Federal Inspection Services fees and baggage systems based on activity levels. Joint use fees are charged for baggage systems shared by certain long-term signatory carriers. Revenues deposited by the City in accordance with the Senior Lien Indenture include rentals, fees and charges imposed upon the Signatory Airlines under the Airline Use and Lease Agreements. See "AIR TRAFFIC ACTIVITY AT O'HARE-Airlines Providing Service at O'Hare" and "CERTAIN INVESTMENT CONSIDERATIONS." Under the Airline Use and Lease Agreement the City is authorized to undertake New Projects so long as such New Projects are not disapproved by 70 percent or more of Long-Term Signatory Airlines measured by Landed Weight, Terminal Fees, or Airport Fees and Charges for the City's issuance of Airport Obligations, the debt service on which is payable by the Signatory Airlines, for certain capital projects at O'Hare. See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AND LEASE AGREEMENTS."

The Airline Use and Lease Agreements authorize the City to increase debt service coverage on its Senior Lien Obligations issued under the Senior Lien Indenture in .05 increments annually from 1.10x in 2018 to 1.25x by 2021. In order to increase the days cash on hand, the Airline Use and Lease Agreements also established a supplemental operating and maintenance ("O&M") expense reserve (the "Supplemental O&M Reserve Fund") that will be funded over time to reach 25 percent of the current year's budgeted O&M expenses by 2025 and subsequent years, which is in addition to the existing O&M expense reserve of 25 percent. For information on the deposits to the Supplemental O&M Reserve Fund, see APPENDIX B- "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE."

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The table below highlights key provisions of the Airline Use and Lease Agreements.

Major Provisions	Airline Use and Lease Agreements
Term	For Long-Term Signatory Airlines, 15 years, beginning on May 12, 2018. Short-Term Signatory Airlines have a term that currently expires on December 31, 2023 and may extend their terms to 2033 and elect to transition to Long-Term Signatory Airlines.
Capital Projects	Previously Approved Projects were approved under the Prior Use Agreements. Phase I of the TAP Program, Near-Term Gate Improvements and Other Projects and Pre-Approved CIP Projects are pre-approved projects under the Airline Use and Lease Agreements. Pre-Approved Allowances are pre-approved funding amounts for major maintenance and infrastructure reliability.
Assignment of Gates	Preferential Use Gate Space under the Airline Use and Lease Agreements is assigned to certain Long-Term Signatory Airlines and the City retains control of the common areas. The City has rights to reallocate gate rights beginning in 2021 based on several factors including airline activity, operational efficiency and passenger experience.
Rate Covenant	Under the Airline Use and Lease Agreements, airline rates and charges are required to be sufficient to meet the Rate Covenant. As the Debt Service coverage requirements increase (see "Coverage Requirement" in this table), pursuant to the Rate Covenant, the airline rates and charges will reflect the increased Debt Service coverage requirements.
Majority-in-Interest (MII) Review	No further MII review or approval is needed for the Previously Approved Projects, the Phase I of the TAP Program, Pre-Approved CIP Projects Near-Term Gate Improvements and Other Projects and Pre-Approved Allowances (see "Capital Projects" in this table). For all approved projects, MII review is limited to modifications that significantly increase project costs or scope. Under the Airline Use and Lease Agreements, the City is authorized to undertake New Projects so long as such New Projects are not disapproved by 70% or more of Long-Term Signatory Airlines measured by Landed Weight, Terminal Fees, or Airport Fee and Charges.
Coverage Requirement	Debt Service coverage on Senior Lien Obligations is 1.20x coverage in 2020 and 1.25x coverage in 2021 and subsequent years.

For a more complete summary of the Airline Use and Lease Agreements see APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AND LEASE AGREEMENTS."

Expiration of Airline Use and Lease Agreements. A portion of the debt service on the 2020 Senior Lien Bonds and the Outstanding Senior Lien Bonds becomes due after expiration of the Airline Use and Lease Agreements. Upon expiration, the City may extend such agreements, enter into new agreements with the airlines, or impose rates and charges upon the airlines by City ordinance consistent with the requirements of federal law. Regardless of which of these options is pursued, the City has covenanted in the Senior Lien Indenture (which extends beyond the expiration of the Airline Use and Lease Agreements) to establish rentals, rates and other charges for the use and operation of O'Hare such that Revenues (including rentals, fees and charges imposed on the airlines), together with certain other moneys deposited with the Trustee, are sufficient to pay the Operation and Maintenance Expenses at O'Hare and to satisfy the debt service coverage covenants contained in the Senior Lien Indenture. See "-Debt Service Coverage Covenants" above. Thus, while it is not possible to predict whether any airline will be contractually obligated to make payments, including, among other things, for debt service on the 2020 Senior Lien Bonds,

the Outstanding Senior Lien Bonds or any other Senior Lien Obligations after the expiration of the Airline Use and Lease Agreements, the City is obligated under the Senior Lien Indenture to impose fees and charges on the airlines for use of O'Hare that will enable the City to satisfy the Senior Lien Indenture debt service coverage covenants.

Nonpayment of Rentals, Fees and Charges. The Airline Use and Lease Agreements provide that if an Airline Party defaults on the payment of its rentals, fees or charges, and if the City has undertaken appropriate collection efforts and has exhausted certain other specific funds available under the Airline Use and Lease Agreements to pay the unpaid rentals, fees or charges, the City then is entitled to include the unpaid rentals, fees or charges in the landing fees payable by the other non-defaulting Airlines. See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AND LEASE AGREEMENTS."

PROPOSED AMENDMENT TO THE SENIOR LIEN INDENTURE

In 2010, the City proposed an amendment (the "2010 Amendment") to the Senior Lien Indenture that would remove the restrictions described under "Restrictions on Sales or Transfer of Airport" in APPENDIX B. The 2010 Amendment does not take effect unless and until (among other things) the 2010 Amendment is consented to by the Owners of more than 50% in principal amount of the then Outstanding Senior Lien Obligations and the City determines to present such amendment to the Trustee. Pursuant to the 2020 Supplemental Indentures authorizing each Series of the 2020 Senior Lien Bonds, the Owners of the 2020 Senior Lien Bonds shall be deemed to have consented to the 2010 Amendment by purchasing such 2020 Senior Lien Bonds. Such consent of any Owner may be revoked in writing as provided in the Senior Lien Indenture. Currently and continuing after the issuance of the 2020 Senior Lien Bonds, Owners of the required percentage of the Outstanding Senior Lien Obligations have consented to the 2010 Amendment and the City thus may elect to implement the 2010 Amendment by presenting it to the Trustee for execution. As discussed herein, the City also separately amended and restated the Senior Lien Indenture as of June 1, 2018 and effective on December 3, 2018, to reflect modifications to the agreements between the airlines and the City as set forth in the Airline Use and Lease Agreements. For a description of these modifications, see APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE."

REMEDIES

There is no provision for the acceleration of the maturity of the 2020 Senior Lien Bonds if any default occurs in the performance of any other obligation of the City under the Senior Lien Indenture, or if interest on the 2020 Senior Lien Bonds becomes includible in the gross income of the Owners thereof for federal income tax purposes. See APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-Remedies."

CERTAIN PROVISIONS OF THE PFC INDENTURE

As described in "-General" and "-Pledge of Revenues, PFC Revenues and Grant Receipts" above, debt service on the 2020C Senior Lien Bonds and 2020E Senior Lien Bonds is payable from a subordinate pledge of PFC Revenues as well as from Revenues. The description of the PFC Indenture is included within this Official Statement for the benefit of the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds to the extent they are payable from the 2020C and 2020E Pledged PFC Revenues. While the 2020C Senior Lien Bonds and 2020E Senior Lien Bonds will be payable from the 2020C and 2020E Pledged PFC Revenues, the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds are being issued pursuant to and are secured by the Senior Lien Indenture and not the PFC Indenture.

Flow of Funds. Under the PFC Indenture, PFC Revenues are required to be promptly deposited into the PFC Revenue Fund. The PFC Revenue Fund is held and administered by the City, subject to the provisions of the PFC Indenture providing that the City is required to transfer all moneys and securities in the PFC Revenue Fund to the PFC Trustee (i) upon an Event of Default (as such term is defined in the PFC Indenture) under the PFC Indenture or (ii) to the extent and for the period of time required by the PFC Act, the PFC Regulations or the PFC Approvals.

Application of PFC Revenues under the PFC Indenture. Under the PFC Indenture, the City has covenanted and agreed to pay from the PFC Revenue Fund, not later than the 20th day of each calendar month, the following amounts in the following order of priority:

First: to the PFC Trustee for deposit into the PFC Bond Fund the sum required to make all of the sub-fund deposits and other required deposits to be disbursed from the PFC Bond Fund in that calendar month pursuant to a Supplemental Indenture creating a Series of PFC Obligations;

Second: to make any payments required for the calendar month with respect to Subordinated PFC Obligations; and

Third: all moneys and securities remaining in the PFC Revenue Fund will be transferred by the City (or the PFC Trustee if it then holds such fund pursuant to the PFC Indenture) to the PFC Capital Fund.

The PFC Capital Fund is held and administered by the City, subject to (a) the PFC Indenture providing that the PFC Capital Fund be held and administered by the PFC Trustee upon an Event of Default under the PFC Indenture or (b) to the extent and for the period of time required by the PFC Act, the PFC Regulations or the PFC Approvals. When amounts on deposit in the PFC Revenue Fund are insufficient to make the deposits into the PFC Bond Fund described in the first subparagraph above, amounts on deposit in the PFC Capital Fund shall be used whenever necessary to make such payments. As the City may, from time to time, determine amounts in the PFC Capital Fund may also be used for any lawful purposes as shall be authorized by the FAA and permitted by the PFC Act, the PFC Regulations and the PFC Approvals. See "*-Compliance with Noise Act, PFC Act, PFC Regulations and PFC Approvals,*" below, for a description of certain limitations imposed on the expenditure of funds held in the PFC Capital Fund.

Issuance of PFC Obligations. The PFC Indenture provides that in order to provide sufficient funds for the financing or refinancing of Projects (as defined in the PFC Indenture to include Approved Projects as defined herein under "PFC PROGRAM AT O'HARE"), PFC Obligations are authorized to be issued on a parity basis as to the lien on the PFC Revenues with PFC Obligations outstanding from time to time, without limitation as to amount except as may be limited by law and, subject to the satisfaction by the City of certain conditions regarding the issuance of additional PFC Obligations, for the purpose of (a) the payment, or the reimbursement for the payment of, certain costs of Approved Projects, (b) the refunding of any PFC Obligations or other obligations issued to finance or refinance certain costs of Approved Projects, including, without limitation, any revenue bonds or commercial paper notes issued by the City to finance or refinance certain costs of Approved Projects or (c) the funding of any Fund or Account as specified in the PFC Indenture, for the purposes set forth therein. Any PFC Obligations issued pursuant to the authorization described in this paragraph for the purpose of the refunding of PFC

Obligations are referred to herein as "Refunding PFC Obligations" and any PFC Obligations issued for any other authorized purpose are referred to herein as "Project PFC Obligations."

Prior to issuing any Project PFC Obligations and Refunding PFC Obligations, the City is required to satisfy an additional bonds test that is set forth in the PFC Indenture. For a description of additional

requirements regarding the use of PFC Revenues under the PFC Indenture, see "*Plan of Finance Compliance Certificate*," below.

Compliance with Noise Act, PFC Act, PFC Regulations and PFC Approvals. The City covenants in the PFC Indenture that (i) it will comply with all provisions of the PFC Act and the PFC Regulations applicable to the City and all provisions of the PFC Approvals, and that it will not take any action or omit to take any action with respect to the PFC Revenues, the Approved Projects or otherwise if such action or omission would, pursuant to the PFC Regulations, cause the termination of the City's authority to impose PFCs or prevent the use of the PFC Revenues as contemplated by the PFC Indenture; (ii) it will not impose any noise or access restriction at O'Hare not in compliance with the Noise Act (as defined in "PFC PROGRAM AT O'HARE—Termination of Authority to Impose PFCs"), if the imposition of such restriction may result in the termination or suspension of the City's authority to impose PFCs at O'Hare prior to the charge expiration date or the date total approved passenger facility charge revenue has been collected; and (iii) all moneys in the PFC Revenue Fund and the PFC Capital Fund will be used in compliance with all provisions of the PFC Act and the PFC Regulations applicable to the City and all provisions of the PFC Approvals.

Plan of Finance Compliance Certificate. The City covenants in the PFC Indenture that it will use PFC Revenues to ensure that a Plan of Finance Compliance Certificate can be delivered annually with respect to PFC Obligations. In order to deliver such Certificate, the City must be able to certify that PFC Revenues for which the City has impose and use authority in the PFC Capital Fund, when added to (i) the available moneys held pursuant to the PFC Indenture in the PFC Bond Fund and (ii) projected PFC Revenues based upon any period of 12 consecutive months out of the preceding 18 months at O'Hare, after giving effect to other projected uses of PFC Revenues through the date on which all Outstanding PFC Obligations (including any proposed series of PFC Obligations being issued at the time of delivery of such Certificate) are expected to be paid in full, are equal to or greater than 105 percent of all Aggregate PFC Debt Service (including any proposed series of PFC Obligations being issued at the time of delivery of such Certificate) through the date of such payment. To date, the City has been in compliance with the covenants described within this paragraph.

See "PFC PROGRAM AT O'HARE-Termination of Authority to Impose PFCs" and "CERTAIN INVESTMENT CONSIDERATIONS-Availability of PFC Revenues."

PLAN OF FINANCE

GENERAL

The City will use the proceeds from the sale of the 2020 Senior Lien Bonds, together with other available funds, to: (i) refund certain outstanding Senior Lien Bonds and certain outstanding PFC Obligations (collectively, the "Refunded Bonds," as described in APPENDIX H), (ii) fund the related Reserve Requirements for the 2020 Senior Lien Bonds and (iii) pay costs and expenses incidental thereto and to the issuance of the 2020 Senior Lien Bonds. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS" herein.

In addition, proceeds from the sale of the 2020 Senior Lien Bonds may be used to capitalize interest on certain series of the 2020 Senior Lien Bonds and to fund interest on certain Outstanding Senior Lien Bonds.

REFUNDING PLAN

The City intends to refund the Refunded Bonds with a portion of the proceeds of the 2020 Senior Lien Bonds. The table in APPENDIX H – "BONDS TO BE REFUNDED" sets forth the series designation, maturities, principal amounts, interest rates and redemption dates for the Refunded Bonds. The Refunded Bonds includes the refunding of all of the Airport's variable rate bonds to a fixed rate. The City will give the Trustee and the PFC Trustee, as applicable, instructions to call the Refunded Bonds on the applicable redemption date. Notices of the call for redemption of the Refunded Bonds will be given by the Trustee in the manner required by the Senior Lien Indenture and by the PFC Trustee in the manner required by the PFC Indenture, as applicable.

To provide for the refunding and defeasance of the Refunded Bonds that are Senior Lien Bonds, certain proceeds of the 2020 Senior Lien Bonds and other available funds will be deposited in escrow accounts (the "Escrow Accounts"), held under two Refunding Escrow Agreements, each dated as of October 1, 2020, between the City and the Trustee under the Senior Lien Indenture, and invested in Federal Obligations or held in cash in amounts sufficient (without reinvestment) to provide for the payment of the interest on and principal and Redemption Price of the Refunded Bonds that are Senior Lien Bonds to the respective maturity or redemption date.

To provide for the refunding and defeasance of the Refunded Bonds that are PFC Obligations, certain proceeds of the 2020E Senior Lien Bonds and other available funds will be deposited in an escrow account (the "PFC Escrow Account"), held under a Refunding Escrow Agreement, dated as of October 1, 2020, between the City and the PFC Trustee under the PFC Indenture, and invested in Federal Obligations or held in cash in amounts sufficient (without reinvestment) to provide for the payment of the interest on and principal and Redemption Price of the Refunded Bonds that are PFC Obligations to the respective maturity or redemption date.

The accuracy of the mathematical computations regarding the adequacy of the moneys and Federal Obligations deposited and held in each Escrow Account and the PFC Escrow Account to pay the debt service described above on the Refunded Bonds will be verified by Robert Thomas, CPA, LLC.

FUTURE FINANCINGS FOR O'HARE

The City expects to issue additional (i) Airport Obligations, including Senior Lien Bonds, Commercial Paper Notes and Credit Agreement Notes, (ii) PFC Obligations and (iii) from time to time, to continue implementation and funding of capital projects at O'Hare and refunding Outstanding Airport Obligations, PFC Obligations and CFC Obligations. The Report of the Airport Consultant assumes that the City will issue, and the City expects to issue approximately \$7.8 billion additional Senior Lien Bonds (excluding costs of issuance, deposits to the Debt Service Reserve Funds and capitalized interest accounts) to fund the Airport Capital Program. For a discussion of future financings and financing needs for O'Hare, see "OUTSTANDING INDEBTEDNESS AT O'HARE," "CAPITAL PROGRAMS" and APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT- The Airport Consultant's Letter."

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SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of 2020 Senior Lien Bonds.

SOURCES OF FUNDS	2020A SENIOR <u>LIEN BONDS</u>	2020B SENIOR <u>LIEN BONDS</u>	2020C SENIOR <u>LIEN BONDS</u>	2020D SENIOR <u>LIEN BONDS</u>	2020E SENIOR <u>LIEN BONDS</u>	<u>TOTAL</u>
Par Amount						
Net Premium						
Other Available Funds						
Total						
USES OF FUNDS						
Deposit to Consolidated Debt						
Service Reserve Sub-Fund						
Deposit to Common Debt						
Service Reserve Sub-Fund						
Deposit to Defeasement Refunded						
Bonds that are Senior Lien						
Bonds						
Deposit to Defeasement Refunded						
Bonds that are PFC						
Obligations						
Capitalized Interest						
Costs of Issuance ⁽¹⁾						
Total						

⁽¹⁾ Includes Underwriters' Discount and other costs of issuance.

CHICAGO O'HARE INTERNATIONAL AIRPORT

GENERAL

O'Hare is the primary commercial airport for the City, as well as an important connecting point for numerous domestic and international flights. Located 18 miles northwest of the City's central business district, O'Hare occupies over 7,200 acres of land and is directly linked to the central business district by a rapid transit rail system. O'Hare is the busiest airport serving the Chicago Region (as defined herein). O'Hare serves nearly all of the Chicago Region's international air traffic and is the predominant airport for nonstop/business travel from the Chicago Region to the top 50 origin and destination ("O&D") markets.

Based on data from Airports Council International ("ACI"), for the 12-month period ended December 31, 2019, O'Hare ranked first in total aircraft operations, and sixth worldwide and third in the United States in terms of total passengers. According to the CDA, O'Hare had approximately 79.8 million total passengers in 2017, approximately 83.2 million in 2018, and approximately 84.6 million in 2019.

Both United Airlines and American Airlines, two of the world's four largest air carriers (in terms of revenue passenger miles), operate major hubs at O'Hare. United Airlines (including its regional affiliates) accounted for 44.5 percent of the enplaned passengers at O'Hare as of December 31, 2019. American Airlines (including its regional affiliates) accounted for 35.2 percent of the enplaned passengers at O'Hare as of December 31, 2019. See "CERTAIN INVESTMENT CONSIDERATIONS-Uncertainties of the Airline Industry" herein for additional information regarding the airlines serving O'Hare.

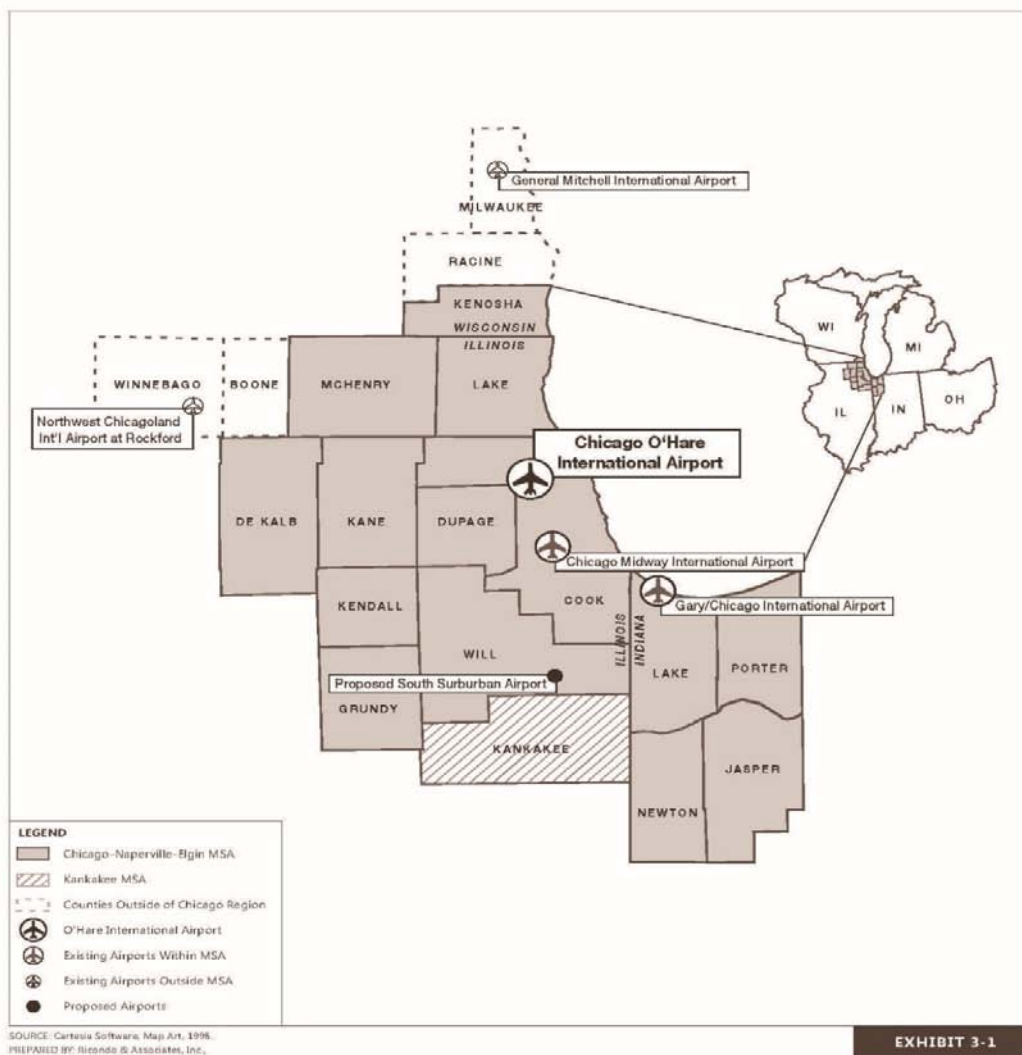
For more complete and detailed information regarding historical and projected air traffic at O'Hare, see "Air Traffic" in APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

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THE AIR TRADE AREA

The primary air trade area that O'Hare serves consists of 10 counties in Illinois (Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry and Will), four counties in Indiana (Jasper, Lake, Newton and Porter) and one county in Wisconsin (Kenosha). These 15 counties comprise the "Chicago Region" and include two Metropolitan Statistical Areas ("MSA") that contain four adjoining major metropolitan areas. This area (the "Air Trade Area") is depicted on the map below.

MAP OF CHICAGO REGION



SOURCE: Cartesia Software, Map Art, 1996.
PREPARED BY: Ricardo & Associates, Inc.



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Air Trade Area

OTHER COMMERCIAL SERVICE AIRPORTS SERVING THE CHICAGO REGION

Midway. In addition to O'Hare, Midway is owned by the City and operated through the CDA. Midway, located 15 miles south of O'Hare and nine miles southwest of the central business district of the City, also provides scheduled commercial passenger service. Based on CDA management records, total enplaned passengers at Midway were approximately 11.2 million for 2017, 11.0 million for 2018 and 10.4 million for 2019. In 2019, Midway provided nonstop service to 48 markets (11 of which are international destinations) with a total of 236 daily nonstop flights. In 2019, Midway had approximately 3.5 million connecting enplanements and approximately 6.9 million originating enplanements; these enplanements represented approximately 22.6 percent of Chicago originating passenger traffic and approximately 15.9 percent of Chicago connecting passenger traffic, whereas O'Hare's originating and connecting percentages of Chicago passenger traffic for 2019 were approximately 77.4 percent and 84.1 percent, respectively.

O'Hare and Midway are operated as separate and distinct enterprises for financial purposes and the 2020 Senior Lien Bonds are not secured by any revenues generated, or property located, at Midway.

General Mitchell International Airport. The nearest commercial service airport outside the Chicago Region is General Mitchell International Airport ("Mitchell"), located approximately 70 miles north of O'Hare. Mitchell serves the commercial air service needs of Milwaukee, southeast Wisconsin, and portions of northern Illinois. Total enplaned passengers at Mitchell were approximately 3.5 million in 2017, 3.5 million in 2018 and 3.4 million in 2019. Although Mitchell is in close proximity to O'Hare (their overlapping service areas include three counties in the northern Chicago Region area, which represent approximately 12 percent of the population in the Chicago Region), the higher frequency nonstop service to top O&D markets from O'Hare attracts a greater portion of traffic in northern Illinois and southern Wisconsin to O'Hare. In 2019, Mitchell had approximately 244 daily nonstop flights to 79 markets 12 of which were international).

Gary/Chicago International Airport. Gary/Chicago International Airport, which is owned by the City of Gary, Indiana, is also located in the Chicago Region. Currently, no commercial passenger service is provided at Gary/Chicago International Airport.

FEDERAL LEGISLATION, STATE ACTIONS AND PROPOSED SOUTH SUBURBAN AIRPORT

Federal Legislation. On October 5, 2018, President Trump signed into law the FAA Reauthorization Act of 2018 ("FAA Reauthorization Act"). The FAA Reauthorization Act reauthorizes the Federal Aviation Administration ("FAA") operations and programs and provides funding through September 30, 2023. As of the date of this Official Statement, the City has no assurance that the current FAA authorization and programs will be extended or that a new authorization or programs will be approved beyond September 30, 2023. See "CERTAIN INVESTMENT CONSIDERATIONS."

Coronavirus Aid, Relief, and Economic Security (CARES) Act. On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act authorizes more than \$2 trillion to battle COVID-19 and its economic effects, including \$10 billion in economic relief grants for airport sponsors. See "RECENT DEVELOPMENTS AT THE AIRPORT – COVID 19."

O'Hare Modernization Act. The O'Hare Modernization Act, 620 ILCS 65/1 et seq., which became law in August 2003, was created to expedite and facilitate the OMP. Specifically, the O'Hare Modernization Act states the Illinois General Assembly's intent that "all agencies of this State and its subdivisions shall facilitate the efficient and expeditious completion" of the OMP. Among other things, the O'Hare Modernization Act eliminates duplicative aeronautics review of the OMP under the Illinois Aeronautics

Act and grants quick take condemnation authority to the City for land acquisition associated with the OMP. The O'Hare Modernization Act also amends other laws to facilitate the OMP.

Public Act 99-0202, which was effective on January 1, 2016, was signed by Governor Rauner on July 30, 2015, and amended the O'Hare Modernization Act to increase from eight to ten the maximum number of runways available for aircraft operations at O'Hare that may exist after the construction of a new runway at O'Hare without a certificate of approval from the Illinois Department of Transportation.

State Approval of Federal Grants. Under the Illinois Aeronautics Act, the City is generally required to obtain the approval of Illinois Department of Transportation for all AIP grant applications that the City submits to the FAA. The O'Hare Modernization Act provides that this requirement does not apply to AIP grant applications related to the OMP and further provides that the City may directly accept, receive and disburse AIP grant funds related to the OMP.

Proposed South Suburban Airport. Plans to build a third airport in the Chicago Region have been discussed for many years. The most likely site for such an airport is the proposed South Suburban Airport site located near Peotone, Illinois, in Will County, approximately 35 miles south of the City's central business district. The State of Illinois fiscal year 2020 budget allotted \$1 million to the South Suburban Airport to be used for environmental studies and an airport master plan. An additional \$162 million was apportioned in the capital plan for roadwork to connect the proposed Peotone-adjacent site with Interstate 57.

It is not possible at this time to determine the viability of a new major commercial airport at the Peotone site or to predict whether or when any new regional airport would be constructed; nor is it currently possible to predict what effect, if any, such an airport would have on operations or enplanements at O'Hare.

Future Legislation. O'Hare is subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. The City is unable to predict the adoption or amendment of any such laws, rules or regulations, or their effect on the operations or financial condition of O'Hare.

EXISTING AIRPORT FACILITIES

O'Hare currently has seven active runways, which allow for operations in good and poor weather conditions. A network of aircraft taxiways, aprons and hold areas supports the runways. The runways range from 7,500 feet to 13,000 feet. All runways have electronic and other navigational aids that permit aircraft landings in most weather conditions. For more information regarding the existing airfield facilities at O'Hare, see "The Airport Facilities, Capital Programs, and 2017 Projects-Airport Facilities-Airfield" in APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

The airlines serving O'Hare operate out of four terminal buildings. Three terminal buildings, (Terminals 1, 2 and 3) having a total of 171 aircraft gates, serve domestic flights and certain international departures. A fourth terminal building, Terminal 5 (formerly known as the International Terminal), with 20 aircraft gates and four hardstand aircraft parking positions, serves the remaining international departures, certain domestic operations and all international arrivals requiring customs clearance. A common transportation system serves Terminals 1, 2 and 3, Terminal 5 and the remote long term parking areas. For more information regarding the existing terminal facilities at O'Hare, see APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

Currently, of the 191 domestic and international gates and related facilities at O'Hare, 20 are common use gates and 171 are preferential use gates. The preferential use gates are allocated to the following carriers: United, American, Delta, Air Canada, Spirit, JetBlue and Alaska pursuant to the Airline

Use and Lease Agreement effective May 12, 2018. The remaining 20 gates are operated on a common use basis in Terminal 5.

A hotel, an elevated parking structure, and the heating and refrigeration plant serving O'Hare are located adjacent to the terminal buildings. The hotel, currently owned by the City and operated by Hilton Worldwide Holdings, Inc., provides 860 guest rooms as well as restaurants and meeting facilities. The six story parking structure located next to Terminals 1, 2 and 3 has approximately 9,302 parking spaces and is supplemented by an adjacent surface lot with approximately 2,827 additional spaces. As of September 1, 2020, available public parking spaces at O'Hare totals approximately 18,264. Employee parking consists of approximately 1,267 spaces.

With 19 air cargo buildings and nine aircraft maintenance hangars leased by airlines, O'Hare is a major center for other aviation related activity such as aircraft maintenance and domestic and international air cargo shipment. In addition, one flight kitchen, four buildings used for airline ground equipment maintenance, one United States Postal Service facility, and two airport equipment maintenance complexes that store and service snow removal and other equipment are located at O'Hare.

AIRPORT MANAGEMENT

O'Hare is owned by the City and operated through the CDA, which oversees planning, design and construction, operations, safety and security, and finance and administration. The CDA also oversees such activities at Midway. The CDA is headed by the Commissioner of Aviation and as of September 1, 2020 had approximately 1,571 FTE employees (1,336 at O'Hare and 235 at Midway).

REGIONAL AUTHORITY

In 1995, the City and the City of Gary, Indiana, entered into the Compact, which established the Chicago-Gary Regional Airport Authority (the "Chicago-Gary Authority") to oversee and support Midway, O'Hare, Meigs Field and the Gary/Chicago International Airport, to evaluate jointly the bi state region's need for additional airport capacity and to coordinate and plan for the continued development, enhancement and operation of such airports and the development of any new airport serving the bi state region. Subject to the power of the Chicago-Gary Authority to approve certain capital expenditures and other actions, the City continues to manage, own and operate Midway and O'Hare. Meigs Field was closed by the City on March 30, 2003. The approval of the Chicago-Gary Authority is required for implementation of capital projects at O'Hare. The City has obtained all required approvals from the Chicago-Gary Authority for the OMP, the CIP Projects and the Terminal Area Plan.

O'HARE NOISE COMPATIBILITY COMMISSION

The O'Hare Noise Compatibility Commission (the "O'Hare Noise Commission") was formed to (i) determine certain noise compatibility projects to be implemented in a defined area surrounding O'Hare, (ii) oversee a noise monitoring system operated by the City, and (iii) advise the City concerning other O'Hare noise related issues. As of August 11, 2020, the City had spent approximately \$539 million on residential and school noise compatibility projects since the establishment of the O'Hare Noise Commission in 1996.

BUDGET PROCEDURES

The Illinois Municipal Code requires the City to pass an annual appropriation ordinance prior to the beginning of each Fiscal Year. The CDA submits its proposed budget for the following Fiscal Year, including the proposed budget for O'Hare, to the City's Budget Director for inclusion in the proposed City budget. The Budget Director includes a proposed budget for the CDA in the City's budget proposal for

approval by the Mayor who submits the City budget to the City Council for approval. O'Hare's budget, as proposed by CDA, may be modified by the Budget Director, the Mayor or the City Council. The City's Fiscal Year 2020 budget was approved by the City Council on November 26, 2019.

AIR TRAFFIC ACTIVITY AT O'HARE

O'HARE OPERATIONS

For over 40 years, O'Hare has been and continues to be one of the principal components in the national airspace system, providing not only the primary O&D service to the third largest metropolitan area in the United States, but also serving as an important connecting hub for two of the world's four largest air carriers (in terms of revenue passenger miles) – United Airlines and American Airlines. Statistics from ACI indicate that for the 12-month period ended December 31, 2019, O'Hare ranked first worldwide in total aircraft operations, and sixth worldwide and third in the United States in terms of total passengers. O'Hare served approximately 84.6 million enplaned and deplaned passengers in 2019, an increase of 1.7% from the previous year. For additional information regarding O'Hare, see "CHICAGO O'HARE INTERNATIONAL AIRPORT," "CERTAIN INVESTMENT CONSIDERATIONS" and APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

As of December 2019, nonstop service was provided from O'Hare to each of O'Hare's top 50 domestic O&D markets. Scheduled service in 2019 included an average of 1,236 daily nonstop departures from O'Hare, including 1,111 domestic departures and 125 international departures.

PASSENGER ACTIVITY AT O'HARE

The table on the following page shows the total enplaned passenger activity for a 10-year period from 2010 through 2019. Total enplaned passengers at O'Hare reached a record high of approximately 42.2 million total enplaned passengers in 2019 and increased significantly from a low in 2011 of 33.2 million total enplaned passengers. From 2010 through 2013, O'Hare experienced relatively stable activity with approximately 33 million in enplaned passengers annually. Enplaned passenger activity for 2014 rose 5.0% over 2013. Growth in passenger activity accelerated in 2015, increasing 9.9% over 2014 as lower fuel prices enabled airlines to profitably increase capacity which stimulated demand for air travel. Passengers continued to increase on a year over year basis through 2019.

As set forth in the following table, O'Hare supports substantial international service. Between 2010 and 2019, the percent of international enplaned passengers ranged from 14.4% to 16.8% of the total enplaned passengers.

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**TOTAL ENPLANED PASSENGERS
CHICAGO O'HARE INTERNATIONAL AIRPORT
2010-2019**

YEAR	DOMESTIC		INTERNATIONAL		TOTAL	
	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH
2010	28,100,388	4.6%	5,132,024	-1.0%	33,232,412	3.7%
2011	28,306,173	0.7%	4,901,129	-4.5%	33,207,302	-0.1%
2012	28,288,427	-0.1%	4,956,088	1.1%	33,244,515	0.1%
2013	28,195,077	-0.3%	5,102,501	3.0%	33,297,578	0.2%
2014	29,559,975	4.8%	5,392,787	5.7%	34,952,762	5.0%
2015	32,877,967	11.2%	5,517,938	2.3%	38,395,905	9.9%
2016	33,015,851	0.4%	5,856,818	6.1%	38,872,669	1.2%
2017	33,587,845	1.7%	6,228,043	6.3%	39,815,888	2.4%
2018	34,598,046	3.0%	6,965,297	11.8%	41,563,343	4.4%
2019	35,168,714	1.6%	7,079,656	1.6%	42,248,370	1.6%
COMPOUND ANNUAL GROWTH RATE						
2010 -2015	3.2%		1.5%		2.9%	
2015-2019	1.7%		6.4%		2.4%	
2010-2019	2.5%		3.6%		2.7%	

SOURCE: City of Chicago's Comprehensive Annual Financial Report; City of Chicago, Department of Aviation, June 2020.

Enplaned passenger traffic at O'Hare can be divided into two primary components: O&D and connecting. O&D enplaned passengers consist of two groups. The first group includes those travelers whose residence and/or place of employment are in the Chicago Region and surrounding communities and whose air trips originate at O'Hare. The second group includes travelers who are not residents of or employed within the Chicago Region and surrounding communities, but who visit for business, personal or pleasure-related activity. Connecting passengers include those passengers traveling from a destination outside the Chicago Region to a destination outside the Chicago Region, who board one aircraft at O'Hare after having arrived on another aircraft at O'Hare. The number of connecting enplaned passengers at O'Hare reflects airline operating decisions, which are in part dictated by the size of the local air passenger market, the profitability of O'Hare to the airlines, and the geographic location of O'Hare relative to heavily traveled air routes.

The following table shows total enplaned passengers, total originating enplaned passengers and total connecting enplaned passengers at O'Hare for a 10-year period from 2010 through 2019. As shown, O'Hare has a strong O&D market with the percent of originating passengers ranging from 48.1% to 56.5% of total enplaned passengers over the 10-year period. See APPENDIX E "REPORT OF THE AIRPORT CONSULTANT".

**ORIGINATING AND CONNECTING ENPLANEMENTS
CHICAGO O'HARE INTERNATIONAL AIRPORT
2010-2019**

YEAR	TOTAL ORIGINATING ENPLANED PASSENGERS	ORIGINATING ENPLANED PASSENGER ANNUAL GROWTH	TOTAL CONNECTING ENPLANED PASSENGERS	CONNECTING ENPLANED PASSENGER ANNUAL GROWTH	TOTAL ENPLANED PASSENGERS	TOTAL ENPLANED PASSENGER ANNUAL GROWTH	ORIGINATING ENPLANED PASSENGER PERCENTAGE
2010	17,419,794	10.9%	15,812,618	-3.2%	33,232,412	3.7%	52.4%
2011	15,972,745	-8.3%	17,234,557	9.0%	33,207,302	-0.1%	48.1%
2012	16,867,283	5.6%	16,377,232	-5.0%	33,244,515	0.1%	50.7%
2013	17,044,643	1.1%	16,252,935	-0.8%	33,297,578	0.2%	51.2%
2014	17,115,535	0.4%	17,837,227	9.7%	34,952,762	5.0%	49.0%
2015	20,096,191	17.4%	18,299,714	2.6%	38,395,905	9.9%	52.3%
2016	20,991,241	4.5%	17,881,428	-2.3%	38,872,669	1.2%	54.0%
2017	22,429,433	6.9%	17,386,455	-2.8%	39,815,888	2.4%	56.3%
2018	23,483,289	4.7%	18,080,054	4.0%	41,563,343	4.4%	56.5%
2019	23,836,209	1.5%	18,412,161	1.8%	42,248,370	1.6%	56.4%

COMPOUND ANNUAL GROWTH RATE

2010-2015	2.9%	3.0%	2.9%
2015-2019	4.4%	0.2%	2.4%
2010-2019	3.5%	1.7%	2.7%

SOURCES: City of Chicago's Comprehensive Annual Financial Report; City of Chicago, Department of Aviation Management Records (historical enplaned passengers), June 2020; Ricondo & Associates, Inc., June 2020 (analysis of passenger components).

As shown in the table below, when compared to other U.S. airports, O'Hare served the 3rd highest number of O&D passengers while also serving the 3rd highest number of connecting passengers. Further, O'Hare is the largest U.S. airport utilizing a fully residual rate-making methodology.

ENPLANEMENTS ACROSS U.S. LARGE HUB AIRPORTS*

CY 2019			CY 2019			CY 2019		
O&D ENPLANEMENTS			CONNECTING ENPLANEMENTS			TOTAL ENPLANEMENTS		
RANK	AIRPORT	ENPLANEMENTS	RANK	AIRPORT	ENPLANEMENTS	RANK	AIRPORT	ENPLANEMENTS
1	LAX	34,325,031	1	ATL	33,173,593	1	ATL	53,505,795
2	JFK	25,450,057	2	DFW	19,320,429	2	LAX	42,906,289
3	ORD	23,836,209	3	ORD	18,412,161	3	ORD	42,248,370
4	MCO	23,088,535	4	CLT	16,697,785	4	DFW	35,778,573
5	SFO	21,610,675	5	DEN	12,093,460	5	DEN	33,592,945
6	LAS	21,513,674	6	IAH	10,733,601	6	JFK	31,036,655
7	DEN	21,499,485	7	LAX	8,581,258	7	SFO	27,705,993
8	ATL	20,332,202	8	SEA	7,500,529	8	SEA	25,001,762
9	BOS	19,250,421	9	MSP	7,485,238	9	LAS	24,728,361
10	EWR	18,297,003	10	DTW	7,438,646	10	MCO	24,562,271

Source: U.S. Department of Transportation T-100 Database and Origin and Survey (DB1B)

*The information and data contained in this table was not prepared by the City and is being included in this Official Statement solely for the purpose of presenting general comparative information. The City is under no obligation to update the information and data contained in this table and such information and data shall not be deemed to be "Annual Financial Information" under the Undertaking (as defined herein). See "SECONDARY MARKET DISCLOSURE."

AIRCRAFT OPERATIONS

The table on the following page shows total aircraft operations at O'Hare for the 10-year period 2010 through 2019. From 2010 through 2019, the number of aircraft operations increased, to 919,704. After increasing to 882,617 in 2010, the number of aircraft operations decreased slightly to 878,108 in 2012 and increased to 883,287 in 2013 while later decreasing to 867,635 and 867,049 in 2016 and 2017, respectively. Prior to 2015, United and American shifted domestic passenger service from their mainline service to their regional affiliates, shown by the increase in regional affiliates over the period. Mainline aircraft operations increased from 306,670 in 2015 to 322,797 in 2016. The national economic recession and the trend of increasing operating capacity with larger aircraft were the primary cause of total operations at O'Hare decreasing from 882,617 in 2010 to 867,049 in 2017. In 2019, O'Hare ranked number 1 in the U.S. for value of cargo handled. Due to the increase in cargo operations and the increase in frequency of smaller regional aircraft to nearby cities, paired with the increase in international flights, total operations increased to 903,747 and 919,704 in 2018 and 2019, respectively.

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**TOTAL AIRCRAFT OPERATIONS
CHICAGO O'HARE INTERNATIONAL AIRPORT
2010-2019**

	DOMESTIC			INTERNATIONAL			TOTAL PASSENGER AIRLINES	GENERAL AVIATION ¹	ALL CARGO	TOTAL
	MAJORS/ NATIONALS	REGIONALS/ COMMUTERS	DOMESTIC TOTAL	U.S. FLAG CARRIERS	FOREIGN FLAG CARRIERS	INTERNATIONAL TOTAL				
2010	283,194	488,376	771,570	41,452	30,702	72,154	843,724	21,645	17,248	882,617
2011	279,466	493,249	772,715	41,492	28,212	69,704	842,419	19,230	17,149	878,798
2012	274,841	498,295	773,136	38,560	28,432	66,992	840,128	21,103	16,877	878,108
2013	267,838	504,491	772,329	41,959	29,899	71,858	844,187	22,774	16,326	883,287
2014	267,044	513,552	780,596	32,697	35,863	68,560	849,156	17,344	15,433	881,933
2015	306,670	458,210	764,880	33,873	36,855	70,728	835,608	21,828	17,700	875,136
2016	322,848	430,341	753,189	36,090	39,305	75,395	828,584	21,119	17,932	867,635
2017	330,956	424,008	754,964	42,937	34,537	77,474	832,438	15,528	19,083	867,049
2018	340,993	444,636	785,629	45,992	37,636	83,628	869,257	10,438	24,052	903,747
2019	346,256	439,362	785,618	53,556	45,989	99,545	885,163	10,130	24,411	919,704
COMPOUND ANNUAL GROWTH RATE										
2010-2015	1.6%	-1.3%	-0.2%	-4.0%	3.7%	-0.4%	-0.2%	0.2%	0.5%	-0.2%
2015-2019	3.1%	-1.0%	0.7%	12.1%	5.7%	8.9%	1.5%	-17.5%	8.4%	1.2%
2010-2019	2.3%	-1.2%	0.2%	2.9%	4.6%	3.6%	0.5%	-8.1%	3.9%	0.5%

Note: N/A = not applicable.

¹ Includes general aviation, helicopter, and other miscellaneous operations.

Source: City of Chicago, Department of Aviation Management Records, June 2020; USDOT T-100 Database.

AIRLINES PROVIDING SERVICE AT O'HARE

During 2019, O'Hare had scheduled air service by 19 U.S. flag carriers, 42 foreign flag carriers, 1 non-scheduled/charter airline and 31 scheduled all cargo carriers. The following tables show the airlines that provided service at O'Hare and the respective airline share of enplaned passengers at O'Hare from 2015 to 2019. In 2020, (i) several airlines operating at O'Hare have temporarily suspended service, although most have indicated that they intend to restart service in the next twelve months, and (ii) certain airlines operating at O'Hare have stopped service. The City does not expect that such temporary suspensions or stopped service will have a material impact on the financial condition of O'Hare. For more information, see "Air Traffic-Airlines Serving the Airport" in APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

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AIRLINES SERVING O'HARE (2019)

SCHEDULED U.S. CARRIERS (19)	FOREIGN-FLAG CARRIERS (42)	NON-SCHEDULED CARRIERS (1)	ALL-CARGO CARRIERS (31)
Air Choice One	Aer Lingus**	Miami Air International	Aerologic
Air Wisconsin (United Express)	Aeromexico**		Aerounion
Alaska*	Air Canada ¹ *		Air Bridge Cargo
American*	Air France ¹ **		Air China Cargo
Cape Air	Air India**		Air France Cargo**
Delta*	Air New Zealand**		Airborne Express**
Endeavor Air (Delta Connection)	Alitalia ¹		Asiana Cargo**
Envoy (American Eagle)	All Nippon**		Atlas Air
ExpressJet (American Eagle, Delta Connection & United Express)	Asiana**		Cargolux
Frontier	Austrian*		Cathay Pacific Cargo**
GoJet (Delta Connection & United Express)	AVIANCA**		China Airlines
JetBlue*	British Airways**		China Cargo
PSA (American Eagle)	Cathay Pacific**		China Southern
Republic (American Eagle, Delta Connection & United Express)	Cayman ¹		DHL
SkyWest (American Eagle, Delta Connection & United Express)	China Eastern Airlines**		Emirates Sky Cargo**
Spirit*	COPA*		Etihad Cargo**
Sun Country	Emirates**		Eva Airways Cargo**
Trans States (United Express)	Ethiopian Airlines**		FedEx *
United*	Etihad**		Kalitta
	EVA Air**		Korean Air Cargo**
	Finnair ¹		Lufthansa Cargo*
	Hainan**		National
	Iberia		Nippon Cargo**
	Icelandair**		Polar Air
	Interjet*		Qantas
	Japan Airlines**		Qatar Airways**
	Jazz (Air Canada Express)		Silk Way West
	KLM Royal Dutch*		Sky Lease
	Korean Air**		Suparna
	LOT*		United Parcel Service*
	Lufthansa*		Western Global
	Norwegian Air**		
	Qatar**		
	Royal Jordanian*		
	SAS**		
	Sky Regional (Air Canada Express)		
	SWISS International*		
	Taca International (AVIANCA subsidiary)**		
	TAP Portugal**		
	Turkish*		
	Viva Aerobus		
	Volaris**		

Notes: Airlines scheduled during the 12-month period ending December 2019.

* = Long term Signatory to the Airline Use and Lease Agreement

**=Short-term Signatory to the Airline Use and Lease Agreement

¹ Provides seasonal service at the Airport.

Sources: City of Chicago, Department of Aviation Management Records, June 2020

**AIRLINE SHARES OF ENPLANED PASSENGERS
CHICAGO O'HARE INTERNATIONAL AIRPORT
(2015 - 2019)**

		2015		2016		2017		2018		2019	
AIRLINE		ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE
United Carriers Combined ⁽¹⁾		16,964,618	44.20%	17,291,845	44.50%	17,908,772	44.99%	18,789,732	45.21%	18,779,363	44.45%
American Carriers Combined ⁽²⁾		13,740,573	35.80%	13,716,902	35.30%	14,148,611	35.55%	14,598,806	35.14%	14,861,971	35.19%
1	United ⁽¹⁾	10,556,509	27.50%	11,722,663	30.17%	12,534,578	31.49%	12,831,523	30.88%	12,915,154	30.58%
2	American ⁽²⁾	9,694,172	25.26%	9,606,479	24.72%	9,763,126	24.53%	10,053,968	24.20%	10,153,179	24.04%
3	SkyWest (American Eagle, Delta Connection & United Express)	2,363,825	6.16%	2,279,699	5.87%	3,997,933	10.04%	3,781,224	9.10%	3,316,170	7.85%
4	Envoy Air ⁽³⁾ (American Eagle)	2,992,870	7.80%	3,494,513	8.99%	2,606,809	6.55%	2,890,716	6.96%	3,211,822	7.60%
5	Spirit	1,505,460	3.92%	1,542,101	3.97%	1,463,450	3.68%	1,627,243	3.92%	1,690,808	4.00%
6	Air Wisconsin (United Express)	0	0.00%	0	0.00%	133	0.00%	1,450,998	3.49%	1,522,041	3.60%
7	Delta	972,132	2.53%	906,920	2.33%	898,063	2.26%	1,080,185	2.60%	1,456,569	3.45%
8	Republic (American Eagle & United Express)	1,477,878	3.85%	872,153	2.24%	857,057	2.15%	1,120,294	2.70%	878,245	2.08%
9	ExpressJet (American Eagle, Delta Connection & United Express)	2,080,030	5.42%	1,781,348	4.58%	1,021,818	2.57%	454,146	1.09%	648,549	1.54%
10	Frontier	809,191	2.11%	816,554	2.10%	156,510	0.39%	580,110	1.40%	615,983	1.46%
11	GoJet (Delta Connection & United Express)	867,993	2.26%	750,452	1.93%	709,925	1.78%	694,348	1.67%	609,533	1.44%
12	Trans States (United Express)	279,635	0.73%	353,453	0.91%	486,191	1.22%	361,901	0.87%	524,954	1.24%
13	Alaska	306,030	0.80%	316,344	0.81%	317,065	0.80%	479,545	1.15%	486,667	1.15%
14	Lufthansa	279,972	0.73%	240,902	0.62%	252,273	0.63%	258,619	0.62%	315,182	0.75%
15	JetBlue	263,947	0.69%	259,176	0.67%	254,715	0.64%	258,684	0.62%	244,814	0.58%
	Other	3,946,261	10.28%	3,929,912	10.11%	4,496,242	11.29%	3,277,938	8.76%	3,133,746	8.66%
	Airport Total ⁽⁴⁾	38,395,905	100.00%	38,872,669	100.00%	39,815,888	100.00%	41,563,343	100.00%	42,248,370	100.00%

Notes: Includes general aviation, helicopter, and miscellaneous passengers included in the City of Chicago's Comprehensive Annual Financial Report. U.S. DOT Data has been used to determine United and American combined shares. Share totals for United and American combined include regional affiliates and is separate from the airport total calculation.

⁽¹⁾ In December 2013, American and US Airways merged. The FAA granted a single operating certificate on April 8, 2015. Data for the two airlines are combined.

⁽²⁾ Columns may not add to totals shown because of rounding.

Sources: City of Chicago, Department of Aviation, Management Records, June 2020.

Additional Airline Information. The Signatory Airlines (including the corporate parents of United Airlines and American Airlines) and certain other airlines operating at O'Hare (or their respective parent corporations) file reports and other information (collectively, the "SEC Reports") with the SEC. Certain information, including financial information, as of particular dates concerning each of the Signatory Airlines (or their respective parent corporations) is included in the SEC Reports. The SEC Reports can be read and copied at the SEC's Public Reference Rooms, which can be located by calling the SEC at 1-800-SEC-0330. In addition, electronically filed SEC Reports can be obtained from the SEC's web site at www.sec.gov. Each Airline Party and certain other airlines are required to file periodic reports of financial and operating statistics with the U.S. DOT. Such reports can be inspected at the Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, Room 4201, 400 Seventh Street S.W., Washington, DC 20590, and copies of such reports can be obtained from the U.S. DOT at prescribed rates. Non U.S. airlines also provide certain information concerning their operations and financial affairs, which may be obtained from the respective airlines. Neither the City nor any of the Underwriters undertakes any responsibility for, or makes any representations as to the accuracy or completeness of, or the content of information available from, the SEC including, but not limited to, updates of such information or links to other internet sites accessed through the SEC web site.

RECENT DEVELOPMENTS AT THE AIRPORT – COVID-19

The information and data contained in this section are being provided solely for the purpose of describing the impacts of the COVID-19 pandemic on O'Hare, its operations and its financial condition. The City is under no obligation to update the information and data contained herein and such information and data shall not be deemed to be "Annual Financial Information" under the Undertaking (as defined herein). See "SECONDARY MARKET DISCLOSURE."

Background

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a public health emergency on January 30, 2020 and a global pandemic on March 11, 2020 by the World Health Organization. Since the Executive Proclamation by the President of the United States on January 31, 2020, preventing entry into the United States by certain foreign nationals, there has been a focus on containing the disease by prohibiting non-essential travel and limiting person-to-person contact. Across the country, states and local governments, including the State, have issued "stay at home" or "shelter in place" orders, which severely restrict movement and limit businesses and activities to essential functions. The President of the United States issued a national emergency on March 13, 2020 retroactive to March 1, 2020. Additionally, other countries have effectively closed their borders by restricting entry and exit to only essential travel.

The COVID-19 pandemic and resulting restrictions have severely disrupted, and continue to disrupt, the economies of the United States and other countries, leading to volatility in the securities markets. Many of these markets have lost significant value and may continue to do so. Business failures, worker layoffs, and consumer and business bankruptcies are occurring and are expected to continue in the near future.

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

In response to the COVID-19 pandemic, on July 2, 2020, Chicago Department of Public Health Commissioner Allison Arwady, M.D., issued an Emergency Travel Order directing travelers entering or returning to Chicago from states and territories experiencing a surge in new COVID-19 cases to quarantine for a 14-day period from the time of last contact within the identified state (the "Emergency Travel Order"). The Emergency Travel Order applies to both Chicago residents returning from travel to a designated state, and travelers arriving in Chicago from a designated state. As of September 15, 2020, 21 states are subject to the Emergency Travel Order. The City updates the list of states and territories that are subject to the Emergency Travel Order on a weekly basis. The City cannot predict when the Emergency Travel Order will be fully or partially lifted, and if lifted, whether such restrictions will be reinstated. The City cannot predict the financial impact that the Emergency Travel Order or other restrictions related to COVID-19 imposed by the City, the State or federal level may have on the operations, traffic activity and financial condition of O'Hare.

Summary of City Responses to the Impact of COVID-19 at O'Hare

Aircraft operations, passenger levels, revenues and the financial condition of airports across the country have been impacted due to COVID, and O'Hare has been similarly impacted during Fiscal Year 2020 (ending December 31, 2020). See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT" for a more detailed discussion regarding the impact of COVID-19 on O'Hare's operations, passenger and cargo activity and concession activity. The City currently estimates less than projected airline and passenger revenues in Fiscal Year 2020 as compared to the Fiscal Year 2020 budget. Accordingly, the City has taken the following actions in response to these conditions:

- Identified approximately \$64.9 million of operating expense reductions in Fiscal Year 2020.
- The City increased the annualized landing fee by 9.4% (and by 18.8% for July 1, 2020 – December 31, 2020) in its mid-year landing fee adjustment.
- The City has applied the majority of its funds granted through the CARES Act (as defined herein) to support airline costs at O'Hare, as described in more detail herein. A portion of these CARES Funds will be applied to help support rental payments for the airlines and the concessionaires, as described in more detail herein.

As a result of the actions described above, the application of CARES Act funds, savings from the Series 2020 Senior Lien Bonds, and mid-year financial, budgetary and rate adjustments, the City does not anticipate the need to draw upon any reserves to meet the Fiscal Year 2020 budget. See the section herein entitled "Liquidity and Financial Position." The following tables provide certain data regarding the mid-year financial, budgetary and rate adjustments and a reconciliation of the Pro-Forma prepared by the City for 2020, reflective of the application of the CARES funding, as described in more detail herein.

- The City is authorized to provide and has received requests for forms of financial relief and other accommodations from airlines and airport concessionaires operating at O'Hare. In response to such requests, the City has agreed to several measures (which do not include payment obligations deferrals or modifications), as described in the paragraphs that follow.
- For the airlines and concessionaires operating out of O'Hare, the City has implemented the measures totaling approximately \$519.7 million of relief as described in the paragraphs that follow. A portion of the impact of such relief will be offset due to the decline in non-airline revenues, as described in the table below entitled "2020 Budget vs. Pro-Forma 2020 Estimated by CDA."

- Reduction of approximately \$64.9 million in Operation and Maintenance Expenses for Fiscal Year 2020.
- Reduction of the incremental deposit into the Operations and Maintenance Reserve Fund by approximately \$44.5 million due to reduction in budgetary operating costs and application of CARES Act funds to reduce Operation and Maintenance Expenses.
- Reduction of approximately \$55.9 million of capital costs for Fiscal Year 2020 due to lower interest rates for certain variable rate demand bonds and the estimated impact of the Series 2020 Senior Lien Bonds.
- Application of approximately \$35.0 million in additional deferred revenue credit to airfield from 2018 and an estimated \$25.0 million of deferred revenue credit to airfield from 2019. These credits are due to the airlines under the AULA.
- Approximately \$294.4 million of CARES Act funds will be used to reduce the rates and charges impact by applying for reimbursement for operating and maintenance and debt service costs, including \$169.4 million for Operation and Maintenance Expenses and debt service for the benefit of the airlines in the Terminal and Airfield Cost Centers, \$65.0 million applied to mitigate anticipated shortfalls in near-term reduction in collections of PFC Revenues (of which \$34.8 million will be applied to the Senior Lien Bonds that have either pledged or applied PFCs and \$30.2 million to the City's PFC Obligations) and \$30.0 million applied to mitigate anticipated shortfalls in customer facility charges near-term reduction in collections of CFCs. \$30.0 million of the CARES Funding will be used to provide concession rate relief under the Concession Relief Program, as defined and described below, without altering the terms of the concession agreements.
 - Under the City's COVID-19 Concessions Relief Program as currently structured (the "Concessions Relief Program"), \$30.0 million of CARES Act funds have been budgeted to be applied as revenues to O'Hare. With respect to qualifying concessionaires other than rental car companies, these funds will be used to mitigate any shortfalls between the minimum annual guarantee monthly rent and actual percentage rent for a period ending on October 1, 2021 or if earlier, when certain revenue targets are met, with concessionaires being required to reimburse such amounts in monthly payments from October of 2021 through March of 2023. In addition, under the Concessions Relief Program, two months of minimum annual guarantee monthly rent relief will be provided for those concessionaires who apply for relief and meet the criteria. Under the Concessions Relief Program, for the rental car companies, three months of rent relief will be provided from these funds without other allowances. Under the Concessions Relief Program, all rental payments are being invoiced to concessionaires and rental car companies with CARES Act providing payments for the two or three months of the concession relief program. The Concessions Relief Program and its promulgated rules (the "Rules") are expressly subject to (i) all applicable federal, state and local laws, ordinances, rules and regulations, (ii) all existing agreements under which the City is obligated and bound, including, but not limited to, the bond ordinances, indentures and other agreements relating to the 2020 Senior Lien Bonds and any other bonds or securities issued by the City with respect to O'Hare, including certain financial coverage covenants and required remedial actions ("Existing City Obligations") and (iii) all future agreements under which the City will be obligated and bound, including, but not limited to, the bond ordinances, indentures and other agreements relating to bonds and securities to

be issued by the City with respect to O'Hare, including certain financial coverage covenants and required remedial actions ("Future City Obligations"). The Program, the Rules and any relief granted under the Program are in no way intended to diminish or impair the 2020 Senior Lien Bonds, the Existing City Obligations or Future City Obligations. The Program, the Rules and any relief granted under the Program are expressly subordinated and subject to any lien granted by the City with respect to the 2020 Senior Lien Bonds, Existing City Obligations and Future City Obligations.

- The City is proactively implementing a number of temporary measures intended to mitigate operational and financial impacts to the City, including: a hiring slowdown; eliminating non-critical travel; limiting overtime; remote working for employees that are not essential for onsite operations; reducing other operational and maintenance spending; and identifying capital projects that could safely be deferred.
- At O'Hare, temporary operational measures have been implemented, including closing certain parking facilities and eliminating related bussing operations; increasing sanitation procedures; creating COVID public service announcements; adjusting customer and facility services to reflect lower passenger counts, and modifying Terminal seating arrangements where possible to better facilitate the physical distancing recommended by health authorities. The City cannot predict whether these measures will be sufficient to mitigate the negative effects of the COVID-19 pandemic. However, the City will continue to assess and implement opportunities to reduce costs and adjust operations to keep O'Hare safe and efficient in response to the ongoing changes.

The tables below summarize the anticipated application of CARES funding as well as the impact of the City's mitigation efforts for the airlines and concessionaires.

ESTIMATED APPLICATION OF CARES FUNDS (\$000)

CARES Funds Applied to the Airfield, Terminal and Other Cost Centers	\$199,442
CARES Funds Applied to PFC-Associated Senior Lien Bonds	34,783
CARES Funds Applied to PFC Costs and PFC Obligations	30,217
CARES Funds Applied to CFC O&M Expenses and Debt Service	30,000
Total Application of CARES Funds	\$294,442

**Based on estimated Capital Costs after the issuance of the 2020 Senior Lien Bonds*

2020 BUDGET VS. PRO-FORMA 2020 ESTIMATED BY CDA

	2020 BUDGET	PRO-FORMA 2020 AS ESTIMATED BY CDA*	CHANGE	CHANGE (%)
Enplaned Passengers (000)	42,556	16,024	(26,532)	-62.3%
Landed Weight - Metric Tons (000)	59,424	33,600	(25,824)	-43.5%
Airfield Requirement (\$000)	\$571,140	\$351,203	(\$219,937)	-38.5%
<i>Cost per 1,000 lbs (On a Full Year Basis)</i>	\$9.61	\$10.45	\$0.84	8.7%
Application of Prior Year(s) True-Up (\$000)	\$5,000	\$65,000	\$60,000	1200.0%
Terminal Requirement (Net of the Credits) (\$000)	\$348,461	\$363,703	\$15,242	4.4%
Total Airline Requirement (\$000)	\$924,601	\$779,906	(\$144,695)	-15.6%
Non-Airline Revenues to be Applied in 2021 per AULA (\$000)	\$66,268	\$41,661	(\$24,607)	-37.1%
Non-Airline Revenues (\$000)	\$288,362	\$114,740	(\$173,622)	-60.2%
Total Non-Airline Revenues (\$000)	\$354,630	\$156,401	(\$198,229)	-55.9%
Other Available Sources (Prior Year CRE and ARE Revenues) plus Portion of CARES as Revenue (\$000)	\$61,018	\$186,401	\$125,383	205.5%
Total Revenues and Other Available Sources (\$000)	\$1,340,249	\$1,122,708	(\$217,541)	-16.2%
Total O&M Requirements After Expense Reductions (Net of CARES Applied to O&M Expenses) (\$000)	\$760,397	\$578,982	(\$181,415)	-23.9%
Total Capital Costs (After Application of PFC, LOI and BAB Subsidy) (\$000)**	\$513,836	\$457,905	(\$55,931)	-10.9%
Total O&M and Capital Costs (\$000)	\$1,274,233	\$1,036,887	(\$237,346)	-18.6%
Coverage (Per Indenture) (x)	1.47	1.46		

* Utilizes the Airport Consultant's assumptions and is net of estimated 2020 Senior Lien Bonds refunding savings

** Includes CARES Funding applied to PFC-associated GARBs

Note: Totals may not add due to rounding

Because the effects of the COVID-19 pandemic are expected to continue into Fiscal Year 2021, the City is preparing its budget for the upcoming fiscal year to reflect the measures described herein and is analyzing multiple financial and operational models to develop the Fiscal Year 2021 budget. Portions of the debt service savings resulting from the issuance of the 2020 Senior Lien Bonds will be reflected as reduced capital costs in 2021.

Federal Relief Efforts

The United States government, the Federal Reserve Board and foreign governments are taking legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), approved by the United States Congress and signed by the President on March 27, 2020, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for airports and direct aid, loans and loan guarantees for passenger and cargo airlines. In addition, on April 9, 2020, the Federal Reserve Board announced a \$500 billion program to provide state and certain local governments with access to short-term debt funding with the Federal Reserve acting as the lender.

Provisions of the CARES Act, which provide \$10 billion of grant assistance to airports, generally include the following: (i) \$3.7 billion to be allocated among all U.S. commercial service airports based on number of enplanements in calendar year 2018, (ii) \$3.7 billion to be allocated among all U.S. commercial service airports based on formulas that consider fiscal year 2018 debt service relative to other airports, and cash-to-debt service ratios, (iii) \$2 billion to be apportioned in accordance with Airport Improvement Program ("AIP") entitlement formulas, subject to CARES Act formula revisions, (iv) \$500 million to increase the federal share to 100% for grants awarded in federal fiscal year 2020 under certain grant programs including the AIP, and (v) \$100 million reserved for general aviation airports.

On April 14, 2020, the FAA announced that it had allocated for items (i), (ii) and (iii) in the above paragraph approximately \$294.442 million of grant assistance under the CARES Act to O'Hare and approximately \$82.302 million to Midway. The City can draw on all CARES Act funds, except those received under (iv) above, on a reimbursement basis for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations. Currently, the City has applied the use of CARES Act funds, as described above, to mitigate the impact on rates and charges and to ensure sufficient funding to pay for debt service. The City expects the CARES Act funding to strengthen its ability to withstand expected decreases in revenues during Fiscal Year 2020 and Fiscal Year 2021 that it anticipates as a result of the current and ongoing effects of the COVID-19 pandemic. There is no assurance that the CARES Act funding will be sufficient to fully compensate the City for lost revenue at O'Hare as a result of the COVID-19 pandemic. The City has submitted a request for reimbursement for the entire \$294.442 million to the FAA and the Illinois Department of Transportation.

On March 13, 2020, the President declared the ongoing COVID-19 pandemic of sufficient severity to warrant an emergency declaration for purposes of obtaining disaster assistance through FEMA's Request for Public Assistance ("RPA"). The City submitted its application through the RPA process, which requires applications be filed within 30 days of the date of the emergency designation. The City expects to provide damages estimates to FEMA based on projected costs and hours data available to the City as of the date of its RPA submission. In addition, the City continues to evaluate and seek other available sources of State and federal aid as they become available. At this time, it is unclear whether legislative, regulatory and other governmental actions, including the CARES Act, will have the intended positive impact on the financial condition of O'Hare.

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Liquidity and Financial Position

At December 31, 2019, O'Hare had \$820.1 million in unrestricted and discretionary reserves and \$740.0 million in adjusted O&M Expenses, generating 405 days of cash on hand. At December 31, 2018, O'Hare had \$712.0 million in unrestricted and discretionary reserves and \$611.0 million in adjusted O&M expenses, generating 425 days of cash on hand.

Based upon unaudited, internally prepared estimates, the following table provides the fund balances of O'Hare's unrestricted cash and investments and certain other funds available to fund O'Hare's operating expenses, as of August 31, 2020.

LIQUIDITY AND FINANCIAL POSITION (Excluding Debt Service Reserve Funds)	FUND BALANCES (as of 8/31/2020) (\$ million)
Unrestricted Funds:	
Revenue Fund	\$43.50
O&M Fund	\$70.60
Total Unrestricted Funds	\$114.10
Restricted Funds:	
O&M Reserve Fund	\$143.20
Supplemental O&M Reserve	\$41.90
Maintenance Reserve Fund	\$2.10
Aeronautical Real Estate Fund	\$84.40
Commercial Real Estate Fund	\$27.30
Pre-Approved Allowance Fund	\$24.80
Total General Fund	\$158.60
Restricted Funds	\$4.80
Total Restricted Funds	\$487.10
Total Unrestricted and Restricted Funds	\$601.20
Annual O&M Expenses	\$581.10
Days Cash on Hand	378

SOURCE: City of Chicago, Department of Finance Records

In addition, O'Hare maintains significant restricted reserves which may be available to fund debt service, as reflected in the table below.

Debt Service Reserve Accounts (as of August 31, 2020)			
Bonds	Cash/Investments	Surety Bonds¹	Total
GARB	\$723,021,825.17	\$178,154,431.42	\$901,176,256.59
PFC ²	60,549,351.48	-	60,549,351.48
CFC ³	48,561,560.86	-	48,561,560.86
Total	\$832,132,737.51	\$178,154,431.42	\$1,010,287,168.93

SOURCE: City of Chicago, Department of Finance Records.

¹The sureties are provided by FSA, MBIA, FGIC, and AMBAC.

²The amounts shown for cash/investment for PFC Bonds are available solely for standalone PFC Bonds.

³The amounts shown for cash/investment for CFC Bonds are available solely for CFC Bonds.

Other than immaterial amounts, as of August 31, 2020, the airlines operating at O'Hare were compliant with the payment terms under the AULA.

IMPACT OF COVID-19 ON AIR TRAFFIC

Impact on Passenger Volume

Air travel throughout the nation continues to be severely curtailed by the COVID-19 pandemic. O'Hare, similar to most other airports across the nation, has also experienced steep declines in passenger volumes as a result of the COVID-19 pandemic. For the specific period from January 2020 through July 2020, estimated declines were approximately -60.5% as compared to the same period in 2019.

TOTAL ENPLANED PASSENGERS (2019-2020)

Month	2019 Domestic Enplaned Passengers	2020 Domestic Enplaned Passengers	Change	Month	2019 International Enplaned Passengers	2020 International Enplaned Passengers	Change	Month	2019 Total Enplaned Passengers	2020 Total Enplaned Passengers	Change
January	2,235,225	2,412,622	7.9%	January	468,072	473,348	1.1%	January	2,703,298	2,886,049	6.8%
February	2,287,811	2,399,204	4.9%	February	418,287	383,248	-8.4%	February	2,706,098	2,782,452	2.8%
March	2,962,312	1,412,889	-52.3%	March	592,689	228,419	-61.5%	March	3,555,001	1,641,308	-53.9%
April	2,801,056	154,347	-94.5%	April	552,957	14,920	-97.3%	April	3,354,013	169,267	-95.0%
May	3,142,245	331,666	-89.4%	May	688,520	20,201	-97.1%	May	3,830,765	351,867	-90.8%
June	3,236,833	567,433	-82.5%	June	735,906	45,026	-93.9%	June	3,972,739	612,459	-84.6%
July	3,342,491	949,681	-71.6%	July	709,831	78,242	-89.0%	July	4,052,322	1,027,923	-74.6%
YTD Total	20,007,973	8,227,842	-58.9%	YTD Total	4,166,262	1,243,483	-70.2%	YTD Total	24,174,235	9,471,325	-60.5%

SOURCE: City of Chicago, Department of Aviation Management Records.

Airlines at O'Hare regularly review their flight schedules, resulting in possible flight cancellations and adjustments to flight schedules. The City anticipates that the reduced level of scheduled airline service will continue and cannot predict the duration. Additionally, due to travel restrictions in place at the United States-Canadian border, and parts of Asia and Europe, several airlines operating at O'Hare have notified the City that they have temporarily suspended international air services. See "AIR TRAFFIC ACTIVITY AT O'HARE – Airlines Providing Service at O'Hare." The City cannot predict the duration of these flight suspensions or if other air services from O'Hare will be affected by flight restrictions or border closures by other countries.

In July 2020, airlines started restoring some of the capacity to their summer 2020 schedules. The pace and trajectory of the recovery in demand may fluctuate in the near-term as continued travel restrictions and regional outbreaks of COVID-19 infections depress demand for air travel. Despite this volatility, O'Hare remains a critical component of the route networks of hub airlines American and United. Both airlines continue to operate a hub at O'Hare with scheduled arrivals and departures in banked structures that enable connectivity. This connectivity is especially critical as airlines have reduced nonstop service from many destinations and are more reliant on mid-continent connecting hubs to link destinations across their networks.

Impact on Cargo Volume

Total cargo tonnage (metric tons) at O'Hare was 1,064,470 for the seven month period ended July 2020, as compared with 1,018,597 for the seven month period ended July 2019, which is an approximate increase of 4.5%.

TOTAL CARGO ACTIVITY (METRIC TONS) (JANUARY 2019- JULY 2020)

MONTH	2019	2020	CHANGE
January	129,064	124,742	-3.3%
February	121,217	117,801	-2.8%
March	159,304	155,891	-2.1%
April	149,483	154,330	3.2%*
May	156,002	169,720	6.7%*
June	157,963	185,058	17.2%*
July	145,564	156,928	7.8%*
YTD Total	1,018,597	1,064,470	4.5%

SOURCE: City of Chicago, Department of Aviation Management Records.

*Despite the significant impact of COVID-19 on passenger activity, the noted data reflects an upward trend in cargo volume for April - July, 2020, as a result of decreased opportunities for passenger flights to carry cargo. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

Impact on Landed Weights

The total aircraft landed weights (in thousands of pounds) for passenger and cargo aircraft at O'Hare was 20,633,838 for the seven month period ended July 2020, as compared with 32,810,919 for the seven month period ended July 2019, which is an approximate decrease of 37.1%. The total aircraft landed weights for passenger and cargo aircraft at O'Hare was 57,471,102 in 2019 (89% of which comprised passenger aircraft and 11% comprised cargo aircraft), as compared to 56,311,655 in 2018 (88% of comprised passenger aircraft and 11% comprised cargo aircraft).

AIRCRAFT LANDED WEIGHT (THOUSANDS OF POUNDS) (2019-2020)

Month	PASSENGER AIRCRAFT			CARGO AIRCRAFT			TOTAL PASSENGER AND CARGO AIRCRAFT		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
January	3,633,540	3,786,005	4.2%	502,404	481,846	-4.1%	4,135,944	4,267,851	3.2%
February	3,471,051	3,568,065	2.8%	439,014	448,618	2.2%	3,910,065	4,016,683	2.7%
March	4,185,559	3,373,517	-19.4%	546,412	629,714	15.2%	4,731,971	4,003,231	-15.4%
April	4,144,760	1,166,683	-71.9%	535,818	673,317	25.7%	4,680,578	1,840,000	-60.7%
May	4,468,045	1,146,895	-74.3%	555,081	687,249	23.8%	5,023,126	1,834,144	-63.5%
June	4,558,980	1,275,674	-72.0%	559,602	706,943	26.3%	5,118,581	1,982,617	-61.3%
July	4,667,440	2,078,373	-55.5%	543,214	610,939	12.5%	5,210,654	2,689,312	-48.4%
YTD Total	29,129,375	16,395,212	-43.72%	3,138,331	4,238,626	15.13	32,810,919	20,633,838	-37.1%

SOURCE: City of Chicago, Department of Aviation Management Records.

Impact on Passenger Facility Charges Revenues

PFC Revenues consist of all revenue received by the City from the passenger facility charges imposed by the City at O'Hare pursuant to applicable law. The beginning balance of PFC Revenues at January 1, 2020 was approximately \$208 million, and the amount of PFC Revenues collected in the first seven months of 2020 was \$45,120,848, a reduction of 57.9% compared to the same period in 2019 (cash basis).

Impact of COVID-19 on Certain Non-Airline Revenues

With the decline in enplaned passengers, there have been corresponding declines in demand for parking, rental cars, and passenger terminal concessions. The following table shows parking revenue, rental car revenue and concession revenue at O'Hare for the first seven months of 2020 compared to the same period in 2019.

PARKING, RENTAL CAR AND CONCESSION REVENUE (2019-2020)

MONTH	2019 CONCESSION, PARKING and RENTAL CAR REVENUE	2020 CONCESSION, PARKING and RENTAL CAR REVENUE	CHANGE
January	\$18,022,483	\$19,075,954	5.8%
February	\$17,746,125	\$19,315,214	8.8%
March	\$21,794,732	\$12,124,494	-44.4%
April	\$20,988,377	\$2,353,705	-88.8%
May	\$23,563,819	\$3,791,821	-83.9%
June	\$23,808,221	\$4,750,141	-80.0%
July	\$22,987,903	\$5,830,588	-74.6%
YTD Total	\$148,911,660	\$67,241,918	-54.8%

SOURCE: City of Chicago, Department of Aviation Management Records.

Impact of COVID-19 on Capital Improvement Plan

The City continues to assess COVID-19 and any related impact on the capital improvement program for O'Hare, including the ongoing CIP Projects and the Pre-Approved CIP Projects. The City cannot predict if and to what extent COVID-19 may have on the CIP Projects and Pre-Approved CIP Projects. With respect to the OMP, the airfield projects are in the final stages. Three of the four runways, and one of the two runway extensions have been completed. The remaining airfield projects include the construction of Runway 9C-27C and the extension of Runway 9R-27L. The completion of Runway 9C-27C and the extension of Runway 9R is anticipated by the end of 2020 and 2021, respectively. Project delivery is currently on schedule, but is subject to timing of final steps, such as Navigational Aid installation and testing which could be impacted by COVID-19 restrictions. With respect to TAP Phase I, which includes the redevelopment of Terminal 2 into the O'Hare Global Terminal ("OGT") and Concourses, the addition of two satellite concourses, and other project elements, the program is in the initial phases of development. Contracts for design, engineering, and construction management have been awarded and advance planning, conceptual design, and the environmental approval process is underway. The current schedule includes an estimated completion date in 2028. The City continues to assess COVID-19 and its potential effects on TAP Phase I. Tap Phase I is in the early stages of design and the estimated completion date remains subject to change due to the impacts of COVID-19 or other economic and operational factors. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT" for a more detailed discussion of the scope, timing and funding of the CIP Projects and Pre-Approved CIP Projects.

Other Related Matters

On May 22, 2020, the Hertz Corporation and its affiliates, Thrifty Car Rental and Dollar Rent-A-Car (collectively, "Hertz") filed for Chapter 11 bankruptcy. As of the date of its bankruptcy filing, Hertz owed the City \$1,028,971 under an agreement relating to rental car facilities (the "Hertz Agreement") that terminates on July 14, 2043. As of September 11, 2020, accrued amounts owed to the City of \$2,291,265 under the Hertz Agreement have not been paid. The City cannot predict the impact that the bankruptcy proceedings may have on the ability of Hertz to fulfill its financial obligations under the Hertz Agreement.

On May 27, 2020, Advantage Holdco, Inc. and six affiliated companies (collectively, "Advantage") filed for Chapter 11 bankruptcy protection. As of the date of its bankruptcy filing, Advantage owed the City \$200,756 under an agreement relating to rental car facilities (the "Advantage Agreement") that terminates on July 14, 2043. As of September 11, 2020, Advantage is delinquent in payments to the City for \$109,411 under the Advantage Agreement. Advantage rejected and terminated the Advantage Agreement in connection with its bankruptcy proceedings and abandoned its facilities at O'Hare as of June 30, 2020. The City cannot predict the amounts or damages, if any, that the City will be able to recover with respect to the termination of the Advantage Agreement.

Several airlines operating at O'Hare have temporarily suspended air services, although most anticipate restoring service in the next twelve months. In the twelve months ended February 2020, 83 carriers, including regional and cargo carriers, had scheduled service at O'Hare. There were 63 carriers with schedule service for the month of August 2020 reflecting reduced service following the COVID-19 impacts. However, there are currently 80 carriers with scheduled service between September 2020 and August 2021 and only six carriers serving O'Hare in the twelve months ending February 2020 have yet to restore scheduled service. The City does not expect such temporary suspension of service to have a material impact on the financial condition of O'Hare.

The prime contractor and largest subcontractor for the Airport Transit System (the "ATS") that will connect the terminals at O'Hare to one another, remote public parking and the consolidated rental car facility at O'Hare, each have made force majeure claims under their contracts relating to this project. However, work continues on the ATS project, these claims are not anticipated by the City to have a material adverse impact on O'Hare. The City currently is not aware of any other force majeure provisions in any other material contracts or agreements relating to O'Hare that are expected to be invoked and have a material adverse effect on O'Hare or its operations. The City cannot predict or foresee what other force majeure provisions may be invoked in the future.

Future COVID-19 Matters

Prospective investors should be aware that the restrictions and limitations related to COVID-19, and the current upheaval to the air travel industry and the national and global economies, may continue or increase at least over the near term, recovery may be prolonged and, therefore, have an adverse impact on O'Hare revenues. Future outbreaks, pandemics or events outside the City's and O'Hare's control may further reduce demand for travel, which in turn could cause a decrease in passenger activity at O'Hare and declines in O'Hare revenues. See "CERTAIN INVESTMENT CONSIDERATIONS — COVID-19 Pandemic and "—Worldwide Health Concerns."

Forward-looking Statements

This Section contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be

different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

O'HARE FINANCIAL INFORMATION

OPERATING RESULTS

The following is a summary of O'Hare's operating revenues and Operation and Maintenance Expenses for the five year period 2015 through 2019. O'Hare's Fiscal Year corresponds with the calendar year. See also APPENDIX D - "AUDITED FINANCIAL STATEMENTS" as of and for the years ended December 31, 2019 and 2018 (the "Financial Statements").

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HISTORICAL OPERATING RESULTS
CHICAGO O'HARE INTERNATIONAL AIRPORT⁽¹⁾
2015-2019
(IN THOUSANDS)

OPERATING REVENUES	2015	2016	2017	2018	2019
Landing Fees.....	\$253,347	\$301,285	\$300,247	\$336,168	\$370,945
Rental Revenues					
Terminal rental and use charges	292,706	333,939	350,727	373,765	440,325
Other rentals and fueling system fees	48,199	52,870	62,905	84,513	113,567
Sub-Total Rental Revenues	<u>340,905</u>	<u>386,809</u>	<u>413,632</u>	<u>458,278</u>	<u>553,892</u>
Concessions:					
Auto parking	99,210	103,813	106,620	103,975	103,459
Auto rentals	29,176	28,436	28,028	29,971	32,559
Restaurants	49,366	52,786	54,657	57,972	61,690
News and gifts	24,355	25,082	24,354	25,465	25,012
Other ⁽²⁾	41,908	43,074	43,762	43,240	99,427
Sub-Total Concessions	<u>244,015</u>	<u>253,191</u>	<u>257,421</u>	<u>260,623</u>	<u>322,147</u>
Reimbursements	<u>6,961</u>	<u>6,532</u>	<u>4,879</u>	<u>6,844</u>	<u>6,501</u>
Total Operating Revenues	<u>\$845,228</u>	<u>\$947,817</u>	<u>\$976,179</u>	<u>\$1,061,913</u>	<u>\$1,253,485</u>
 OPERATION AND MAINTENANCE EXPENSES					
Salaries and Wages	\$203,216	\$208,578	\$210,649	\$227,219	\$221,763
Pension Expense	339,546	245,491	145,992	145,920	159,153
Repairs and Maintenance.....	98,945	104,536	95,310	115,008	143,231
Energy.....	34,090	39,500	34,773	35,027	42,297
Materials & Supplies	9,876	10,886	6,937	16,284	14,647
Engineering & Other Professional Services .	83,265	95,608	101,798	111,642	133,994
Other Operating Expenses ⁽²⁾	<u>36,773</u>	<u>46,611</u>	<u>57,035</u>	<u>59,166</u>	<u>127,499</u>
Total Operation and Maintenance Expenses					
Before Depreciation and Amortization	<u>\$805,710</u>	<u>\$751,210</u>	<u>\$652,494</u>	<u>\$710,266</u>	<u>\$842,584</u>
NET OPERATING INCOME BEFORE					
DEPRECIATION AND AMORTIZATION	<u>\$39,518</u>	<u>\$196,607</u>	<u>\$323,685</u>	<u>\$351,647</u>	<u>\$410,901</u>

⁽¹⁾ Columns may not add to total shown because of rounding.

⁽²⁾ Other Concession Revenues and Other Operating Expenses include the operations of Hilton O'Hare, which was transferred back to the Airport on January 1, 2019 as the 30 year lease term with HLT O'Hare, Inc. ended on December 31, 2018. The City has entered into a 10 year operating lease agreement with Hilton Management, LLC for hotel operations and Hyde Park Hospitality, LLC and food and beverage operations. 2019 is the first year where the operations of Hilton O'Hare have been included in the basic financial statements.

DISCUSSION OF FINANCIAL OPERATIONS

The "Historical Operating Results" table above summarizes O'Hare's audited financial results for the years 2015 through 2019. Operating Revenues in the table are comprised of landing fees, terminal area rental/use charges, other rentals/fueling system fees and concessions. Operation and Maintenance Expenses are comprised of salaries and wages, repairs and maintenance, energy, materials and supplies, engineering and other professional services and other operating costs which include insurance premiums, equipment rentals, vehicles and various miscellaneous costs.

The City charges the Signatory Airlines based on a projection of, and recognizes revenues from the Signatory Airlines only to the extent required to fund, the net airline requirement (equal to Operation and Maintenance Expenses, net debt service requirements and fund deposit requirements less non airline revenues and credits). Accordingly, landing fees and terminal area rental/use charges increased \$101.3 million in 2019 compared to 2018.

Operating expenses before depreciation, amortization and loss on capital asset disposals increased by \$132.3 million (18.6%) in 2019 compared to 2018. Increases were due in part to increases in pension expense of \$13.2 million (9.1%) and repairs and maintenance of \$28.2 million (24.5%) due to the provisions of the 2018 Airline Use and Lease Agreement ("AULA"). The AULA allows for additional ongoing repairs and maintenance of up to \$40 million annually. In addition, the increase is due to professional and engineering services increasing by \$22.4 million primarily due to the inclusion of a full year of the Chicago Airlines Terminal Consortium (CATCo) Operations costs in the Airport's budget based on the new rate structure in the AULA. Other operating expenses increased by \$68.3 million (115.5%) primarily due to increases in indirect costs and insurance and the inclusion of \$43.0 million of Hilton O'Hare expenses. These increases were offset by decreases in salaries and wages of \$5.5 million (-2.4%) due to decreased fringe benefit costs and certain salaries associated with the capital programs being capitalized.

Of the \$159.2 million of Pension Expense recorded for 2019, \$56.2 million is the portion of the City's pension contribution payable in 2019 to the Retirement Funds (as defined herein) and allocable to O'Hare. The remaining portion of the Pension Expense for 2019 of \$103.0 million is recognized on the income statement of O'Hare for 2019 pursuant to GASB 68 but is not due and payable by the City during 2019; accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

The increase in concession revenues of \$61.5 million from 2018 to 2019 was primarily due to the operations of Hilton O'Hare, which was transferred back to the Airport on January 1, 2019 as the 30 year lease term with HLT O'Hare, Inc. ended on December 31, 2018. The City has entered into a 10 year operating lease agreement with Hilton Management, LLC for hotel operations and Hyde Park Hospitality, LLC for food and beverage operations. 2019 is the first year where the operations of Hilton O'Hare have been included in the basic financial statements.

Cash Balances

As of December 31, 2019, O'Hare's unrestricted cash and investments balance in the Airport Revenue Fund and O&M Fund was \$338.5 million, net of the debt service payments due January 1 that were already transferred to the debt service funds (noted below), and its restricted cash and investments balance was \$4.124 billion compared to December 31, 2018 balances of \$344.3 million in the Airport Revenue Fund and O&M Fund and \$4.603 billion in restricted cash and investments. The December 31, 2019 restricted cash and investments balance was comprised of construction funds of \$1.8 billion, \$145.1 million of capitalized interest, debt service reserve funds of \$834.6 million, \$538.6 million of debt service funds, \$194.2 million of operation and maintenance reserve, maintenance reserve and supplemental

operations and maintenance reserve funds; \$57.8 million of customer facility charge funds, \$151.5 million in the Airport General Fund (including LOI receipts), \$136.6 million in the aeronautical real estate, commercial real estate and pre-approved allowances funds; \$23.4 million in other funds, and \$221.9 million in the passenger facility charge fund. The restricted cash and investments balance includes approximately \$1.8 billion in construction funds that the City expects to spend through 2022.

INSURANCE

The City maintains property and liability insurance coverage for both O'Hare and Midway and allocates the cost of the premiums between the two airports. The City's property and liability premiums for both O'Hare and Midway are approximately \$13.2 million per year. The property coverage was renewed on December 31, 2019 with a limit of \$3.5 billion total for both airports and includes terrorism liability coverage, and the liability coverage was renewed on May 15, 2020 with a limit of \$1 billion total for both airports and includes war and terrorism liability coverage.

PENSION COSTS

Determination of Pension Contributions

Pursuant to the Illinois Pension Code, as revised from time to time (the "Pension Code"), the City contributes to four retirement funds (collectively, the "Retirement Funds"), which provide benefits upon retirement, death or disability to members of the Retirement Funds and their beneficiaries. The Retirement Funds are, in order from largest to smallest membership: (i) the Municipal Employees' Annuity and Benefit Fund of Chicago ("MEABF"); (ii) the Policemen's Annuity and Benefit Fund of Chicago ("PABF"); (iii) the Firemen's Annuity and Benefit Fund of Chicago ("FABF"); and (iv) the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("LABF"). The Retirement Funds' membership consists primarily of current and former employees of the City and their beneficiaries. Each O'Hare employee participates in one of the Retirement Funds. For additional information on the O'Hare's portion of the net pension liability to the Retirement Funds, see APPENDIX D - "AUDITED FINANCIAL STATEMENTS- NOTES 7 and 8." The Report of the Airport Consultant in Appendix E sets forth projected Personnel Expenses which incorporates O'Hare's projected contributions to the Retirement Funds from 2020 through 2029.

Members of each Retirement Fund are eligible (individually, an "Eligible Member," and collectively, "Eligible Members") for an annual annuity payment (the "Annuity Benefits") if they meet certain age, years of service and prior service credit requirements (the "Eligibility Factors"). Benefits to each Eligible Member are statutorily established based on a combination of the Eligibility Factors and the Eligible Member's average annual salary for certain years prior to retirement (the "Annuity Factors").

Annuity Benefits for each of the Retirement Funds are funded from three sources: (i) contributions from the City (the "City Contributions") which are funded from the proceeds of a property tax levy on all taxable property located within the City or other available funds, including payments from O'Hare on behalf of the O'Hare employees, (ii) contributions from Eligible Members (the "Employee Contributions," and together with the City Contributions, the "Contributions"), and (iii) investment returns. O'Hare has historically contributed its pro rata share of City Contributions to the Retirement Systems (the "O'Hare Portion") based on the Annuity Factors for the number of O'Hare employees who are Eligible Members.

The provisions of the Pension Code mandate the amounts the City must contribute to the Retirement Funds, and the City is bound to contribute, and historically has contributed, the amounts required by the Pension Code.

The Pension Code provides that each Retirement Fund Board must annually certify to the City Council a determination of the required City contribution to such Retirement Fund. In making its request for the City's annual contribution, each Retirement Fund, acting through its Retirement Fund Board, annually approves and then submits a resolution to the City Council requesting that the City Council levy for a particular contribution amount. The City has generally paid the amounts so requested.*

Historically, the Pension Code required the City to contribute to a Retirement Fund a statutory multiple of the amount contributed to such Retirement Fund by the employees who are members in such Retirement Fund two years prior to the year in which the property tax used to generate the contribution was levied (the "Multiplier Funding System"). The statutory multiple applicable to a Retirement Fund was set forth in the Pension Code article applicable to such Retirement Fund. The Multiplier Funding System did not adjust for changes in the funding level of such Retirement Fund and, as such, the contributions determined in accordance with the Multiplier Funding System did not relate to, and in many years, were substantially less than, the contribution amounts that would have resulted from an actuarial determination of such contribution.

The City's contributions to the Retirement Funds are no longer calculated in accordance with the Multiplier Funding System. Public Act 96-1495 ("P.A. 96-1495"), as modified by Public Act 99-506 ("P.A. 99-506" and, together with P.A. 96-1495, the "FABF/PABF Funding Legislation"), modified the articles of the Pension Code applicable to FABF and PABF to provide for calculation of the respective contributions to such Retirement Funds in accordance with the FABF/PABF Funding Plan (as hereinafter defined and described). P.A. 100-23 modified the articles of the Pension Code applicable to LABF and MEABF to provide for calculation of the respective contributions to such Retirement Funds in accordance with the LABF/MEABF Funding Plan (a hereinafter defined and described).

Prior to the passage of P.A. 100-23, the General Assembly enacted Public Act 98-641 ("P.A. 98-641"). Public Act 98-641 made substantial changes to the articles of the Pension Code applicable to LABF and MEABF, including a change to the manner in which contributions were made to such Retirement Funds. The Illinois Supreme Court determined that P.A. 98-641 was unconstitutional, which caused the City to continue contributing to LABF and MEABF in accordance with the Multiplier Funding System until the contributions required by P.A. 100-23 became effective.

Pursuant to the FABF/PABF Funding Legislation, beginning in payment year 2021, the City must contribute to FABF and PABF annually the amount necessary to achieve a Funded Ratio (as described below) of 90 percent in such Retirement Funds by the end of fiscal year 2055 (the "FABF/PABF Actuarial Funding Amount"). For payment years 2016 through 2020, the FABF/PABF Funding Legislation specifies the amounts contributed by the City in gradually increasing amounts ahead of the FABF/PABF Actuarial Funding Amount (the "FABF/PABF Phase-in Funding" and, together with the FABF/PABF Actuarial Funding Amount, the "FABF/PABF Funding Plan"). During the FABF/PABF Phase-in Funding, the City will contribute the following amounts pursuant to the FABF/PABF Funding Legislation in payment year 2018, \$727 million; in payment year 2019, \$792 million; and in payment year 2020, \$824 million. In payment year 2021, the City will contribute the FABF/PABF Actuarial Funding Amount of \$1.109 billion.

Pursuant to P.A. 100-23, beginning in payment year 2023, the City must contribute to LABF and MEABF annually the amount necessary to achieve a Funded Ratio (as described below) of 90 percent in such Retirement Funds by the end of fiscal year 2058 (the "LABF/MEABF Actuarial Funding Amount"). For payment years 2018 through 2022, P.A. 100-23 specifies the amounts contributed by the City in

*In past years, FABF has requested a contribution from the City which the City determined exceeded the amount required by the Pension Code. The City has indicated that it will not contribute amounts in excess of the amount the City has determined to be the statutory contribution requirement for the City to FABF in such prior years or in future years.

gradually increasing amounts ahead of the LABF/MEABF Actuarial Funding Amount (the "LABF/MEABF Phase-in Funding" and, together with the LABF/MEABF Actuarial Funding Amount, the "LABF/MEABF Funding Plan"). During the LABF/MEABF Phase-in Funding, the City will contribute the following amounts pursuant to P.A. 100-23: in payment year 2018, \$302 million; in payment year 2019, \$392 million; in payment year 2020, \$481 million; in payment year 2021, \$571 million; and in payment year 2022, \$660 million.

The City's contributions to the Retirement Funds have historically been made primarily from the proceeds of an annual levy of property taxes for each of the Retirement Funds (collectively, the "Pension Levy") by the City solely for such purpose, as provided by the Pension Code. However, the Pension Code allows the City to use any other legally available funds (collectively, the "Other Available Funds," as described below) in lieu of the Pension Levy to make its contributions to the Retirement Funds provided that such Other Funds are deposited with the City Treasurer for such purpose. The amount of the Pension Levy, like any City property tax levy, must be approved by the City Council. The Pension Levy is exclusive of and in addition to the amount of property taxes which the City levies for other purposes.

The portion of the City's contribution presently made from Other Available Funds consists of several revenue sources, including (i) general corporate fund revenues, and (ii) revenues of the enterprise systems (with respect to the portion of the contribution allocable to the employees of the respective enterprise systems). Historically, the City used a portion of the PPRT revenues to pay a portion of the City's contributions. The City has identified additional revenue sources to assist in making the increased contributions to LABF and MEABF as a result of the enactment of P.A. 100-23. With respect to LABF, the City expects that a portion of such increased contribution will be made from funds in the Corporate Fund made available as a result of an increase in the 911 surcharge. With respect to MEABF, the City intends to utilize revenues generated from a tax on water and sewer usage which was imposed by the City Council on September 14, 2016, to fund a portion of the increase in the City's contributions to MEABF.

The City allocates to its enterprise funds their share of the City's annual contribution to the Retirement Funds based upon the amount of services provided by City employees to the functions or enterprises related to or paid out of those funds. The enterprise funds account for their allocable share of the City's contributions to the Retirement Funds as operating and maintenance expenses. In addition, beginning in 2015, the financial statements of the enterprise funds include an allocation of the applicable Net Pension Liability to such funds as required by the New GASB Standards. The amounts allocable to the respective enterprise funds may be significant and may have a material effect on such financial statements.

The City's Fiscal Year 2020 budget included the following contributions to the Retirement Funds (as indicated by total annual contribution and O'Hare proportional share): (i) \$524.5 million for MEABF, of which \$35.1 million, or 6.7 percent, is O'Hare's proportional share; (ii) \$72.0 million for LABF, of which \$5.0 million, or 7.0 percent, is O'Hare's proportional share; (iii) \$1.109 billion for FABF and PABF, of which \$30.9 million, or 2.8 percent, is O'Hare's proportional share.

The allocations described in this subsection are not required by statute but represent the City's current method of allocating its pension costs. The City may alter the manner in which it allocates its pension costs to these funds at any time.

OUTSTANDING INDEBTEDNESS AT O'HARE

GENERAL

The City has financed capital improvements at O'Hare through various sources including City financings, federal grants, airline contributions, and available airport funds. The City has issued obligations secured by Revenues, including the Senior Lien Obligations (secured by Revenues on a senior lien basis) and Commercial Paper Notes and Letter of Credit Notes (secured by Revenues on a junior lien basis). Certain of the Senior Lien Obligations are secured by revenue sources which are separate and apart from Revenues, such as Grant Receipts and PFC Revenues.

In addition, the City has issued PFC Obligations secured by PFC Revenues, CFC Obligations secured by CFCs paid by customers of the rental car companies operating at O'Hare, and Special Facility Revenue Bonds secured by payments made by individual airlines and other tenants and licensees pursuant to separate special facility agreements with the City. See also APPENDIX D - "AUDITED FINANCIAL STATEMENTS-Note 4."

AIRPORT OBLIGATIONS

Outstanding Senior Lien Bonds. The City has issued and has outstanding Senior Lien Bonds (including the Third Lien Bonds issued prior to 2012) in the outstanding aggregate principal amount of \$8.787 billion (which amount includes the Refunded Bonds that are Senior Lien Bonds anticipated to be refunded with proceeds of the 2020 Senior Lien Bonds). The 2020 Senior Lien Bonds are secured on a parity basis with the Outstanding Senior Lien Bonds and all other Senior Lien Obligations.

Debt Service Schedule for Outstanding Senior Lien Bonds. The Senior Lien Indenture secures on a parity basis as to Revenues the 2020 Senior Lien Bonds, the Outstanding Senior Lien Bonds and any additional Senior Lien Obligations issued or incurred by the City from time to time. See "SECURITY FOR THE 2020 SENIOR LIEN BONDS-General." The debt service on the Outstanding Senior Lien Bonds is shown in the following table:

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DEBT SERVICE SCHEDULE FOR SENIOR LIEN BONDS⁽¹⁾

BOND YEAR ENDING JANUARY 1	TOTAL NET DEBT SERVICE ON OUTSTANDING SENIOR LIEN BONDS ⁽²⁾⁽³⁾⁽⁴⁾	TOTAL DEBT SERVICE ON 2020A SENIOR LIEN BONDS	TOTAL DEBT SERVICE ON 2020B SENIOR LIEN BONDS	TOTAL DEBT SERVICE ON 2020C SENIOR LIEN BONDS	TOTAL DEBT SERVICE ON 2020D SENIOR LIEN BONDS	TOTAL DEBT SERVICE ON 2020E SENIOR LIEN BONDS	TOTAL NET DEBT SERVICE ⁽⁴⁾
2021	\$389,103,991						
2022	625,967,781						
2023	628,061,782						
2024	656,724,787						
2025	656,717,192						
2026	652,542,508						
2027	653,420,637						
2028	643,429,487						
2029	618,937,054						
2030	621,033,771						
2031	621,015,069						
2032	621,506,681						
2033	663,530,073						
2034	659,570,571						
2035	676,018,694						
2036	535,821,501						
2037	534,341,914						
2038	532,409,904						
2039	530,484,208						
2040	416,471,084						
2041	365,469,925						
2042	268,914,213						
2043	268,934,125						
2044	270,722,850						
2045	243,310,538						
2046	243,308,000						
2047	221,138,200						
2048	221,276,500						
2049	534,310,500						
2050	200,943,500						
2051	201,077,519						
2052	201,233,550						
2053	120,093,219						
2054	418,288,000						
Total	\$15,716,129,327						

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Includes debt service on the Refunded Bonds that are Senior Lien Bonds.

⁽³⁾ Does not include Federal Subsidy Payments with respect to the Series 2010B Bonds. Under the Budget Sequestration Provisions of the Budget Control Act of 2011 the subsidy will be reduced by 5.7% for the Federal 2021 Fiscal Year. Absent Congressional action, the sequester will continue through October 2021; however, any future percentage of subsidy reduction is not known at this time.

⁽⁴⁾ Net of capitalized interest.

Issuance of Additional Airport Obligations. Subject to certain conditions set forth in the Senior Lien Indenture, the City may issue Additional Senior Lien Bonds or incur other Senior Lien Obligations that will be secured on a parity basis with the 2020 Senior Lien Bonds and the Outstanding Senior Lien Bonds. See "SECURITY FOR THE 2020 SENIOR LIEN BONDS-Issuance of Additional Senior Lien Bonds" and "CAPITAL PROGRAMS." The Bond Ordinance also authorizes the issuance of \$4 billion in debt to be issued as Senior Lien Bonds or PFC Obligations. Upon the issuance of the 2020 Senior Lien Bonds, \$743,875,000* in debt will remain authorized to be issued under the Bond Ordinance.

Obligations Subordinate to Senior Lien Bonds. As described under "SECURITY FOR THE 2020 SENIOR LIEN BONDS-Covenants Against Lien on Revenues," the City has the right, at any time, to issue debt payable or secured by Revenues so long as such pledge is expressly junior and subordinate to the pledge of Revenues to the payment of Senior Lien Obligations. Indebtedness of the type described in the preceding sentence can be issued without limit as to nature or amount.

The City has authorized the issuance of Chicago O'Hare International Airport Commercial Paper Notes (the "Commercial Paper Notes") and Chicago O'Hare International Airport Credit Agreement Notes (the "Credit Agreement Notes"), respectively, in a combined aggregate principal amount outstanding at any one time of up to \$1 billion. The City does not have an active Commercial Paper Note or Credit Agreement Note program.

LETTER OF CREDIT FACILITIES SECURING INDEBTEDNESS AT O'HARE

The City has issued from time to time certain variable rate bonds and notes that are supported by letter of credit facilities provided by banks for the payment of debt service and/or tender prices for such obligations. The City is obligated to reimburse the banks for any payments or draws under the letter of credit facilities. Set forth in the following table is information about the City's letter of credit facilities supporting Senior Lien Obligations at O'Hare. As reflected in such table, a reduction in the debt rating for the related debt below the level that is shown in the "Ratings Thresholds" column would constitute an event of default under the related bank agreement.

If an event of default is triggered due to a ratings downgrade or for any other reason, the subject bank would have the right to provide the bond trustee with a notice directing a mandatory tender of the related bonds. For such mandatory tender, the bond trustee would draw upon the letter of credit facility to fund the purchase price for such bonds. In such case, the bonds would be owned by the bank and would be immediately repayable at the option of the bank.

The City does not have any Qualified Senior Lien Swap Agreements at O'Hare.

It is anticipated that, upon issuance of the 2020 Senior Lien Bonds, the 2005C Senior Lien Bonds and the 2005D Senior Lien Bonds will be defeased, and there is expected to be no variable rate debt Outstanding with respect to O'Hare. See "PLAN OF FINANCE – Refunding Plan."

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* Preliminary, subject to change.

LETTER OF CREDIT FACILITIES

Series	Amount Outstanding (August 1, 2020)	Expiration/ Termination Date ⁽²⁾	Bank	Ratings Thresholds ⁽¹⁾		
				Fitch	Moody's	S&P
2005C	\$140,600,000	05/21/2021	Bank of America	BBB-	Baa3	BBB
2005D	\$100,000,000	08/12/2022	Barclays	(3)	(3)	(3)

Source: City of Chicago, Department of Finance.

⁽¹⁾ An underlying rating by any rating agency for the related debt (or lowest rated lien of the related credit) below what is shown in the chart in the "Ratings Threshold" column would constitute an event of default under the agreements with the related banks.

⁽²⁾ Although it is anticipated that, in connection with the issuance of the 2020 Senior Lien Bonds, the 2005C Senior Lien Bonds and the 2005D Senior Lien Bonds will be defeased, in the event that the 2005C Senior Lien Bonds and the 2005D Senior Lien Bonds remain outstanding after such issuance, the City intends to renew or replace these letter of credit facilities prior to their respective dates of expiration or termination. See "PLAN OF FINANCE – Refunding Plan."

⁽³⁾ The reimbursement agreement with Barclays provides that it is an event of default if (A) any two Rating Agencies then rating the debt of the City payable from or secured by Revenues and moneys and securities held from time to time by the Trustee under the Senior Lien Indenture ("Pledged Revenues") which is senior to or on a parity with the Series 2005D Senior Lien Bonds shall have downgraded their rating on such debt to or below "Baa2" (or its equivalent) or "BBB" (or its equivalent), respectively, or (B) any Rating Agency shall have downgraded its rating of any debt of the City payable from or secured by Pledged Revenues which is senior to or on a parity with the Series 2005D Bonds to below "Baa3" (or its equivalent), or "BBB-" (or its equivalent), respectively, or suspended or withdrawn its rating of the same and such downgrade, suspension or withdrawal shall remain for a period of 180 days.

AIRPORT PFC OBLIGATIONS

Outstanding PFC Obligations. The City has previously issued various series of PFC Obligations pursuant to the PFC Master Indenture. There are currently \$471 million aggregate principal amount of PFC Obligations outstanding under the PFC Indenture (which amount includes the Refunded Bonds that are PFC Obligations anticipated to be refunded with proceeds of the 2020 Senior Lien Bonds). PFC Obligations are secured separately from the Senior Lien Bonds, solely by PFC Revenues. The pledge of the PFC Revenues for the repayment of the Series 2020C Bonds and the Series 2020E Bonds is subordinate to outstanding PFC Obligations and any additional PFC Obligations issued in the future.

Issuance of Additional PFC Obligations. The City has authorized the issuance of \$500 million of PFC Obligations pursuant to a bond ordinance adopted in 2016. The City may issue, from time to time, additional PFC Obligations to fund additional capital projects, as described under "CAPITAL PROGRAMS." See "CERTAIN INVESTMENT CONSIDERATIONS-Future Indebtedness" and "-Availability of PFC Revenues."

Obligations Subordinate to Pledge of PFC Revenues. The City has the right to issue debt payable from or secured by PFC Revenues remaining after the discharge and satisfaction of all PFC Obligations and to issue debt payable from, or secured by a pledge of amounts to be withdrawn from the PFC Bond Fund so long as such pledge is expressly junior and subordinate to the pledge of PFC Revenues to the payment of PFC Obligations. Indebtedness of the type described in the preceding sentence can be issued without limit as to nature or amount.

AIRPORT CFC OBLIGATIONS

The City has previously issued and has outstanding \$234 million aggregate principal amount of its Customer Facility Charge Senior Lien Revenue Bonds, Series 2013 (the "CFC Bonds") pursuant to an Indenture of Trust, dated as of August 1, 2013, as supplemented and amended (the "CFC Indenture"). In addition, the City has entered into a Transportation Infrastructure Finance and Innovation Act of 1998 loan with the U.S. DOT, to provide funding in an aggregate principal amount up to \$272 million (the "TIFIA Loan" and together with the CFC Bonds, the "CFC Obligations"), and which constitutes a subordinate bond under the CFC Indenture. The proceeds of the CFC Obligations, together with other moneys, are being used to finance the construction of the Multimodal Facility, and the CFC Obligations are secured separately from the Senior Lien Obligations, solely by CFCs collected from customers of rental car companies operating at O'Hare and certain other charges payable by rental car companies operating from the consolidated rental car facility ("CRCF").

SPECIAL FACILITY REVENUE BONDS

The City has previously issued Special Facility Revenue Bonds on behalf of numerous airlines, as well as certain non-airline parties, to finance or refinance a portion of the capital improvements at O'Hare. These Special Facility Revenue Bonds are secured separately from the Senior Lien Bonds, solely by amounts received from such airlines and non-airline parties pursuant to the terms of related Special Facility Financing Arrangements. See "CERTAIN INVESTMENT CONSIDERATIONS-Uncertainties of the Airline Industry."

PFC PROGRAM AT O'HARE

GENERAL

The United States Congress enacted the PFC Act in 1990, authorizing a public agency, such as the City, which controls a commercial service airport to charge each paying passenger enplaning at such airport (subject to limited exceptions) a PFC of \$1.00, \$2.00 or \$3.00. The purpose of the PFC is to provide additional capital funding for the expansion of the national airport system. The proceeds from PFCs are to be used to finance eligible airport-related projects that preserve or enhance safety, capacity or security of the national air transportation system; reduce noise from an airport that is part of such system; or furnish opportunities for enhanced competition between or among air carriers.

PFCs are collected on behalf of airports by air carriers and their agents (the "Collecting Carriers") and remitted to the City on a monthly basis. On September 1, 1993, pursuant to a PFC Approval, the City began to impose PFCs at O'Hare at the rate of \$3.00 per eligible enplaned passenger.

The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR 21"), among other things, authorizes eligible public agencies, such as the City, to impose PFCs of \$4.00 or \$4.50 to finance PFC eligible projects, including the payment of debt service on indebtedness incurred to finance such projects, that cannot be paid for from funds reasonably expected to be available through the federal AIP. On April 1, 2001, pursuant to authorization contained in AIR 21 and amended PFC Approvals (as defined herein) received from the FAA, the City began imposing PFCs at O'Hare at the rate of \$4.50 per eligible enplaned passenger. Regardless of the number of PFC applications which have been approved by the FAA, eligible public agencies, such as the City, only can collect a maximum of \$4.50 from each eligible enplaning passenger.

COLLECTION OF THE PFCs

A PFC may be collected from a passenger for no more than two boardings (i) on a one-way trip or (ii) in each direction of a roundtrip. The public agency may request exemption from the requirement to collect PFCs for a class of air carriers if the number of passengers enplaned by the carriers in the class constitutes no more than one percent of the total enplaned passengers annually at the airport at which the PFC is imposed. The City has requested and received an exemption from the collection of PFCs for air taxi operators at O'Hare. Air taxi operators have historically accounted for less than one percent of all PFC eligible enplanements at O'Hare.

Treatment of PFCs in Airline Bankruptcies. The PFC Act provides that PFCs collected by the Collecting Carriers constitute a trust fund held for the beneficial interest of the eligible public agency (i.e., the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the Collecting Carriers are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted.

In the event of a bankruptcy, the PFC Act, as amended in December 2003 by the Vision 100—Century of Aviation Reauthorization Act ("Vision 100"), provides certain statutory protections to eligible public agencies imposing PFCs, including the City, with respect to PFC collections. It is unclear, however, whether the City would be able to recover the full amount of PFC trust funds collected or accrued with respect to a Collecting Carrier in the event of a liquidation or cessation of business. Vision 100 requires an airline that files for bankruptcy protection, or that has an involuntary bankruptcy proceeding commenced against it, to segregate passenger facility revenue in a separate account for the benefit of the eligible public agencies entitled to such revenue. Prior to the amendments made by Vision 100 allowing PFCs collected by airlines to constitute a trust fund, at least one bankruptcy court indicated that PFC revenues held by an airline in bankruptcy would not be treated as a trust fund and would instead be subject to the general claims of the unsecured creditors of such airline. In connection with another bankruptcy proceeding prior to Vision 100, a different bankruptcy court entered a stipulated order establishing a PFC trust fund for the benefit of various airports to which the bankrupt airline was not current on PFC payments. While Vision 100 should provide some protection for eligible public agencies in connection with PFC revenues collected by an airline in bankruptcy, no assurances can be given as to the approach bankruptcy courts will follow in the future. See "CERTAIN INVESTMENT CONSIDERATIONS—Effect of Airline Bankruptcy."

The City also cannot predict whether a Collecting Carrier operating at O'Hare that files for bankruptcy would have properly accounted for PFCs owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such Collecting Carrier. Based on Vision 100, it is expected, although no assurance is given, that the City would be treated as a secured creditor with respect to PFCs held by a Collecting Carrier which becomes involved in a bankruptcy proceeding. See "CERTAIN INVESTMENT CONSIDERATIONS—Effect of Airline Bankruptcy."

THE CITY'S PFC APPROVALS

Since 1993, the FAA has approved several PFC applications and amendments submitted by the City authorizing the City to use PFCs to pay (i) allowable costs of projects approved by the FAA for PFC funding ("Approved Projects"), including those Approved Projects financed or refinanced by the issuance of the Series 2001 PFC Bonds, the Series 2008 PFC Bonds, the Series 2010 PFC Bonds and the Series 2011 PFC Bonds (each series as defined in APPENDIX A - "GLOSSARY OF TERMS"), together with debt service on such bonds, and (ii) allowable costs of certain Approved Projects on a "pay as you go" basis. The City received PFC authority for the International Terminal expansion project.

As of the date of this Official Statement, the City has authority to impose and use at O'Hare up to \$6.93 billion in PFCs. Based upon the City's current PFC authority, the FAA estimates the PFC collection expiration date to be July 1, 2041. See Exhibit 5-7 in APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT" for a description of PFC Revenues anticipated to be received by the City through 2025. Although the City expects that it will obtain new PFC Approvals before its current authority expires, no assurance can be given that the City will be able to do so. Regardless, the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds are also payable from and secured by a pledge of Revenues. See "SECURITY FOR THE 2020 SENIOR LIEN BONDS."

TERMINATION OF AUTHORITY TO IMPOSE PFCs

The FAA may terminate the City's authority to impose PFCs, subject to procedural safeguards, if the FAA determines that (i) the City is in violation of certain provisions of the federal Airport Noise and Capacity Act of 1990 (the "Noise Act") relating to airport noise and access restrictions, (ii) PFC collections and investment income thereon are not being used for Approved Projects in accordance with the PFC Approvals or with the PFC Act and the PFC Regulations, (iii) implementation of any Approved Projects does not commence within the time period specified in the PFC Act and the PFC Regulations or (iv) the City is otherwise in violation of the PFC Act, the PFC Regulations or the PFC Approvals. As provided by the PFC Regulations, a formal termination process that would last a minimum of 100 days would be required before the FAA could terminate the City's authority to impose a PFC for a violation of the PFC Act. The City has not received notice of any such determination by the FAA and has no reason to believe that it is in violation of the PFC Act or the PFC Regulations.

In the event the FAA were to terminate or reduce the City's ability to impose PFC's at O'Hare, such action would have the resultant effect of limiting the amount of PFC Revenues available for the payment of the 2020C Senior Lien Bonds, the 2020E Senior Lien Bonds and the other Senior Lien Bonds to the extent such Senior Lien Bonds are payable from PFC Revenues. The 2020C Senior Lien Bonds, the 2020E Senior Lien Bonds and any Senior Lien Bonds payable from PFC Revenues are also payable from and secured by a pledge of Revenues in the event sufficient PFC Revenues are not available for the payment of these bonds. See "SECURITY FOR THE 2020 SENIOR LIEN BONDS"

CAPITAL PROGRAMS

GENERAL

The City has on-going capital programs at O'Hare that are collectively referred to herein as the "Airport Capital Program" and which include: (i) the remaining OMP Airfield Projects, (ii) the TAP Phase I, (iii) Near-Term Gate Improvements and Other Projects (as defined herein) and (iv) the CIP Projects. The Airport Capital Program, which includes certain projects that received funding approval under the Prior Use Agreements as well as the projects approved in the Airline Use and Lease Agreement, was developed under O'Hare 21, a City initiative to improve the airport's connectivity, efficiency and capacity, and ensure the success of the Airport into the 21st century.

In March 2018, the City announced that funding for approximately \$8.5 billion of new O'Hare capital projects was approved under the Airline Use and Lease Agreement. This funding includes: (i) the Phase I TAP Elements; (ii) the CIP Projects; and (iii) the Pre-Approved Allowances for capital maintenance and infrastructure reliability projects. No additional airline approval is required for these capital projects. These capital projects and their source of funding are described herein and in the Report of the Airport Consultant. The Airline Use and Lease Agreement included funding approval for capital projects through the 15-year term of the agreement in 2017 dollars, with certain provisions for project cost escalation. Ongoing projects approved under Prior Use Agreements were reconfirmed with the execution of the Airline

Use and Lease Agreement. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT." In addition to the Capital Programs, the City, in accordance with criteria established by the O'Hare Noise Commission, participates in an ongoing program of providing sound insulation to eligible schools and residences in the vicinity of O'Hare (the "OMP Noise Program"). See "CHICAGO O'HARE INTERNATIONAL AIRPORT-O'Hare Noise Compatibility Commission."

Projected Sources and Uses of Funds for the Airport Capital Program. The City is using a combination of (i) GARBs, (ii) PFC Revenue, and federal grants to fund the Airport Capital Program. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT" for a more detailed discussion of the \$8.5 billion of Airport Capital Program funding approval in the Airline Use and Lease Agreement.

O'HARE MODERNIZATION PROGRAM

Overview. In 2001, the City announced the OMP, a comprehensive program for the phased reconfiguration of the airfield from sets of converging parallel runways in three main directional orientations (northeast/southwest, east/west and northwest/southeast) to six parallel runways in the east/west direction and two crosswind runways in the northeast/southwest direction.

The OMP airfield projects (the "OMP Airfield Projects") included the construction of one new runway, the relocation of three existing runways and the extension of two existing runways. To date, three of the four runways have been completed and one of the two runway extensions has been completed. All of the completed OMP Airfield Projects have been fully funded, requiring no further GARB funding. The airfield has been reconfigured to a modern, parallel runway system and the two remaining projects are currently being completed. The Airport has experienced a reduction in operational delays and an increase in airfield capacity with the completion of the OMP projects to date.

Remaining OMP Airfield Projects. The Airport Capital Program includes the remaining OMP Airfield Projects necessary to complete the OMP. These projects include: construction of Runway 9C-27C and enabling projects, Runway 9R-27L extension, relocation of airline support facilities, cross field taxiway system and taxiway relocation, and other remaining modifications and improvements under the OMP. All necessary approvals have been received for the remaining OMP Airfield Projects through a combination of funding approvals received under the Prior Use Agreements and funding approvals including in the Airline Use and Lease Agreement. Runway 9C-27C and the extension of Runway 9R-27 are anticipated to open in 2020 and 2021 respectively, making O'Hare the only airport with six parallel runways. See APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT" for a more detailed discussion of the OMP.

Airport Transit System. The City is in the testing and commissioning process with respect to its ATS extension and modernization project. The expanded ATS will provide service between the passenger terminals and between all terminals and remote public parking and the consolidated rental car facility. The City is working with its prime contractor and largest subcontractor towards resolving technical issues as part of this process. The ATS will be returned to service once the process is completed. See "AIR TRAFFIC ACTIVITY AT O'HARE – Recent Developments at the Airport – Other Related Matters" above.

TERMINAL AREA PLAN

The TAP was developed to address gate capacity and connectivity and processing issues at the Airport through long-term development of the O'Hare passenger terminal facilities. The TAP is designed to modernize and replace the oldest terminal facilities at O'Hare; co-locate domestic and international arrival gates enhancing operational efficiencies for the movement of passengers and baggage; and support airline growth and minimize gate delay by increasing gate capacity. The TAP includes redevelopment of the existing Terminal 2 site with construction of the O'Hare Global Terminal (OGT) and O'Hare Global

Concourse plus satellite concourses west of the existing passenger terminals. TAP is planned to be implemented in phases, including TAP Phase I and Additional TAP Elements to be undertaken in the future.

TAP Phase I. TAP Phase I received funding approval in the Airline Use and Lease Agreement. It was approved as part of the \$6.1 billion Phase I TAP Elements which also included some of the Near-Term Gate Improvements and Other Programs. TAP Phase I is comprised of the following projects: (i) OGT and O'Hare Global Concourse; (ii) construction of Satellite 1 Concourse; (iii) construction of Satellite 2 Concourse; (iv) construction of an automated people mover ("APM"), pedestrian and utility tunnel; (v) construction of baggage handling system equipment within the OGT and Concourse, Satellite 1 Concourse, Satellite 2 Concourse and adjacent to the consolidated tunnel; (vi) Terminal 5 landside improvements; (vii) reconfiguration of Terminal 5 facilities; (viii) TAP Phase I utilities allowance for distribution and collection systems to locations outside the concourses and the OGT; and (ix) employee parking and security screening facility on the west side of the Airport (the "Western Employee Parking and Screening Facility"). Upon completion of TAP Phase I, there are expected to be between 215 and 220 gates at O'Hare. Contracts have been awarded for design, engineering, and construction management and advance planning, conceptual design, and the environmental approval process are ongoing. The current schedule includes an estimated completion date in 2028. The City continues to assess COVID-19 and its potential effects on TAP Phase I. The TAP Phase I Project is in the early stages of design and the estimated completion date remains subject to change due to the impacts of COVID-19 or other economic and operational factors.

Additional TAP Elements. Additional TAP Elements are planned to accommodate the growth of the terminal area as the Airport's capacity continues to expand. Additional TAP Elements include completion of the consolidated APM and utility tunnel and installation of the APM, Satellite 3 Concourse, Satellite 4 Concourse, Terminal 1 Concourse B and C redevelopment, Satellite 1 Northern Extension, Concourse G redevelopment, Terminal 3 redevelopment, garage at Terminal Core, phase 2 of Terminal 5 landside and parking improvements, phase 2 of the Western Employee Parking and Screening Facility and the baggage handling system expansion. As set forth in the Airport Lease and Use Agreements, certain conditions (the "Additional TAP Triggers") must be met before the City may proceed with the design, construction and equipping of specified Additional TAP Elements. See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AND LEASE AGREEMENTS" for a more detailed discussion of Majority-in-Interest review.

The Additional TAP Triggers apply to two of the Additional TAP Elements: (i) the completion of consolidated APM, pedestrian, and utility tunnel and installation of APM system and (ii) the Satellite 3 Concourse. A passenger activity trigger of 101,500,000 is required for each of these projects. The City may proceed with the design and construction of each Additional TAP Elements that require an Additional TAP Trigger without additional Majority-in-Interest review if the following conditions have been satisfied: (i) Additional TAP Triggers specified for the project have been met for any three consecutive years; (ii) no airspace or airfield capacity constraints that would diminish the utility of the Additional TAP Element; (iii) OGT and O'Hare Global Concourse are complete and in service; (iv) the City does not plan any modifications of the Additional TAP Elements that would result in a change in project scope requiring Majority-in-Interest review; and (v) the City provides the Executive Working Group with documentation that the requirements have been satisfied and consults with the Executive Working Group on the estimated timing of the Additional TAP Elements. Within 12 months of the substantial completion of the OGT and O'Hare Global Concourse, the City is required to meet with the Long-Term Signatory Carriers to decide whether Additional TAP Element Triggers for the Additional TAP Elements should be revised downward and whether Additional TAP Elements that do not have defined triggers in the Airline Use and Lease Agreement should adopt triggers or otherwise proceed. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT" for a more detailed discussion of the TAP Phase I and Additional TAP Elements.

NEAR-TERM GATE IMPROVEMENTS AND OTHER PROGRAMS

In addition to the TAP, the Airport Capital Program includes near-term gate projects separate from TAP Phase I as well as detention basin projects. These projects include funding approvals from the Prior Use Agreements and the Airline Use and Lease Agreements. The Near-Term Gate Improvements and Other Programs are comprised of the following: (i) Terminal 5 expansion; (ii) additional Terminal 5 projects; (iii) Concourse L three-gate expansion; (iv) Concourse L five-gate buyout; and (v) detention basin projects. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT" for a more detailed discussion of the sources and uses of funds for the Near-Term Gate Improvements and Other Programs. The Concourse L five-gate buyout was completed in 2018. The Terminal 5 expansion project is currently under construction and includes expansion of the terminal by more than 350,000 feet, renovation of more than 750,000 square feet in the existing space, an expansion of the TSA checkpoint to provide a total of thirteen lanes, the net addition of ten new aircraft gates, a new ramp control tower, reconfigured immigrations and customs screening, replacement of terminal baggage handling system and installation of two new domestic reclaim carousels, and a parking garage. The temporary activity slowdown due to COVID-19 has allowed the City to make construction more efficient and economical, while lessening disruptions to airport tenants and passengers at Terminal 5. Delivery of these components is expected to occur in 2022 and 2023.

CIP PROJECTS

The CIP Projects, which have been pre-approved under the Airline Use and Lease Agreements and do not require additional review by the Majority-in-Interest, are other capital projects not included in TAP Phase I or the Near Term Gate Improvements and Other Projects that are in various stages of planning, design, construction and closeout and also include ongoing repair and maintenance projects. The primary focus of the CIP is for rehabilitation of existing airfield pavement, heating and refrigeration upgrades and terminal area projects, including Terminal 1 roof replacement, upgrades to Terminal 3 air handlers, roofing, and interiors , as well as an upgrade to the emergency standby power system and safety and security projects. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT" for a more detailed discussion of the sources and uses of funds for the CIP Projects.

PRE-APPROVED ALLOWANCES

The Airline Use and Lease Agreement approves annual Pre-Approved Allowances, allowing the City to implement, fund, and finance major asset replacement and maintenance projects not included in budgeted O&M Expenses. A total of \$40 million in Pre-Approved Allowances will be expended annually. In addition, the City has the ability to spend up to \$168 million for infrastructure reliability projects through the term of the Airline Use and Lease Agreement. The infrastructure reliability projects include repairs, upgrades and existing airport infrastructure including mechanical, electrical and plumbing equipment. The Pre-Approved Allowances, including infrastructure reliability projects, and can be funded through a combination of airline rates and charges, bond financing, and net Aeronautical Real Estate Revenues. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

MANAGEMENT APPROACH FOR CAPITAL PROGRAMS

The Airline Use and Lease Agreement established the Executive Working Group, comprised of three City representatives and the following Signatory Airline representatives: one representative selected by each Long-Term Signatory Airline and one representative selected by the Signatory Airlines offering only international passenger service at the Airport that are not alliance partners of a Long-Term Signatory Airline. The Executive Working Group meets at least once every month to (i) review the status of all approved projects and Pre-Approved Allowances and (ii) consult concerning modifications to previously

approved projects, TAP Phase I, Additional TAP Elements, pre-approved CIP Projects and new projects that change the scope of any project or increase its estimated total project costs.

The City employs program managers, in the case of major capital projects such as OMP or TAP, to coordinate and oversee the execution of permitting, design, and construction activities related to these projects. Additionally, the City retained three construction managers at risk to provide pre-construction consultation and construction delivery and management services for the TAP program as well as for more significant components of the CIP. The City employs a construction manager in the case of smaller independent capital projects, to coordinate, supervise and inspect capital project construction. The manager prepares and maintains records on the progress of each capital project. The City, the construction managers at risk, and the construction manager oversee all work to ensure that each project is constructed in accordance with its plans and specifications within the timelines set forth in the construction schedule. In addition, the Signatory Airlines designate a construction representative to assess the construction and operational impact of capital projects and to participate in the evaluation of design and construction.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase of 2020 Senior Lien Bonds involves certain investment risks and considerations. Prospective investors should read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the 2020 Senior Lien Bonds. The order in which the following information is presented is not intended to reflect the relative importance of any such considerations. There can be no assurance that other investment consideration not discussed herein will not become material in the future.

GENERAL FACTORS AFFECTING LEVEL OF AIRLINE TRAFFIC AND REVENUES

The 2020 Senior Lien Bonds are payable from and secured by a pledge of Revenues and certain Funds and Accounts held under the Senior Lien Indenture. Revenues are dependent primarily on the level of aviation activity and enplaned passenger traffic at O'Hare. Key factors affecting airline traffic at O'Hare include, among others, (i) population growth and the economic and political conditions of the region and the nation, (ii) the financial health of the airline industry and of individual airlines, (iii) airline service and route networks, (iv) capacity of the national air traffic control system and of O'Hare and other competing airports, (v) the occurrence of pandemics and other national and international natural and man-made disasters, (vi) safety concerns arising from international conflicts, the possibility of terrorist or other attacks, and (vii) various other local, regional, national and international economic, political and other factors. Many of these factors, most of which are outside the City's control, are discussed in detail in APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT." If aviation activity at O'Hare does not meet forecast levels, a corresponding reduction may occur in Revenues (absent an increase in O'Hare rentals, fees and charges).

See also "AIR TRAFFIC ACTIVITY AT O'HARE - Recent Developments at the Airport – COVID 19."

COVID-19 PANDEMIC

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

discussion of existing and potential future impacts on the operations and financial condition of the Airport, See "AIR TRAFFIC ACTIVITY AT O'HARE – Recent Developments at the Airport – COVID-19".

The City cannot predict (i) the duration or extent of the COVID-19 pandemic or another outbreak or pandemic; (ii) the scope or duration of the current COVID-19 pandemic and any additional restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at O'Hare, or whether airlines will cease operations at O'Hare or shut down in response to such restrictions or warnings; (iii) what additional short or long-term effects the restrictions and warnings imposed as a result of the COVID-19 pandemic may have on air travel, including to and from O'Hare, the retail and services provided by Airport concessionaires, Airport costs or City revenues; (iv) to what extent the COVID-19 pandemic or another outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Airport-related construction, or other City operations; (v) the extent to which the COVID-19 pandemic or another outbreak or pandemic, or the resultant disruption to the local, State, national or global economy, may result in changes in demand for air travel, or may have an impact on the airlines or concessionaires serving O'Hare, or the airline and travel industry, generally; (vi) whether or to what extent the City may provide additional adjustments, mitigation or other changes to the City's arrangements with its tenants and Airport concessionaires; or (vii) whether any of the foregoing may have a material adverse effect on the finances and operations of the City and O'Hare.

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

IMPACT OF REGIONAL AND NATIONAL ECONOMIC CONDITIONS ON O'HARE

Historically, the financial performance of the air transportation industry has correlated with the state of the national economy. Future increases in passenger traffic will depend largely on the ability of the U.S. to sustain growth in economic output and income. The COVID-19 pandemic is materially adversely impacting local, state, national and global economies. The short and long term effects of these developments on the broader economy are not known at this time. There can be no assurances that weakness in international, national, state and/or local economies will not have an adverse effect on the air transportation industry, and on the Airport and its Revenues. See "AIR TRAFFIC ACTIVITY AT O'HARE — Recent Developments at the Airport — COVID-19" and "— COVID-19 Pandemic" above.

In addition, demand for air transportation is, to a degree, dependent upon the demographic and economic characteristics of an airport's air trade area. This relationship is true for O&D passenger traffic, which has historically accounted for approximately 50 percent of demand at O'Hare. Although O'Hare's Air Trade Area has a large, diverse economic base that supports business and leisure travel, there can be no assurances that any negative economic or political conditions affecting the Air Trade Area would not have an adverse effect on demand for air transportation at O'Hare. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT - Demographic and Economic Analysis."

See – "Financial Condition of the City and Other Overlapping Governmental Bodies" below for a discussion of the implications for O'Hare of the current financial challenges faced by the City and other public bodies located within the Air Trade Area.

UNCERTAINTIES OF THE AIRLINE INDUSTRY

General. The City's ability to collect Revenues is affected by the dynamics of the airline industry, which also affect the ability of the Signatory Airlines, individually and collectively, to meet their respective obligations under the Airline Use and Lease Agreements and other arrangements.

Historically, the financial performance of the airline industry generally has correlated with the strength of the national and global economy. Certain factors that may materially affect O'Hare and the airlines include, but are not limited to, (i) growth of population and the economic health of the region and the nation, (ii) airline service and route networks, (iii) national and international economic and political conditions, (iv) changes in demand for air travel, (v) service and cost competition, (vi) mergers and bankruptcy of any airlines, (vii) the availability and cost of aviation fuel and other necessary supplies, (viii) levels of air fares, fixed costs and capital requirements, (ix) the cost and availability of financing, (x) the capacity of the national air traffic control system, (xi) national and international disasters and hostilities, (xii) public health concerns and pandemics, such as the spread of COVID-19, influenza and severe acute respiratory syndrome, (xiii) the cost and availability of employees and labor relations within the airline industry, (xiv) regulation by the federal government, (xv) environmental risks, noise abatement concerns and regulation, (xvi) acts of war or terrorism, (xvii) aviation accidents, and (xviii) other risks. As a result of these and other factors, many airlines have operated at a loss in the past and many (including some that served O'Hare) have filed for bankruptcy, ceased operations and/or merged with other airlines. In addition, the so-called legacy carriers have taken many actions to restructure and reduce costs including reducing their workforce, renegotiating their labor agreements, reducing routes served, consolidating connecting activity and replacing mainline jets with regional jets.

Financial Condition of Airlines Serving O'Hare. The economic condition of the airline industry is volatile, and in recent years the industry has undergone significant changes, including major restructuring, bankruptcy, mergers, acquisitions and closures. The COVID-19 pandemic is severely and negatively affecting domestic and international air travel. See "AIR TRAFFIC ACTIVITY AT O'HARE — Recent Developments at the Airport — COVID-19" and "— COVID-19 Pandemic" above.

Airlines operating at O'Hare have filed for bankruptcy protection in the past and may do so in the future. See "— Effect of Airline Bankruptcies" below. Even absent an airline bankruptcy filing, the City may encounter significant delays and non-payment of amounts owed to it under its agreement with an airline.

Airlines serving O'Hare (including United Airlines and American Airlines) utilize regional alliance agreements with regional carriers to serve smaller cities. These contractual relationships between larger airlines and regional carriers are historically unstable and can affect operations. Regional carriers have filed for bankruptcy from time to time, and in some cases, ceased operations.

The industry is cyclical and subject to intense competition and variable demand. Traffic volumes are responsive to economic circumstances and seasonal patterns. Other factors, such as fuel and regulatory costs, can also have a significant impact on the industry. As a result, financial performance can fluctuate dramatically from one reporting period to the next.

Current and future financial and operational difficulties encountered by the airlines serving O'Hare (most notably United Airlines and its regional affiliates, which accounted for approximately 44.5 percent of the enplaned passengers at O'Hare in 2019, and American Airlines and its regional affiliates, which accounted for approximately 35.2 percent of the enplaned passengers at O'Hare in 2019), could have a material adverse effect on operations at, and the financial condition of, O'Hare. If either United Airlines or

American Airlines were to cease operations at O'Hare for any reason or eliminate or reduce O'Hare's status as a connecting hub, the current level of activity of such airline may not be replaced by other airlines.

Cost of Aviation Fuel. Airline earnings are significantly affected by the price of aviation fuel. Any increase in fuel prices results in an increase of airline operating costs. Fuel prices continue to be impacted by, among other things, political unrest in oil-producing parts of the world, increased demand for fuel caused by rapid growth in certain global economies, such as China and India, currency fluctuations and changes in demand for and supply of oil worldwide. Significant fluctuations and prolonged periods of increases in the cost of aviation fuel have had material adverse effects on airline profitability, causing airlines to reduce capacity, fleet and personnel, as well as increase fares and institute additional fees, such as checked baggage fees, all of which may decrease demand for air travel. While aviation fuel prices have declined significantly in the past few years, no assurance can be given that such fuel prices will not increase in the future, thereby negatively impacting airline earnings and operations.

Airline Mergers, Acquisitions and Alliances. In response to competitive pressures and increased costs, airlines have merged and acquired competitors in an attempt to combine operations in order to increase cost synergies and become more competitive. In 2009, Delta merged with Northwest Airlines. In 2010, United Airlines and Continental Airlines merged. In 2015, American and US Airways completed their merger which created the largest airline in the world in terms of operating revenue and revenue passenger miles. In 2016, Alaska Airlines and Virgin America merged. In addition, all of the large U.S. airlines are members of alliances with foreign-flag airlines, which alliances, and other marketing arrangements, provide airlines with many of the advantages of mergers. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines.

Further airline consolidation remains possible and could result in changes in airline service patterns, particularly at connecting hub airports. The City cannot predict the effect, if any, such consolidation would have on airline traffic at the Airport.

EFFECT OF AIRLINE BANKRUPTCY

American Airlines, United Airlines and other airlines operating at O'Hare have emerged from bankruptcy reorganization in the past. U.S. airlines may file for bankruptcy protection in the future. See "—Uncertainties of the Airline Industry" above. The cessation of operations by an Airline Party with significant operations at O'Hare, such as United Airlines or American Airlines, could have a material adverse effect on operations, Revenues (with the resultant effect on repayment of the 2020 Senior Lien Bonds) and the cost to the other airlines of operating at O'Hare. The COVID-19 pandemic has severely and negatively affected domestic and international air travel. See "AIR TRAFFIC ACTIVITY AT O'HARE — Recent Developments at the Airport — COVID-19."

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

Rejection of an Airline Use and Lease Agreement by any Airline Party that is a debtor in a bankruptcy proceeding would result in the termination of that Airline Use and Lease Agreement. Such rejection of an Airline Use and Lease Agreement would give rise to an unsecured claim of the City against the debtor's estate for damages, the amount of which is limited by the Bankruptcy Code. After application of certain reserve funds, the amounts unpaid by the Airline Party as a result of its rejection of an Airline Use and Lease Agreement in bankruptcy would be included in the calculation of the fees and charges of the

remaining Airlines Parties under their Airline Use and Lease Agreements. See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AND LEASE AGREEMENTS - General Commitment to Pay Airport Fees and Charges."

CAPACITY OF NATIONAL AIR TRAFFIC CONTROL AND AIRPORT SYSTEM

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

EXPIRATION OF AIRLINE USE AND LEASE AGREEMENTS

The expiration date of the Airline Use and Lease Agreements for Long-Term Signatory Airlines is December 31, 2033. For Short-Term Signatory Airlines, the Airline Use and Lease Agreements expire on December 31, 2023 (if the Effective Date is prior to January 1, 2024), December 31, 2028 (if the Effective Date is between January 1, 2024 and December 31, 2028), or December 31, 2033 (if the Effective Date is between January 1, 2029 and December 31, 2033). Short-Term Signatory Airlines have the option to extend the Term for each of two successive five-year periods through December 31, 2028 and then through December 31, 2033. Non-Signatory Airlines must execute an operating agreement to be granted the right to use areas exclusively at the Airport on a month-to-month basis. A portion of the debt service on the 2020 Senior Lien Bonds and the Outstanding Senior Lien Bonds becomes due after such dates. It is not possible to predict whether any airline will be contractually obligated to make payments, including, among other things, for debt service on the 2020 Senior Lien Bonds, the Outstanding Senior Lien Bonds or any other Senior Lien Bonds after the expiration date of the Airline Use and Lease Agreements. Upon the expiration of the Airline Use and Lease Agreements, the City may enter into extensions of such agreements with the airlines, enter into new agreements with the airlines, or impose rates and charges upon the airlines by City ordinance. The City has covenanted in the Senior Lien Indenture (which extends beyond the expiration of the Airline Use and Lease Agreements) to establish rentals, rates and other charges for the use and operation of O'Hare such that Revenues (including rentals, fees and charges imposed on the airlines), together with certain other moneys deposited with the Trustee, are sufficient to pay Operation and Maintenance Expenses at O'Hare and to satisfy the debt service coverage covenants contained in the Senior Lien Indenture. See "SECURITY FOR THE 2020 SENIOR LIEN BONDS - Coverage Covenants."

EFFECT OF CONTRACTUAL COUNTERPARTY BANKRUPTCY

A number of concessionaires or contractual counterparties that served or are currently serving O'Hare have filed for bankruptcy protection in the past and may do so in the future. As of July 1, 2020, each of Hertz, Thrifty Car Rental, Dollar Rent-A-Car, and have filed for Chapter 11 bankruptcy protection. The City cannot predict impact that these ongoing bankruptcy proceedings may have on the ability of these counterparties to fulfill their respective financial obligations under the agreements to which they are a party. In addition, Advantage Holdco, Inc. and its six affiliated companies terminated their agreement with O'Hare and abandoned its facilities at O'Hare, effective as of June 30, 2020, in connection with their bankruptcy proceedings. See "AIR TRAFFIC ACTIVITY AT O'HARE — Recent Developments at the Airport — COVID-19."

Future bankruptcies, restructurings and liquidations of other concessionaires or contractual counterparties may occur. While it is not possible to predict the impact on O'Hare of future bankruptcies, restructurings and liquidations by concessionaires or counterparties, if such concessionaire or counterparty

had significant operations or contractual obligations at O'Hare, its bankruptcy, restructuring or liquidation could have a material adverse effect on the Revenues of O'Hare, operations at O'Hare and could increase the costs of other contractual counterparties to operate at O'Hare. In addition, there can be no assurance that other additional concessionaires or contractual counterparties would be available to provide the Revenues, services or operations at O'Hare of any bankrupt or terminating concessionaire or counterparty.

CAPITAL PROGRAMS COSTS AND SCHEDULE

The estimated costs of, and the projected schedule for, the projects in the Capital Programs for O'Hare depend on various sources of funding, and are subject to a number of uncertainties. The ability of the City to complete these projects within the current budgets and on the current schedules may be adversely affected by various factors including: (i) economic conditions, including as a result of worldwide health concerns including pandemics; (ii) estimating errors, (iii) design and engineering errors, (iv) changes to the scope of the projects, (v) delays in contract awards, (vi) material and/or labor shortages, (vii) delays due to airline operational needs, (viii) unforeseen site conditions, (ix) adverse weather conditions, (x) contractor defaults, (xi) labor disputes, (xii) unanticipated levels of inflation, (xiii) litigation and (xiv) environmental issues. No assurance can be given that the costs of the projects will not exceed the current budget for these projects or that the completion will not be delayed beyond the currently projected completion dates. At present, the City is unable to estimate the costs associated with each of the risks identified above and the total impact of these risks if such events were to occur. In addition, the City may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, resulting in different results than those included in the projections shown in the Report of the Airport Consultant.

FUTURE INDEBTEDNESS

As described under "CAPITAL PROGRAMS," the City expects that it will need to incur additional indebtedness, including the issuance of Senior Lien Bonds, other Airport Obligations, and PFC Obligations, to finance the Capital Programs. Also the City's plans of finance for the Capital Programs assume that PFC Revenues would be available in certain amounts and at certain times for the payment of a portion of the anticipated costs of such capital projects on a "pay as you go" basis and for the payment of a portion of the debt service on Senior Lien Bonds, to the extent Senior Lien Bonds are payable from PFC Revenues. See "CAPITAL PROGRAMS." No assurance can be given that these sources of funding actually will be available in the amounts or on the schedules assumed. For a discussion of the availability of PFC Revenues, see "-Availability of PFC Revenues" below.

The City's plans of finance with respect to the Capital Programs assume that FAA LOI Grants and FAA AIP Grants would be available in certain amounts and at certain times for the payment of a portion of the anticipated costs of such capital projects on a "pay as you go" basis and for the payment of a portion of the debt service on the Senior Lien Bonds, including without limitation to the extent such Senior Lien Bonds are payable from Grant Receipts. FAA LOI Grants and FAA AIP Grants are subject to congressional appropriation, as well as automatic spending cuts, known as sequestration as described below in "– Additional Federal Authorization and Funding Considerations." Although the City considers such assumptions in its plans of finance to be reasonable, such assumptions are inherently subject to certain uncertainties and contingencies. Actual FAA LOI Grant Receipt and FAA AIP Grant Receipt funding levels and timing may vary and such differences may be material. See "CAPITAL PROGRAMS" and APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

In addition to the Capital Programs, the City may, from time to time, determine to fund additional capital projects at O'Hare prior to the maturity of the 2020 Senior Lien Bonds, the funding of which is not reflected in the Projections set forth in the Report of the Airport Consultant. Such additional capital projects

may have separate plans of finance which assume various sources of funding, including, without limitation, Additional Senior Lien Bonds, and the amount of such future Senior Lien Bonds may be material.

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

GRANT RECEIPTS SUBJECT TO FEDERAL AUTHORIZATION/APPROPRIATION SEQUESTRATION

The availability of funding from Grant Receipts under the Grant Letter of Intent is subject to Congressional authorization and appropriation and to sequestration under current federal deficit reduction legislation. In the event that the FAA authorization expired without a long-term reauthorization or another short-term extension, during such period FAA programs would be unauthorized, including FAA programs providing funding for O'Hare. A statutory restriction on total obligating authority in a future Federal Fiscal Year due to changes in statutory program authorization or appropriation act restrictions may necessitate a reduction by the FAA in apportionment funds, in discretionary funds, or both. A concurrent reduction in the maximum eligible grant installments payable in such Federal Fiscal Year under the Grant Letter of Intent may result. In such event, the Grant Letter of Intent provides that the ratio of the discretionary fund component of each installment, as reduced, to such component prior to reduction, shall be not less than the ratio of the discretionary funds newly available for obligation in the Federal Fiscal Year in which such reduction occurs, to the total discretionary funds made available for obligation in the Federal Fiscal Year in which the Grant Letter of Intent was issued. The Grant Letter of Intent also provides that payment of the amount of any such reduction in a grant installment shall be deemed to be deferred to the following Federal Fiscal Year, subject again to the availability of funds and statutory authority.

Federal funding is also impacted by sequestration, a budgetary feature first introduced under the federal Budget Control Act of 2011. Unless changed by the United States Congress from time to time, sequestration is a multi-year process and could continue to affect FAA, Transportation Security Administration ("TSA"), and Customs and Border Control ("CBP") budgets and staffing, resulting in staffing shortages and traffic delays and cancellations at airports across the United States. See "Federal Legislation, State Actions and Proposed South Suburban Airport —Federal Legislation."

The FAA may, from time to time, and following consultation with the City, amend the Grant Letter of Intent to adjust the anticipated grant schedule or the maximum federal obligation, or both. Such adjustment may be made by the FAA when occasioned by changes in the actual allowable costs of a project, in the actual time required to complete a project, in actual or estimated future obligating authority or otherwise, when determined in the FAA Administrator's discretion to be in the best interests of the United States.

GRANT LETTER OF INTENT NOT A BINDING CONTRACT

The Grant Letter of Intent is not an obligation of the United States of America under Section 1501 of Title 31 United States Code, as amended, nor is it deemed to be an administrative commitment for funding. Rather, the Grant Letter of Intent reflects only the FAA's current intent to make grants to the City to reimburse the City for capital improvements, including the OMP. The Grant Letter of Intent is not a binding grant agreement. Even if the FAA receives sufficient appropriations to make the grants described in the Grant Letter of Intent, the FAA has no legal obligation to make such grants. In addition, the AIP,

pursuant to which the Grant Letter of Intent payments are to be made, is subject to revision by the U.S. Congress. Such an amendment could affect payments to be made to the City under the Grant Letter of Intent.

The FAA may, from time to time, following consultation with the City, amend the Grant Letter of Intent to adjust the anticipated grant schedule or the maximum federal obligation, or both. Such adjustment may be made by the FAA when occasioned by changes in the actual allowable costs of the OMP, in the actual time required to complete the OMP, in actual or estimated future obligating authority or otherwise, when determined in the FAA Administrator's discretion to be in the best interests of the United States.

AMOUNT OF GRANT LETTER OF INTENT PAYMENTS DEPEND ON ELIGIBLE EXPENDITURES AT O'HARE

The Grant Letter of Intent evidences the FAA's intent to make grants to reimburse the City for eligible expenditures and the maximum amount of grants available for such reimbursement. The estimated grant schedule represents the maximum eligible reimbursement grants with respect to any Federal Fiscal Year. In addition to the adjustments described in the immediately preceding section, the actual Grant Receipts received by the City in any one Federal Fiscal Year will also be dependent on the City's timely expenditure of amounts which are eligible for reimbursement under the Grant Letter of Intent and the timely application by the City for reimbursement. If the City has not expended funds and requested reimbursement prior to the end of any of the Federal Fiscal Years specified in the Grant Letter of Intent in an amount at least equal to the then-available amount of grants under the Grant Letter of Intent for that Federal Fiscal Year, the City can request an amendment to the Grant Letter of Intent to shift any unused moneys to the next Federal Fiscal Year.

GRANT RECEIPTS MAY BE REDUCED BY EVENTS OUTSIDE OF CITY'S CONTROL

Events outside the control of the City could cause the amount of Grant Receipts available to be received by the City pursuant to the Grant Receipts to be lower than the debt service requirements on any Senior Lien Bonds anticipated to be paid from such Grant Receipts. In such event, principal and interest on such Senior Lien Bonds would be paid from Revenues. The City would not be obligated to take any action to cause the Grant Receipts available to be received by the City pursuant to the Grant Letter of Intent or other Grant Receipts to be at least equal to the debt service requirements on any Senior Lien Bonds anticipated to be paid from the Grant Letter of Intent and other Grant Receipts. See "Grant Receipts Subject to Federal Authorization/Appropriation Sequestration," above for a discussion of certain events which could affect the amount of Grant Payments available to be received by the City.

TERMINATION OF GRANT LETTER OF INTENT FOR FAILURE TO COMPLY WITH CONDITIONS

The City is required, as a condition for its receipt of reimbursement as specified in the Grant Letter of Intent, to comply with all statutory and administrative requirements under the Airport and Airway Improvement Act and the regulations thereunder. Failure to comply with such requirements, or failure to proceed with the OMP in a timely manner, may lead to reductions in amounts payable under the Grant Letter of Intent or a revocation of the Grant Letter of Intent. Reimbursement may also be affected by failure to comply with other existing grant agreement assurances. In the event of any such failure by the City, or any other action by the City which threatens the federal contribution to the OMP, the FAA may pursue all remedies available in law or equity, including, but not limited to, the withholding of future payments under the Grant Letter of Intent.

AVAILABILITY OF PFC REVENUES

As discussed above under the subheading "-Future Indebtedness," the plans of finance for the Capital Programs assume that PFC Revenues would be available in certain amounts and at certain times for the payment of a portion of the anticipated costs of such capital projects on a "pay-as-you-go" as well as to secure additional Airport Obligations needed to fund such projects. In addition, the Report of the Airport Consultant, which sets forth certain Projections regarding O'Hare, assumes that certain available PFC Revenues not otherwise pledged to pay PFC Obligations, Senior Lien Bonds, and other payment obligations, will be applied by the City on a year-to-year basis as Other Available Moneys to pay debt service on such obligations. No assurance can be given that PFC Revenues will be available in the amounts or on the schedules assumed.

The ability of the City to collect sufficient PFC Revenues depends upon a number of factors, including, without limitation, the number of enplanements at O'Hare, the use of O'Hare by the Collecting Carriers and the efficiency and ability of the Collecting Carriers to collect and remit PFCs to the City. The City relies on the Collecting Carriers' collection and remittance of PFCs, and both the City and the FAA rely upon the airlines' reports of enplanements and collections.

Under the terms of the PFC Act, the FAA may terminate the City's authority to impose a PFC if the City's PFC Revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the regulations promulgated thereunder, or if the City otherwise violates the PFC Act or regulations. The FAA may also terminate the City's authority to impose a PFC for a violation by the City of the Airport Noise and Capacity Act. The PFC termination provisions contained in the regulations provide both informal and formal procedural safeguards.

The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. Furthermore, the FAA's PFC regulations require Collecting Carriers to account for PFC collections separately, and further indicate that such funds are to be regarded as trust funds held by the Collecting Carriers for the beneficial interest of the public agency imposing the PFC. Recent bankruptcy court decisions, however, indicate that in a bankruptcy proceeding involving a Collecting Carrier, it is likely that PFCs will not be treated as trust funds and that airports are not entitled to any priority over other creditors of the Collecting Carrier as to such funds.

ADDITIONAL FEDERAL AUTHORIZATION AND FUNDING CONSIDERATIONS

The City receives federal funding for O'Hare not only in connection with FAA AIP Grants and PFC authorizations, but also in the form of funding for the TSA, air traffic control and other FAA staffing and facilities. On October 5, 2018, President Trump signed into law the FAA Reauthorization Act which reauthorizes the FAA operations and programs and provides funding through September 30, 2023. As of the date of this Official Statement, the City has no assurance that the current FAA authorization and programs will be extended or that a new authorization or programs will be approved beyond September 30, 2023. In the event that the FAA authorization were to expire without a long-term reauthorization or another short-term extension, during such period FAA programs would be unauthorized, including FAA programs providing funding for O'Hare. The City is unable to predict whether legislation to extend or reauthorize this statute or otherwise continue FAA programs will be adopted prior to the scheduled expiration date, if not so adopted, the duration of any resulting period of de-authorization, and the impact on O'Hare finances which might result therefrom.

Federal funding is also impacted by sequestration, a budgetary feature first introduced under the federal Budget Control Act of 2011. Unless changed by the United States Congress from time to time,

sequestration is a multi-year process and could continue to affect FAA, TSA and CBP budgets and staffing, resulting in staffing shortages and traffic delays and cancellations at airports across the United States. The full impact of sequestration on the aviation industry and O'Hare, generally, resulting from potential layoffs or further furloughs of federal employees responsible for federal airport security screening, air traffic control and CBP, is unknown at this time.

REGULATIONS AND RESTRICTIONS AFFECTING O'HARE

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

In addition, following the events of September 11, 2001, O'Hare also has been required to implement enhanced security measures mandated by the FAA, TSA and the Department of Homeland Security. It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for O'Hare, whether additional requirements will be funded by the federal government or require funding by the City or whether such restrictions or legislation or regulations would adversely affect Revenues.

Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of O'Hare and on the airlines operating at O'Hare. The United States Environmental Protection Agency (the "EPA") has taken steps toward regulation of greenhouse gas ("GHG") emissions under existing federal law. These steps may lead to further regulation of aircraft GHG emissions. No assurances can be given as to what any EPA emissions standards governing O'Hare or the airlines could be or what effect those standards may have on the City or the airlines operating at O'Hare.

COMPETITION

O'Hare competes with other U.S. airports for both domestic and international passengers. Portions of O'Hare's Air Trade Area are serviced by Midway and Mitchell. In 2019, Midway had enplanements representing approximately 22.6 percent of Chicago originating passenger traffic and approximately 15.9 percent of Chicago connecting passenger traffic. Midway is expected to continue to be a competitor for the Chicago region's domestic market. See "CHICAGO O'HARE INTERNATIONAL AIRPORT-Other Commercial Service Airports Serving the Chicago Region."

International passengers are also significant at O'Hare, making up approximately 16.8% of all passenger enplanements in 2019. International air travel may be more easily disrupted by worldwide health concerns, political instability, terrorist activities, currency fluctuations and other factors outside the control of the City. The City cannot predict whether the level of international passengers will decrease, remain stable or grow, or what events, domestic or international, may adversely affect such air traffic. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT-Air Traffic-Factors Affecting Aviation Demand at the Airport-Regional Airports."

The COVID-19 pandemic is severely and negatively affecting domestic and international air travel at the Airport. See "AIR TRAFFIC ACTIVITY AT O'HARE — Recent Developments at the Airport — COVID-19" and "— COVID-19 Pandemic" above.

Any increases in operating costs at O'Hare may increase costs to the airlines, which could result in O'Hare being put into a competitive disadvantage relative to other airports and other types of transportation. For a discussion of the costs to the airlines of operating at O'Hare, see APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT-Financial Analysis."

FINANCIAL CONDITION OF THE CITY AND OTHER OVERLAPPING GOVERNMENTAL BODIES

The 2020 Senior Lien Bonds are limited obligations of the City and do not constitute an indebtedness or a loan of credit of the City and neither the faith and credit nor the taxing power of the City nor any property of the City is pledged as security for the 2020 Senior Lien Bonds. The City is the issuer of the 2020 Senior Lien Bonds and the information under this heading regarding the City's financial condition and the financial condition of other governmental bodies sharing a common tax base is provided as information regarding certain factors that could impact the level of enplaned passenger traffic and aviation activity at O'Hare.

Unfunded Pensions. The Retirement Funds have significant unfunded liabilities and low funding ratios. The City's contributions to the Retirement Funds in accordance with the Pension Code have not been sufficient, when combined with employee contributions and investment returns, to offset increases in the Retirement Funds' liabilities, which has contributed to the significant underfunding of the Retirement Funds. Moreover, the contributions to the Retirement Funds in accordance with the Pension Code have had the effect of deferring the funding of the Retirement Funds' liabilities, which increases the costs of such liabilities and the associated financial risks, including the risk that each Retirement Fund will not be able to pay its obligations when due. Furthermore, increases in the City's contributions to the Retirement Funds caused the City to increase its revenues and may require the City to further increase its revenues, reduce its expenditures, or some combination thereof, which may impact the services provided by the City or limit the City's ability to generate additional revenues for other purposes in the future.

O'Hare is required to contribute a pro rata share of City Contributions to the Retirement Systems based on the Annuity Factors for the number of O'Hare employees who are Eligible Members. Historically, O'Hare has contributed its pro rata share to the Retirement Systems.

Overlapping Taxing Districts. A number of governmental units and other public bodies share in varying degrees a common tax base, including property taxes, with the City. The City does not control the amount or timing of the taxes levied by these overlapping taxing districts. Depending on the amount of such increase(s), an increase in the amount of taxes by these overlapping taxing districts could potentially be harmful to the City's economy and/or may make it more difficult for the City to increase taxes and maintain essential or necessary City services.

MUNICIPAL BANKRUPTCY

State Law Authorization. Municipalities, such as the City, cannot file for protection under the U.S. Bankruptcy Code unless specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy proceeding. State law does not currently permit municipalities to be a debtor in a bankruptcy proceeding. From time to time, legislation has been introduced in the Illinois General Assembly which, if enacted, would permit Illinois municipalities to be debtors in bankruptcy. The City is unable to predict whether the Illinois General Assembly will adopt any such legislation or the form of such legislation if enacted.

Special Revenues. Although the City can provide no assurances, the City believes that Revenues and Other Available Moneys currently pledged by the City under the Senior Lien Indenture constitute "special revenues," as defined in Section 902(2) of the U.S. Bankruptcy Code, and therefore, pursuant to Section 928(a) of the U.S. Bankruptcy Code, any and all of such pledged Revenues and Other Available Moneys currently pledged by the City under the Senior Lien Indenture acquired by the City after the commencement of a case by the City under Chapter 9 of the U.S. Bankruptcy Code would remain subject to the lien of the Senior Lien Indenture. See "SECURITY FOR THE 2020 SENIOR LIEN BONDS-O'Hare Revenues Must Be Used For Airport Purposes."

FORCE MAJEURE EVENTS AFFECTING THE CITY AND O'HARE

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

See "AIR TRAFFIC ACTIVITY AT O'HARE — Recent Developments at the Airport — COVID-19" and "— COVID-19 Pandemic" above.

WORLDWIDE HEALTH CONCERNS

Travel restrictions, as well as other public health measures, may be imposed to limit the spread of communicable diseases which may arise. The rapidly spreading outbreak of the COVID-19 has been declared a pandemic by WHO. The outbreak has had an adverse effect on domestic and international travel and a number of travel-related industries, and has severely and broadly disrupted local and global economies. See "AIR TRAFFIC ACTIVITY AT O'HARE — Recent Developments at the Airport — COVID-19" and "— COVID-19 Pandemic" above.

Other previous travel alerts or advisories include the 2016 travel alert by the U.S. Centers for Disease Control and Prevention warning pregnant women to avoid travel to areas where outbreaks of the Zika virus, which has been linked to birth defects, were occurring. In 2009, WHO and the U.S. Department of Health and Human Services (through the Secretary of the Department of Homeland Security) declared public health emergencies as the result of outbreaks of a serious strain of H1N1 influenza or "flu." In spring 2003, there was an outbreak of a serious strain of bird flu in Asia and Canada called "Severe Acute Respiratory Syndrome" or SARS.

Future outbreaks or pandemics may lead to a significant or material decrease in air traffic, at least for a temporary period, which in turn could cause a further decrease in passenger activity at O'Hare and a corresponding decline in Revenues. A disruption to the global supply chain due to a pandemic can also stall manufacturing and construction operations, which in turn could interfere with the City's operations, or the operations of the airlines operating at O'Hare.

The City currently has adopted temporary measures that are intended to mitigate the impacts on O'Hare of the COVID-19 outbreak. However, the City is unable to predict if these measures are sufficient, or the extent and duration of the impact that the COVID-19 outbreak will have in the long-term on air travel to and from O'Hare and on operations of the City or O'Hare. Prospective investors should be aware that the

restrictions and limitations related to COVID-19, and the current upheaval to the air travel industry and the national and global economies may remain in effect or may increase at least over the near term and, therefore, have an adverse impact on O'Hare revenues. See "AIR TRAFFIC ACTIVITY AT O'HARE — Recent Developments at the Airport — COVID-19" and "— COVID-19 Pandemic" above."

CYBER-SECURITY

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

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

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

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

ALTERNATIVE TRANSPORTATION MODES AND FUTURE PARKING DEMAND

One significant category of non-airline revenues at O'Hare is from ground transportation activity, including use of on-Airport parking garages; trip fees paid by taxi, limousine and transportation network companies ("TNCs"), such as Uber Technologies Inc. and Lyft, Inc.; and rental car transactions by O'Hare passengers.

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

While the City makes every effort to anticipate demand shifts, there may be times when the City's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The City cannot predict with certainty what impact these innovations

in ground transportation will have over time on revenues from parking, other ground transportation services or rental cars. The City also cannot predict with certainty whether or to what extent it will collect non-airline revenues in connection with such new technologies or innovative business strategies.

ENFORCEMENT ACTIONS

The remedies available to bondholders upon nonpayment of principal of or interest on the 2020 Senior Lien Bonds are in many respects dependent upon judicial enforcement actions which are often subject to discretion and delay. See APPENDIX B "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE - Remedies."

LIMITED OBLIGATIONS

THE 2020 SENIOR LIEN BONDS ARE LIMITED OBLIGATIONS OF THE CITY AND DO NOT CONSTITUTE AN INDEBTEDNESS OR A LOAN OF CREDIT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF ILLINOIS, THE CITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF ILLINOIS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2020 SENIOR LIEN BONDS. THE 2020 SENIOR LIEN BONDS ARE NOT PAYABLE IN ANY MANNER FROM REVENUES RAISED BY TAXATION. NO PROPERTY OF THE CITY (INCLUDING PROPERTY LOCATED AT O'HARE) IS PLEDGED AS SECURITY FOR THE 2020 SENIOR LIEN BONDS.

The 2020 Senior Lien Bonds are secured on a parity basis with the Outstanding Senior Lien Bonds and all other Senior Lien Obligations. Subject to certain conditions set forth in the Senior Lien Indenture, the City may in the future issue Additional Senior Lien Bonds or incur other Senior Lien Obligations that will be secured on a parity basis with the 2020 Senior Lien Bonds and the Outstanding Senior Lien Bonds. See "SECURITY FOR THE 2020 SENIOR LIEN BONDS-Issuance of Additional Senior Lien Bonds" and "CAPITAL PROGRAMS."

ASSUMPTIONS IN THE REPORT OF THE AIRPORT CONSULTANT

In connection with the offering of the 2020 Senior Lien Bonds described in this Official Statement, the Airport Consultant has prepared the Report of the Airport Consultant, a copy of which is included as APPENDIX E to this Official Statement. The Report of the Airport Consultant contains numerous assumptions as to the utilization of O'Hare and other matters and includes the Projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions may not be realized and unanticipated events and circumstances may occur. Actual results are likely to differ, perhaps materially, from those projected. Accordingly, the Projections contained in Report of the Airline Consultant are not necessarily indicative of future performance, and neither the Airport Consultant nor the City assumes any responsibility for the accuracy of such Projections. In addition, the final maturity date of each Series of the 2020 Senior Lien Bonds extends beyond the period of the Projections. See "INTRODUCTION - Report of the Airport Consultant" and APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

The Projections are based, in part, on historic data from sources considered by the Airport Consultant to be reliable, but the accuracy of these data has not been independently verified. The Projections are based on assumptions made by the Airport Consultant concerning future events and circumstances which the Airport Consultant believes are significant to the Projections but which cannot be assured. Therefore, the actual results achieved may vary from the Projections, and such variations could be material.

FORWARD-LOOKING STATEMENTS

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

LITIGATION

There is no litigation pending or threatened against the City relating to the City's operation of O'Hare, the issuance, sale, or delivery of the 2020 Senior Lien Bonds, the validity or enforceability thereof, or the implementation, construction or operation of the OMP, the CIP Projects or TAP, other than various legal proceedings (pending or threatened) which may have arisen or may arise out of the ordinary course of business of O'Hare. There are, from time to time, lawsuits that arise out of the various construction contracts entered into in connection with construction projects at O'Hare. The City, however, does not believe that any sums that may be recovered would have a material adverse impact on the financial condition O'Hare.

AIRPORT CONSULTANT

The Report of the Airport Consultant, included as APPENDIX E, provides certain information with respect to O'Hare and its capital programs, evaluates aviation activity at O'Hare and presents the analysis undertaken by the Airport Consultant to demonstrate the ability of the City to comply with the requirements of the Senior Lien Indenture on a pro forma basis for Fiscal Years 2021 through 2029 based on the assumptions set forth therein. The Projections are based, in part, on historic data from sources considered by the Airport Consultant to be reliable, but the accuracy of these data has not been independently verified. The Projections (as defined under "INTRODUCTION-Report of the Airport Consultant") are based on assumptions made by the Airport Consultant concerning future events and circumstances which the Airport Consultant believes are significant to the Projections. The achievement of the results described in the Projections may be affected by fluctuating economic conditions and depends upon the occurrence of other future events which cannot be assured. Therefore, the actual results achieved may vary from the forecasts, and such variations could be material. In addition, the final maturity date of each Series of the 2020 Senior Lien Bonds extends beyond the period of the Projections. See "CERTAIN INVESTMENT CONSIDERATIONS-Forward-Looking Statements."

TAX MATTERS

TAX-EXEMPT BONDS

Summary of Co-Bond Counsel Opinion. Katten Muchin Rosenman LLP and Charity & Associates, Co-Bond Counsel, are of the opinion that under existing law, interest on the 2020A Senior Lien Bonds, the 2020B Senior Lien Bonds, the 2020C Senior Lien Bonds and 2020E Senior Lien Bonds (collectively, the "Tax Exempt Bonds") is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code

of 1986 (the "Code"), Co-Bond Counsel are of the opinion that interest on the Tax Exempt Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. In addition, interest on the Tax Exempt Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income. Co-Bond Counsel express no opinion as to the exclusion from gross income for federal income tax purposes of interest on any 2020B Senior Lien Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities financed or refinanced with the proceeds of such 2020B Senior Bond or a "related person" (each as defined in Section 147(a) of the Code).

Interest on the Tax-Exempt Bonds is not exempt from Illinois income taxes.

Exclusion from Gross Income: Requirements. The Code contains certain requirements that must be satisfied from and after the date of issuance of the Tax Exempt Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Tax Exempt Bonds. These requirements relate to the use and investment of the proceeds of the Tax Exempt Bonds, the payment of certain amounts to the United States, the security and source of payment of the Tax Exempt Bonds and the use of the property financed with the proceeds of the Tax Exempt Bonds. Among these specific requirements are the following:

(a) *Investment Restrictions.* Except during certain "temporary periods," proceeds of the Tax Exempt Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a "minor portion") may generally not be invested in investments having a yield that is materially higher than the yield on the Tax Exempt Bonds.

(b) *Rebate of Permissible Arbitrage Earnings.* Earnings from the investment of the "gross proceeds" of the Tax Exempt Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Tax Exempt Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term "gross proceeds" includes the original proceeds of the Tax Exempt Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Tax Exempt Bonds.

(c) *Restrictions on Ownership and Use.* The Code includes restrictions on the ownership and use of the facilities financed with the proceeds of the Tax Exempt Bonds. Such provisions may restrict future changes in the use of any property financed with the proceeds of the Tax Exempt Bonds.

Covenants to Comply. The City covenants in the Senior Lien Indenture to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Tax Exempt Bonds.

Risk of Non Compliance. In the event that the City fails to comply with the requirements of the Code, interest on the Tax Exempt Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactively to the date of issue. In such event, the Senior Lien Indenture does not require acceleration of payment of principal of or interest on the Tax Exempt Bonds or payment of any additional interest or penalties to the owners of the Tax Exempt Bonds.

Federal Income Tax Consequences. Pursuant to Section 103 of the Code, interest on the Tax Exempt Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Tax Exempt Bonds that may affect the taxation of certain types of owners, depending on their particular tax

situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE TAX EXEMPT BONDS.

(a) *Cost of Carry.* Owners of the Tax Exempt Bonds will generally be denied a deduction for otherwise deductible interest on any debt that is treated for federal income tax purposes as incurred or continued to purchase or carry the Tax Exempt Bonds. Financial institutions are denied a deduction for their otherwise allowable interest expense in an amount determined by reference to their adjusted basis in the Tax Exempt Bonds.

(b) *Corporate Owners.* Interest on the Tax Exempt Bonds is taken into account in computing the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

(c) *Individual Owners.* Receipt of interest on the Tax Exempt Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

(d) *Certain Blue Cross or Blue Shield Organizations.* Receipt of interest on the Tax Exempt Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

(e) *Property or Casualty Insurance Companies.* Receipt of interest on the Tax Exempt Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

(f) *Foreign Personal Holding Company Income.* A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Tax Exempt Bonds held by such a company is properly allocable to the shareholder.

The Tax Exempt Bonds Purchased at a Premium or at a Discount. The difference (if any) between the initial price at which a substantial amount of each maturity of each Series of the Tax Exempt Bonds is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Tax Exempt Bonds is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Bond, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a Bond, the difference between the two is known as "original issue discount."

Bond premium and original issue discount are amortized over the term of a Tax Exempt Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight-line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as an offset against interest paid on the Tax Exempt Bonds and is subtracted from the owner's tax basis in the Tax Exempt Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Tax Exempt Bond for federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the Tax Exempt Bond. A Tax Exempt Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon the disposition of the Tax Exempt Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Tax Exempt Bond).

Owners who purchase Tax Exempt Bonds at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Tax Exempt Bonds. In addition, owners of Tax Exempt Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Tax Exempt Bonds. Under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

Change of Law. The opinions of Co-Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings, and other official interpretations of law in existence on the date the Tax Exempt Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Tax Exempt Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Tax Exempt Bonds.

2020D SENIOR LIEN BONDS

Summary of Co-Bond Counsel Opinion. In the opinion of Co-Bond Counsel, interest on the Series 2020D Senior Lien Bonds (the "Taxable Bonds") is included in the gross income of the owners thereof for federal income tax purposes and is not exempt from present Illinois income taxes. Other than the foregoing, Co-Bond Counsel expresses no opinion as to the consequences of the ownership of, accrual or receipt of interest on, and the disposition of, the Taxable Bonds.

Scope of Discussion

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Taxable Bonds that acquired those Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, or (ii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Bonds under state, local or non-U.S. tax laws, except as set forth below. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds is sold to the public) and who will hold their Taxable Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the

Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of income from a debt instrument having original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

U.S. Holders

Interest

Payments of interest on a Taxable Bond generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting), provided such interest is "qualified stated interest" within the meaning of section 1272 of the Code. For purposes of this discussion, the term "qualified stated interest" on a Taxable Bond means all interest thereon based on a fixed rate, and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the instrument.

Original Issue Discount

To the extent that the issue price of any bond of a maturity of the Taxable Bonds is less than the aggregate of the amounts (other than qualified stated interest) to be paid over the term of that bond by more than a de minimis amount, the difference may constitute original issue discount ("OID") on that bond. U.S. Holders of Taxable Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Amortizable Bond Premium

A holder of a Taxable Bond that purchased that bond for an amount that was greater than its stated redemption price at maturity will be considered to have purchased the Bond with "amortizable bond premium" equal in amount to such excess. For purposes of this discussion, the "stated redemption price at maturity" of a Taxable Bond, as of any date, is an amount equal to the aggregate of the amounts (other than qualified stated interest) to be paid on that bond over the remaining term. A U.S. Holder of a Taxable Bond purchased with amortizable bond premium may elect to amortize such premium using a constant yield method over the remaining term of the Taxable Bond (or to an earlier call date that minimizes the owner's

yield on the Taxable Bond) and may offset interest otherwise required to be included in respect of the Taxable Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Taxable Bond held by a U.S. Holder that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Taxable Bond. Any election by a U.S. Holder to amortize bond premium applies to all taxable debt instruments beneficially owned by that person on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS. That a Taxable Bond was purchased by the holder with amortizable bond premium may affect the computation of includable original issue discount for that holder.

Sale or other Taxable Disposition of a Taxable Bond

Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement or other taxable disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid qualified stated interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder's holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Medicare Tax

Certain non-corporate U.S. Holders of Taxable Bonds are subject to a 3.8% tax on the lesser of (1) the U.S. Holder's "net investment income" (in the case of individuals) or "undistributed net investment income" (in the case of estates and certain trusts) for the relevant taxable year and (2) the excess of the U.S. Holder's "modified adjusted gross income" (in the case of individuals) or "adjusted gross income" (in the case of estates and certain trusts) for the taxable year over a certain threshold (which in the case of individuals is between \$200,000 and \$250,000, depending on the individual's circumstances). A U.S. Holder's calculation of net investment income generally will include its interest income on the Taxable Bonds and its net gains from the disposition of the Taxable Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are an individual, estate, or trust, you are urged to consult your tax advisors regarding the applicability of this tax to your income and gains in respect of your investment in the Taxable Bonds.

Effect of Defeasance

The Taxable Bonds are subject to legal defeasance without the consent of the holders of the Taxable Bonds. Defeasance of any of the Taxable Bonds may be treated as a taxable constructive exchange of that Taxable Bond for the defeased Taxable Bond. A U.S. Holder of a Taxable Bond generally will recognize gain or loss equal to the difference between (i) the fair market value of such U.S. Holder's Taxable Bond on the date of the defeasance (except to the extent of accrued but unpaid interest on the Taxable Bond which will be taxed in the manner described above under "Interest") and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium, and increased by the amount of any OID previously

included in income by such U.S. Holder with respect to such Taxable Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bond, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder's holding period for the Taxable Bond exceeds one year. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest

If, under the Code, interest on the Taxable Bonds is effectively connected with the conduct of a trade or business within the United States by a Non-U.S. Holder, such interest will be subject to U.S. federal income tax in a similar manner as if the Taxable Bonds were held by a U.S. Holder, as described above, and in the case of Non-U.S. Holders that are corporations, interest on the Taxable Bonds also may be included in the computation of earnings and profits that are subject to a U.S. branch profits tax at a rate of up to 30%, unless an applicable tax treaty provides otherwise. Such Non-U.S. Holder will not be subject to withholding taxes, however, if it provides a properly executed Form W-8ECI to the payor.

Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (or any lower rate specified in an income tax treaty) on periodic income items arising from sources within the United States, such as interest on the Taxable Bonds, provided such income is not effectively connected with the conduct of a United States trade or business.

The foregoing notwithstanding, but subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")-U.S. Holders and Non-U.S. Holders," and assuming the interest income of Non-U.S. Holder on the Taxable Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, interest on the Taxable Bonds will not be subject to withholding under section 1441 or section 1442 of the Code to the extent that the interest income is treated as "portfolio interest". Interest paid to a Non-U.S. Holder generally will be treated as portfolio interest as to that holder if: (i) the Non-U.S. Holder provides a statement to the payor certifying, under penalties of perjury, that the Non-U.S. Holder is not a United States

person and providing the name and address of such Non-U.S. Holder; (ii) such interest is treated as not effectively connected with a United States trade or business of the Non-U.S. Holder; (iii) such interest payments are not made to a person within a foreign country that the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) the Non-U.S. Holder is not a controlled foreign corporation, within the meaning of section 957 of the Code which is related to the Corporation through stock ownership; and (v) the Non-U.S. Holder is not a bank receiving interest on the Taxable Bonds pursuant to a loan agreement entered into in the ordinary course of the Non-U.S. Holder's banking trade or business.

Sale or other Taxable Disposition of a Taxable Bond

Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")-U.S. Holders and Non-U.S. Holders," any capital gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement or other taxable disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement or other disposition and certain other conditions are met.

U.S. Federal Estate Tax

A Taxable Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Taxable Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding

Subject to the discussion below under the heading "Foreign Account Tax Compliance Act ("FATCA")-U.S. Holders and Non-U.S. Holders," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a Non-U.S. Holder will not be subject to any backup withholding tax requirements if the Non-U.S. Holder of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the Non-U.S. Holder in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Non-U.S. Holder provides the certification, the certification must give the name and address of such Non-U.S. Holder, state that such Non-U.S. Holder is not a United States person, or, in the case of an individual, that such Non-U.S. Holder is neither a citizen nor a resident of the United States, and the Non-U.S. Holder must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA")-U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code (commonly referred to as "FATCA") impose a reporting regime and potentially a 30% withholding tax on certain payments made to or through (i) a "foreign financial institution" (as specifically defined in the Code) that does not enter into an agreement with the IRS to provide the IRS with certain information in respect of its account holders and investors or (ii) a "non-financial foreign entity" (as specifically defined in the Code) that does not provide sufficient information with respect to its substantial U.S. owners, if any. The United States has entered into, and continues to negotiate, intergovernmental agreements (each, an "IGA") with a number of other jurisdictions to facilitate

the implementation of FATCA. An IGA may significantly alter the application of FATCA and its information reporting and withholding requirements with respect to any particular investor.

Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest under, and certain "pass-thru" payments with respect to, Taxable Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "pass-thru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign pass-thru payments."

Prospective Investors in the Taxable Bonds Should Consult Their Tax Advisors

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

State and Local Income Tax Consequences

Interest on the Taxable Bonds is not exempt from present Illinois income taxes.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale by the City of the 2020 Senior Lien Bonds are subject to the approving legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, who have been retained by the City and are acting as Co-Bond Counsel. Co-Bond Counsel have not been retained or consulted on disclosure matters and have not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2020 Senior Lien Bonds and assume no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in their capacity as Co-Bond Counsel, at the request of the City, they have reviewed the information in this Official Statement involving the description of the 2020 Senior Lien Bonds and the Senior Lien Indenture, the security for the 2020 Senior Lien Bonds and the description of the federal tax exemption of interest on the 2020 Senior Lien Bonds. This review did not include any obligation to establish or confirm factual matters set forth herein. The proposed forms of the opinions of Co-Bond Counsel are included as APPENDIX F.

Certain legal matters will be passed upon for the City by (i) its Corporation Counsel and (ii) in connection with the preparation of this Official Statement, Burke, Warren, MacKay & Serritella, P.C., Chicago, Illinois, and Sanchez Daniels & Hoffman, LLP., Chicago, Illinois, Co-Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by McGuireWoods LLP, Chicago, Illinois.

UNDERWRITING

A group of underwriters, represented by Jefferies, LLC, has agreed, jointly and severally, to purchase the 2020 Senior Lien Bonds subject to certain conditions set forth in the Contract of Purchase with the City. The Contract of Purchase provides that the obligations of the Underwriters to accept delivery of the 2020 Senior Lien Bonds are subject to various conditions of the Contract of Purchase, but the Underwriters will be obligated to purchase all the 2020 Senior Lien Bonds if any 2020 Senior Lien Bonds

are purchased. The Underwriters have agreed to purchase the 2020A Senior Lien Bonds at an aggregate purchase price of \$_____ (reflecting an underwriters' discount of \$_____ and net original issue premium of \$_____), the 2020B Senior Lien Bonds at an aggregate purchase price of \$_____ (reflecting an underwriters' discount of \$_____ and net original issue premium of \$_____), the 2020C Senior Lien Bonds at an aggregate purchase price of \$_____ (reflecting an underwriters' discount of \$_____ and net original issue premium of \$_____), the 2020D Senior Lien Bonds at an aggregate purchase price of \$_____ (reflecting an underwriters' discount of \$_____ and net original issue premium of \$_____), and the 2020E Senior Lien Bonds at an aggregate purchase price of \$_____ (reflecting an underwriters' discount of \$_____ and net original issue premium of \$_____).

The Underwriters reserve the right to join with dealers and other underwriters in offering the 2020 Senior Lien Bonds to the public. The 2020 Senior Lien Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such 2020 Senior Lien Bonds into investment accounts.

Jefferies LLC., an underwriter of the 2020 Senior Lien Bonds, has entered into an agreement (the "Distribution Agreement") with E*Trade Securities LLC ("E*TRADE") for the retail distribution of the 2020 Senior Lien Bonds. Pursuant to the Distribution Agreement, Jefferies LLC may sell the 2020 Senior Lien Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

BofA Securities, Inc., an underwriter of the 2020 Senior Lien Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2020 Senior Lien Bonds.

Valdés & Moreno, Inc. ("V&M"), an underwriter of the 2020 Senior Lien Bonds, has entered into a formal distribution agreement with Rockfleet Financial Services, Inc. ("Rockfleet"), whereby V&M can potentially distribute municipal securities to retail and institutional investors through Rockfleet. As part of this agreement, V&M will compensate Rockfleet part of the takedown for its selling efforts with respect to the 2020 Senior Lien Bonds.

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

BofA Securities, Inc., an underwriter of the 2020 Senior Lien Bonds, and Bank of America, N.A., are each wholly-owned, indirect subsidiaries of Bank of America Corporation. Bank of America, N.A. has issued a letter of credit securing the 2005C Senior Lien Bonds, and may from time to time in the future, issue letters of credit or other facilities regarding Senior Lien Obligations. It is anticipated that, upon issuance of the 2020 Senior Lien Bonds, the 2005C Senior Lien Bonds will be defeased and the letter of credit supporting the 2005C Senior Lien Bonds will be terminated. See "OUTSTANDING INDEBTEDNESS AT O'HARE - Letter of Credit Facilities Securing Indebtedness at O'Hare" and "PLAN OF FINANCE – Refunding Plan."

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

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

SECONDARY MARKET DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the 2020 Senior Lien Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the SEC under the Securities Exchange Act, as amended (the "Exchange Act"). The MSRB has designated its Electronic Municipal Market Access System, known as EMMA, as the system to be used for continuing disclosures to investors. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the City to comply with the Undertaking will not constitute a default under the 2020 Senior Lien Bonds, the Senior Lien Indenture or the Bond Ordinance, and beneficial owners of the 2020 Senior Lien Bonds are limited to the remedies described in the Undertaking. See "— Consequences of Failure of the City to Provide Information" under this caption. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2020 Senior Lien Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2020 Senior Lien Bonds and their market price.

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, copies of which are available from the City upon request.

ANNUAL FINANCIAL INFORMATION DISCLOSURE

The City covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) to the MSRB. The City is required to deliver such information so that the MSRB receives the information by the dates specified in the Undertaking.

United Airlines and American Airlines are at present the only Obligated Persons (as defined below) other than the City. United Airlines and American Airlines are each required to file SEC Reports with the SEC under the Exchange Act. The City has no responsibility for the accuracy or completeness of any SEC Report filed by United Airlines or American Airlines or by any future Obligated Person. Unless no longer required by the Rule, the City agrees to use its reasonable efforts to cause each Obligated Person other than the City (to the extent that such Obligated Person is not otherwise required to file SEC Reports under the

Exchange Act), to file annual information substantially equivalent to that contained in the SEC Reports with the MSRB.

"Annual Financial Information" means (a) with respect to the City, financial and statistical data generally consistent with that contained in this Official Statement under "AIR TRAFFIC ACTIVITY AT O'HARE" (except for information noted as deemed not to be Annual Financial Information under such heading), "O'HARE FINANCIAL INFORMATION-Operating Results" and "OUTSTANDING INDEBTEDNESS AT O'HARE-Airport Obligations-Debt Service Schedule for Outstanding Senior Lien Bonds," and (b) with respect to each Obligated Person other than the City, if such Obligated Person does not file SEC Reports, information substantially equivalent to that contained in the SEC Reports. If any of the City's Annual Financial Information that is published by a third party is no longer publicly available, the City shall include a statement to that effect as part of its Annual Financial Information for the year in which such lack of availability arises.

"Audited Financial Statements" means the audited basic financial statements of O'Hare prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

"Obligated Person" means the City and each airline or other entity at any time using O'Hare (i) that is obligated under an Airline Use and Lease Agreement, lease or other agreement having a term of more than one year to pay a portion of the debt service on the Airport Obligations and (ii) has paid amounts equal to at least 10 percent of Revenues at O'Hare for each of the prior two Fiscal Years.

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB not more than 210 days after the last day of the City's Fiscal Year, which currently is December 31. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements will be included and Audited Financial Statements will be filed within 30 days of availability to the City.

REPORTABLE EVENTS DISCLOSURE

The City covenants that it will disseminate in a timely manner, not in excess of ten (10) Business Days, in accordance with the Rule, to the MSRB the disclosure of the occurrence of a Reportable Event (as described below). Certain Reportable Events are required to be disclosed only to the extent that such Reportable Event is material, as materiality is interpreted under the Exchange Act. The "Reportable Events," certain of which may not be applicable to the 2020 Senior Lien Bonds, are:

1. principal and interest payment delinquencies;
2. non payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the securities;

7. modifications to rights of security holders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the securities, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership, or similar proceedings of an Obligated Person;*
13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee, or the change of the name of a trustee, if material;
15. increase of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Bondholders, if material; and⁽¹⁾
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.⁽¹⁾

CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION

The City shall give notice in a timely manner, not in excess of ten (10) Business Days, to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the City to comply with any provision of the Undertaking, the beneficial owner of any 2020 Senior Lien Bond may seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Undertaking. The Undertaking provides that any court action must be initiated in the Circuit Court of Cook County, Illinois. A default under the Undertaking shall not be deemed a default under any 2020 Senior Lien Bond, the Bond Ordinance or the Senior Lien

* Note that, for purposes of the event identified in item 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

⁽¹⁾The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

Indenture, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

AMENDMENT; WAIVER

Notwithstanding any other provision of the Undertaking, the City may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) (i) the amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or type of business conducted;

(ii) the Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the 2020 Senior Lien Bonds, as determined by parties unaffiliated with the City (such as the Trustee or co bond counsel), or by approving vote of the beneficial owners of the 2020 Senior Lien Bonds pursuant to the terms of the Senior Lien Indenture at the time of the amendment; or

(b) the amendment or waiver is otherwise permitted by the Rule.

TERMINATION OF UNDERTAKING

The Undertaking shall be terminated if the City shall no longer have any legal liability for any obligation on or relating to repayment of the 2020 Senior Lien Bonds under the Bond Ordinance or the Senior Lien Indenture.

EMMA

All documents submitted to the MSRB through EMMA pursuant to the Undertaking shall be in electronic format and accompanied by identifying information as prescribed by the MSRB, in accordance with the Rule. All documents submitted to the MSRB through EMMA will be word-searchable PDFs, configured to permit documents to be saved, viewed, printed and electronically retransmitted.

ADDITIONAL INFORMATION

Nothing in the Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the City chooses to include any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the City shall have no obligation under the Undertaking to update such other information or include it in any future Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event.

CORRECTIVE ACTION RELATED TO CERTAIN BOND DISCLOSURE REQUIREMENTS

The City failed to comply with certain continuing disclosure undertakings previously entered into by it pursuant to the Rule as described below. Such non-compliance may or may not be material.

On January 15, 2016, S&P upgraded the rating of the City's Midway Second Lien Bonds from "A-" to "A." On May 17, 2016, the City filed with EMMA an event notice relating to this rating upgrade.

The City's Chicago Midway Airport Second Lien Revenue Refunding Bonds, Series 2014C (the "Series 2014C Bonds") were secured by a letter of credit by JPMorgan Chase Bank, N.A. (the "Letter of Credit Bank"). On May 19, 2015, Fitch upgraded the long-term rating of the Letter of Credit Bank from "A+" to "AA-" and its short-term rating from "F1" to "F1+". On September 19, 2014, Moody's downgraded the long-term letter of credit supported rating of the Series 2014C Bonds from "Aa1" to "Aa2". On May 28, 2015, Moody's upgraded the long-term letter of credit supported rating of the 2014C Bonds from "Aa2" to "Aa1". Event notices with respect to such rating changes were not filed with EMMA. The City made such filings on July 13, 2018. The letter of credit issued by the Letter of Credit Bank in support of the Series 2014C Bonds has since been replaced.

On May 18, 2015, S&P downgraded the rating of the City's then-outstanding second lien water revenue bonds from "AA-" to "A." The City timely filed an event notice on EMMA regarding this rating downgrade for all of its then-outstanding second lien water revenue bonds except the Second Lien Water Revenue Bonds, Taxable Project Series 2010B (Build America Bonds – Direct Payment) (the "Series 2010B Bonds") and the Second Lien Water Revenue Bonds, Taxable Project Series 2010C (Qualified Energy Conservation Bonds – Direct Payment) (the "Series 2010C Bonds"). On November 28, 2017, the City filed an event notice on EMMA relating to this rating downgrade with respect to the Series 2010B Bonds and the Series 2010C Bonds.

In July 2015, the City filed on EMMA on a timely basis the audited financial statements for the Water Fund for the year 2014 for all then-outstanding water revenue bonds, except with respect to the Series 2010B Bonds and the Series 2010C Bonds. On July 16, 2015, the City filed on EMMA the 2014 audited financial statements for the Water Fund with respect to the Series 2010B Bonds and the Series 2010C Bonds. On November 30, 2017, the City filed on EMMA a notice regarding its failure to file on a timely basis the 2014 audited financial statements with respect to the Series 2010B Bonds and the Series 2010C Bonds.

On September 14, 2020, the City filed on EMMA a notice regarding its failure to file on a timely basis a certain capital improvements table for the years 2018 and 2019 in connection with the City's Second Lien Wastewater Transmission Revenue Bonds, Project Series 2017A and Refunding Series 2017B. In connection with such notice filing, the City also filed on EMMA such capital improvements table for the years 2018 and 2019 with respect to the Series 2017A and the Series 2017B Bonds.

On September 14, 2020, the City filed on EMMA a notice regarding its failure to file on a timely basis certain capital improvements tables for the years 2016, 2017, 2018 and 2019 in connection with the City's General Obligation Bonds, Project and Refunding Series 2014A and Taxable Series 2014B. In connection with such notice filing, the City also filed on EMMA such capital improvements tables for the years 2016, 2017, 2018 and 2019 with respect to the Series 2014A and the Series 2014B Bonds.

FINANCIAL ADVISORS AND INDEPENDENT REGISTERED MUNICIPAL ADVISOR

The City has engaged Frasca & Associates, LLC and The RSI Group, LLC as its co-financial advisors (the "Co-Financial Advisors") in connection with the offering of the 2020 Senior Lien Bonds. The

Co-Financial Advisors have provided advice on the plan of financing and structure of the 2020 Senior Lien Bonds and have reviewed certain legal documents, including this Official Statement, with respect to financial matters. The Co-Financial Advisors are not obligated to undertake, and have not undertaken to make, an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The City has engaged Public Alternative Advisors, LLC as its pricing advisor (the "Pricing Advisor") in order to provide advice on the marketing strategy, structure, and pricing of the 2020 Senior Lien Bonds. Each of the Co-Financial Advisors and Pricing Advisor is a "municipal advisor" as defined in Rule 15Bal-1 of the Securities and Exchange Commission (the "Commission").

The City has retained seven firms (Acacia Financial Group, Martin J. Luby LLC, PFM Financial Advisors LLC, Public Alternative Advisors, LLC, RSI Group, LLC, Sycamore Advisors, LLC and Swap Financial Group LLC) to serve as a pool of registered municipal advisors (the "IRMAs") pursuant to Rule 15Bal-1-(d)(3)(vi) of the Commission to evaluate financing proposals and recommendations in connection with the City's various bond issuance programs and other financing ideas being considered by the City; however, the IRMAs will not advise on the investment of City funds held by the Office of the City Treasurer. The IRMAs' compensation is not dependent on the offering of the 2020 Senior Lien Bonds.

INDEPENDENT AUDITORS

The basic financial statements of the City of Chicago Illinois – Chicago O'Hare International Airport as of and for the years ended December 31, 2019 and 2018, included as APPENDIX D to this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein. Deloitte & Touche LLP has not compiled, examined, or performed any procedures with respect to the prospective financial information contained in this Official Statement, nor has Deloitte & Touche LLP expressed any opinion or any other form of assurance on such information or its achievability, and Deloitte & Touche LLP assumes no responsibility for, and disclaims association with, the prospective financial information included in this Official Statement.

RATINGS

The 2020 Senior Lien Bonds have been assigned the ratings of "A" (negative outlook) by S&P Global Ratings, "A" (negative outlook) by Fitch Ratings and "A+" (negative outlook) by Kroll Bond Rating Agency. Certain information was supplied by the City to each of the rating agencies to be considered in evaluating the 2020 Senior Lien Bonds. The City has not sought a rating of the 2020 Senior Lien Bonds from any other rating agency.

A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. The City has furnished to the rating agencies certain information and materials relating to the 2020 Senior Lien Bonds and O'Hare, including certain information and materials that have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that any rating will continue for any given period of time, or that any rating will not be revised downward or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the 2020 Senior Lien Bonds.

MISCELLANEOUS

The summaries or descriptions in this Official Statement of provisions in the Senior Lien Indenture and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions and do not constitute complete statements of such documents or provisions. Reference is made to the complete documents relating to such matter for further information, copies of which will be furnished by the City upon written request delivered to the office of the Chief Financial Officer, 5th Floor, 121 North LaSalle Street, Chicago, Illinois 60602.

AUTHORIZATION

The City has authorized the distribution of this Official Statement.

This Official Statement has been duly executed and delivered by the Chief Financial Officer on behalf of the City.

CITY OF CHICAGO

By: _____
Chief Financial Officer

APPENDIX A

GLOSSARY OF TERMS

The following are definitions of certain terms used in this Official Statement. This glossary is provided for the convenience of the reader and does not purport to be comprehensive or definitive. Certain capitalized terms used herein are defined elsewhere in this Official Statement. All references herein to terms defined in the Senior Lien Indenture and the Airline Use and Lease Agreements are qualified in their entirety by the definitions set forth in the Senior Lien Indenture and/or the Airline Use and Lease Agreements, as the case may be. Copies of the Senior Lien Indenture and the Airline Use and Lease Agreements are available for review prior to the issuance and delivery of the 2020 Senior Lien Bonds at the offices of the City and thereafter at the offices of the Trustee.

"Accounts" means the special accounts created and established pursuant to the Senior Lien Indenture.

"Activity-Based Terminal Charges" means Terminal Charges calculated under Sections 8.10 and 8.11 of the Airline Use and Lease Agreements.

"Additional TAP Elements" means certain Capital Improvement Projects that have been approved by Airline by execution of the Airline Use and Lease Agreements, subject to the conditions specified Section 10.3 of the Airline Use and Lease Agreements.

"Additional TAP Element Trigger" means the conditions, specified in Exhibit M of the Airline Use and Lease Agreements, that must be met before the City may proceed with the design, construction and equipping of an Additional TAP Element.

"Aeronautical Real Estate Revenue" means all revenues collected by the City for the right to use Aeronautical Real Estate.

"Aggregate Debt Service" means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to the aggregate amount required by the provisions of all Supplemental Indentures creating Series of Senior Lien Obligations, all instruments creating Senior Lien Section 208 Obligations and all Qualified Senior Lien Swap Agreements, to be deposited from Revenues in all Dedicated Sub-Funds (including the Common Debt Service Reserve Sub-Fund), accounts and subaccounts created under the Supplemental Indentures in the Bond Year or other specified 12-month period.

"Air Carrier" means a carrier certificated by the Secretary of the U.S. Department of Transportation as a Passenger Carrier under 49 U.S.C. § 41102 or a Cargo Carrier under 49 U.S.C. § 41103.

"Air Service Incentive Program" means the program of air service incentives at the Airport, consistent with applicable federal requirements, which may include rates and charges incentives and marketing support referenced in Section 8.15 of the Airline Use and Lease Agreements.

"Air Transportation Business" means that business operated by Airline at the Airport for the commercial transportation by air of persons, property, mail, parcels and/or cargo.

"Airfield Revenue Requirement" means the Airfield Revenue Requirement calculated in accordance with Section 8.2.1 of the Airline Use and Lease Agreements.

"Airline" means any person actively engaged in the Air Transportation Business at the Airport.

"Airline Airport Affairs Committee" or *"AAAC"* means the Airline Airport Affairs Committee consisting of a representative designated by each Signatory Airline operating at the Airport.

"Airline Party" means, at any time, any person actively engaged in the Air Transportation Business at the Airport who then has an Airline Use and Lease Agreement in effect with the City, either directly or through a valid assignment.

"Airline Rate-Based Project Costs" means the Project Costs of a Capital Improvement Project that are reasonably allocable to one or more Airline-Supported Cost Centers.

"Airline Rented Space" means any space in the Terminal Complex that is rented by Passenger Carriers on an exclusive, preferential or common use basis, plus any areas in the Terminal Complex that are rented to Aeronautical Service Providers; provided, however, that such leased space shall be at the same rental rate, and subject to the same rate adjustments as space leased to Passenger Carriers.

"Airline-Supported Cost Centers" means the following Cost Centers:

- (i) Airfield Cost Center;
- (ii) Terminal Cost Center;
- (iii) Parking and Ground Transportation Cost Center;
- (iv) Fueling System Cost Center;
- (v) Aeronautical Real Estate Cost Center; and
- (vi) Commercial Real Estate Cost Center.

"Airline Use and Lease Agreements" means the Chicago O'Hare International Airport Airline Use and Lease Agreement approved by an ordinance adopted by the City Council on March 28, 2018, and consisting of multiple substantially similar agreements entered into between the City and various companies engaged in the Air Transportation Business at the Airport, as such agreements may be extended, amended or supplemented from time to time in accordance with their terms.

"Airport" means Chicago O'Hare International Airport, together with any additions thereto, or improvements or enlargements of it, later made, but any land, rights-of-way, or improvements which are now or later owned by or are part of the transportation system operated by the Chicago Transit Authority, or any successor thereto, wherever located within the boundaries of the Airport, are not deemed to be part of the Airport.

"Airport Fees and Charges" means, for any Fiscal Year, all rents, charges and fees payable by all Air Carriers for such Fiscal Year as determined and adjusted pursuant to Article 8 of the Airline Use and Lease Agreements.

"Airport Fund" means the Chicago O'Hare International Airport Fund, an enterprise fund of the City.

"Airport General Fund" means the Airport General Fund created by the Indenture.

"Airport Obligations" means any bonds, notes or other evidences of indebtedness of the City, which bonds, notes or other evidences of indebtedness are payable from Revenues.

"Airport Project" means any capital improvement at or related to the Airport or the acquisition of land or any interest in land beyond the then-current boundaries of the Airport, or any cost or expense paid or incurred in connection with or related to the Airport whether or not of a capital nature and whether or not related to facilities at the Airport, including but not limited to, amounts needed to satisfy any judgment and the cost of any noise mitigation programs and including any "Capital Improvement Project" as defined in the Airline Use and Lease Agreements.

"Airport Project Account" means any Account established for the payment of the costs of an Airport Project including any Account established for the disposition of proceeds of insurance under the Indenture.

"Airport Revenue Bonds" or "GARBs" means any bonds, commercial paper notes, credit agreements notes and any other debt obligations of the City, outstanding at any time having a lien on Revenues as provided in the Indenture.

"Annual Debt Service" means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, and Senior Lien Obligations of a particular Series or consisting of a particular Senior Lien Section 208 Obligation or Qualified Senior Lien Swap Agreement, an amount of money equal to the sum of:

- (a) all interest payable during that Bond Year or other specified 12-month period on all Senior Lien Obligations of the Series or Senior Lien Section 208 Obligation Outstanding on the date of computation;
- (b) all Principal Installments payable during that Bond Year or other specified 12-month period with respect to all Senior Lien Obligations of the Series or Senior Lien Section 208 Obligation Outstanding on the date of computation; and
- (c) amounts due and payable during that Bond Year or other specified 12-month period on all Qualified Senior Lien Swap Agreements.

Amounts determined pursuant to clause (a) and (b) above must be calculated on the assumption that Senior Lien Obligations will, after the date of computation, cease to be Outstanding by reason, but only by reason, of the payment when due and application in accordance with the Indenture and the Supplemental Indenture creating that Series or the instrument creating that Senior Lien Section 208 Obligation of Principal Installments payable at or after the date of computation.

"Approved Project" means Previously Approved Projects, Phase I TAP Elements, Additional TAP Elements and Pre-Approved CIP Projects that have been approved by execution of the Airline Use and Lease Agreements and New Projects submitted for Majority-in-Interest review pursuant to the procedures in Section 10.8 of the Airline Use and Lease Agreements and not disapproved by a Majority-in-Interest.

"Authorized Officer" means (a) the Mayor, the Chief Financial Officer, the City Treasurer, the Commissioner, the City Comptroller or any other official of the City so designated by a Certificate signed by the Mayor and filed with the Trustee for so long as that designation is in effect and (b) the City Clerk with respect to the certification of any ordinance or resolution of the City Council or any other document filed in his or her office.

"Bad Debt" means a monetary amount owed to the City that is unlikely to be paid as it is beyond the collectible period as set by City policy as set forth in Section 9.2.3 of the Airline Use and Lease Agreements.

"Balloon Maturities" means, with respect to any Series of Senior Lien Obligations 50% or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Senior Lien Obligations scheduled to be amortized by prepayment or redemption prior to their stated maturity date. Commercial paper, bond anticipation notes or variable rate demand obligations shall not be Balloon Maturities.

"Base Terminal Rental Rate" means the amount calculated by the City to determine Domestic or International Common Use Gate Requirements.

"Bond Counsel" means a firm of attorneys having expertise in the field of law relating to municipal, state and public agency financing, selected by the City and satisfactory to the Trustee.

"Bond Year" means a 12-month period commencing on January 2 of each calendar year and ending on January 1 of the next succeeding calendar year.

"Business Day" means a day on which banks located in the city in which the principal corporate trust office of the Trustee is located are not required or authorized to remain closed, and are not in fact closed.

"Capital Costs" means all costs related to the acquisition, construction or improvement of Airport assets, including the following:

- (a) Debt Service net of pledged PFC revenues, grants and other applicable adjustments;
- (b) Required Debt Service Coverage on the gross amount of such Debt Service;
- (c) Program fees and other costs of borrowing not included in Debt Service;
- (d) Costs of Capital Improvement Projects funded with Pre-Approved Allowances; and
- (e) Equipment purchases and small capital outlays, if not otherwise classified as an O&M Expense.

"Certificate" means a written instrument, certificate, statement, request or requisition of any person. In the case of the City, each Certificate shall be executed by an Authorized Officer. Any Certificate and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined must be read and construed so as to form a single instrument. Any Certificate may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants or engineers, respectively, unless the officer signing that Certificate knows, or in the exercise of reasonable care should have known, that the opinion or representation with respect to the matters upon which that Certificate may be based, as aforesaid, is erroneous. The same person, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indenture or any Supplemental Indenture, but different persons, counsel or accountants may certify to different facts, respectively. Every Certificate or opinion of counsel, accountants, engineers or other persons provided for in the Indenture must include:

- (a) a statement that the person making that Certificate or opinion or representation has read the pertinent provision of the Indenture or the Supplemental Indenture to which that statement, Certificate, opinion or representation relates;

- (b) a brief statement as to nature and scope of the examination or investigation upon which the statements, opinions or representations are based;
- (c) a statement that, in the opinion of that person, that person has made such examination or investigation as is necessary to enable that person to express an informed opinion with respect to the subject matter referred to in the instrument to which that person's signature is affixed; and
- (d) with respect to any statement relating to compliance with any provision of the Indenture, a statement whether or not, in the opinion of that person, that provision has been complied with.

"Change in Project Scope Requiring MII Review" means a change to the scope of an Approved Project, as specified in Exhibits J, L, M or N of the Airline Use and Lease Agreements or in the proposal submitted for Majority-in-Interest review under Section 10.8.1 of the Airline Use and Lease Agreements, that triggers Majority-in-Interest review pursuant to the procedures in Section 10.8 of the Airline Use and Lease Agreements.

"Chief Financial Officer" means the Chief Financial Officer appointed by the Mayor, or the City Comptroller of the City at any time a vacancy exists in the office of the Chief Financial Officer.

"City" means the City of Chicago, a municipal corporation and home rule unit of local government organized and existing under the laws of the State of Illinois.

"City Council" means the City Council of the City, or any succeeding governing or legislative body of the City.

"Code" means the Internal Revenue Code of 1986, as from time to time supplemented and amended. References to the Code and to sections of the Code shall include relevant final, temporary or proposed Regulations as in effect from time to time and, with reference to any Series of Senior Lien Obligations, as applicable to obligations issued on the date of issuance of that Series.

"Commercial Real Estate Revenue" means revenues collected by the City for the right to use Commercial Real Estate.

"Commissioner" means the Commissioner of Aviation of the City or any designee of the Commissioner, or any successor or successors to the duties of any such official.

"Common Debt Service Reserve Sub-Fund" means the Common Debt Service Reserve Sub-Fund created by the Indenture.

"Common Reserve Bonds" means Senior Lien Obligations entitled to the benefits of the Common Debt Service Reserve Sub-Fund.

"Common Use Gate Space" means the Gate Space designated by the City in accordance with Article 4 and Article 5 of the Airline Use and Lease Agreements to be used in common by Passenger Carriers operating at the Airport, and shall not be deemed to include any Preferential Use Gate Space. Common Use Gate Space may be separately designated by the City as Domestic Common Use Gate Space and International Common Use Gate Space, as it may be adjusted from time to time, all as shown in Exhibit B of the Airline Use and Lease Agreements as of the Effective Date.

"Common Use Premises" means those areas within the Terminal Complex, including Common Use Gate Space, Common Use Check-in Space, Common Use Baggage Claim Space and Common Use Baggage Make-up Space that are made available by the City to one or more Air Carriers, subject to Section 4.1.5 of the Airline Use and Lease Agreements and as more fully described in the Terminal Complex Space Exhibit of the Airline Use and Lease Agreements. Common Use Premises may be separately designated by the City as Domestic Common Use Premises and International Common Use Premises, as it may be adjusted from time to time, all as shown in Exhibit B of the Airline Use and Lease Agreements as of the Effective Date.

"Completion Bonds" means any Senior Lien Obligations issued in accordance with the Indenture for the purpose of defraying additional costs of one or more Airport Projects financed by Airport Obligations.

"Consolidated Rental Car Facility" or *"CONRAC"* means the portion of the joint use facility, roadways and equipment that constitutes the consolidated rental car facility at the Airport, including those portions of the joint use facility dedicated to rental car operations, the customer service area, and the quick turn-around facility. The CONRAC as of the Effective Date of the Airline Use and Lease Agreements is generally depicted in Exhibit A of the Airline Use and Lease Agreements for illustrative purposes.

"Costs of Issuance" means any item of expense payable or reimbursable, directly or indirectly, by the City and related to the authorization, offering, sale, issuance and delivery of Senior Lien Obligations, including, but not limited to, travel and other expenses of any officer or employee of the City in connection with the authorization, offering, sale, issuance and delivery of the Senior Lien Obligations, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and disbursements, fees and disbursements of any Independent Airport Consultant and any Independent Accountant, fees and disbursements of other consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Senior Lien Obligations, application fees and premiums on municipal bond insurance and credit facility charges and costs and expenses relating to the refunding of Senior Lien Obligations, Junior Lien Obligations or other obligations issued to finance or refinance one or more Airport Projects.

"Cost of Issuance Account" means the account of that name established in the Dedicated Sub-Fund for each Series of the 2020 Senior Lien Bonds as described in the Supplemental Indentures.

"Counsel's Opinion" means a written opinion of Corporation Counsel for the City or other counsel selected by the City. Any Counsel's Opinion may be based, insofar as it relates to factual matters (information with respect to which is in the possession of the City) upon a Certificate or opinion of, or representation by, an officer of the City, unless the counsel knows, or in the exercise of reasonable care should have known, that the Certificate, opinion or representation with respect to the matters upon which the counsel's opinion may be based, as aforesaid, is erroneous.

"CP Indenture" means any trust indenture entered into between the City and a bank or trust company that authorizes and secures CP Notes.

"CP Notes" means Commercial Paper Notes of any series issued to finance or refinance Airport Projects.

"Debt Service" means, collectively, debt service on GARBs and any other debt service on indebtedness payable from Revenues.

"Debt Service Fund" means the Debt Service Fund created by the Indenture.

"Dedicated Sub-Fund" means a sub-fund within the Debt Service Fund including each sub-fund created by a Supplemental Indenture and the Common Debt Service Reserve Sub-Fund created by the Indenture.

"Department of Aviation" or "CDA" means the Chicago Department of Aviation or any successor agency thereto.

"Deposit Date" means January 1 and July 1 of each year, commencing January 1, 2021.

"Deposit Requirements" means, with respect to any semi-annual deposit to the Debt Service Fund and any disbursement from the Debt Service Fund pursuant to provisions of the Indenture as described in APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," under the headings "THE DEPOSITS INTO 2020A SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN", "THE DEPOSITS INTO 2020B SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN," "THE DEPOSITS INTO 2020C SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN," "THE DEPOSITS INTO 2020D SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN" AND "THE DEPOSITS INTO 2020E SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNT THEREIN"

"Domestic Common Use Gate Fees" means the Domestic Common Use Gate Fees calculated pursuant to Section 8.10.1 of the Airline Use and Lease Agreements.

"Domestic Common Use Holdroom Space" means the Holdroom Space associated with Domestic Common Use Gate Space.

"DTC" means The Depository Trust Company, and its successor and assigns.

"Event of Default" means an Event of Default under the Indenture.

"Exclusive Use Premises" means any office space, operation space, storage area, VIP Lounge, employee break room, baggage service office or other areas in the Terminal Complex designated for Airline's exclusive use, subject to Section 4.1.2 of the Airline Use and Lease Agreements and as more fully described in the Premises Notice described in Section 4.1 of the Airline Use and Lease Agreements and in the form attached as Exhibit C to the Airline Use and Lease Agreements.

"Executive Working Group" or "EWG" means the group of City and Signatory Airline representatives established under Section 10.9 of the Airline Use and Lease Agreements.

"Federal Aviation Administration" or "FAA" means the Federal Aviation Administration created under the Federal Aviation Act of 1958, as amended, or any successor agency thereto.

"Federal Obligation" means any direct obligation of, or any obligation the full and timely payment of principal of and interest on which is guaranteed by, the United States of America.

"Fiduciary" means the Trustee or any Paying Agent or any or all of them, as may be appropriate.

"Fiscal Year" means January 1 through December 31 of any year or such other fiscal year as the City may adopt for the Airport.

"Fitch" means Fitch Ratings Ltd.

"Fixed Terminal Charges" means Terminal Charges calculated under Sections 8.4 through 8.9 of the Airline Use and Lease Agreements.

"Funds" means the special funds created and established pursuant to the Indenture.

"Gate Ramp" means the Apron Area associated with Gate Space.

"Gate Space" means the areas of the Terminal Complex and Apron Areas that consist of Linear Frontage and the associated Holdroom Space and Gate Ramp, as designated in the Premises Notice and Terminal Complex Space Exhibit of the Airline Use and Lease Agreements.

"Government Grants-in-Aid" means those moneys granted to the City by the United States of America or any of its agencies, or the State of Illinois, or any of its political subdivisions or agencies, to pay for all or a portion of the cost of one or more Airport Projects and does not include any payments made for services rendered at the Airport.

"Indenture" means the Master Indenture of Trust securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of June 1 2018, from the City to the Trustee, pursuant to which Senior Lien Obligations are authorized to be issued, and any amendments and supplements thereto.

"Independent Accountant" means a certified public accountant selected by the City and licensed to practice in the State of Illinois, and who (a) in the case of an individual, is not an officer or employee of the City, (b) is satisfactory to the Trustee and (c) may be the accountant that regularly audits the books of the City or the Airport.

"Independent Airport Consultant" means a consultant selected by the City, with expertise in the administration, financing, planning, maintenance and operations of airports and their facilities, and who, in the case of an individual, is not an officer or employee of the City.

"Interest Income" means any interest on, and any gain realized from the investment of, moneys in any funds created pursuant to the Bond Indenture or of the Airline Use and Lease Agreements.

"Interest Payment Date" means any Payment Date on which interest on any Senior Lien Obligation is payable.

"International Common Use Gate Fees" means the International Common Use Gate Fees calculated pursuant to Section 8.10.2 of the Airline Use and Lease Agreements.

"International Common Use Holdroom Space" means the Holdroom Space associated with International Common Use Gate Space.

"Joint Use Premises" means those areas designated as such in the Premises Notice that are within the Terminal Complex, including Joint Use Baggage Claim Space and Joint Use Baggage Make-up Space as more fully described in the Premises Notices of multiple Passenger Carriers, and as to which such Passenger Carriers have a priority of use over all other Passenger Carriers, subject to Article 5 of the Airline Use and Lease Agreements.

"Junior Lien Obligations" means any bonds, notes or evidences of indebtedness secured by Revenues, other than Senior Lien Obligations, issued by the City as permitted by the Indenture.

"Junior Lien Obligation Debt Service Fund" means the Junior Lien Obligation Debt Service Fund created by the Indenture.

"Kroll" means Kroll Bond Rating Agency, Inc.

"Landing Fee" means the Landing Fee calculated pursuant to Section 8.2 of the Airline Use and Lease Agreements.

"Liens Defeasance Date" means September 12, 2012.

"Long-Term Signatory Airline" means a Signatory Airline that executed the Airline Use and Lease Agreements or a substantially similar agreement with a Term that expires on December 31, 2033 or otherwise qualifies as a Long-Term Signatory Airline pursuant to Section 2.2.3 of the Airline Use and Lease Agreements.

"Maintenance Reserve Fund" means the Maintenance Reserve Fund maintained pursuant to the Indenture.

"Majority-in-Interest" means, for any Fiscal Year:

- (i) for a Capital Improvement Project with Airline Rate-Based Project Costs allocated solely to the Airfield Cost Center, the Aeronautical Real Estate Cost Center or the Fueling System Cost Center, Long-Term Signatory Airlines that together accounted for at least seventy percent (70%) of the total Maximum Gross Landed Weight of all Air Carriers during the immediately preceding Fiscal Year;
- (ii) for a Capital Improvement Project with Airline Rate-Based Project Costs allocated to the Terminal Cost Center, the Parking and Ground Transportation Cost Center or the Commercial Real Estate Cost Center, Long-Term Signatory Airlines that together paid at least seventy percent (70%) of the total Terminal Charges paid by all Air Carriers during the immediately preceding Fiscal Year; or
- (iii) for a Capital Improvement Project with Airline Rate-Based Project Costs allocated to the Airfield Cost Center and the Terminal Cost Center, Long-Term Signatory Airlines that together paid at least seventy percent (70%) of all Airport Fees and Charges paid by all Air Carriers during the immediately preceding Fiscal Year.

For purposes of these calculations, a Long-Term Signatory Airline's activity and payments shall include the activity and payments of each of its Affiliates, but not its Alliance Partners.

"Maximum Gross Landed Weight" or *"MGLW"* means the maximum certificated weight, in thousand pound units, at which each aircraft operated by an Air Carrier is authorized by the FAA to land at the Airport, as certified by the aircraft's manufacturer and recited in the Air Carrier's flight manual governing that aircraft type.

"Monthly Activity Report" means the accurate summary report prepared by Airline describing Airline's operations (and the operations of Airline's Affiliates, if any) at the Airport during the month preceding the month in which the summary is submitted to the City, signed by an authorized representative of Airline certifying the accuracy of the information set forth therein, and submitted by Airline to the City in accordance with Section 8.19.1 of the Airline Use and Lease Agreements.

"New Projects" means certain Capital Improvement Projects that require Majority-in-Interest review, as further described in Section 10.6 of the Airline Use and Lease Agreements.

"O&M Expenses" means the costs incurred by the City in operating and maintaining the Airport's facilities.

"Operation and Maintenance Expense Projection" means, for any Fiscal Year, the then current estimate of Operation and Maintenance Expenses prepared by the City as provided for in the Airline Use and Lease Agreements and filed with the Trustee and consisting of an initial projection made prior to the first day of the Fiscal Year and a mid-year adjusted projection made in June of the Fiscal Year and in effect as of July 1 of the Fiscal Year and, at the election of the City, one other adjusted projection during such Fiscal Year.

"Operation and Maintenance Expenses" means, for any Fiscal Year, the costs incurred by the City in operating and maintaining the Airport during that Fiscal Year, either directly or indirectly, including, without limitation (but exclusive of those expenses as may be capitalized in connection with an Airport Project):

- (i) costs and expenses incurred by the City for employees of the City employed at the Airport, or doing work involving the Airport, including, but not limited to, direct salaries and wages (including overtime pay), together with payments or costs incurred for associated payroll expenses, such as union contributions, cash payments to pension funds, retirement funds or unemployment compensation funds, life, health, accident and unemployment insurance premiums, deposits for self-insurance, vacations and holiday pay, and other fringe benefits;
- (ii) costs of materials, supplies, machinery and equipment and other similar expenses;
- (iii) costs of maintenance, landscaping, decorating, repairs, renewals and alterations not reimbursed by insurance;
- (iv) costs of water, electricity, natural gas, telephone service and all other utilities and services whether furnished by the City or purchased by the City and furnished by independent contractors at or for the Airport;
- (v) costs of rentals of real property;
- (vi) costs of rentals of equipment or other personal property;
- (vii) costs of premiums for insurance, including property damage, public liability, burglary, bonds of employees, workers' compensation, disability, automobile, and all other insurance covering the Airport or its operations;
- (viii) the amount of any judgment or settlement arising as a result of the City's ownership, operation and maintenance of the Airport payable by the City during that Fiscal Year, including, without limitation, the amount of any judgment or settlement arising as a result of claims, actions, proceedings or suits alleging a taking of property or interests in property without just compensation, trespass, nuisance, property damage, personal injury or similar claims, actions, proceedings or suits based upon the environmental impacts, including, without limitation, those resulting from the use of the Airport for the landing and taking off of aircraft;

(ix) costs incurred in collecting and attempting to collect any sums due the City in connection with the operation of the Airport;

(x) costs of advertising at or for the Airport;

(xi) compensation paid or credited to persons or firms appointed or engaged, from time to time, to render advice and perform architectural, engineering, construction management, financial, legal, accounting, testing, consulting or other professional services in connection with the Airport;

(xii) any other cost incurred or allocated to the Airport necessary to comply with any valid rule, regulation, policy or order of any Federal, state or local government, agency or court; and

(xiii) all other direct and indirect expenses, whether similar or dissimilar, which arise out of the City's ownership, operation or maintenance of the Airport, including any taxes payable by the City which may be lawfully imposed upon the Airport.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund maintained pursuant to the Airline Use and Lease Agreements.

"Operation and Maintenance Reserve Fund" means the Operation and Maintenance Reserve Fund maintained pursuant to the Airline Use and Lease Agreements.

"Operation and Maintenance Reserve Fund Deposit Requirement" for any Fiscal Year means the amount, if any, required to increase the balance in the Operation and Maintenance Reserve Fund (including amounts receivable from the Operation and Maintenance Fund) to an amount equal to one-fourth of such Fiscal Year's then current Operation and Maintenance Expense Projection as most recently adjusted pursuant to the Airline Use and Lease Agreements.

"Other Available Moneys" means for any Fiscal Year the amount of money determined by the Chief Financial Officer to be transferred by the City for that Fiscal Year from sources other than Revenues to the Revenue Fund.

"Other Terminal Rental Payments" means payments of rent or utility reimbursements received by the City from government agencies and other non-airline tenants of the Terminal Complex that are not Aeronautical Service Providers or Terminal Concessions.

"Outstanding" when used with reference to the Senior Lien Obligations, means, as of any date, all Senior Lien Obligations before or on that date being issued under the Indenture or incurred pursuant to the Indenture except:

(a) Senior Lien Obligations canceled by the Trustee or the Owner of a Senior Lien Section 208 Obligation, as the case may be, at or before that date or delivered before that date to the Trustee or to the City, as the case may be, for cancellation;

(b) Senior Lien Obligations (or portions of Senior Lien Obligations) for the payment or redemption of which there are held in trust and set aside for such payment or redemption (whether at, before or after the maturity or redemption date) moneys or Federal Obligations the principal of and interest on which when due or payable will provide moneys, together with the moneys, if any, deposited with the Trustee at the same time, in

an amount sufficient to pay their principal or Redemption Price, as the case may be, with interest to the date of maturity or redemption date, and, if those Senior Lien Obligations are to be redeemed, for which notice of the redemption has been given as provided in the related Supplemental Indenture or provisions satisfactory to the Trustee have been made for giving the notice;

(c) Senior Lien Obligations for the transfer or exchange of, in lieu of or in substitution for which other Senior Lien Obligations have been authenticated and delivered pursuant to the Indenture; and

(d) Senior Lien Obligations deemed to have been paid as provided in the Indenture.

"Parking and Ground Transportation Revenue" means all revenues collected by the City for the right to provide Parking and Ground Transportation services and concessions; provided, however, that Parking and Ground Transportation Revenues does not include Customer Facility Charges or any revenues pledged to the repayment of Customer Facility Charge revenue bonds or Transportation Infrastructure and Innovation Action of 1998 (TIFIA) loans used to finance the CONRAC and related improvements.

"Passenger Facility Charge" or "PFC" means the passenger facility charge authorized under 49 U.S.C. § 40117 or any predecessor or successor law, and as approved by the FAA from time to time with respect to the Airport.

"Paying Agent" means any bank or trust company designated as a paying agent for a Series and its successor or successors later appointed in the manner provided in the Indenture.

"Payment Date" means any date on which a Principal Installment or interest on any Series of Senior Lien Obligations is payable in accordance with its terms and the terms of the Indenture and the Supplemental Indenture creating the Series or, in the case of Senior Lien Section 208 Obligations or amounts payable under any Qualified Senior Lien Swap Agreement, in accordance with the terms of the instrument creating the Senior Lien Section 208 Obligations or the Qualified Senior Lien Swap Agreement.

"Pre-Approved Allowance" means amounts listed on Exhibit O of the Airline Use and Lease Agreements that the City may spend or encumber on Capital Improvement Projects each Fiscal Year, as approved by Airline by way of its execution of the Airline Use and Lease Agreements. There shall be separate Pre-Approved Allowances for Capital Improvement Projects for the following categories: Taxiway Pavement Rehabilitation, Apron Pavement Repair, Airfield Roadway Repair and Replacement, Vehicle Replacement, Parking Maintenance and Repair, Roadway Pavement Replacement, Terminal Conveyance Replacement and Restroom Refresh and Modernization. There shall also be a separate category for Infrastructure Reliability, which shall not be a recurring expense each Fiscal Year.

"Pre-Approved CIP Projects" means certain Capital Improvement Projects that have been approved by Airline by execution of the Airline Use and Lease Agreements as further described in Section 10.4 and Exhibit N of the Airline Use and Lease Agreements.

"Preferential Use Gate Space" means Gate Space assigned to a Long-Term Signatory Airline as Preferential Use Premises in accordance with Article 5 of the Airline Use and Lease Agreements, as it may be adjusted from time to time, all as shown in Exhibits B and C of the Airline Use and Lease Agreements as of the Effective Date.

"Premises" means any: (a) Exclusive Use Premises, (b) Preferential Use Premises, (c) Joint Use Premises, and (d) Common Use Premises assigned to Airline by the City under the Airline Use and Lease Agreements; provided, however, that in the case of Common Use Premises, such areas will only constitute "Premises" during the period of time for which Airline has the right to use such areas.

"Principal and Interest Account" means the account of that name established in the Dedicated Sub-Fund for each Series of the 2020 Senior Lien Bonds as described in the Supplemental Indentures.

"Principal Installment" means, as of any particular date of computation and with respect to Senior Lien Obligations of a particular Series or consisting of a particular Senior Lien Section 208 Obligation, an amount of money equal to the aggregate of:

- (i) the principal amount of Outstanding Senior Lien Obligations of that Series or Senior Lien Section 208 Obligations which mature on a single future date, reduced by the aggregate principal amount of the Outstanding Senior Lien Obligations of that Series which would at or before that future date be retired by reason of the payment when due and the application in accordance with the Indenture and the Supplemental Indenture creating the Series or the instrument creating those Senior Lien Section 208 Obligations of Sinking Fund Payments payable at or before that future date for the retirement of the Outstanding Senior Lien Obligations of that Series, plus

- (ii) the amount of any Sinking Fund Payments payable on that future date for the retirement of the Outstanding Senior Lien Obligations of that Series, and that future date is for all purposes of the Indenture, deemed to be the date when the Principal Installment is payable and the date of the Principal Installment.

"Program Fee Account" means the account of that name established in the Dedicated Sub-Fund for each Series of the 2020 Senior Lien Bonds as described in the Supplemental Indentures.

"Qualified Collateral" means:

- (a) Federal Obligations;
- (b) direct and general obligations of any State of the United States of America or any political subdivision of the State of Illinois which are rated in one of the two highest rating categories by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise; and
- (c) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public housing authorities, or project notes issued by local public agencies, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America.

"Qualified Credit Instrument" means a letter of credit, surety bond or non-cancellable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations on the date of issuance thereof are rated in the highest rating category by S&P and Moody's and, if rated by A.M. Best & Company, is rated in the highest rating category by A.M. Best & Company. Any such letter of credit, surety bond or insurance policy shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payment thereunder other than a

certification of the Trustee that the funds drawn thereunder are to be used for purposes for which moneys in the Common Debt Service Reserve Sub-Fund may be used under the Indenture.

"Qualified Credit Provider" means the issuer of a Qualified Credit Instrument.

"Qualified Investments" means:

- (a) Federal Obligations;
- (b) pre-refunded municipal obligations meeting the following conditions:
 - (i) the municipal obligations are not subject to redemption prior to maturity, or the trustee therefor has been given irrevocable instructions concerning their calling and redemption and the issuer thereof has covenanted not to redeem such obligations other than as set forth in such instructions;
 - (ii) the municipal obligations are secured by cash and/or Federal Obligations, which Federal Obligations may be applied only to interest, principal and premium payments of such municipal obligations;
 - (iii) the principal of and interest on the Federal Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations;
 - (iv) the Federal Obligations serving as security for the municipal obligations are held by an escrow agent or trustee;
 - (v) the Federal Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and
 - (vi) the municipal obligations are rated in the highest rating category by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise;
- (c) deposits in interest-bearing deposits or certificates of deposit or similar arrangements issued by any bank or national banking association, including the Trustee, which deposits, to the extent not insured by the Federal Deposit Insurance Corporation, shall be secured by Qualified Collateral having a current market value (exclusive of accrued interest) at least equal to the amount of such deposits, marked to market monthly, and which Qualified Collateral shall have been deposited in trust by such bank or national banking association with the trust department of the Trustee or with a Federal Reserve Bank or branch or, with the written approval of the City and the Trustee, with another bank, trust company or national banking association for the benefit of the City and the appropriate Fund or Account as collateral security for such deposits;
- (d) direct and general obligations of any state of the United States of America or any political subdivision of the State of Illinois which are rated in one of the two highest rating categories by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise;
- (e) obligations issued by any of the following agencies: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Banks System, Federal Land Banks, Export Import Bank, Tennessee Valley Authority, Government National Mortgage Association, Farmers

Home Administration, United States Postal Service, Fannie Mae, Student Loan Marketing Association, Federal Farm Credit Bureau, Federal Home Loan Mortgage Corporation, Federal Housing Administration, any agency or instrumentality of the United States of America and any corporation controlled and supervised by, and acting as an agency or instrumentality of, the United States of America;

(f) any repurchase agreements collateralized by securities described in clauses (a) or (e) above with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank or parent holding company providing a guaranty has an uninsured, unsecured and unguaranteed rating in one of the three highest rating categories by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise, provided;

(i) a specific written agreement governs the transaction;

(ii) the securities are held by a depository acting solely as agent for the Trustee, and such third party is (x) a Federal Reserve Bank, or (y) a bank which is a member of the Federal Deposit Insurance Corporation and with combined capital, surplus and undivided profits of not less than \$25,000,000, and the Trustee shall have received written confirmation from such third party that it holds such securities;

(iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 1 C.F.R 306.1 et seq. or 31 C.F.R 350.0 et seq. in such securities is created for the benefit of the Trustee;

(iv) the repurchase agreement has a term of one year or less, or the collateral securities will be valued no less frequently than monthly and will be liquidated if any deficiency in the required collateral percentage is not restored within two business days of such valuation;

(v) the repurchase agreement matures at least 10 days (or other appropriate liquidation period) prior to a Payment Date; and

(vi) the fair market value of the securities in relation to the amount of the repurchase obligations, including principal and interest, is equal to at least 100 percent;

(g) shares of an investment company, organized under the Investment Company Act of 1940, as amended, which invests its assets exclusively in obligations of the type described in clauses (a) to (e);

(h) investment agreements which represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, in either case that has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the three highest rating categories by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

(i) long-term or medium-term corporate debt instruments issued or guaranteed by any corporation that is rated in the highest rating category by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

(j) prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term rating category by any two Rating Agencies maintaining a rating on such paper; and

(k) any other type of investment in which the City directs the Trustee in writing to invest, provided that there is delivered to the Trustee a Certificate of an Authorized Officer stating that each Rating Agency has been informed of the proposal to invest in such investment and each Rating Agency has confirmed that such investment will not adversely affect the rating then assigned by such Rating Agency to any Senior Lien Obligations.

"Qualified Senior Lien Swap Agreement" means an agreement between the City and a Swap Provider under which the City agrees to pay the Swap Provider an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the City for a specified period of time an amount calculated at an agreed-upon rate or index based upon the notional amount, where (a) each Rating Agency (if the Rating Agency also rates the unsecured obligations of the Swap Provider or its guarantor) has assigned to the unsecured obligations of the Swap Provider or of the party who guarantees the obligation of the Swap Provider to make its payments to the City, as of the date the swap agreement is entered into, a rating that is equal to or higher than the rating then assigned to the Senior Lien Obligations by the Rating Agency (without regard to municipal bond insurance or any other credit facility), and (b) the City has notified each Rating Agency (whether or not a Rating Agency also rates the unsecured obligations of the Swap Provider or its guarantor) in writing, at least 15 days before executing and delivering the swap agreement, of its intention to enter into the swap agreement and has received from each Rating Agency a written indication that the entering into of the swap agreement by the City will not in and of itself cause a reduction or withdrawal by the Rating Agency of its rating on the Senior Lien Obligations.

"Rating Agency" means any rating agency that has an outstanding credit rating assigned to any Senior Lien Obligations.

"Redemption Price" means, with respect to any Series of Senior Lien Obligations, their principal amount plus the applicable premium, if any, payable upon their redemption pursuant to the provisions of the Senior Lien Obligations or the Supplemental Indenture creating the Series of Senior Lien Obligations, or such other redemption price as may be specified in the Senior Lien Obligations or Supplemental Indenture.

"Refunding Bonds" means all Senior Lien Obligations, whether issued in one or more Series, authenticated and delivered on original issuance for the purpose of the refunding of Airport Obligations of any series, and all Senior Lien Obligations thereafter authenticated and delivered in lieu of or in substitution for the Senior Lien Obligations pursuant to the Indenture and the Supplemental Indenture creating the Series of Senior Lien Obligations.

"Registered Owner" or *"Owner"* means the registered owner of any bond constituting a part of a Series of Senior Lien Obligations.

"Regulations" means the Income Tax Regulations (26 CFR Part 1) promulgated under and pursuant to the Code.

"Released Revenues" means Revenues in respect of which the Trustee has received the following:

(a) a request of an Authorized Officer describing those Revenues and requesting that those Revenues be excluded from the pledge and lien of the Indenture on Revenues;

(b) an Independent Airport Consultant's Certificate, based upon reasonable assumptions, to the effect that Revenues, after the Revenues covered by the Authorized Officer's request are excluded for each of the five full Fiscal Years following the Fiscal Year in which such Certificate is delivered, will be sufficient to enable the City to satisfy the coverage covenant set forth in the Indenture in each of those five Fiscal Years;

(c) a Counsel's Opinion to the effect that (i) the conditions set forth in the Indenture to the release of those Revenues have been met and (ii) the exclusion of those Revenues from the pledge and lien of the Indenture will not, in and of itself, cause the interest on any outstanding Senior Lien Obligations to be included in gross income from purposes of federal income taxation; and

(d) written confirmation from each of the Rating Agencies to the effect that the exclusion of those Revenues from the pledge and lien of the Indenture will not cause a withdrawal or reduction in any unenhanced rating then assigned to any Senior Lien Obligations.

Upon the Trustee's receipt of those documents, the Revenues described in the Authorized Officer's request shall be excluded from the pledge and lien of the Indenture, and the Trustee shall take all reasonable steps requested by the Authorized Officer to evidence or confirm the release of that pledge and lien on the Released Revenues.

"Required Deposits" means deposits to establish or replenish (a) any funds or accounts required by the Bond Indenture, including without limitation the Maintenance Reserve Fund, that are not otherwise recovered as Capital Costs; and (b) any funds or accounts specified in Article 7 of the Airline Use and Lease Agreements, including without limitation the Supplemental O&M Reserve Fund.

"Reserve Requirement" means the maximum amount of Principal Installments and interest payable on the Common Reserve Bonds in the current or any succeeding Bond Year, provided, however, that if upon the issuance of a Series of Common Reserve Bonds such amount would require that moneys be paid into the Common Debt Service Reserve Sub-Fund from the proceeds of such Common Reserve Bonds in an amount in excess of the maximum amount permitted under the Code, the Reserve Requirement shall be the sum of (a) the Reserve Requirement immediately preceding the issuance of such Common Reserve Bonds and (b) the maximum amount permitted under the Code to be deposited from the proceeds of such Common Reserve Bonds, as certified by the Chief Financial Officer.

"Revenue Fund" means the Revenue Fund created by Section 501 of the General Airport Revenue Bond Ordinance and continued under the Indenture.

"Revenues" means and includes all amounts received or receivable directly or indirectly by the City for the use and operation of, or with respect to, the Airport, including, without limitation: all airline fees and charges (excluding payments described in subsection (i) below); all other rentals, charges and fees for the use of the Airport or for any service rendered by the City in the operation of the Airport; concession revenues; interest payments to the City; interest accruing on, and any profit realized from the investment of, moneys held or credited to all Airport funds and accounts of the City; provided, however, that Revenues does not include:

(i) any amounts derived by the City from Special Facility Financing Arrangements entered into in connection with Special Facilities to the extent those moneys derived are required to pay principal of, premium, if any, and interest on Special Facility Revenue Bonds and all sinking and other reserve fund payments required by the ordinance or resolution authorizing the issuance of the Special Facility Revenue Bonds;

- (ii) the proceeds of any passenger facility charge, customer facility charge or similar tax or charge levied by or on behalf of the City, including, but not limited to, any cargo facility charge or security charge;
- (iii) the proceeds of any tax levied by or on behalf of the City;
- (iv) interest accruing on, and any profit resulting from the investment of, moneys in any fund or account of the Airport that is not available by agreement or otherwise for deposit into the Revenue Fund;
- (v) Government Grants-in-Aid;
- (vi) insurance proceeds which are not deemed to be revenues in accordance with generally accepted accounting principles;
- (vii) the proceeds of any condemnation awards;
- (viii) security deposits and the proceeds of the sale of any Airport property; and
- (ix) the proceeds of any borrowings by the City.

Unless otherwise provided in a Supplemental Indenture, there shall also be excluded from the term "Revenues" any Released Revenues in respect of which the City has filed with the Trustee the documents contemplated in the definition of the term "Released Revenues."

"S&P" means S&P Global Ratings.

"Security Deposit" means the amount calculated in Section 9.3.1 of the Airline Use and Lease Agreements.

"Senior Lien Obligations" means (a) any of the bonds, notes or evidences of indebtedness issued by the City under and pursuant to Article II of the 2012 Indenture or the Indenture, (b) any Senior Lien Section 208 Obligations and (c) obligations of the City under a Qualified Senior Lien Swap Agreement except to the extent those obligations are subordinated hereunder or under that agreement, and in each case including 2002 Third Lien Obligations issued or incurred prior to the Liens Defeasance Date.

"Senior Lien Section 208 Obligations" mean any obligations incurred by the City to reimburse the issuer or issuers of one or more instruments securing one or more Series of Senior Lien Obligations as described in Section 208 of the Indenture, including any fees or other amounts payable to the issuer of any such instrument, whether those obligations are set forth in one or more reimbursement agreements entered into between the City and the issuer of any such instrument, or in one or more notes or other evidences of indebtedness executed and delivered by the City pursuant thereto, or any combination of them.

"Series" means all of the Senior Lien Obligations authenticated and delivered on original issuance pursuant to a Supplemental Indenture and designated in it as a series, but, unless the context clearly indicates otherwise, does not include Senior Lien Section 208 Obligations or obligations of the City under a Qualified Senior Lien Swap Agreement.

"2020A Senior Lien Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020A.

"2020B Senior Lien Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020B.

"2020C Senior Lien Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020C.

"2020D Senior Lien Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020D (Taxable).

"2020E Senior Lien Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2020E.

"Shared Equipment and Technology" or *"SET"* means equipment owned and installed by the City for use in passenger processing, including without limitation equipment casework, supporting infrastructure, network wiring, flight information displays ("FIDS"), gate information displays ("GIDS"), the baggage information display system ("BIDS"), boarding gate readers, passenger processing workstations and self-service kiosks (for boarding passes and bag tagging), and other shared use technology (such as a reservation system portal open to all Passenger Carriers at the Airport).

"Short-Term Signatory Airline" means a Signatory Airline that is not a Long-Term Signatory Airline.

"Signatory Airline" means Airline and each other Air Carrier that has executed an Airline Use and Lease Agreement with the City substantially similar to the Airline Use and Lease Agreements. A Signatory Airline may be either a Long-Term Signatory Airline or a Short-Term Signatory Airline.

"Sinking Fund Payment" means as of any particular date of determination and with respect to the outstanding Senior Lien Obligations of any Series or consisting of any Senior Lien Section 208 Obligations, the amount required by the Supplemental Indenture creating the Series or the instrument creating these Senior Lien Section 208 Obligation to be paid in any event by the City on a single future date for the retirement of the Senior Lien Obligations which mature after that future date, but does not include any amount payable by the City by reason only of the maturity of a Senior Lien Obligation.

"Sixty-Sixth Supplemental Indenture" means the Sixty-Sixth Supplemental Indenture dated as of October 1, 2020, between the City and the Trustee, which supplements the Indenture.

"Sixty-Seventh Supplemental Indenture" means the Sixty-Seventh Supplemental Indenture dated as of October 1, 2020, between the City and the Trustee, which supplements the Indenture.

"Sixty-Eighth Supplemental Indenture" means the Sixty-Eighth Supplemental Indenture dated as of October 1, 2020, between the City and the Trustee, which supplements the Indenture.

"Sixty-Ninth Supplemental Indenture" means the Sixty-Ninth Supplemental Indenture dated as of October 1, 2020, between the City and the Trustee, which supplements the Indenture.

"Special Facility" means a building, facility or improvement at the Airport, or portion thereof, that has been or is to be constructed, installed, equipped or acquired with the proceeds of the sale of Special Facility Revenue Bonds or sources other than Revenues.

"Special Facility Financing Arrangement" means any agreement creating or relating to Special Facility Revenue Bonds.

"Special Facility Revenue Bonds" means obligations of the City with respect to which the principal, premium, if any, and interest are payable solely from proceeds of the sale of those obligations and from sources other than Revenues, and for which the City has no taxing obligation.

"Supplemental Indenture" means an indenture supplemental to or amendatory of the 2002 Third Lien Indenture, the 2012 Indenture or the Indenture, executed and delivered by the City and the Trustee in accordance with the Indenture.

"Supplemental O&M Reserve Fund" means the Supplemental O&M Reserve Fund created by the Indenture.

"Supplemental O&M Reserve Fund Deposit Requirement" means, for any Fiscal Year, the amount, if any, required to increase the balance in the Supplemental O&M Reserve Fund to the Supplemental O&M Reserve Fund Requirement for such Fiscal Year.

"Supplemental O&M Reserve Fund Requirement" means, for any Fiscal Year, an amount equal to the applicable percentage for such Fiscal Year, as set forth in the following table, of the amount of the then current Operation and Maintenance Expense Projection for such Fiscal Year:

<u>Fiscal Year</u>	<u>Applicable Percentage</u>
2020	7.2%
2021	10.8
2022	14.4
2023	18.0
2024	21.6
2025 and thereafter	25.0

"Swap Provider" means any counterparty with which the City enters into a Qualified Senior Lien Swap Agreement.

"Term" means the lease term of the Airline Use and Lease Agreements as further described in Article 2 of the Airline Use and Lease Agreements.

"Terminal Charges" means the charges calculated pursuant to Sections 8.3 through 8.11 of the Airline Use and Lease Agreements.

"Terminal Complex" means the Main Terminal and Terminal 5 of the Airport.

"Terminal Concession Revenue" means revenue collected by the City from Terminal Concessions.

"Terminal Facilities Advisory Committee" or *"TFAC"* means the group that provides advice to the City about the assignment and use of Gate Space and other Terminal Complex facilities as more fully described in Section 5.7 of the Airline Use and Lease Agreements.

"Terminal Rental Rates" means, for any Fiscal Year, the Terminal Rental Rates established for such Fiscal Year pursuant to Section 8.3 of the Airline Use and Lease Agreements.

"Terminal Space Revenue Requirement" means for any Fiscal Year, the Terminal Space Revenue Requirement established for such Fiscal Year pursuant to Section 8.3 of the Airline Use and Lease Agreements.

"Third Lien Revenue Fund" means the Third Lien Revenue Fund created by Section 301 of the 2002 Third Lien Indenture.

"Total Delivered Seats" means the sum of Delivered Arriving Seats and Delivered Departing Seats.

"Total Terminal Revenue Requirement" means for any Fiscal Year, the Total Terminal Revenue Requirement established for such Fiscal Year pursuant to Section 8.3 of the Airline Use and Lease Agreements.

"Transition Date" means June 1, 2018.

"Trust Estate" means the property conveyed to the Trustee pursuant to the Granting Clauses of the Indenture.

"Trustee" means U.S. Bank National Association, as trustee under the Indenture, or its successor as the trustee later appointed in the manner provided in the Indenture.

"Unrecovered Domestic Common Use Gate Costs" means the portion (if any) of the Domestic Common Use Gate Revenue Requirement calculated pursuant to Section 8.10.1(a) of the Airline Use and Lease Agreements that is not recovered due to the proviso in Section 8.10.1(c) of the Airline Use and Lease Agreements or the monthly cap on Domestic Common Use Gate Fees provided for in Section 8.10.1(d) of the Airline Use and Lease Agreements.

"VIP Lounge" means those Exclusive Use Premises (if any) used by Airline to provide premium services to its passengers.

"2010 Amendment" means the amendment to the Indenture contained in the Thirty-Seventh Supplemental Indenture providing for the deletion from the Indenture of Section 413.

"2012 Indenture" means the Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations dated as of September 1, 2012, between the City and U.S. Bank National Association, as trustee, as amended and supplemented to the Transition Date.

"2002 Third Lien Indenture" means the Master Indenture of Trust Securing Chicago O'Hare International Airport Third Lien Obligations dated as of March 1, 2002, between the City and U.S. Bank National Association as successor trustee to LaSalle Bank National Association, as amended and supplemented to the Liens Defeasance Date.

"2002 Third Lien Obligations" means all "Third Lien Obligations", as defined in the 2002 Third Lien Indenture, that are Outstanding on the Liens Defeasance Date.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE

The following is a summary of certain provisions of the Amended and Restated Master Indenture of Trust, as supplemented to date (the "Indenture"), to which reference is made for a complete statement of the provisions and contents of each of such documents. Certain words and terms used in this summary are defined in APPENDIX A-"GLOSSARY OF TERMS."

AUTHORIZATION OF SENIOR LIEN OBLIGATIONS AND BONDS

In order to provide sufficient funds for the financing or refinancing of Airport Projects, Senior Lien Obligations are authorized by the Indenture to be issued from time to time in one or more Series, without limitation as to amount except as may be limited by law or the Indenture, for the purpose of (a) the payment, or the reimbursement for the payment of, the costs of one or more Airport Projects, (b) the refunding of Senior Lien Obligations (including 2002 Third Lien Obligations), or other obligations issued to finance or refinance one or more Airport Projects, including, but not limited to, the refunding of any Special Facility Revenue Bonds and any Junior Lien Obligations, or (c) the funding of any Fund, Account or Dedicated Sub-Fund as specified in the Indenture or the Supplemental Indenture under which any Senior Lien Obligations are issued; including, in each case, payment of Costs of Issuance. Senior Lien Obligations consisting of Senior Lien Section 208 Obligations and Qualified Senior Lien Swap Agreements are also authorized to be incurred from time to time as provided for in the Indenture for the purposes set forth therein.

The City reserves the right in the Indenture to provide one or more irrevocable letters of credit to secure the payment of the principal of, premium, if any, and interest on one or more Series of Senior Lien Obligations, and if the Owners of those Senior Lien Obligations have the right to require their purchase, to secure the payment of the purchase price of those Senior Lien Obligations upon the demand of their Owners through one or more letters of credit or bond purchase agreements. In connection therewith, the City may agree on a method to reimburse the issuer of the letter of credit or provider of a bond purchase agreement and any such obligation of the City may constitute a Senior Lien Obligation.

SOURCE OF PAYMENT; PLEDGE OF REVENUES AND OTHER MONEYS

The Indenture provides that the Senior Lien Obligations are legal, valid and binding limited obligations of the City payable solely from Revenues and certain other moneys and securities held by the Trustee under the provisions of the Indenture and any Supplemental Indenture. The Senior Lien Obligations and the interest thereon do not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the City, the State of Illinois or any of its political subdivisions is pledged to the payment of the principal of or interest on the Senior Lien Obligations. The City makes a pledge of the Trust Estate, to the extent set forth in the Granting Clauses of the Indenture, and of all moneys and securities held or set aside or to be held or set aside by the Trustee under the Indenture or any Supplemental Indenture, to secure the payment of the principal and Redemption Price of, and interest on, the Senior Lien Obligations, subject only to the provisions of the Indenture or any Supplemental Indenture requiring or permitting the payment, setting apart or appropriation of such moneys and securities for or to the purposes and on the terms, conditions, priorities and order set forth in or provided under the Indenture or the Supplemental Indenture. Such pledge is valid and binding from the Liens Defeasance Date and continues the prior pledges under the 2002 Third Lien Indenture and the 2012 Indenture. The Revenues so pledged and then or thereafter received by the City and deposited in the Revenue Fund are immediately upon that deposit subject to the lien of the pledge without any further physical delivery or further act; and the lien of the pledge is valid and binding as against

all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether the parties have notice of it.

INDENTURE FUNDS AND PAYMENT OF DEBT SERVICE

The Revenue Fund, the Debt Service Fund and the Junior Lien Obligation Debt Service Fund are trust funds held and administered by the Trustee in accordance with the Indenture. The Common Debt Service Reserve Sub-Fund and each Dedicated Sub-Fund are held by the Trustee as part of the Debt Service Fund.

The City has established and agrees to maintain the Airport Fund, an Operation and Maintenance Fund, an Operation and Maintenance Reserve Fund and a Maintenance Reserve Fund. On the Transition Date the City established and agrees to maintain the Supplemental O&M Reserve Fund and the Airport General Fund.

The Trustee shall, at the written request of the City, establish such additional sub-funds within the Funds and Accounts and subaccounts within any such sub-funds, as shall be specified in such written request, for the purpose of identifying more precisely the sources of payments into and disbursements from the Funds or such sub-funds, Accounts and subaccounts.

Additional sub-funds within the Funds (other than the Junior Lien Obligation Debt Service Fund) and Accounts and subaccounts within such sub-funds may also be created by any Supplemental Indenture; and any such Supplemental Indenture may provide that amounts on deposit in such sub-funds, Accounts and subaccounts shall be held by the Trustee for the sole and exclusive benefit of such Senior Lien Obligations as may be specifically designated in such Supplemental Indenture; provided, however, that income derived from the investment of any moneys on deposit in a debt service reserve fund or account (including the Common Debt Service Reserve Sub-Fund) or pursuant to any such Supplemental Indenture may, upon receipt, be withdrawn from such fund or account by the Trustee and deposited into the Revenue Fund as permitted by the Indenture.

Any moneys and securities held in the Revenue Fund, the Debt Service Fund, the Junior Lien Obligation Debt Service Fund or any sub-fund, Account or subaccount created pursuant to the Indenture shall be held in trust by the Trustee, as provided in the Indenture or such Supplemental Indenture, and shall be applied, used and withdrawn only for the purposes authorized in the Indenture or Supplemental Indenture.

All moneys and securities held by the City in the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund and the Supplemental O&M Fund shall be accounted for and held separate and apart from all other moneys and securities of the City, shall be applied, used and withdrawn solely for the purposes authorized in the Indenture and, until so applied, used and withdrawn, shall be held in trust by the City for such purposes.

All moneys and securities held by the City in the Airport General Fund may be applied, used and withdrawn by the City for any lawful corporate purpose of the City, free of any lien or security interest in favor of the Trustee and the owners of the Senior Lien Obligations.

Deposit of Revenues. All Revenues shall be collected by the City and promptly deposited to the credit of the Revenue Fund in the name of the Trustee with a depository or depositories, each fully qualified under the Indenture to receive the same as deposits of money held by the Trustee, designated by the City and approved by the Trustee, and statements giving the amount of each such deposit and the name of the

depository shall be forwarded promptly to the Trustee by the City and by such depository. The Trustee shall be accountable only for moneys actually so deposited.

Disbursements from Revenue Fund. The moneys in the Revenue Fund shall be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amounts provided:

(a) On the tenth day of each month the Trustee shall transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the then current Operation and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the latest projection prepared in accordance with Section 8.16 of the Airline Use and Lease Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of required deposits in the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund and the Supplemental O&M Reserve Fund), the amount required to be deposited in the Operation and Maintenance Fund each month of such Fiscal Year shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment multiplied by a fraction the numerator of which is 1 and the denominator of which is the number of monthly deposits to the Operation and Maintenance Fund to be made for the remainder of such Fiscal Year.

(b) On the business day of the Trustee immediately preceding each January 1 and July 1, the Trustee shall make the following deposits in the manner and order of priority set forth:

FIRST, The Trustee shall first deposit into the Debt Service Fund the amount necessary to increase the amount on deposit therein to an amount sufficient to fund the Deposit Requirements corresponding to that January 1 or July 1.

SECOND, The Trustee shall next transfer to the City for deposit into the Operation and Maintenance Reserve Fund an amount equal to one-half of the Operation and Maintenance Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1; provided, however, that if the latest projection contains an adjustment of Operation and Maintenance Expenses, then the amount required to be deposited in the Operation and Maintenance Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment.

THIRD, The Trustee shall next transfer to the City for deposit into the Maintenance Reserve Fund an amount equal to the lesser of (i) \$1,500,000 and (ii) the amount, if any, required to increase the amount on deposit therein to \$3,000,000.

FOURTH, The Trustee shall next deposit into the Junior Lien Obligation Debt Service Fund an amount, if any, equal to the amount required by any resolution or ordinance authorizing the issuance of Junior Lien Obligations to be deposited therein on such date and without priority, one over the other, to any sub-funds or accounts within the Junior Lien Obligation Debt Service Fund, the amount specified by a Certificate filed with the Trustee.

FIFTH, The Trustee shall next transfer to the City for deposit into the Supplemental O&M Reserve Fund an amount equal to one-half of the Supplemental O&M Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1; provided, however, that if the latest projection contains an adjustment of Operation and Maintenance Expenses, then the amount required to be deposited into the Supplemental O&M Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment.

SIXTH, The Trustee shall next transfer to the City for deposit into the Airport General Fund any amount remaining in the Revenue Fund unless the City shall have filed with the Trustee a Certificate specifying a lesser amount, in which case the amount specified by the City in the Certificate shall be the amount to be transferred to the City at such time for deposit into the Airport General Fund.

(c) If at the time deposits are required to be made under paragraphs (a) or (b) above, the moneys held in the Revenue Fund are insufficient to make any required deposit, the deposit shall be made up on the next applicable Deposit Date after required deposits into all other Funds enjoying a higher priority shall have been made in full.

(d) The City shall be mandatorily and irrevocably obligated to apply moneys in the Maintenance Reserve Fund to make up any deficiencies in the Debt Service Fund. In the event moneys are so applied from the Maintenance Reserve Fund, the amount applied shall be restored on the next applicable Deposit Date after all other Fund deposits enjoying a higher priority shall have been made in full.

(e) Amounts on deposit in the Debt Service Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund, the Junior Lien Obligation Debt Service Fund and the Supplemental O&M Reserve Fund in excess of the amount required under the Indenture or under any Supplemental Indenture or under any ordinance or resolution authorizing the issuance of Junior Lien Obligations to be on deposit in such Fund at the end of such Fiscal Year shall be transferred to the Revenue Fund.

Use of Funds. The moneys on deposit in the Funds, except the Airport General Fund, shall be used for the purposes and uses specified as follows:

(a) In addition to the authorized disbursements, the Trustee shall apply moneys in the Revenue Fund to make up any deficiency arising in the Debt Service Fund and the Junior Lien Obligation Debt Service Fund in the order of their priority one over another and in the manner specified above under "Disbursements from Revenue Fund" and, in addition, to make any reimbursement due to any Airline, including any payment to any Airline Party required by the Airline Use and Lease Agreements as in each case directed by a Certificate filed with the Trustee.

(b) The moneys in the Operation and Maintenance Fund shall be used by the City only to pay Operation and Maintenance Expenses and to repay amounts borrowed from the Operation and Maintenance Reserve Fund and the Supplemental O&M Reserve Fund. Loans from the Operation and Maintenance Reserve Fund to the Operation and Maintenance Fund shall be repaid as soon as funds for such loan repayment are available in the Operation and Maintenance Fund. Loans from the Supplemental O&M Reserve Fund to the Operation and Maintenance Fund shall be repaid as soon as all loans from the Operation and Maintenance Reserve Fund have been repaid and funds for the repayment of loans from the Supplemental O&M Reserve Fund are available in the Operation and Maintenance Fund.

(c) The moneys in the Debt Service Fund shall be used only for the funding of Deposit Requirements.

(d) The moneys in the Operation and Maintenance Reserve Fund and the Supplemental O&M Reserve Fund shall be used by the City only to make loans to the Operation and Maintenance Fund whenever and to the extent moneys in the Operation and Maintenance Fund are insufficient to pay Operation and Maintenance Expenses. Loans to the Operation and

Maintenance Fund shall be made first from the Supplemental O&M Reserve Fund to the full extent that moneys are available in the Supplemental O&M Reserve Fund and second from the Operation and Maintenance Reserve Fund.

(e) The moneys in the Maintenance Reserve Fund shall be used by the City only for paying the costs of extraordinary maintenance expenditures, such as costs incurred for major repairs, renewals and replacements at the Airport, whether caused by normal wear and tear or by unusual and extraordinary occurrences including costs of painting, major repairs, renewals and replacements and damage caused by storms or other unusual causes.

(f) The moneys in the Junior Lien Obligation Debt Service Fund shall be transferred by the Trustee to the appropriate trustees or paying agents under the appropriate ordinances or resolutions authorizing the issuance of Junior Lien Obligations for the purpose of paying such amounts as may be required to be paid by such resolutions or ordinances.

Disbursements from Debt Service Fund. The moneys in the Debt Service Fund must be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amounts provided:

(a) Sub-fund Deposits. On any date required with respect to the Common Debt Service Reserve Sub-Fund, or by the provisions of a Supplemental Indenture creating a Series of Senior Lien Obligations, or by an instrument creating Senior Lien Obligations, the Trustee must segregate within the Debt Service Fund and credit to (i) the Common Debt Service Reserve Sub-Fund, such amounts as may be required to be so credited under the Indenture and (ii) such Dedicated Sub-Funds, accounts and subaccounts as may have been created for the benefit of the Senior Lien Obligations such amounts as may be required to be so credited under the provisions of the Supplemental Indenture or instrument creating Senior Lien Obligations to pay the principal of and interest on the Senior Lien Obligations.

(b) Other Required Deposits. On any date required for any other purpose by the provisions of a Supplemental Indenture or by an instrument creating Senior Lien Obligations, but only if the deposit requirement is set forth in the Certificate filed pursuant to paragraph (c) below, the Trustee must segregate within the Debt Service Fund and credit to such Dedicated Sub-Funds, accounts and subaccounts as are specified in the Supplemental Indenture or instrument creating Senior Lien Obligations the amounts required so to be withdrawn and deposited by the provisions of the Supplemental Indenture or the instrument.

(c) City Certificate. With respect to each Series and with respect to any Senior Lien Section 208 Obligation and any Qualified Senior Lien Swap Agreement, the City shall file with the Trustee (and revise from time to time as required) a Certificate detailing the timing and amount of the "Other Required Deposits" pursuant to paragraph (b) above in order to determine the Deposit Requirements of the Debt Service Fund and the proper disbursement of the moneys held therein, including such revisions as may result from the prepayment, redemption, purchase and remarketing of Senior Lien Obligations and the adjustment of the rate of interest borne by Senior Lien Obligations.

Common Debt Service Reserve Sub-Fund.

(a) The City shall maintain the Common Debt Service Reserve Sub-Fund in an amount equal to the Reserve Requirement, which requirement may be satisfied with (i) one or more Qualified Credit Instruments, (ii) Qualified Investments, or (iii) a combination thereof. Any

Qualified Investments held to the credit of the Common Debt Service Reserve Sub-Fund shall not have maturities extending beyond five years (except for any investment agreement, repurchase agreement or forward purchase agreement approved by each issuer of a municipal bond insurance policy insuring payment of any Common Reserve Bonds) and shall be valued in accordance with the Indenture. If on any valuation date, the amount on deposit in the Common Debt Service Reserve Sub-Fund is more than the Reserve Requirement, unless otherwise directed by the City pursuant to paragraph (f) below, the amount of such excess shall be transferred by the Trustee to the Revenue Fund.

(b) If at any time the Common Debt Service Reserve Sub-Fund holds both a Qualified Credit Instrument and Qualified Investments, the Qualified Investments shall be liquidated and the proceeds applied for the purposes for which Common Debt Service Reserve Sub-Fund moneys may be applied prior to any draw being made on the Qualified Credit Instrument. If the Common Debt Service Reserve Sub-Fund holds Qualified Credit Instruments issued by more than one issuer, draws shall be made under such Qualified Credit Instruments on a pro rata basis to the extent of available funds. Amounts deposited in the Common Debt Service Reserve Sub-Fund for the purpose of restoring amounts withdrawn therefrom shall be applied first to reimburse the Qualified Credit Provider and thereby reinstate the Qualified Credit Instrument.

(c) The moneys in the Common Debt Service Reserve Sub-Fund are held for the benefit of all Common Reserve Bonds and are pledged and assigned for that purpose. On the date of initial issuance of any Senior Lien Obligations intended to be Common Reserve Bonds, the City shall provide the Trustee a Certificate to that effect and setting forth the amount of the deposit to be made from bond proceeds to fund the Reserve Requirement.

(d) On the business day of the Trustee immediately preceding each January 1 and July 1, there shall be withdrawn from the Debt Service Fund for deposit into the Common Debt Service Reserve Sub-Fund, the amount, if any, required as of the close of business on such date to restore the amount held in the Common Debt Service Reserve Sub-Fund to the Reserve Requirement. Any amount so required shall constitute a Deposit Requirement to be funded from the Debt Service Fund.

(e) If on any Payment Date for the payment of the Principal Installment of and interest on any Series of Common Reserve Bonds the amount held in the Dedicated Sub-Fund for that Series for the payment of such Principal Installment or interest due and payable on such Payment Date shall be less than the Principal Installment and interest then due and payable, then the Trustee shall withdraw from the Common Debt Service Reserve Sub-Fund and deposit into the Dedicated Sub-Fund for that Series the amount necessary to cure such deficiency. In the case of multiple deficiencies among Series, such withdrawal shall be made ratably among the various Series having a deficiency, without preference or priority of any kind.

(f) At the direction of the City expressed in a Certificate filed with the Trustee, moneys in the Common Debt Service Reserve Sub-Fund may be withdrawn and deposited in trust to pay or provide for the payment of Senior Lien Obligations pursuant to the defeasance provisions of the Indenture; provided, however, that immediately after such withdrawal the amount of deposit in the Common Debt Service Reserve Sub-Fund equals or exceeds the Reserve Requirement.

Series 2020 Bonds Common Debt Service Reserve Sub-Fund.

The 2020A Senior Lien Bonds, the 2020B Senior Lien Bonds and the 2020D Senior Lien Bonds has been designated by the City as Common Reserve Bonds. The Common Debt Service Reserve Sub-

Fund will be administered for the equal benefit, protection and security of the Owners of the Common Reserve Bonds and, with respect to the Common Debt Service Reserve Sub-Fund, all outstanding common Reserve Bonds are on a parity and rank equally without preference, priority or distinction.

Dedicated Sub-Funds for 2020 Senior Lien Bonds.

The Sixty-Sixth Supplemental Indenture creates and establishes with the Trustee a separate and segregated Dedicated Sub-Fund within the Debt Service Fund with respect to the 2020A Senior Lien Bonds (the "2020A Dedicated Sub-Fund"). Moneys on deposit in the 2020A Dedicated Sub-Fund and in each Account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2020A Senior Lien Bonds.

The Sixty-Sixth Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2020A Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2020A Senior Lien Costs of Issuance Account (the "Costs of Issuance Account"); (b) the Chicago O'Hare International Airport 2020A Senior Lien Program Fee Account (the "Program Fee Account") and (c) the Chicago O'Hare International Airport 2020A Senior Lien Principal and Interest Account (the "Principal and Interest Account").

The Sixty-Seventh Supplemental Indenture creates and establishes with the Trustee a separate and segregated Dedicated Sub-Fund within the Debt Service Fund with respect to the 2020B Senior Lien Bonds (the "2020B Dedicated Sub-Fund"). Moneys on deposit in the 2020B Dedicated Sub-Fund and in each Account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2020B Senior Lien Bonds.

The Sixty-Seventh Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2020B Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2020B Senior Lien Costs of Issuance Account (the "Costs of Issuance Account"); (b) the Chicago O'Hare International Airport 2020B Senior Lien Program Fee Account (the "Program Fee Account") and (c) the Chicago O'Hare International Airport 2020B Senior Lien Principal and Interest Account (the "Principal and Interest Account").

The Sixty-Eighth Supplemental Indenture creates and establishes with the Trustee a separate and segregated Dedicated Sub-Fund within the Debt Service Fund with respect to the 2020C Senior Lien Bonds (the "2020C Dedicated Sub-Fund") and the 2020E Senior Lien Bonds (the "2020E Dedicated Sub-Fund"). Moneys on deposit in the 2020C Dedicated Sub-Fund and 2020E Dedicated Sub-Fund and in each Account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds, respectively.

The Sixty-Eighth Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2020C Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2020C Senior Lien Costs of Issuance Account (the "Costs of Issuance Account"); (b) the Chicago O'Hare International Airport 2020C Senior Lien Program Fee Account (the "Program Fee Account"); and (c) the Chicago O'Hare International Airport 2020C and 2020E Senior Lien Principal and Interest Account (the "Principal and Interest Account"). The Sixty-Eighth Supplemental Indenture also creates and establishes with the Trustee a separate Accounts within the 2020E Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2020E Senior Lien Costs of Issuance Account (the "Cost of Issuance Account"; (b) the Chicago O'Hare International Airport 2020E Senior Lien Program Fee Account (the "Program Fee Account"); and (c) the Chicago O'Hare International Airport 2020E Senior Lien Principal and Interest Account (the "Principal and Interest Account"). The Sixty-Eighth Supplemental Indenture also creates and establishes with the Trustee a separate and segregated account

within the Revenue Fund designated as the Chicago O'Hare International Airport 2020C and 2020E Senior Lien Bonds PFC Revenue Deposit Account (the "2020C and 2020E Bonds PFC Revenue Deposit Account") and a separate and segregated dedicated sub-fund in the Debt Service Fund designated as the Chicago O'Hare International Airport 2020C and 2020E Senior Lien Consolidated Debt Service Reserve Dedicated Sub-Fund (the "Consolidated Debt Service Reserve Sub-Fund"). Money in the 2020C and 2020E Bonds PFC Revenue Deposit Account and the Consolidated Debt Service Reserve Sub-Fund are to be held in trust by the Trustee's for the sole and exclusive benefit of the Registered Owners of the 2020C Senior Lien Bonds and the 2020E Senior Lien Bonds.

The Sixty-Ninth Supplemental Indenture creates and establishes with the Trustee a separate and segregated Dedicated Sub-Fund within the Debt Service Fund with respect to the 2020D Senior Lien Bonds (the "2020D Dedicated Sub-Fund"). Moneys on deposit in the 2020D Dedicated Sub-Fund and in each Account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2020D Senior Lien Bonds.

The Sixty-Ninth Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2020D Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2020D Senior Lien Costs of Issuance Account (the "Costs of Issuance Account"); (b) the Chicago O'Hare International Airport 2020D Senior Lien Program Fee Account (the "Program Fee Account"); and (c) the Chicago O'Hare International Airport 2020D Senior Lien Principal and Interest Account (the "Principal and Interest Account").

DEPOSITS INTO 2020A SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN

On January 1 and July 1 of each year, commencing January 1, 2021 (each such date referred to as the "Deposit Date"), there will be deposited into the 2020A Dedicated Sub-Fund, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will be calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to as the "2020A Deposit Requirement"):

(a) for deposit into the 2020A Principal and Interest Account, an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the 2020A Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2020A Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the Principal and Interest Account); and

(b) for deposit into the Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2020A Deposit Requirement, there will be deposited into the 2020A Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Indenture or the Sixty-Sixth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2020A Dedicated Sub-Fund and to one or more accounts therein.

Moneys in the Principal and Interest Account will be used solely for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the 2020A Bonds (including the optional redemption of 2020A Bonds pursuant to the Sixty-Sixth Supplemental Indenture) and not otherwise provided for, ratably, without preference or priority of any kind.

Moneys in the Costs of Issuance Account shall be used solely for the payment or reimbursement of Costs of Issuance of the 2020A Bonds as directed in a Certificate filed with the Trustee. If after the payment of all Costs of Issuance, as specified in a Certificate filed with the Trustee, there shall be any balance remaining in the Costs of Issuance Account, such balance shall be transferred to the Program Fee Account.

Moneys in the Program Fee Account shall be used solely for the payment of fees and expenses with respect to the 2020A Bonds as set forth in a Certificate filed with the Trustee.

DEPOSITS INTO 2020B DEDICATED SUB-FUND AND ACCOUNTS THEREIN

On January 1 and July 1 of each year, commencing January 1, 2021 (each such date referred to herein as the "Deposit Date") there shall be deposited into the 2020B Dedicated Sub-Fund from amounts on deposit in the Debt Service Fund an amount equal to the aggregate of the following amounts, which amounts shall have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2020B Deposit Requirement"):

(a) for deposit into the Principal and Interest Account, an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the Principal and Interest Account); and

(b) for deposit into the Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2020B Deposit Requirement, there shall be deposited into the 2020B Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Indenture or the Sixty-Seventh Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2020B Dedicated Sub-Fund and to one or more accounts therein.

Moneys in the Principal and Interest Account shall be used solely for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the Bonds (including the optional redemption of 2020B Bonds pursuant to the Sixty-Seventh Supplemental Indenture) and not otherwise provided for, ratably, without preference or priority of any kind.

Moneys in the Costs of Issuance Account shall be used solely for the payment or reimbursement of Costs of Issuance of the Bonds as directed in a Certificate filed with the Trustee. If after the payment of all Costs of Issuance, as specified in a Certificate filed with the Trustee, there shall be any balance remaining in the Costs of Issuance Account, such balance shall be transferred to the Program Fee Account.

Moneys in the Program Fee Account shall be used solely for the payment of fees and expenses with respect to the Bonds as set forth in a Certificate filed with the Trustee.

DEPOSIT INTO AND APPLICATION OF THE 2020C BONDS AND 2020E BONDS PFC REVENUE DEPOSIT ACCOUNT

(a) On June 20 of each Fiscal Year the City shall withdraw from the PFC Capital Fund and pay to the Trustee for deposit into the PFC Revenue Deposit Account an amount equal to the sum of the 2020C Deposit Requirement and the 2020E Deposit Requirement with respect to the next ensuing July 1 Deposit Date.

(b) On December 20 of each Fiscal Year the City shall withdraw from the PFC Capital Fund and pay to the Trustee for deposit into the PFC Revenue Deposit Account for the Fiscal Year ending January 1, 2021, the sum of \$_____ and for each subsequent Fiscal Year, an amount equal to the greater of (i) the sum of 2020C Deposit Requirement and the 2020E Deposit Requirement with respect to the next ensuing January 1 Deposit Date, and (ii) the amount required so that the aggregate sum withdrawn from the PFC Capital Fund and deposited in the PFC Revenue Deposit Account during the then current Fiscal Year will be not less than one and twenty-five hundredths times the Net Debt Service with respect to the 2020C Bonds and the 2020E Bonds for the Bond Year commencing during such Fiscal Year.

(c) Each deposit to the PFC Revenue Deposit Account required by paragraphs (a) or (b) above shall be made on the required date or as soon thereafter as moneys in the PFC Capital Fund are legally available to satisfy such deposit requirement. If the available amount in the PFC Capital Fund is less than the amount needed to meet any deposit requirement, then the City shall deposit the maximum amount then available for withdrawal from the PFC Capital Fund and the City's obligation to make the required deposits to the PFC Revenue Deposit Account shall continue until the applicable 2020C Deposit Requirement and the applicable 2020E Deposit Requirement have been fully satisfied.

(d) Any moneys held in the PFC Revenue Deposit Account shall be withdrawn by the Trustee and paid over to the City free from the lien of the Sixty-Eighth Supplemental Indenture on the earliest date in each Fiscal Year, after January 5 and prior to June 20 of such Fiscal Year, that each prior 2020C Deposit Requirement and the 2020E Deposit Requirement has been fully satisfied.

DEPOSITS INTO 2020C SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN

On January 1 and July 1 of each year, commencing January 1, 2021 (each such date referred to as the "Deposit Date"), there will be deposited into the 2020C Dedicated Sub-Fund, first from amounts of deposit in the PFC Revenue Deposit Account, and second, if needed, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will be calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to as the "2020C Deposit Requirement"):

(a) for deposit into the 2020C Principal and Interest Account, an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the 2020C Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2020C Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the Principal and Interest Account); and

(b) for deposit into the "Consolidated Debt Service Reserve Sub-Fund," the amount, if any, required as of the close of business on such Deposit Date to restore the Consolidated Debt Service Reserve Sub-Fund to the Reserve Requirement, including the reimbursement of any Qualified Credit Provider.

(c) for deposit into the Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2020C Deposit Requirement, there will be deposited into the 2020C Dedicated Sub-Fund and the Consolidated Debt Service Reserve Sub-Fund, any other moneys received by the Trustee under and pursuant to the Indenture or the Sixty-Eighth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2020C Dedicated Sub-Fund and to one or more accounts therein or the Consolidated Debt Service Reserve Sub-Fund.

Moneys in the Principal and Interest Account will be used solely for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the 2020C Bonds (including the optional redemption of 2020C Bonds pursuant to the Sixty-Eighth Supplemental Indenture) and not otherwise provided for, ratably, without preference or priority of any kind.

Moneys in the Consolidated Debt Service Reserve Sub-Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the 2020C Bonds and the 2020E Bonds, without preference or priority of any kind, but only if and to the extent moneys are not available for such purpose in the applicable Principal and Interest Account.

Moneys in the Costs of Issuance Account shall be used solely for the payment or reimbursement of Costs of Issuance of the 2020C Bonds as directed in a Certificate filed with the Trustee. If after the payment of all Costs of Issuance, as specified in a Certificate filed with the Trustee, there shall be any balance remaining in the Costs of Issuance Account, such balance shall be transferred to the Program Fee Account.

Moneys in the Program Fee Account shall be used solely for the payment of fees and expenses with respect to the 2020C Bonds as set forth in a Certificate filed with the Trustee.

DEPOSITS INTO 2020D DEDICATED SUB-FUND AND ACCOUNTS THEREIN

On January 1 and July 1 of each year, commencing January 1, 2021 (each such date referred to herein as the "Deposit Date") there shall be deposited into the 2020D Dedicated Sub-Fund from amounts on deposit in the Debt Service Fund an amount equal to the aggregate of the following amounts, which amounts shall have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively)(such aggregate amount with respect to any Deposit Date being referred to herein as the "2020D Deposit Requirement"):

(a) for deposit into the Principal and Interest Account, an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the Principal and Interest Account); and

(b) for deposit into the Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2020D Deposit Requirement, there shall be deposited into the 2020D Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Indenture or the Sixty-Ninth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2020D Dedicated Sub-Fund and to one or more accounts therein.

Moneys in the Principal and Interest Account shall be used solely for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the Bonds (including the optional redemption of 2020D Bonds pursuant to the Sixty-Ninth Supplemental Indenture) and not otherwise provided for, ratably, without preference or priority of any kind.

Moneys in the Costs of Issuance Account shall be used solely for the payment or reimbursement of Costs of Issuance of the Bonds as directed in a Certificate filed with the Trustee. If after the payment of all Costs of Issuance, as specified in a Certificate filed with the Trustee, there shall be any balance remaining in the Costs of Issuance Account, such balance shall be transferred to the Program Fee Account.

Moneys in the Program Fee Account shall be used solely for the payment of fees and expenses with respect to the Bonds as set forth in a Certificate filed with the Trustee.

DEPOSITS INTO 2020E SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN

On January 1 and July 1 of each year, commencing January 1, 2021 (each such date referred to as the "Deposit Date"), there will be deposited into the 2020E Dedicated Sub-Fund, first from amounts of deposit in the PFC Revenue Deposit Account, and second, if needed, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will be calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to as the "2020E Deposit Requirement"):

(a) for deposit into the 2020E Principal and Interest Account, an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the 2020E Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2020E Bonds on the current Deposit Date (reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the Principal and Interest Account); and

(b) for deposit into the "Consolidated Debt Service Reserve Sub-Fund," the amount, if any, required as of the close of business on such Deposit Date to restore the Consolidated Debt Service Reserve Sub-Fund to the Reserve Requirement, including the reimbursement of any Qualified Credit Provider.

(c) for deposit into the Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2020E Deposit Requirement, there will be deposited into the 2020E Dedicated Sub-Fund and the Consolidated Debt Service Reserve Sub-Fund, any other moneys received by the Trustee under and pursuant to the Indenture or the Sixty-Eighth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2020E

Dedicated Sub-Fund and to one or more accounts therein or the Consolidated Debt Service Reserve Sub-Fund.

Moneys in the Principal and Interest Account will be used solely for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the 2020C Bonds (including the optional redemption of 2020C Bonds pursuant to the Sixty-Eighth Supplemental Indenture) and not otherwise provided for, ratably, without preference or priority of any kind.

Moneys in the Consolidated Debt Service Reserve Sub-Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the 2020E Bonds and the 2020E Bonds, without preference or priority of any kind, but only if and to the extent moneys are not available for such purpose in the applicable Principal and Interest Account.

Moneys in the Costs of Issuance Account shall be used solely for the payment or reimbursement of Costs of Issuance of the 2020E Bonds as directed in a Certificate filed with the Trustee. If after the payment of all Costs of Issuance, as specified in a Certificate filed with the Trustee, there shall be any balance remaining in the Costs of Issuance Account, such balance shall be transferred to the Program Fee Account.

Moneys in the Program Fee Account shall be used solely for the payment of fees and expenses with respect to the 2020E Bonds as set forth in a Certificate filed with the Trustee.

CONSOLIDATED DEBT SERVICE RESERVE SUB-FUND

(a) There is created by the City and ordered established with the Trustee a separate and segregated Dedicated Sub-Fund within the Debt Service Fund, such Dedicated Sub-Fund to be designated the “Chicago O’Hare International Airport 2020C and 2020E Senior Lien Bond Consolidated Debt Service Reserve Dedicated Sub-Fund” (hereinafter called the “Consolidated Debt Service Reserve Sub-Fund”). Moneys on deposit in the Consolidated Debt Service Reserve Sub-Fund shall be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2020C Bonds and the 2020E Bonds, and shall not be used or available for the payment of any other Senior Lien Obligations.

(b) The City shall maintain the Consolidated Debt Service Reserve Sub-Fund in an amount equal to the Reserve Requirement, which requirement may be satisfied with (i) one or more Qualified Reserve Credit Instruments, (ii) Qualified Investment, or (iii) a combination thereof. Any Qualified Investments held to the credit of the Consolidated Debt Service Reserve Sub-Fund shall be valued in accordance with Section 307 of the Indenture. If on any valuation date as provided in Section 307 of the Indenture the amount on deposit in the Consolidated Debt Service Reserve Sub-Fund is more than the Reserve Requirement, unless otherwise directed by the City pursuant to paragraph (e) of this Section, the amount of such excess shall be transferred by the Trustee for deposit into the Revenue Fund established under the Indenture.

(c) If at any time the Consolidated Debt Service Reserve Sub-Fund holds both a Qualified Reserve Credit Instrument and Qualified Investments, the Qualified Investments shall be liquidated and the proceeds applied for the purposes for which Consolidated Debt Service Reserve Sub-Fund moneys may be applied under this Sixty-Eighth Supplemental Indenture prior to any draw being made on the Qualified Reserve Credit Instrument. If the Consolidated Debt Service Reserve Sub-Fund hold Qualified Reserve Credit Instruments issued by more than one issuer, draws shall be made under such credit instrument on a pro rata basis to the extent of available funds. Amounts deposited in the 2020C Dedicated Sub-Fund or the 2020E Dedicated Sub-Fund for the purpose of restoring amounts withdrawn from the Consolidated Debt Service Reserve Sub-Fund shall be applied first to reimburse the Qualified Credit Provider and thereby

reinstate the Qualified Reserve Credit Instrument and next to make deposits into the Consolidated Debt Service Reserve Sub-Fund.

(d) If on any Payment Date for the payment of the Principal Installment of and interest on any Series of the 2020C Senior Lien Bonds or the 2020E Senior Lien Bonds, the amount held in the Dedicated Sub-Fund for that Series for the payment of Principal Installment and interest shall be less than the Principal Installment and interest then payable, then the Trustee will withdraw from the Consolidated Debt Service Reserve Sub-Fund and deposit into the Dedicated Sub-Fund for that Series the amount necessary to cure such deficiency. In the case of deficiencies for both Series, such withdrawal shall be made ratably, without preference on priority on of any kind.

(e) At the direction of the City expressed in a Certificate filed with the Trustee, moneys in the Consolidated Debt Service Reserve Sub-Fund may be withdrawn and deposited in trust to pay or provide for the payment of Senior Lien Obligations pursuant to Section 1101 of the Indenture; provided, however, that immediately after such withdrawal the amount on deposit in the Consolidated Debt Service Reserve Sub-Fund equals or exceeds the Reserve Requirement.

COVERAGE COVENANTS

(a) The City covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year will be at least sufficient:

(i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and

(ii) to provide for the greater of (A) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all Outstanding Senior Lien Obligations, or other outstanding Airport Obligations are issued and secured, and (1) for the 2020 Fiscal Year, one and twenty-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year; and (2) for the 2021 Fiscal Year and each subsequent Fiscal Year, one and twenty five-hundredths times the Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, and, in each case, such Aggregate Debt Service shall be reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations.

(b) The City further covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys consisting solely of (i) any passenger facility charges deposited with the Trustee for that Fiscal Year, and (ii) any other moneys received by the City in the immediately prior Fiscal Year and deposited with the Trustee no later than the last day of the immediately prior Fiscal Year, will be at least sufficient:

(i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year, and

(ii) to provide for the payment of Aggregate Debt Service for the Bond Year commencing during that Fiscal Year reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during the Bond Year to pay the principal of and interest on Senior Lien Obligations.

(c) If during any Fiscal Year, Revenues and other funds are estimated to produce less than the amount required under paragraph (a) or (b) above, the City will revise its Airport rentals, fees and charges or alter its methods of operation or take other action in such manner as is necessary to produce the amount so required in such Fiscal Year.

(d) Within 90 days after the end of each Fiscal Year, the City will furnish to the Trustee calculations of the coverage required under paragraphs (a) and (b) above certified by the City Comptroller.

(e) If either calculation specified in paragraph (d) above for any Fiscal Year indicates that the City has not satisfied its obligations under paragraph (a) or (b) above, then as soon as practicable, but in any event no later than 45 days after the receipt by the Trustee of such calculation, the City will employ an Independent Airport Consultant to review and analyze the financial status and the administration and operation of the Airport and to submit to the City, within 45 days after employment of the Independent Airport Consultant, a written report on the same, including the action which the Independent Airport Consultant recommends should be taken by the City with respect to the revision of its Airport rentals, fees and charges, alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the then current Fiscal Year or, if less, the maximum amount deemed feasible by the Independent Airport Consultant. Within 60 days following its receipt of the recommendations the City will, after giving due consideration to the recommendations, revise its Airport rentals, fees and charges or alter its methods of operation, which revisions or alterations need not comply with the Independent Airport Consultant's recommendations so long as any revisions or alterations are projected by the City to result in compliance with paragraphs (a) and (b) above. The City will transmit copies of the Independent Airport Consultant's recommendations to the Trustee and to each Owner who has requested the same.

(f) If at any time and as long as the City is in full compliance with the provisions of paragraphs (c), (d) and (e) above, there will be no Event of Default under the Indenture as a consequence of the City's failure to satisfy the covenants contained in paragraphs (a) or (b) above during such period.

(g) If all or any portion of an Outstanding Series of Senior Lien Obligations constitute Balloon Maturities, then for purposes of determining Annual Debt Service each maturity that constitutes a Balloon Maturity will, unless otherwise provided in the Supplemental Indenture pursuant to which such Senior Lien Obligations are authorized or unless paragraph (h) below then applies to such maturity, be treated as if it were amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which the indebtedness that includes such Balloon Maturity was originally issued and extending not later than 30 years from the date the indebtedness that includes such Balloon Maturity was originally issued; the interest rate used for such computation will be that rate quoted in the Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by the Bond Buyer, or if that index is no longer published, another similar index designated by an Authorized Officer, taking into consideration whether such Senior Lien Obligations bear interest which is or is not excluded from gross income for federal income tax purposes.

(h) Any maturity of Senior Lien Obligations that constitutes a Balloon Maturity as described in paragraph (g) above, and for which the stated maturity date occurs within 12 months from the date such calculation of Annual Debt Service is made, will be assumed to become due and payable on the stated maturity date, and paragraph (g) above will not apply thereto, unless there is delivered to the entity making the calculation of Annual Debt Service a Certificate of the City stating (i) that the City intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that the debt capacity of the Airport is sufficient to successfully complete such refinancing; upon the receipt of such Certificate, such Balloon Maturity will be assumed to be refinanced in accordance with the probable terms set out in such Certificate and such terms will be used for purposes of calculating Annual Debt Service; provided that such assumption will not result in an interest rate lower than that which would be assumed under paragraph (g) above and will be amortized over a term of not more than 30 years from the expected date of refinancing.

COVENANT AGAINST PLEDGE OF REVENUES

The City covenants not to issue any bonds, notes or other evidences of indebtedness secured by the pledge contained in the Indenture, other than Senior Lien Obligations, and covenants not to create or cause to be created any lien or charge on Revenues, or on any amounts pledged for the benefit of Owners of Senior Lien Obligations under the Indenture, other than the pledge contained in the Indenture; provided, however, that the Indenture does not prevent the City (a) from issuing bonds, notes or other evidences of indebtedness payable out of, or secured by a pledge of, Revenues to be derived on and after the date of the pledge contained in the Indenture is discharged and satisfied as provided therein, or (b) from issuing bonds, notes or other evidences of indebtedness (including bonds, notes or other evidences of indebtedness evidencing loans made by the City to the Airport) which are payable out of, or secured by, the pledge of amounts which may be withdrawn from the Junior Lien Obligation Debt Service Fund so long as the pledge is expressly junior and subordinate to the pledge contained in the Indenture, including, but not limited to, CP Notes without limit as to nature or amount, pursuant to one or more CP Indentures.

INSURANCE

The City shall maintain, or cause to be maintained, insurance with respect to the Airport against such casualties and contingencies and in amounts not less than is reasonably prudent. Such policies of insurance shall name the City and the Trustee as co-insureds as their interests may appear. Without limiting the foregoing, the City shall maintain, or cause to be maintained, the following insurance with respect to the Airport:

(a) Insurance against loss or damage under a policy or policies covering such risks as are ordinarily insured against by reasonably prudent operators of airports, including without limiting the generality of the foregoing, fire, lightning, windstorm, hail, floods, explosion, riot, riot attending a strike, civil commotion, damage from aircraft smoke and uniform standard extended coverage with vandalism and malicious mischief endorsements, and all-risk coverage, limited only as may be provided in the standard form, if any, of such endorsements at the time in use in the State of Illinois. Such insurance shall be maintained in an amount not less than the full insurable replacement value of the insured premises. No policy of insurance shall be written such that the proceeds thereof will produce less, by reason of co-insurance provisions or otherwise, than the full insurable replacement value of the insured premises. Full insurable replacement value of any insured premises shall be deemed to equal the actual replacement cost of the premises, and shall be determined from time to time, but not less frequently than once every three years, by an architect, contractor, appraiser or appraisal company or one of the insurers, in any case, selected by the City. In the event that such determination of full insurance replacement value indicates that any premises

in the Airport are underinsured, the City shall forthwith secure the necessary additional insurance coverage.

(b) Comprehensive general public liability insurance including blanket contractual liability and personal injury liability (with employee exclusion deleted), and on-premises automobile insurance including owned, non-owned and hired automobiles used and operated by the City, protecting the City against liability for injuries to persons and property arising out of the existence or operation of the Airport in limits as follows: for personal injury and bodily injury, \$100,000,000 for each occurrence and \$100,000,000 annual aggregate; and for property damage, \$100,000,000 for each occurrence and \$100,000,000 annual aggregate.

(c) Boiler or pressure vessel explosion insurance with coverage on a replacement cost basis as provided in subsection (a) above for property damage, but any such policy may have a deductible amount not exceeding \$10,000. No such policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the first sentence of this subsection (c) by reason of coinsurance provisions or otherwise.

(d) Each policy of insurance maintained by the City shall contain a waiver of subrogation on the part of the insurer in favor of the City and the Signatory Airlines.

(e) If, at any time, the City is obligated under any agreement then in effect between the City and any Airline Party to provide, with respect to premises at the Airport, insurance of the nature and in not less than the amounts described herein, then these provisions shall be subject to the applicable provisions of such other agreement.

USE OF INSURANCE PROCEEDS

(a) If the Airport, or any portion thereof, shall be substantially damaged or destroyed by fire or other casualty, the City shall deposit with the Trustee the net proceeds of any insurance received with respect thereto, and the Trustee shall deposit such net proceeds in a special trust account or, in the case of damage to or destruction of any Airport Project then under construction, in the Airport Project Account relating to such Airport Project. Moneys on deposit in any such special trust account or Airport Project Account shall be disbursed in the same manner, and subject to the same conditions, as provided generally in Supplemental Indentures with respect to disbursements from the Airport Project Accounts.

(b) Any surplus insurance proceeds deposited in any such special trust account or Airport Project Account shall be transferred or withdrawn from such special trust account or Airport Project Account as specified by the City for any one or more of the following purposes: (i) to make transfers to one or more Airport Project Accounts to pay the costs of other Airport Projects, (ii) to make transfers into the Debt Service Fund, or (iii) to redeem Senior Lien Obligations or Junior Lien Obligations.

ANNUAL AUDIT

The City covenants that it will, within 210 days after the close of each Fiscal Year, furnish the Trustee with a copy of an annual audit report, prepared in accordance with generally accepted accounting principles and certified by an Independent Accountant, covering the operation of the Airport for the Fiscal Year. The audit must contain a calculation based on actual data enabling the Independent Accountant to certify that the coverage covenants described above have been satisfied with respect to that Fiscal Year.

RESTRICTIONS ON SALE OR TRANSFER OF AIRPORT

(a) The sale, conveyance, mortgage, encumbrance or other disposition, directly or indirectly, of all or substantially all of the Airport or the transfer, directly or indirectly, of control, management or oversight, or any material aspect of control, management or oversight, of the Airport, whether of its properties, interests, operations, expenditures, revenues (including, without limit, Revenues or the proceeds of any passenger facility charge or similar charge) or otherwise (any of the foregoing being referred to for this purpose as a "transfer") will not occur unless and until all of the following conditions will have been met:

(i) such transfer has been approved in writing by the Mayor of the City and by the City Council at a meeting duly called for such purpose;

(ii) evidence has been obtained in writing confirming that such transfer does not adversely affect any rating on Senior Lien Obligations issued by any Rating Agency;

(iii) a certificate has been received from an Independent Airport Consultant, certifying that, in each calendar year during the five-year period commencing after the calendar year in which such transfer occurs, Revenues together with any cash balance held in the Revenue Fund on the first day of such calendar year not then required to be deposited in any fund or account (or subaccount thereof) other than the Revenue Fund, and investment earnings for each such calendar year on moneys held in the funds and accounts held pursuant to the Indenture to the extent that such earnings are not required by the Indenture to be transferred to any Airport Project Account, will equal an amount not less than the amount required to satisfy the coverage covenants described under the caption "Coverage Covenants" above; provided, however, for purposes of the Certificate "one and fifty-hundredths times" will be substituted for "one and ten-hundredths times", "one and fifteen-hundredths times," "one and twenty-hundredths times" and "one and twenty-five hundredths times" in paragraph (a)(ii)(B) under said caption;

(iv) written consent to such transfer has been received from the Owners of all Airport Obligations then Outstanding;

(v) written consent to such transfer has been received from the Trustee;

(vi) written consent to such transfer has been received from each bond insurer and each provider of any letter of credit or surety bond supporting Airport Obligations;

(vii) written consent to such transfer has been received from the Chicago-Gary Authority pursuant to Section 10-20 of the Chicago/Gary Compact between the City and the City of Gary; and

(viii) there has been deposited with the Trustee for the benefit of the Owners of all then outstanding Airport Obligations a letter of credit, surety bond or Qualified Investments in the full amount of the then outstanding Airport Obligations, such letter of credit or surety bond to have a credit rating of not less than either of the two highest rating categories by each Rating Agency; provided, however, that no revenues (including, without limit, Revenues or the proceeds of any passenger facility charge or similar charge) will be pledged, or in any way used, to secure any such letter of credit or surety bond.

(b) For purposes of paragraph (c) under the caption "Events of Default" below, the performance of this covenant will be deemed to be material to the Owners of Senior Lien Obligations.

ADDITIONAL SENIOR LIEN BONDS

Additional Senior Lien Bonds are authorized to be issued under the Indenture upon satisfaction of the conditions precedent in the Indenture which are described in the Official Statement under the caption "SECURITY FOR THE 2020 SENIOR LIEN BONDS."

COMPLETION BONDS

Completion Bonds are authorized by the Indenture to be issued to finance the costs of one or more Airport Projects initially financed in whole or in part by Airport Obligations. In connection with the issuance of Completion Bonds, the City must deliver to the Trustee certificates stating, among other things, (i) that the additional cost of the Airport Projects being financed does not exceed 15 percent of their aggregate cost previously financed by Airport Obligations, (ii) that the revised aggregate cost of those Airport Projects cannot be paid with moneys available and (iii) that the issuance of Completion Bonds is necessary to provide funds to complete the Airport Projects.

REFUNDING BONDS

Refunding Bonds are authorized by the Indenture to be issued for the purpose of the refunding of Airport Obligations. In connection with the issuance of Refunding Bonds under the Indenture, the City must deliver to the Trustee either any certificate described in the Official Statement under the caption "SECURITY FOR THE 2020 SENIOR LIEN BONDS" or a Certificate of the City stating that, giving effect to the refunding, the issuance of the Refunding Bonds will result in (i) a net present value debt service savings to the City, or (ii) a reduction in annual debt service in each Bond Year that debt service is payable on the Airport Obligations to be refunded.

MANAGEMENT OF AIRPORT

The City covenants that in order to assure the efficient management and operation of the Airport and to assure the Owners of the Senior Lien Obligations that the Airport will be economically and efficiently operated on the basis of sound business principles, it will operate and maintain the Airport under the direction of the Commissioner of Aviation. The City will not take, or allow any other person to take, any action which would cause the Administrator of the Federal Aviation Administration, the Department of Transportation, or any successor to the powers and authority of the Administrator, to suspend or revoke the Airport's airport operating certificate issued under the Federal Aviation Act of 1958, or any successor statute. The City will comply with all valid acts, rules, regulations, orders and directives of any governmental, legislative, executive, administrative or judicial body applicable to the Airport, unless the City contests them in good faith, all to the end that the Airport will remain operational at all times.

OPERATION AND MAINTENANCE OF AIRPORT

The City covenants that it will use its best efforts to see that the Airport is at all times operated and maintained in an efficient operating condition; and that such repairs are made to the Airport as are necessary or appropriate in the prudent management of the Airport to ensure its economic and efficient operation at all times. The City covenants to cause all rentals, rates and other charges for the use and operation of the Airport and for certain services rendered by the City in the operation of the Airport to be collected when and as due and covenants to prescribe and enforce rules and regulations for their payment and for the consequences of their nonpayment. The City covenants, out of Revenues, from time to time, duly to pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon the Airport or upon any part of it, or upon the Revenues, when they become due, as

well as any lawful claim for labor, materials, or supplies which, if unpaid, might by law become a lien or charge upon the Airport, or which might impair the security of the Senior Lien Obligations.

MAINTENANCE OF POWERS

The City covenants that it will at all times use reasonable efforts to keep the Airport open for landings and takeoffs of aircraft of any type using facilities similar to those at the Airport and to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Senior Lien Obligations or the performance or observance of any of the covenants contained in the Indenture.

AIRPORT BUDGET

The City must prepare before the beginning of each Fiscal Year an annual budget for the Airport setting forth for that Fiscal Year in reasonable detail, among other things, estimated Revenues and Operation and Maintenance Expenses. The budget must be prepared in accordance with applicable law and must be made available to the City Council in sufficient time for it to act thereon as required by law.

LEASES AND CONCESSIONS

The City has the right for any term of years to let to any person, firm or corporation, or grant concessions or privileges in, any land of the Airport or any building or structure on the land for any purpose necessary or incidental to the operation of the Airport.

SPECIAL FACILITY REVENUE BONDS

The City reserves the right to issue Special Facility Revenue Bonds, which must be revenue bonds payable solely from rentals or other amounts derived under and pursuant to a Special Facility Financing Arrangement, and may be issued by the City notwithstanding the limitations, restrictions and conditions contained in the Indenture relating to the issuance of Senior Lien Obligations.

SUPPLEMENTAL INDENTURES EFFECTIVE UPON EXECUTION BY THE TRUSTEE

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council, which, upon the filing with the Trustee of a copy of the ordinance certified by the City Clerk and the execution and delivery of the Supplemental Indenture by the City and the Trustee, is fully effective in accordance with its terms:

- (a) to close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on, the issuance or incurrence of Senior Lien Obligations or other evidences of indebtedness;
- (b) to add to the covenants and agreements of the City in the Indenture other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (c) to add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(d) to surrender any right, power or privilege reserved to or conferred upon the City by the terms of the Indenture, but only if the surrender of the right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in the Indenture;

(e) to create a Series of Senior Lien Obligations and, in connection therewith, to specify and determine the matters and things referred to in the Indenture and also any other matters and things relative to the Senior Lien Obligations which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time before the first issuance of the Senior Lien Obligations;

(f) to confirm, as further assurance, the pledge under the Indenture, and the subjection of additional revenues, properties and collateral to any lien, claim or pledge created or to be created by the Indenture; and

(g) to modify any of the provisions of the Indenture in any respect whatever, but only if (i) the modification is, and is expressed to be, effective only after all Senior Lien Obligations Outstanding at the date of the execution and delivery of the Supplemental Indenture cease to be Outstanding, and (ii) the Supplemental Indenture is specifically referred to in the text of all Senior Lien Obligations issued after the date of the execution and delivery of the Supplemental Indenture and of Senior Lien Obligations issued in exchange therefore or in place of it.

SUPPLEMENTAL INDENTURES EFFECTIVE UPON CONSENT OF TRUSTEE

(a) For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council which, upon (i) the filing with the Trustee of a copy of the ordinance certified by the City Clerk, (ii) the filing with the Trustee and the City of an instrument in writing made by the Trustee consenting thereto and (iii) the execution and delivery of the Supplemental Indenture by the City and the Trustee, is fully effective in accordance with its terms:

(i) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture;

(ii) to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect; or

(iii) to provide additional duties of the Trustee under the Senior Lien Master Indenture.

(b) Any Supplemental Indenture may also contain one or more of the purposes specified in the immediately preceding caption, and in that event, the consent of the Trustee under this caption is applicable only to those provisions of the Supplemental Indenture as contain one or more of the purposes set forth in paragraph (a) under this caption.

SUPPLEMENTAL INDENTURES EFFECTIVE WITH CONSENT OF OWNERS OF SENIOR LIEN OBLIGATIONS

At any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council, subject to consent by the Owners of Senior Lien Obligations in accordance with and subject to the amendment provisions of the Indenture, which Supplemental Indenture, upon the

filing with the Trustee of a copy of the ordinance certified by the City Clerk, upon compliance with the provisions of the Indenture relating to amendments, and upon execution and delivery of the Supplemental Indenture by the City and the Trustee, becomes fully effective in accordance with its terms.

POWERS OF AMENDMENT

(a) Subject to the provisions of paragraph (b) below, any modification or amendment of the Indenture or of any Supplemental Indenture, or of the rights and obligations of the City and of the Owners of the Senior Lien Obligations, in particular, may be made by a Supplemental Indenture, with the written consent given as described under the Indenture:

(i) of the Owners of more than 50 percent in principal amount of the Senior Lien Obligations Outstanding at the time the consent is given;

(ii) in case less than all of the several Series of then Outstanding Series of Senior Lien Obligations are affected by the modification or amendment, of the Owners of more than 50 percent in principal amount of the then Outstanding Senior Lien Obligations of each Series so affected; and

(iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the holders of more than 50 percent in principal amount of the then Outstanding Senior Lien Obligations of the particular Series and maturity entitled to the Sinking Fund Payment, but only if permitted under paragraph (b) below.

(b) If the modification or amendment will, by its terms, not take effect so long as any Senior Lien Obligations of any specified like Series and maturity remain Outstanding, the consent of the Owners of those Senior Lien Obligations are not required and those Senior Lien Obligations are not deemed to be Outstanding for the purpose of any calculation of Outstanding Senior Lien Obligations under this caption. No such modification or amendment may permit a change in the terms of redemption or maturity of the principal of any Outstanding Senior Lien Obligation (including any redemption as a result of Sinking Fund Payments) or of any installment of interest on it or a reduction in the principal amount or its Redemption Price or in the rate of interest on it without the consent of the Owner of the Senior Lien Obligation, or may reduce the percentages or otherwise affect the classes of Senior Lien Obligations the consent of the Owners of which is required to effect any such modification or amendment, or may change or modify any of the rights or obligations of any Fiduciary without its written assent to the change or modification. For the purposes of this caption, a Series is deemed to be affected by a modification or amendment of the Indenture if it adversely affects or diminishes the rights of the Owners of Senior Lien Obligations of the Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Senior Lien Obligations of any particular Series or maturity would be affected by any modification or amendment of the Indenture, and any such determination is binding and conclusive on the City and all Owners of Senior Lien Obligations.

(c) Any consent to the modification or amendment of the Indenture is binding upon the Owner of the Senior Lien Obligation giving the consent and upon any subsequent Owner of that Senior Lien Obligation and of any Senior Lien Obligation issued in exchange for it (whether or not the subsequent Owner of it has notice of the consent) unless the consent is revoked in writing by the Owner of the Senior Lien Obligation giving the consent or a subsequent Owner of it by filing the revocation with the Trustee, before the time when the written statement of the Trustee that the Owners of the required percentages of Senior Lien Obligations have consented to the modification or amendment is filed with the City.

RESIGNATION OF TRUSTEE

The Trustee may at any time resign and be discharged of the duties and obligations created by the Indenture by giving not less than 60 days' written notice to the City and mailing notice of the resignation, specifying the date when the resignation takes effect, to the Owners of the Senior Lien Obligations. The resignation may take effect only upon the appointment of a successor Trustee.

REMOVAL OF TRUSTEE

The Trustee must be removed by the City if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the City, and signed by the Owners of a majority in principal amount of the then Outstanding Senior Lien Obligations or their attorneys-in-fact duly authorized, excluding any Senior Lien Obligations held by or for the account of the City. The City may remove the Trustee at any time, except during the existence of an Event of Default, with or without cause in the sole discretion of the City by filing with the Trustee an instrument signed by an Authorized Officer.

APPOINTMENT OF SUCCESSOR TRUSTEE

(a) In case at any time the Trustee resigns or is removed or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, is appointed, or if any public officer takes charge or control of the Trustee or of its property or affairs, the City covenants and agrees that it will thereupon appoint a successor Trustee. The City covenants, within 20 days after the appointment, to cause to be mailed notice of the appointment to the Owners of the Senior Lien Obligations.

(b) If in a proper case no appointment of a successor Trustee is made pursuant to the foregoing provisions of this Section within 45 days after the Trustee has given to the City written notice of its resignation or after a vacancy in the office of the Trustee has occurred by reason of its removal or inability to act, the Trustee or the Owner of any Senior Lien Obligation may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after the notice, if any, as the court may deem proper and prescribe, appoint a successor Trustee.

(c) Any Trustee appointed under the provisions of the Indenture in succession to the Trustee must be a bank, trust company or national banking association having the powers of a trust company doing business and having an office in Chicago, Illinois.

EVENTS OF DEFAULT

Each of the following events of default is declared an "Event of Default":

(a) payment of the principal or Redemption Price, if any, of any Senior Lien Obligation is not made when and as it becomes due, whether at maturity or upon call for redemption or otherwise;

(b) payment of any installment of interest on any Senior Lien Obligation is not made when it becomes due;

(c) the City fails or refuses to comply with the provisions of the Indenture, or defaults in the performance or observance of any the covenants, agreements or conditions on its part contained in the Indenture or the Senior Lien Obligations, which materially affects the rights of the Owners of the Senior Lien Obligations and the failure, refusal or default continues for a period of

45 days after written notice of it by the Trustee or the Owners of not less than 25 percent in principal amount of the Outstanding Senior Lien Obligations; provided, however, that in the case of any such default which can be cured by due diligence but which cannot be cured within the 45-day period, the time to cure is extended for such period as may be necessary to remedy the default with all due diligence; or

(d) an event of default occurs and is continuing under the provisions of any Supplemental Indenture.

REMEDIES

(a) Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) of the immediately preceding caption, the Trustee must proceed, or upon the happening and continuance of any Event of Default specified in paragraph (c) or (d) of the immediately preceding caption, the Trustee may proceed, and upon the written request of the Owners of not less than 25 percent in principal amount of the Outstanding Senior Lien Obligations, must proceed, in its own name, subject to the provisions of the Indenture, to protect and enforce its rights and the rights of the Owners of the Senior Lien Obligations by such of the following remedies or any additional remedies specified in one or more Supplemental Indentures with respect to a particular Series as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights:

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners of the Senior Lien Obligations, including the right to require the City to receive and collect Revenues adequate to carry out the covenants and agreements as to those Revenues and the pledge contained in the Indenture, and to require the City to carry out any other covenant or agreement with the Owners of the Senior Lien Obligations and to perform its duties under the Indenture;

(ii) by bringing suit upon the Senior Lien Obligations;

(iii) by action or suit in equity, require the City to account as if it were the trustee of any express trust for the Owners of the Senior Lien Obligations; or

(iv) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Senior Lien Obligations.

(b) In the enforcement of any rights and remedies under the Indenture, the Trustee is entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City, but only out of moneys pledged as security for the Senior Lien Obligations for principal, Redemption Price, interest or otherwise, under any provision of the Indenture or any Supplemental Indenture or of the Senior Lien Obligations, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Senior Lien Obligations, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under the Senior Lien Obligations without prejudice to any other right or remedy of the Trustee or of the Owners of the Senior Lien Obligations, and to recover and enforce a judgment or decree against the City for any portion of the amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available under the Indenture for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

DIRECTION OF PROCEEDINGS BY OWNERS OF SENIOR LIEN OBLIGATIONS

Anything in the Indenture to the contrary notwithstanding but subject to the limitations set forth therein, the Owners of the majority in principal amount of the Senior Lien Obligations then Outstanding have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Indenture, but the direction must not be otherwise than in accordance with law or the provisions of the Indenture, and the Trustee has the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners of the Senior Lien Obligations not parties to the direction.

DEFEASANCE

(a) If the City pays or causes to be paid to the Owners of all Senior Lien Obligations the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated in them, in the Indenture and the Supplemental Indentures and instruments creating Senior Lien Obligations, then the pledge contained in the Indenture and all other rights granted thereby are discharged and satisfied. In that event, the Trustee must, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence the discharge and satisfaction and the Fiduciaries must pay over or deliver to the City all Accounts, Funds and other moneys or securities held by them pursuant to the Indenture and the Supplemental Indentures which are not required for payment or redemption of Senior Lien Obligations not theretofore surrendered for payment or redemption.

(b) Senior Lien Obligations or interest installments for the payment or redemption of which funds have been set aside and held in trust by Fiduciaries (through deposit by the City of moneys for the payment or redemption or otherwise) are, at the maturity or upon the date upon which the Senior Lien Obligations have been duly called for their redemption, deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this caption. Senior Lien Obligations are, before their maturity or redemption date, deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this caption if (i) in case any of the Senior Lien Obligations are to be redeemed on any date before their maturity, the City has taken all action necessary to call the Senior Lien Obligations for redemption and notice of the redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, (ii) there have been deposited with the Trustee for that purpose either moneys in an amount which is sufficient, or Federal Obligations the principal of and the interest on which when due (without reinvestment) will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, are sufficient, to pay when due the principal or Redemption Price, if any, and interest due and to become due on the Senior Lien Obligations on and before their redemption date or maturity date, as the case may be, and (iii) if the Senior Lien Obligations are not by their terms subject to redemption within the next succeeding 45 days, the City has given the Trustee, in form satisfactory to it, irrevocable instructions to mail, as soon as practicable, a notice to the Owners of the Senior Lien Obligations that the deposit required by clause (i) above has been made with the Trustee and that the Senior Lien Obligations are deemed to have been paid in accordance with the Indenture, and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of, and accrued interest on, the Senior Lien Obligations.

Neither the Federal Obligations or moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Federal Obligations may be withdrawn or used for any purpose other than, and must be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on the Senior Lien Obligations; but any cash received from the principal or interest payments on

the Federal Obligations deposited with the Trustee, if not then needed for the purpose, must, to the extent practicable, be reinvested in Federal Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, of, and interest due and to become due on, the Senior Lien Obligations on and before their redemption date or maturity date, as the case may be, and interest earned from those reinvestments must be paid over to the City, as received by the Trustee, free and clear of any trust, assignment, lien or pledge.

(c) No defeasance of a Senior Lien Obligation that is to be paid more than 45 days after the date of the deposit referred to in paragraph (b) (ii) above will be effective until the Trustee has received a verification report signed by an Independent Accountant that the Federal Obligations and moneys to be deposited for such purpose are sufficient to pay the principal and Redemption Price of, and interest on, all bonds with respect to which provision for payment is to be made as described under this caption by virtue of the deposit of such Federal Obligations and moneys.

RIGHTS OF THE BOND INSURER

The issuer of a municipal bond insurance policy with respect to any Senior Lien Obligations is deemed to be the sole Owner of the Senior Lien Obligations for purposes of approving amendments to the Indenture (other than certain amendments that require the consent of each affected Owner or the consent of the Trustee), exercising remedies upon the occurrence of a default under the Indenture, providing specific approvals, consents or waivers or instruments of similar purpose, and to the extent the bond insurer is deemed to be the sole Owner for such purposes, the rights of the Owners of the Senior Lien Obligations will be abrogated.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AND LEASE AGREEMENTS

The following is a summary of certain provisions of the Airline Use and Lease Agreements, to which reference is made for a complete statement of their provisions and contents. Certain words and terms used in this summary are defined in the Airline Use and Lease Agreements and have the same meanings in this summary, except as defined otherwise in this Official Statement. Please refer to Appendix A of this Official Statement for the defined terms used in this summary. The Airline Use and Lease Agreements signed by the Airlines are substantially similar except for provisions relating to different categories of use for each Airline and the termination or extension of certain other agreements of each Airline relating to the Airport.

TERM

The Prior Use and Lease Agreements expired, in accordance with their terms, as of May 11, 2018, and the Airline Use and Lease Agreements became effective on May 12, 2018 (with respect to each signatory airline, the applicable effective date of its agreement being the "Effective Date"). For Long-Term Signatory Airlines, the Airline Use and Lease Agreements expire on December 31, 2033. For Short-Term Signatory Airlines, the Airline Use and Lease Agreements expire on December 31, 2023 (if the Effective Date is prior to January 1, 2024), December 31, 2028 (if the Effective Date is between January 1, 2024 and December 31, 2028), or December 31, 2033 (if the Effective Date is between January 1, 2029 and December 31, 2033). Short-Term Signatory Airlines have the option to extend the Term for each of two successive five-year periods through December 31, 2028 and then through December 31, 2033. A Short-Term Signatory Airline has the option to transition to a Long-Term Signatory Airline if it commits to extend its term to December 31, 2033 (electing this option before January 1, 2028).

ASSIGNMENT AND USE OF GATES

The City retains exclusive control and management of the use of all Common Use Gate Space during and after the Term. The City will only lease Preferential Use Gate Space to Long-Term Signatory Airlines. All of an Airline's Preferential Use Gate Space is subject to the applicable accommodation and reallocation provisions in the Airline Use and Lease Agreement that include, beginning in 2021, a potential annual redetermination of Preferential Use Gate Space assignments considering several factors such as each Long-Term Signatory Airline's percentage share of total Scheduled Departures for a particular calendar year. The City will consult with Terminal Facilities Advisory Committee ("TFAC") with respect to the assignments and use of Gate Space and of other Terminal Complex facilities. TFAC is comprised of one representative selected by each of the Long-Term Signatory Airlines, one representative selected by all Short-Term Signatory Airlines offering domestic passenger service, one representative selected by all Short-Term Signatory Airlines offering international service, and Department of Aviation representatives.

OTHER AIRLINE PREMISES

The City grants the Airlines the exclusive right to use specified Exclusive Use Premises. Exclusive Use Premises mainly refers to offices, operation spaces, storage areas, VIP Lounges, employee break rooms, baggage service offices, or other areas in the Terminal Complex designated as exclusive but cannot include any Gate Space. The City also grants the Airlines the right to use Preferential Use Premises, Joint Use Premises, and Common Use Premises. The Airlines may sublease or assign the Premises to their alliance partners and affiliates, but sublease or assignment to other parties requires prior written consent

from the City. The City's title to the Premises and the Airport will always remain paramount to the interest of the Airlines in the Premises; the Airlines do not possess the power to encumber the City's title.

CALCULATION OF FEES AND CHARGES

Airline-Supported Cost Centers

For accounting purposes, the Airline Use and Lease Agreements group areas in the Airport into six Airline-Supported Cost Centers, which are specific functional areas within the Airport. These are the Airfield Cost Center, Terminal Cost Center, Parking and Ground Transportation Cost Center, Fueling System Cost Center, Aeronautical Real Estate Cost Center and Commercial Real Estate Center. The purpose of these Airline-Supported Cost Centers is to allow for the calculation of Airport Fees and Charges in a manner that allocates fees among the Airlines based on their usage of the Airport. Net costs to operate, maintain, and improve the Airport are funded through O&M Expenses, Revenues, Required Deposits, and Debt Service on Airport obligations that are allocated among the Signatory Airlines.

Landing Fees

The methodology used to calculate the rates and fees that the City charges the Airlines for their use of the Airport is based on certain revenue requirements. Landing Fees reflect the net costs allocable to an Airline based on its aggregate Maximum Gross Landed Weight during a Fiscal Year. The Landing Fees are calculated by dividing the Airfield Revenue Requirement by the aggregate Maximum Gross Landed Weight. The Airfield Revenue Requirement is the calculation of: the sum of Capital Costs, O&M Expenses, and Required Deposits, less Other Airfield Revenues and Interest Income, plus/minus Bad Debt plus/minus Fueling System Cost Center net losses/revenues less Landing Fee True-ups less net Aeronautical Real Estate Revenue plus Air Service Incentive Program shortfalls.

Rental Rates

Rental rates for leasing Exclusive Use Space and Preferential Use Space as well as space allotted for baggage claim, check-in, and baggage make-up are calculated on a square footage basis. The Total Terminal Revenue Requirement is the calculation of: the sum of Capital Costs, O&M Expenses, Required Deposits, and Unrecovered Domestic Common Use Gate Costs less Interest Income, Terminal Concession Revenue, and Other Terminal Rental Payments less the balance from the sale of abandoned property plus/minus Bad Debt plus/minus net Parking and Ground Transportation Revenue (or losses) plus/minus Aeronautical Real Estate or Commercial Real Estate net revenue (or losses) plus amounts needed to meet the Rate Covenant in Section 404 of the Senior Lien Indenture. See "SECURITY FOR THE 2020 SENIOR LIEN BONDS-Debt Service Coverage Covenants" in the Official Statement. The Terminal Space Revenue Requirement is the calculation of the Total Terminal Revenue Requirement less costs and expenses for City equipment and systems. Rental rates per square footage are bifurcated into two types of Airline Rented Space: Discount Space, which has a Discount Terminal Rental Rate, and Base Space, which has a Base Terminal Rental Rate. To determine the Terminal Rental Rate for a particular leased space, the City will multiply the square footage by the applicable rental rate.

Gate Fees

Airlines also pay Domestic and International Common Use Gate Fees which reflect the number of an Airline's Total Delivered Seats (which is defined as actual delivered seats on an Airline's flights that arrive at and depart from the Airport). To determine Domestic or International Common Use Gate Revenue Requirements, the City will calculate the Base Terminal Rental Rate multiplied by the total square footage of Domestic or International Common Use Holdroom Space plus certain Capital Costs and O&M Expenses.

With certain restrictions, the Domestic and International Common Use Gate Fees are calculated by dividing the applicable revenue requirements by the aggregate forecasted Total Delivered Seats.

Additional common-use related fees include international and domestic check-in fees, baggage make-up fees, and baggage claim fees which are generally based on formulas that reflect Discount Terminal Rental Rates, Base Terminal Rental Rates, Shared Equipment and Technology, O&M Expenses, and Capital Costs, as well as forecasted check-in hours, outbound checked bags, and seats on arriving flights, as applicable.

Debt Service Coverage

For each Fiscal Year, the total of Airport Fees and Charges and other Revenues must always be sufficient to satisfy deposit requirements and Debt Service coverage covenants pursuant to the Senior Lien Indenture. See "SECURITY FOR THE 2020 SENIOR LIEN BONDS - Debt Service Coverage Covenants" in the Official Statement.

Air Service Incentive Program

The City reserves the right to allocate Net Commercial Real Estate Revenues to fund costs of an Air Service Incentive Program, subject to an annual budget. If Net Commercial Real Estate Revenues are insufficient for this purpose during any year, the City may include any deficiency in the calculation of Landing Fees. If an Air Service Incentive Program is implemented, it will be offered to all eligible Air Carriers on a non-discriminatory basis.

BILLING OF FEES AND CHARGES AND SECURITY DEPOSIT

Monthly Airline Payments

The Airlines are obligated to pay the City on a monthly basis without invoice. Not later than the first day of each month, each Airline must pay the City the amount of such Airline's Fixed Terminal Charges, based on the Terminal Rental Rates. Not later than the 20th day of each month, each Airline must remit such Airline's City Landing Fees and Activity-Based Terminal Charges, together with Airline Monthly Activity Reports. Any amount which is not paid within five business days from its due date will bear interest equal to the "US Prime Rate," plus three percent.

Late Payments and Security Deposit

If an Airline makes three late payments of Terminal Charges or Landing Fees within any 12 consecutive month period, it must provide to the City a Security Deposit in the form of a surety bond or letter of credit and in an amount equal to the sum of three months of estimated Terminal Charges and Landing Fees.

Bookkeeping

Additionally, the City and the Airlines must comply with certain record keeping procedures and maintain books, records, and accounts as appropriate.

CAPITAL IMPROVEMENT PROJECTS

Categories of Capital Improvement Projects; New Projects

The costs of Capital Improvement Projects are included in the definition of "Capital Costs" which is defined as follows: (a) Debt Service net of pledged Passenger Facility Charge ("PFC") revenues, grants and other applicable adjustments; (b) Required Debt Service Coverage on the gross amount of such Debt Service; (c) Program fees and other costs of borrowing not included in Debt Service; (d) Costs of Capital Improvement Projects funded with Pre-Approved Allowances; and (e) equipment purchases and small capital outlays, if not otherwise classified as an O&M Expense.

The Airline Use and Lease Agreements include exhibits of various categories of approved Capital Improvement Projects. Included in those exhibits are certain Capital Improvement Projects that were previously approved under the Prior Use and Lease Agreements, which were reconfirmed by the execution of the current Airline Use and Lease Agreements. The following categories are pre-approved projects that are confirmed by the execution of the current Airline Use and Lease Agreements: (a) the TAP Phase I Elements, (b) the Additional TAP Elements, and (c) the Pre-Approved CIP Projects. Pre-Approved Allowances authorize annual expenditures for various repair, rehabilitation, modernization and infrastructure reliability projects. (The City may alter the categories of projects funded annually by the Pre-Approved Allowances, subject to certain restrictions applicable throughout each Fiscal Year.) As detailed in the Report of the Airport Consultant, the estimated Project Costs for the approved Capital Improvement Projects is approximately \$8.5 billion. See "CAPITAL PROGRAMS" and APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT" in the Official Statement.

In addition, the Airline Use and Lease Agreements provide authorization for the City to undertake additional Capital Improvement Projects, described as New Projects, so long as they are not disapproved by a Majority-in-Interest. Before proceeding on New Projects the City must submit a Capital Improvement Project proposal to Long-Term Signatory Airlines for Majority-in-Interest review. The proposal must be submitted at least 45 days before incurring Airline Rate-Based Project Costs for such New Project and the chair of the Airline Airport Affairs Committee must be notified that the written proposal has been submitted. The proposal will include information about the project, Change in Project Scope Requiring MII Review (if applicable), anticipated schedule, funding plan, cost centers for which Project Costs will be allocated, and the projected impact on Airport Fees and Charges. A New Project is considered approved if a Majority-in-Interest approves it or the City is not notified within thirty (30) days of delivery of the City's proposal that a Majority-in-Interest has disapproved the proposal. In the event that Majority-in-Interest review is required and obtained for an increase in total Project Costs, the increase in total Project Costs requested is added to the total estimated Project Costs.

The City may also modify Approved Projects without additional Majority-in-Interest review, unless certain restrictions apply, including a significant change in the project scope. The City may proceed with such modifications if they are not disapproved by a Majority-in-Interest. If the City needs to modify a Capital Improvement Project funded with Pre-Approved Allowances, the City may make modifications after consulting with the Executive Working Group (EWG), provided that the project remains within the required categories and limits. The EWG consists of City representatives selected by the City, one representative selected by each Long-Term Signatory Airline, and one representative selected by the Signatory Airlines offering only international passenger service at the Airport that are not Alliance Partners of a Long-Term Signatory Airline.

Majority-in-Interest Review

Pursuant to the Airline Use and Lease Agreements, for Capital Improvement Projects with Airline Rate-Based Project Costs, a Majority-in-Interest represents Long-Term Signatory Airlines that, during the immediately preceding Fiscal Year, (i) accounted for at least 70% of the total Maximum Gross Landed Weight of all Air Carriers; (ii) paid at least 70% of the total Terminal Charges paid by all Air Carriers; or (iii) paid at least 70% of all Airport Fees and Charges paid by all Air Carriers. With the exception of the New Projects, all Capital Projects, which total approximately \$8.5 billion in Capital Costs, described above have been approved by the Signatory Airlines as of the execution date of the current Airline Use and Lease Agreements and do not require further Majority-in-Interest review. Additionally, there are certain project criteria that allow Capital Improvement Projects that were not pre-approved or funded with Pre-Approved Allowances to be exempt from Majority-in-Interest review (for example, project with no increased airline rate-based capital costs that have annual O&M expenses of less than \$1 million or \$5 million cumulatively).

Additional TAP Elements

As the Airport's capacity expands, the City may proceed with Additional TAP Elements, which are designed to accommodate the growth of the terminal area. Additional TAP Elements are projects that do not require additional Majority-in-Interest review. The City may proceed with the design, construction, and equipping of certain Additional TAP Elements which require an Additional TAP Element Trigger (the Completion of Consolidated APM and Utility Tunnel and Installation of APM and the Satellite 3 Concourse), without additional Majority-in-Interest review if the following conditions have been satisfied: (i) Additional TAP Element Trigger(s) specified for the project have been met for any three consecutive years; (ii) no airspace or airfield capacity constraints that would diminish the utility of the Additional TAP Element; (iii) O'Hare Global Terminal and O'Hare Global Concourse are complete and in service; (iv) the City does not plan any modifications of the Additional TAP Elements that would result in a Change in Project Scope Requiring Majority-in-Interest review; and (v) the City provides the Executive Working Group with documentation that the requirements have been satisfied and consults with the Executive Working Group on the estimated timing of the Additional TAP Element. Within 12 months of the substantial completion of the O'Hare Global Terminal and O'Hare Global Concourse, the City is required to meet with the Long-Term Signatory Carriers to decide whether Additional TAP Element Triggers should be revised downward and to discuss the Additional TAP Elements that do not include triggers and determine whether Additional TAP Element Triggers should be adopted or the projects should otherwise proceed. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT" in the Official Statement.

Passenger Facility Charges

The City agrees to use all collected PFC funds that are, as of May 12, 2018, not already committed to approved projects, to PFC-eligible projects through applications approved by the Federal Aviation Administration. The City also agrees to use at least \$730 million in PFC Revenues to fund Phase I TAP Elements Project Costs, including Debt Service and other financing costs.

USES, RIGHTS, AND PRIVILEGES

The Airlines are prohibited from conducting any business at the Airport separate and apart from Air Transportation Business. Areas such as the Terminal Complex, the Gate Space and Gate Ramps, and the Airfield, can only be used as specified in the Airline Use and Lease Agreements.

KEY CHANGES TO THE AIRLINE USE AND LEASE AGREEMENTS

As compared to the Prior Use and Lease Agreements, there are two key changes reflected in the current Airline Use and Lease Agreements:

The Signatory Airlines acknowledge the City's plan to amend the Senior Lien Indenture to increase Debt Service coverage in increments of 0.05 annually, on the Senior Lien Obligations from 1.10x coverage in 2018 to 1.25x coverage by 2021 and subsequent years.

The Airline Use and Lease Agreements provide for the establishment of a supplemental reserve fund for O&M Expenses that will be funded to reach 25 percent of that current year's budgeted O&M Expenses by 2025.

See "SECURITY FOR THE 2020 SENIOR LIEN BONDS – Airline Use and Lease Agreements" in the Official Statement.

APPENDIX D

AUDITED FINANCIAL STATEMENTS

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City of Chicago, Illinois Chicago O'Hare International Airport

Basic Financial Statements as of and for the
Years Ended December 31, 2019 and 2018
Required Supplementary Information, Additional
Supplementary Information, Statistical Information,
and Independent Auditors' Report

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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INDEPENDENT AUDITORS' REPORT

To the Honorable Lori Lightfoot, Mayor,
And Members of the City Council
City of Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Chicago O'Hare International Airport ("O'Hare"), an enterprise fund of the City of Chicago, Illinois (the "City"), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise O'Hare's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago O'Hare International Airport, as of December 31, 2019 and 2018, and the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the basic financial statements referred to above present only Chicago O'Hare International Airport, an enterprise fund of the City, and do not purport to, and do not, present the financial position of the City as of December 31, 2019 and 2018, changes in its financial position, or, where applicable, its cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Changes in the Net Pension Liability and Related Ratios, the Schedule of Contributions, and the Schedule of Other Postemployment Benefits Funding Progress and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise O'Hare's basic financial statements. The additional supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Deloitte & Touche LLP

June 30, 2020

CITY OF CHICAGO, ILLINOIS

CHICAGO O'HARE INTERNATIONAL AIRPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Dollars in thousands)

The following discussion and analysis of Chicago O'Hare International Airport's (the "Airport" or "O'Hare") financial performance provides an introduction and overview of the Airport's financial activities for the fiscal years ended December 31, 2019 and 2018. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

2019

Operating revenues for 2019 increased by \$191,572 (18.0%) compared to prior year operating revenues due to increases in terminal rents and landing fees of \$101,337 to fund the ongoing capital development of the \$8.5 billion O'Hare 21 Program, which includes the Terminal Area Plan, completion of the O'Hare Modernization Program (OMP) and pre-approved capital projects and allowances; increases in concessions revenue related to restaurant and auto rentals, as well as an increase of revenues from the Hilton O'Hare hotel, an on-airport hotel, as the 30 year hotel lease ended and was transferred to the Airport on January 1, 2019.

Operating expenses before depreciation, amortization and loss on capital asset disposals increased by \$132,318 (18.6%) compared to 2018 primarily due to increases in pension expense of \$13,233, repairs and maintenance of \$28,223 due to the provisions of the new 2018 Airline Use and Lease Agreement ("AULA"). The AULA allows for additional ongoing repairs and maintenance of up to \$40 million annually. In addition, the increase is due to professional and engineering services of \$22,352 increasing primarily due to the inclusion of a full year of the Chicago Airlines Terminal Consortium (CATCo) Operations costs in the Airport's budget based on the new rate structure in the AULA. Other operating expenses of \$33,970 increased primarily due to increases in indirect costs and insurance; and the inclusion of \$43,021 of Hilton O'Hare expenses. These increases were offset by decreases in salaries and wages of \$8,481 due to decreased fringe benefit costs and certain salaries associated with the capital programs being capitalized.

The Airport's total net position at December 31, 2019, was \$751,172. This is an increase of \$202,303 (36.9%) over total net position at December 31, 2018 primarily due to an increase in operating revenues, including hotel revenues; Passenger Facility Charges, Customer Facility Charges, interest income and contributed capital related to the Hilton O'Hare property transferred to the Airport, and decrease in noise mitigation expenses;, resulting in positive operating income.

Capital asset additions for 2019 were \$1,452,117 primarily due to the continuing construction of new runway projects (including Runway 9C-27C) and associated taxiways, Hangar buildings, Automated Transit System extension, Terminal 5 expansion and terminal improvements and capital maintenance. Completed projects totaling, \$860,693 were transferred from construction in progress and \$68,800 in contributed capital from the transfer of Hilton O'Hare to applicable buildings and other facilities capital account.

2018

Operating revenues for 2018 increased by \$85,734 (8.8%) compared to prior-year operating revenues due to increases in terminal rents and landing fees to fund capital development, increase in cargo and hangar ground rents of \$2.00/sq ft on airport property outside of the airfield area and \$2.25/sq ft in the airfield area as leases were finalized in 2017 and the full year impact was realized in 2018. In 2018, City Council approved the new Airline Use and Lease Agreement ("AULA") for airlines operating at O'Hare, which went into effect as of July 1, 2018 for provisions regarding rates and charges.

Operating expenses before depreciation, amortization and loss on capital asset disposals increased by \$57,772 (8.9%) compared to 2017 primarily due to increases in salaries and wages of \$16,593 due to increased public safety presence and increases in medical benefits costs, repairs and maintenance of \$19,698 due to emergency airfield repairs and additional snow equipment rental due to extreme weather conditions, professional and engineering services of \$9,844 primarily due to the inclusion of the CATCo operating expenses in the Airport's budget based on the new rate structure in the AULA, and other operating expenses of \$11,709 primarily due to increases in indirect costs and insurance.

The Airport's total net position at December 31, 2018, was \$548,869. This is an increase of \$132,927 (32.0%) over total net position at December 31, 2017 primarily due to an increase in operating revenues, capital grant revenues and interest income and decrease in noise mitigation expenses and interest expense, resulting in positive operating income.

Capital asset additions for 2018 were \$825,418 primarily due to the continuing construction of new runway projects (including Runway 9C-27C) and associated taxiways, Hangar buildings, Automated Transit System extension and completion of the central deicing pad and construction of the Consolidated Rental Car Facility. Completed projects totaling, \$849,916 were transferred from construction in progress to applicable buildings and other facilities capital account.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Airport's basic financial statements. The Airport is included in the City of Chicago, Illinois' (the "City") reporting entity as an enterprise fund. The Airport's basic financial statements comprise the basic financial statements and the notes to basic financial statements. In addition to the basic financial statements, this report also presents additional and statistical information after the notes to basic financial statements.

The Statements of Net Position present all of the Airport's assets and liabilities using the accrual basis of accounting. The difference between assets and deferred outflows and liabilities and deferred inflows is reported as Net Position. The increase or decrease in net position may serve as an indicator, over time, whether the Airport's financial position is improving or deteriorating. However, the consideration of other non-financial factors, such as changes within the airline industry, may be necessary in the assessment of overall financial position and health of the Airport.

The Statements of Revenues, Expenses and Changes in Net Position present all current fiscal year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in Net Position.

The Statements of Cash Flows report how cash and cash equivalents were provided and used by the Airport's operating, capital financing, and noncapital financing and investing activities. These statements present the cash received and disbursed, the net increase or decrease in cash and cash equivalents for the year and the cash and cash equivalents balance at year-end.

The Notes to Basic Financial Statements are an integral part of the basic financial statements; accordingly, such disclosures are essential to a full understanding of the information provided in the basic financial statements.

The Required Supplementary Information section presents the schedule of changes in the net pension liability and related ratios and the schedule of contributions.

In addition to the basic financial statements, this report includes the Additional Supplemental Information and Statistical Information. The Additional Supplemental Information section presents the debt service coverage calculations, and the Statistical Information section includes certain unaudited information related to the Airport's historical financial and non-financial operating results and capital activities.

The basic financial statements include all of the Airport's funds and all the operations of Hilton O'Hare, which was transferred back to the Airport on January 1, 2019 as the 30 year lease term with HLT O'Hare, Inc. ended on December 31, 2018. The Airport has entered into a 10 year operating lease agreement with Hilton Management, LLC for hotel operations and Hyde Park Hospitality, LLC and food and beverage operations. 2019 is the first year where the operations of Hilton O'Hare have been included in the basic financial statements.

FINANCIAL ANALYSIS

Landing fees, terminal area use charges, and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the AULA. In 2018, the City Council approved the new AULA for airlines operating at O'Hare, which went into effect as of July 1, 2018 for provisions regarding rates and charges. Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned.

At December 31, 2019, the Airport's financial position included total assets and deferred outflows of \$14,066,519, total liabilities and deferred inflows of \$13,315,347 and net position of \$751,172.

A comparative condensed summary of the Airport's net position at December 31, 2019 and 2018, and 2017 is as follows (dollars in thousands):

	Net Position		
	2019	2018	2017
Current unrestricted assets	\$ 464,767	\$ 477,888	\$ 370,579
Restricted and other assets—noncurrent	4,201,245	4,685,005	3,329,743
Capital assets—net	<u>9,080,349</u>	<u>8,526,430</u>	<u>7,982,697</u>
Total assets	13,746,361	13,689,323	11,683,019
Deferred outflows	<u>320,158</u>	<u>450,827</u>	<u>566,702</u>
Total assets and deferred outflows	<u>\$ 14,066,519</u>	<u>\$ 14,140,150</u>	<u>\$ 12,249,721</u>
Current unrestricted liabilities	\$ 384,801	\$ 385,522	\$ 307,698
Liabilities payable from restricted assets and noncurrent liabilities	<u>12,671,595</u>	<u>12,824,656</u>	<u>11,000,161</u>
Total liabilities	13,056,396	13,210,178	11,307,859
Deferred inflows	<u>258,951</u>	<u>381,103</u>	<u>525,920</u>
Total liabilities and deferred inflows	<u>\$ 13,315,347</u>	<u>\$ 13,591,281</u>	<u>\$ 11,833,779</u>
Net position:			
Net investment in capital assets	\$ 1,362,522	\$ 1,243,830	\$ 1,117,543
Restricted	898,995	700,023	623,642
Unrestricted	<u>(1,510,345)</u>	<u>(1,394,984)</u>	<u>(1,325,243)</u>
Total net position	<u>\$ 751,172</u>	<u>\$ 548,869</u>	<u>\$ 415,942</u>

2019

Current unrestricted assets decreased by \$13,121 (2.7%) primarily due to a decrease in accounts receivable as less billed revenues were outstanding at December 31, 2019. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2019 and 2018 was 1.21:1 and 1.24:1, respectively. This slight reduction in the current ratio was primarily due a reduction of receivables outstanding and a slight increase in accounts payable due to the timing of invoices received. Restricted and other assets—Noncurrent decreased by \$483,760 (10.3%) primarily due to a decrease in the construction funds for capital improvement projects of \$531,961 due to the ongoing O'Hare 21 and OMP programs and capitalized interest funds of \$120,749; offset by an increase to the Aeronautical Real Estate Fund and Commercial Real Estate Fund of \$55,539 and \$29,856, respectively, two newly established funds in the AULA that capture the revenues from Cargo, Hangar and Maintenance facilities and Hilton O'Hare activities, respectively. The 2018 Bond issuance occurred at the end of 2018, thus proceeds were in restricted cash at the end of 2018; during 2019, proceeds were transferred from restricted cash to restricted investments, which increased by 1,567,143 (161.1%). Net capital assets increased by \$553,919 (6.5%) primarily due to ongoing capital activities of the O'Hare 21 Program, including the Terminal 5 expansion, Capital Improvement Program and the OMP at the Airport.

The decrease in unrestricted current liabilities of \$721 (0.2%) is mainly related to the decrease in billings over amounts earned of \$11,431 (deferred revenue calculated under the residual rate settingmaking methodology in the AULA).

Liabilities payable from restricted assets and noncurrent liabilities decreased by \$153,061 (1.2%) due primarily to the decrease of General Airport Revenue bonds payable. Net pension liability in the amount of \$1,506,615 increased \$106,217 (7.6%) compared to 2018 primarily as a result of changes in actuarial assumptions and the increase in allocation of pension costs to the Airport compared to Governmental funds and certain Enterprise funds.

Deferred outflows decreased by \$130,669 (29.0%) and deferred inflows decreased by \$122,152 (32.1%) during 2019 due to changes in assumptions and the difference between 2019 projected and actual earnings on pension plan investments.

As of December 31, 2019, total net position was \$751,172, an increase of \$202,303 (36.9%) from 2018 primarily due to an increase in operating revenues, including hotel revenues; Passenger Facility Charges, Customer Facility Charges, interest income and contributed capital related to the Hilton O'Hare property transferred to the Airport, and decrease in noise mitigation expenses, resulting in positive operating income.

2018

Current unrestricted assets increased by \$107,309 (29.0%) primarily due to increased cash and investments from increases in non-airline revenues and increased landing fees, and ground rents and terminal rates. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2018 and 2017 was 1.24:1 and 1.20:1, respectively. This growth in the current ratio was primarily due to a strong cash balance from increases in operating revenues and interest income. Restricted and other assets—Noncurrent increased by \$1,355,262 (40.7%) primarily due to an increase in the construction funds for capital improvement projects of \$1,161,275 due to new bond issuances in 2018, capitalized interest funds of \$105,477 offset by a decrease to the Airport General Fund (formerly Airport Development Fund) of \$47,844 as Airport Improvement Program (AIP) grant receipts, specifically Letter of Intent grants from the Federal Aviation Administration (FAA), were used to pay for debt service and construction related to the O'Hare Modernization Program (OMP). Net capital assets increased by \$543,733 (6.8%) primarily due to ongoing capital activities of the Capital Improvement Program and the OMP at the Airport.

The increase in current liabilities of \$77,824 (25.3%) is mainly related to the increase in billings over amounts earned of \$60,834 (deferred revenue calculated under the residual rate making methodology in the O'Hare Use and Lease Agreement).

Liabilities payable from restricted assets and noncurrent liabilities increased by \$1,824,495 (16.6%) due primarily to the increase of General Airport Revenue bonds payable, issued in December 2018 to fund ongoing Capital Improvement Projects, the remaining funding for the OMP runways and initial funding for the Terminal Area Plan ("TAP") and additional drawdown on the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan, offset by the reduction of Commercial Paper and Line of Credit Payable which were refunded through the issuance of the 2018 Bonds. Pension liability in the amount of \$1,400,398 increased \$141,058 (11.2%) compared to 2017 primarily as a result of a decrease in pension plan assets associated with investment losses caused by market results.

Deferred outflows decreased by \$115,875 (20.4%) and deferred inflows decreased by \$144,817 (27.5%) during 2018 due to changes in the required future pension contributions as discussed above in the financial highlights.

As of December 31, 2018, total net position was \$548,869, an increase of \$132,927 (32.0%) from 2017 primarily due to an increase in operating revenues, capital grant revenues and interest income and decrease in noise mitigation expenses and interest expense.

A comparative condensed summary of the Airport's changes in net position for the years ended December 31, 2019, 2018, and 2017 is as follows (dollars in thousands):

	Changes in Net Position		
	2019	2018	2017
Operating revenues:			
Landing fees and terminal charges	\$ 811,270	\$ 709,933	\$ 650,974
Rents, concessions, and other	375,601	351,980	325,205
Hilton O'Hare revenues	66,614	-	-
Total operating revenues	<u>1,253,485</u>	<u>1,061,913</u>	<u>976,179</u>
Operating expenses:			
Salaries and wages	214,069	222,550	205,957
Pension expense	159,153	145,920	145,992
Repairs and maintenance	143,231	115,008	95,310
Professional and engineering	133,994	111,642	101,798
Other operating expenses	149,116	115,146	103,437
Hilton O'Hare expenses	43,021	-	-
Depreciation and amortization	287,648	259,467	262,331
Loss on capital asset disposals	37,505	22,218	18,711
Total operating expenses	<u>1,167,737</u>	<u>991,951</u>	<u>933,536</u>
Operating income	<u>85,748</u>	<u>69,962</u>	<u>42,643</u>
Nonoperating revenues	294,202	258,074	256,900
Nonoperating expenses	<u>(324,370)</u>	<u>(326,129)</u>	<u>(348,199)</u>
Total nonoperating revenues (expenses)	<u>(30,168)</u>	<u>(68,055)</u>	<u>(91,299)</u>
Income (loss) before capital grants	55,580	1,907	(48,656)
Capital grants	77,923	131,020	82,001
Capital contributions	<u>68,800</u>	<u>-</u>	<u>-</u>
Change in net position	202,303	132,927	33,345
Net position beginning of year	<u>548,869</u>	<u>415,942</u>	<u>382,597</u>
Net position end of year	<u>\$ 751,172</u>	<u>\$ 548,869</u>	<u>\$ 415,942</u>

2019

Landing fees and terminal area use charges for the years 2019 and 2018 were \$811,270 and \$709,933, respectively. Rents, concessions, and other revenues were \$375,601 and \$351,980 for the years 2019 and 2018, respectively. The increase in 2019 operating revenues of \$191,572 (18.04%) compared to 2018 was primarily due to increased landing fees of \$101,337, terminal area use charges of \$23,621 and due to increases in terminal rents and landing fees of \$101,337 to fund the ongoing capital development for the \$8.5 billion O'Hare 21 Program, including the completion of the O'Hare Modernization Program and ongoing capital projects; increases in concessions revenue related to restaurant and auto rentals, and an increase of revenues from the Hilton O'Hare hotel, an on-airport hotel, as the 30 year hotel lease ended and was transferred to the Airport on January 1, 2019.

Salaries and wages decreased \$8,841 (3.8%) in 2019 compared to 2018. The decrease is attributable to decreased fringe benefit costs and certain salaries associated with the capital programs being capitalized. Repairs and maintenance expenses increased by \$28,223 (24.5%) from the prior year due to the provisions of the new 2018 AULA, that allows for additional ongoing repairs and maintenance of up to \$40 million annually. Professional and engineering costs increased \$22,352 (20.0%) from the prior year primarily due to the inclusion of a full year of the CATCo operating expenses in the Airport's budget based on the new rate structure in the AULA. Other operating expenses increased by \$33,970 (29.5%) due to increases in insurance costs and indirect expenses. Other operating expenses are mainly comprised of certain employee costs, insurance premiums, indirect costs, materials and supplies, utilities, vehicle purchases, and the provision for doubtful accounts.

Pension expense for 2019 increased by \$13,233 from \$145,920 in 2018 to \$159,153 in 2019 as a result of composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and actual earnings on pension plan investments. During 2019, the Airport made cash contributions of \$56,194 toward the pension plans.

The 2019 nonoperating revenues of \$294,202 are comprised of Passenger Facility Charges (PFC) of \$171,993 (an increase of \$8,730, or 5.3%), due to an increase in enplaned passengers, Customer Facility Charges (CFC) of \$40,315 (an increase of \$1,478, or 3.8%) due to higher transaction days, other nonoperating revenue of \$15,792 and investment income of \$66,102 (an increase of \$29,395, or 80.1%), due to better long-term investment management.

Nonoperating expenses were \$324,370 and \$326,129 for the years 2019 and 2018, respectively. The decrease of \$1,759 (0.5%) for 2019 over 2018 was mainly due to decreased noise mitigation costs, due to the reconfiguration of the Residential Sound Insulation Program.

Capital grants, comprised mainly of federal grants, decreased from \$131,020 in 2018 to \$77,923 in 2019, a 40.5% decrease mainly as a result of when associated capital expenditures became eligible for grant reimbursement from the federal government and increase in the allotment of AIP grant funding from the FAA.

2018

Landing fees and terminal area use charges for the years 2018 and 2017 were \$709,933 and \$650,974, respectively. Rents, concessions, and other revenues were \$351,980 and \$325,205 for the years 2018 and 2017, respectively. The increase in 2018 operating

revenues of \$85,734 (8.8%) compared to 2017 was primarily due to increased landing fees of \$35,921, terminal area use charges of \$23,038 and increased rents (cargo and hangar) of \$26,775 due to the full year effect of the implementation of new ground rents of \$2.00/sq ft on airport property outside of the airfield area and \$2.25/sq ft in the airfield area, and common use activity charges that properly allocated revenues to common use terminal facilities, such as check in counters, holdrooms and gates, and baggage systems, provided to the airlines, which were implemented in the 2018 AULA.

Salaries and wages increased \$16,593 (8.1%) in 2018 compared to 2017. The increase is attributable to increased public safety presence as well as an increase in medical benefits costs. Repairs and maintenance expenses increased by \$19,698 (20.7%) from the prior year primarily due to emergency airfield repair work and increase in snow equipment due to extreme weather conditions, as well as ongoing preventive airfield and terminal maintenance. Professional and engineering costs increased \$9,844 (9.7%) from the prior year as a result of increases in contractual costs and the addition of CATCo consortium expenses at Terminal 5 and joint use areas in conjunction with the implementation of the 2018 AULA. Other operating expenses increased by \$11,709 (11.3%) due to increases in insurance costs and indirect expenses. Other operating expenses are mainly comprised of certain employee costs, insurance premiums, indirect costs, materials and supplies, utilities, vehicle purchases, and the provision for doubtful accounts.

Pension expense for 2018 decreased by \$72 from \$145,992 in 2017 to \$145,920 in 2018 as a result of composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and actual earnings on pension plan investments. During 2018, the Airport made cash contributions of \$46,691 toward the pension plans.

The 2018 nonoperating revenues of \$258,074 are comprised of Passenger Facility Charges (PFC) of \$163,263 (an increase of \$5,088, or 3.2%, due to an increase in enplaned passengers), Customer Facility Charges (CFC) of \$38,837 (a slight decrease of \$257, or 0.7%), other nonoperating revenue of \$19,267 and investment income of \$36,707 (an increase of \$3,936, or 12.0%, due to better long-term investment management).

Nonoperating expenses were \$326,129 and \$348,199 for the years 2018 and 2017, respectively. The decrease of \$22,070 (6.3%) for 2018 over 2017 was mainly due to decreased noise mitigation costs, due to the reconfiguration of the Residential Sound Insulation Program, and interest expense.

Capital grants, comprised mainly of federal grants, increased from \$82,001 in 2017 to \$131,020 in 2018, a 40.5% increase mainly as a result of when associated capital expenditures became eligible for grant reimbursement from the federal government and increase in the allotment of AIP grant funding from the FAA.

A comparative summary of the Airport's changes in cash flows for the years ended December 31, 2019, 2018, and 2017 is as follows (dollars in thousands):

	Cash Flows		
	2019	2018	2017
Cash provided by (used in) activities:			
Operating	\$ 498,093	\$ 520,670	\$ 424,023
Capital and related financing	(1,135,482)	863,075	606,342
Noncapital financing	(2,369)	(5,454)	(2,535)
Investing	<u>(1,598,690)</u>	<u>700,543</u>	<u>(449,753)</u>
Net change in cash and cash equivalents	(2,238,448)	2,078,834	578,077
Cash and cash equivalents:			
Beginning of year	<u>3,962,256</u>	<u>1,883,422</u>	<u>1,305,345</u>
End of year	<u>\$ 1,723,808</u>	<u>\$3,962,256</u>	<u>\$1,883,422</u>

2019

As of December 31, 2019, the Airport's cash and cash equivalents of \$1,723,808 decreased by \$2,238,448 compared to \$3,962,256 at December 31, 2018, due to capital and current year bond issuances of \$1,135,482 that were invested in the current year and operating activities of \$498,093 and by investing activities of \$1,598,690. Total cash and cash equivalents at December 31, 2019, were comprised of unrestricted and restricted cash and cash equivalents of \$140,430 and \$1,583,378, respectively.

2018

As of December 31, 2018, the Airport's cash and cash equivalents of \$3,962,256 increased by \$2,078,834 compared to \$1,883,422 at December 31, 2017, due to capital and current year bond issuances of \$863,075 and operating activities of \$520,670 and by investing activities of \$700,543. Total cash and cash equivalents at December 31, 2018, were comprised of unrestricted and restricted cash and cash equivalents of \$332,057 and \$3,630,199 respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2019 and 2018, the Airport had \$9,080,349 and \$8,526,430, respectively invested in net capital assets. During 2019, the Airport had additions of \$810,272 related to capital activities. This included construction for HVAC system upgrades, Central Deicing Pad utilities, concourse improvements, ATS rail, terminal improvements, and runway and taxiway construction and improvements.

During 2019, completed projects totaling \$860,693 were transferred from construction in progress and \$68,800 of contributed capital from the transfer of Hilton O'Hare to applicable buildings and other facilities capital accounts. These major completed projects were related to the relocation of airline terminal facilities, Central Deicing Pad utilities, Fuel Line Relocation projects, terminal improvements, and runway and taxiway construction and improvements.

The Airport's capital assets at December 31, 2019, 2018, and 2017 are summarized as follows (dollars in thousands):

	Capital Assets at Year-End		
	2019	2018	2017
Capital assets not depreciated:			
Land	\$ 892,248	\$ 892,248	\$ 892,248
Construction in progress	<u>1,256,131</u>	<u>1,306,552</u>	<u>1,331,050</u>
Total capital assets not depreciated	<u>2,148,379</u>	<u>2,198,800</u>	<u>2,223,298</u>
Capital assets depreciated:			
Buildings and other facilities	11,033,354	10,229,588	9,432,232
Less accumulated depreciation for:			
Buildings and other facilities	<u>(4,101,384)</u>	<u>(3,901,958)</u>	<u>(3,672,833)</u>
Total capital assets depreciated—net	<u>6,931,970</u>	<u>6,327,630</u>	<u>5,759,399</u>
Total property and facilities—net	<u>\$ 9,080,349</u>	<u>\$ 8,526,430</u>	<u>\$ 7,982,697</u>

The Airport has no outstanding Commercial Paper Notes at December 31, 2019. The Airport has elected to terminate the Series 2016 Commercial Paper Notes on June 28, 2019.

During 2018, the Airport issued \$2,012.9 million of Chicago O'Hare International Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2018 ABC. The bonds having interest rates ranging from 4% to 5% with maturity dates ranging from January 1, 2020 to January 1, 2054. Certain net proceeds will be used to finance portions of the airport projects. Certain net proceeds were used to refund certain maturities of outstanding bonds and to repay Commercial Paper notes and Line of Credit. Certain net proceeds were used and to fund capitalized interest and the debt reserve deposit requirement and to pay the cost of issuance of the bonds.

The Airport's outstanding debt at December 31, 2019, 2018, and 2017 is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-End		
	2019	2018	2017
Revenue bonds, notes and TIFIA Loan Unamortized—	\$ 10,047,551	\$ 10,317,980	\$ 8,645,880
Bond premium	<u>559,884</u>	<u>610,467</u>	<u>607,459</u>
Total outstanding debt—net	10,607,435	10,928,447	9,253,339
Current portion	<u>(276,715)</u>	<u>(291,035)</u>	<u>(298,185)</u>
Total long-term revenue bonds and notes payable—net	<u>\$ 10,330,720</u>	<u>\$ 10,637,412</u>	<u>\$ 8,955,154</u>

Additional information on the Airport's long-term debt is presented in Note 4 of the notes to basic financial statements, and the Statistical Information section of this report.

The Airport's revenue bonds at December 31, 2019, had credit ratings with each of the four major rating agencies as follows:

	Moody's Investor Services	Standard & Poor's	Fitch Ratings	Kroll Ratings
Senior Lien General Airport Revenue Bonds	A2	A	A	A+
PFC Revenue Bonds	A2	A	A	NR
CFC Revenue Bonds	Baa1	BBB	NR	NR

At December 31, 2019 and 2018 the Airport believes it was in compliance with the debt covenants as stated within the Master Trust Indentures.

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

In 2019, the Airport was ranked as the busiest airport in the world, measured in terms of total aircraft operations, and the sixth busiest worldwide and third in the United States in terms of total passengers, and 18th worldwide and sixth in the United States in terms of cargo. The Airport had 42.2 million and 41.6 million enplaned passengers in 2019 and 2018, respectively. The strong origin-destination passenger demand and the Airport's central geographical location near the center of the United States and along the most heavily traveled east/west air routes make the Airport a natural hub location.

United Airlines and American Airlines each use the Airport as one of their major hubs. United Airlines (including its regional affiliates) comprised 44.5% of the Airport's enplaned passengers in 2019 and 45.2% of the enplaned passengers in 2018. American Airlines (including its regional affiliates) comprised 35.2% of the Airport's enplaned passengers in 2019 and 35.1% of the enplaned passengers in 2018.

On March 28 2018, the City Council approved the new Airline Use and Lease Agreement ("AULA") for airlines operating at O'Hare. Apart from provisions regarding rates and charges that became operative on July 1, 2018, the AULA went into effect as of May 12, 2018. The AULA provides that the aggregate of all rentals, fees and charges to be paid by the signatory airlines shall be sufficient to pay for the net cost of operating, maintaining and developing O'Hare. Specifically, the AULA allows the City to commence a \$6.1 billion terminal expansion program (known as the Terminal Area Plan or "TAP") that includes construction of new gates and concourses, in addition to \$2.4 billion in additional pre-approved capital projects.

The AULA is a 15 year lease agreement that modernizes the existing gate and rates and charges structure for ORD to match those agreements of other airports as well as authorizes Phase 1 of the TAP and Capital Improvement Projects (CIP) agreement allows for capital investment control and the provisions of gate accommodation and reallocation of gates on an annual basis starting in 2021 to ensure gates are used at their optimum capacity.

The structure of rates and charges has also been updated to better align costs to airlines based on their preferential versus common use status.

Based on the Airport's rates and charges for fiscal year 2020, total budgeted Operating and Maintenance Expenses (including Allowable Airline Liaison Office Expenses) are projected at \$576,085 and total Capital Costs, including net debt service, pre-approved allowances, and fund deposit requirements, are projected at \$539,591. Additionally, 2020 nonairline revenues and credits are budgeted at \$412,766, including \$234,225 related to the application of the CARES Act funds either as a reduction to Operating and Maintenance Expenses and Capital Costs or to supplement impacts to revenue, which were allocated to the Airport by the FAA as discussed in Note 11, resulting in a net airline requirement of \$702,910 that will be funded through landing fees, terminal area use charges, and fuel system use charges.

As discussed in Note 11, airports in the United States have been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. The outbreak has adversely affected domestic and international travel and travel-related industries. Airlines are reporting unprecedented downturns in passenger volumes and have experienced reduced levels of passenger volumes which, in turn, has resulted in a significant reduction in scheduled service. The City expects the CARES Act funding to improve its liquidity and strengthen its ability to withstand expected decreases in revenues during Fiscal Year 2020 and Fiscal Year 2021 that it anticipates as a result of the current and ongoing effects of the COVID-19 pandemic. There is no assurance that the CARES Act funding will be sufficient to fully compensate the City for lost revenue at the Airport as a result of the COVID-19 pandemic.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Airport's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Chicago Department of Finance.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2019 AND 2018
(Dollars in thousands)

	2019	2018		2019	2018
ASSETS			LIABILITIES		
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents (Note 2)	\$ 140,430	\$ 332,057	Accounts payable and accrued liabilities	\$ 92,297	\$ 85,097
Investments (Note 2)	198,093	12,271	Due to other City funds	4,948	2,226
Accounts receivable—net of allowance for doubtful accounts of approximately \$6,411 in 2019 and \$4,322 in 2018	78,037	90,588	Advances for terminal and hangar rent	15,456	14,668
Due from other City funds	45,974	39,929	Billings over amounts earned	272,100	283,531
Prepaid expenses	2,152	2,372	Liabilities payable from restricted assets:		
Interest receivable	81	671	Accounts payable	296,621	266,677
Cash and cash equivalents (Note 2)—restricted	834,260	786,847	Current portion of revenue bonds and notes payable (Note 4)	276,715	291,035
Prepaid expenses—restricted	<u>5,371</u>	<u>1,923</u>	Interest payable	244,720	209,833
			Advance from Federal	16,204	17,261
			Line of Credit Payable	<u>-</u>	<u>2,040</u>
Total current assets	<u>1,304,398</u>	<u>1,266,658</u>	Total current liabilities	<u>1,219,061</u>	<u>1,172,368</u>
NONCURRENT ASSETS:			NONCURRENT LIABILITIES:		
Cash and cash equivalents (Note 2)—restricted	749,118	2,843,352	Revenue bonds payable—net of premium (Note 4)	10,051,964	10,379,262
Investments (Note 2)—restricted	2,540,127	972,984	Net pension liability (Note 7)	1,506,615	1,400,398
Passenger facility charges and other receivables—restricted	19,428	33,021	TIFIA loan	<u>278,756</u>	<u>258,150</u>
Interest receivable—restricted	12,590	9,310			
Prepaid expenses—restricted	23,119	4,796	Total noncurrent liabilities	<u>11,837,335</u>	<u>12,037,810</u>
Due from other governments—restricted	11,427	27,434	Total liabilities	<u>13,056,396</u>	<u>13,210,178</u>
Other assets	5,805	5,338	DEFERRED INFLOWS (Note 10)	<u>258,951</u>	<u>381,103</u>
Property and facilities (Note 5):			NET POSITION (Note 1):		
Land	892,248	892,248	Net investment in capital assets	<u>1,362,522</u>	<u>1,243,830</u>
Buildings and other facilities	11,033,354	10,229,588	Restricted net position (Note 1):		
Construction in progress	<u>1,256,131</u>	<u>1,306,552</u>	Debt service	19,477	10,519
Total property and facilities	13,181,733	12,428,388	Capital projects	140,222	92,770
Less accumulated depreciation	<u>(4,101,384)</u>	<u>(3,901,958)</u>	Passenger facility charges	238,593	227,767
Property and facilities—net	<u>9,080,349</u>	<u>8,526,430</u>	Airline use agreement	315,183	154,889
Total noncurrent assets	<u>12,441,963</u>	<u>12,422,665</u>	Airport development fund (Note 3)	-	-
Total assets	13,746,361	13,689,323	Airport general fund (Note 3)	132,137	137,216
DEFERRED OUTFLOWS (Note 10)	320,158	450,827	Customer facility charge	43,431	28,469
			Other assets*	<u>9,952</u>	<u>48,393</u>
			Total restricted net position	898,995	700,023
			Unrestricted net position	<u>(1,510,345)</u>	<u>(1,394,984)</u>
			Total net position	<u>751,172</u>	<u>548,869</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$14,066,519</u>	<u>\$14,140,150</u>	TOTAL	<u>\$14,066,519</u>	<u>\$14,140,150</u>

* Other assets includes Aeronautical Estate Fund and Commercial Real Estate Fund

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Dollars in thousands)

	2019	2018
OPERATING REVENUES:		
Landing fees and terminal area use charges	\$ 811,270	\$ 709,933
Rents, concessions, and other (Note 6)	375,601	351,980
Hilton revenues (Note 1)	66,614	-
Total operating revenues	<u>1,253,485</u>	<u>1,061,913</u>
OPERATING EXPENSES:		
Salaries and wages	214,069	222,550
Pension expense (Note 7)	159,153	145,920
Repairs and maintenance	143,231	115,008
Professional and engineering services	133,994	111,642
Other operating expenses	149,116	115,146
Hilton expenses (Note 1)	43,021	-
Total operating expenses before depreciation, amortization and capital asset impairment and disposals	842,584	710,266
Depreciation and amortization	287,648	259,467
Loss on capital asset disposal	37,505	22,218
Total operating expenses	<u>1,167,737</u>	<u>991,951</u>
OPERATING INCOME	<u>85,748</u>	<u>69,962</u>
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charge revenue	171,993	163,263
Customer facility charge revenue	40,315	38,837
Passenger facility charge expenses	(2,495)	(42)
Other nonoperating revenue	15,792	19,267
Noise mitigation costs	(2,475)	(6,097)
Costs of issuance	(31)	(14,192)
Investment income (Note 4)	66,102	36,707
Interest expense (Note 4)	(319,369)	(305,798)
Total nonoperating revenues (expenses)	<u>(30,168)</u>	<u>(68,055)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	55,580	1,907
CAPITAL GRANTS	77,923	131,020
CAPITAL CONTRIBUTIONS	<u>68,800</u>	<u>-</u>
CHANGE IN NET POSITION	202,303	132,927
TOTAL NET POSITION—Beginning of year	<u>548,869</u>	<u>415,942</u>
TOTAL NET POSITION—End of year	<u>\$ 751,172</u>	<u>\$ 548,869</u>

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Dollars in thousands)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	\$ 811,994	\$ 744,963
Rents, concessions, and other	443,338	375,032
Payments to vendors	(441,803)	(314,320)
Payments to employees	(214,851)	(202,667)
Transactions with other City funds—(used in)	<u>(100,585)</u>	<u>(82,338)</u>
Cash flows provided by operating activities	<u>498,093</u>	<u>520,670</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	-	2,066,860
(Payments to) proceeds from commercial paper notes	-	(102,239)
Proceeds from TIFIA loan	20,606	94,534
Payments to line of credit	(2,040)	(10,058)
Proceeds from O'Hare 2010B Senior Lien Build America Bonds subsidy	12,514	12,467
Payments to refund bonds	(78)	(27,370)
Principal paid on bonds	(291,035)	(298,185)
Bond issuance and other related costs	(6,172)	(20,114)
Interest paid on bonds and note	(492,867)	(413,215)
Acquisition and construction of capital assets	(695,861)	(753,691)
Capital grants	93,930	118,125
Customer facility charge revenue	40,315	38,837
Passenger facility charge revenue and other receipts	187,701	157,166
Passenger facility charge expenses	<u>(2,495)</u>	<u>(42)</u>
Cash flows (used in) provided by capital and related financing activities	<u>(1,135,482)</u>	<u>863,075</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from settlement agreement	106	643
Cash paid for noise mitigation program	<u>(2,475)</u>	<u>(6,097)</u>
Cash flows used in noncapital financing activities	<u>(2,369)</u>	<u>(5,454)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (purchases) investments—net	(1,739,358)	648,567
Investment interest	<u>140,668</u>	<u>51,976</u>
Cash flows (used in) provided by investing activities	<u>(1,598,690)</u>	<u>700,543</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,238,448)	2,078,834
CASH AND CASH EQUIVALENTS—Beginning of year	<u>3,962,256</u>	<u>1,883,422</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 1,723,808</u>	<u>\$3,962,256</u>

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Dollars in thousands)

	2019	2018
RECONCILIATION TO CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET ASSETS:		
Unrestricted	\$ 140,430	\$ 332,057
Restricted:		
Current	834,260	786,847
Noncurrent	<u>749,118</u>	<u>2,843,352</u>
TOTAL	<u>\$ 1,723,808</u>	<u>\$ 3,962,256</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 85,748	\$ 69,962
Adjustments to reconcile:		
Depreciation, amortization and loss on capital asset disposals	325,153	281,685
Pension expense other than contribution	102,959	99,229
Changes in assets and liabilities:		
Increase in accounts receivable	12,551	(8,435)
Increase in due from other City funds	(6,045)	(672)
Decrease (increase) in prepaid expenses	(21,551)	1,078
Increase (decrease) in accounts payable	7,200	11,304
Increase (decrease) in due to other City funds	2,722	2
Increase (decrease) in prepaid terminal rent	788	5,684
Increase in billings over amounts billed	<u>(11,432)</u>	<u>60,833</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 498,093</u>	<u>\$ 520,670</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:

Property additions in 2019 and 2018 of \$258,210 and \$236,181, respectively, are included in accounts payable.

The fair value adjustments (loss) to investments for 2019 and 2018 were \$(140) and \$(13,747), respectively.

There was a capital contribution in 2019 of \$68,800 for the Hilton O'Hare hotel, which is included in buildings and other facilities. See footnote 1 for further information.

See notes to basic financial statements.

(Concluded)

CITY OF CHICAGO, ILLINOIS

CHICAGO O'HARE INTERNATIONAL AIRPORT

NOTES TO BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—Chicago O'Hare International Airport (the "Airport" or "O'Hare") is operated by the City of Chicago Illinois (the "City") Department of Aviation. The Airport is included in the City's reporting entity as an enterprise fund. The City is a member of the Chicago-Gary Regional Airport Authority, which was created in 1995 to address the air transportation needs of the Chicago-Northwest Indiana Region. The Airport operated subject to the provisions of the Airport Use Agreement and Facilities Lease ("Former Use Agreement"), which is a residual Use Agreement that terminated on May 11, 2018. A new Airline Use and Lease Agreement ("AULA") was authorized by City Council, which went into effect as of May 12, 2018 and the provisions regarding rates and charges became effective on July 1, 2018.

On January 1, 2019, the Hilton O'Hare was transferred to the Airport as the 30 year lease term with HLT O'Hare, Inc. ended on December 31, 2018. The Hilton O'Hare building was recorded at a fair value of \$68,800 in the financials as a capital contribution. Other assets and liabilities that were transferred to the Airport were immaterial. The Airport has entered into a 10 year operating lease agreement with Hilton Management, LLC for hotel operations and Hyde Park Hospitality, LLC and food and beverage operations. 2019 is the first year where the operations of Hilton O'Hare have been included in the financial statements.

Basis of Accounting and Measurement Focus—The accounting policies of the Airport are based upon accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Airport are reported using the flow of economic resources measurement focus.

The Airport uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

Annual Appropriated Budget—The Airport has a legally adopted annual budget, which is not required to be reported.

Management's Use of Estimates—The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Cash, Cash equivalents, and Investments—Cash, cash equivalents, and investments generally are held with the City treasurer as required by the Municipal Code of Chicago (the "Code"). Interest earned on pooled investments is allocated to participating funds

based upon their average combined cash and investment balances. Due to contractual agreements or legal restrictions, the cash and investments of certain funds are segregated and earn and receive interest directly.

The Code permits deposits only to City Council-approved depositories, which must be regularly organized state or national banks and federal or state savings and loan associations, located within the City, whose deposits are federally insured.

Investments are limited to those authorized by the Code. Investments authorized by the Code include, but are not limited to, interest-bearing general obligations of the City, the State of Illinois (the "State"), and the U.S. government; U.S. Treasury bills and other non-interest-bearing general obligations of the U.S. government purchased in the open market below face value; commercial paper; domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; and tax anticipation warrants issued by the City (see Note 2). The City is prohibited by ordinance from investing in derivatives, as defined, without City Council approval.

The Airport values its investments at fair value or amortized cost as applicable. U.S. government securities and commercial paper purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

Repurchase agreements can be purchased only from banks and certain other institutions authorized to do business in the State. The City Treasurer requires that securities pledged to secure these agreements have a fair value equal to the cost of the repurchase agreements plus accrued interest.

Investments, generally, do not have a maturity in excess of 30 years from the date of purchase. Certain other investment balances are held in accordance with the specific provisions of the applicable bond ordinances.

Cash equivalents include investments with maturities of three months or less when purchased.

Accounts Receivable Allowance—Management has provided an allowance for amounts recorded at year-end, which may be uncollectible.

Transactions with the City—The City's general fund provides services to the Airport. The amounts allocated to the Airport for these services are treated as operating expenses by the Airport and consist mainly of employee benefits, self-insured risks, and administrative expenses.

Property and Facilities—Property and facilities are recorded at cost or, for donated assets, donated works of art and similar items, and capital assets received in a consortium arrangement at acquisition value. Expenditures greater than \$5,000 for the acquisition, construction, or equipping of capital projects, together with related design, architectural, and engineering fees, are capitalized. Expenditures for vehicles and other movable equipment are expensed as incurred. Losses on capital assets disposal are classified as operating expenses as the disposals create operational efficiencies, such as decommissioning cross-field runways to construct parallel runways for simultaneous use of multiple runways.

Depreciation and amortization are provided using the straight-line method and begin in the year following the year of acquisition or completion. Estimated useful lives are as follows:

Runways, aprons, tunnels, taxiways, and paved roads	30 years
Water drainage and sewer system	20–50 years
Refrigeration and heating systems	30 years
Buildings	40 years
Building/land improvements	8–40 years
Electrical system	15–20 years
Other	3–30 years

Deferred Outflows—Deferred outflows represent unamortized loss on bond refundings and differences between estimated and actual investment earnings related to pensions, and changes in actuarial assumptions related to pensions.

Deferred Inflows—Deferred inflows represent the differences between projected and actual actuarial experience and changes in assumptions related to pensions.

Net Position—Net position comprises the net earnings from operating and nonoperating revenues, expenses, and capital grants. Net position is displayed in three components—net investment in capital assets; restricted for debt service, capital projects, PFCs, airline use agreement and airport general fund, CFCs, and other assets; and unrestricted. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, and reduced by outstanding debt, net of debt service reserve and unspent proceeds. Restricted net position consists of net position on which constraints are placed by external parties (such as lenders and grantors), laws, regulations and enabling legislation. Unrestricted net position consists of all other net position not categorized as either of the above.

Employee Benefits—Employee benefits are granted for vacation and sick leave, workers' compensation, and health care. Specified unused vacation leave is accrued and may be carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities. The Airport maintains insurance from a commercial carrier for workers' compensation claims. Settlements in each of the past two years have been less than insurance coverage maintained.

Employees are eligible to defer a portion of their salaries until future years under the City's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan is administered by third-party administrators who maintain the investment portfolio. The plan's assets have been placed in trust accounts with the plan administrators for the exclusive benefit of participants and their beneficiaries and are not considered assets of the City.

The City is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. Under this option, the City reimburses the State for claims paid by the State.

Bond Insurance Costs, and Bond Premiums, and Discounts—Bond insurance costs and bond premiums and discounts are deferred and amortized over the term of the related debt. Other debt issuance costs are expenses in the period incurred.

Capitalized Interest—Interest expense on construction bond proceeds are capitalized during construction on those capital projects paid from the bond proceeds and are being amortized over the depreciable life of the related assets on a straight-line basis.

Capital Grants—The Airport reports capital grants as revenue on the statements of revenues, expenses, and changes in net position. Capital grants are on a reimbursement basis and revenues are recognized when associated capital expenditures become eligible and are spent for grant reimbursement.

Noise Mitigation Costs—Funds expended for the noise mitigation program are recorded as nonoperating expenses in the period they are incurred.

Revenue Recognition—Revenues from landing fees, terminal area use charges, fueling system charges, aeronautical real estate revenue, parking revenue, hotel revenue and concessions are reported as operating revenues. The Airport adheres to the guidelines outlined in the Federal Aviation Administration (FAA) revenue use policy. Landing fees, terminal area use charges, and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the AULA. As noted above, in 2018, the City Council approved the new AULA for airlines operating at O'Hare. Provisions regarding rates and charges became effective on July 1, 2018. The structure of rates and charges was updated to better align costs to airlines based on their preferential versus common use status. Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned. In addition, the revenues earned by the Hilton O'Hare are included in the 2019 financials, as Hilton O'Hare was transferred back to the Airport on January 1, 2019 is the first year where the operations of Hilton O'Hare have been included in the basic financial statements.

Passenger Facility Charge (PFC) Revenue—The Airport imposed PFCs of \$4.50 per eligible enplaned passenger for the years ended December 31, 2019 and 2018, respectively. PFCs are available, subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Customer Facility Charge (CFC) Revenue—The Airport imposed a CFC of \$8.00 per contract day on each customer for motor vehicle rentals at the Airport for the years ended December 31, 2019 and 2018, respectively. CFCs are available to finance specific eligible capital projects. The City reports CFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Expenses—Salaries and wages, pension expense, repair and maintenance, professional and engineering services, hotel expenses and other expenses that relate to Airport

operations are reported as operating expenses. Interest expense, PFC expenses, financing costs, and noise mitigation costs are reported as nonoperating expenses. In addition, the expenses by the Hilton O'Hare are included in the 2019 financials, as Hilton O'Hare was transferred back to the Airport on January 1, 2019 is the first year where the operations of Hilton O'Hare have been included in the basic financial statements.

Adopted Accounting Standards— The Airport adopted GASB Statement No. 95, *Postponement of The Effective Dates of Certain Authoritative Guidance* ("GASB 95"), which provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. GASB 95 postponed the effective date of certain provisions in the Statements and Implementation Guides that first become effective or were scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions within the following pronouncements were postponed by one year: Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 90, *Majority Equity Interests*, and Statement No. 91, *Conduit Debt Obligations*, Statement No. 92, *Omnibus 2020*, Statement No. 93, *Replacement of Interbank Offered Rates*. The effective date for GASB Statement No. 87, *Leases* was postponed by 18 months. The Airport has elected to postpone the implementation of the Standards included within Statement No. 95 and have disclosed the expected implementation dates below.

Upcoming Accounting Standards—Other accounting standards that the Airport is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 83, *Certain Asset Retirement Obligations* ("GASB 83") addresses accounting and financial reporting for certain asset retirement obligations (AROs). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets will have to recognize a liability based on the guidance in this statement. GASB 83 also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. GASB 83 will be effective for the Airport beginning with its year ending December 31, 2020.

GASB Statement No. 84, *Fiduciary Activities* ("GASB 84") improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the Airport beginning with its year ending December 31, 2020.

GASB Statement No. 87, *Leases* ("GASB 87") requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 will establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB 87 will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that are currently not reported. GASB 87 will be effective for the Airport beginning with its year ending December 31, 2022.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* ("GASB 88") will improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB 88 will be effective for the Airport beginning with its year ending December 31, 2020.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89") will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 will be effective for the Airport beginning with its year ending December 31, 2021.

GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61* ("GASB 90") aims to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. GASB 90 will be effective for the Airport beginning with its year ending December 31, 2020.

GASB Statement No. 91, *Conduit Debt Obligations* ("GASB 91") provides a single method of reporting conduit debt obligations by issuers and aims to eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 will be effective for the Airport beginning with its year ending December 31, 2022.

GASB Statement No. 92, *Omnibus 2020* ("GASB 92") aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB 92 will address a variety of topics and include specific provisions about individual Statements including Statement No. 87, Leases, Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and Statement No. 84, Fiduciary Activities. GASB 92 will be effective for the Airport beginning with its year ending December 31, 2022 or when the Statement referred to is implemented, whichever is earlier.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* ("GASB 93") establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. GASB 93 will be effective for the Airport beginning with its year ending December 31, 2022.

GASB Statement No. 96, *Subscription-based Information Technology Arrangements* ("GASB 96")—This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB 96 will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for

transactions that meet that definition. GASB 96 will be effective for the Airport beginning with its year ending December 31, 2023.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—("GASB 97") The Statement aims to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. GASB 97 will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Certain elements of GASB 97 are effective immediately, including the removal of the requirement to treat a primary government that performs the duties of a governing board as the governing board in absence of a governing board, and these elements have been implemented by the Airport for the year ended December 31, 2019 with no material impact. The remainder of GASB 97 will be effective for the Airport beginning with its year ending December 31, 2022.

2. RESTRICTED AND UNRESTRICTED CASH EQUIVALENTS AND INVESTMENTS

Cash equivalents and Investments—The Airport had investments as of December 31, 2019, as follows (dollars in thousands):

Investment Type	Maturities (in Years)				Fair Value
	Less than 1	1-5	6-10	More than 10	
U.S. agencies	\$ 313,001	\$725,336	\$ -	\$ -	\$1,038,337
U.S. treasuries	-	-	-	-	-
Commercial paper	1,547,777	-	-	-	1,547,777
Corporate bonds	16,979	33,741	72,802	40,929	164,451
Municipal bonds	34,172	52,900	50,488	65,303	202,863
Certificates of deposits and other short term	<u>1,391,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,391,783</u>
Subtotal	<u>\$3,303,712</u>	<u>\$811,977</u>	<u>\$123,290</u>	<u>\$106,232</u>	<u>\$4,345,211</u>

The Airport had investments as of December 31, 2018, as follows (dollars in thousands):

Investment Type	Maturities (in Years)				Fair Value
	Less than 1	1-5	6-10	More than 10	
U.S. agencies	\$ 325,870	\$365,475	\$ -	\$ -	\$ 691,345
U.S. treasuries	9,938	-	-	-	9,938
Commercial paper	1,036,669	-	-	-	1,036,669
Corporate bonds	22,083	46,255	-	27,526	95,864
Municipal bonds	20,553	99,895	-	-	120,448
Certificates of deposits and other short term	<u>2,848,138</u>	<u>-</u>	<u>-</u>	<u>16,752</u>	<u>2,864,890</u>
Subtotal	<u>\$4,263,251</u>	<u>\$511,625</u>	<u>\$ -</u>	<u>\$ 44,278</u>	<u>\$4,819,154</u>

U.S. agencies include investments in government-sponsored enterprises, such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp.

Investments Fair Value Measurements—The City categorizes the fair value measurements of its investments based the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation techniques used to measure fair value.

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets

Level 2—Observable inputs other than quoted market prices, and

Level 3—Unobservable Inputs

The investments measured at fair value as of December 31, 2019 and 2018 were (dollars in thousands):

	2019			2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
U.S. agencies	\$ -	\$ 998,349	\$ -	\$ -	\$524,743	\$ -
Commercial paper	-	19,708	-	-	-	-
U.S. treasuries	-	-	-	-	9,938	-
Corporate bonds	-	155,483	-	-	88,826	-
Municipal bonds	-	<u>202,862</u>	-	-	<u>130,725</u>	-
Total investments at fair value	<u>\$ -</u>	<u>\$1,376,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$754,232</u>	<u>\$ -</u>

Investments that are valued through other observable inputs (Level 2), are valued using methods that include, but are not limited to, model processes, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing.

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than the external investment pools are measured at amortized cost and are not reflected in the table above. The total of these investments at amortized cost for O'Hare are \$2.969 billion and \$4.065 billion as of December 31, 2019 and 2018, respectively.

Interest Rate Risk—As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that investments generally may not have a maturity date in excess of 30 years from the date of purchase. Certain other investments are held in accordance with the specific provisions of applicable ordinances.

Credit Risk—With regard to credit risk, the Code limits the investments in securities to:

- (1) Interest-bearing general obligations of the United States and the State of Illinois;
- (2) United States treasury bills and other non-interest bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the City a return on such investment in lieu of interest;
- (3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City of Chicago;

- (4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;
- (5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement; Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;
- (6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in Custodial Credit Risk—Cash and Certificates of Deposit below;
- (7) Bankers acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;
- (8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;
- (9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;
- (10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;
- (11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non-interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;
- (12) Bonds of companies organized in the United States with assets exceeding \$1 billion that, at the time of purchase, are rated not less than two ratings above investment grade, or equivalent rating, by at least two accredited ratings agencies;
- (13) Debt instruments of international financial institutions, including but not limited to the World Bank and the International Monetary Fund, that, at the time of purchase, are rated within 4 intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating, or equivalent rating. The maturity of investments authorized in this subsection shall not exceed 10 years. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;
- (14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within 4 intermediate credit ratings of the United

States sovereign credit rating by at least two accredited ratings agencies, but not less than an A-rating or equivalent rating;

- (15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the city or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions;
- (16) Bonds registered and regulated by the Securities and Exchange Commission and for which the full faith and credit of the State of Israel is pledged for payment; provided that the bonds have an A-rating or above or equivalent rating by at least two accredited ratings agencies;
- (17) Bonds, notes, debentures, or other similar obligations of agencies of the United States rated, at the time of purchase, no less than AAA by at least two accredited rating agencies.

Total holdings across all funds held by the Airport shall have no less than an overall average rating of Aa1 on a quarterly basis, as rated by two accredited rating agencies. The Airport's exposure to credit risk as of December 31, 2019 and 2018, is as follows (dollars in thousands):

Quality Rating	2019	2018
Moody's/S & P:		
Aaa/AAA *	\$ 2,468,918	\$ 2,890,075
Aa/AA	256,723	723,882
A/A	48,795	27,507
A1/P1	1,469,455	1,103,884
A2/P2	101,320	-
Not rated *	<u>-</u>	<u>73,806</u>
Total funds	<u>\$ 4,345,211</u>	<u>\$ 4,819,154</u>

* The Airport was able to obtain quality ratings for a portion of money market mutual funds as of December 31, 2019 and 2018. The remaining investments that are not rated are primarily composed of money market mutual funds.

Custodial Credit Risk—Cash and Certificates of Deposit—This is the risk that in the event of a bank failure, the City's Deposits may not be returned. The City's Investment Policy states that in order to protect the City public fund deposits, depository institutions are to maintain collateral pledges on City deposits and certificates of deposit during the term of the deposit.

For certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance, any amount of the deposit in excess of the federal deposit insurance shall be either: (1) fully collateralized at least 102% by: (i) marketable U.S. government securities marked to market at least monthly; (ii) bonds, notes, or other securities constituting the direct and general obligation

of any agency or instrumentality of the United States; or (iii) bonds, notes or other securities constituting a direct and general obligation of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments; (2) secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment; or (3) fully collateralized at least 102% by an irrevocable letter of credit issued in favor of the City of Chicago by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term of the certificate of deposit.

The collateral required to secure City funds must be held in safekeeping and pursuant to collateral agreements which would prohibit release or substitution of pledged assets without proper written notification and authorization of the City Treasurer. The final maturity of acceptable collateral pledged shall not exceed 120 months.

The bank balance of cash and certificates of deposit with the City's various municipal depositories was \$455.3 million. 98.9 percent of the bank balance was either insured or collateralized with securities held by City agents in the City's name. \$4.8 million was uncollateralized at December 31, 2019, and thus was subject to custodial credit risk.

Custodial Credit Risk—Investments—For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City has no custodial credit risk exposure because investment securities are insured, registered and held by the City.

The investments reported in the basic financial statements as of December 31, 2019 and 2018, is as follows (dollars in thousands):

	2019	2018
Per Note 2—		
Investments—Airport	<u>\$4,345,211</u>	<u>\$4,819,154</u>
Per financial statements:		
Restricted investments	2,540,127	972,984
Unrestricted investments	198,093	12,271
Investments classified as cash and cash equivalents on the statements of net position	<u>1,606,991</u>	<u>3,833,899</u>
	<u>\$4,345,211</u>	<u>\$4,819,154</u>

3. RESTRICTED ASSETS

The General Airport Revenue Bond Ordinance ("Bond Ordinance"), the Master Indenture of Trust Securing Chicago-O'Hare International Airport Second Lien Obligations ("Second Lien

Indenture”), the Master Indenture of Trust Securing Chicago-O’Hare International Airport Third Lien Obligations (“Third Lien Indenture”), the Use Agreement, and federal regulations contain various limitations and restrictions which, among other things, require the creation and maintenance of separate accounts, certain of which must be held by a trustee and into which required deposits are made by the Airport on a periodic basis to fund construction, debt retirement, operation and maintenance, and contingencies.

Restricted cash, cash equivalents, and investment balances in accordance with the Bond Ordinance, the Second Lien Indenture, and the Third Lien Indenture requirements are as follows (dollars in thousands):

Account	2019	2018
Construction	\$1,819,858	\$2,351,819
Capitalized interest	145,137	265,886
Debt service reserve	834,602	836,990
Debt service interest	496,983	466,523
Debt service principal	41,598	42,235
Operation and maintenance reserve	167,136	153,025
Maintenance reserve	3,000	3,000
Supplemental operation and maintenance reserve	24,068	-
Customer Facility Charge	57,784	76,660
Airport General Fund	151,505	151,941
Aeronautical Estate Fund	71,331	15,791
Commercial Real Estate Fund	43,630	13,774
Pre-Approved Allowances Fund	21,671	-
Other funds	<u>23,351</u>	<u>30,166</u>
Subtotal—Bond Ordinance, Master Indenture Accounts	3,901,654	4,407,810
Passenger Facility Charge	<u>221,851</u>	<u>195,373</u>
Total	<u><u>\$4,123,505</u></u>	<u><u>\$4,603,183</u></u>

Construction and capitalized interest accounts are restricted for authorized capital improvements and payment of interest costs during construction.

The debt service reserve account is restricted to the payment of debt service in the event that the balance in the debt service account is insufficient.

The debt service principal and interest accounts are restricted to the payment of bond principal and interest.

The operation and maintenance reserve account is restricted to make loans to the operation and maintenance account, as needed, which are to be repaid as funds become available. The maintenance reserve account is restricted to extraordinary maintenance expenditures.

The City has entered into arbitrage agreements under which the City has agreed to comply with certain requirements of the Internal Revenue Code of 1986, as amended, in order to maintain the exclusion of the interest on the bonds from the gross income of the recipients thereof for federal income tax purposes. The rebate account relating to each series of the

bonds has been established to account for any liability of the City to make arbitrage rebate payments to the federal government relating to such series of bonds.

The Airport Development Fund is restricted and may be used by the Airport for any lawful Airport purpose. The Airport Development Fund was maintained under the O'Hare Senior Lien Bonds Master Indentures until the transition date of June 1, 2018 of the new Airline Use and Lease Agreement.

The Airport General Fund is restricted and may be used by the Airport for any lawful Airport purpose. Pursuant to section 301 in the O'Hare 2018 Master Indenture, the Special Capital Projects Fund and the Airport Development Fund are discontinued. The monies held in the Special Capital Projects Fund and the Airport Development Fund have been transferred to the Airport General Fund.

Other funds include the federal and state grant funds and the special capital projects fund. The Passenger Facility Charge account is restricted to fund eligible and approved PFC projects.

The Aeronautical Real Estate Fund is restricted and may be used by the Airports for the parcels and other areas of the Airport where aviation support, cargo, hangar and maintenance activities occur, including all roads and facilities serving such areas and associated air rights.

The Commercial Real Estate Fund is restricted and may be used by the Airport for the parcels and other areas of the Airport where commercial non-aeronautical activities such as hotel, office, non-terminal retail, public vehicle fueling and charging stations not otherwise located in facilities included in the Parking and Ground Transportation Cost Center, and other real estate development occur, including all roads, utilities and facilities serving such areas and associated air rights.

The Customer Facility Charge account is restricted to fund eligible and approved CFC projects.

At December 31, 2019 and 2018, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Bond Ordinance and Master Indenture.

4. SHORT TERM DEBT AND LONG-TERM DEBT

Short Term Debt:

In December 2016, the Airport entered into a Revolving Line of Credit Agreement with J.P. Morgan Chase Bank, National Association that allows the City to draw on the line of credit in an aggregate amount not to exceed \$180 million. In 2016, the Airport drew \$6.9 million Alternative Minimum Tax (AMT) and \$5.2 million Non-AMT from its line of credit to finance certain capital projects at the Chicago O'Hare International Airport. At December 31, 2019, there was no outstanding line of credit (AMT) and line of credit (Non-AMT). The line of credit has been supported by an underlying letter of credit and expired on December 12,

2019. Since the letter of credit expired during the year, the line of credit is classified in short-term debt. On June 28, 2019, the Airport has elected to terminate the line of credit.

2019	Balance January 31	Additions	Reductions	Balance December 31
Revolving Line of Credit—AMT	\$ 2,040	\$ -	\$ (2,040)	\$ -
Revolving Line of Credit—Non-AMT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total short-term debt	<u><u>\$ 2,040</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,040)</u></u>	<u><u>\$ -</u></u>

Long Term Debt:

Long-term debt at December 31, 2019 and 2018, consisted of the following (dollars in thousands):

	2019	2018
Senior lien bonds (formerly third lien):		
\$29,360 Series 2004 F and G third lien revenue refunding bonds issued December 2, 2004, due through 2023; interest at 5.30%–5.35%	\$ 28,840	\$ 29,360
\$300,000 Series 2005 C and D third lien revenue bonds issued December 22, 2005, due through 2035; variable floating interest rate 1.69% and 1.70% at December 31, 2019	240,600	240,600
\$91,590 Series 2010 A third lien revenue bonds issued April 29, 2010, due through 2040; interest at 3.0%–5.0%	-	410
\$578,000 Series 2010 B third lien revenue bonds issued April 29, 2010, due through 2040; interest at 6.145%–6.845%	578,000	578,000
\$171,450 Series 2010 C third lien revenue bonds issued April 29, 2010, due through 2035; interest at 4.00%–5.25%	171,450	171,450
\$55,850 Series 2010 D third lien revenue refunding bonds issued April 29, 2010, due through 2019; interest at 5.00%–5.25%	-	40,700
\$95,735 Series 2010 F third lien revenue refunding bonds issued April 29, 2010, due through 2040; interest at 4.25%–5.25%	95,735	95,735
\$420,155 Series 2011 A third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.625%–5.750%	72,080	72,080
\$295,920 Series 2011 B third lien revenue bonds issued May 5, 2011, due through 2041; interest at 3.00%–6.00%	42,815	62,720
\$444,760 Series 2012 A senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	189,755	211,425
\$277,735 Series 2012 B senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	186,000	186,000
\$336,350 Series 2013 A senior lien revenue refunding bonds issued October 17, 2013, due through 2026; interest at 2.00%–5.00%	228,515	265,655
\$165,435 Series 2013 B senior lien revenue refunding bonds issued October 17, 2013 due through 2029; interest at 2.00%–5.25%	147,800	153,480
\$98,375 Series 2013 C senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 5.00%–5.50%	94,770	96,615
\$297,745 Series 2013 D senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 3.00%–5.25%	286,580	292,280
\$428,640 Series 2015 A senior lien revenue refunding bonds issued October 15, 2015 due through 2037; interest at 2.00%–5.00%	414,400	421,125

(Continued)

	2019	2018
\$1,191,540 Series 2015 B senior lien revenue refunding bonds issued October 15, 2015 due through 2035; interest at 4.00%–5.00%	\$ 1,124,310	\$ 1,170,760
\$195,690 Series 2015 C senior lien revenue bonds issued October 15, 2015 due through 2046; interest at 3.625%–5.000%	195,690	195,690
\$131,510 Series 2015 D senior lien revenue bonds issued October 15, 2015 due through 2046; interest at 4.000%–5.000%	131,510	131,510
\$27,335 Series 2016 A senior lien revenue refunding bonds issued December 5, 2016 due through 2037; interest at 3.00%–5.00%	26,735	26,735
\$461,945 Series 2016 B senior lien revenue refunding bonds issued December 5, 2016 due through 2041; interest at 4.00%–5.00%	342,590	399,065
\$525,055 Series 2016 C senior lien revenue refunding bonds issued December 5, 2016 due through 2038; interest at 5.00%	498,445	513,990
\$739,335 Series 2016 D senior lien revenue bonds issued January 10, 2017 due through 2052; interest at 5.000%–5.250%	739,335	739,335
\$156,575 Series 2016 E senior lien revenue bonds issued January 10, 2017 due through 2028; interest at 5.000%–5.250%	156,575	156,575
\$156,090 Series 2016 F senior lien revenue bonds issued January 10, 2017 due through 2052; interest at 2.000%–5.250%	152,215	154,195
\$65,250 Series 2016 G senior lien revenue bonds issued January 10, 2017 due through 2052; interest at 5.000%–5.250%	65,250	65,250
\$55,915 Series 2017 A senior lien revenue refunding bonds issued June 28, 2017 due through 2040; interest at 3.125%–5.000%	55,915	55,915
\$356,385 Series 2017 B senior lien revenue refunding bonds issued June 28, 2017 due through 2039; interest at 5.000%	355,885	356,285
\$122,120 Series 2017 C senior lien revenue refunding bonds issued June 28, 2017 due through 2041; interest at 4.000%–5.000%	121,910	122,120
\$278,075 Series 2017 D senior lien revenue bonds issued June 28, 2017 due through 2052; interest at 5.000%	278,075	278,075
\$600,785 Series 2018 A senior lien revenue refunding bonds issued December 12, 2018 due through 2053; interest at 4.000% to 5.000%	600,785	600,785
\$612,095 Series 2018 B senior lien revenue bonds issued December 12, 2018 due through 2053; interest at 4.000% to 5.000%	612,095	612,095
\$800,000 Series 2018 C senior lien revenue bonds issued December 12, 2018, due through 2054; interest at 4.472%–4.572.%	<u>800,000</u>	<u>800,000</u>
Subtotal—senior lien bonds	<u>9,034,660</u>	<u>9,296,015</u>
\$24,965 Series 2010 A Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	24,965	24,965

(Continued)

	2019	2018
\$51,305 Series 2010 B Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	\$ 51,305	\$ 51,305
\$48,495 Series 2010 C Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2031; interest at 5.272%–6.395%	47,090	48,495
\$12,900 Series 2010 D Passenger Facility Charge Revenue Refunding Bonds issued May 27, 2010, due through 2019; interest at 2.0%–5.0%	-	2,070
\$12,190 Series 2011 A Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2032; interest at 5.00%–5.625%	1,520	4,605
\$33,815 Series 2011 B Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2033; interest at 5.0%–6.0%	3,170	3,170
\$114,855 Series 2012 A Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 3.0%–5.0%	103,160	106,845
\$337,240 Series 2012 B Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 2.5%–5.0%	<u>263,860</u>	<u>278,335</u>
Subtotal—Passenger Facility Charge Revenue Bonds	495,070	519,790
Customer Facility Charge Revenue Bonds—\$248,750 Series 2013 A Senior Lien CFC Bonds issued August 22, 2013, due through 2043; interest at 3.0%–5.75%	239,065	244,025
TIFIA Loan outstanding at December 31, 2018, due through 2052; interest at 3.86%	<u>278,756</u>	<u>258,150</u>
Total revenue bonds, notes and loan	\$10,047,551	\$10,317,980
Unamortized premium	<u>559,884</u>	<u>610,467</u>
	\$10,607,435	\$10,928,447
Current portion	<u>(276,715)</u>	<u>(291,035)</u>
Total long-term revenue bonds payable, line of credit payable & TIFIA loan payable	<u><u>\$10,330,720</u></u>	<u><u>\$10,637,412</u></u>

(Concluded)

Long-term debt during the years ended December 31, 2019 and 2018, changed as follows (dollars in thousands):

2019	Balance January 31*	Additions	Reductions	Balance December 31	Due Within One Year
Revenue bonds, notes, LOC & Loan	\$ 10,317,980	\$ 20,606	\$(291,035)	\$ 10,047,551	\$ 276,715
Unamortized premium (discount)	<u>610,467</u>	<u>-</u>	<u>(50,583)</u>	<u>559,884</u>	<u>-</u>
Total long-term debt	<u>\$ 10,928,447</u>	<u>\$ 20,606</u>	<u>\$(341,618)</u>	<u>\$ 10,607,435</u>	<u>\$ 276,715</u>
2018	Balance January 31*	Additions	Reductions	Balance December 31	Due Within One Year
Revenue bonds, notes, LOC & Loan	\$ 8,633,782	\$ 2,249,980	\$(565,782)	\$ 10,317,980	\$ 291,035
Unamortized premium (discount)	<u>607,459</u>	<u>53,981</u>	<u>(50,973)</u>	<u>610,467</u>	<u>-</u>
Total long-term debt	<u>\$ 9,241,241</u>	<u>\$ 2,303,961</u>	<u>\$(616,755)</u>	<u>\$ 10,928,447</u>	<u>\$ 291,035</u>

* The beginning total long-term debt balance for 2019 and 2018 excludes the line of credit of \$2,040 and \$12,098, respectively since it was reclassified to short term. The line of credit outstanding at December 31, 2019 and at December 31, 2018 was \$0 and \$2,040, respectively.

Interest expense capitalized for 2019 and 2018 totaled \$137.5 million and \$81.1 million, respectively. Interest income capitalized for 2019 and 2018 totaled \$46.6 million and \$18.1 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2019 and 2018 of \$11.8 million and \$13.5 million, respectively, and amortization of \$50.6 million of premium, net, and \$51.3 million of premium, net, respectively.

Issuance of Debt—Chicago O'Hare International Airport Commercial Paper Notes ("O'Hare CP Notes"), Series A-1 through C-1 (AMT), Series A-2 through C-2 ("Non-AMT"), Series D through C3 ("Taxable"), \$420.0 million maximum aggregate principal amount of which \$0 million was outstanding at December 31, 2019. The Airport has elected to terminate the commercial paper notes program on June 28, 2019.

In December 2018, the Airport sold \$600.8 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2018 A (AMT) at a premium of \$24.5 million. The bonds have interest rates ranging from 4% to 5% and mandatory redemption maturity dates from January 1, 2020, through January 1, 2053. Certain net proceeds of \$201.6 million were used to pay a portion of the commercial paper notes (\$196.7 million) and line of credit (\$4.9 million). Certain net proceeds of \$326.0 million will be used to finance the costs of various airport projects; certain net proceeds of \$28.8 million were used to fund the debt service reserve deposit requirement; certain net proceeds of \$38.6 million were used to fund the capitalized interest deposit requirement; and certain net proceeds of \$4.7 million were used to pay the cost of issuance of the bonds. Certain net proceeds of \$25.6 million together with \$1.6 million transferred from the debt service account were used to fully defease the Series 2008 D General Airport Revenue Bonds (\$26.6 million of principal and \$0.6 million of interest). The current refunding resulted in a difference between the acquisition price and the net carrying amount of \$0.6 million that will be charged to the operations over 21 years using the straight-line method. The current

refunding decreased the Airport's total debt service by \$3.9 million and resulted in an economic gain (difference between the present values of the old debt and the new debt service payments) of \$3.3 million.

In December 2018, the Airport sold \$612.1 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2018 B (Non-AMT) at a premium of \$29.5 million. The bonds have interest rate ranging from 4% to 5% and mandatory redemption maturity dates from January 1, 2036, through January 1, 2053. Certain net proceeds of \$50.3 million were used to pay a portion of the commercial paper notes (\$45.1 million) and line of credit (\$5.2 million). Certain net proceeds of \$496.2 million will be used to finance the costs of various airport projects; certain net proceeds of \$29.6 million were used to fund the debt service reserve deposit requirement; certain net proceeds of \$60.9 million were used to fund the capitalized interest deposit requirement; and certain net proceeds of \$4.6 million were used to pay the cost of issuance of the bonds.

In December 2018, the Airport sold \$800.0 million of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2018 C (Taxable) at par. The bonds have interest rate ranging from 4.472% and 4.572% and have maturity dates of January 1, 2049 and January 1, 2054. The bonds are subject to make whole optional redemption. Certain net proceeds of \$689.5 million will be used to finance the costs of various airport projects; certain net proceeds of \$36.9 million were used to fund the debt service reserve deposit requirement; certain net proceeds of \$68.2 million were used to fund the capitalized interest deposit requirement; and certain net proceeds of \$5.4 million were used to pay the cost of issuance of the bonds.

In August 2013, the City entered into a loan agreement with the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to fund a portion of Consolidated Rental Car Facility at O'Hare, additions, extensions and improvements to the Airport Transit System (ATS) including the purchase of new ATS vehicles and certain public parking facilities. The loan amount of \$288.1 million is subordinate to the O'Hare Customer Facility Charge Senior Lien Revenue Bonds, Series 2013. The interest rate is 3.86% and the final maturity of the loan is January 1, 2054. There were \$20.6 million and \$94.5 million of loan disbursements made to the City in 2019 and 2018. The outstanding TIFIA loan as of December 31, 2019, including \$6.9 million of accrued interest, was \$278.8 million.

Defeased Bonds—Defeased bonds have been removed from the balance sheet because the related assets have been placed in irrevocable trusts, together with interest earned thereon, will provide amount sufficient for payment of all principal and interest. Defeased bonds at December 31, 2019 are as follows (dollars in thousands):

	Defeased	Outstanding
Chicago O'Hare General Airport Revenue Bonds, Series 2010A	\$ 13,645	\$ 13,645
Chicago O'Hare General Airport Revenue Bonds, Series 2011A	348,075	348,075
Chicago O'Hare General Airport Revenue Bonds, Series 2011B	121,905	121,905
Chicago O'Hare General Airport Revenue Bonds, Series 2011C	283,925	283,925
Chicago O'Hare General Airport Revenue Bonds, Series 2008D	<u>26,605</u>	<u>-</u>
Total	<u>\$ 794,155</u>	<u>\$ 767,550</u>

Debt Redemption—Following is a schedule of debt service requirements to maturity of the senior lien bonds. For issues with variable rates, interest is imputed at the effective rate as of December 31, 2019, as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2020	\$ 247,615	\$ 438,544	\$ 686,159
2021	205,645	427,295	632,940
2022	219,950	416,682	636,632
2023	209,540	405,901	615,441
2024	248,125	394,433	642,558
2025–2029	1,379,170	1,771,633	3,150,803
2030–2034	1,706,950	1,399,676	3,106,626
2035–2039	1,798,570	958,802	2,757,372
2040–2044	980,950	585,592	1,566,542
2045–2049	1,053,535	384,600	1,438,135
2050–2054	<u>984,610</u>	<u>133,927</u>	<u>1,118,537</u>
Total	<u>\$9,034,660</u>	<u>\$7,317,085</u>	<u>\$16,351,745</u>

The Airport's senior lien variable-rate bonds may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, and an adjustable long rate or the fixed rate as determined from time to time by the remarketing agent in consultation with the City. The O'Hare 2005 C&D Senior Lien Bonds were in weekly interest rate mode as of December 31, 2019. Irrevocable letters of credit (\$244.7 million) provide for the timely payment of principal and interest on the Series 2005 C&D bonds until May 20, 2021, and August 12, 2022. At December 31, 2019, there were no outstanding letter of credit advances. In the event that variable rate bonds are tendered by the owners thereof for purchase by the City and not successfully remarketed, the City would be obligated to reimburse the letter of credit bank for amounts drawn under the letter of credit to fund the purchase of such tendered bonds. If the City fails to reimburse the bank, the City's obligation to reimburse the bank may be converted to a term loan. There are no term loans currently outstanding under any reimbursement agreement.

The debt service requirements to maturity of the PFC Revenue Bonds as of December 31, 2019, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2020	\$ 23,895	\$ 23,891	\$ 47,786
2021	24,915	22,756	47,671
2022	26,165	21,472	47,637
2023	27,475	20,115	47,590
2024	28,880	18,678	47,558
2025–2029	185,270	67,836	253,106
2030–2034	142,735	21,410	164,145
2035–2039	29,030	5,446	34,476
2040	<u>6,705</u>	<u>168</u>	<u>6,873</u>
Total	<u>\$495,070</u>	<u>\$201,772</u>	<u>\$696,842</u>

The debt service requirements to maturity of the CFC Revenue Bonds as of December 31, 2019, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2020	\$ 5,205	\$ 12,955	\$ 18,160
2021	5,435	12,708	18,143
2022	5,700	12,425	18,125
2023	6,000	12,129	18,129
2024	6,295	11,818	18,113
2025-2029	36,900	53,507	90,407
2030-2034	47,500	42,622	90,122
2035-2039	62,215	27,382	89,597
2040-2043	<u>63,815</u>	<u>7,485</u>	<u>71,300</u>
Total	<u>\$239,065</u>	<u>\$193,031</u>	<u>\$432,096</u>

The debt service requirements to maturity of the TIFIA Loan as of December 31, 2019, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2020	\$ -	\$ 10,760	\$ 10,760
2021	-	10,760	10,760
2022	-	10,760	10,760
2023	3,708	10,689	14,397
2024	3,819	10,544	14,363
2025-2029	21,326	50,357	71,683
2030-2034	25,813	45,821	71,634
2035-2039	31,164	40,339	71,503
2040-2044	45,131	33,567	78,698
2045-2049	87,054	20,393	107,447
2050-2052	<u>60,741</u>	<u>3,585</u>	<u>64,326</u>
Total	<u>\$278,756</u>	<u>\$247,575</u>	<u>\$526,331</u>

Debt Covenants—The Master Indenture of Trust securing Chicago O’Hare International Airport General Airport Senior Lien Obligations requires that the City will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O’Hare and for services rendered by the City in the operation of O’Hare in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (a) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding Senior Lien Obligations or other outstanding Airport Obligations are issued and secured,

and (b) one and fifteen-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations. This requirement was met at December 31, 2019.

The Master Trust Indenture securing Chicago O'Hare International Airport Passenger Facility Charge (PFC) Obligations requires PFC Revenues, as defined, received by the City to be deposited into the PFC Revenue Fund. The City covenants to pay from the PFC Revenue Fund not later than the twentieth day of each calendar month the following amounts in the following order of priority: (1) to the Trustee for deposit in the Bond Fund, the sum required to make all of the Sub-Fund Deposits and Other Required Deposits to be disbursed from the Bond Fund [to meet debt service and debt service reserve requirements] in the calendar month pursuant to the Master Indenture; (2) to make any payments required for the calendar month with respect to Subordinated PFC Obligations; and (3) all moneys and securities remaining in the PFC Revenue Fund shall be transferred by the City (or the Trustee if it then holds the PFC Revenue Fund pursuant to the Master Indenture) to the PFC Capital Fund.

The Indenture of Trust Securing Chicago O'Hare International Airport Customer Facility Charge Senior Lien Revenue Bonds requires that, as long as any Bonds remain Outstanding, in each Fiscal Year, the City shall set the amount of the CFC (when multiplied by the total number of projected Contract Days) plus projected Facility Rent at an annual level sufficient to provide sufficient funds (1) to pay principal of and interest on the Bonds due in such Fiscal Year, (2) to reimburse the Rolling Coverage Fund, the Supplemental Reserve Fund, the Debt Service Reserve Fund and any Subordinate Reserve Fund for any drawings upon such Funds over a period not to exceed twelve months, as determined by the City, (3) to provide funds necessary to pay any "yield reduction payments" or rebate amounts due to the United States under the Indenture for which funds in the Rebate Fund or the CFC Stabilization Fund are not otherwise available, (4) to maintain the balance of the CFC Stabilization Fund in an amount of no less than the CFC Stabilization Fund Minimum Requirement and to reimburse any drawings below the CFC Stabilization Fund Minimum Requirement over a period not to exceed twelve months, as determined by the City, and (5) to maintain the balance of the Operation and Maintenance Fund in an amount of no less than the Operation and Maintenance Fund Requirement and to reimburse any drawings below the Operation and Maintenance Fund Minimum Requirement over a period of not to exceed twelve months, as determined by the City.

5. CHANGES IN CAPITAL ASSETS

Capital assets during the years ended December 31, 2019 and 2018, changed as follows (dollars in thousands):

2019	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	\$ 892,248	\$ -	\$ -	\$ 892,248
Construction in progress ¹	<u>1,306,552</u>	<u>810,272</u>	<u>(860,693)</u>	<u>1,256,131</u>
Total capital assets not depreciated	<u>2,198,800</u>	<u>810,272</u>	<u>(860,693)</u>	<u>2,148,379</u>
Capital assets depreciated—buildings and other facilities ²	10,229,588	929,493	(125,727)	11,033,354
Less accumulated depreciation for—buildings and other facilities	<u>(3,901,958)</u>	<u>(287,648)</u>	<u>88,222</u>	<u>(4,101,384)</u>
Total capital assets depreciated—net	<u>6,327,630</u>	<u>641,845</u>	<u>(37,505)</u>	<u>6,931,970</u>
Total property and facilities—net	<u>\$ 8,526,430</u>	<u>\$1,452,117</u>	<u>\$(898,198)</u>	<u>\$ 9,080,349</u>

¹ CIP additions include capitalized interest of \$106,056

² Building and other Facilities additions include capital contribution acquisition of the Hilton O'Hare building of \$68,800

2018	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	\$ 892,248	\$ -	\$ -	\$ 892,248
Construction in progress ¹	<u>1,331,050</u>	<u>825,418</u>	<u>(849,916)</u>	<u>1,306,552</u>
Total capital assets not depreciated	<u>2,223,298</u>	<u>825,418</u>	<u>(849,916)</u>	<u>2,198,800</u>
Capital assets depreciated—buildings and other facilities	9,432,232	849,916	(52,560)	10,229,588
Less accumulated depreciation for—buildings and other facilities	<u>(3,672,833)</u>	<u>(259,467)</u>	<u>30,342</u>	<u>(3,901,958)</u>
Total capital assets depreciated—net	<u>5,759,399</u>	<u>590,449</u>	<u>(22,218)</u>	<u>6,327,630</u>
Total property and facilities—net	<u>\$ 7,982,697</u>	<u>\$1,415,867</u>	<u>\$(872,134)</u>	<u>\$ 8,526,430</u>

¹ CIP additions include capitalized interest of \$99,579

6. LEASING ARRANGEMENTS WITH TENANTS

Most of the Airport's land, buildings, and terminal space are leased under operating lease agreements with airlines and other tenants. The minimum future rental income on noncancelable operating leases as of December 31, 2019, is as follows (dollars in thousands):

Years Ending December 31	Amount
2020	\$ 345,961
2021	333,518
2022	331,343
2023	322,275
2024	305,347
2025-2029	1,520,008
2030-2034	1,261,859
2035-2039	301,533
2040-2044	296,209
2045-2049	246,050
2050-2054	97,457
2055-2059	<u>100</u>
Total minimum future rental income	<u>\$ 5,361,660</u>

Contingent rentals that may be received under certain leases, based on the tenants' revenues or fuel consumption, are not included in minimum future rental income.

Rental income, consisting of all rental and concession revenues, except ramp rentals and automobile parking, amounted to approximately \$548.4 million and \$515.3 million in 2019 and 2018, respectively. Contingent rentals included in the totals were approximately \$68.0 million and \$66.2 million for 2019 and 2018, respectively.

As discussed in Note 11, airports in the United States have been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. Given the length of the closure cannot be determined as of the date of this report, the Airport is currently reviewing the potential financial impact, specifically on the future minimum rental income, which could be material.

7. PENSION PLANS

General Information about the Pension Plan

Plan Description—Eligible O'Hare Fund employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees' Annuity and Benefit Fund of Chicago (Municipal Employees'); the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laborers'); the Policemen's Annuity and Benefit Fund of Chicago (Policemen's); and the Firemen's Annuity and Benefit Fund of Chicago (Firemen's). The plans are administered by individual retirement boards of trustees comprised of City officials or their designees and of trustees elected by Plan members. Certain employees of the Chicago Board of

Education participate in Municipal Employees' or Laborers'. Each Plan issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained at www.meabf.org, www.labfchicago.org, www.chipabf.org, and www.fabf.org.

Benefits Provided—The Plans provide retirement, disability, and death benefits as established by State law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirements of age and service are different for employees depending on when they first became members of their respective Plans. For all four Plans, employees who became members before January 1, 2011 are considered Tier 1 Employees. For Policemen's and Firemen's, those employees who became members on or after January 1, 2011 are considered Tier 2 Employees. For Municipal Employees' and Laborers', those employees who became members on or after January 1, 2011 but before July 6, 2017 are considered Tier 2 Employees. For Municipal Employees' and Laborers', those employees who became members on or after July 6, 2017 are considered Tier 3 Employees. Public Act 100-0023 (P.A. 100-0023), which established the requirements for Tier 3 employees, includes a provision for Tier 2 employees to elect to be considered as Tier 3 employees. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2 percent to 2.5 percent per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service for participants who are Tier 1 Employees and any eight consecutive years within the last 10 years of credited service for participants who are Tier 2 Employees or Tier 3 Employees.

Benefit terms provide for annual adjustments to each employee's retirement allowance subsequent to the employees' retirement date. For Tier 1 Employees, the annual adjustments for Municipal Employees' and Laborers' are 3.0 percent, compounded, and for Policemen's and the majority of participants in Firemen's 3.0 percent, simple, for annuitants born before January 1, 1966 and 1.5 percent, simple, born after January 1, 1966 or later. For Tier 2 Employees and Tier 3 Employees, the annual adjustments are equal to the lesser of 3.0 percent and 50 percent of CPI-U of the original benefit.

Employees Covered by Benefit Terms—At December 31, 2019, the following City employees were covered by the benefit terms:

	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
Inactive employees or beneficiaries currently receiving benefits	25,544	3,653	13,771	5,128	48,096
Inactive employees entitled to but not yet receiving benefits	18,734	1,486	707	95	21,022
Active employees	<u>32,162</u>	<u>2,662</u>	<u>13,353</u>	<u>4,630</u>	<u>52,807</u>
	<u>76,440</u>	<u>7,801</u>	<u>27,831</u>	<u>9,853</u>	<u>121,925</u>

Contributions—For the Municipal Employees' and Laborers' Plans, P.A. 100-0023 was enacted on July 6, 2017. P.A. 100-0023 requires the City to contribute specific amounts to the Municipal Employees' and the Laborers' Plans in the aggregate amounts as follows: in payment year 2019, \$392.0 million; in payment year 2020, \$481.0 million; in payment

year 2021, \$571.0 million; in payment year 2022, \$660.0 million. Additionally, P.A. 100-0023 requires that the City's contributions are at actuarially determined rates beginning in payment year 2023 and future funding be sufficient to produce a funding level of 90% by the year end of 2058.

For Policemen's and Firemen's, Public Act 99-0506 (P.A. 99-0506) was enacted on May 31, 2016. P.A. 99-0506 requires the City to contribute specific amounts to Policemen's and Firemen's Plans in the aggregate amounts as follows: in payment year 2019, \$792.0 million; in payment year 2020, \$824.0 million. Additionally, P.A. 99-0506 requires that the City's contributions are at actuarially determined rates beginning in payment year 2021 and future funding be sufficient to produce a funding level of 90% by the year end of 2055.

The City's contributions are budgeted in the same year as the applicable levy year for the property taxes funding the contributions. The City's contributions are then paid to the pension funds in the following year (which is when the levied property taxes are collected and paid to the City by the Cook County Treasurer).

The contribution to all four pension plans from the Airport was \$56.4 million and \$46.7 million for the years ended December 31, 2019 and 2018, respectively.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019 and 2018, the Airport reported a liability of \$1,506.6 million and \$1,400.4 million, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in Actuarial Assumptions—Changes in the municipal bond rate resulted in a decrease in the single discount rate for Laborers, Policemen, and Firemen. In addition, the investment return assumption for Policemen decreased from 7.25% to 6.75% resulting in a decrease in the single discount rate for Policemen. See discount rate section below.

The change in the single discount rate and other assumptions decreased the net pension liability by \$2.1 million for Laborers' and \$19.9 million for Policemen and increased the net pension liability by \$9.6 million for Firemen. These changes are being amortized into expense over a 4 year period for Laborers' and a 6 year period for Policemen and Firemen.

The Airport's proportion of the net pension liability was determined based on the rates of the Airport's salaries within each corresponding pension plan to the total budgeted salaries for 2019 and 2018. At December 31, 2019 and 2018, the Airport's proportion was 7.05% and 6.9%, respectively, of the Municipal Employees' Plan, 6.5% and 6.3% of the Laborer's Plan, 1.7% and 1.4% of the Policemen's Plan and 5.0% and 5.1%, respectively, of the Firemen's Plan.

For the year ended December 31, 2019 and 2018, the Airport recognized pension expense of \$159.2 million and \$146.0 million, respectively.

At December 31, 2019 and 2018, the reported deferred outflows of resources of \$60.8 million and \$197.4 million, respectively, and deferred inflows of resources of \$258.9 million and \$381.1 million, respectively, related to pensions from the following sources:

Municipal Employees' (dollars in thousands):

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$4,981	\$ 6,803	\$ 5,261	\$ 12,353
Changes of assumptions	-	217,667	119,928	322,839
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>3,598</u>	<u>19,791</u>	<u>-</u>
Total	<u>\$4,981</u>	<u>\$228,068</u>	<u>\$144,980</u>	<u>\$335,192</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Municipal Employees' pensions will be recognized in pension expense/(benefit) as follows:

**Year Ended
December 31**

2020	\$(116,376)
2021	(107,080)
2022	4,356
2023	<u>(3,987)</u>
Total	<u>\$(223,087)</u>

Laborers' (dollars in thousands):

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 514	\$ 1,002	\$ 724	\$ 1,931
Changes of assumptions	1,610	10,239	-	29,958
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>2,344</u>	<u>5,694</u>	<u>-</u>
Total	<u>\$2,124</u>	<u>\$13,585</u>	<u>\$6,418</u>	<u>\$31,889</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Laborers' pensions will be recognized in pension benefit as follows:

**Year Ended
December 31**

2020	\$(10,549)
2021	(534)
2022	1,041
2023	<u>(1,419)</u>
Total	<u>\$(11,461)</u>

Policemen's (dollars in thousands):

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10	\$ 7,179	\$ 12	\$6,576
Changes of assumptions	19,613	3,076	2,984	3,062
Net difference between projected and actual earnings on pension plan investments	<u>300</u>	<u>-</u>	<u>3,377</u>	<u>-</u>
Total	<u>\$19,923</u>	<u>\$10,255</u>	<u>\$6,373</u>	<u>\$9,638</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Policemen's pensions will be recognized in pension expense/(benefit) as follows:

**Year Ended
December 31**

2020	\$1,404
2021	1,338
2022	1,819
2023	714
2024	2,436
2025	<u>1,957</u>
Total	<u>\$9,668</u>

Firemen's (dollars in thousands):

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,063	\$4,696	\$ 1,516	\$2,531
Changes of assumptions	32,723	1,190	33,308	1,852
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>1,157</u>	<u>4,821</u>	<u>-</u>
Total	<u>\$33,786</u>	<u>\$7,043</u>	<u>\$39,645</u>	<u>\$4,383</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Firemen's pensions will be recognized in pension expense as follows:

Year Ended

December 31

2020	\$ 8,295
2021	6,810
2022	7,830
2023	2,710
2024	1,045
Thereafter	<u>53</u>
Total	<u>\$26,743</u>

Deferred Outflows Related to Changes in Proportionate Share of Contributions—

For the years ended December 31, 2019 and 2018, the Airport reported pension charge/(benefit) of \$45.5 million and \$32.9 million, respectively, related to changes in its proportionate share of contributions. As of December 31, 2019 and 2018, the Airport Funds reported deferred inflows of \$0, and deferred outflows of \$114.4 million and \$96.7 million, respectively, related to changes in its proportionate share of contributions. This deferred amount will be recognized as pension charge/(benefit) over a period of five years.

Actuarial Assumptions—The total pension liability in the December 31, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2019	Municipal Employees'	Laborers'	Policemen's	Firemen's
Inflation	2.50 %	2.25 %	2.25 %	2.25 %
Salary increases	3.50 %–7.75 % ^(a)	3.00 % ^(b)	3.50 % ^(c)	3.5%–25% ^(d)
Investment rate of return	7.00 % ^(e)	7.25 % ^(e)	6.75 %	6.75 %
2018	Municipal Employees'	Laborers'	Policemen's	Firemen's
Inflation	2.50 %	2.25 %	2.75 %	2.25 %
Salary increases	3.50 %–7.75 % ^(a)	3.00 % ^(b)	3.75 % ^(c)	3.50 % ^(d)
Investment rate of return	7.00 % ^(e)	7.25 % ^(e)	7.25 %	6.75 %

(a) (1.50%–6.50% for 2020–2022), varying by years of service

(b) Plus a service—based increase in the first 9 years

(c) Plus additional percentage related to service

(d) Plus additional service based increases

(e) Net of investment expense

Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table (Blue Collar mortality table for Laborers' and Firemen's) and Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Table for Policemen's for males or females, with

generational mortality improvement scales using MP-2016 for Municipal Employees', MP-2017 for Laborers' and Firemen's, and MP-2018 for Policemen's as appropriate. Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table (Blue Collar mortality table for Laborers' and Firemen's) and Pub-2010 Amount-weighted Safety Employee Mortality Table for Policemen's. Disabled mortality rates were based on the Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Table for Policemen's and RP-2014 Blue Collar Healthy Annuitant Mortality Table for Firemen's.

The mortality actuarial assumptions used in the December 31, 2019 valuation were adjusted based on the results of actuarial experience study for the following periods:

Municipal Employees'	January 1, 2012–December 31, 2016
Laborers'	January 1, 2012–December 31, 2016
Policemen's	January 1, 2014–December 31, 2018
Firemen's	January 1, 2012–December 31, 2016

The long term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2019 and 2018, are summarized in the following table:

	Target Allocation				Long-Term Expected Real Rate of Return			
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Municipal Employees'	Laborers'	Policemen's	Firemen's
2019								
Asset Class:								
Equity	- %	- %	- %	60.0 %	- %	- %	- %	7.19 %
Domestic equity	26.0	-	-	-	5.10	-	-	-
U.S. equity	-	25.0	21.0	-	-	5.30	5.80	-
Non U.S. equity	-	20.0	21.0	-	-	5.30	7.10	-
Global equity	5.0	-	-	-	5.30	-	-	-
Global low volatility equity	-	5.0	-	-	-	4.40	-	-
International equity	17.0	-	-	-	5.30	-	-	-
Fixed income	25.0	20.0	26.0	20.0	0.10	(0.30)	1.70	3.25
Hedge funds	10.0	10.0	7.0	-	3.30	2.80	3.60	-
Infrastructure	2.0	-	-	-	5.10	-	-	-
Private debt	-	3.0	-	-	-	7.60	-	-
Private equity	5.0	4.0	-	-	8.60	8.80	-	-
Private markets	-	-	13.0	-	-	-	8.10	-
Global asset allocation	-	-	5.0	-	-	-	3.80	-
Real estate	10.0	10.0	7.0	8.0	3.80	3.70	5.20	6.25
Private real assets	-	3.0	-	-	-	5.10	-	-
Other investments	-	-	-	12.0	-	-	-	5.36
Total	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>				

2018	Target Allocation				Long-Term Expected Real Rate of Return			
	Municipal Employees'	Laborers'	Policemen's	Firemen's	Municipal Employees'	Laborers'	Policemen's	Firemen's
Asset Class:								
Equity	- %	- %	- %	60.0 %	- %	- %	- %	7.20 %
Domestic equity	26.0	-	-	-	5.10	-	-	-
U.S. equity	-	25.0	21.0	-	-	5.70	6.00	-
Non U.S. equity	-	20.0	21.0	-	-	5.20	7.40	-
Global low volatility equity	-	5.0	-	-	-	4.70	-	-
International equity	22.0	- .0	-	-	5.30	-	-	-
Fixed income	25.0	20.0	22.0	20.0	0.80	(0.10)	2.20	3.80
Hedge funds	10.0	10.0	7.0	-	3.40	3.50	4.20	-
Infrastructure	2.0	-	-	-	5.00	-	-	-
Private debt	-	3.0	-	-	-	7.60	-	-
Private equity	5.0	4.0	-	-	8.30	8.70	-	-
Private real assets	-	-	17.0	-	-	-	6.70	-
Global asset allocation	-	-	5.0	-	-	-	4.40	-
Real estate	10.0	10.0	7.0	8.0	4.70	4.90	4.10	6.30
Private real assets	-	3.0	-	-	-	5.30	-	-
Other investments	-	-	-	12.0	-	-	-	5.80
Total	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>				

Discount Rate

Municipal Employees'—The discount rate used to measure the total pension liability as of December 31, 2019 and 2018 was 7.0%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 100-0023. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Laborers'—A Single Discount Rate of 7.0% and 7.11% was used to measure the total pension liability as of December 31, 2019 and 2018, respectively. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25% as of December 31, 2019 and 2018, and a municipal bond rate of 2.75% and 3.71% as of December 31, 2019 and 2018, respectively (based on the rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index" rate from Fidelity Index). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at under the statutory funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2073 (for the 2019 valuation) and the year 2072 (for the 2018 valuation). As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073 (for the 2019 valuation) and the year 2072 (for the 2018 valuation), and the respective municipal bond rate was applied to all benefit payments after that date.

Policemen's—A Single Discount Rate of 6.43% and 7.18% was used to measure the total pension liability as of December 31, 2019 and 2018, respectively. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75% and 7.25% for December 31, 2019 and 2018, respectively, and a municipal bond rate of 2.75% and 3.71% as of December 31, 2019 and 2018, respectively (based on the rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index" rate from Fidelity Index). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and employer contributions are made in accordance with the statutory requirements. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075 (for the 2019 valuation) and the year 2079 (for the 2018 valuation). As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075 (for the 2019 valuation) and the year 2079 (for the 2018 valuation), and the respective municipal bond rate was applied to all benefit payments after that date.

Firemen's—A Single Discount Rate of 6.34% and 6.61% was used to measure the total pension liability as of December 31, 2019 and 2018, respectively. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75% for December 31, 2019 and 2018, respectively, and a municipal bond rate of 2.74% and 3.71% as of December 31, 2019 and 2018, respectively (based on the rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index" rate from Fidelity Index). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made in accordance with the statutory requirements. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2071 (for the 2019 valuation) and 2072 (for the 2018 valuation). As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2070 (for the 2019 valuation) and 2072 (for the 2018 valuation), and the respective municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the Airport's Net Pension Liability to Changes in the Discount Rate

Municipal Employees'—The following presents the allocated share of the net pension liability to the Airport as of December 31, 2019 and 2018, calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2019	Current		
	1% Decrease	Discount Rate	1% Increase
Municipal Employees' discount rate	6.00 %	7.00 %	8.00 %
Municipal Employees' net pension liability	\$ 1,081,197	\$ 928,935	\$ 802,533

Net Pension Liability December 31, 2018	Current		
	1% Decrease	Discount Rate	1% Increase
Municipal Employees' discount rate	6.00 %	7.00 %	8.00 %
Municipal Employees' net pension liability	\$ 1,033,759	\$ 887,542	\$ 766,284

Laborers’—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2019 and 2018, calculated using the discount rate of 7.00% percent and 7.11 percent respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2019	Current		
	1% Decrease	Discount Rate	1% Increase
Laborers’ discount rate	6.00 %	7.00 %	8.00 %
Laborers’ net pension liability	\$ 124,663	\$ 103,200	\$ 85,218

Net Pension Liability December 31, 2018	Current		
	1% Decrease	Discount Rate	1% Increase
Laborers’ discount rate	6.11 %	7.11 %	8.11 %
Laborers’ net pension liability	\$ 120,670	\$ 100,454	\$ 83,524

Policemen’s—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2019 and 2018, calculated using the discount rate of 6.43% and 7.18 %, respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.43%) or 1 percentage point higher (7.43%) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2019	Current		
	1% Decrease	Discount Rate	1% Increase
Policemen’s discount rate	5.43 %	6.43 %	7.43 %
Policemen’s net pension liability	\$ 235,323	\$ 203,224	\$ 176,466

Net Pension Liability December 31, 2018	Current		
	1% Decrease	Discount Rate	1% Increase
Policemen’s discount rate	6.18 %	7.18 %	8.18 %
Policemen’s net pension liability	\$ 168,281	\$ 146,498	\$ 128,143

Firemen’s—the following presents the allocated share of the net pension liability to the Airport as of December 31, 2019 and 2018, calculated using the discount rate of 6.34% and 6.61 percent, respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.34%) or 1 percentage point higher (7.34%) than the current rate (dollars in thousands):

Net Pension Liability December 31, 2019	Current		
	1% Decrease	Discount Rate	1% Increase
Firemen’s discount rate	5.34 %	6.34 %	7.34 %
Firemen’s net pension liability	\$ 311,221	\$ 271,256	\$ 237,849

Net Pension Liability December 31, 2018	Current		
	1% Decrease	Discount Rate	1% Increase
Firemen’s discount rate	5.61 %	6.61 %	7.61 %
Firemen’s net pension liability	\$ 304,926	\$ 265,904	\$ 233,321

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Pension Plans reports.

8. RELATED-PARTY TRANSACTIONS

Included in operating expenses are reimbursements to the general fund of the City for services provided by other City departments, employee fringe benefits, and certain payments made on behalf of the Airport. Such reimbursements amounted to \$119.6 million and \$105.5 million in 2019 and 2018, respectively.

9. COMMITMENTS AND CONTINGENCIES

The Airport has certain contingent liabilities resulting from litigation, claims, and commitments incident to its ordinary course of business. Management expects that the final resolution of these contingencies will not have a material adverse effect on the financial position or results of operations of the Airport.

The Airport provides employee health benefits under a self-insurance program, administered by the City. Such claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities in the basic financial statements.

Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the claims liability amount for the years ended December 31, 2019 and 2018, are as follows (dollars in thousands):

	2019	2018
Beginning balance—January 1	\$ 2,242	\$ 2,475
Total claims incurred (expenditures)	24,843	23,990
Claims paid	<u>(24,872)</u>	<u>(24,223)</u>
Claims liability—December 31	<u>\$ 2,213</u>	<u>\$ 2,242</u>

The City's property and liability insurance premiums are approximately \$13.2 million per year. The City maintains property and liability insurance coverage for both O'Hare and Midway and allocates the cost of the premiums between the two airports. The property coverage was renewed on December 31, 2019, with a limit of \$3.5 billion and includes \$3.5 billion in terrorism coverage, and the liability coverage was renewed May 15, 2020, with a limit of \$1 billion and includes \$1 billion in war and terrorism liability coverage.

At December 31, 2019 and 2018, the Airport had commitments in the amounts of approximately \$463.8 million and \$597.3 million, respectively, in connection with contracts entered into for construction projects.

10. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

	2019	2018
Deferred outflows of resources:		
Deferred outflows from pension activities	\$ 60,814	\$ 197,418
Changes in proportionate share of pension contribution	114,441	96,731
Unamortized deferred bond refunding costs	<u>144,903</u>	<u>156,678</u>
Total deferred outflows of resources	<u>\$ 320,158</u>	<u>\$ 450,827</u>
Deferred Inflows of resources—deferred inflows from pension activities	<u>\$(258,951)</u>	<u>\$(381,103)</u>

11. SUBSEQUENT EVENTS

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a public health emergency on January 30, 2020 and a global pandemic on March 11, 2020 by the World Health Organization. Since the Executive Proclamation by the President of the United States on January 31, 2020, preventing entry into the United States by certain foreign nationals, there has been a focus on containing the disease by prohibiting non-essential travel and limiting person-to-person contact. Across the country, states and local governments, including the State, have issued "stay at home" or "shelter in place" orders, which severely restrict movement and limit businesses and activities to essential functions. The President of the United States issued a national emergency on March 13, 2020 retroactive to March 1, 2020. Additionally, other countries have effectively closed their borders by restricting entry and exit to only essential travel.

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

On April 14, 2020, the FAA announced that it had allocated approximately \$294.4 million of grant assistance under the CARES Act to the Airport. The City can draw on CARES Act funds on a reimbursement basis for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations. Currently, the City has applied the use of CARES Act funds to mitigate the adverse impacts on rates and charges paid by the airlines and to ensure sufficient funding to pay for debt service. The City expects the CARES Act funding to improve its liquidity and strengthen its ability to withstand expected decreases in revenues during Fiscal Year 2020 and Fiscal Year 2021 that it anticipates as a result of the current and ongoing effects of the COVID-19 pandemic. There is no assurance that the CARES Act funding will be sufficient to fully compensate the City for lost revenue at the Airport as a result of the COVID-19 pandemic.

The Airport has evaluated subsequent events through June 30, 2020, the date the basic financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS
(Dollars are in thousands)

	2019	2018	2017	2016	2015
MUNICIPAL EMPLOYEES':					
Total pension liability:					
Service cost*	\$ 228,465	\$ 223,528	\$ 572,534	\$ 619,743	\$ 226,816
Interest	1,159,253	1,123,348	915,711	878,369	909,067
Benefit changes	-	-	-	-	2,140,009
Differences between expected and actual experience	16,676	95,540	(177,755)	(127,119)	(109,865)
Assumption changes	-	-	(7,431,191)	(578,920)	8,711,755
Benefit payments including refunds	<u>(952,652)</u>	<u>(916,198)</u>	<u>(888,174)</u>	<u>(859,672)</u>	<u>(826,036)</u>
Net change in total pension liability	451,742	526,218	(7,008,875)	(67,599)	11,051,746
Total pension liability—beginning	<u>16,808,614</u>	<u>16,282,396</u>	<u>23,291,271</u>	<u>23,358,870</u>	<u>-</u>
Total pension liability—ending (a)	<u>17,260,356</u>	<u>16,808,614</u>	<u>16,282,396</u>	<u>23,291,271</u>	<u>11,051,746</u>
Plan fiduciary net position:					
Contributions—employer	418,269	349,574	261,764	149,718	149,225
Contributions—employee	146,645	138,400	134,765	130,391	131,428
Net investment income	560,940	(204,975)	610,515	281,419	114,025
Benefit payments including refunds of employee contribution	(952,652)	(916,198)	(888,174)	(859,672)	(826,036)
Administrative expenses	(6,740)	(6,639)	(6,473)	(7,056)	(6,701)
Other	<u>-</u>	<u>-</u>	<u>5,394</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	166,462	(639,838)	117,791	(305,200)	(438,059)
Plan fiduciary net position—beginning	<u>3,914,180</u>	<u>4,554,018</u>	<u>4,436,227</u>	<u>4,741,427</u>	<u>5,179,486</u>
Plan fiduciary net position—ending (b)	<u>4,080,642</u>	<u>3,914,180</u>	<u>4,554,018</u>	<u>4,436,227</u>	<u>4,741,427</u>
NET PENSION LIABILITY—Ending (a)-(b)	<u>\$13,179,714</u>	<u>\$12,894,434</u>	<u>\$11,728,378</u>	<u>\$18,855,044</u>	<u>\$18,617,413</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>23.64 %</u>	<u>23.29 %</u>	<u>27.97 %</u>	<u>19.05 %</u>	<u>- %</u>
COVERED PAYROLL**	<u>\$ 1,802,790</u>	<u>\$ 1,734,596</u>	<u>\$ 1,686,533</u>	<u>\$ 1,646,939</u>	<u>\$ 1,643,481</u>
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>731.07 %</u>	<u>743.37 %</u>	<u>695.41 %</u>	<u>1,144.85 %</u>	<u>1,132.81 %</u>
ALLOCATED NET PENSION LIABILITY	<u>\$ 928,935</u>	<u>\$ 887,542</u>	<u>\$ 798,400</u>	<u>\$ 1,138,937</u>	<u>\$ 1,084,148</u>
ALLOCATED PERCENTAGE	<u>7.05 %</u>	<u>6.88 %</u>	<u>6.80 %</u>	<u>6.04 %</u>	<u>5.82 %</u>

* Includes pension plan administrative expense.

** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Ten year information will be provided prospectively starting with year 2016.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS
(Dollars are in thousands)

	2019	2018	2017	2016	2015
LABORERS':					
Total pension liability:					
Service cost *	\$ 38,522	\$ 40,801	\$ 80,232	\$ 82,960	\$ 38,389
Interest	188,347	183,135	154,047	150,166	153,812
Benefit changes	-	-	150	-	384,033
Differences between expected and actual experience	(8,820)	15,143	(62,178)	(30,428)	(46,085)
Assumption changes	32,846	(11,788)	(1,074,754)	(62,905)	1,175,935
Benefit payments including refunds	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
Pension plan administrative expense	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
Net change in total pension liability	82,245	63,297	(1,063,538)	(18,970)	1,549,710
Total pension liability—beginning	<u>2,693,404</u>	<u>2,630,107</u>	<u>3,693,645</u>	<u>3,712,615</u>	<u>2,162,905</u>
Total pension liability—ending (a)	<u>2,775,649</u>	<u>2,693,404</u>	<u>2,630,107</u>	<u>3,693,645</u>	<u>3,712,615</u>
Plan fiduciary net position:					
Contributions—employer	59,346	47,844	35,457	12,603	12,412
Contributions—employee	18,143	17,837	17,411	17,246	16,844
Net investment income	184,027	(75,219)	207,981	57,997	(22,318)
Benefit payments including refunds of employee contribution	(164,959)	(160,061)	(157,050)	(154,683)	(152,530)
Administrative expenses	(3,691)	(3,933)	(3,985)	(4,080)	(3,844)
Other	-	661	-	-	-
Net change in plan fiduciary net position	92,866	(172,871)	99,814	(70,917)	(149,436)
Plan fiduciary net position—beginning	<u>1,094,683</u>	<u>1,267,554</u>	<u>1,167,740</u>	<u>1,238,657</u>	<u>1,388,093</u>
Plan fiduciary net position—ending (b)	<u>1,187,549</u>	<u>1,094,683</u>	<u>1,267,554</u>	<u>1,167,740</u>	<u>1,238,657</u>
NET PENSION LIABILITY—Ending (a)-(b)	<u>\$1,588,100</u>	<u>\$1,598,721</u>	<u>\$1,362,553</u>	<u>\$2,525,905</u>	<u>\$2,473,958</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>42.78 %</u>	<u>40.64 %</u>	<u>48.19 %</u>	<u>31.61 %</u>	<u>33.36 %</u>
COVERED PAYROLL**	<u>\$ 211,608</u>	<u>\$ 211,482</u>	<u>\$ 208,442</u>	<u>\$ 208,155</u>	<u>\$ 204,773</u>
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>750.49 %</u>	<u>755.96 %</u>	<u>653.68 %</u>	<u>1,213.47 %</u>	<u>1,208.15 %</u>
ALLOCATED NET PENSION LIABILITY	<u>\$ 103,200</u>	<u>\$ 100,454</u>	<u>\$ 86,106</u>	<u>\$ 150,573</u>	<u>\$ 153,802</u>
ALLOCATED PERCENTAGE	<u>6.50 %</u>	<u>6.28 %</u>	<u>6.30 %</u>	<u>5.96 %</u>	<u>6.22 %</u>

* Includes pension plan administrative expense.

** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Ten year information will be provided prospectively starting with year 2016.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS
(Dollars are in thousands)

	2019	2018	2017	2016	2015
POLICEMEN'S:					
Total pension liability:					
Service cost*	\$ 240,383	\$ 242,998	\$ 237,333	\$ 220,570	\$ 213,585
Interest	944,739	931,731	917,720	851,098	832,972
Benefit changes	24,216	-	-	606,250	-
Differences between expected and actual experience	(68,010)	(281,151)	(299,923)	1,801	(105,969)
Assumption changes	1,140,418	(259,052)	238,975	112,585	-
Benefit payments including refunds	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
Pension plan administrative expense	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
Net change in total pension liability	1,476,344	(141,204)	341,371	1,080,358	259,303
Total pension liability—beginning	<u>13,313,258</u>	<u>13,454,462</u>	<u>13,113,091</u>	<u>12,032,733</u>	<u>11,773,430</u>
Total pension liability—ending (a)	<u>14,789,602</u>	<u>13,313,258</u>	<u>13,454,462</u>	<u>13,113,091</u>	<u>12,032,733</u>
Plan fiduciary net position:					
Contributions—employer	581,936	588,035	494,483	272,428	572,836
Contributions—employee	110,792	107,186	103,011	101,476	107,626
Net investment income	369,982	(137,977)	412,190	142,699	(5,334)
Benefit payments including refunds of employee contribution	(800,668)	(771,104)	(747,891)	(707,196)	(676,777)
Administrative expenses	(4,734)	(4,626)	(4,843)	(4,750)	(4,508)
Other	<u>32</u>	<u>1,600</u>	<u>97</u>	<u>1,413</u>	<u>3,092</u>
Net change in plan fiduciary net position	257,340	(216,886)	257,047	(193,930)	(3,065)
Adjustment as of January 1, 2019	(91)				
Plan fiduciary net position—beginning	<u>2,905,180</u>	<u>3,122,066</u>	<u>2,865,019</u>	<u>3,058,949</u>	<u>3,062,014</u>
Plan fiduciary net position—ending (b)	<u>3,162,429</u>	<u>2,905,180</u>	<u>3,122,066</u>	<u>2,865,019</u>	<u>3,058,949</u>
NET PENSION LIABILITY—Ending (a)-(b)	<u>\$11,627,173</u>	<u>\$10,408,078</u>	<u>\$10,332,396</u>	<u>\$10,248,072</u>	<u>\$ 8,973,784</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>21.38 %</u>	<u>21.82 %</u>	<u>23.20 %</u>	<u>21.85 %</u>	<u>25.42 %</u>
COVERED PAYROLL**	<u>\$ 1,228,987</u>	<u>\$ 1,205,324</u>	<u>\$ 1,150,406</u>	<u>\$ 1,119,527</u>	<u>\$ 1,086,606</u>
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>946.08 %</u>	<u>863.51 %</u>	<u>898.15 %</u>	<u>915.39 %</u>	<u>825.85 %</u>
ALLOCATED NET PENSION LIABILITY	<u>\$ 203,224</u>	<u>\$ 146,498</u>	<u>\$ 144,344</u>	<u>\$ 144,940</u>	<u>\$ 120,078</u>
ALLOCATED PERCENTAGE	<u>1.75 %</u>	<u>1.41 %</u>	<u>1.40 %</u>	<u>1.41 %</u>	<u>1.34 %</u>

* Includes pension plan administrative expense

** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Ten year information will be provided prospectively starting with year 2016.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS
(Dollars are in thousands)

	2019	2018	2017	2016	2015
FIREMEN'S:					
Total pension liability:					
Service cost*	\$ 102,141	\$ 97,143	\$ 93,367	\$ 94,115	\$ 87,203
Interest	408,586	410,821	371,622	342,085	338,986
Benefit changes	-	-	-	227,213	-
Differences between expected and actual experience	(65,213)	(56,418)	26,954	24,110	(7,981)
Assumption changes	190,954	382,611	414,219	(74,373)	176,282
Benefit payments including refunds	(346,337)	(324,662)	(306,098)	(286,759)	(278,017)
Pension plan administrative expense	-	(3,285)	(3,172)	(3,217)	(3,149)
Net change in total pension liability	290,131	506,210	596,892	323,174	313,324
Total pension liability—beginning	<u>6,252,360</u>	<u>5,746,150</u>	<u>5,149,258</u>	<u>4,826,084</u>	<u>4,512,760</u>
Total pension liability—ending (a)	<u>6,542,491</u>	<u>6,252,360</u>	<u>5,746,150</u>	<u>5,149,258</u>	<u>4,826,084</u>
Plan fiduciary net position:					
Contributions—employer	255,382	249,684	228,453	154,101	236,104
Contributions—employee	46,623	45,894	47,364	48,960	46,552
Net investment income	161,082	(58,000)	140,570	60,881	7,596
Benefit payments including refunds of employee contribution	(346,337)	(324,662)	(306,098)	(286,759)	(278,017)
Administrative expenses	(3,226)	(3,285)	(3,172)	(3,217)	(3,149)
Other	<u>507</u>	<u>6</u>	<u>22</u>	<u>(53)</u>	<u>7</u>
Net change in plan fiduciary net position	114,031	(90,363)	107,139	(26,087)	9,093
Plan fiduciary net position—beginning	<u>1,035,790</u>	<u>1,126,153</u>	<u>1,019,014</u>	<u>1,045,101</u>	<u>1,036,008</u>
Plan fiduciary net position—ending (b)	<u>1,149,821</u>	<u>1,035,790</u>	<u>1,126,153</u>	<u>1,019,014</u>	<u>1,045,101</u>
NET PENSION LIABILITY—Ending (a)-(b)	<u>\$5,392,670</u>	<u>\$5,216,570</u>	<u>\$4,619,997</u>	<u>\$4,130,244</u>	<u>\$3,780,983</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>17.57 %</u>	<u>16.57 %</u>	<u>19.60 %</u>	<u>19.79 %</u>	<u>21.66 %</u>
COVERED PAYROLL*	<u>\$ 457,082</u>	<u>\$ 456,969</u>	<u>\$ 469,407</u>	<u>\$ 478,471</u>	<u>\$ 465,232</u>
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL**	<u>1,179.80 %</u>	<u>1,141.56 %</u>	<u>984.22 %</u>	<u>863.22 %</u>	<u>812.71 %</u>
ALLOCATED NET PENSION LIABILITY	<u>\$ 271,256</u>	<u>\$ 265,904</u>	<u>\$ 230,490</u>	<u>\$ 204,414</u>	<u>\$ 184,109</u>
ALLOCATED PERCENTAGE	<u>5.03 %</u>	<u>5.10 %</u>	<u>4.99 %</u>	<u>4.95 %</u>	<u>4.87 %</u>

* Includes pension plan administrative expense.

** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Ten year information will be provided prospectively starting with year 2015.

(Concluded)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
(Dollars are in thousands)

Municipal Employees'

Years Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll*	Contributions as a Percentage of Covered Payroll
2010	\$ 483,948	\$154,752	\$329,196	\$1,541,388	10.04 %
2011	611,756	147,009	464,747	1,605,993	9.15
2012	690,823	148,859	541,964	1,590,794	9.36
2013	820,023	148,197	671,826	1,580,289	9.38
2014	839,039	149,747	689,292	1,602,978	9.34
2015	677,200	149,225	527,975	1,643,481	9.08
2016	961,770	149,718	812,052	1,646,939	9.09
2017	1,005,457	261,764	743,693	1,686,533	15.52
2018	1,049,916	349,574	700,342	1,734,596	20.15
2019	1,117,388	418,269	699,119	1,802,790	23.20

* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Laborers'

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2010	\$ 46,665	\$ 15,352	\$ 31,313	\$ 199,863	7.68 %
2011	57,259	12,779	44,480	195,238	6.55
2012	77,566	11,853	65,713	198,790	5.96
2013	106,199	11,583	94,616	200,352	5.78
2014	106,019	12,161	93,858	202,673	6.00
2015	79,851	12,412	67,439	204,773	6.06
2016	117,033	12,603	104,430	208,155	6.05
2017	124,226	35,457	88,769	208,442	17.01
2018	129,247	47,844	81,403	211,482	22.62
2019	148,410	59,346	89,064	211,608	28.05

* The LABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the actuarially determined contribution is equal to the normal cost plus an amount to amortize the unfunded liability using dollar payments and a 30 year open amortization period.

** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CONTRIBUTIONS

LAST TEN YEARS

(Dollars are in thousands)

Policemen's:

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2010	\$ 363,625	\$174,501	\$189,124	\$1,048,084	16.65 %
2011	402,752	174,035	228,717	1,034,404	16.82
2012	431,010	197,885	233,125	1,015,171	19.49
2013	474,177	179,521	294,656	1,015,426	17.68
2014	491,651	178,158	313,493	1,074,333	16.58
2015	785,501	575,928	209,573	1,086,608	53.00
2016	785,695	273,840	511,855	1,119,527	24.46
2017	910,938	494,580	416,358	1,150,406	42.99
2018	924,654	589,635	335,019	1,205,324	48.92
2019	933,770	581,968	351,802	1,228,987	47.35

* The PABF Statutory Funding does not conform to Actuarial Standards of Practice; therefore, the 2015 and after, the actuarially determined contribution is equal to the normal cost plus a 30-year dollar amortization of the unfunded actuarial liability. Prior to 2015 the actuarially determined contribution was equal to the "ARC" which was equal to normal cost plus a 30-year open level percent amortization of the unfunded actuarial liability.

** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Firemen's:

Years Ended December 31	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2010	\$ 218,388	\$ 80,947	\$137,441	\$ 400,404	20.22 %
2011	250,056	82,870	167,186	425,385	19.48
2012	271,506	81,522	189,984	418,965	19.46
2013	294,878	103,669	191,209	416,492	24.89
2014	304,265	107,334	196,931	460,190	23.32
2015	323,545	236,104	87,441	465,232	50.75
2016	333,952	154,101	179,851	478,471	32.21
2017	372,845	228,453	144,392	469,407	48.67
2018	412,220	249,684	162,536	456,969	54.64
2019	442,045	255,382	186,663	457,082	55.87

* The FABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the Actuarially Determined Contribution is equal to the normal cost plus an amount to amortize the unfunded liability using level dollar payments and a 30 year open amortization period. Amounts for fiscal years prior to 2015 were based on the "ARC" which was equal to normal cost plus an amount to amortize the unfunded liability using a 30-year open period level dollar amortization.

** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

(Continued)

CHICAGO O'HARE INTERNATIONAL AIRPORT

SCHEDULE OF CONTRIBUTIONS

Actuarial Methods and Assumptions	Municipal Employees'		Laborers'		Policemen's		Firemen's
Actuarial valuation date	12/31/2019	(a)	12/31/2019		##		12/31/2019
Actuarial cost method	Entry age normal		Entry age normal		Entry age normal		Entry age normal
Asset valuation method	5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market		5-yr. Smoothed Market
Actuarial assumptions:							
Inflation	2.50%		2.25%		2.25%		2.25%
Salary increases	3.50%-7.75%	(b)	3.30%	(c)	1.50% (d)		3.50%-25.00%
Investment rate of return	7.00%	(f)	7.25%	(g)	1.75%		6.75%
Retirement age	(h)		(i)		(j)		(k)
Mortality	(l)		(m)		(n)		(o)
Other information	(p)		(q)		(q)		(p)

(a) Actuarially determined contribution amount is determined as of December 31, with appropriate interest to the end of the year.

(b) (1.50%-6.50% for 2020-2022), varying by years of service.

(c) Plus a service-based increase in the first 9 years.

(d) Plus a service-based increases consistent with bargaining contracts.

(e) Varying by years of service

(f) Net of investment expense.

(g) Net of investment expense, including inflation.

(h) For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (effective December 31, 2017).

For employees first hired on or after January 1, 2011 and before July 6, 2017, rates of retirement for each age from 62 to 80 were used (effective December 31, 2011).

For employees first hired on or after July 6, 2017, rates of retirement for each age from 60 to 80 were used (effective December 31, 2018).

(i) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2017, valuation pursuant to an experience study of the period January 1, 2012, through December 31, 2016.

(j) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2019, actuarial valuation pursuant to an experience study of the period January 1, 2014, through December 31, 2018.

(k) Retirement rates are based on the recent experience of the Fund (effective December 31, 2017)

(l) Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables, set forward two years for males and one year for females, and projected generationally using scale MP-2016. Pre-retirement mortality rates were based on 120% of the RP-2014 Employee Mortality Tables projected generationally using scale MP-2016.

(m) Post Retirement Mortality: Scaling factors of 117% for males, and 102% for females of the RP-2014 Blue Collar Healthy Annuitant mortality table, sex distinct, with generational mortality improvement using MP-2017 2-dimensional mortality improvement scales. No adjustment is made for post-disabled mortality.
Pre Retirement Mortality: Scaling factors of 109% for males, and 103% for females of the RP-2014 Blue Collar Employee mortality table, sex distinct, with generational mortality improvement using MP-2017 2-dimensional mortality improvement scales.

(n) Post-Retirement Healthy mortality rates: Sex distinct Pub-2010 Amount weighted Safety Healthy Retiree Mortality Tables weighted 119% for males and 102% for females set forward one year for males. Pre Retirement mortality rates: Sex distinct Pub-2010 Amount Weighted Safety Employee Mortality Tables weighted 100% for males and 100% for females. Disabled Mortality: Sex distinct Pub-2010 Amount weighted Safety Healthy Retiree Mortality Tables weighted 129% for males and 112% for females set forward one year for males. Future mortality improvements are reflected by projecting the base mortality tables forward using the MP-2018 projection scale.

(o) Post Retirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 106% for males and 98% for females, and projected generationally using scale MP-2017. Disabled mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables scaled by 107% for males and 99% for females, and projected generationally using scale MP-2017. Pre retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality table, scaled by 92% for males and 100% for females, projected generationally using scale MP-2017.

(p) Other assumptions: Same as those used in the December 31, 2019, actuarial funding valuations.

(q) The actuarial valuation is based on the statutes in effect as of December 31, 2019.

(Concluded)

ADDITIONAL SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
SENIOR LIEN GENERAL AIRPORT REVENUE BONDS
CALCULATIONS OF COVERAGE COVENANT
FOR THE YEAR ENDED DECEMBER 31, 2019
(Dollars in thousands)

	Sec 404 (a)	Sec 404 (b)
REVENUES:		
Total revenues—as defined	\$1,241,648	\$1,241,648
Other available moneys (passenger facility charges for debt service)	112,651	112,651
Cash balance in revenue fund on the first day of fiscal year (Note 2)	<u>102,451</u>	<u>-</u>
TOTAL AVAILABLE FOR COVERAGE COVENANT	<u>\$1,456,750</u>	<u>\$1,354,299</u>
COVERAGE REQUIREMENTS—Deposits required:		
Operation and maintenance reserve	\$ 22,776	
Maintenance reserve	597	
Special capital projects	24,068	
Senior lien debt service fund	<u>480,101</u>	
TOTAL DEPOSITS REQUIREMENTS	<u>\$ 527,542</u>	
AGGREGATE SENIOR LIEN DEBT SERVICE	\$ 691,806	\$ 691,806
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS	<u>(119,528)</u>	<u>(119,528)</u>
Net aggregate debt service	572,278	<u>\$ 572,278</u>
COVENANT REQUIREMENT	<u>1.15</u>	
NET AGGREGATE DEBT SERVICE	<u>\$ 658,120</u>	
COVERAGE REQUIREMENT (Greater of total deposit requirements or 115% of net aggregate debt service)	\$ 658,120	\$ -
OPERATION AND MAINTENANCE EXPENSES—As defined	<u>632,686</u>	<u>632,686</u>
TOTAL REQUIREMENT	<u>\$1,290,806</u>	<u>\$1,204,964</u>
TOTAL AVAILABLE FOR COVERAGE COVENANT	<u>\$1,456,750</u>	<u>\$1,354,299</u>

See notes to calculations of coverage.

CITY OF CHICAGO, ILLINOIS CHICAGO O'HARE INTERNATIONAL AIRPORT

SENIOR LIEN GENERAL AIRPORT REVENUE BONDS NOTES TO CALCULATIONS OF COVERAGE FOR THE YEAR ENDED DECEMBER 31, 2019

1. RATE COVENANT

In the Master Indenture of Trust securing Chicago O'Hare International Airport Senior Lien Obligations:

The City covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates, and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (A) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all Outstanding Senior Lien Obligations or other outstanding Airport Obligations are issued and secured, and (B) one and fifteen-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations.

The City further covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys consisting solely of (i) any passenger facility charges deposited with the Trustee for that Fiscal Year, and (ii) any other moneys received by the City in the immediately prior Fiscal Year and deposited with the Trustee no later than the last day of the immediately prior Fiscal Year, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year, and (ii) to provide for the payment of Aggregate Debt Service for the Bond Year commencing during that Fiscal Year reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during the Bond Year to pay the principal of and interest on Senior Lien Obligations.

Of the \$159.2 million of pension expense for 2019, \$56.2 million is the portion of the City's pension contribution payable in 2019 to the pension funds and allocable to O'Hare Airport. The remaining portion of the pension expense for 2019, \$103.0 million, is recognized on the income statement of O'Hare Airport for 2019 but is not due and payable by the City during 2019; accordingly, that portion is not included in Operating Expenses for purposes of calculation of the debt service coverage ratios.

2. REVENUE FUND BALANCE

The Revenue Fund balance includes all cash, cash equivalents and investments held in any Airport account which were available to the Revenue Fund to satisfy the coverage requirement under the terms of the Bond Ordinance.

* * * * *

**STATISTICAL INFORMATION
(UNAUDITED)**

STATISTICAL INFORMATION (UNAUDITED)

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures and required supplementary information says about the Airport's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Airport's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Airport's most significant revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Airport's current levels of outstanding debt and the Airport's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the Environment within which the Airport's financial activities takes place.

Operating Information

These schedules contains data to help the reader understand how the information in the Airport's financial report relates to the services the Airport provides and the activities it performs.

**CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT**

**HISTORICAL OPERATING RESULTS
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010–2019
(Dollars in thousands)
(Unaudited)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OPERATING REVENUES:										
Landing fees	\$ 170,907	\$179,924	\$189,997	\$169,323	\$211,982	\$253,347	\$ 301,285	\$ 300,247	\$ 336,168	\$ 370,945
Rental revenues:										
Terminal rental and use charges	287,972	237,628	246,912	273,611	340,449	292,706	333,939	350,727	373,765	440,325
Other rentals and fueling system fees	40,468	41,745	40,530	44,813	45,330	48,199	52,870	62,905	84,513	113,567
Subtotal rental revenues	328,440	279,373	287,442	318,424	385,779	340,905	386,809	413,632	458,278	553,892
Concessions:										
Auto parking	93,430	95,997	93,557	95,614	97,834	99,210	103,813	106,620	103,975	103,459
Auto rentals	22,643	23,745	25,445	26,274	27,863	29,176	28,436	28,028	29,971	32,559
Restaurants	35,669	38,547	41,330	42,662	45,432	49,366	52,786	54,657	57,972	61,690
News and gifts	14,495	15,608	16,579	18,367	24,086	24,355	25,082	24,354	25,465	25,012
Hilton Revenues										66,614
Other	30,377	37,989	41,197	40,337	45,082	41,908	43,074	43,762	43,240	32,813
Subtotal concessions	196,614	211,886	218,108	223,254	240,297	244,015	253,191	257,421	260,623	322,147
Reimbursements	6,642	8,219	7,017	6,679	6,466	6,961	6,532	4,879	6,844	6,501
Total operating revenues ⁽¹⁾	702,603	679,402	702,564	717,680	844,524	845,228	947,817	976,179	1,061,913	1,253,485
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages ⁽²⁾	174,331	190,830	191,677	192,744	212,576	203,216	208,578	210,649	227,219	221,763
Pension expense						339,546	245,491	145,992	145,920	159,153
Repairs and maintenance	86,463	94,519	88,784	85,484	110,928	98,945	104,536	95,310	115,008	143,231
Energy	33,687	31,777	31,775	32,895	34,519	34,090	39,500	34,773	35,027	42,297
Materials and supplies	9,526	14,288	9,797	8,961	10,573	9,876	10,886	6,937	16,284	14,647
Engineering and other professional services	57,981	65,382	74,307	81,070	88,143	83,265	95,608	101,798	111,642	133,994
Hilton Expenses										43,021
Other operating expenses	48,640	34,254	53,839	24,895	38,268	36,773	46,611	57,035	59,166	84,478
Total operating and maintenance expenses before depreciation and amortization ⁽³⁾	410,628	431,050	450,179	426,049	495,007	805,710	751,210	652,494	710,266	842,584
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION ⁽⁴⁾	\$ 291,975	\$248,352	\$252,385	\$291,631	\$349,517	\$ 39,518	\$ 196,607	\$ 323,685	\$ 351,647	\$ 410,901
FIRST AND SECOND LIEN BONDS—Net revenues for calculating coverage less fund deposit requirements	\$ 372,341	\$407,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AGGREGATE DEBT SERVICE LESS DISBURSEMENTS FROM CAPITALIZED INTEREST ACCOUNTS ⁽⁵⁾	\$ 104,349	\$112,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEBT SERVICE COVERAGE RATIO ⁽⁶⁾	3.57	3.63	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
THIRD LIEN BONDS—Net revenues for calculating coverage per master indenture third lien	\$ 800,380	\$861,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COVERAGE REQUIRED PER MASTER INDENTURE—Third lien	\$ 790,282	\$785,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL AVAILABLE SOURCES FOR CALCULATING COVERAGE PER MASTER INDENTURE—Senior Lien	\$ -	\$ -	\$844,954	\$853,216	\$989,929	#####	\$1,130,225	\$1,183,777	\$1,277,670	\$1,456,750
TOTAL REQUIREMENT PER MASTER INDENTURE—Senior lien ⁽⁷⁾	\$ -	\$ -	\$804,237	\$825,116	\$985,375	\$981,095	\$1,091,007	\$1,126,312	\$1,193,799	\$1,290,806
COVERAGE COVENANT RATIO PER MASTER INDENTURE—Senior Lien	1.01	1.10	1.05	1.10	1.10	1.10	1.10	1.10	1.10	1.13
OPERATION AND MAINTENANCE EXPENSES PER MASTER INDENTURE—Senior Lien ⁽⁸⁾			\$439,309	\$415,749	\$484,448	\$468,426	\$ 508,531	\$ 506,323	\$ 579,040	\$ 632,686
NET REVENUES AVAILABLE FOR SENIOR LIEN DEBT SERVICE	\$ -	\$ -	\$405,645	\$437,467	\$505,481	\$541,885	\$ 621,694	\$ 677,454	\$ 698,630	\$ 824,064
AGGREGATE DEBT SERVICE—Senior Lien ⁽⁹⁾	\$ -	\$ -	\$331,753	\$372,152	\$455,388	\$466,063	\$ 529,524	\$ 563,626	\$ 558,872	\$ 572,278
COVERAGE RATIO ⁽¹⁰⁾			1.22	1.18	1.11	1.16	1.17	1.20	1.25	1.44

⁽¹⁾ Average annual compound growth rate for 2010–2019 for total operating revenues is 6.6%.

⁽²⁾ Salaries and wages includes charges for pension, health care and other employee benefits.

⁽³⁾ Average annual compound growth rate for 2010–2019 for total operating and maintenance expenses before depreciation and amortization is 8.3%.

⁽⁴⁾ Amount for 2019 may be reconciled to operating income of \$85,748 reported in the 2019 Statements of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of \$287,648. Amount for prior years may be reconciled through similar calculation.

⁽⁵⁾ Represents debt service on first and second lien bonds.

⁽⁶⁾ Represents debt service coverage ratio on first and second lien bonds.

⁽⁷⁾ Represents Total Requirement for Operation and Maintenance Expenses and Aggregate Debt Service per Senior Lien Master Indenture.

⁽⁸⁾ Represents calculations per Section 404(a) of the Senior Lien Master Indenture.

Note: Of the \$159.2 million of pension expense for 2018, \$56.2 million is the portion of the City's pension contribution payable in 2019 to the pension funds and allocable to O'Hare Airport. The remaining portion of the pension expense for 2019 \$103.0.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE
(Dollars in thousands)
(Unaudited)

The following table sets forth aggregate annual debt service for outstanding General Airport Revenue Bonds (GARB), PFC revenue bonds and CFC revenue bonds:

Year Ending December 31	Total Debt Service on Senior Lien Bonds⁽¹⁾	Total GARB Debt Service	Total PFC Debt Service	Total CFC Debt Service	Total TIFIA Loan Debt Service	Total Debt Service
2020	\$ 686,159	\$ 686,159	\$ 47,786	\$ 18,160	\$ 10,760	\$ 762,865
2021	632,940	632,940	47,671	18,143	10,760	709,514
2022	636,632	636,632	47,637	18,125	10,760	713,154
2023	615,441	615,441	47,590	18,129	14,397	695,557
2024	642,558	642,558	47,558	18,113	14,363	722,592
2025	642,271	642,271	50,657	18,099	14,325	725,352
2026	637,854	637,854	50,605	18,082	14,337	720,878
2027	638,351	638,351	50,664	18,072	14,343	721,430
2028	628,378	628,378	50,618	18,081	14,342	711,419
2029	603,949	603,949	50,562	18,073	14,336	686,920
2030	605,772	605,772	50,410	18,059	14,322	688,563
2031	605,304	605,304	50,347	18,044	14,329	688,024
2032	605,498	605,498	46,285	18,029	14,329	684,141
2033	646,371	646,371	10,186	18,014	14,321	688,892
2034	643,681	643,681	6,917	17,976	14,333	682,907
2035	661,604	661,604	6,910	17,955	14,310	700,779
2036	527,117	527,117	6,901	17,939	14,305	566,262
2037	525,176	525,176	6,898	17,920	14,293	564,287
2038	522,925	522,925	6,887	17,902	14,299	562,013
2039	520,550	520,550	6,880	17,881	14,296	559,607
2040	409,168	409,168	6,873	17,862	14,310	448,213
2041	359,857	359,857	-	17,838	14,286	391,981
2042	265,437	265,437	-	17,815	14,279	297,531
2043	265,331	265,331	-	17,785	14,290	297,406
2044	266,749	266,749	-	-	21,533	288,282
2045	239,667	239,667	-	-	21,509	261,176
2046	239,483	239,483	-	-	21,488	260,971
2047	217,677	217,677	-	-	21,498	239,175
2048	217,613	217,613	-	-	21,482	239,095
2049	523,695	523,695	-	-	21,470	545,165
2050	197,228	197,228	-	-	21,457	218,685
2051	197,181	197,181	-	-	21,443	218,624
2052	197,146	197,146	-	-	21,426	218,572
2053	117,838	117,838	-	-	-	117,838
2054	409,144	409,144	-	-	-	409,144
	<u>\$16,351,745</u>	<u>\$16,351,745</u>	<u>\$696,842</u>	<u>\$432,096</u>	<u>\$526,331</u>	<u>\$18,007,014</u>

⁽¹⁾ Assumes an interest rate effective at December 31, 2019, on \$240,600 of Senior Lien Bonds that are variable-rate demand obligations. All Second Lien Bonds were refunded on September 12, 2012.

Note: The annual debt service tables in the Official Statements for the above debt were presented with a year ended January 1. The information above is presented with a year ended December 31. The change has been made to facilitate reconciliation to revenue bonds payable at December 31, 2019.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PLAN (CIP), 2020–2024
(Dollars in thousands)
(Unaudited)

ESTIMATED USES—Five-Year Capital Improvement Program:

Airfield improvements	\$ 247,844
Terminal improvements	1,046,598
Noise mitigation	31,765
Fueling system	107,469
Parking/roadway projects	249,654
Heating and refrigeration	224,816
Safety and security	57,274
Infrastructure and Land Support	47,593
Planning and other costs	21,882
Implementation	<u>6,568</u>

TOTAL ESTIMATED USES	<u><u>\$2,041,463</u></u>

ESTIMATED SOURCES:

Existing PFC Revenue Bond Proceeds	\$ 10,000
PFC Revenues (Pay-as-you-go)	10,000
Future PFC Revenue Bond Proceeds	-
Federal AIP discretionary grants	20,000
Federal AIP entitlement grants	26,000
TSA funds	46,891
Prior airport revenue bond proceeds	1,549,208
Future Airport obligation proceeds	363,855
CFC PayGo	6,913
CFC Senior Lien Revenue Bonds	2,315
CFC Backed TIFIA Loan	-
Other airport funds	<u>6,281</u>

TOTAL ESTIMATED SOURCES	<u><u>\$2,041,463</u></u>

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

OPERATIONS OF THE AIRPORT
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010–2019
(Unaudited)

Airport Activity

According to statistics compiled by Airports Council International (ACI), for the 12-month period ended December 31, 2019, the Airport ranked 1st worldwide and in the United States in total aircraft operations, 6th worldwide and 3rd in the United States in terms of total passengers, and 18th worldwide and 6th in the United States in terms of cargo. According to Innovata, during 2019, nonstop service was provided from the Airport to 267 destinations, 191 domestic airports and 76 foreign airports.

Chicago O'Hare International Airport Historical Connecting Passengers				
Year	Total Enplanements	Total Originating Enplanements ⁽¹⁾	Total Connecting Enplanements ⁽¹⁾	Connecting Enplanements Percentage
2010	33,232,412	17,419,794	15,812,618	47.6 %
2011	33,207,302	15,972,745	17,234,557	51.9
2012	33,244,515	16,867,283	16,377,232	49.3
2013	33,297,578	17,044,643	16,252,935	48.8
2014	34,952,762	17,115,535	17,837,227	51.0
2015	38,395,905	20,096,191	18,299,714	47.7
2016	38,872,669	20,991,241	17,881,428	46.0
2017	39,815,888	22,429,433	17,386,455	43.7
2018	41,563,343	23,483,289	18,080,054	43.5
2019	42,248,370	23,836,209	18,412,161	43.6
Average Annual Compound Growth Rates				
2010–2019	<u>2.7 %</u>	<u>3.5 %</u>	<u>1.7 %</u>	

⁽¹⁾ Originating enplanements, resulting connecting enplanements and percentages have been recalculated based on updated information.

Source: City of Chicago Department of Aviation.

**CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT**

**ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010-2019
(Unaudited)**

Airline ⁽¹⁾	2010		2011		2012		2013		2014		2015		2016		2017		2018		2019	
	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total
United Airlines	9,655,258	29.1 %	8,763,788	26.4 %	7,417,697	22.3 %	8,293,334	24.9 %	9,227,495	26.4 %	10,556,509	27.5 %	11,722,663	30.2 %	12,534,578	31.5 %	12,831,523	30.9 %	12,915,154	30.6 %
American Airlines	8,115,097	24.4	7,629,479	23.0	7,212,437	21.7	7,209,709	21.7	7,064,555	20.2	8,668,309	22.6	9,606,479	24.7	9,763,126	24.5	10,053,968	24.2	10,153,179	24.0
Simmons Airlines (dba American Eagle)	3,278,628	9.9	3,500,279	10.5	3,591,209	10.8	4,022,596	12.1	2,868,392	8.2	2,992,870	7.8	3,494,513	9.0	2,606,809	6.5	2,890,716	7.0	3,211,822	7.6
Sky West (dba United Express, Delta, American)	1,932,478	5.8	1,375,680	4.1	1,276,718	3.8	1,386,813	4.2	1,873,838	5.4	2,363,825	6.2	2,279,699	5.9	3,997,933	10.0	3,781,224	9.1	3,222,470	7.6
Mesa (dba United Express)	703,936	2.1	553,439	1.7	524,665	1.6	540,671	1.6	454,299	1.3	2,365	-	-	-	76	-	-	-	-	-
Northwest Airlines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shuttle America (dba United Express)	1,067,038	3.2	941,420	2.8	1,163,078	3.5	903,682	2.7	816,617	2.3	716,874	1.9	619,873	1.6	23,061	0.1	-	-	-	-
Continental Airlines	542,760	1.6	947,868	2.9	1,901,333	5.7	697,398	2.1	-	-	-	-	-	-	-	-	-	-	-	-
US Airways	865,420	2.6	926,447	2.8	1,024,706	3.1	1,068,630	3.2	1,024,772	2.9	1,025,863	2.7	-	-	-	-	-	-	-	-
Go Jet (UA Express, Delta)	787,343	2.4	695,580	2.1	743,794	2.2	795,407	2.4	783,363	2.2	867,993	2.3	750,452	1.9	709,925	1.8	694,348	1.7	609,533	1.4
Delta Airlines	572,588	1.7	692,244	2.1	956,245	2.9	716,938	2.1	844,445	2.4	972,132	2.5	906,920	2.3	898,063	2.3	1,080,185	2.6	1,456,569	3.4
Trans State Air (dba United Express)	428,504	1.3	347,997	1.0	208,197	0.6	475,863	1.4	637,489	1.8	279,635	0.7	353,453	0.9	486,191	1.2	361,901	0.9	524,954	1.2
Air Canada	132,392	0.4	104,683	0.3	108,637	0.4	80,190	0.2	6,664	-	33,773	0.1	78,189	0.2	206,178	0.5	-	-	-	-
Chautauqua (dba United Express)	43,191	0.1	3,520	-	236	-	6,086	-	51,553	0.1	-	-	-	-	-	-	-	-	-	-
Air Wisconsin (dba United Express)	147	-	2	-	4	-	1	-	2	-	-	-	-	-	106,052	0.3	223,405	0.5	1,552,041	3.7
Independence Air	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All other ⁽²⁾	5,107,632	15.4	6,724,876	20.3	7,115,559	21.4	7,100,260	21.3	9,299,278	26.8	9,915,757	25.7	9,060,428	23.3	8,483,896	21.3	9,646,073	23.2	8,602,648	20.4
Total	33,232,412	100.0 %	33,207,302	100.0 %	33,244,515	100.0 %	33,297,578	100.0 %	34,952,762	100.0 %	38,395,905	100.0 %	38,872,669	100.0 %	39,815,888	100.0 %	41,563,343	100.0 %	42,248,370	100.0 %

⁽¹⁾ Each airline listed is a signatory to a 1983 Airport Use Agreement and/or 2018 Airport Use Agreement

⁽²⁾ Other includes airlines with minimal shares and those no longer operating at the Airport

AIRLINES PROVIDING SERVICE AT THE AIRPORT

As of December 31, 2019, the Airport had scheduled air service by 47 airlines, including 10 domestic airlines, and 37 foreign flag airlines. Passenger service to the Airport is provided by 15 of the 18.

"Group III Carriers," which are defined by the U.S. Department of Transportation, Bureau of Transportation Statistics, Office of Airline Information to include domestic air carriers with annual operating revenues in excess of \$1 billion.

United Airlines and American Airlines (including their commuter affiliates) together accounted for approximately 79.4% of the enplaned commercial passengers at the Airport in 2019.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PASSENGER TRAFFIC
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010–2019
(Unaudited)

Year	Total Domestic Passengers	Percent of Total Passengers	Total International Passengers	Percent of Total Passengers	Total Passengers	Annual Percent Change
2010	56,615,214	84.5 %	10,410,977	15.5 %	67,026,191	3.8 %
2011	57,233,467	85.7	9,558,683	14.3	66,792,150	(0.3)
2012	56,857,637	85.1	9,977,294	14.9	66,834,931	0.1
2013	56,728,189	84.8	10,181,394	15.2	66,909,583	0.1
2014	59,321,544	84.7	10,753,660	15.3	70,075,204	4.7
2015	65,943,490	85.7	11,006,014	14.3	76,949,504	9.8
2016	66,210,437	84.9	11,750,192	15.1	77,960,629	1.3
2017	67,362,667	84.4	12,465,516	15.6	79,828,183	2.4
2018	69,298,241	83.2	13,947,231	16.8	83,245,472	4.3
2019	70,450,326	83.2	14,198,789	16.8	84,649,115	1.7
Average Annual Compound Growth Rates						
2010–2019	2.5 %		3.5 %		2.6 %	

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010–2019
(Unaudited)

Year	Chicago O'Hare International Airport		Chicago Midway International Airport		Total O&D Enplanements
	Total O&D Enplanements ⁽¹⁾	Percent of Total Chicago	Total O&D Enplanements ⁽¹⁾	Percent of Total Chicago	
2010	17,419,794	76.1 %	5,485,191	23.9 %	22,904,985
2011	15,972,745	73.7	5,693,938	26.3	21,666,683
2012	16,867,283	73.6	6,045,841	27.0	22,364,651
2013	17,044,643	72.4	6,505,206	27.6	23,549,849
2014	17,115,535	72.6	6,446,497	27.4	23,562,032
2015	20,096,191	75.0	6,682,549	25.0	26,778,740
2016	20,991,241	74.5	7,181,858	25.5	28,173,099
2017	22,429,433	75.1	7,446,996	24.9	29,876,429
2018	23,483,289	76.5	7,197,512	23.5	30,680,801
2019	23,836,209	77.4	6,944,982	22.6	30,781,191
Average Annual Compound Growth Rates					
2010–2019	3.5 %		2.7 %		3.3 %

⁽¹⁾ Originating enplanements, resulting connecting enplanements and percentages have been recalculated based on updated information.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ENPLANEMENT SUMMARY
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010-2019
(Unaudited)

Year	Total O'Hare Enplanements				
	Total Domestic Air Carrier Enplanements	Percent of Total O'Hare	Total International Enplanements	Percent of Total O'Hare	Total ⁽¹⁾ Enplanements
2010	28,100,388	84.6 %	5,132,024	15.4 %	33,232,412
2011	28,306,173	85.2	4,901,129	14.8	33,207,302
2012	28,288,427	85.1	4,956,088	14.9	33,244,515
2013	28,195,077	84.7	5,102,501	15.3	33,297,578
2014	29,559,975	84.6	5,392,787	15.4	34,952,762
2015	32,877,967	85.6	5,517,938	14.4	38,395,905
2016	33,015,851	84.9	5,856,818	15.1	38,872,669
2017	33,587,845	84.4	6,228,043	15.6	39,815,888
2018	34,598,046	83.2	6,965,297	16.8	41,563,343
2019	35,168,714	83.2	7,079,656	16.8	42,248,370
Average Annual Compound Growth Rates					
2010-2019	2.5 %		3.6 %		2.7 %

⁽¹⁾ Total Enplanements equals Total Domestic Air Carrier Enplanements plus Total Domestic Commuter Enplanements plus Total International Enplanements.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010–2019
(Unaudited)

Year	Annual Aircraft Operations					Total
	Domestic Air Carrier	International Air Carrier	Total Air Carrier	All-Cargo	General Aviation	
2010	771,550	72,144	843,694	17,248	21,675	882,617
2011	772,707	69,704	842,411	17,149	19,238	878,798
2012	783,371	66,992	850,363	16,887	10,858	878,108
2013	784,681	71,858	856,539	16,326	10,422	883,287
2014	779,708	76,258	855,966	15,433	10,534	881,933
2015	775,091	70,729	845,820	17,698	11,618	875,136
2016	762,664	75,395	838,059	17,932	11,644	867,635
2017	759,810	77,524	837,334	19,083	10,632	867,049
2018	785,629	83,628	869,257	24,052	10,438	903,747
2019	785,618	99,545	885,163	24,411	10,130	919,704
Average Annual Compound Growth Rates						
2010–2019	0.2 %	3.6 %	0.5 %	3.9 %	(8.1)%	0.5 %

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET AIRLINE REQUIREMENT AND COST PER ENPLANED PASSENGER
FOR THE YEAR ENDED DECEMBER 31, 2019
(Dollars in thousands)
(Unaudited)

Calculation of cost per enplaned passenger:

Operating and maintenance expenses ⁽¹⁾	\$ 632,464
Net debt service ⁽¹⁾	446,378
Debt service coverage requirement ⁽²⁾	29,947
Fund deposits ⁽³⁾	<u>24,274</u>

Total airport expenses ⁽¹⁾	1,133,063

Less:

Non-airline revenue ⁽¹⁾	-
PFC revenue applied to eligible debt service	(357,827)
Other	<u>-</u>

Net airline requirement ⁽⁴⁾	775,236

Enplaned passengers	<u>42,248,370</u>

Cost per enplaned passenger	<u><u>\$ 18.35</u></u>

⁽¹⁾ This analysis excludes the

Airport General Fund, Emergency Reserve Fund and PFC Fund.

⁽²⁾ Incremental adjustment required which provide 10 percent coverage on aggregate debt service.

⁽³⁾ Deposits to the Operations and Maintenance Reserve, Maintenance Reserve, Emergency Reserve and Special Capital Project Funds.

⁽⁴⁾ Revenue required to be collected from all Airline Parties under the ORD Airport Use Agreement.

Source: City of Chicago Comptroller's Office and Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PFC REVENUES
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010–2019
(Dollars in thousands)
(Unaudited)

Year	Total Enplanements	PFC Enplanements ⁽¹⁾	PFC Revenues (Net of Airline Collection Fees) ⁽²⁾	PFC Interest Income	Total PFC Revenues
2010	33,232,412	29,493,621	\$ 129,477	\$ 2,596	\$ 132,073
2011	33,207,302	28,503,338	125,130	2,631	127,761
2012	33,244,515	28,067,538	123,215	1,575	124,790
2013	33,297,578	29,516,583	129,578	1,527	131,105
2014	34,952,762	31,962,719	140,316	1,275	141,591
2015	38,395,905	32,425,502	142,348	918	143,266
2016	38,872,669	34,993,891	153,623	941	154,564
2017	39,815,888	34,753,751	152,569	1,306	153,875
2018	41,563,343	37,088,975	162,871	3,230	166,101
2019	42,248,370	41,138,976	180,600	5,193	185,793

⁽¹⁾ Historical collection information reflects an actual percentage of eligible PFC enplanements of 97.4% in 2019.

⁽²⁾ Actual amounts above are recorded on a cash basis but are reported in the Airport's audited financial statements on an accrual basis. The cash basis PFC audit for 2019 has not yet been issued.

Source: City of Chicago Comptroller's Office and Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

PASSENGER FACILITY CHARGE (PFC) DEBT SERVICE COVERAGE
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010-2019
(Dollars in thousands)
(Unaudited)

Bond Year Ended	PFC Revenues	PFC Bonds Debt Service	Coverage by PFC Revenues ⁽¹⁾
January 1, 2011	\$132,073	\$59,077	2.24
January 1, 2012	127,761	77,497	1.65
January 1, 2013	124,790	66,163	1.89
January 1, 2014	131,105	70,860	1.85
January 1, 2015	141,591	65,307	2.17
January 1, 2016	143,266	66,791	2.14
January 1, 2017	154,564	66,425	2.33
January 1, 2018	153,875	66,425	2.32
January 1, 2019	166,101	50,358	3.30
January 1, 2020	185,793	48,293	3.85

⁽¹⁾ Actual amounts above are recorded on a cash basis and includes interest earnings.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET POSITION BY COMPONENT
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010–2019
(Dollars in thousands)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net position:										
Net investment in capital assets	\$ 704,324	\$ 713,876	\$ 517,619	\$ 582,175	\$ 644,430	\$ 707,991	\$ 1,001,744	\$ 1,117,543	\$ 1,243,830	\$ 1,362,522
Restricted	588,683	640,469	605,488	709,665	780,514	828,216	679,180	623,642	700,023	898,995
Unrestricted (deficit)	<u>104,730</u>	<u>38,201</u>	<u>31,511</u>	<u>35,559</u>	<u>35,140</u>	<u>(1,061,607)</u>	<u>(1,298,327)</u>	<u>(1,325,243)</u>	<u>(1,394,984)</u>	<u>(1,510,345)</u>
Total net position	<u>\$1,397,737</u>	<u>\$1,392,546</u>	<u>\$1,154,618</u>	<u>\$1,327,399</u>	<u>\$1,460,084</u>	<u>\$ 474,600</u>	<u>\$ 382,597</u>	<u>\$ 415,942</u>	<u>\$ 548,869</u>	<u>\$ 751,172</u>

* Amounts were restated due to the implementation of GASB 65.

** Amounts were restated due to the implementation of GASB 68.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CHANGE IN NET POSITION
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010-2019
(Dollars in thousands)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating revenues	\$702,603	\$679,402	\$ 702,564	\$ 717,680	\$844,524	\$ 845,228	\$ 947,816	\$976,179	\$1,061,913	\$1,253,485
Operating expenses	<u>595,707</u>	<u>609,499</u>	<u>662,004</u>	<u>622,606</u>	<u>713,218</u>	<u>1,040,700</u>	<u>1,005,899</u>	<u>933,536</u>	<u>991,951</u>	<u>1,167,737</u>
Operating income	106,896	69,903	40,560	95,074	131,306	(195,472)	(58,083)	42,643	69,962	85,748
Nonoperating revenues (expenses)	(80,068)	(80,925)	(110,254)	(125,829)	(87,653)	(117,609)	(104,584)	(91,299)	(68,055)	(30,168)
Special items	<u>-</u>	<u>(53,910)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions	26,828	(64,932)	(69,694)	(30,755)	43,653	(313,081)	(162,667)	(48,656)	1,907	55,580
Capital grants	57,567	59,741	73,538	203,536	89,032	76,689	70,664	82,001	131,020	77,923
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,800</u>
Change in net position	<u>\$ 84,395</u>	<u>\$ (5,191)</u>	<u>\$ 3,844</u>	<u>\$ 172,781</u>	<u>\$132,685</u>	<u>\$ (236,392)</u>	<u>\$ (92,003)</u>	<u>\$ (48,656)</u>	<u>\$ 1,907</u>	<u>\$ 202,303</u>

*

**

* Amounts were restated due to the implementation of GASB 65.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

LONG-TERM DEBT
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010-2019
(Dollars in thousands)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
First lien bonds	\$ 72,795	\$ 72,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Second lien bonds	450,250	369,330	-	-	-	-	-	-	-	-
Third lien bonds	5,213,760	6,145,590	-	-	-	-	-	-	-	-
Senior lien bonds	-	-	6,355,245	6,696,365	6,563,780	6,586,490	6,404,030	7,564,355	9,296,015	9,034,660
Commercial paper notes	-	19,919	50,616	20,000	51,026	-	-	102,239	-	-
Passenger facility	-	-	-	-	-	-	-	-	-	-
Passenger facility charge revenue bonds	833,715	812,715	726,700	700,090	663,780	631,245	595,630	558,635	519,790	495,070
Customer facility	-	-	-	-	-	-	-	-	-	-
Customer facility charge revenue bonds	-	-	-	248,750	248,750	248,750	248,750	248,750	244,025	239,065
Revolving line of credit	-	-	-	-	-	-	12,098	12,098	-	-
TIFIA Loan	-	-	-	-	-	-	-	159,803	258,150	278,756
Total revenue bonds and notes	6,570,520	7,420,349	7,132,561	7,665,205	7,527,336	7,466,485	7,260,508	8,645,880	10,317,980	10,047,551
Unamortized premium	86,856	92,249	200,381	224,056	199,169	374,179	453,456	607,459	610,467	559,884
Total revenue bonds payable, net of unamortized premium (discount)	<u>\$ 6,657,376</u>	<u>\$ 7,512,598</u>	<u>\$ 7,332,942</u>	<u>\$ 7,889,261</u>	<u>\$ 7,726,505</u>	<u>\$ 7,840,664</u>	<u>\$ 7,713,964</u>	<u>\$ 9,253,339</u>	<u>\$ 10,928,447</u>	<u>\$ 10,607,435</u>
Enplanements	<u>\$ 33,232,412</u>	<u>\$ 33,206,867</u>	<u>\$ 33,244,515</u>	<u>\$ 33,297,578</u>	<u>\$ 34,952,762</u>	<u>\$ 38,395,905</u>	<u>\$ 38,872,669</u>	<u>\$ 39,815,888</u>	<u>\$ 41,563,343</u>	<u>\$ 42,248,370</u>
Debt per enplanement	<u>\$ 198</u>	<u>\$ 223</u>	<u>\$ 215</u>	<u>\$ 230</u>	<u>\$ 215</u>	<u>\$ 194</u>	<u>\$ 187</u>	<u>\$ 217</u>	<u>\$ 248</u>	<u>\$ 238</u>

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

FULL-TIME EQUIVALENT CHICAGO O'HARE AIRPORT EMPLOYEES BY FUNCTION
FOR EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010-2019
(Unaudited)

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration (pre-2009 executive directions)	\$ 130	\$ 127	\$ 119	\$ 110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital development	39	43	35	34	18	18	20	61	67	70
Financial administration	-	-	-	-	35	36	38	44	44	46
Human resources management	-	-	-	-	-	-	-	-	-	-
Capital finance management	-	-	-	-	-	-	-	-	-	-
Contract administration	-	-	-	-	12	12	13	12	12	14
Business information services	-	-	-	-	-	-	-	-	-	-
Business communication	13	13	-	-	-	-	-	-	-	-
Commercial development and concessions	6	6	4	3	13	13	13	18	17	17
Administration	-	-	-	-	47	46	46	43	43	48
Airfield operations	309	306	305	305	306	306	346	461	463	488
Landside operations	13	11	12	22	239	240	237	225	223	212
Security management	243	242	236	236	361	306	305	317	345	338
Facility management	515	519	500	504	311	324	322	345	323	349
Safety management	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,275</u>	<u>\$1,274</u>	<u>\$1,218</u>	<u>\$1,221</u>	<u>\$1,342</u>	<u>\$1,301</u>	<u>\$1,340</u>	<u>\$1,526</u>	<u>\$1,537</u>	<u>\$1,582</u>

Source: City of Chicago's Program and Budget Summary.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATISTICAL DATA
PRINCIPAL EMPLOYERS (NONGOVERNMENT)
CURRENT YEAR AND NINE YEARS AGO (NOTE AT THE END OF THIS PAGE)
(Unaudited)

Employer	2019 ⁽¹⁾			2010 ⁽³⁾		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Advocate Aurora Health Care	25,917	1	2.01 %			
Northwestern Memorial Healthcare	21,264	2	1.65			
Amita Health	20,046	3	1.56			
University of Chicago	18,276	4	1.42			
Amazon.com, Inc.	14,610	5	1.14			
United Continental Holdings Inc. ⁽²⁾	14,520	6	1.13	5,585	3	0.56 %
JPMorgan Chase & Co	13,742	7	1.07	8,094	1	0.81
Walgreen Boots Alliance Inc.	12,200	8	0.95	4,552	6	0.33
Walmart Inc	11,549	9	0.90			
Jewel-Osco	10,410	10	0.81	5,307	4	0.52
Northern Trust				5,833	2	0.58
Bank of America NT & SA				4,668	5	0.44
Accenture LLP				4,224	7	0.32
CVS Corporation				4,067	8	0.30
ABM Janitorial Midwest, INC				3,840	9	0.30
American Airlines				3,153	10	0.27

NOTES:

⁽¹⁾ Source: Reprinted with permission from the February 24, 2020 issue of Crain's Chicago Business.
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⁽²⁾ Source: United Continental Holdings Inc. formerly known as United Airlines.

⁽³⁾ Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.

Prior to 2014, the source for information was the City of Chicago, Bureau of Revenue Tax -Division report which is no longer available.

**CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT**

**STATISTICAL DATA
POPULATION AND INCOME STATISTICS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010–2019
(Unaudited)**

Year	Population ⁽¹⁾	Median Age ⁽²⁾	Number of Households ⁽²⁾	City Employment	Unemployment Rate ⁽³⁾	Per Capita Income ⁽⁴⁾	Total Income
2010	2,695,598	34.8	1,045,666	1,116,830	10.1 %	\$45,957	\$123,881,597,286
2011	2,695,598	33.2	1,048,222	1,120,402	9.3	45,977	123,935,509,246
2012	2,695,598	33.0	1,054,488	1,144,896	8.9	48,305	130,210,861,390
2013	2,695,598	33.5	1,062,029	1,153,725	8.3	49,071	132,275,689,458
2014	2,695,598	33.9	1,031,672	1,264,234	5.7	50,690	136,639,862,620
2015	2,695,598	34.2	1,053,229	1,273,733	5.7	53,886	145,254,993,828
2016	2,695,598	34.4	1,053,986	1,282,117	5.4	55,621	149,931,856,358
2017	2,695,598	34.6	1,047,695	1,289,325	4.7	58,315	157,193,797,370
2018	2,695,598	34.9	1,077,886	1,288,755	4.0	61,089	164,671,386,222
2019	2,695,598	N/A ⁽⁵⁾	N/A ⁽⁵⁾	1,286,484	3.2	N/A ⁽⁵⁾	N/A ⁽⁵⁾

Notes:

⁽¹⁾ Source: U.S. Census Bureau.

⁽²⁾ Source: American Fact Finder—United States Census Bureau data estimates.
Data not available for 2019.

⁽³⁾ Source: Bureau of Labor Statistics 2018, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.

⁽⁴⁾ Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for
Chicago-Naperville-Illinois Metropolitan Area.

⁽⁵⁾ N/A means not available at time of publication.

**CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT**

**SUMMARY—2019 TERMINAL RENTALS, FEES AND CHARGES
FOR THE PERIOD COMMENCING JULY 1, 2019**

DOMESTIC AND INTERNATIONAL TERMINAL

DESCRIPTION:

Landing fee (rate/1,000 lbs.)	\$ 10.62
Base rent/sq.ft.	138.00
Discount rent/sq.ft.	103.50
FIS Facility Fee	9.57

DOMESTIC TERMINAL

DESCRIPTION:

Domestic gate fee per delivered seat	\$ 1.19
Baggage fee per outbound checked bag	2.99
Baggage claim fee per domestic seat	1.07
Check-in fee per check-in hour	13.73

INTERNATIONAL TERMINAL

DESCRIPTION:

International gate fee per departing seat and arriving international seat without FIS User	\$ 3.26
Baggage fee per outbound checked bag	3.03
Check-in fee per check-in hour	22.00

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRPORT MARKET SHARE OF RENTAL CAR BRANDS OPERATING ON-AIRPORT
(Unaudited)

Corporate Entity ⁽¹⁾	Brand(s)	2019 Airport Market
On-airport		
Enterprise Holdings, Inc.	Enterprise Rent-A-Car ⁽¹⁾	9.50 %
	ANC Alamo/National ⁽¹⁾	<u>25.17</u>
		<u>34.68</u>
Avis Budget Group, Inc.	Avis (Incl. ZIPCAR)	15.31
	Payless-Avis Budget	2.46
	Budget Rent-A-Car	<u>8.88</u>
		<u>26.65</u>
Hertz Global Holdings, Inc.	Hertz Rent A Car	29.99
	DTG dba Dollar/Thrifty	<u>0.43</u>
		<u>30.42</u>
Advantage OPCO, LLC	Advantage Car Rental	<u>1.48</u>
Fox Rent a Car		3.08
E-Z Rent a Car		0.34
Sixt Rent A Car LLC		2.52
Off-airport		
Routes Car Rental USA Inc		0.52
Silver Car Inc		<u>0.30</u>
Total		<u><u>100.00 %</u></u>

⁽¹⁾ Alamo and National are reported jointly.

Sources: City of Chicago Department of Aviation

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL VISITING O&D ENPLANED PASSENGERS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010-2019
(Unaudited)

Year	Total Enplaned Passengers	Total O & D Enplaned Passengers ⁽¹⁾	Total O & D Percentage of Total	Resident O & D Enplaned Passengers	Resident Percentage of Total O & D	Visiting O & D Enplaned Passengers ⁽¹⁾	Visitor Percentage of Total O & D
2010	33,219,302	15,605,731	47.0 %	8,852,882	56.7 %	6,752,849	43.3 %
2011	33,194,708	15,972,745	48.1	9,043,984	56.6	6,928,761	43.4
2012	33,231,201	16,318,810	49.1	9,108,439	55.8	7,210,371	44.2
2013	33,284,788	17,038,092	51.2	9,541,332	56.0	7,496,761	44.0
2014	34,952,762	17,115,535	49.0	9,534,351	55.7	7,491,276	43.8
2015	38,395,905	19,469,276	50.7	10,902,795	56.0	8,566,481	44.0
2016	38,872,669	20,991,241	54.0	11,545,183	55.0	9,446,059	45.0
2017 ⁽²⁾	39,815,888	22,429,433	56.3	12,380,081	55.2	10,049,352	44.8
2018	41,563,343	23,480,691	56.5	12,397,298	52.8	11,083,393	47.2
2019	42,248,870	23,836,209	56.6	13,159,926	55.2	10,676,283	44.8

⁽¹⁾ Certain estimations were used by Ricondo & Associates to derive visiting O & D enplaned passengers, as data for foreign flag carriers were not available.

⁽²⁾ The O & D percent share is calculated for the four quarters ending with the third quarter of 2019 and 2018 O & D and connecting enplanements are based upon that share. Includes GA, Military and Misc.

Source: City of Chicago, Department of Aviation Management Records (historical total, resident, and visitor O & D enplaned passengers), May 2019.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL CFC COLLECTIONS ON SITE AIRPORT RENTAL CAR COMPANIES

(Dollars in thousands)

(Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
January	\$ 1,834,376	\$ 2,043,472	\$ 2,021,728	\$ 2,095,216	\$ 2,058,208	\$ 2,160,680	\$ 2,063,208	\$ 2,170,560	\$ 2,165,344
February	1,720,816	2,119,752	2,023,816	2,037,496	1,975,312	2,096,296	2,072,496	2,170,704	2,138,949
March	<u>2,264,728</u>	<u>2,492,960</u>	<u>2,380,208</u>	<u>2,365,224</u>	<u>2,411,096</u>	<u>2,528,296</u>	<u>2,551,656</u>	<u>2,711,416</u>	<u>2,629,384</u>
First quarter total	<u>5,819,920</u>	<u>6,656,184</u>	<u>6,425,752</u>	<u>6,497,936</u>	<u>6,444,616</u>	<u>6,785,272</u>	<u>6,687,360</u>	<u>7,052,680</u>	<u>6,933,677</u>
Annual percent change		<u>14.4 %</u>	<u>(3.5) %</u>	<u>1.1 %</u>	<u>(0.8) %</u>	<u>5.3 %</u>	<u>(1.4) %</u>	<u>5.5 %</u>	<u>(1.7) %</u>
April	2,497,584	2,584,776	2,532,288	2,663,448	2,833,576	2,978,640	2,721,344	2,939,824	2,984,248
May	2,997,144	3,135,048	3,161,456	3,403,440	3,457,424	3,554,312	3,337,584	3,579,464	3,740,304
June	<u>3,202,568</u>	<u>3,286,280</u>	<u>3,335,392</u>	<u>3,575,576</u>	<u>3,512,048</u>	<u>3,554,312</u>	<u>3,672,320</u>	<u>3,733,568</u>	<u>3,916,008</u>
Second quarter total	<u>8,697,296</u>	<u>9,006,104</u>	<u>9,029,136</u>	<u>9,642,464</u>	<u>9,803,048</u>	<u>10,087,264</u>	<u>9,731,248</u>	<u>10,252,856</u>	<u>10,640,560</u>
Annual percent change		<u>3.6 %</u>	<u>0.3 %</u>	<u>6.8 %</u>	<u>1.7 %</u>	<u>2.9 %</u>	<u>(3.5) %</u>	<u>5.4 %</u>	<u>3.8 %</u>
July	3,426,648	3,379,960	3,362,504	3,579,976	3,920,712	3,999,848	3,855,952	4,119,976	4,364,512
August	3,493,216	3,586,248	3,764,952	3,579,976	3,979,920	4,078,696	4,019,608	4,211,240	4,522,104
September	<u>3,317,356</u>	<u>3,245,784</u>	<u>3,496,664</u>	<u>3,579,976</u>	<u>3,756,256</u>	<u>3,771,264</u>	<u>3,569,744</u>	<u>3,671,400</u>	<u>3,911,672</u>
Third quarter total	<u>10,237,220</u>	<u>10,211,992</u>	<u>10,624,120</u>	<u>10,739,928</u>	<u>11,656,888</u>	<u>11,849,808</u>	<u>11,445,304</u>	<u>12,002,616</u>	<u>12,798,288</u>
Annual percent change		<u>(0.2) %</u>	<u>4.0 %</u>	<u>4.2 %</u>	<u>5.3 %</u>	<u>1.7 %</u>	<u>(3.4) %</u>	<u>4.9 %</u>	<u>6.6 %</u>
October	3,177,744	3,309,960	3,456,280	3,612,656	3,815,136	3,684,456	3,534,248	3,645,920	3,829,296
November	2,647,208	2,703,392	2,798,264	2,891,736	2,937,088	2,939,008	2,905,032	2,997,032	3,000,800
December	<u>2,321,952</u>	<u>2,180,840</u>	<u>2,564,448</u>	<u>2,572,952</u>	<u>2,478,696</u>	<u>2,419,432</u>	<u>2,441,312</u>	<u>2,592,224</u>	<u>2,781,152</u>
Fourth quarter total	<u>8,146,904</u>	<u>8,194,192</u>	<u>8,818,992</u>	<u>9,077,344</u>	<u>9,230,920</u>	<u>9,042,896</u>	<u>8,880,592</u>	<u>9,235,176</u>	<u>9,611,248</u>
Annual total	<u>\$32,901,340</u>	<u>\$34,068,472</u>	<u>\$34,898,000</u>	<u>\$35,957,672</u>	<u>\$37,135,472</u>	<u>\$37,765,240</u>	<u>\$36,744,504</u>	<u>\$38,543,328</u>	<u>\$39,983,773</u>
Annual Percent Change		<u>(0.2) %</u>	<u>4.0 %</u>	<u>4.2 %</u>	<u>5.3 %</u>	<u>1.7 %</u>	<u>(2.7) %</u>	<u>4.9 %</u>	<u>3.7 %</u>
Year to date total (through May)	<u>\$11,314,648</u>	<u>\$12,376,008</u>	<u>\$12,119,496</u>	<u>\$12,564,824</u>	<u>\$12,735,616</u>	<u>\$13,318,224</u>	<u>\$12,746,288</u>	<u>\$13,571,968</u>	<u>\$13,658,229</u>
Annual percentage change		<u>9.4 %</u>	<u>(2.1) %</u>	<u>3.7 %</u>	<u>1.4 %</u>	<u>4.6 %</u>	<u>(4.3) %</u>	<u>6.5 %</u>	<u>0.6 %</u>

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL CFC COLLECTIONS ON AND OFF SITE AIRPORT RENTAL CAR COMPANIES

(Dollars in thousands)

(Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
January	\$ 1,834,376	\$ 2,043,472	\$ 2,021,728	\$ 2,095,216	\$ 2,190,072	\$ 2,366,544	\$ 2,179,944	\$ 2,195,136	\$ 2,193,032
February	1,720,816	2,119,752	2,023,816	2,037,496	2,091,544	2,287,024	2,168,312	2,200,168	2,165,325
March	<u>2,264,728</u>	<u>2,492,960</u>	<u>2,380,208</u>	<u>2,365,224</u>	<u>2,531,080</u>	<u>2,692,120</u>	<u>2,717,168</u>	<u>2,731,144</u>	<u>2,652,600</u>
First quarter total	<u>5,819,920</u>	<u>6,656,184</u>	<u>6,425,752</u>	<u>6,497,936</u>	<u>6,812,696</u>	<u>7,345,688</u>	<u>7,065,424</u>	<u>7,126,448</u>	<u>7,010,957</u>
Annual percent change		<u>14.4 %</u>	<u>(3.5)%</u>	<u>1.1 %</u>	<u>4.8 %</u>	<u>7.8 %</u>	<u>(3.8)%</u>	<u>0.9 %</u>	<u>(1.6)%</u>
April	2,497,584	2,584,776	2,532,288	2,663,448	2,962,240	3,143,320	2,929,808	2,960,600	3,012,680
May	2,997,144	3,135,048	3,161,456	3,403,440	3,623,328	3,741,768	3,551,752	3,602,744	3,768,256
June	<u>3,202,568</u>	<u>3,286,280</u>	<u>3,335,392</u>	<u>3,575,576</u>	<u>3,691,640</u>	<u>3,780,904</u>	<u>3,862,184</u>	<u>3,757,056</u>	<u>3,947,280</u>
Second quarter total	<u>8,697,296</u>	<u>9,006,104</u>	<u>9,029,136</u>	<u>9,642,464</u>	<u>10,277,208</u>	<u>10,665,992</u>	<u>10,343,744</u>	<u>10,320,400</u>	<u>10,728,216</u>
Annual percent change		<u>3.6 %</u>	<u>0.3 %</u>	<u>6.8 %</u>	<u>6.6 %</u>	<u>3.8 %</u>	<u>(3.0)%</u>	<u>(0.2)%</u>	<u>4.0 %</u>
July	3,426,648	3,379,960	3,362,504	3,579,976	4,127,848	4,185,472	4,051,040	4,149,976	4,391,640
August	3,493,216	3,586,248	3,764,952	3,948,912	4,188,848	4,289,320	4,260,320	4,244,320	4,551,608
September	<u>3,317,356</u>	<u>3,245,784</u>	<u>3,496,664</u>	<u>3,537,496</u>	<u>3,934,624</u>	<u>3,947,136</u>	<u>3,838,864</u>	<u>3,695,336</u>	<u>3,939,360</u>
Third quarter total	<u>10,237,220</u>	<u>10,211,992</u>	<u>10,624,120</u>	<u>11,066,384</u>	<u>12,251,320</u>	<u>12,421,928</u>	<u>12,150,224</u>	<u>12,089,632</u>	<u>12,882,608</u>
Annual percent change		<u>(0.2)%</u>	<u>4.0 %</u>	<u>4.2 %</u>	<u>10.7 %</u>	<u>1.4 %</u>	<u>(2.2)%</u>	<u>(0.5)%</u>	<u>6.6 %</u>
October	3,177,744	3,309,960	3,456,280	3,612,656	4,012,344	3,868,232	3,818,288	3,667,592	3,856,736
November	2,647,208	2,703,392	2,798,264	2,891,736	3,144,944	3,094,176	3,131,064	3,018,440	3,026,960
December	<u>2,321,952</u>	<u>2,180,840</u>	<u>2,564,448</u>	<u>2,572,952</u>	<u>2,705,784</u>	<u>2,533,912</u>	<u>2,585,976</u>	<u>2,614,808</u>	<u>2,809,896</u>
Fourth quarter total	<u>8,146,904</u>	<u>8,194,192</u>	<u>8,818,992</u>	<u>9,077,344</u>	<u>9,863,072</u>	<u>9,496,320</u>	<u>9,535,328</u>	<u>9,300,840</u>	<u>9,693,592</u>
Annual total	<u>\$32,901,340</u>	<u>\$34,068,472</u>	<u>\$34,898,000</u>	<u>\$36,284,128</u>	<u>\$39,204,296</u>	<u>\$39,929,928</u>	<u>\$39,094,720</u>	<u>\$38,837,320</u>	<u>\$40,315,373</u>
Annual Percent Change									
Year to date total (through May)	<u>\$11,314,648</u>	<u>\$12,376,008</u>	<u>\$12,119,496</u>	<u>\$12,564,824</u>	<u>\$13,398,264</u>	<u>\$14,230,776</u>	<u>\$13,546,984</u>	<u>\$13,689,792</u>	<u>\$13,791,893</u>
Annual percentage change		<u>9.4 %</u>	<u>(2.1)%</u>	<u>3.7 %</u>	<u>6.6 %</u>	<u>6.2 %</u>	<u>(4.8)%</u>	<u>1.1 %</u>	<u>0.7 %</u>

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

RACS AND OFF-AIRPORT AND RELATED BRANDS OPERATING AT THE AIRPORT

RAC Legal Entity	Rental Car Brands	Legal Organization	Current Status of Brand(s) at Airport
Enterprise Leasing Company of Chicago LLC	Enterprise Rent-A-Car Alamo Rent-A-Car National Car Rental	Delaware limited liability company and subsidiary of Enterprise Holdings, Inc	Existing On-Airport
The Hertz Corporation	Hertz Rent-A-Car Dollar Rent-A-Car Thrifty Car Rental	Delaware limited liability company and subsidiary of Hertz Global Holdings, Inc (NYSE: HTZ)	Existing On-Airport
Avis Budget Car Rental, LLC	Avis Car Rental Budget Rent-A-Car Payless Car Rental	Delaware limited liability company and subsidiary of Avis Budget Group, Inc (NASDAQ: CAR)	Existing On-Airport
Advantage Opco, LLC	Advantage Rent-A-Car	Delaware limited liability company	Existing On-Airport
Silvercar Inc	Silvercar	Privately held business corporation in Delaware	Existing Off-Airport
Routes Car Rental USA, Inc.	Routes		Existing Off-Airport
EZ Rent A Car, Inc.	EZ-RAC	Privately held business corporation in Florida	Existing On-Airport
Fox Rent A Car, Inc.	Fox Rent-A-Car	Delaware limited liability company	Existing On-Airport
Sixt Rent A Car, LLC	Sixt Rent-A-Car	Delaware limited liability company	Existing On-Airport

Source: City of Chicago Department of Aviation

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APPENDIX E

REPORT OF THE AIRPORT CONSULTANT

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September 15, 2020

Ms. Jamie L. Rhee
Commissioner
City of Chicago, Department of Aviation
10510 West Zemke Road
Chicago, Illinois 60666

RE: City of Chicago, Chicago O'Hare International Airport
General Airport Senior Lien Revenue Refunding Bonds, Series 2020A (Non-AMT)
General Airport Senior Lien Revenue Refunding Bonds, Series 2020B (Non-AMT Private Activity)
General Airport Senior Lien Revenue Refunding Bonds, Series 2020C (Non-AMT)
General Airport Senior Lien Revenue Refunding Bonds, Series 2020D (Taxable)
General Airport Senior Lien Revenue Bonds, Series 2020E (Non-AMT)

Dear Ms. Rhee:

This Letter of the Airport Consultant (Letter) serves to reaffirm the findings from Ricondo & Associates, Inc.'s (Ricondo's) Report of the Airport Consultant (2018 Report), dated November 2, 2018, with consideration of new information and developments since the 2018 Report. The 2018 Report was prepared in connection with the issuance of the Chicago O'Hare International Airport General Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2018A (AMT), General Airport Senior Lien Revenue Bonds, Series 2018B (Non-AMT), and General Airport Senior Lien Revenue Bonds, Series 2018C (Taxable; collectively the 2018 Bonds).

The 2018 Report described findings, assumptions, forecasts, and projections related to the air traffic and financial analyses developed by Ricondo in conjunction with the issuance of the 2018 Bonds by the City of Chicago (the City), which owns Chicago O'Hare International Airport (the Airport or ORD) and operates through the Chicago Department of Aviation (CDA). This Letter, based on the findings of the 2018 Report and the updated information in connection with the City's planned issuance of its Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020A, 2020B, 2020C, 2020D, and General Airport Senior Lien Revenue Bonds Series 2020E (referred to collectively as the 2020 Bonds), contained herein serves to reaffirm the overall conclusions Ricondo made in the 2018 Report regarding the City's ability to comply with the Rate Covenants established in the Senior Lien Indenture and the reasonableness of the resulting projected airline costs. Unless specifically defined in this Letter or the 2018 Report, all capitalized terms in this Letter are used as defined in the Official Statements for the 2020 Bonds or the Senior Lien Indenture.

The 2020 Bonds

The 2020 Bonds will be issued pursuant to an ordinance adopted by the Chicago City Council on March 28, 2018 (the Bond Ordinance), and the Amended and Restated Master Indenture of Trust securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations dated as of June 1, 2018 (the

Senior Lien Master Indenture), between the City and US Bank National Association, Chicago, Illinois (the Trustee), as supplemented by various supplemental indentures adopted by the City from time to time (the Supplemental Indentures). The Senior Lien Master Indenture, as supplemented by the Supplemental Indentures, and as it may be further amended and supplemented from time to time in accordance with its terms, is herein referred to as the Senior Lien Indenture.

2020 Bonds

The City is expected to use the proceeds from the sale of the 2020 Bonds, together with other available funds, to:

- (i) refund certain outstanding Senior Lien Bonds and certain PFC Obligations,
- (ii) fund the reserve requirements for the 2020 Bonds,
- (iii) capitalize interest, and
- (iv) pay costs and expenses incidental thereto and to the issuance of the 2020 Bonds.

The Series 2020A Revenue Refunding Bonds are anticipated to be issued to partially refund Series 2010B and fully refund Series 2010F, 2005C, and 2005D and are payable from Revenues (as defined in the Senior Lien Indenture), pledged to the payment thereof under the Senior Lien Indenture and certain other moneys held by or on behalf of the Trustee.

The Series 2020B Revenue Refunding Bonds are anticipated to be issued to fully refund Series 2010C and are payable from Revenues (as defined in the Senior Lien Indenture), pledged to the payment thereof under the Senior Lien Indenture and certain other moneys held by or on behalf of the Trustee.

The Series 2020C Revenue Refunding Bonds are anticipated to be issued to fully refund Series 2011A and are payable from Revenues and Other Available Moneys consisting of a subordinate pledge of Passenger Facility Charge (PFC) revenues (as defined in the Senior Lien Indenture), pledged to the payment thereof under the Senior Lien Indenture and certain other moneys held by or on behalf of the Trustee.

The Series 2020D Revenue Refunding Bonds are anticipated to be issued to fully refund Series 2012A, partially refund Series 2012B, and refund 2022 maturities of select series and are payable from Revenues (as defined in the Senior Lien Indenture), pledged to the payment thereof under the Senior Lien Indenture and certain other moneys held by or on behalf of the Trustee.

The Series 2020E Revenue Bonds are anticipated to be issued to fully refund the PFC Revenue Bonds Series 2010A and Series 2010B and are payable from Revenues and Other Available Moneys consisting of a subordinate PFC revenues (as defined in the Senior Lien Indenture), pledged to the payment thereof under the Senior Lien Indenture and certain other moneys held by or on behalf of the Trustee.

Table 1 summarizes each series of the 2020 Bonds.

The Senior Lien Indenture debt service coverage covenants, flow of funds, and additional bond requirements remain as summarized in Section 1.2 of the 2018 Report.

TABLE 1 SUMMARY OF THE 2020 BONDS

	SERIES 2020A	SERIES 2020B	SERIES 2020C	SERIES 2020D	SERIES 2020E
Use	Refunding	Refunding	Refunding	Refunding	Refunding
Security	Revenue Pledge	Revenue Pledge	Revenue Pledge, and Subordinate PFC Pledge	Revenue Pledge	Revenue Pledge, and Subordinate PFC Pledge
Status	Tax-exempt; Non-AMT	Tax-exempt; Non-AMT Private Activity	Tax-exempt: Non-AMT	Taxable	Tax-exempt: Non-AMT

SOURCE: Chicago Department of Aviation, September 2020.

Purpose of the Letter of the Airport Consultant

This Letter provides a summary of relevant information and developments that have become available since the 2018 Report was prepared, including information regarding the 2020 Bonds. The Letter also includes updated data regarding ongoing and future Airport capital projects, the economic base for air transportation at the Airport, air traffic at the Airport, and Airport financial operations (including actual debt service on the Series 2018 Bonds and anticipated debt service on the 2020 Bonds).

Ricondo prepared the 2018 Report for the stated purposes as expressly set forth in the 2018 Report and for the sole use of the City and its intended recipients. The techniques and methodologies used in preparing the 2018 Report were consistent with industry practices at the time of preparation, and the 2018 Report should be read in its entirety for an understanding of the analysis, assumptions, and opinions presented. The 2018 Report was included as Appendix E in each of the Official Statements for the issuance of the 2018 Bonds. It is attached to this Letter for reference as **Attachment 2**.¹ The 2018 Report incorporated debt service projections associated with the 2018 Bonds, as well as future General Airport Revenue Bonds (GARBs) that the City anticipates will be issued during the Projection Period.

On the basis of the updated analysis set forth in this Letter, Ricondo reaffirms its opinion that the Revenues, and in some cases Other Available Moneys, generated each year of the Projection Period are expected to be sufficient to comply with the Rate Covenants established in the Senior Lien Indenture and that the resulting projected airline costs should remain reasonable. The airline industry and the Airport have experienced significant changes resulting from the coronavirus disease of 2019 (COVID-19) pandemic and efforts to contain it. These impacts, as they related to the 2020 Bonds, are described within this Letter. **Table 2** summarizes key updates and findings by subject matter since the 2018 Report that support Ricondo's conclusion.

¹ Attachment 1, provided directly following the Updated Financial Analysis in this Letter, consists of updated financial projection tables consistent with Appendix B of the 2018 Report.

TABLE 2 SUMMARY OF KEY CHANGES SINCE PREPARATION OF 2018 REPORT

FINANCIAL ANALYSIS VARIABLES		
	CHANGES SINCE 2018 REPORT	KEY FINDINGS
Airport Capital Program	The Capital Program remains unchanged and progress has been made on major project elements. The timing of sources and uses of funds has been further refined but is generally consistent with those assumed in the 2018 Report. Capital Program completion dates are assumed to remain the same for purposes of the financial analysis.	No material change, although projects remain subject to potential cost or schedule changes due to COVID-19 impacts and/or near-term economic factors.
Economic Base for Air Transportation	National and local unemployment rates have increased due to the impacts of COVID-19. Current projections of 2029 gross regional product and gross domestic product are higher than the same projections available at the time the 2018 Report was prepared, although impacts of COVID-19 may impact these projections.	Material change in near-term economic factors, but long-term economic base anticipated to return to growth rates experienced prior to COVID-19.
Air Traffic Projections	COVID-19 and related economic impacts have significantly impacted demand for air travel, resulting in lower activity projections for 2020 and 2021. Activity is assumed to recover by the second quarter of 2022 with growth rates consistent with the 2018 Report.	Material change in near-term activity, but long-term air travel demand is expected to resume growth in line with gross regional product.
Operation and Maintenance (O&M) Expenses	The revised 2020 O&M Expenses have been reduced by approximately 8.9 percent through the re-evaluation of the initial 2020 rates and charges budget and the implementation of cost-cutting measures of approximately \$65 million due to existing operating and economic conditions. The City also intends to apply approximately \$74.1 million of CARES Act funds towards O&M Expenses.	Material change in the near-term expenses, but long-term trend in O&M growth is assumed to reflect historical growth rates and additional O&M Expenses as future development is realized.
Non-Airline Revenues	Non-airline revenues are significantly reduced for 2020 and 2021, driven by the reduction in activity associated with COVID-19.	Material change in the near-term, but long-term trends are expected to correlate with activity recovery and assumed to be in line with historical growth.
Debt Service	Debt service profile remains largely unchanged, with the exception of the 2020 Bonds which are expected to generate near-term cost savings and expected to positively impact the airline rate base.	The long-term debt profile is similar to the anticipated borrowing amount assumed in the 2018 Report and is assumed to follow the Capital Program funding needs.
Projected Cost-Per-Enplanement (CPE)	Projected CPE is significantly higher in 2020 and 2021 due to the reduction in activity caused by COVID-19. Long-term CPE remains in-line with previous projections. A further rise in CPE in the near-term is mitigated by the application of CARES Act funds, including the \$74.1 million applied to O&M Expenses and \$160.1 million used to offset the airline requirement, cost reduction initiatives, credit for prior year settlements, and near-term reduction of debt service resulting from the 2020 Bonds.	Material change in the near-term is reflective of impacts of COVID-19. Long-term values are in line with the CPE projection included in the 2018 Report.
Projected Debt Service Coverage Ratio	Debt service coverage is expected to exceed prior projections in 2020 (1.49x), and 2021 (1.75x), and average 1.56x for the period 2022-2029 which is higher than the long-term coverage ratios included in the 2018 Report.	The residual nature of the Airline Use and Lease Agreement (AULA) supports sufficient revenues to meet coverage requirements and results are in-line with previous projections.

SOURCE: Ricondo & Associates, Inc., September 2020.

This Letter, along with the 2018 Report, is intended for inclusion as **Appendix E** in the Official Statement for the issuance of the 2020 Bonds. The approach and assumptions used in preparing this Letter are consistent with industry practices for similar reports prepared in connection with the sale of airport revenue bonds. While Ricondo believes that the approach and assumptions are reasonable, some assumptions regarding future trends and events set forth in this Letter, including enplaned passenger forecasts, may not materialize. Achievement of the forecasts presented in this Letter, therefore, is dependent on the occurrence of future events, which cannot be assured, and the variations may be material.

Airport Capital Program Update

As described in Chapter 2 of the 2018 Report, the City has been undertaking major capital initiatives at the Airport, including airfield and facility development, while also maintaining a 5-year Capital Improvement Program (CIP) to address the Airport's ongoing capital needs. The Airport Capital Program² includes the remaining O'Hare Modernization Program (OMP) Airfield Projects; Terminal Area Plan (TAP) Phase 1; Near-Term Gate Improvements, and other projects; and a 5-year CIP. These programs are ongoing, and project costs, funding sources, and general timing assumed in the financial analysis included in the 2018 Report remain generally unchanged. This Letter remains consistent with those assumptions in the 2018 Report. The completion dates are assumed to remain the same as outlined in the 2018 Report for purposes of this financial analysis, although adjustments have been made to reflect a shift in start dates for certain components. The City is in the process of assessing project timing of TAP Phase 1, and various CIP projects and schedules could change. However, such contemplated changes have not been incorporated in the financial analysis.

All projects remain subject to change based on impacts from COVID-19 or other factors, specifically (and without limitation): restrictions and disruptions to supply chains or labor supply on project schedules; schedule delays on operating costs; and additional project costs on the amount of future debt needed. One or a combination of such factors could impact the Net Signatory Airline Requirement and, in turn, airline rates and charges.³ An update on the Airport Capital Program is provided below.

The Remaining OMP Airfield Projects

The remaining OMP Airfield Projects are in the final stages. Three of the four runways, and one of the two runway extensions, have been completed. The remaining OMP Airfield Projects include the construction of Runway 9C-27C and the extension of Runway 9R-27L. Construction of Runway 9C-27C and the extension of Runway 9R-27L are anticipated to be complete by the end of 2020 and 2021, respectively. Project delivery

² The Airport Capital Program was developed under O'Hare 21, a City initiative to improve the Airport's connectivity, efficiency, and capacity and ensure the success of the Airport throughout the 21st century. The program includes projects that received funding approval under previous Airport use agreements, as well as projects approved in the Airline Use and Lease Agreement.

³ The Net Signatory Airline Requirement constitutes the total amount that must be paid by the Airline Parties under the AULA through Landing Fees, Terminal Area Rentals, Terminal Area Use Charges (including Common Use Gate Fees, Common Use Baggage Fees, Common Use Check-in Fees, and Federal Inspection Services (FIS) Facility Fees), and Fueling System Fees during the year.

is currently on schedule but is subject to timing of final steps, such as navigational aid installation and testing, which could be impacted by COVID-19 restrictions.

All related construction contracts have been awarded for these projects, and additional debt to complete these projects is not anticipated. Finishing these two projects and the associated taxiway network will mark the completion of the OMP Airfield Projects.

TAP Phase 1

TAP Phase 1, which includes the redevelopment of Terminal 2 into the O'Hare Global Terminal and Concourses, the addition of two satellite concourses, and other project elements, is in the initial phases of development. Contracts for design, engineering, and construction management have been awarded, and the City is moving forward with advance planning, conceptual design, and the environmental approval process. Under the current construction schedule, project completion is anticipated to occur in 2028, with incremental project elements delivered prior to the completion date, although this timing is subject to change. The 2028 completion date and the associated debt are assumed in the financial analysis included in this Letter.

Near-Term Gate Improvements and Other Projects

Construction began on the Terminal 5 Expansion in March 2020 and is scheduled for completion in 2022. No additional debt is anticipated in connection with this project.

Additional progress has been made on Concourse L gate projects. The Concourse L Five-Gates were constructed by American Airlines and opened in May 2018. Subsequently, the City bought out the lease for those gates as authorized in the Airline Use and Lease Agreement (AULA). The Concourse L Three-Gate Extension is currently in the planning and early design stage. Preliminary engineering has been completed on the Detention Basin Projects, another near-term capital project.

The O'Hare Multimodal Facility (MMF) project is in progress and comprises the Consolidated Rental Car Facility (CRCF), the Quick Turn Around Facility (QTA), public parking, and the Airport Transit System (ATS) extension and new ATS vehicle purchase. The CRCF, QTA, and public parking opened on October 31, 2018. The City is in the testing and commissioning process with the ATS extension project. A temporary common-use transportation system, utilizing buses, has been in use since the MMF opened in 2018, and it will be utilized until the ATS is operational. Remaining MMF project costs are anticipated to be funded from Customer Facility Charge (CFC) revenue or PFC revenue. Additional GARBs are not anticipated for the project.

Capital Improvement Program

The CIP projects presented in Section 2.2.7 of the 2018 Report are in progress. CIP projects address the Airport's ongoing maintenance, repair, and capital needs. For purposes of the financial analysis, the CIP as approved in the AULA remains unchanged.

Sources and Uses of Funds for the Airport Capital Program

Table 3 presents the updated estimated sources and uses of funds for Airport Capital Program projects, including Remaining OMP Airfield projects, TAP Phase 1 Projects, Near-Term Gate Improvements and Other Projects, and CIP Projects. The anticipated future debt for these projects is included in the Financial Analysis section of this Letter, and it is assumed that the project costs and project end dates remain unchanged.

TABLE 3 (1 OF 2) ESTIMATED SOURCES AND USES OF FUNDS FOR AIRPORT CAPITAL PROGRAM

PROJECT	TOTAL ESTIMATED COST (ESCALATED) ¹
Remaining OMP Airfield Projects	
Runway 9C-27C and Enabling Projects (fully funded)	\$1,037.6
Centralized De-Icing Pad (fully funded)	\$148.4
Cross-Field Taxiway System and Relocation of Taxiways A and B (fully funded)	\$186.3
Subtotal Runway 9C-27C and Additional Airfield Improvement Projects (fully funded)	\$1,372.3
Runway 9R Extension (Approved in AULA)	\$354.8
TOTAL REMAINING OMP AIRFIELD PROJECTS	\$1,727.1
TAP Phase 1 Projects (Approved in AULA)	
Terminal 2 Redevelopment - O'Hare Global Terminal & Concourses	\$2,597.6
Satellite 1 Concourse	\$895.0
Satellite 2 Concourse	\$672.2
Other TAP Phase 1 Projects (Consolidated Tunnel, Baggage Handling Systems, Terminal 5 Improvements and Repurposing, Utilities, Western Employee Parking)	\$2,075.6
TOTAL TAP PHASE 1 PROJECTS	\$6,240.4
Near-Term Gate Improvements and Other Projects	
Terminal 5 Expansion - Includes East Concourse Extension and West Concourse Reconfiguration (fully funded)	\$266.8
Terminal 5 Baggage Handling System, Repurposing, Landside, and Parking (approved in AULA)	\$515.0
Concourse L 5-Gate Buyout (approved in AULA)	\$78.0
Concourse L 3-Gate Expansion (approved in AULA)	\$28.0
Detention Basin Projects	\$201.6
TOTAL NEAR-TERM GATE IMPROVEMENTS AND OTHER PROJECTS	\$1,087.1
CIP Projects	
Previously Approved CIP Projects (to be funded)	\$389.9
CIP Projects (Approved in the AULA)	
Airfield	\$522.9
Terminal	\$1,001.1
Parking and Ground Transportation	\$24.1
City Equipment	\$54.1
Heating and Refrigeration	\$30.0
TOTAL CIP PROJECTS	\$2,168.8
TOTAL AIRPORT CAPITAL PROGRAM	\$11,223.4

TABLE 3 (2 OF 2) ESTIMATED SOURCES AND USES OF FUNDS FOR AIRPORT CAPITAL PROGRAM

FUNDING SOURCES ²	TOTAL ESTIMATED FUNDING SOURCES (ESCALATED) ¹
Remaining OMP Airfield Projects	
FAA LOI Grant PAYGO	\$205.0
2016F New Money Bonds (FAA LOI Grant Receipts-Backed)	\$140.0
Existing GARBs	\$977.3
PFC pay-as-you-go	\$50.0
2018 Bonds	\$354.8
TOTAL REMAINING OMP AIRFIELD PROJECTS	\$1,727.1
TAP Phase 1 Projects	
Existing GARBs	\$191.1
Future GARBs	\$6,049.2
TOTAL TAP PHASE 1 PROJECTS	\$6,240.4
Near-Term Gate and Other Projects	
Existing GARBs	\$529.7
Future GARBs	\$557.4
TOTAL NEAR-TERM GATE IMPROVEMENTS AND OTHER PROJECTS	\$1,087.1
CIP Projects	
Existing GARBs	\$950.9
Future GARBs	\$1,217.9
TOTAL CIP PROJECTS	\$2,168.8
TOTAL AIRPORT CAPITAL PROGRAM	\$11,223.4
TOTAL FUTURE BONDS ASSUMED TO FUND AIRPORT CAPITAL PROGRAM	\$7,824.6

NOTES: Dollars in millions.

1 Project costs are escalated for the purposes of financial projections and future bond assumptions and are subject to change based on project schedule and cost.

2 Under the AULA, the City of Chicago agreed to use a total of \$730 million of PFC Revenues to fund Airport Capital Program costs, including financing costs, over the term of the 15-year agreement. Portions of the PFC Revenues used to fund the Airport Capital Program may serve to offset future bonds currently assumed; however, the timing and use of these PFC Revenues has not yet been determined.

SOURCE: Chicago Department of Aviation, September 2020.

Updated Information Regarding the Economic Base for Air Transportation

Ricondo conducted a review of certain economic and demographic information made available since the date of the 2018 Report. The information suggests that the 2018 Report's findings regarding the Airport's Air Trade Area (ATA), which is defined as the Chicago-Naperville-Joliet Metropolitan Statistical Area (MSA) and the Kankakee-Bradley MSA,⁴ and economic base for air transportation remain valid over the Projection Period. In the near-term (1 to 3 years), however, the ATA and US economies will be subject to the impacts

⁴ The Demographic and Economic Analysis of the Air Trade Area is provided in Chapter 3 of the 2018 Report.

of the COVID-19 pandemic. Therefore, projected near-term economic performance for the ATA and the United States is now lower than reflected in the 2018 Report.

The economic base of the ATA is strong and capable of supporting increases in demand for air transportation at the Airport through the Projection Period. The following subsection provides an overview of recent economic and demographic data and projections, including updated Woods & Poole Economics, Inc. (Woods & Poole) projections for the United States and the ATA through 2029; near-term (2020 and 2021) projections from the National Association for Business Economics (NABE) and International Monetary Fund (IMF) for the United States and the world; and a discussion of recent developments impacting the local, national, and world economies. Comparisons are made between the data and projections available at the time of the 2018 Report and the data and projections available at the time of this 2020 Letter. Because the ATA is significantly impacted by overall economic conditions in the United States, data for the United States are considered a proxy for ATA data in instances where recent (Q1 and Q2 2020) data and/or near-term (2020 and 2021) projections for the ATA are not available.

Gross Domestic Product

Until Q1 2020, economic activity in the United States continued to expand at a moderate pace. The 2018 Report contained the most current (October 2018) data published by the NABE from a survey of business economists, which projected median US gross domestic product (GDP) growth of 2.9 percent in 2018 and 2.7 percent in 2019.⁵ Actual real US GDP growth in 2018 was 2.9 percent,⁶ matching the October 2018 NABE projection, while the actual real US GDP growth in 2019 was 2.3 percent, lower than the October 2018 NABE projection. This slightly lower growth was largely attributable to lower-than-expected non-residential fixed investment and, to a lesser degree, lower consumer spending.⁷

COVID-19 was first identified in December 2019 and was declared a pandemic by the World Health Organization in March 2020. For Q1 2020, the economic impacts of COVID-19 were first visible in US GDP data. The current US Department of Commerce, Bureau of Economic Analysis estimate of US GDP for Q1 2020 is -5.0 percent, and for Q2 2020 it is -32.9 percent.⁸ The decline in US GDP in Q1 2020, which accelerated in Q2 2020, is due to the significant, but still largely unknown (at the time of this Letter), economic effects of the COVID-19 pandemic. The most recently published NABE outlook survey (June 2020) projects that GDP will grow in Q3 2020 and Q4 2020, with a median real GDP growth of 9.1 percent and 6.8 percent, respectively.⁹ The IMF's most recently published data (June 2020) projects real US GDP to contract by 8.0 percent overall in 2020 but grow by 4.8 percent in 2021.¹⁰ The IMF projects the global economy to

⁵ National Association for Business Economics, *NABE Outlook*, October 2018.

⁶ US Department of Commerce, Bureau of Economic Analysis, *Gross Domestic Product: Fourth Quarter and Annual 2019 (Third Estimate)*, March 26, 2020.

⁷ Ibid.

⁸ US Department of Commerce, Bureau of Economic Analysis, *Gross Domestic Product: Second Quarter 2020 (Advance Estimate) and Annual Update*, July 30, 2020.

⁹ National Association for Business Economics, *NABE Outlook*, June 2020.

¹⁰ International Monetary Fund, *World Economic Outlook*, June 2020.

fare better than the United States, with global economic output projected to decrease by 4.9 percent in 2020 and grow by 5.4 percent in 2021.

As presented in Table 3-6 of the 2018 Report, Woods & Poole projected the ATA's gross regional product (GRP) would increase at a compound annual growth rate (CAGR) of 1.6 percent through the Projection Period, from \$680.6 billion in 2017 to \$822.3 billion¹¹ in 2029. During the same period, Woods & Poole projected the US GDP would increase at a CAGR of 1.8 percent, from \$19,382.3 billion in 2017 to \$24,085.0 billion in 2029. The Woods & Poole data updated in 2020 projects a higher growth rate for the ATA compared to the 2018 projection, with a projected CAGR of 1.8 percent for the ATA's GRP during the Projection Period (increasing from \$695.1 billion in 2019 to \$831.2 billion in 2029). Despite the COVID-19 pandemic, the US GDP is now projected by Woods & Poole to increase at a CAGR of 2.1 percent over the same period (increasing from \$20,540.6 billion to \$25,213.5 billion). However, the long-term impacts from the COVID-19 pandemic are largely unknown, and GDP and GRP could be materially different than what was projected by Woods & Poole.¹²

Exhibit 1 shows a comparison of the Woods & Poole GDP and GRP projections from the 2018 Report and the updated GRP and GDP projections for the ATA and the United States.

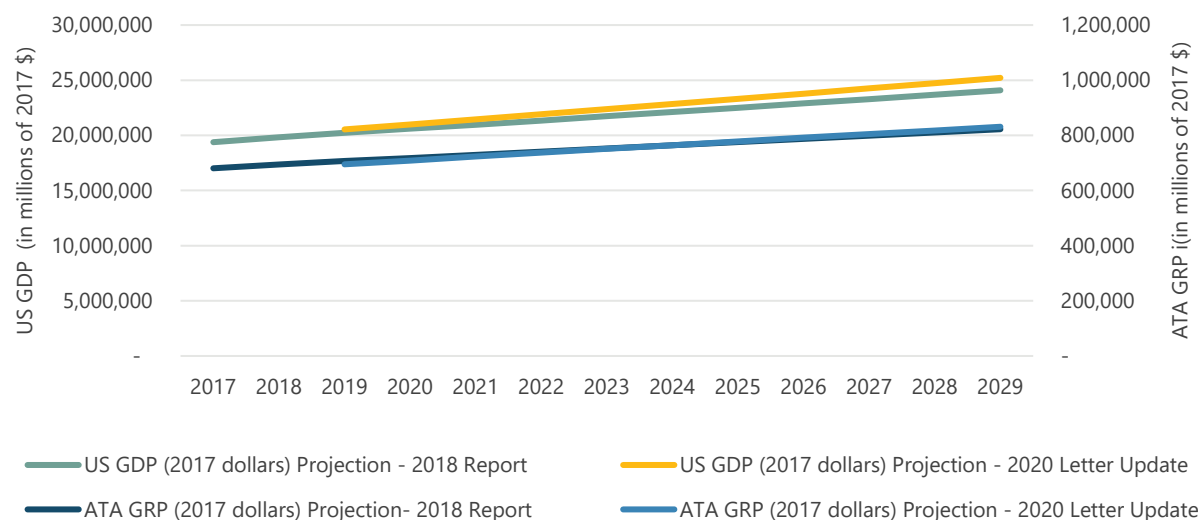
Population

As presented in the 2018 Report, Woods & Poole projected the ATA's population to increase at a CAGR of 0.6 percent through the Projection Period, from approximately 9.7 million in 2017 to approximately 10.4 million in 2029. During the same period, Woods & Poole projected the US population to increase at a CAGR of 0.9 percent, from approximately 325.9 million in 2017 to approximately 364.0 million in 2029. The updated Woods & Poole projections show a slightly lower growth rate for both the ATA and the United States as a whole: 0.3 percent CAGR for the ATA during the Projection Period (from 9.6 million in 2019 to 9.9 million in 2029) and a CAGR of 0.6 percent for the United States (increasing from 329.3 million in 2019 to 350.9 million in 2029). **Exhibit 2** compares the Woods & Poole population projections from the 2018 Report with the updated projections for both the ATA and the United States.

¹¹ To remain consistent with the GRP and GDP data provided in the 2018 Report, all GRP and GDP data in this Letter are presented in 2017 dollars.

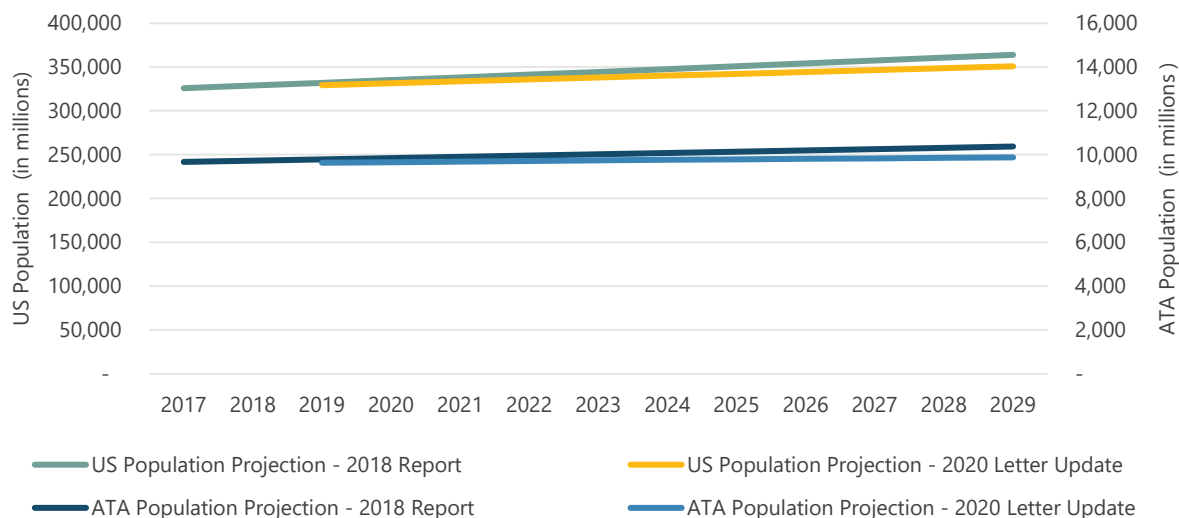
¹² Woods & Poole did not incorporate the immediate impact of the COVID-19 pandemic into its updated projections released in June 2020, noting in its technical description that "the data were unclear about what the estimate should be and because the long-term impact of an estimate could not be made reliably." With respect to the long-term economic impact of COVID-19, Woods & Poole takes the position that "despite significant 2020 impact, COVID-19 itself does not appear to have made a quantifiable long-term economic impact that would affect forecasts: productive land area in the U.S. is still usable, productive capital (i.e. factories) are still in place, and the size of labor force has not been reduced significantly."

EXHIBIT 1 PROJECTED AIR TRADE AREA AND UNITED STATES GROSS DOMESTIC/REGIONAL PRODUCT



NOTES: GDP = Gross Domestic Product GRP = Gross Regional Product ATA = Air Trade Area
SOURCES: Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source (CEDDS), April 2018; Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source (CEDDS), June 2020.

EXHIBIT 2 PROJECTED AIR TRADE AREA AND UNITED STATES POPULATION



NOTE: ATA = Air Trade Area
SOURCES: Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source (CEDDS), April 2018; Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source (CEDDS), June 2020.

Unemployment Rate

The 2018 Report referenced a NABE survey that estimated that the average annual US unemployment rate would be 3.9 percent in 2018 and 3.6 percent in 2019. The actual annual US unemployment rate was 3.9 percent in 2018 and 3.7 percent in 2019. Due to the effects of the COVID-19 pandemic, beginning in March 2020 the non-seasonally adjusted monthly unemployment rates for both the United States and the ATA increased compared to the unemployment rates for the same months in the previous year.

The latest data available (July 2020 for the ATA and August 2020 for the United States) show the significant effects of COVID-19 on unemployment. The July 2020 ATA non-seasonally adjusted unemployment rate was 11.9 percent.¹³ In August, the nationwide non-seasonally adjusted unemployment rate was 8.5 percent, representing a decrease from 14.4 percent in April, 13.0 percent in May, 11.2 percent in June, and 10.5 in July. NABE now projects a decrease in subsequent quarters, with the national non-seasonally adjusted unemployment rate reaching 7.1 percent by Q4 2021. While this would represent a significant decline in unemployment from Q2 2020 levels, 7.1 percent unemployment is still substantially higher than the 3.8 percent rate in February 2020, the last month before impacts from COVID-19 were felt in the United States. The IMF projects a US annual unemployment rate of 10.4 percent in 2020 and 9.1 percent in 2021.¹⁴

Employment

Nonagricultural employment in the United States added an average of 223,000 jobs per month in 2018,¹⁵ higher than the average 2018 year-to-date growth reported in the 2018 Report (208,300 jobs per month between January and September 2018).¹⁶ In 2019, employment growth slowed, yet an average of 178,000 jobs per month were added.¹⁷ In Q1 2020, US employment lost an average of 303,000 jobs per month; the United States added jobs in both January and February of this year, but these gains were offset by a sharp decline in March, when US employment fell by approximately 1,373,000.^{18,19} The United States lost 20,787,000 jobs in April 2020, which is almost entirely attributable to the COVID-19 pandemic.²⁰ May 2020, June 2020, preliminary July 2020, and preliminary August 2020 employment data, however, reflect a limited resumption of economic activity and an increase of 2,725,000, 4,781,000, 1,734,000, and 1,371,000 jobs, respectively.²¹ Based on the NABE survey, the United States is expected to continue to gain jobs in Q3 2020, although US employment is not projected to recover to pre-Q1 2020 levels during NABE's projection period (through 2021).

¹³ US Department of Commerce, Bureau of Labor Statistics, September 2020 (preliminary data).

¹⁴ International Monetary Fund, *World Economic Outlook*, April 2020.

¹⁵ US Department of Commerce, Bureau of Labor Statistics, *The Employment Situation – February 2019*, March 8, 2019.

¹⁶ US Department of Commerce, Bureau of Labor Statistics, *The Employment Situation, January-September 2018*, October 5, 2018.

¹⁷ US Department of Commerce, Bureau of Labor Statistics, *The Employment Situation – February 2020*, March 6, 2020.

¹⁸ US Department of Commerce, Bureau of Labor Statistics, *The Employment Situation – March 2020*, April 3, 2020.

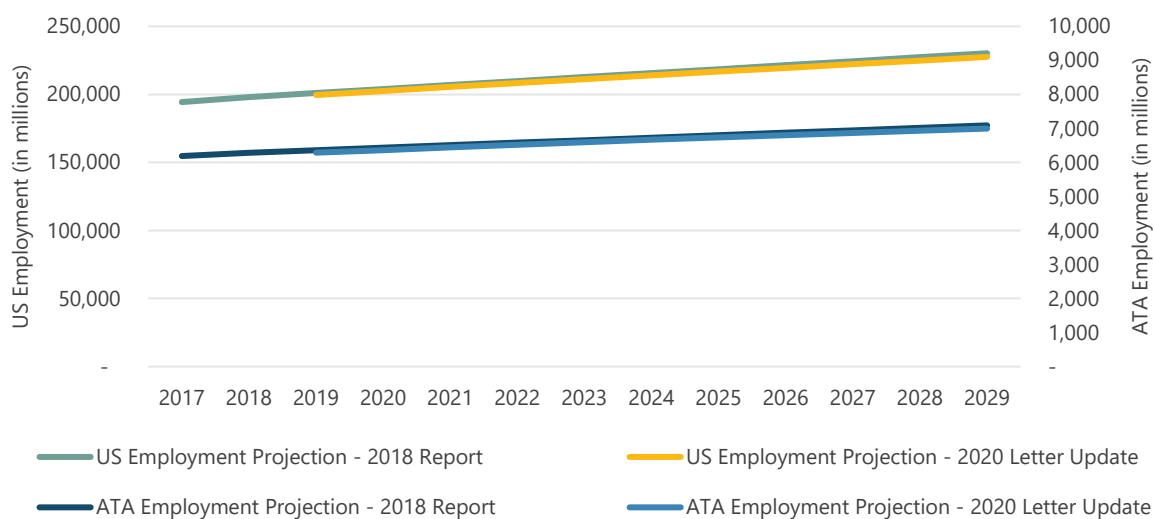
¹⁹ US Department of Commerce, Bureau of Labor Statistics, *Current Employment Statistics Highlights (May 2020)*, June 5, 2020.

²⁰ US Department of Commerce, Bureau of Labor Statistics, *Current Employment Statistics Highlights (June 2020)*, July 2, 2020.

²¹ US Department of Commerce, Bureau of Labor Statistics, *The Employment Situation – August 2020*, September 4, 2020.

As presented in the 2018 Report, data from Woods & Poole projected the ATA's total employment to increase at a CAGR of 1.1 percent through the Projection Period, from approximately 6.2 million jobs in 2017 to approximately 7.1 million in 2029. During the same period, data from Woods & Poole projected the US employment to increase at a CAGR of 1.4 percent, from approximately 194.4 million jobs in 2017 to approximately 230.2 million in 2029. The updated Woods & Poole projections indicate the same 1.1 percent CAGR for the ATA during the Projection Period (increasing from approximately 6.3 million in 2019 to approximately 7.0 million in 2029). Woods & Poole now projects US employment to increase at a CAGR of 1.3 percent over the same period (increasing from approximately 199.6 million to approximately 227.6 million), slightly lower than the projected growth in the 2018 Report. **Exhibit 3** compares the Woods & Poole employment projection from the 2018 Report with the updated employment projection for both the ATA and the United States.

EXHIBIT 3 PROJECTED AIR TRADE AREA AND UNITED STATES EMPLOYMENT



NOTE: ATA = Air Trade Area

SOURCES: Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source (CEDDS), April 2018; Woods & Poole Economics, Inc., Complete Economic and Demographic Data Source (CEDDS), June 2020.

Based on the analysis described in Chapter 3 of the 2018 Report, as well as the most recent unemployment data and economic forecast information described above, and despite assumed short-term significant negative economic impacts of the COVID-19 pandemic, Ricondo's conclusion is unchanged: the ATA's economic base remains strong and will continue to support long-term growth in demand for air transportation services at the Airport. Ricondo's review of the most recent economic data and information suggests that the economic projections used to develop the traffic forecast in the 2018 Report remain valid.

Updated Information Regarding Air Traffic

Overview of Airport 2018 and 2019 Activity and Air Service Developments

The Airport had approximately 41.6 million enplaned passengers in 2018, a 4.5 percent increase from 2017. This total exceeded the 2018 enplaned passenger forecast in the 2018 Report (approximately 41.1 million) but remains in line with the forecast. The 2018 passenger growth was largely the result of United Airlines' (United's) expansion at the Airport; United increased service on the majority of its existing domestic routes and introduced service to eight new domestic destinations (some seasonal) in 2018.

The Airport also added several international routes in 2018. New international foreign flag carriers at the Airport in 2018 included Cape Air, Norwegian Air, Ethiopian Airlines, Air New Zealand, and VivaAerobús. With the addition of direct routes to Addis Ababa, Ethiopia (Ethiopian Airlines), and Auckland, New Zealand (Air New Zealand), Chicago gained direct nonstop links to Africa and Oceania, two regions without prior nonstop service from the Airport. One international foreign flag carrier, WestJet, discontinued service at the Airport in 2018.

In 2019, the CDA reported approximately 42.2 million enplaned passengers at the Airport, a growth of 1.5 percent from 2018.²² This is slightly lower than the approximately 42.6 million enplaned passengers forecast for 2019 in the 2018 Report, but it remains in line with the forecast. The 2019 passenger activity growth was largely attributable to American Airlines' (American's) expansion at the Airport. American introduced 14 new domestic destinations and increased seat capacity on routes to its hub at Dallas Fort Worth International Airport and other destinations. Delta Air Lines (Delta) also contributed to this growth in 2019, upgauging certain routes and increasing the frequency of its routes to LaGuardia (New York) and Salt Lake City International Airports. Delta also launched regional jet service to Raleigh-Durham and Boston Logan International Airports in 2019. Ultra-low-cost-carriers (ULCCs) Spirit Airlines and Frontier Airlines both grew departing seat capacity from the Airport in 2019 with increased frequencies to existing destinations and service to new destinations. Sun Country Airlines began serving the Airport in 2019, with service to Minneapolis–St. Paul International Airport. The Airport also gained one new international foreign flag carrier in 2019 (TAP Portugal), while five international foreign flag carriers discontinued service at the Airport: Avianca, Finnair, Cayman Airways, Asiana Airlines, and WOW Air.

COVID-19 Impact on Air Traffic

The outbreak and spread of COVID-19 have depressed air travel demand for air travel globally. The impact to air travel began in East Asia in early 2020 and rapidly accelerated to other regions in March and April. Airlines have responded by parking aircraft and drastically reducing capacity across their networks. Several large international airlines, including Air India, Avianca, Emirates, and Virgin Atlantic, suspended all operations for several weeks in March and April. By May 2020, which represented the low point in terms of passenger airline capacity reductions, scheduled departing seats represented 24.0 percent of May 2019

²² Commercial enplaned passengers excludes general aviation enplaned passengers.

capacity for all US airports and 19.0 percent of May 2019 capacity for the Airport. Airline capacity started to recover in June with US airport scheduled departing seat capacity increasing to 52.0 percent of the prior year's capacity by August. For the Airport, August 2020 scheduled departing seats represent 46.0 percent of August 2019 departing seats. The deeper capacity reductions at the Airport versus the national level are due in large part to the following factors:

- Southwest Airlines (Southwest), which does not serve the Airport, was the third largest airline in the United States in terms of departing seat capacity in 2019. Southwest has only reduced scheduled systemwide departing seats by 41.0 percent in Q2 2020 compared to 62.0 percent and 78.0 percent for the Airport's hub airlines American and United.
- International scheduled departing seats represented 17.0 percent of the Airport's total departing seats in 2019, compared to 13.0 percent for all US airports. International scheduled departing seats decreased 90.0 percent year-over-year in Q2 2020 compared to a 63.0 percent decrease for scheduled domestic departing seats.

Published airline schedules do not necessarily represent operated capacity as airlines may cancel scheduled flights or change aircraft types with different seat capacities on day of departure. Flight cancellation rates increased at the onset of the pandemic as airlines adjusted to the rapidly changing demand environment. Therefore, the decrease in operated capacity may be greater than published schedules indicate. While flight cancellation rates have decreased since May, future published schedules often change from week to week and are generally only reliable for one month into the future. It is expected that future schedules will remain volatile until the demand environment stabilizes.

Table 4 presents the 2019 and 2020 departing seat capacity by month for January through August for the United States and the Airport.

TABLE 4 DEPARTING SEAT CAPACITY (MILLIONS OF DEPARTING SEATS)

UNITED STATES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	JANUARY TO AUGUST
2019	91.0	83.0	98.2	95.2	99.1	99.6	103.4	102.7	772.3
2020	93.9	88.1	97.5	43.1	23.9	31.3	49.8	53.5	481.1
2020 % of 2019	103.2%	106.2%	99.3%	45.3%	24.1%	31.4%	48.1%	52.0%	62.3%

ORD	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	JANUARY TO AUGUST
2019	3.9	3.5	4.1	4.1	4.4	4.5	4.6	4.6	33.7
2020	3.8	3.5	4.0	1.6	0.8	1.0	1.8	2.1	18.7
2020 % of 2019	97.9%	101.1%	96.6%	39.7%	19.4%	21.4%	39.8%	46.0%	55.5%

SOURCE: Innovata (published airline schedules), September 2020.

Passenger volumes have decreased at a faster rate than seat capacity systemwide. Through the majority of April, which represented the low point in terms of passenger activity, the Transportation Security Administration (TSA) reported daily airport screening throughput for all US airports was approximately 5 percent of the volume on the equivalent same day in 2019. In April 2020, enplaned passengers at the Airport represented 5.0 percent of April 2019 enplaned passengers. **Table 5** presents the Airport's actual enplaned passengers, passenger airline operations, and passenger landed weight for the Airport for January through July 2019 and 2020.

TABLE 5 ORD ENPLANED PASSENGERS, PASSENGER OPERATIONS AND PASSENGER LANDED WEIGHT (JANUARY – JULY 2019 AND 2020)

ENPLANED PASSENGERS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	JANUARY TO JULY
2019	2,703,297	2,706,098	3,555,001	3,354,013	3,830,765	3,972,739	4,052,322	24,174,235
2020	2,886,049	2,782,452	1,641,308	169,267	351,867	612,459	1,027,923	9,471,325
2020 % of 2019	106.8%	102.8%	46.2%	5.0%	9.2%	15.4%	25.4%	39.2%
PASSENGER OPERATIONS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	JANUARY TO JULY
2019	62,899	61,048	73,167	71,275	76,547	77,116	78,590	500,642
2020	68,337	65,527	62,144	21,344	19,030	18,170	35,172	289,724
2020 % of 2019	108.6%	107.3%	84.9%	29.9%	24.9%	23.6%	44.8%	57.9%
PASSENGER LANDED WEIGHT	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	JANUARY TO JULY
2019	3,634	3,471	4,186	4,145	4,468	4,559	4,667	29,130
2020	3,786	3,568	3,374	1,167	1,147	1,276	2,078	16,396
2020 % of 2019	104.2%	102.8%	80.6%	28.1%	25.7%	28.0%	44.5%	56.3%

NOTES: Passenger operations includes air carrier and charter operations only.

Landed weight represents millions of thousand-pound units

SOURCE: Chicago Department of Aviation, September 2020.

The decrease in passenger airline operations during the pandemic has resulted in a decrease in belly cargo capacity, which has shifted some cargo activity to all-cargo airlines. **Table 6** presents the Airport's cargo tonnage, all-cargo operations, and all-cargo landed weight for January through July 2019 and 2020. All three cargo-related metrics have increased on a year-over-year basis in April, May, June, and July.

TABLE 6 ORD CARGO TONNAGE, ALL-CARGO OPERATIONS AND ALL-CARGO LANDED WEIGHT (JANUARY – JULY 2019 AND 2020)

CARGO TONNAGE (METRIC TONNES)	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	JANUARY TO JULY
2019	129,064	121,217	159,304	149,483	156,002	157,963	145,564	1,018,597
2020	124,742	117,801	155,891	154,330	169,720	185,058	156,928	1,064,470
2020 % of 2019	96.7%	97.2%	97.9%	103.2%	108.8%	117.2%	107.8%	104.5%
ALL-CARGO OPERATIONS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	JANUARY TO JULY
2019	1,880	1,668	2,004	1,961	2,041	2,031	1,998	13,583
2020	1,868	1,728	2,362	2,527	2,548	2,676	2,447	16,179
2020 % of 2019	99.4%	103.6%	117.9%	128.9%	124.8%	131.8%	122.5%	119.1%
ALL-CARGO LANDED WEIGHT	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	JANUARY TO JULY
2019	502	439	546	536	555	560	543	3,681
2020	482	449	630	673	687	707	611	4,239
2020 % of 2019	95.9%	102.2%	115.2%	125.7%	123.8%	126.3%	112.5%	115.6%

NOTE: Landed weight represents millions of thousand-pound units
SOURCE: Chicago Department of Aviation, September 2020.

Many countries, including the United States, have provided financial assistance to airlines in the form of grants and guaranteed loans. In the United States, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress on March 27, 2020. It requires airlines to maintain minimum service levels on a nationwide basis, with some exceptions, and maintain at least 90.0 percent of their pre-COVID-19 employment levels through September 30, 2020, as a condition for receiving this financial assistance. Airlines that receive the aid must also refrain from issuing or paying dividends, as well as refrain from issuing stock buybacks, furloughs, and salary reductions for a specified period, and executives are subject to compensation limits.

While airline capacity and passenger activity have begun to recover from the low points in April and May of 2020, the pace of the recovery in demand will be inconsistent in the near-term as continued travel restrictions and regional outbreaks of COVID-19 infections depress demand for air travel.

Considerations for Evaluating Short- and Long-Term Impact to Aviation Activity and Patterns

The development of a forecast recovery scenario for air travel—globally, nationally, and for the Airport—must consider the following factors:

- The severity and duration of the downturn in air travel demand, as well as the timing, pace, and length of the recovery, are unknown at this time. The development and distribution of a vaccine or treatment for COVID-19 would affect the timing and magnitude of economic recovery and would positively impact air traffic demand far more substantially than the modest recent increase in passenger activity described above. A full recovery to pre-COVID-19 activity levels will likely require development and widescale deployment of a vaccine to prevent the disease or an effective therapy to treat it. The timing and likelihood of these medical developments are unknown.
- A prolonged contraction of demand for air travel increases the likelihood of structural changes to the airline industry as compared to a “return to normal” recovery. These structural changes may include airline bankruptcies and failures, consolidations, and hub closures or other network changes.
- Airlines have announced the retirement of certain aircraft types from their operating fleets, which in some cases represents an accelerated timeline for retiring older aircraft that airlines were already planning to retire in the next few years. Changes in fleet mix and average aircraft size could change the number of operations required to accommodate passenger demand.
- National governments, including the United States, have imposed short-term regulatory changes, including requiring airlines to maintain service to certain destinations, as well as bans on certain international travel. The extension of these temporary changes, or the introduction of additional regulatory requirements (e.g., government-coordinated scheduling and fare pricing), would impact demand for air travel and patterns of activity.
- The Airport has played a critical and strategic role in the route networks of both United and American, providing access to the large and diverse Chicago origin and destination (O&D) market, as well as a geographic location that enables connectivity across regions. As presented in **Table 7** and **Table 8**, the Airport’s share of the hub airlines’ total capacity has not meaningfully changed during this time. The Airport is expected to remain a critical connecting hub for United and American, while continuing to serve a large local O&D market during and after the recovery. Both hub airlines continue to schedule flights around arrival and departure banks that enable connectivity. This connectivity is especially critical as airlines have reduced nonstop service on many routes and are more reliant on midcontinent connecting hubs to link destinations across their networks. Neither hub airline has another nearby connecting hub that can play the same role as the Airport in the route networks.

TABLE 7 ORD SHARE OF AMERICAN AIRLINES SYSTEM DEPARTING SEAT CAPACITY

ORD SHARE OF SYSTEM DEPARTING SEAT CAPACITY					
REGION	FULL YEAR 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Domestic	6.8%	6.2%	6.0%	6.5%	7.0%
International	5.7%	5.0%	6.3%	4.4%	5.0%
Total	6.8%	6.0%	6.5%	6.9%	6.6%

SOURCE: Innovata (published airline schedules), September 2020.

TABLE 8 ORD SHARE OF UNITED AIRLINES SYSTEM DEPARTING SEAT CAPACITY

ORD SHARE OF SYSTEM DEPARTING SEAT CAPACITY					
REGION	FULL YEAR 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Domestic	11.0%	10.6%	13.9%	12.5%	11.1%
International	12.9%	12.0%	6.1%	9.2%	12.1%
Total	11.2%	13.7%	12.3%	11.2%	11.3%

SOURCE: Innovata (published airline schedules), September 2020.

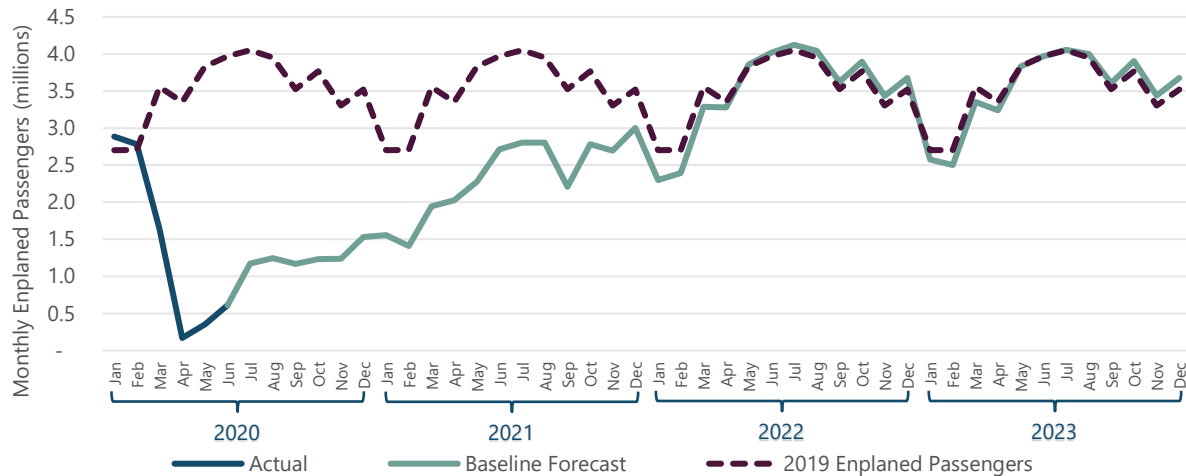
Updated Forecast of Passengers and Operations

This updated forecast is based on an evaluation of actual activity for 2018, 2019, and January through June 2020. Forecast activity for July and August is based on published airline schedules, estimates of the percentage of scheduled flights that will be operated, and passenger load factors. Published airline schedules were not used after August 2020, because airlines are expected to file updated schedules closer to the departure dates. Forecast departing seat capacity was based on an estimate of departures and average seats per departure by month and airline for the remainder of the short-term forecast (August 2020 through December 2022). Forecast departing seats were multiplied by estimated load factors to derive the forecast for enplaned passengers. Gradual increases in capacity and load factor represent the recovery for demand, which considers different rates of recovery for distinct segments of passenger traffic, including leisure versus business, as well as O&D versus connecting. Additional consideration was made for potential differences in recovery based on geographical region. The baseline forecast of activity used for the financial analysis described in the following sections, and included in Appendix 1, assumes total passenger activity is forecast to return to 2019 levels by the second quarter of 2022.

Due to the uncertainty of the timing and trajectory of the recovery, an alternative forecast of future activity was developed for the purpose of stress testing the financial projections. This alternative forecast is discussed in the financial analysis section of the Letter.

Exhibit 4 presents the monthly enplaned passengers through December 2023 for the baseline forecast to demonstrate the trajectory of the forecast recovery to 2019 levels of activity.

EXHIBIT 4 ENPLANED PASSENGER RECOVERY FORECAST



SOURCES: Chicago Department of Aviation (historical activity), September 2020; Ricondo & Associates, Inc. (forecast), September 2020.

The 2018 forecast, which was based on socioeconomic regression analysis, serves as the basis for the year-over-year growth rates in the updated forecast for 2023 through 2029. While economic activity could accelerate after the recovery, resulting in increased demand for air travel, long-term annual growth rates were not adjusted due to the uncertainty of economic recovery.

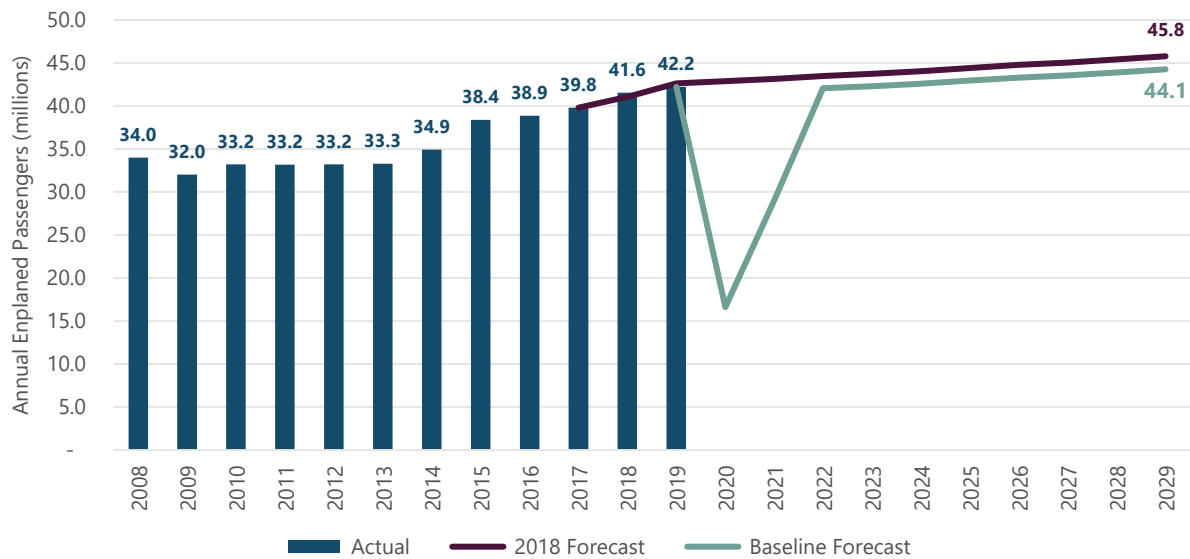
The Airport is expected to remain a critical component of both hub airlines' route networks due to the strength of the local O&D passenger demand in the greater Chicago MSA, as well as the Airport's geographic position in the Midwest United States that facilitates connecting traffic patterns for domestic and international itineraries.

Exhibit 5 presents the historical and forecast total enplaned passengers by fiscal year for the 2018 forecast and the 2020 baseline forecast.

Table 9 presents the historical enplaned passengers from fiscal year 2008 through fiscal year 2019.

Table 10 presents the annual enplaned passengers for the baseline forecast. Enplaned passengers are forecast to increase from 42.2 million in 2019 to 44.1 million in 2029, which represents a CAGR of 0.4 percent.

EXHIBIT 5 HISTORICAL AND FORECAST ENPLANED PASSENGERS



SOURCES: Chicago Department of Aviation (historical activity), September 2020; Ricondo & Associates, Inc. (forecast), September 2020.

TABLE 9 HISTORICAL ENPLANED PASSENGERS

FISCAL YEAR	DOMESTIC	INTERNATIONAL	TOTAL
2008	28,378,531	5,632,655	34,011,186
2009	26,851,150	5,184,005	32,035,155
2010	28,087,634	5,131,768	33,219,402
2011	28,293,579	4,901,129	33,194,708
2012	28,275,113	4,956,088	33,231,201
2013	28,182,287	5,102,501	33,284,788
2014	29,546,907	5,392,787	34,939,694
2015	32,863,551	5,517,938	38,381,489
2016	33,001,262	5,856,818	38,858,080
2017	33,574,645	6,228,043	39,802,688
2018	34,585,086	6,965,297	41,550,383
2019	35,156,031	7,079,656	42,235,687
Compound Annual Growth Rate			
2008 to 2014	0.7%	-0.7%	0.4%
2014 to 2019	3.5%	5.6%	3.9%
2008 to 2019	2.0%	2.1%	2.0%

SOURCE: Chicago Department of Aviation (historical activity), September 2020.

TABLE 10 BASELINE ENPLANED PASSENGER FORECAST

FISCAL YEAR	DOMESTIC	INTERNATIONAL	TOTAL	TOTAL PERCENT OF 2019
2019 (Actual)	35,156,031	7,079,656	42,235,687	NA
2020	14,143,554	1,881,424	16,024,978	37.9%
2021	23,778,702	4,447,016	28,225,718	66.8%
2022	35,360,837	6,573,940	41,934,777	99.3%
2023	35,557,532	6,600,706	42,158,238	99.8%
2024	35,819,854	6,646,470	42,466,324	100.5%
2025	36,113,927	6,715,910	42,829,837	101.4%
2026	36,367,120	6,788,237	43,155,357	102.2%
2027	36,568,964	6,848,321	43,417,285	102.8%
2028	36,841,215	6,929,379	43,770,594	103.6%
2029	37,120,522	7,009,048	44,129,570	104.5%
2019 to 2029 Compound Annual Growth Rate	0.5%	-0.1%	0.4%	

SOURCES: Chicago Department of Aviation (historical activity), September 2020; Ricondo & Associates, Inc. (forecast), September 2020.

The operations forecast was based the enplaned passenger forecast and estimated load factors and average seats per departure. **Table 11** presents the Airport's historical and forecast operations and landed weight for passenger and all-cargo airlines for the baseline forecast. Operations are forecast to decrease from approximately 904,000 in 2019 to approximately 885,000 in 2029, which represents a CAGR of -0.2 percent. In the baseline forecast, landed weight increases from approximately 57.5 million-pound units in 2019 to approximately 63.7 million-pound units in 2029, which represents a CAGR of 1.0 percent.

TABLE 11 BASELINE OPERATIONS AND LANDED WEIGHT FORECAST

FISCAL YEAR	OPERATIONS	OPERATIONS PERCENT OF 2019	LANDED WEIGHT	LANDED WEIGHT PERCENT OF 2019
2019 (Actual)	903,734	NA	57,471,058	NA
2020	512,941	56.8%	33,599,529	58.5%
2021	665,704	73.7%	47,684,298	83.0%
2022	869,207	96.2%	60,298,461	104.9%
2023	869,302	96.2%	60,628,679	105.5%
2024	870,682	96.3%	60,979,378	106.1%
2025	873,627	96.7%	61,473,050	107.0%
2026	876,239	97.0%	61,962,043	107.8%
2027	877,811	97.1%	62,428,127	108.6%
2028	881,104	97.5%	63,017,287	109.7%
2029	884,735	97.9%	63,678,631	110.8%
2019 to 2029 Compound Annual Growth Rate	-0.2%		1.0%	

NOTES: Operations include passenger and all-cargo airlines

Landed weight represents millions of thousand-pound units

SOURCES: Chicago Department of Aviation (historical activity), September 2020; Ricondo & Associates, Inc. (forecast), September 2020.

Updated Financial Analysis

Changes to the financial analysis from the 2018 Report reflect updates to activity forecasts; Airport rates and charges budget information; actual debt service on the 2018 Bonds; the estimated 2020 Bonds; and updated future GARB debt service assumptions based on the Airport Capital Program.

This updated financial analysis, like the 2018 Report, assumes a continuation of the rate-setting methodology set forth in the existing AULA for the entirety of the Projection Period. No changes to the AULA have occurred since the 2018 report, and additional information regarding the AULA is provided in the 2018 Report. The AULA is a 15-year agreement and expires December 31, 2033. It permits the City to increase debt service coverage on Senior Lien Obligations issued under the Senior Lien Indenture in .05 increments annually, from 1.10x to 1.25x by 2021. To enhance the City's cash position, the AULA also adds a supplemental Operation and Maintenance (O&M) Expense reserve that will be funded over time, beginning in 2019 at 3.6 percent of the following year's projected O&M Expenses and increasing annually until reaching 25.0 percent by 2025.

The 2020 rates and charges budget, revised to adjust for the impacts of COVID-19, and the baseline traffic activity forecast serve as the basis for the updated financial projections and the financial analysis in this Letter. A sensitivity analysis is included in this Letter following this section.

Generally, changes to the financial projections compared with the 2018 Report include the following:

- decrease in O&M Expenses by 22.4 percent in 2020 and minor reductions in future years to reflect cost cutting measures initially implemented by the CDA
- significant decreases in Non-Airline Revenues as a result of reduced activity
- application of CARES Act funding in 2020
- application of anticipated 2018 and 2019 settlement credits applied to the 2020 rates
- adjustments to projected Net Debt Service (based on final pricing of 2018 Bonds, issuance of the 2020 Bonds, and revised future GARB issuance assumptions based on the 5-year CIP)

An updated set of financial projection tables, corresponding to Appendix B of the 2018 Report, are included at the end of this Letter as **Attachment 1**.

CARES Act Funding

The CARES Act includes a provision that allocates \$10 billion in grants for eligible US airports to prepare for and respond to COVID-19 impacts, including support for continuing airport operations. The amount of CARES Act funding awarded to airports was based on a 50.0 percent allocation of enplaned passengers, 25.0 percent allocation of existing debt, and 25.0 percent allocation of unrestricted cash reserves. Based on this combination, the City expects to receive approximately \$294.4 million for the Airport.

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These funds are available for any purpose for which airport revenues may lawfully be used, including airport operating expenses, debt obligations, and future development. The grants will allow the City to address impacts to tenants and contractors, particularly those that are most vulnerable to the industry disruption and significant decrease in activity, although the funds cannot be used for off-Airport purposes. In addition, accepting CARES Act funding would commit the City to employing at least 90.0 percent of the number of individuals employed (i.e., Full Time Equivalents) through December 31, 2020.

COVID-19 Mitigation

The City has taken several steps to mitigate the financial impact from COVID-19 at the Airport from the significant decrease in activity. These near-term actions in 2020 and 2021 have included (or will include) allocation of the CARES Act funds to minimize rate base impacts. **Table 12** shows the use of CARES Act funding anticipated by the City in 2020. Approximately \$234.3 million of CARES Act funds are incorporated into the financial analysis included in this Letter. An additional \$60.2 million are anticipated to be used for CFC Revenue bonds and PFC Revenue Bonds. Other measures to mitigate the impact from COVID-19, also addressed in this Letter, include a reduction of O&M Expenses and associated fund deposits, a Landing Fee true-up for prior fiscal years, and the 2020 Bonds debt service for savings.

TABLE 12 USE OF CARES ACT FUNDING

CARES ACT FUNDING	AMOUNT
Airline Rate Base Mitigation	
O&M Airfield Expenses – Airfield Cost Center	\$29.3
O&M Airfield Expenses – Terminal Cost Center	\$44.8
GARB Debt Service – Airfield Cost Center ^{2,3}	\$80.2
Common Use Fees Offset	\$50.0
Concessionaire Support ⁴	\$30.0
Subtotal	\$234.3
PFC Revenue Bond Debt Service or PFC Supported Projects	\$30.2
CFC Related Expenses and Revenue Bond Debt Service	\$30.0
TOTAL	\$294.4

NOTE:

1 Numbers may not add due to rounding.

2 Includes \$45.3 million of CARES Act funds that will be applied as revenue for purposes of Debt Service Coverage calculations.

3 Includes \$34.8 million of GARB debt service funded with CARES Act funds in lieu of applying PFC Revenues

4 CARES Act funds used for concessionaire relief will be Non-Airline Revenue for purposes of calculating Net Airline Requirement

SOURCE: Chicago Department of Aviation. September 2020.

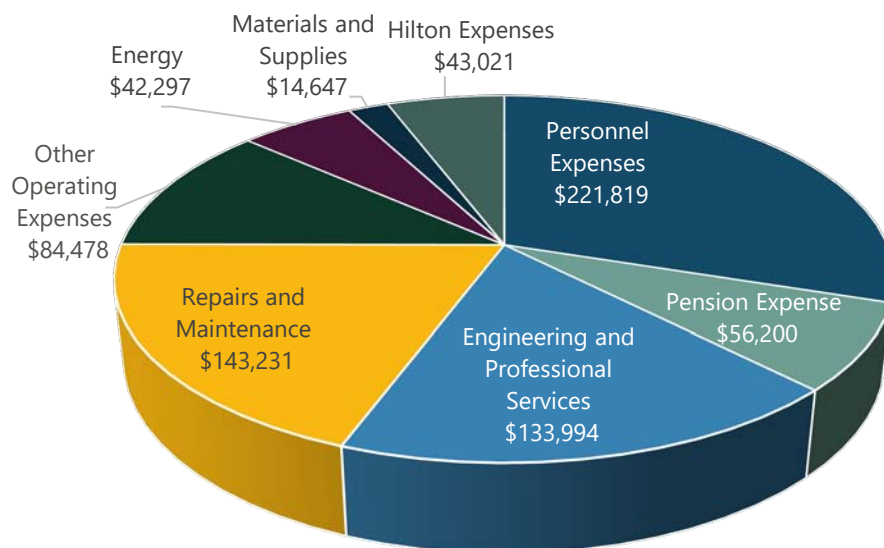
The City has authority per the AULA to review budgeted capital costs, O&M expenses, and levels of air traffic activity against actual results and implement a midyear adjustment to its rates and charges to reduce underpayments or overpayments. The City implemented its midyear adjustment to rates and charges on

July 1, 2020. It has one additional opportunity, per the AULA, to implement an adjustment during the second half of the fiscal year if the variance between budgeted and actuals is greater than 5.0 percent. This opportunity is still available for the City and has not been exercised at this time.

Updated Operation and Maintenance Expense Projections

The Airport's approved second-half 2018 airline rates and charges budget served as the base for O&M Expenses projections in the 2018 Report. As shown in Table A-1 of Appendix A to the 2018 Report, between 2013 and 2017, the Airport's actual O&M Expenses were less than the budgeted amount in four of the five years, averaging 2.1 percent below budget. Actual O&M Expenses in 2018 and 2019, as defined by the indenture, were approximately \$579.0 million and \$632.6 million, respectively, reflecting a growth rate of 9.3 percent. **Exhibit 6** presents the actual O&M expense breakdown for fiscal year 2019. This includes all Airport expenses.

EXHIBIT 6 2019 AIRPORT OPERATING EXPENSES BY CATEGORY (THOUSANDS) ¹



NOTES: Excludes Consolidated Rental Car Facility.

¹ Includes total airport expenses, some of which are not subject to the AULA or included in O&M Expenses as defined in the Indenture. Pension Expenses only include the portion of City's pension contribution payable in 2019. The remaining portion of the pension expense pursuant to Governmental Accounting Standards Board (GASB) Statement Number 68 that is not due and payable in the current year is not included. Fiscal 2019 is the first year Hilton is included in the financials as the 30-year lease with HLT O'Hare ended in December 2018 and the hotel was transferred back to the Airport.

SOURCE: Comprehensive Annual Financial Report for Fiscal Year Ended 2019.

The City has since released its approved first-half 2020 airline rates and charges budget for the Airport, which has been revised to reflect the financial impact of COVID-19. This revised budget is used as the base for the updated O&M Expense projections. The City is reducing budgeted O&M Expenses by approximately \$110.8 million, as shown in **Table 13**.

TABLE 13 2020 BUDGET O&M EXPENSE REDUCTION

O&M EXPENSE	AMOUNT (MILLIONS)
Airfield	\$30.0
Terminal	\$30.0
O&M Reserve ¹	\$44.0
Other ²	\$6.3
TOTAL	\$110.3

NOTES:

1 Reduction of O&M Reserve is due to reduction in budgetary operating costs and application of CARES Act funds to reduce O&M costs.

2 Includes CATCo, Allowable Airline Liaison Office, and SmartCarte expenses.

SOURCE: Chicago Department of Aviation. September 2020.

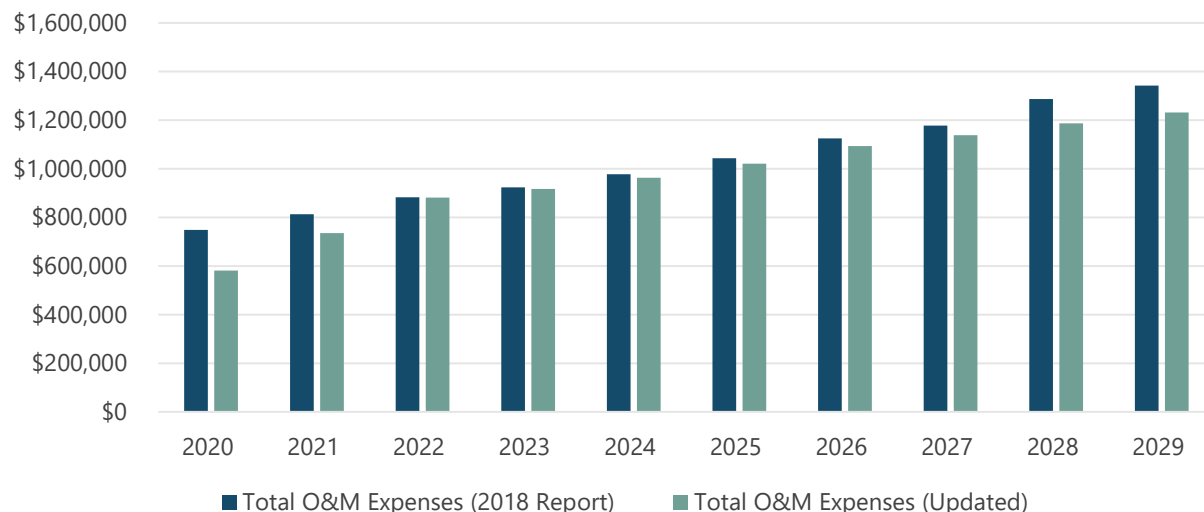
O&M Expense projections are based on the type of expense, forecast future inflation (assumed to be 3.0 percent annually through the Projection Period), and incremental O&M Expenses related to the completion of Airport Capital Program projects. No incremental O&M Expenses associated with the 5-year CIP or other recently announced capital projects were assumed in the 2018 Report or in the updated financial analysis.

Based on historical growth and current initiatives, the personnel expense growth assumption was revised downward from 5.0 percent to 4.0 percent, and the Airfield Runway Incremental Expense growth rate was revised to 3.0 percent to reflect inflation; 100.0 percent of the O&M Expenses for the CRCF are assumed to be covered by rental car operators through CFC collections and Facility Rent.

The CDA has implemented temporary cost-cutting initiatives in 2020 in response to decreased activity and revenues. These include a total of approximately \$66.3 million in O&M reductions to airfield and terminal cost centers, which is fully applied to the updated financial analysis, as well as approximately \$44.0 million of associated reductions in the O&M Reserve Fund and Supplemental O&M Reserve Fund requirements. The financial analysis also includes another temporary cost reduction initiative currently anticipated by the CDA for \$60.0 million in 2021, which is equally split between the airfield and terminal cost centers.

A comparison of projected O&M Expenses between the updated financial analysis and the 2018 Report is presented on **Exhibit 7**. In the 2018 Report, total O&M Expenses were projected to be approximately \$719.1 million in 2020, and they are now budgeted to be \$581.0 million, a difference of 19.2 percent. This includes the O&M reduction and the application of CARES Act funds. O&M Expenses are now projected to be \$1.2 billion in 2029, a decrease of 8.2 percent from the 2018 Report.

EXHIBIT 7 PROJECTED OPERATING AND MAINTENANCE EXPENSES COMPARISON



NOTE: Dollars in thousands for FY ending December 31. Amounts are net of the CARES Act funds application.

SOURCE: Chicago Department of Aviation; Ricondo & Associates, Inc., (based on the analysis and assumptions in this Letter), September 2020.

As shown in Attachment 1 Table 1-1, total O&M Expenses (net of the application of CARES Act funds and cost reduction initiatives) are projected to increase from approximately \$581.0 million in 2020 to approximately \$1.2 billion in 2029, reflecting a CAGR of 8.7 percent. This compares to a CAGR of 7.0 percent projected in the 2018 Report. The higher CAGR reflects the lower O&M base in 2020 due to application of CARES Act funds and cost reduction efforts, and it does not represent a net increase in O&M Expenses. Projected O&M Expenses incorporate incremental O&M Expenses related to the scheduled completion of the Airport Capital Program in 2028.

Updated Non-Airline Revenue Projections

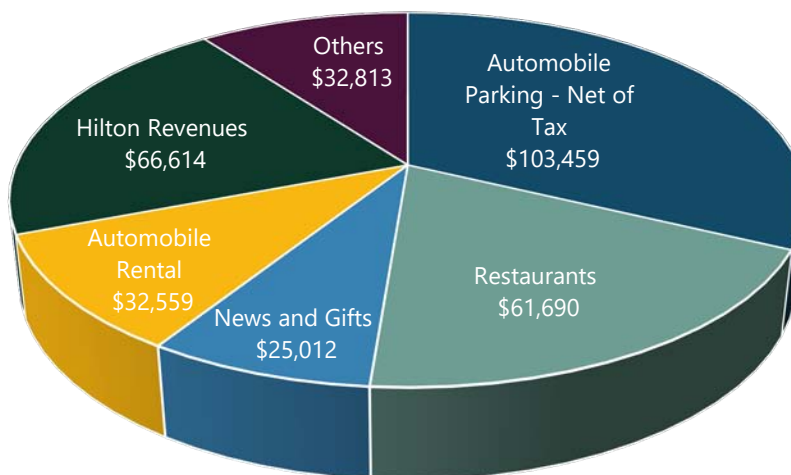
The Airport's approved second-half 2018 airline rates and charges budget served as the base for the Non-Airline Revenues projections in the 2018 Report. As shown in Table A-2 of Appendix A to the 2018 Report, between 2013 and 2017, actual concession revenues generated at the Airport exceeded the budgeted amount in each year by an average of 4.9 percent. Concession revenues in 2018 and 2019 were approximately \$260.6 million and \$322.1 million.²³ Parking revenues are the Airport's largest source of Non-Airline Revenue, averaging approximately 39.8 percent of the total from 2013 to 2019. Total parking revenues were \$103.9 million in 2018, and this figure decreased to \$103.5 million in 2019, reflecting a decline of 0.5 percent for the year. Factors influencing parking revenues at the Airport are discussed in Section 5.4.4

²³ Fiscal year 2019 non-airline revenue includes \$66.6 million of Hilton revenue.

of the 2018 Report. In addition to parking, Non-Airline Revenues include revenues from the Chicago Airlines Terminal Consortium (CATCo), Commercial Real Estate (Hilton O'Hare), Aeronautical Real Estate, and automobile rentals, as well as Terminal Area concessions, which consist of restaurants, news and gifts, display advertising, and duty free.

Exhibit 8 presents a breakdown of actual 2019 concession revenues.

EXHIBIT 8 2019 CONCESSION REVENUE BY CATEGORY (THOUSANDS)

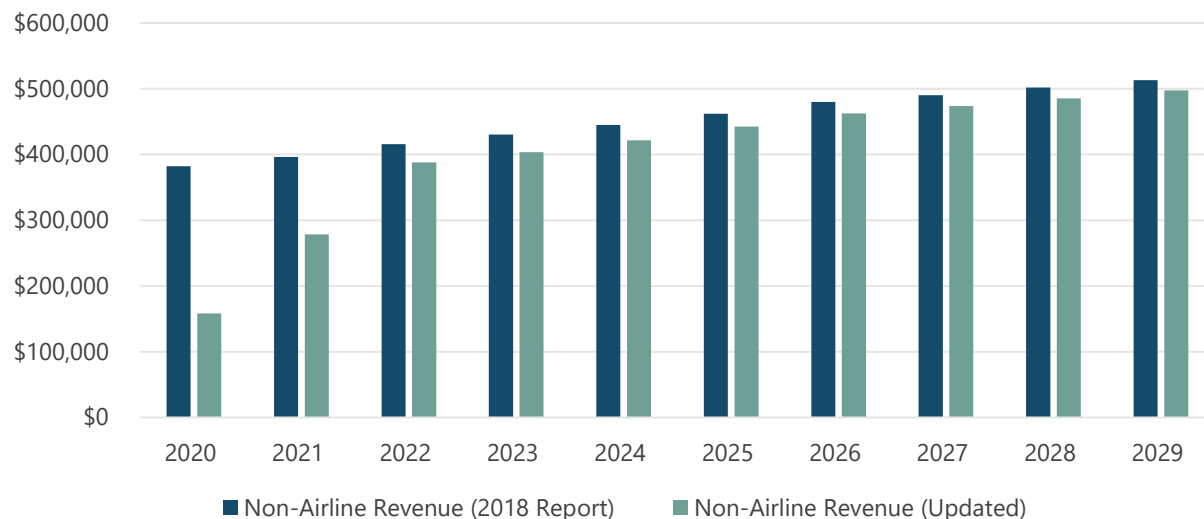


SOURCE: Comprehensive Annual Financial Report for Fiscal Year Ended 2019.

The CDA released its first-half 2020 airline rates and charges budget, which has been revised to reflect the financial impact of COVID-19 on the Airport. This revised budget, in addition to adjustments based on the revised estimate for activity, now serves as the base for the updated Non-Airline Revenue projections. The underlying assumptions for the updated Non-Airline Revenue projections are consistent with those presented in Section 5.4 of the 2018 Report.

A comparison of projected Non-Airline Revenue between the updated financial analysis and the 2018 Report is presented on **Exhibit 9**.

EXHIBIT 9 PROJECTED NON-AIRLINE REVENUE COMPARISON



NOTE: Dollars in thousands for FY ending December 31.

SOURCE: Chicago Department of Aviation; Ricondo & Associates, Inc., (based on the analysis and assumptions in this Letter), September 2020.

As shown on Exhibit 9, the 2018 Report projected total Non-Airline Revenues of approximately \$382.0 million in 2020 and \$512.9 million in 2029, representing a 3.3 percent CAGR. Based on the revised 2020 airline rates and charges budget, total Non-Airline Revenues are now budgeted to be \$158.3 million and \$497.2 million in 2020 and 2029, respectively. The CAGR for the period from 2022 to 2029, assuming post COVID-19 normalized activity, reflects a growth rate of 3.6 percent. The higher CAGR of 13.6 percent for the period from 2020 to 2029 considers the reduced non-airline revenue base in 2020 resulting from reduced activity due to the COVID-19 disruption.

Updated Other Available Revenue (PFCs and FAA Airport Improvement Program Grants)

The Airport PFC Program is discussed in Section 5.6.1 of the 2018 Report. The following updates were made to the PFC analysis in the 2018 Report:

- As of the date of this Letter, the City has received authority to impose a PFC and use \$6.93 billion of Airport PFC Revenues with an estimated charge expiration date of July 1, 2041. As of December 31, 2019, PFC Revenues received by the City for use at the Airport, including investment earnings, totaled approximately \$3.34 billion through the life of the program.

- In 2018, PFC Revenues totaled approximately \$166.1 million, paid by approximately 89.2 percent of eligible enplaned passengers at the Airport; in 2019, PFC revenues totaled \$166.8 million (87.3 percent of eligible enplaned passengers), representing a 0.42 percent growth rate from the prior year.
- The estimated balance in the City's PFC Revenue funds as of July 31, 2020, was approximately \$200.0 million.
- The City has not yet sought PFC authority for the TAP project costs, but it is anticipated that all required PFC approvals will be in place prior to the City expending any PFC Revenues on the TAP.

While the City may issue PFC Revenue Bonds and/or PFC Revenue Refunding Bonds at some point, no future PFC bond transactions are assumed in the updated financial analysis due to uncertainty over the timing and amount of these future issuances, if any. No decrease in the PFC collection level is required based on current PFC approvals.

Projected PFC Revenues are expected to be sufficient to cover all PFC Revenue Bond debt service and the PFC Revenues pledged to pay PFC-backed GARB debt service at the current PFC collection level of \$4.50 per PFC-eligible enplaned passenger. If the PFC Revenues generated in a given year are insufficient to fully pay PFC-backed GARB debt service in that year, then the City may cover the shortfall using existing PFC Revenues in the PFC Revenue Fund, if available, instead of Airport Revenues.

Because of the recent decrease in air traffic activity, PFC Revenues in 2020 and 2021 are now anticipated to be well below the PFC Revenues projected in the 2018 Report. The CDA intends to apply \$65 million of CARES Act funds to PFC Revenue Bond debt service in 2020. The updated financial analysis includes this assumption and assumes the use of existing and future PFC Revenue funds to fully cover PFC Revenue Bonds and PFC-backed GARB debt service throughout the Projection Period.

Updated Debt Service

This section addresses updates to the projected annual Net Debt Service, net of capitalized interest, PFC Revenues, Grant Receipts, and other federal funds that are used to pay debt service on all currently outstanding GARBs and projected future GARBs. The updated annual debt service payments are similar to the amounts presented in the 2018 Report throughout the Projection Period as the size of the contemplated issuances anticipated to fund the Airport Capital Program has not changed. Due to low interest rates during the COVID-19 disruption, a \$4.8 million reduction in debt service costs associated with the City's Variable Rate Demand Bonds was realized for fiscal year 2020. Projected debt service in the updated financial analysis is provided in Table 1-5 in Attachment 1 of this Letter.

Outstanding GARB Debt

Total outstanding GARB debt service was approximately \$581.9 million in 2019, which includes debt service associated with the issuance of the 2018 Bonds. The updated amount of outstanding GARB debt service is lower than the amounts in the 2018 Report throughout the Projection Period, ranging from \$509.7 million in 2020 to \$525.6 million in 2029, with a peak of \$558.8 million that occurs in 2023 during this Projection Period. GARB debt service, including the 2020 Bonds, totals approximately \$520.7 million in 2020.

2020 Bond Debt Service

The 2020 Bonds are assumed to have terms ranging from 15 to 20 years, and for purposes of this Letter, interest on the 2020 Bonds is assumed at the current market interest rate as of September 11, 2020, plus a spread of 50 basis points. Total debt service payable on the 2020 Bonds is projected to be approximately \$10.9 million in 2020, increasing through the Projection Period to approximately \$95.7 million in 2029. The 2020 Bonds include debt service savings that mitigate the impact of reduced Airport activity in 2020 and 2021, which will reduce total Debt Service by approximately \$45.6 million in 2020 and \$156.0 million in 2021. These savings are calculated on a Rates and Charges Year basis.

Net Debt Service on Future GARBs

The future GARBs Net Debt Service anticipated to be issued to fund the Airport Capital Program (as described in Section 2 of the 2018 Report) is similar to the debt assumed in the 2018 Report. Future bonds are anticipated to fund an additional \$7.8 billion of Airport Capital Program projects through the Projection Period.

For the purposes of this Letter, Future GARBs are each assumed to have a 35-year maturity and an interest rate of 6.0 percent that is capitalized through the estimated date of beneficial occupancy (DBO), on a project by project basis. Table 1-5 in Attachment 1 to this Letter shows the estimated Net Debt Service, net of capitalized interest, on the additional GARBs that will be required to fund the Airport Capital Program within the Projection Period.

The cost and schedule of the Airport Capital Program is similar to that assumed in the 2018 Report. However, the timing and cost of projects are subject to change, particularly with the impact of COVID-19 on air traffic activity and the economy.

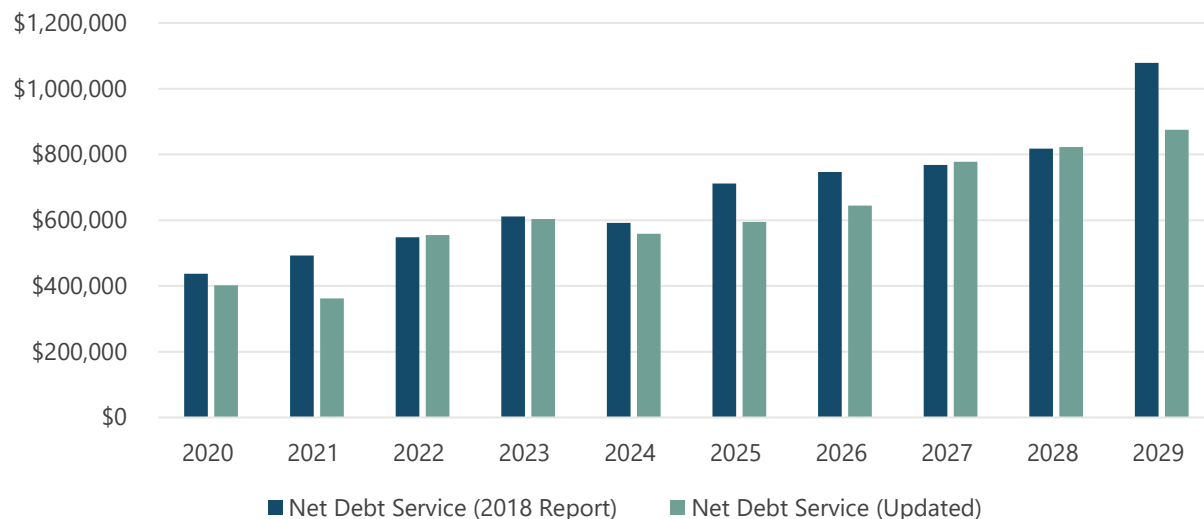
Net Debt Service

Debt Service in the financial analysis reflects existing and future Net Debt Service, net of capitalized interest, PFC Revenues, Grant Receipts, and other federal funds that are used to pay debt service. Debt service figures are adjusted to reflect debt service coverage requirements, investment income, and program fees.

In addition to pledged PFCs, additional PFCs are assumed to be applied on a non-pledged basis of approximately \$44.3 million in 2020, \$44.6 million in 2021, and reaching over time \$48.7 million in 2029, per the terms of the AULA.

A comparison of Projected Net Debt Service between the updated financial analysis and the financial analysis in the 2018 Report is presented on **Exhibit 10**. As shown, Net Debt Service is projected to be approximately \$401.6 million in 2020, increasing to approximately \$874.7 billion in 2029.

EXHIBIT 10 PROJECTED NET DEBT SERVICE COMPARISON



NOTE: Dollars in thousands; for fiscal year ending December 31.

SOURCE: Chicago Department of Aviation; Ricondo & Associates, Inc., (based on the analysis and assumptions in this Letter), September 2020.

Updated Net Signatory Airline Requirement

As described in Section 5.8 of the 2018 Report, the Airport is expected to generate sufficient Revenues to pay O&M Expenses, Net GARB Debt Service, and annual required deposits to the O&M Reserve Fund, the Supplemental O&M Reserve Fund, and the Maintenance Reserve Fund.

The Net Signatory Airline Requirement constitutes the total amount that must be paid by the Airline Parties under the AULA through Landing Fees, Terminal Area Rentals, Terminal Area Use Charges (including Common Use Gate Fees, Common Use Baggage Fees, Common Use Check-in Fees, and Federal Inspection Services Facility Fees), and Fueling System Fees during the year.

For the revised 2020 rates and charges budget, the CDA includes a Landing Fee true-up for prior fiscal years in the amount of \$65.0 million. This adjustment will reduce the Airfield Revenue requirement and offset some of the increased pressure on Landing Fees caused by reduced Airport activity.

A comparison of the projected Net Signatory Airline Requirement between the updated financial analysis and the financial analysis in the 2018 Report is presented on **Exhibit 11**.

EXHIBIT 11 PROJECTED NET SIGNATORY AIRLINE REQUIREMENT COMPARISON



NOTE: Dollars in thousands; for FY ending December 31.

SOURCE: Chicago Department of Aviation; Ricondo & Associates, Inc., (based on the analysis and assumptions in this Letter), September 2020

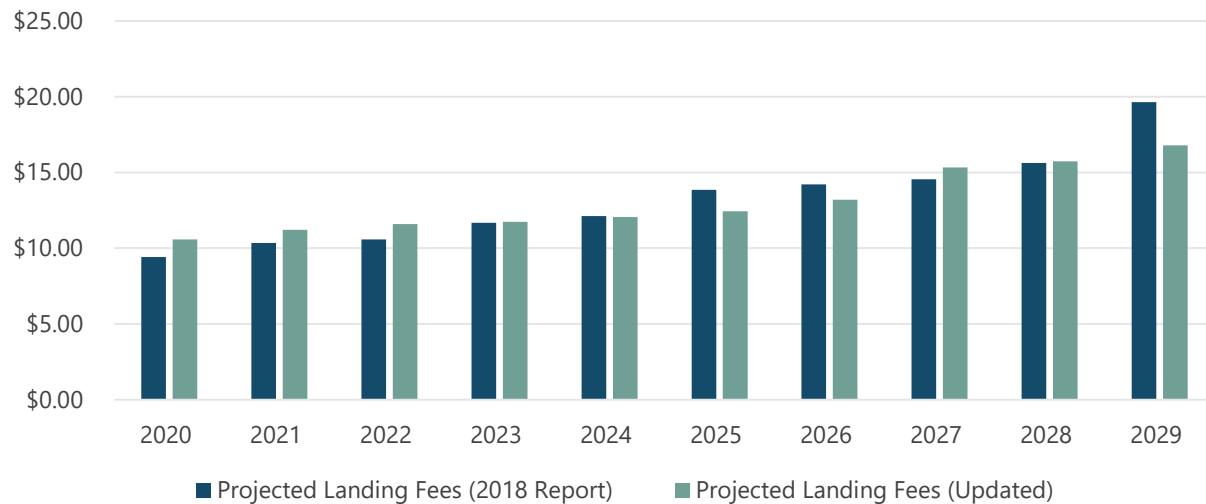
Updated Airport Fees and Charges Projections

Under the AULA, the Airfield Area, the Terminal Area, and the Fueling System each generate rentals, fees, and charges payable by the Signatory Airlines. The Airport Fees and Charges and the rate-setting methodology in the AULA are described in Section 5.9 of the 2018 Report. Table 1-8 in Attachment 1 of this Letter shows the estimated rates and charges for the Projection Period. For purposes of the updated financial analysis, CARES Act funds and the debt refunding for savings will impact the calculated Landing Fee, Terminal Rental Rate, and Common Use Fees, as these funds are mainly allocated to the Airfield Area and Terminal Area cost centers.

A comparison of the Projected Landing Fees and Terminal Rental Rates between the updated financial analysis and the financial analysis in the 2018 Report is presented on **Exhibits 12 and 13**.

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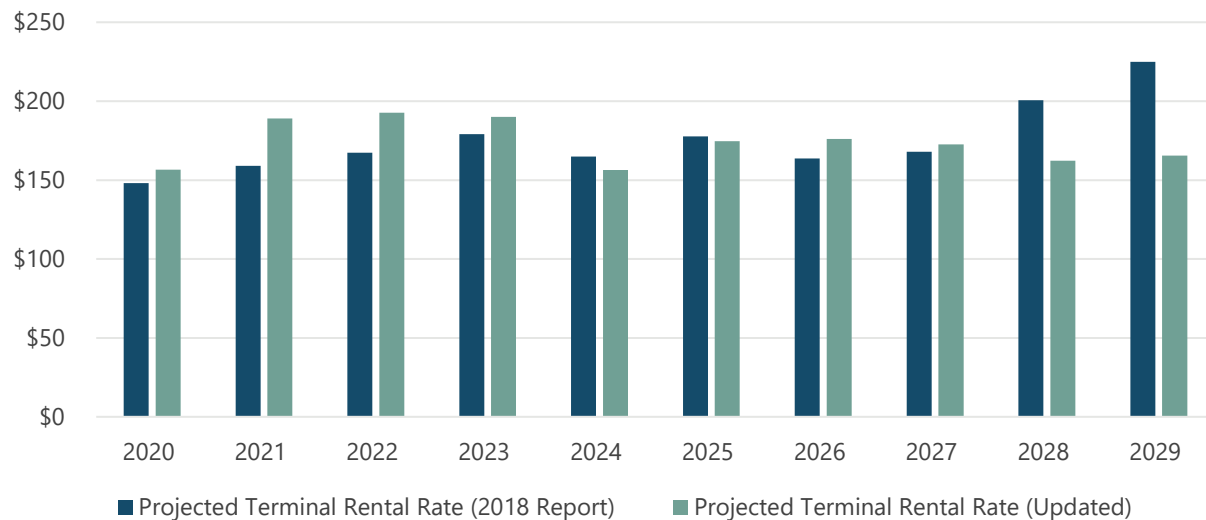
EXHIBIT 12 PROJECTED LANDING FEES COMPARISON



NOTE: Landing Fee per 1,000 lbs. landing weight.

SOURCE: Chicago Department of Aviation; Ricondo & Associates, Inc., (based on the analysis and assumptions in this Letter), September 2020.

EXHIBIT 13 PROJECTED TERMINAL RENTAL RATE COMPARISON



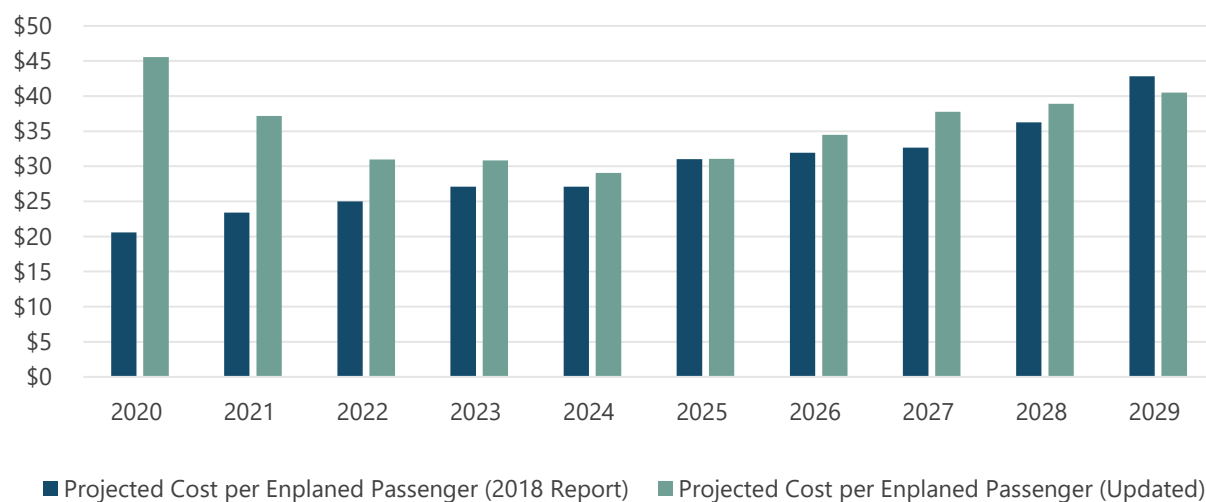
NOTE: Terminal Rental Rate per square foot; FY ending December 31.

SOURCE: Chicago Department of Aviation; Ricondo & Associates, Inc., (based on the analysis and assumptions in this Letter), September 2020.

Updated Cost Per Enplaned Passenger

As described in Section 5.10 of the 2018 Report, a general test for the reasonableness of Airport user fees is to compare projected airline costs in a manner that accounts for airline activity. One approach is to measure Signatory Airline Revenues generated from airline rates and charges on an airline cost-per-enplanement (CPE) basis. The airline CPE is calculated by dividing the Total Airline Requirement by the Airport's total enplaned passengers. A comparison of Projected Airline CPE between the updated financial analysis and the financial analysis included in the 2018 Report is presented on **Exhibit 14**. The comparison of CPE on a year-over-year basis helps to assess the reasonableness of the cost. It is important to note that comparability of CPE against other airports is limited. At some airports, projects or operating functions are paid for directly by airlines and are therefore not included in the CPE. This, in addition to factors such as rate setting methodology, limits CPE comparability.

EXHIBIT 14 PROJECTED AIRLINE COST PER ENPLANED PASSENGER COMPARISON



NOTE: FY ending December 31.

SOURCE: Chicago Department of Aviation; Ricondo & Associates, Inc., (based on the analysis and assumptions in this Letter), September 2020.

As shown, the CPE in the updated financial analysis is projected at \$45.55 in 2020 due to COVID-19 reduced activity, and it is expected to decrease to \$40.49 in 2029, which equates to \$31.04 in 2020 dollars assuming 3.0 percent inflation. As discussed in the 2018 Report, the broad increases in airline CPE over the long-term are primarily driven by increases in O&M Expenses and Net Debt Service relating to the completion of the Airport Capital Program. For 2020 and 2021, the rise in CPE accelerates in comparison to the 2018 Report due to the lower passenger activity resulting from COVID-19, but that is expected to remain a short-term event, with CPE declining to previously projected trends by the end of 2022. The mitigation efforts that

include the application of CARES Act funds, O&M cost reduction initiatives, 2020 Bonds, delaying of anticipated borrowing by two years, and landing fee true-up for prior fiscal years have all mitigated a further rise in CPE for 2020 and 2021, despite the anticipated lower activity from COVID-19. Absent these immediate mitigation efforts totaling \$404.7 million, the short-term CPE could have been higher than what is currently projected.

The projected Airport user fees in the updated financial analysis are deemed to remain reasonable based on the following combination of factors:

- **Large population and strong economic base.** The Airport is located in the fourth-most populous metropolitan region in the United States,²⁴ and the metropolitan area was also ranked third (inclusive of Chicago Midway International Airport (MDW)) in the nation in terms of domestic O&D passengers in calendar year 2019, following the New York and Los Angeles markets. The Airport's ATA has a large, diverse economic base that supports both business and leisure travel. Projected economic variables indicate the ATA will remain a destination that attracts both business and tourist visitors, which will drive demand for future inbound airline travel. Projected ATA economic variables further support the continued growth of local outbound passengers as well.
- **Attractive geographical location.** The Airport's central location and proximity to heavily traveled east-west airways make it a natural location for airline hub activities, and it is complementary to airline route networks.
- **Important hub for United and American.** The Airport is a major connecting hub for United and American within their US domestic route networks, and it is an important international gateway for European, Asian, and Canadian passenger traffic, providing strong connectivity for flights of international alliance partners. As estimated in the methodology used in Section 4.4.1.4 of the 2018 Report, the Airport is the fifth highest contributor to profit for United and the fourth highest contributor to profit for American. The Airport also represents an important component within the route networks of several US low-cost carriers. Generally, airport user fees are not a key contributor to an airline's profitability in the United States.
- **Increases in debt are associated with capital projects that allow for growth.** Airport user fees during the Projection Period are calculated to recover debt service and operating costs partially attributable to significant capital projects. These projects are intended to efficiently accommodate existing and future aircraft fleets, in turn enabling airlines to increase service. Although funding of these projects is anticipated to result in increased Airport user fees, these projects support long-term Airport growth.

²⁴ Woods & Poole Economics, Inc., 2020 Complete Economic and Demographic Data Source (CEDDS), June 2020.

In 2020 and 2021, several initiatives discussed in this Letter have been, or will be, used to mitigate the impact of reduced air traffic on the Airport's CPE. Should Airport activity remain materially depressed beyond 2021, however, additional measures will likely be necessary to offset the impacts of this diminished activity on the CPE, such as reducing O&M Expenses and/or reducing anticipated future debt.

Airport user fees in the updated financial analysis, although increasing throughout the Projection Period, and higher compared to the financial analysis presented in the 2018 Report, are only one of several factors that are considered by airlines when evaluating air service at a given airport. According to the airline industry group Airlines for America,²⁵ airport user fees made up on average 6.4 percent of an airline's systemwide total operating costs, although that percentage is anticipated to be higher in 2020 due to reductions in the airlines' variable operating costs. Projected growth of the ATA population and economic base, along with the Airport's geographical location and established role in the route network for many of the largest airlines, supports the reasonableness of the Airport's projected user fees.

Updated Debt Service Coverage

Debt Service Coverage ratios projected for GARBs from 2020 through 2029 are projected to meet the minimum requirement in each year through the Projection Period, as shown in Table 1-11 of Attachment 1 to this Letter.

In addition to Airport Revenues, the City also pledged, as Other Available Moneys, PFC Revenues through 2018 in an amount equal to the annual debt service on the Series 2010F (now anticipated to be refunded with Series 2020A) and 2016C (previously refunded Series 2008A) Bonds, and such PFC Revenues are only applied thereafter starting in 2019 through the Projection Period. The City has also pledged PFC Revenues through maturity on the Series 2011A (now anticipated to be refunded with Series 2020C), 2016F, and 2017B Bonds and assumed that PFC Revenues equal to the amount of annual debt service on these bonds will be pledged as Other Available Moneys through the Projection Period. In addition to Airport Revenues, the City has also pledged as Other Available Moneys Grant Receipts from Federal Aviation Administration (FAA) Letter of Intent (LOI) grants and other FAA discretionary grants to the debt service on the Series 2011B Bonds. It is assumed in the updated financial analysis that Grant Receipts from FAA LOI grants will be pledged as Other Available Moneys to pay debt service on the Series 2016E Bonds through the Projection Period. The Debt Service coverage ratio is projected to meet the minimum requirement pursuant to the Senior Lien Master Indenture in each year of the Projection Period.

Confirmation of 2018 Report Findings

Based on the assumptions and analyses described in the 2018 Report and this Letter, and Ricondo's experience preparing financial projections for airport operators, Ricondo is of the opinion that, for each fiscal year of the Projection Period:

²⁵ In the fourth quarter of 2019, 1.9 percent of passenger airline operating expenses went to landing fees and 4.5 percent went to non-aircraft rents and ownership, according to data collected by Airlines for America.

- The projected GARB debt service coverage ratio meets the minimum requirement.
- The projected airport user fees are reasonable based on the following:
 - the ATA's large population and diverse economic base
 - the Airport's strategic geographic location
 - the importance of the Airport for both American and United operations
 - increases in debt are associated with capital projects that allow future growth

Sensitivity Analysis

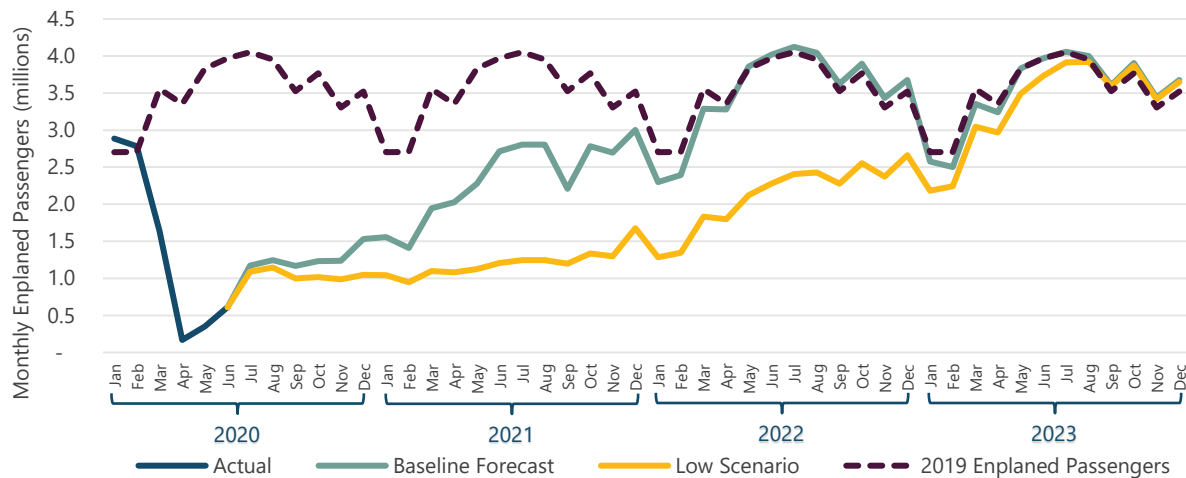
This section describes a stress case that was conducted to address the uncertainty surrounding the severity and duration of the air traffic downturn. The scenario presented on **Exhibit 15** is for illustrative purposes only and serves as a stressed alternative to the baseline forecast presented in this Letter. Assumptions included in the financial analysis regarding debt and operating expenses remain unchanged from the baseline. The non-airline revenue methodology remains the same and is generally adjusted in-line with activity. It is important to note that the City may take immediate steps to mitigate financial impacts, such as reducing O&M Expenses or delaying capital programs, or debt issuances.

The scenario is an alternative activity forecast that assumes a delay in the development and deployment of an effective vaccine to prevent COVID-19. Although this scenario is based on the availability of a vaccine, other factors, such as those identified in the 2018 Report or extended economic impacts from COVID-19, may result in air travel that is less than the baseline forecast. The delayed recovery assumed in the sensitivity extends the recovery to 2019 levels of activity until the third quarter of 2023, compared to the second quarter of 2022 in the baseline forecast. As in the baseline forecast, the Airport is expected to remain a hub, and airlines are expected to maintain their connecting hubs at the Airport. Exhibit 15 presents monthly enplaned passengers through December 2023 for the baseline forecast and the low activity stress scenario to demonstrate the trajectory of the forecast recovery to 2019 levels of activity under different activity assumptions.

Table 14 presents the annual enplaned passengers for the baseline forecast and the low scenario. In the low scenario enplaned passengers are forecast to increase from 42.2 million in 2019 to 43.8 million in 2029, which is marginally lower than the forecast of 44.1 million passengers in 2029 in the baseline forecast. While the baseline forecast and low scenario forecast similar passenger volumes from 2024 through 2029, there is a significant variance in the forecasts from 2020 through 2023.

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 City of Chicago, Department of Aviation
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EXHIBIT 15 ENPLANED PASSENGER RECOVERY FORECAST



SOURCES: Chicago Department of Aviation (historical activity), September 2020; Ricondo & Associates, Inc. (forecast), September 2020.

TABLE 14 LOW SCENARIO ENPLANED PASSENGER FORECAST

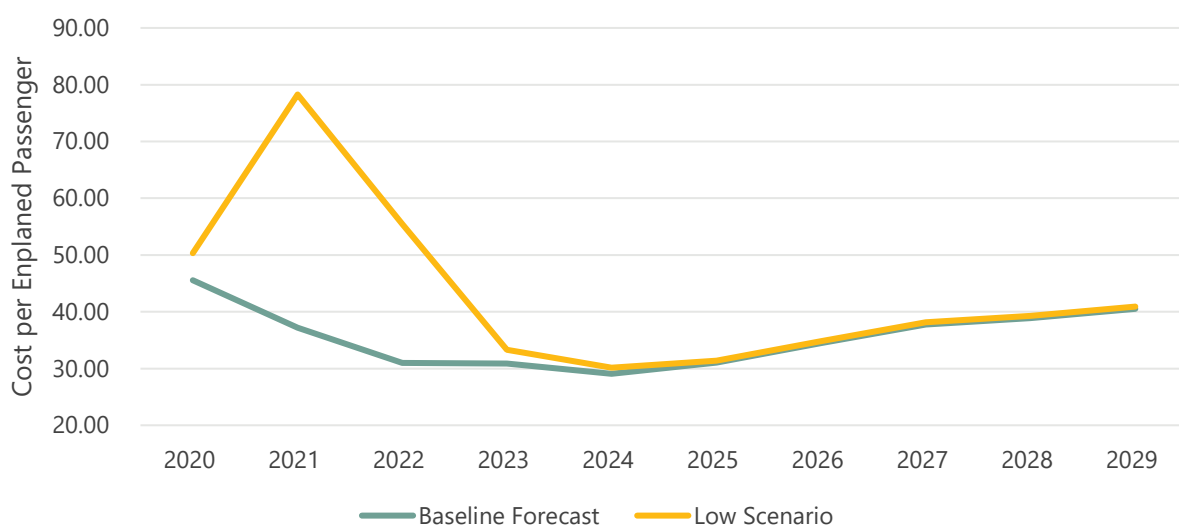
FISCAL YEAR	BASLINE FORECAST	BASLINE PERCENT OF 2019	LOW SCENARIO	LOW SCENARIO PERCENT OF 2019
Historical				
2019	42,235,687	NA	42,235,687	NA
Forecast				
2020	16,023,533	37.9%	14,732,215	34.9%
2021	28,225,718	66.8%	14,507,680	34.3%
2022	41,934,777	99.3%	25,358,129	60.0%
2023	42,158,238	99.8%	40,030,924	94.8%
2024	42,466,324	100.5%	41,231,852	97.6%
2025	42,829,837	101.4%	42,468,807	100.6%
2026	43,155,357	102.2%	42,790,249	101.3%
2027	43,417,285	102.8%	43,048,778	101.9%
2028	43,770,594	103.6%	43,397,501	102.8%
2029	44,129,570	104.5%	43,751,987	103.6%
2019 to 2029 Compound Annual Growth Rate	0.4%		0.4%	

SOURCES: Chicago Department of Aviation (historical activity), September 2020; Ricondo & Associates, Inc. (forecast), September 2020.

The results of the financial analysis are materially different in the near-term as they account for the varying downward stresses introduced in 2020 and 2021 and subsequently the varying degrees of recovery between 2021 and 2024. The long-term effect of activity stresses is minimal as passenger activity is forecast to recover to 2019 levels, on an annualized basis, largely by 2023 in the baseline scenario and by 2024 under the stress scenario.

Exhibit 16 presents the results for the airline CPE from each scenario. Under the baseline forecast, CPE is projected at \$45.55 in 2020 compared to \$50.31 in the sensitivity scenario. CPE is significantly higher in 2021 under the sensitivity scenario at \$78.27. Following this increase, the CPE returns to levels comparable to the baseline over the Projection Period.

EXHIBIT 16 COST PER ENPLANED PASSENGER SCENARIO SUMMARY

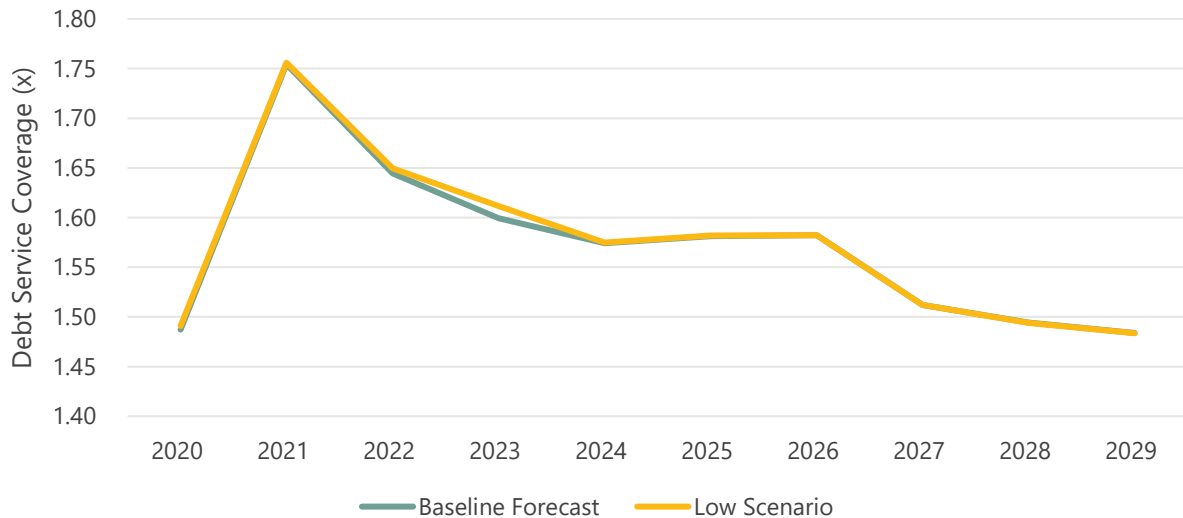


SOURCES: Chicago Department of Aviation Activity Data (historical activity), September 2020; Ricondo & Associates, Inc. (forecast), September 2020.

Exhibit 17 presents the debt coverage ratio in both the baseline forecast and the stress scenario. The results are similar in both cases, demonstrating a coverage ratio of 1.49x in 2020, at least 1.75x in 2021, and at least 1.57x through the period from 2022 to 2025. The debt service coverage ratio under the stress scenario is expected to mirror the baseline forecast due to the residual nature of the AULA, which supports sufficient revenues to meet coverage requirements through higher landing and terminal charges.

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EXHIBIT 17 DEBT SERVICE COVERAGE RATIO SCENARIO SUMMARY



SOURCES: Chicago Department of Aviation Activity Data (historical activity), September 2020; Ricondo & Associates, Inc. (forecast), September 2020.

Should this stressed scenario materialize, measures will be necessary to address the airline requirement. These could include one or a combination of the following: additional Federal assistance supporting airports, continuation of O&M Expense reductions implemented in 2020, additional O&M Expense reductions, and restructuring of debt to reduce near-term airline requirements. The impacts of such additional measures, if needed, have not been incorporated in the financial analysis of the stress scenario.

Sincerely,



RICONDO & ASSOCIATES, INC.

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ATTACHMENT 1

Financial Projection Tables

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-1 OPERATION AND MAINTENANCE EXPENSES

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2020 ¹	REVISED 2020	PROJECTED									REVISED COMPOUNDED ANNUAL GROWTH RATE (2020-2029)	
			2021	2022	2023	2024	2025	2026	2027	2028	2029		
By Line Item													
Personnel Expenses ²	\$ 313,076	\$ 285,718	\$ 323,782	\$ 405,130	\$ 419,816	\$ 439,515	\$ 464,672	\$ 495,686	\$ 513,707	\$ 531,587	\$ 547,067	7.5%	
Repairs & Maintenance ³	121,026	111,727	123,385	143,990	150,460	158,837	169,346	182,187	190,387	200,174	209,302	7.2%	
Energy ⁴	36,335	33,160	36,428	42,327	44,017	46,246	49,069	52,538	54,640	57,174	59,495	6.7%	
Materials & Supplies ⁵	15,029	13,716	14,830	17,006	17,430	18,048	18,874	19,917	20,415	21,053	21,592	5.2%	
Engineering & Professional Services ⁶	134,841	123,057	135,897	158,592	165,718	174,944	186,519	200,663	209,693	220,473	230,527	7.2%	
CATCo Expenses ⁷	32,023	28,559	35,724	37,510	39,386	41,355	43,423	45,594	47,874	50,267	52,781	7.1%	
Other Operating Expenses ⁸	66,866	59,197	65,374	76,291	79,720	84,158	89,726	96,530	100,874	106,060	110,896	7.2%	
Total O&M Expenses ⁹	\$ 719,196	\$ 655,134	\$ 735,420	\$ 880,847	\$ 916,548	\$ 963,103	\$ 1,021,629	\$ 1,093,115	\$ 1,137,589	\$ 1,186,788	\$ 1,231,661	7.3%	
CARES Act Funds Applied to O&M Expenses ¹⁰	\$ -	\$ 74,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total O&M Expenses Net CARES Act Funds ¹¹	\$ 719,196	\$ 581,075	\$ 735,420	\$ 880,847	\$ 916,548	\$ 963,103	\$ 1,021,629	\$ 1,093,115	\$ 1,137,589	\$ 1,186,788	\$ 1,231,661	8.7%	
By Cost Center													
Airfield	\$ 261,066	\$ 202,042	\$ 255,016	\$ 299,143	\$ 311,099	\$ 323,369	\$ 335,974	\$ 348,805	\$ 362,782	\$ 375,989	\$ 389,689	7.6%	
Terminal	364,135	284,936	366,932	451,932	470,761	500,169	541,261	595,114	619,930	650,645	676,208	10.1%	
Aeronautical Real Estate	4,343	4,350	4,166	4,892	5,089	5,284	5,478	5,672	5,900	6,110	6,333	4.3%	
Commercial Real Estate	1,518	1,520	1,456	1,709	1,778	1,846	1,914	1,982	2,062	2,135	2,213	4.3%	
Parking and Ground Transportation	88,134	88,228	107,851	123,170	127,822	132,435	137,002	141,542	146,915	151,909	157,218	6.6%	
Total O&M Expenses ¹¹	\$ 719,196	\$ 581,075	\$ 735,420	\$ 880,847	\$ 916,548	\$ 963,103	\$ 1,021,629	\$ 1,093,115	\$ 1,137,589	\$ 1,186,788	\$ 1,231,661	8.7%	
Percent Annual Increase in O&M ¹²	-46.3%	-19.2%	26.6%	19.8%	4.1%	5.1%	6.1%	7.0%	4.1%	4.3%	3.8%		

NOTES:

1 CDA 2020 1st Half Budget.

2 Includes all Airport staff plus an allocation of personnel costs from other City departments which support Airport operations such as Purchasing, Finance and Corporation Counsel.

3 Includes Equipment maintenance contracts, snow removal equipment rentals, painting, glass replacement, office fixtures, furnishings and other repair contracts.

4 Includes gas, water, electricity and fuel oil required to operate the Airport.

5 Includes disposal equipment, cleaning supplies, airfield deicing chemicals and other items used in daily Airport operations and maintenance.

6 Includes equipment and property rental, insurance, miscellaneous, machinery, and vehicles and equipment.

7 Includes SmartCarte for FIS expenses.

8 Annual O&M growth is affected by pension contributions and incremental expenses associated with Airport Capital Program facilities.

9 Total O&M Expenses are net of cost reduction initiatives to O&M. Total initiative amount is proportionately allocated to O&M line items. Totals may not add due to rounding.

10 CARES Act funds application. Totals may not add due to rounding.

11 Total O&M Expenses are net of CARES Act funds application and cost reduction initiatives. Totals may not add due to rounding.

12 Annual O&M growth is affected by pension contributions as well as by the incremental expenses from the capital improvement plan.

SOURCES: City of Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-2 NON-SIGNATORY AIRLINE REVENUE & NON-AIRLINE REVENUE

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2020 ¹	REVISED 2020	PROJECTED									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	
NON SIGNATORY AIRLINE REVENUE ²	\$ 73,620	\$ 58,998	\$ 86,398	\$ 101,303	\$ 103,847	\$ 107,318	\$ 111,704	\$ 119,544	\$ 140,487	\$ 145,993	\$ 158,406	
NON-AIRLINE REVENUE												
<i>Real Estate and Rentals</i>												
Aeronautical Real Estate (ARE) Revenues	\$ 48,000	\$ 45,000	\$ 45,000	\$ 46,350	\$ 53,741	\$ 55,353	\$ 57,013	\$ 58,724	\$ 60,485	\$ 62,300	\$ 64,169	
Commercial Real Estate (CRE) Revenues	24,500	(2,000)	16,373	24,325	25,185	26,124	27,132	28,152	29,167	30,280	31,436	
Other Rentals ³	12,816	11,411	12,140	12,730	13,112	13,666	14,409	15,184	15,639	16,109	16,592	
Real Estate and Rental Revenue	\$ 85,316	\$ 54,411	\$ 73,514	\$ 83,405	\$ 92,037	\$ 95,144	\$ 98,554	\$ 102,060	\$ 105,292	\$ 108,688	\$ 112,197	
Concessions												
Automobile Parking - Net of Tax	\$ 100,965	\$ 38,308	\$ 67,006	\$ 99,392	\$ 101,393	\$ 103,629	\$ 106,039	\$ 108,406	\$ 110,667	\$ 113,195	\$ 115,788	
Automobile Rental ⁴	28,500	10,813	19,208	28,826	29,412	30,068	30,777	31,472	32,135	32,879	33,642	
CFC Reimbursement for ATS	-	-	20,329	20,845	21,374	21,917	22,474	23,045	23,630	24,230	24,846	
Restaurants	63,615	22,393	39,443	68,125	69,333	74,070	77,498	79,234	80,889	82,741	84,643	
News & Gifts	27,102	10,107	17,802	31,759	32,325	34,899	39,558	44,330	45,099	45,919	46,755	
Duty Free	6,900	3,794	6,683	13,301	13,524	15,773	20,144	24,644	25,070	25,522	25,982	
Advertising	17,702	6,559	14,433	20,114	20,468	20,863	21,285	21,698	22,091	22,533	23,058	
Other Concessions ⁵	10,767	3,851	8,704	8,704	8,704	8,704	8,704	8,704	8,704	8,704	8,704	
Concession Revenue	\$ 255,551	\$ 95,827	\$ 193,608	\$ 291,066	\$ 296,533	\$ 309,923	\$ 326,478	\$ 341,534	\$ 348,285	\$ 355,723	\$ 363,418	
Reimbursements	13,763	8,062	11,185	13,477	15,119	16,256	17,453	18,863	19,814	20,860	21,630	
TOTAL NON-AIRLINE REVENUE	\$ 354,630	\$ 158,300	\$ 278,306	\$ 387,948	\$ 403,689	\$ 421,323	\$ 442,485	\$ 462,456	\$ 473,391	\$ 485,271	\$ 497,246	
TOTAL NON-SIGNATORY AIRLINE & NON-AIRLINE REVENUE ⁶	\$ 428,249	\$ 217,298	\$ 364,704	\$ 489,251	\$ 507,537	\$ 528,641	\$ 554,189	\$ 582,001	\$ 613,878	\$ 631,265	\$ 655,652	

NOTES:

¹ CDA 2020 1st Half Budget.² Includes landing fee revenue from the Non-Signatory Airlines.³ Includes General Aviation Rentals, Rental Car Terminal Support Land Rentals, and Concessions Terminal Rentals.⁴ Includes percentage of gross receipts of the eight rental car companies operating under agreements at the Airport.⁵ Includes rentals and fees from other concessions such as other space rentals, bus service, public pay phones, and other specialty shops.⁶ Totals may not add due to rounding.

SOURCES: City of Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-3 ANNUAL PFC BOND DEBT SERVICE REQUIREMENTS

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2020 ²	REVISED 2020	PROJECTED								
			2021	2022	2023	2024	2025	2026	2027	2028	2029
PFC Bond Debt Service ¹											
Series 2010C	\$ 9,506	\$ 5,683	\$ 5,684	\$ 5,681	\$ 5,684	\$ 5,683	\$ 5,679	\$ 5,679	\$ 5,679	\$ 5,678	\$ 5,677
Series 2011AB	276	276	276	276	276	276	276	276	276	276	276
Series 2012AB	38,517	38,517	38,512	38,510	38,512	38,514	38,512	38,513	38,511	38,505	38,508
Total PFC Bond Debt Service	\$ 48,299	\$ 44,476	\$ 44,471	\$ 44,466	\$ 44,472	\$ 44,473	\$ 44,467	\$ 44,467	\$ 44,465	\$ 44,459	\$ 44,461

NOTE:

1 Net of capitalized interest.

2 Budget reflects PFC Bond Debt Service for Series 2010AB and C prior to the 2020 Bonds.

SOURCES: City of Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-4 LOI GRANT SCHEDULES AND USES

FEDERAL FY	LOI GRANT RECEIPTS			USES OF LOI GRANT RECEIPTS					
	OMP PHASE 1 (AGL-06-01)	OMP PHASE 2A AND 2B (AGL-10-01)	TOTAL	PLEGDED TO 2011B BONDS ^{1,2}	PLEGDED TO 2016E BONDS ¹	PAY-AS-YOU-GO (OMP PHASE 1)	PAY-AS-YOU-GO (OMP PHASE 2A)	PAY-AS-YOU-GO (REMAINING OMP AIRFIELD)	TOTAL
GRANTS RECEIVED									
2006	\$ 20,000,000		\$ 20,000,000			\$ 20,000,000			\$ 20,000,000
2007	\$ 20,000,000		\$ 20,000,000			\$ 20,000,000			\$ 20,000,000
2008	\$ 20,000,000		\$ 20,000,000			\$ 20,000,000			\$ 20,000,000
2009	\$ 20,000,000		\$ 20,000,000			\$ 20,000,000			\$ 20,000,000
2010	\$ 20,000,000		\$ 20,000,000			\$ 20,000,000			\$ 20,000,000
2011	\$ 20,000,000	\$ 50,000,000	\$ 70,000,000			\$ 20,000,000	\$ 50,000,000		\$ 70,000,000
2012	\$ 20,000,000	\$ 70,000,000	\$ 90,000,000			\$ 20,000,000	\$ 70,000,000		\$ 90,000,000
2013	\$ 20,000,000	\$ 65,000,000	\$ 85,000,000	\$ 20,000,000			\$ 65,000,000		\$ 85,000,000
2014	\$ 20,000,000	\$ 45,000,000	\$ 65,000,000	\$ 20,000,000			\$ 45,000,000		\$ 65,000,000
2015	\$ 20,000,000	\$ 30,000,000	\$ 50,000,000	\$ 45,000,000			\$ 5,000,000		\$ 50,000,000
2016	\$ 20,000,000	\$ 25,000,000	\$ 45,000,000	\$ 40,000,000				\$ 5,000,000	\$ 45,000,000
2017	\$ 20,000,000	\$ 40,000,000	\$ 60,000,000	\$ 20,000,000				\$ 40,000,000	\$ 60,000,000
2018	\$ 20,000,000	\$ 45,000,000	\$ 65,000,000	\$ 20,000,000				\$ 45,000,000	\$ 65,000,000
2019	\$ 20,000,000	\$ 45,000,000	\$ 65,000,000	\$ 20,000,000				\$ 45,000,000	\$ 65,000,000
Total Received	\$ 280,000,000	\$ 415,000,000	\$ 695,000,000	\$ 185,000,000	\$ -	\$ 140,000,000	\$ 235,000,000	\$ 135,000,000	\$ 695,000,000
FUTURE GRANTS									
2020	\$ 20,000,000	\$ 45,000,000	\$ 65,000,000	\$ 20,000,000				\$ 45,000,000	\$ 65,000,000
2021		\$ 25,000,000	\$ 25,000,000					\$ 25,000,000	\$ 25,000,000
2022		\$ 30,000,000	\$ 30,000,000		\$ 30,000,000				\$ 30,000,000
2023		\$ 30,000,000	\$ 30,000,000		\$ 30,000,000				\$ 30,000,000
2024		\$ 30,000,000	\$ 30,000,000		\$ 30,000,000				\$ 30,000,000
2025		\$ 30,000,000	\$ 30,000,000		\$ 30,000,000				\$ 30,000,000
2026		\$ 20,000,000	\$ 20,000,000		\$ 20,000,000				\$ 20,000,000
Total Future	\$ 20,000,000	\$ 210,000,000	\$ 230,000,000	\$ 20,000,000	\$ 140,000,000	\$ -	\$ -	\$ 70,000,000	\$ 230,000,000
TOTAL	\$ 300,000,000	\$ 625,000,000	\$ 925,000,000	\$ 205,000,000	\$ 140,000,000	\$ 140,000,000	\$ 235,000,000	\$ 205,000,000	\$ 925,000,000

NOTES:

1 Pledged LOI Grant Receipts are applied to debt service in the year after receipt.

2 Pledge comprised of \$160 million from AGL-06-01 and \$45 million from AGL-10-01.

SOURCES: Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-5 ANNUAL GARB DEBT SERVICE REQUIREMENTS

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2020 ¹	REVISED 2020	PROJECTED								
			2021	2022	2023	2024	2025	2026	2027	2028	2029
General Airport Revenue Bond (GARB) Debt Service											
Outstanding GARB Debt Service ^{2,3}	\$ 567,962	\$ 509,733	\$ 406,330	\$ 530,173	\$ 558,833	\$ 558,826	\$ 554,657	\$ 558,055	\$ 548,056	\$ 523,565	\$ 525,665
Series 2020 Bonds											
Series 2020 Bonds (estimated) ³	\$ -	\$ 10,976	\$ 63,621	\$ 97,419	\$ 93,112	\$ 93,113	\$ 93,110	\$ 93,331	\$ 93,204	\$ 94,360	\$ 95,738
Future GARB Debt Service											
Total Future GARB Debt Service	\$ -	\$ -	\$ 2,986	\$ 20,193	\$ 75,259	\$ 103,430	\$ 143,714	\$ 193,908	\$ 332,697	\$ 381,190	\$ 428,976
Total GARB Debt Service	\$ 567,962	\$ 520,710	\$ 472,936	\$ 647,785	\$ 727,204	\$ 755,369	\$ 791,481	\$ 845,294	\$ 973,958	\$ 999,115	\$ 1,050,379
Less: PFCs Pledged to existing GARB Debt Service ⁴	\$ (31,426)	\$ (30,654)	\$ (32,816)	\$ (32,814)	\$ (32,817)	\$ (32,817)	\$ (32,815)	\$ (32,815)	\$ (35,706)	\$ (36,863)	\$ (36,865)
Less: PFCs Applied to existing GARB Debt Service ⁴	(48,714)	(44,361)	(44,632)	(44,632)	(44,632)	(44,630)	(44,634)	(47,710)	(48,713)	(48,715)	(48,712)
Less: PFCs Pledged to Future PFC-Backed GARB Debt Service	-	-	-	-	-	(72,665)	(72,665)	(72,665)	(72,665)	(72,665)	(72,665)
Less: Federal Funds Pledged to Series 2011B Debt Service	(20,000)	(20,000)	(20,000)	-	-	-	-	-	-	-	-
Less: Federal Funds Pledged to Series 2016E Debt Service	-	-	-	-	(30,000)	(30,000)	(30,000)	(30,000)	(20,000)	-	-
Less: Non-Pledged Federal Funds	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(1,498)	-
Less: Federal Funds Pledged to Series 2016 Grant Receipts-Backed Debt Service	-	-	-	-	-	-	-	-	-	-	-
Less: BAB Subsidy Applied to Debt Service on Series 2010B	(12,534)	(11,516)	(6,898)	(6,898)	(6,898)	(6,898)	(6,898)	(6,898)	(6,898)	(6,898)	(6,898)
Other Adjustments ⁵	(10,400)	(10,400)	(4,729)	(6,478)	(7,272)	(7,554)	(7,915)	(8,453)	(9,740)	(9,991)	(10,504)
Net GARB Debt Service	\$ 442,773	\$ 401,664	\$ 361,747	\$ 554,848	\$ 603,470	\$ 558,690	\$ 594,440	\$ 644,638	\$ 778,122	\$ 822,485	\$ 874,736

NOTES:

¹ CDA 2020 1st Half Budget.² Net of estimated 2020 Bonds.³ Net of capitalized interest.⁴ Approximately \$34.8 million of CARES Act funds will be applied in lieu of PFC revenues in 2020.⁵ Adjustment for estimated investment income.

SOURCES: City of Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-6 FUND DEPOSIT REQUIREMENTS

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2020 ¹	REVISED 2020	PROJECTED								
			2021	2022	2023	2024	2025	2026	2027	2028	2029
Fund Deposit Requirements:											
O&M Reserve Fund	\$ 11,104	\$ (22,411)	\$ 37,170	\$ 35,936	\$ 8,484	\$ 11,175	\$ 14,145	\$ 17,361	\$ 10,582	\$ 11,737	\$ 10,627
Supplemental O&M Reserve Fund	26,337	16,685	35,970	45,964	36,548	41,317	45,567	17,361	10,582	11,737	10,627
Maintenance Reserve Fund	3,001	3,003	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Allowable Airline Liaison Office Expenses	2,000	1,145	2,100	2,205	2,315	2,431	2,553	2,680	2,814	2,955	3,103
TOTAL FUND DEPOSIT REQUIREMENTS	\$ 42,442	\$ (1,578)	\$ 78,240	\$ 87,105	\$ 50,347	\$ 57,923	\$ 65,265	\$ 40,401	\$ 26,978	\$ 29,428	\$ 27,357
Total Fund Deposits by Cost/Revenue Center: ²											
Airfield Area	\$ 18,883	\$ (1,782)	\$ 29,378	\$ 29,790	\$ 19,244	\$ 20,356	\$ 20,836	\$ 10,053	\$ 10,759	\$ 10,509	\$ 10,902
Terminal Area	17,504	(7,261)	38,074	46,366	23,877	30,011	36,845	27,538	12,970	15,876	13,246
Fueling System	-	-	-	-	-	-	-	-	-	-	-
Aeronautical Real Estate	353	418	108	453	277	291	293	112	130	120	127
Commercial Real Estate	84	109	38	158	97	102	102	39	45	42	44
Parking and Ground Transportation	5,618	6,938	10,641	10,338	6,853	7,164	7,189	2,658	3,074	2,881	3,038
TOTAL FUND DEPOSIT REQUIREMENTS	\$ 42,442	\$ (1,578)	\$ 78,240	\$ 87,105	\$ 50,347	\$ 57,923	\$ 65,265	\$ 40,401	\$ 26,978	\$ 29,428	\$ 27,357

NOTES:

1 CDA 2020 1st Half Budget.

2 Fund Deposit Requirements reflect the CARES Act funds application and cost reduction initiatives to O&M.

SOURCES: City of Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-7 NET SIGNATORY AIRLINE REQUIREMENT

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2020 ¹	REVISED 2020	PROJECTED									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	
O & M Expenses	\$ 719,198	\$ 581,075	\$ 735,420	\$ 880,847	\$ 916,548	\$ 963,103	\$ 1,021,629	\$ 1,093,115	\$ 1,137,589	\$ 1,186,788	\$ 1,231,661	
Net Debt Service ²	442,906	401,664	361,747	554,848	603,470	558,690	594,440	644,638	778,122	822,485	874,736	
Other Capital Costs ³	70,930	59,980	56,859	86,521	62,705	49,934	51,965	56,434	75,191	49,360	55,933	
Fund Deposit Requirement ⁴	42,442	(1,578)	78,240	87,105	50,347	57,923	65,265	40,401	26,978	29,428	27,357	
Total Expenses, Net Debt Service and Fund Deposits ⁵	\$ 1,275,476	\$ 1,041,142	\$ 1,232,266	\$ 1,609,321	\$ 1,633,070	\$ 1,629,651	\$ 1,733,298	\$ 1,834,588	\$ 2,017,880	\$ 2,088,060	\$ 2,189,687	
Less:												
Non-Airline Revenue	\$ (354,630)	\$ (158,300)	\$ (278,306)	\$ (387,948)	\$ (403,689)	\$ (421,323)	\$ (442,485)	\$ (462,456)	\$ (473,391)	\$ (485,271)	\$ (497,246)	
Non-Signatory Airline Revenue	(73,620)	(58,998)	(86,398)	(101,303)	(103,847)	(107,318)	(111,704)	(119,544)	(140,487)	(145,993)	(158,406)	
Total Non-Airline and Non-Signatory Revenue	\$ (428,249)	\$ (217,298)	\$ (364,704)	\$ (489,251)	\$ (507,537)	\$ (528,641)	\$ (554,189)	\$ (582,001)	\$ (613,878)	\$ (631,265)	\$ (655,652)	
Adjustments:												
Current year ARE and CRE deficit/(credit)	\$ (1,477)	\$ (23,767)	\$ 11,723	\$ 7,858	\$ 7,731	\$ 2,282	\$ 2,412	\$ 2,218	\$ 2,448	\$ 2,658	\$ 2,219	
Other ⁶	7,500	-	7,500	7,500	8,000	8,000	8,000	8,500	8,500	8,500	9,000	
CARES Act Funds Application ⁷	-	(75,383)	-	-	-	-	-	-	-	-	-	
Landing Fee True-Up for Prior Fiscal Years	-	(65,000)	-	-	-	-	-	-	-	-	-	
Total Adjustments	\$ 6,023	\$ (164,150)	\$ 19,223	\$ 15,358	\$ 15,731	\$ 10,282	\$ 10,412	\$ 10,718	\$ 10,948	\$ 11,158	\$ 11,219	
Net Signatory Airline Requirement	\$ 853,250	\$ 659,694	\$ 886,785	\$ 1,135,428	\$ 1,141,265	\$ 1,111,293	\$ 1,189,522	\$ 1,263,305	\$ 1,414,950	\$ 1,467,954	\$ 1,545,254	

NOTES:

1 CDA 2020 1st Half Budget.

2 Net of capitalized interest and BAB subsidy. Adjusted for investment income, grant receipts, PFC credits, and approximately \$34.8 million of CARES Act funds applied in lieu of PFC revenues in 2020.

3 Includes required debt service coverage, paygo pre-approved allowance, and other obligations.

4 Includes O&M reserve fund, supplemental O&M reserve fund, maintenance reserve fund, and allowable airline liaison office expenses.

5 Reflects CARES Act funds application and cost reduction initiatives to O&M.

6 Includes air service incentive fees and discretionary cash transfer.

7 Includes CARES Act Funds applied to the airfield. Does not include the \$50 million of CARES Act funds applied as revenue to Common Use Fees.

SOURCES: City of Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-8 AIRLINES FEES, RENTALS AND CHARGES

(For Fiscal Years Ending December 31)

	BUDGET 2020 ¹	REVISED 2020	PROJECTED								
			2021	2022	2023	2024	2025	2026	2027	2028	2029
Landing Fee Rate: ²											
Signatory Airline	\$ 9.611	\$ 10.581	\$ 11.211	\$ 11.593	\$ 11.748	\$ 12.053	\$ 12.441	\$ 13.197	\$ 15.334	\$ 15.732	\$ 16.790
Non-Signatory Airline	\$ 9.611	\$ 10.581	\$ 11.211	\$ 11.593	\$ 11.748	\$ 12.053	\$ 12.441	\$ 13.197	\$ 15.334	\$ 15.732	\$ 16.790
Terminal Area:											
Base Space Rate ³	\$ 147.94	\$ 156.59	\$ 189.12	\$ 192.60	\$ 190.14	\$ 156.32	\$ 174.58	\$ 176.14	\$ 172.56	\$ 162.30	\$ 165.42
Common Use Fees ⁴ :											
Domestic Common Use Gate Fee ⁵	\$ 1.24	\$ 1.28	\$ 1.47	\$ 1.53	\$ 1.53	\$ 1.39	\$ 1.50	\$ 1.44	\$ 1.44	\$ 1.44	\$ 1.48
Int'l Common Use Gate Fee ⁶	\$ 3.31	\$ 4.88	\$ 9.76	\$ 6.59	\$ 6.55	\$ 5.72	\$ 6.16	\$ 4.11	\$ 4.08	\$ 3.94	\$ 3.99
Domestic Common Use Baggage Make-up Fee ⁷	\$ 3.29	\$ 3.74	\$ 5.80	\$ 4.01	\$ 4.01	\$ 3.57	\$ 3.85	\$ 3.91	\$ 3.91	\$ 4.42	\$ 4.51
Int'l Common Use Baggage Make-up Fee ⁸	\$ 3.32	\$ 4.40	\$ 6.46	\$ 4.49	\$ 4.50	\$ 4.01	\$ 4.32	\$ 4.37	\$ 4.35	\$ 4.71	\$ 4.80
Common Use Baggage Claim Fee ⁹	\$ 1.16	\$ 1.41	\$ 1.85	\$ 1.28	\$ 1.30	\$ 1.20	\$ 1.28	\$ 1.31	\$ 1.32	\$ 1.31	\$ 1.35
Domestic Common Use Check-in Fee ¹⁰	\$ 16.20	\$ 18.42	\$ 28.05	\$ 19.09	\$ 18.82	\$ 16.47	\$ 17.52	\$ 17.50	\$ 17.18	\$ 16.40	\$ 16.47
Int'l Common Use Check-in Fee ¹⁰	\$ 25.56	\$ 32.61	\$ 48.35	\$ 33.11	\$ 32.69	\$ 28.61	\$ 30.38	\$ 30.23	\$ 29.57	\$ 28.10	\$ 28.12
FIS Facility Fee ¹¹	\$ 10.61	\$ 23.47	\$ 21.23	\$ 14.71	\$ 14.64	\$ 12.69	\$ 13.78	\$ 23.17	\$ 22.74	\$ 21.53	\$ 21.79
Fueling System:											
Average Cost Per Gallon (excluding fuel)	\$ 0.00204	\$ 0.00274	\$ 0.00123	\$ 0.00250	\$ 0.00234	\$ 0.00247	\$ 0.00213	\$ 0.00298	\$ 0.00270	\$ 0.00241	\$ 0.00166

NOTES:

1 CDA 2020 1st Half Budget.

2 Per thousand pounds.

3 Per square foot.

4 Includes \$50.0 million of CARES Act funds applied as revenues to offset Common Use Fees.

5 Per seat.

6 Per international common use seat.

7 Per domestic outbound checked bag.

8 Per international outbound checked bag.

9 Per arriving domestic seat.

10 Per hour.

11 Per user.

SOURCES: City of Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-9 AIRLINE REVENUE

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2020 ¹	REVISED 2020	PROJECTED								
			2021	2022	2023	2024	2025	2026	2027	2028	2029
Landing Fee Revenue:											
Signatory Airline	\$ 497,520	\$ 296,516	\$ 448,199	\$ 597,710	\$ 608,392	\$ 627,688	\$ 653,067	\$ 698,190	\$ 816,778	\$ 845,400	\$ 910,756
Non-Signatory Airline	73,620	58,998	86,398	101,303	103,847	107,318	111,704	119,544	140,487	145,993	158,406
TOTAL LANDING FEE REVENUE	\$ 571,139	\$ 355,514	\$ 534,597	\$ 699,013	\$ 712,240	\$ 735,005	\$ 764,771	\$ 817,734	\$ 957,265	\$ 991,393	\$ 1,069,162
Terminal Area Rental and Use Charge Revenue:											
Terminal Rentals	\$ 348,464	\$ 361,450	\$ 437,484	\$ 534,888	\$ 530,215	\$ 480,779	\$ 534,003	\$ 561,655	\$ 595,006	\$ 619,705	\$ 632,512
TOTAL TERMINAL RENTAL AND USE CHARGE REVENUE	\$ 348,464	\$ 361,450	\$ 437,484	\$ 534,888	\$ 530,215	\$ 480,779	\$ 534,003	\$ 561,655	\$ 595,006	\$ 619,705	\$ 632,512
Fueling System Fee Revenue:											
Signatory Airline	\$ 2,264	\$ 1,728	\$ 1,101	\$ 2,831	\$ 2,657	\$ 2,826	\$ 2,453	\$ 3,461	\$ 3,166	\$ 2,849	\$ 1,985
TOTAL FUELING SYSTEM FEE REVENUE	\$ 2,264	\$ 1,728	\$ 1,101	\$ 2,831	\$ 2,657	\$ 2,826	\$ 2,453	\$ 3,461	\$ 3,166	\$ 2,849	\$ 1,985
Common Use Fee Revenue											
TOTAL COMMON USE FEE REVENUE	\$ 65,430	\$ 20,810	\$ 61,085	\$ 61,272	\$ 58,349	\$ 39,356	\$ 46,846	\$ 87,612	\$ 82,949	\$ 86,605	\$ 87,363
Total Airline Revenue	\$ 987,298	\$ 739,503	\$ 1,034,267	\$ 1,298,003	\$ 1,303,461	\$ 1,257,966	\$ 1,348,072	\$ 1,470,462	\$ 1,638,386	\$ 1,700,552	\$ 1,791,022
Less: Non-Signatory Airline Revenue	73,620	58,998	86,398	101,303	103,847	107,318	111,704	119,544	140,487	145,993	158,406
TOTAL SIGNATORY AIRLINE REVENUE ²	\$ 848,248	\$ 680,505	\$ 947,870	\$ 1,196,700	\$ 1,199,613	\$ 1,150,649	\$ 1,236,368	\$ 1,350,918	\$ 1,497,899	\$ 1,554,559	\$ 1,632,617

NOTES:

¹ CDA 2020 1st Half Budget.² Inclusive of Common Use Fee Revenue.

SOURCES: City of Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-10 AIRLINE COST PER ENPLANEMENT

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2020 ¹	REVISED 2020	PROJECTED									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	
Net Signatory Airline Revenue	\$ 848,248	\$ 680,505	\$ 947,870	\$ 1,196,700	\$ 1,199,613	\$ 1,150,649	\$ 1,236,368	\$ 1,350,918	\$ 1,497,899	\$ 1,554,559	\$ 1,632,617	
Non-Signatory Airline Revenue	73,620	58,998	86,398	101,303	103,847	107,318	111,704	119,544	140,487	145,993	158,406	
Less: Cargo Landing Fee Revenue	(48,827)	(30,393)	(45,703)	(59,759)	(60,889)	(62,836)	(65,380)	(69,908)	(81,837)	(84,754)	(91,403)	
Common Use Fee Revenue ²	65,430	20,810	61,085	61,272	58,349	39,356	46,846	87,612	82,949	86,605	87,363	
Total Passenger Airline Requirement	\$ 938,471	\$ 729,920	\$ 1,049,649	\$ 1,299,517	\$ 1,300,920	\$ 1,234,487	\$ 1,329,537	\$ 1,488,166	\$ 1,639,498	\$ 1,702,403	\$ 1,786,982	
Total Projected Enplaned Passengers	42,556	16,025	28,226	41,935	42,158	42,466	42,830	43,155	43,417	43,771	44,130	
Total Airline Cost per Enplaned Passenger												
Current Dollars	\$ 22.05	\$ 45.55	\$ 37.19	\$ 30.99	\$ 30.86	\$ 29.07	\$ 31.04	\$ 34.48	\$ 37.76	\$ 38.89	\$ 40.49	
2020 Dollars ²	\$ 22.05	\$ 45.55	\$ 36.10	\$ 29.21	\$ 28.24	\$ 25.83	\$ 26.78	\$ 28.88	\$ 30.70	\$ 30.70	\$ 31.04	

NOTES:

1 CDA 2020 1st Half Budget.

2 Net of \$50 million of CARES Act funds applied to common use charges in 2020.

3 Inflation rate assumed at 3.0 percent.

SOURCES: City of Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-11 (1 of 2) GARB DEBT SERVICE COVERAGE ¹

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2020 ²	REVISED 2020	PROJECTED								
			2021	2022	2023	2024	2025	2026	2027	2028	2029
Signatory Landing Fee Revenue	\$ 497,520	\$ 296,516	\$ 448,199	\$ 597,710	\$ 608,392	\$ 627,688	\$ 653,067	\$ 698,190	\$ 816,778	\$ 845,400	\$ 910,756
Terminal Area Rental and Use Charge Revenue ³	314,306	332,675	401,792	497,590	491,238	440,048	491,439	517,176	548,526	581,622	592,788
Terminal Common Use Fee Revenue	98,878	49,585	96,777	98,570	97,325	80,086	89,409	132,091	129,429	124,688	127,087
Terminal Baggage Handling Systems Revenue	-	-	-	-	-	-	-	-	-	-	-
Fueling System Fee Revenue	2,264	1,728	1,101	2,831	2,657	2,826	2,453	3,461	3,166	2,849	1,985
Non-Airline and Non-Signatory Airline Revenue	428,249	217,298	364,704	489,251	507,537	528,641	554,189	582,001	613,878	631,265	655,652
Investment Income from Debt Service Reserve Fund	10,400	10,400	4,729	6,478	7,272	7,554	7,915	8,453	9,740	9,991	10,504
Federal Subsidy (BABs) Revenue	12,401	11,516	6,898	6,898	6,898	6,898	6,898	6,898	6,898	6,898	6,898
Total Revenue	\$ 1,364,018	\$ 919,718	\$ 1,324,201	\$ 1,699,327	\$ 1,721,320	\$ 1,693,741	\$ 1,805,369	\$ 1,948,269	\$ 2,128,414	\$ 2,202,712	\$ 2,305,670
Pledged PFC Revenue ⁴	\$ 31,426	\$ 30,654	\$ 32,816	\$ 32,814	\$ 32,817	\$ 105,482	\$ 105,480	\$ 105,480	\$ 108,371	\$ 109,528	\$ 109,530
Applied PFC Revenue ⁵	48,714	44,361	44,632	44,632	44,632	44,630	44,634	47,710	48,713	48,715	48,712
Federal Funds Pledged to Series 2011B Debt Service	20,000	20,000	20,000	-	-	-	-	-	-	-	-
Federal Funds Pledged to Series 2016E Grant Receipts-Backed Debt Service	-	-	-	-	30,000	30,000	30,000	30,000	20,000	-	-
NATCT	2,115	2,115	2,115	2,115	2,115	2,115	2,115	2,115	2,115	1,498	-
Landing Fee True-Up for Prior Fiscal Years	-	65,000	-	-	-	-	-	-	-	-	-
CARES Act Funds Applied as Revenues ⁶	-	125,383	-	-	-	-	-	-	-	-	-
Total Revenue plus Pledged Other Available Moneys and Applied PFCs	\$ 1,466,273	\$ 1,207,231	\$ 1,423,763	\$ 1,778,888	\$ 1,860,884	\$ 1,905,968	\$ 2,017,598	\$ 2,163,574	\$ 2,327,613	\$ 2,362,453	\$ 2,463,912

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-11 (2 of 2) GARB DEBT SERVICE COVERAGE ¹

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2020 ²	REVISED 2020	PROJECTED ²								
			2021	2022	2023	2024	2025	2026	2027	2028	2029
COVERAGE CALCULATION											
Total Revenue plus Pledged Other Available Moneys and Applied PFCs	\$ 1,466,273	\$ 1,207,231	\$ 1,423,763	\$ 1,778,888	\$ 1,860,884	\$ 1,905,968	\$ 2,017,598	\$ 2,163,574	\$ 2,327,613	\$ 2,362,453	\$ 2,463,912
Plus: Prior Period Debt Service Coverage											
Prior Period Required Debt Service Coverage	\$ 87,288	\$ 87,288	\$ 104,142	\$ 118,234	\$ 161,946	\$ 181,801	\$ 188,842	\$ 197,870	\$ 211,323	\$ 243,489	\$ 249,779
Prior Period ARE Revenues for Debt Service	44,000	44,000	40,232	40,757	41,023	48,396	49,809	51,279	52,980	54,498	56,113
Prior Period CRE Revenues for Debt Service	17,018	17,018	(2,982)	8,216	15,808	16,166	17,035	17,977	18,495	19,425	20,468
Adjusted Total Revenue	\$ 1,553,561	\$ 1,355,535	\$ 1,565,155	\$ 1,946,095	\$ 2,079,661	\$ 2,152,331	\$ 2,273,284	\$ 2,430,701	\$ 2,610,411	\$ 2,679,866	\$ 2,790,272
Less:											
O&M Expenses	\$ 717,198	\$ 581,075	\$ 735,420	\$ 880,847	\$ 916,548	\$ 963,103	\$ 1,021,629	\$ 1,093,115	\$ 1,137,589	\$ 1,186,788	\$ 1,231,661
Net Revenue Available for Senior Lien Coverage	836,363	774,460	829,735	1,065,249	1,163,113	1,189,228	1,251,655	1,337,586	1,472,822	1,493,078	1,558,610
Senior Lien Debt Service ⁷	\$ 567,962	\$ 520,710	\$ 472,936	\$ 647,785	\$ 727,204	\$ 755,369	\$ 791,481	\$ 845,294	\$ 973,958	\$ 999,115	\$ 1,050,379
Senior Lien GARB Debt Service Coverage	1.47	1.49	1.75	1.64	1.60	1.57	1.58	1.58	1.51	1.49	1.48
Other Required Uses of Revenue ⁸											
O&M Reserve Fund	\$ 11,104	\$ (22,411)	\$ 37,170	\$ 35,936	\$ 8,484	\$ 11,175	\$ 14,145	\$ 17,361	\$ 10,582	\$ 11,737	\$ 10,627
Supplemental O&M Reserve Fund ⁹	26,337	16,685	35,970	45,964	36,548	41,317	45,567	17,361	10,582	11,737	10,627
Maintenance Reserve Fund	3,001	3,003	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Allowable Airline Liaison Office Expenses	2,000	1,145	2,100	2,205	2,315	2,431	2,553	2,680	2,814	2,955	3,103
Total Other Required Uses of Revenue	\$ 42,442	\$ (1,578)	\$ 78,240	\$ 87,105	\$ 50,347	\$ 57,923	\$ 65,265	\$ 40,401	\$ 26,978	\$ 29,428	\$ 27,357

NOTES:

1 Coverage calculation makes adjustments for certain O&M Expenses, Revenues, and other reserve funds and therefore is not directly comparable to the coverage calculation in the financial statements.

2 CDA 2020 1st Half Budget.

3 Excludes revenues collected through common use charges.

4 Includes PFC Revenues applied to pay debt service on portions of the 2016 Bonds. Approximately \$34.8 million of CARES Act funds will be applied in lieu of PFC revenues in 2020.

5 Includes non-pledged PFC Revenues assumed to be applied to existing outstanding debt service pursuant to a letter agreement with the airlines.

6 Includes \$50.0 million applied to offset Common Use Fees, \$45.3 million applied as revenue to offset airfield cost center debt service, and \$30.0 million of concessionaire support.

7 Net of capitalized interest. Actual and projected debt service net of estimate Series 2020 Refunding Bonds. Assumes future debt service issues as Senior Lien debt.

8 Impacts to the O&M Reserve and Supplemental O&M Reserve funds in 2020 reflect the reduction of O&M Expenses due to cost cutting initiatives and the application of CARES Act funds to O&M Expenses. The City does not intend to use the net reduction of O&M reserve funds to pay for O&M Expenses in 2021.

9 Reflects the increase of the reserve requirement from 3.2% of annual O&M Expenses in 2020 to 25% in 2025 and thereafter as required by the AULA.

SOURCES: City of Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 1-12 SENSITIVITY SUMMARY

(Dollars in Thousands for Fiscal Years Ending December 31)

BASELINE FORECAST	PROJECTED ¹									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Activity Forecast (enplaned passenger)	16,025	28,226	41,935	42,158	42,466	42,830	43,155	43,417	43,771	44,130
Cost per Enplaned Passenger (CPE)	\$ 45.55	\$ 37.19	\$ 30.99	\$ 30.86	\$ 29.07	\$ 31.04	\$ 34.48	\$ 37.76	\$ 38.89	\$ 40.49
Senior Lien GARB Debt Service Coverage	1.49	1.75	1.64	1.60	1.57	1.58	1.58	1.51	1.49	1.48
Total O&M Expenses	\$ 581,075	\$ 735,420	\$ 880,847	\$ 916,548	\$ 963,103	\$ 1,021,629	\$ 1,093,115	\$ 1,137,589	\$ 1,186,788	\$ 1,231,661
Non-airline Revenue	\$ 158,300	\$ 278,306	\$ 387,948	\$ 403,689	\$ 421,323	\$ 442,485	\$ 462,456	\$ 473,391	\$ 485,271	\$ 497,246
Airline Requirement	\$ 659,694	\$ 886,785	\$ 1,135,428	\$ 1,141,265	\$ 1,111,293	\$ 1,189,522	\$ 1,263,305	\$ 1,414,950	\$ 1,467,954	\$ 1,545,254
Net GARB Debt Service	\$ 401,664	\$ 361,747	\$ 554,848	\$ 603,470	\$ 558,690	\$ 594,440	\$ 644,638	\$ 778,122	\$ 822,485	\$ 874,736
Signatory Landing Fee	\$ 10.581	\$ 11.211	\$ 11.593	\$ 11.748	\$ 12.053	\$ 12.441	\$ 13.197	\$ 15.334	\$ 15.732	\$ 16.790
Base Space Rate	\$ 156.59	\$ 189.12	\$ 192.60	\$ 190.14	\$ 156.32	\$ 174.58	\$ 176.14	\$ 172.56	\$ 162.30	\$ 165.42
LOW SCENARIO	PROJECTED ¹									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Activity Forecast (enplaned passenger)	14,732	14,508	25,358	40,031	41,232	42,469	42,790	43,049	43,398	43,752
Cost per Enplaned Passenger (CPE)	\$ 50.31	\$ 78.27	\$ 55.47	\$ 33.31	\$ 30.15	\$ 31.39	\$ 34.84	\$ 38.14	\$ 39.29	\$ 40.90
Senior Lien GARB Debt Service Coverage	1.49	1.76	1.65	1.61	1.57	1.58	1.58	1.51	1.49	1.48
Total O&M Expenses	\$ 581,075	\$ 721,294	\$ 863,079	\$ 913,821	\$ 961,261	\$ 1,020,711	\$ 1,092,151	\$ 1,136,579	\$ 1,185,728	\$ 1,230,549
Non-airline Revenue	\$ 150,569	\$ 192,617	\$ 289,440	\$ 391,679	\$ 413,990	\$ 439,834	\$ 459,739	\$ 470,601	\$ 482,395	\$ 494,209
Airline Requirement	\$ 665,238	\$ 931,500	\$ 1,201,581	\$ 1,169,580	\$ 1,122,764	\$ 1,197,557	\$ 1,270,781	\$ 1,423,385	\$ 1,476,612	\$ 1,554,468
Net GARB Debt Service	\$ 401,664	\$ 361,747	\$ 554,848	\$ 603,470	\$ 558,690	\$ 594,440	\$ 644,638	\$ 778,122	\$ 822,485	\$ 874,736
Signatory Landing Fee	\$ 11.078	\$ 16.299	\$ 16.536	\$ 12.634	\$ 12.968	\$ 13.383	\$ 14.197	\$ 16.494	\$ 16.921	\$ 18.055
Base Space Rate	\$ 160.23	\$ 216.10	\$ 221.99	\$ 199.21	\$ 158.52	\$ 175.51	\$ 176.70	\$ 173.09	\$ 162.78	\$ 165.93

NOTES:

¹ Based on Revised Budget.

SOURCES: City of Chicago Department of Aviation, September 2020; Ricondo & Associates, Inc., September 2020.

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ATTACHMENT 2

2018 Report of the Airport Consultant

November 2, 2018

APPENDIX E

Report of the Airport Consultant

City of Chicago

Chicago O'Hare International Airport

General Airport Senior Lien Revenue and Revenue Refunding Bonds,
2018 Series A (AMT)

General Airport Senior Lien Revenue Bonds, 2018 Series B (Non-AMT)

General Airport Senior Lien Revenue Bonds, 2018 Series C (Taxable)

Prepared for:

Chicago Department of Aviation

Prepared by:

RICONDO

Ricondo & Associates, Inc. (Ricondo) prepared this Report for the stated purposes as expressly set forth herein and for the sole use of the City of Chicago and its intended recipients. The techniques and methodologies used in preparing this Report are consistent with industry practices at the time of preparation, and this Report should be read in its entirety for an understanding of the analyses, assumptions, and opinions presented. Ricondo is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934 and does not provide financial advisory services within the meaning of such Act.

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2018 Report

November 2, 2018

Ms. Jamie Rhee
Commissioner
City of Chicago, Department of Aviation
10510 West Zemke Road
Chicago, Illinois 60666

RE: City of Chicago, Chicago O'Hare International Airport
General Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2018A (AMT)
General Airport Senior Lien Revenue Bonds, Series 2018B (Non-AMT)
General Airport Senior Lien Revenue Bonds, Series 2018C (Taxable)

Dear Ms. Rhee:

Ricondo & Associates, Inc. (Ricondo) is pleased to present this Report of the Airport Consultant (Report) for inclusion as Appendix E in the Official Statements for the 2018 Bonds, defined herein and described in detail in this Report. The 2018 Bonds will be issued pursuant to an ordinance adopted by the Chicago City Council on March 28, 2018 (the Bond Ordinance) and the Amended and Restated Master Indenture of Trust securing Chicago O'Hare International Airport (the Airport) Senior Lien Obligations dated as of June 1, 2018 and effective on the Effective Date (the Senior Lien Master Indenture) between the City of Chicago (the City) and U.S. Bank National Association, Chicago, Illinois (the Trustee), as supplemented by the Supplemental Indentures from the City of Chicago (the City) to the Trustee. The Senior Lien Master Indenture, as supplemented by the Supplemental Indentures, and as it may be amended and supplemented from time to time in accordance with its terms, is herein referred to as the Senior Lien Indenture.

The 2018 Bonds will be secured under the Senior Lien Indenture by a lien on and pledge of all Revenues and in some cases Other Available Moneys and will be payable from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture, as described in the Report.

The City will use the proceeds from the sale of the 2018 Bonds, together with other available funds, to:

- (i) fund portions of the Airport Capital Program, as herein defined
- (ii) refund certain outstanding Airport Obligations to generate debt service savings
- (iii) retire certain portions of the City's outstanding Commercial Paper Notes and Credit Agreement Notes used to fund certain costs of the Airport Capital Program
- (iv) fund the Debt Service Reserve Fund requirement for the 2018 Bonds,
- (v) fund capitalized interest on a portion of the 2018 Bonds, and
- (vi) pay costs and expenses incidental thereto and to the issuance of the 2018 Bonds.

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Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statements for the 2018 Bonds and/or the Senior Lien Indenture.

In addition to the 2018 Bonds, the financial analysis presented in Chapter 5 of this Report also includes debt service on future bonds assumed to be issued to fully fund the Airport Capital Program described herein.

This Report presents the analysis undertaken by Ricondo to demonstrate the ability of the City to comply with the requirements of the Senior Lien Indenture for Fiscal Years (FYs) 2018 through 2029 (the Projection Period) based on the assumptions regarding the planned issuance of the 2018 Bonds established by the City through consultation with its financial advisors, underwriters, and the financing team. In developing its analysis, Ricondo has reviewed historical trends and formulated projections based on the assumptions put forth in this Report, which have been reviewed by the City, regarding the ability of the Air Trade Area (as defined herein) to generate demand for airline service at Chicago O'Hare International Airport (the Airport), the amount of airline service and passenger activity at the Airport, and the generation of Revenues and Other Available Moneys at the Airport through the Projection Period.

The Report is organized as follows:

- Summary of Findings
- Chapter 1: The 2018 Bonds
- Chapter 2: The Airport Facilities and Capital Program
- Chapter 3: Demographic and Economic Analysis
- Chapter 4: Air Traffic
- Chapter 5: Financial Analysis

On the basis of the analysis set forth in this Report, Ricondo is of the opinion that the Revenues and Other Available Moneys generated each year of the Projection Period are expected to be sufficient to comply with the Rate Covenant established in the Senior Lien Indenture, and that the resulting projected airline costs should remain reasonable. Although summary information is provided, a complete understanding of the justification for our conclusion cannot be attained without reading the Report in its entirety.

Founded in 1989, Ricondo is a full-service aviation consulting firm providing airport physical and financial planning services to airport owners and operators, airlines, and federal and state agencies. Ricondo has prepared Reports of the Airport Consultant in support of over \$32 billion of airport related revenue bonds since 1996. Ricondo is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934. Ricondo is not acting as a municipal advisor and has not been engaged by the City to provide advice with respect to the structure, timing, terms, or other similar matters concerning the issuance of municipal securities. The assumptions regarding such matters included in this Report were provided by the City or the City's financial advisors or underwriters, or, with the City's approval, were derived from general,

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publicly available data approved by the City. Ricondo owes no fiduciary duty to the City. The City should discuss the information and analysis contained in this Report with internal and external advisors and experts that the City deems appropriate before taking any action. Any opinions, assumptions, views, or information contained herein are not intended to be, and do not constitute, "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934.

The techniques and methodologies used by Ricondo in preparing this Report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While Ricondo believes that the approach and assumptions used in this Report are reasonable, some assumptions regarding future trends and events detailed in this Report, including, but not limited to, the implementation schedule and the projections of passenger activity and financial performance, may not materialize. Therefore, actual performance will likely differ from the projections set forth in this Report and the variations may be material. In developing its analysis, Ricondo used information from various sources, including the City, the underwriters, the financial advisors, federal and local governmental agencies, and independent private providers of economic and aviation industry data, as identified in the notes accompanying the related tables and exhibits in this Report. Ricondo believes these sources to be reliable, but has not audited the data and does not warrant their accuracy. The analysis presented is based on conditions known as of the date of this letter. Ricondo has no obligation to update this Report on an ongoing basis.

Sincerely,



RICONDO & ASSOCIATES, INC.

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2018 Report

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SUMMARY OF FINDINGS

The City of Chicago (the City) engaged Ricondo & Associates, Inc. (Ricondo) to prepare this Report of the Airport Consultant (the Report) to provide an independent assessment of the City's ability to meet its obligations regarding the issuance of the Chicago O'Hare International Airport (the Airport or O'Hare) General Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2018A (AMT) (the 2018A Bonds); Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2018B (Non-AMT) (the 2018B Bonds); and the Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2018C (Taxable) (the 2018C Bonds).¹ The 2018A Bonds, the 2018B Bonds, and the 2018C Bonds are referred to collectively as the 2018 Bonds.

The 2018 Bonds will be issued pursuant to an ordinance adopted by the Chicago City Council on March 28, 2018 (the Bond Ordinance), and the Amended and Restated Master Indenture of Trust securing Chicago O'Hare International Airport Senior Lien Obligations dated as of June 1, 2018 and effective on the Effective Date (the Senior Lien Master Indenture), between the City and U.S. Bank National Association, Chicago, Illinois (the Trustee), as supplemented by the Supplemental Indentures from the City to the Trustee. The Senior Lien Master Indenture, as supplemented by the Supplemental Indentures, and as it may be amended and supplemented from time to time in accordance with its terms, is herein referred to as the Senior Lien Indenture.

Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statement for the 2018 Bonds and/or the Senior Lien Indenture.

In developing the analyses, Ricondo reviewed key provisions of the Senior Lien Indenture; the terms of the 2018 Bonds, as provided by the City's financial advisor; the Airport's outstanding financial obligations; the capacity of the Airport's existing and planned facilities to accommodate current and forecast demand; projects included in the Airport Capital Program (as defined herein); and proposed funding sources, including the potential for additional borrowing beyond the 2018 Bonds.

To develop the pro forma analysis of the Airport's financial performance, Ricondo reviewed key provisions of the agreements that establish the business arrangements between the Airport and its various tenants, including but not limited to the commercial airlines serving the Airport. Airport Revenues are in large measure driven by passenger demand for air service from the Airport, which is a function of national and local economic conditions, as well as the ability and willingness of the commercial airlines to supply service at a level commensurate with this demand. Thus, Ricondo reviewed the historical relationships between economic activity and demand for air service, the airlines' provision of air service, and the financial performance of the Airport. Based on this historical review, Ricondo developed assumptions regarding these factors and relationships through the Projection Period (Fiscal Year [FY] 2018 through FY 2029), which provide the basis for the forecasts of passenger activity and the projections of financial performance presented in this Report.

¹ Ricondo prepared this Report for the stated purposes as expressly set forth herein and for the sole use of the City and its intended recipients. The techniques and methodologies used in preparing this Report are consistent with industry practices at the time of preparation, and this Report should be read in its entirety for an understanding of the analyses, assumptions, and opinions presented. Ricondo is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934 and does not provide financial advisory services within the meaning of such Act.

On the basis of the analyses set forth in this Report, Ricondo is of the opinion that the Revenues, and in some cases Other Available Moneys, generated each year of the Projection Period are expected to be sufficient to comply with the Rate Covenants established in the Senior Lien Indenture and that the resulting projected airline costs should remain reasonable. The following sections present a summary of Ricondo's assumptions, projections, and findings. Additional detail is included in Chapters 1 through 5 of this Report, which should be read in its entirety.

2018 BONDS

The 2018 Bonds are being issued to provide funding for portions of the Airport Capital Program, defined herein, approved through the execution of a new Airport Use and Lease Agreement (AULA) between the City and the airlines serving the Airport (Signatory Airlines), which went into effect May 12, 2018, following the expiration of the previous 35-year agreement. The 2018 Bonds are anticipated to fund approximately \$1.9 billion of projects in the Airport Capital Program, including certain projects initially funded with Commercial Paper.

Additionally, proceeds from the 2018 Bonds will be used to: (i) fund certain reserve accounts; (ii) refund certain outstanding Airport Obligations to generate debt service savings; (iii) retire certain portions of the City's outstanding Commercial Paper Notes and Credit Agreement Notes used to fund certain costs of the Airport Capital Program; (iv) fund the Debt Service Reserve Fund requirements for the 2018 Bonds; (v) fund certain capitalized interest on a portion of the 2018 Bonds²; and (vi) pay costs and expenses incidental thereto and to the issuance of the 2018 Bonds.

Pursuant to the terms of the Senior Lien Indenture, the 2018 Bonds will be secured by a first lien pledge of Revenues (meaning, generally, all amounts received or receivable, directly or indirectly, by the City for the use and operation of the Airport) and certain Other Available Moneys on a parity basis with the City's Outstanding Senior Lien Bonds and such other Senior Lien Obligations, as may be outstanding from time to time, and will be paid from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture. Revenues are defined in the Official Statement.

Additional information on the 2018 Bonds is provided in Chapter 1 of this Report.

THE AIRPORT FACILITIES AND CAPITAL PROGRAM

The Airport is the largest commercial-service airport serving Chicago and the surrounding region. The airfield contains seven active runways and one runway under construction.³ The airlines serving the Airport operate from four terminal buildings with a total of 191 gates, which include 5 new gates commissioned in May 2018.^{4,5} Three terminal buildings, with a total of 171 gates, are centrally located within the airfield area and serve predominantly

² A portion of the proceeds of the 2018 Bonds will be deposited to the Capitalized Interest Fund. A portion of interest on the 2018 Bonds will be paid from the Capitalized Interest Fund with interest associated with Construction Costs capitalized through DBO and interest associated with Design/Soft Costs capitalized through January 1, 2021.

³ Runway 15-33 was decommissioned in April 2018, and Runway 9C-27C is under construction.

⁴ Previous total Airport counts indicated 189 gates; however, recent changes associated with the upgauging of aircraft reduced the gate count to 186 gates as parking positions were modified plus 5 new gates.

⁵ A gate is an active aircraft parking position that is accessed through the terminal building, either via a passenger loading bridge or other means, customarily used for enplaning and deplaning passengers. The number of gates is subject to change based on the configuration of aircraft parking.

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domestic flights.⁶ Terminal 5 (Concourse M), formerly known as the International Terminal, is located in the eastern portion of the terminal area; it has 20 gates and 4 hardstand⁷ aircraft parking positions. Terminal 5 currently serves international departures, domestic operations served by Frontier Airlines, and all international arrivals requiring Federal Inspection Services (FIS).

Funding Approval for New Capital Projects Under the New Airline Use and Lease Agreement

In March 2018, the City announced that funding for approximately \$8.5 billion of new capital projects was approved under the AULA, consisting of funding approval for certain elements of the recently announced Terminal Area Plan (TAP) (Phase I TAP Elements), Pre-Approved Capital Improvement Program (CIP) Projects, and other Pre-Approved Allowances for major maintenance and Infrastructure Reliability projects.

Table S-1 presents a summary of the capital funding (in 2017 and escalated dollars) approved in the AULA, including the allocation of the funding approvals to the various Airport Capital Projects. The AULA included funding approval for capital projects through the 15-year term of the agreement in 2017 dollars, with certain provisions to account for project cost escalation. No additional airline approval is required for the projects. Table S-1 also presents the funding sources anticipated to be used to fund the capital projects approved in the AULA.

TABLE S-1 AULA FUNDING APPROVAL SUMMARY

AULA PROJECT	AULA EXHIBIT	PROJECT COMPONENTS	PROJECT COSTS 2017 Dollars	Escalated Dollars ¹	FUNDING SOURCES
Phase I TAP Elements	Exhibit L	TAP Phase 1	\$5.3 billion	\$6.2 billion	2018 Bonds, Anticipated Future Revenue Bonds, PFC Revenue
		Near-Term Gate Improvements and Other Projects	\$762 million	\$823 million	
		Total Exhibit L	\$6.1 billion	\$7.1 billion	
Pre-Approved CIP Projects	Exhibit N	Remaining OMP Airfield Projects	\$334 million	\$355 million	2018 Bonds, Anticipated Future Revenue Bonds
		Capital Improvement Projects	\$1.4 billion	\$1.6 billion	
		Total Exhibit N	\$1.7 billion	\$2.0 billion	
Subtotal Total Airport Capital Program Projects			\$7.8 billion	\$9.0 billion	
Pre-Approved Allowances (including Infrastructure Reliability) ²	Exhibit O		\$768 million	\$768 million	Airport Revenues – major maintenance costs recovered directly through airline rates and charges
Total AULA Funding Approval			\$8.5 billion	\$9.8 billion	

NOTES: CIP – Capital Improvement Program PFC – Passenger Facility Charge

1 Project costs reflected in Chapter 5 are escalated for the purposes of financial projections and future bond assumptions.

2 Includes \$40 million per year of Pre-Approved Allowances 2019 through 2033 (15 years) and \$168 million of infrastructure reliability

SOURCE: City of Chicago O'Hare International Airport Airline Use and Lease Agreement, June 2018; JP Morgan (escalation), October 2018.

⁶ United and American international departures and international arrivals that have been precleared by U.S. Customs and Border Protection also operate from the domestic terminal complex.

⁷ A hardstand is a paved area for parking airplanes that is remote from the terminal building. Hardstands can be used for repairs and overnight parking, as well as for enplaning and deplaning passengers.

The Airport Capital Program, described below, reflects escalated project costs and is presented in a manner consistent with the three major capital program components as managed by the Chicago Department of Aviation (CDA). Pre-Approved Allowances approved under Exhibit O of the AULA are anticipated to be recovered directly through airline rates and charges as maintenance projects and do not require financing; therefore, they are not part of the Airport Capital Program as described herein but are reflected in the financial analysis in Chapter 5 of this Report.

The Airport Capital Program

The Airport Capital Program was developed under O'Hare 21, a City initiative to improve the airport's connectivity, efficiency and capacity, and ensure the success of the Airport into the 21st century. The program includes projects that received funding approval under previous Airport use agreements as well as the projects approved in the AULA.

The Airport Capital Program, reflected in the financial analysis included in this Report, includes four major capital program components: Remaining O'Hare Modernization Program (OMP) Airfield Projects, TAP Phase 1, Near-Term Gate Improvements and Other Projects, and a CIP that addresses the Airport's ongoing capital needs. The Airport Capital Program components are summarized in the following subsections and are described in detail in Chapter 2 of this Report.

O'Hare Modernization Program (Remaining OMP Airfield Projects)

The City has been implementing the **OMP** to address historical delays and to increase airfield capacity. The OMP includes airfield projects that modernize the airfield from an intersecting layout to a modern, parallel system. The airfield has been modified to an east-west parallel runway operation, and the final two airfield projects, Runway 9C-27C and the extension of Runway 9R-27L, are under construction and in design, respectively. The OMP has provided increased airfield capacity at the Airport and has supported the removal of historical operational flight caps. The program also resulted in a modified airfield that allows for terminal expansion to the west.

The Airport Capital Program includes the Remaining OMP Airfield Projects necessary to complete the OMP. These components include: construction of Runway 9C-27C and enabling projects, Runway 9R-27L extension, relocation of airline support facilities, cross field taxiway system and taxiway relocation, and other remaining modifications and improvements covered under the OMP. All necessary airline funding approvals have been received for the Remaining OMP Airfield Projects through a combination of funding approvals received under the previous Airport use agreement and certain funding approvals included in the CIP Project approvals included in Exhibit N of the AULA.

Terminal Area Plan (TAP Phase 1)

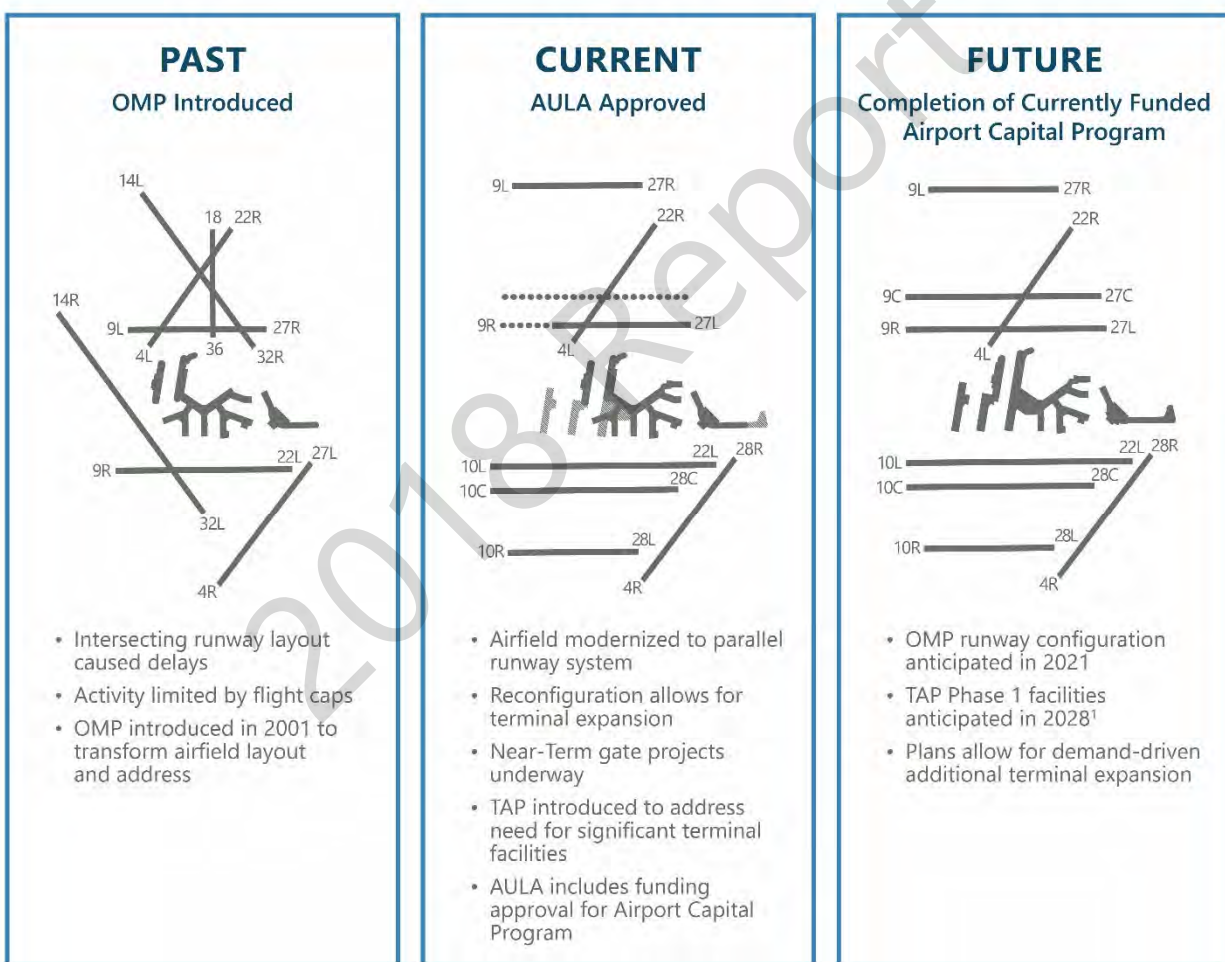
The **TAP** was developed to address gate capacity constraints and connectivity and processing issues at the Airport through long-term development of the passenger terminal facilities. The City's goals include strengthening the Airport's connectivity, capacity, and efficiency; improving the passenger experience; and modernizing existing terminals and their functional and commercial spaces. The TAP includes the O'Hare Global Terminal (OGT), which is a redevelopment of Terminal 2 and an extended concourse with gates, and satellite concourses extending west of the existing terminal facilities. The TAP is anticipated to provide an increased capacity of aircraft gates and terminal processing areas, while also meeting functional needs in several areas. Regarding connectivity issues, airlines currently operate out of facilities that are not connected airside between the domestic terminals and international processing facilities. The TAP allows the two hubbing airlines and their alliance partners to operate within a connected facility with improved processing. Additional details are provided in Chapter 2 of this Report.

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The TAP is planned to be implemented in phases, including TAP Phase 1 and Additional TAP Elements to be undertaken in the future. TAP Phase 1 received airline funding approval under the AULA. TAP Phase 1 includes the OGT, which is the redevelopment of Terminal 2 and an associated concourse, two satellite concourses, a western employee parking and screening facility, and other associated projects. Upon completion of TAP Phase 1, the number of gates at the Airport is expected to increase to between 215 and 220 gates.

Exhibit S-1 shows the evolution of the Airport from before the OMP in 2001 to today, as well as shows the Airport's anticipated configuration after completion of the OMP Airfield Projects, TAP Phase 1 and Near-Term Gate Improvement Projects.

EXHIBIT S-1 CAPITAL PROJECT DEVELOPMENT AT THE AIRPORT



Not to scale.

1. City is currently evaluating the construction schedule and implementation plan. Financial analysis assumes completion of TAP Phase 1 in 2028.

NOTES: OMP – O'Hare Modernization Program

TAP – Terminal Area Plan

AULA – Airport Use and Lease Agreement

Not to scale

Includes terminal projects independent of TAP, such as Terminal 5 and Terminal 3 Gate Extension.

SOURCES: Chicago Department of Aviation, October 2018; Ricondo & Associates, Inc., October 2018.

The TAP is entering the design phase, and the actual project timing is not yet known. For purposes of this Report and the financial analysis herein, it is assumed that TAP Phase 1 will be completed by the end of 2028. Actual timing of the completion of the TAP is subject to change as design of the project is undertaken and construction phasing is refined. Future financial analyses will continue to be refined with the project schedule as known at that time.

Near-Term Gating Improvements and Other Projects

The Airport Capital Program also includes near-term gate projects and detention basin projects that are being implemented over the next few years. These projects include funding received from prior agreements and projects that received funding under the AULA. These projects include:

- Terminal 5 Expansion – includes the expansion of the terminal to the east, reconfiguration of gates on the west concourse, and improvements to facilities in the Terminal 5 core. The Terminal 5 Expansion is anticipated to increase the number of gates from 20 to 28 at Terminal 5
- Additional Terminal 5 Projects – includes baggage handling system (BHS) equipment and related infrastructure; additional repurposing and terminal core expansion projects; landside projects and a new 2,600 space parking facility adjacent to the Terminal.
- Concourse L Three-Gate Extension – includes the construction of three gates, including an additional 16,000 square feet in Concourse L.
- Concourse L Five-Gate Buyout - includes the buy-out of five gates constructed by American Airlines in May 2018 and leased on an exclusive use basis to American Airlines.
- Detention Basin Projects - includes the elimination of the Central Basin, currently located west of the existing terminal facilities in the central part of the airfield, and the expansion of the existing South Basin

Airport Capital Improvement Projects

Airport **CIP Projects** include development projects at the Airport that generally address the Airport's ongoing capital needs. In general, the primary focus of the CIP is for rehabilitation of existing airfield pavement; upgrades to the heating and refrigeration plant and additional heating and refrigeration projects in the terminals; terminal area projects, including roof replacement in Terminal 1 and upgrades to Concourses E and F in Terminal 2, as well as an upgrade to the emergency standby power system; and safety and security projects.

All necessary airline funding approvals have been received for the Airport CIP Projects through a combination of funding approvals received under previous Airport use agreements and certain funding approvals included in Exhibit N of the AULA as well as elements approved under Exhibit L of the AULA that are tracked by CDA outside of the TAP.

Additional information on the projects included in the Airport Capital Program is provided in Chapter 2 of this Report.

Other Capital Projects and Additional TAP Elements Not Included in the Airport Capital Program

The City also intends to undertake certain hotel-related projects at the Airport. The City is currently evaluating and developing schedules and funding plans for these projects. Due to the current uncertainty of the project scopes and the funding assumptions of these projects, they have not been included in the financial analysis in this Report.

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Additional TAP Elements are anticipated to be undertaken upon satisfaction of certain passenger activity triggers. However, due to the uncertainty of the timing of these triggers, these additional TAP Elements are not included in the Airport Capital Program reflected in this Report.

Airport Capital Program Included in the Financial Analysis

Table S-2 presents a summary of the Airport Capital Program by component included in the financial analysis in this Report. Project costs shown here are escalated based on the anticipated timing of each project and the 3 percent inflation rate assumed in this Report. The Airport Capital Program costs included in the financial analysis are for demonstrative purposes and actual project costs are likely to differ from the costs presented here.

TABLE S-2 AIRPORT CAPITAL PROGRAM SUMMARY

PROGRAM COMPONENT	PROJECT COSTS (ESCALATED PROJECT COSTS)				
	APPROVAL FROM PREVIOUS AGREEMENTS	AULA APPROVAL	TOTAL AIRPORT CAPITAL PROGRAM	PREVIOUSLY FUNDED PROJECTS	PROJECTS TO BE FUNDED
Remaining OMP Airfield Projects	\$1.4 billion	\$355 million	\$1.7 billion	\$1.4 billion	\$355 million
TAP Phase 1	-	\$6.2 billion	\$6.2 billion	-	\$6.2 billion
Near-Term Gate Improvements and Other Projects	\$267 million	\$823 million	\$1.1 billion	\$267 million	\$774 million
CIP Projects	\$390 million	\$1.6 billion	\$2.0 billion	-	\$2.0 billion
Total	\$2.0 billion	\$9.0 billion	\$11.0 billion	\$1.6 billion	\$9.4 billion

NOTE: Totals may not add due to rounding.

SOURCE: City of Chicago Department of Aviation, June 2018; JP Morgan (escalation), October 2018.

The total Airport Capital Program anticipated to be undertaken during the Projection Period totals approximately \$11.0 billion (in escalated dollars), comprised of approximately \$1.7 billion of Remaining OMP Airfield Projects (of which approximately \$1.4 billion has previously been funded), approximately \$6.2 billion of TAP Phase 1, approximately \$1.1 billion of Near-Term Gate Improvements and Other Projects (of which approximately \$267 million has previously been funded), and approximately \$2.0 billion of CIP Projects. For purposes of this Report, the total amount of Airport Capital Program funding assumed to be provided through the issuance of the 2018 Bonds and future bonds totals approximately \$9.4 billion. Debt service on previously issued bonds, the 2018 Bonds, and future bonds needed to complete the funding of the Airport Capital Program is discussed in Chapter 5 and is reflected in the financial projections included therein; incremental O&M Expenses and revenues resulting from the completion of the Airport Capital Program is also discussed.

The 2018 Bonds are assumed to be issued to fund, in whole or in part, approximately \$1.9 billion of the Airport Capital Program, and future bonds are assumed in this analysis to fund the remaining Airport Capital Program project costs, \$7.5 billion of which is assumed to occur during the Projection Period.

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DEMOGRAPHIC AND ECONOMIC ANALYSIS

The demand for air transportation is, to a degree, dependent upon the demographic and economic characteristics of an airport's air trade area.⁸ This relationship is particularly true for origin and destination (O&D) passenger traffic, which has historically accounted for approximately 50 percent of demand at the Airport (with connecting passengers accounting for the remaining 50 percent). Therefore, demand for airline travel at the Airport is influenced by the local characteristics of the area served, along with individual airline decisions regarding service in support of connecting activity.

The Airport's Air Trade Area (ATA) has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate the ATA will remain a destination that attracts both business and tourist visitors, positively affecting the demand for future inbound airline travel. Projected ATA economic variables further support the continued growth of local outbound passengers.

Table S-4 presents selected 2017 and 2029 economic figures for the ATA and for the United States, as projected by Woods & Poole Economics, Inc.

Additional information on the demographic and economic characteristics of the ATA is provided in Chapter 3.

TABLE S-4 SUMMARY OF DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

	2017	PROJECTED 2029	CAGR
POPULATION			
Air Trade Area	9,673,648	10,375,207	0.6%
United States	325,888,129	363,960,155	0.9%
PER CAPITA PERSONAL INCOME (in 2017 dollars)			
Air Trade Area	\$57,204	\$65,915	1.2%
United States	\$51,074	\$59,023	1.2%
PER CAPITA GRP/GDP (2017 dollars)			
Air Trade Area	\$70,358	\$79,259	1.0%
United States	\$59,476	\$66,175	0.9%
	2007	2017	AUGUST 2018
NON-SEASONALLY ADJUSTED UNEMPLOYMENT RATES			
Air Trade Area	4.9%	4.9%	4.0%
United States	4.6%	4.4%	3.9%
Variance	0.3%	0.5%	0.1%

NOTES:

CAGR – Compound Annual Growth Rate

GRP/GDP – Gross Regional Product / Gross Domestic Product

SOURCES: Woods and Poole Economics, Inc., *2018 Complete Economic and Demographic Data Source (CEDDS)*, April 2018 (population, income, GDP/GRP); U.S. Department of Labor, Bureau of Labor Statistics, October 2018 (unemployment).

⁸ The geographical area served by an airport is commonly referred to as an airport's air trade area. For purposes of this Report, the Airport's Air Trade Area consists of the Chicago-Naperville-Elgin Metropolitan Statistical Area (MSA) and the Kankakee MSA. For more information, see Section 3.1 of this Report.

AIR TRAFFIC

Chicago's location along the heavily traveled east/west air routes and its large population base make it a natural location for airline hubbing operations. United and American,⁹ two of the world's largest airlines in terms of revenue passenger miles, operate major connecting hub facilities at the Airport. The City is also served by Chicago Midway International Airport, a major airport for Southwest Airlines. Together, the two airports provide a complementary three-hub airport system for the area's O&D passenger base. Additionally, the Airport consistently ranks among the busiest airports in the world. According to preliminary data from Airports Council International, in 2017 the Airport was the 6th busiest in terms of passenger volume (3rd in the United States behind Hartsfield-Jackson Atlanta International Airport and Los Angeles International Airport), the 2nd busiest in terms of aircraft movements, and the 20th busiest in terms of cargo tonnage (6th in the United States). Based on U.S. Department of Transportation survey data, the Chicago market¹⁰ was ranked 4th in the nation in terms of domestic O&D passengers for the year 2017—following the New York,¹¹ Los Angeles,¹² and San Francisco¹³ markets.

In 2017, the Airport served approximately 79.8 million enplaned and deplaned passengers, an increase of 2.4 percent from the previous year. Through the first eight months of 2018, enplaned passenger activity at the Airport has increased 4.9 percent from the same period in 2017.

In the 12 months ended June 2018, a total of 18 U.S. flag airlines, 43 foreign-flag airlines, 5 nonscheduled charter airlines, and 26 all-cargo airlines provided service at the Airport. In 2017, United and American, combined with their affiliates, accounted for 45.0 percent and 35.5 percent, respectively, of enplaned passengers at the Airport. In addition, other significant U.S. airlines serving the Airport include Alaska Airlines and Delta Air Lines, as well as low-cost airlines Frontier Airlines, JetBlue Airways, and Spirit Airlines. Low-cost airlines have been a significant source of new seat capacity at the Airport; low-cost airline enplanements increased by approximately 200.0 percent between 2011 and 2017. Between 2008 and 2017, O&D passenger traffic at the Airport increased at a compound annual growth rate (CAGR) of 2.5 percent, while average domestic fares decreased 0.6 percent.

Forecasts of aviation demand (i.e., enplaned passengers, aircraft operations, and landed weight) were developed considering the following:

- Historical activity, including passenger volume and revenue trends at the Airport and across the industry;
- Recent trends and projections of local and national socioeconomic factors; and
- Anticipated use of the Airport by American, United, low-cost airlines, and other airlines.

Passenger activity is forecast to grow at a CAGR of 1.2 percent from the base year of 2017 through the end of the Projection Period in 2029.

⁹ In December 2013, American and US Airways merged under the same parent corporation. The FAA granted American a single operating certificate on April 8, 2015. References to American Airlines in this Report reflect the combined American/US Airways, unless otherwise designated.

¹⁰ Includes Chicago O'Hare International and Chicago Midway International Airports.

¹¹ Includes John F. Kennedy International, Newark Liberty International, and La Guardia Airports.

¹² Includes Los Angeles International, John Wayne (Orange County), Ontario International (Los Angeles), Bob Hope (Burbank), and Long Beach Airports.

¹³ Includes San Francisco International, Metropolitan Oakland International, and Mineta San Jose International Airports.

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Additional information on air traffic is provided in Chapter 4 of this Report. **Table S-5** summarizes historical and forecast enplaned passengers at the Airport through the Projection Period.

TABLE S-5 HISTORICAL AND FORECAST ENPLANED PASSENGERS

FISCAL YEAR	DOMESTIC	INTERNATIONAL	TOTAL	O&D PERCENT	ANNUAL GROWTH
Historical					
2008	28,378,531	5,632,655	34,011,186	50.9%	-9.9%
2009	26,851,150	5,184,005	32,035,155	47.4%	-5.8%
2010	28,087,634	5,131,768	33,219,402	46.6%	3.7%
2011	28,293,579	4,901,129	33,194,708	48.6%	-0.1%
2012	28,275,113	4,956,088	33,231,201	49.0%	0.1%
2013	28,182,287	5,102,501	33,284,788	49.1%	0.2%
2014	29,546,907	5,392,787	34,939,694	49.0%	5.0%
2015	32,863,551	5,517,938	38,381,489	49.3%	9.9%
2016	33,001,262	5,856,818	38,858,080	53.6%	1.2%
2017	33,574,645	6,228,043	39,802,688	54.4%	2.4%
FYTD (JAN - AUG)					
2017	22,090,507	4,229,233	26,319,740	NA	0.6%
2018	23,024,541	4,587,619	27,612,160	NA	4.9%
Forecast					
2018	34,499,133	6,562,651	41,061,784	54.4%	3.2%
2019	35,903,424	6,705,521	42,608,945	54.5%	3.8%
2020	36,078,861	6,801,895	42,880,756	54.5%	0.6%
2021	36,291,750	6,866,341	43,158,090	54.5%	0.6%
2022	36,553,824	6,947,503	43,501,327	54.6%	0.8%
2023	36,757,154	6,975,791	43,732,945	54.6%	0.5%
2024	37,028,327	7,024,155	44,052,482	54.7%	0.7%
2025	37,332,320	7,097,541	44,429,862	54.8%	0.9%
2026	37,594,056	7,173,977	44,768,033	54.9%	0.8%
2027	37,802,710	7,237,476	45,040,185	55.0%	0.6%
2028	38,084,146	7,323,140	45,407,285	55.1%	0.8%
2029	38,372,876	7,407,336	45,780,212	55.2%	0.8%
Compound Annual Growth Rate					
2008 – 2017	1.9%	1.1%	1.8%		
2017 – 2029	1.1%	1.5%	1.2%		

NOTES: FY ending December 31.

O&D – Origin and Destination

FYTD – Fiscal Year to Date

Excludes general aviation, helicopter, and miscellaneous passengers included in the City of Chicago's Airport Activity Statistics.

SOURCES: City of Chicago, Department of Aviation, October 2018 (historical); Ricondo & Associates, Inc., October 2018 (forecast).

FINANCIAL ANALYSIS

The Airport is owned by the City, operated by the CDA, and is accounted for as a self-supporting enterprise fund of the City on a FY basis. The City's FY ends December 31. The City maintains the books, records, and accounts of the Airport in accordance with generally accepted accounting principles and as required by the provisions of the AULA and the Senior Lien Indenture. Neither City nor State of Illinois tax revenues are pledged to the payment of Net Debt Service or to fund the cost of operations at the Airport.

The AULA went into effect May 12, 2018, following the expiration of the previous 35-year use agreement. The AULA is a 15-year agreement that formalizes the rights and responsibilities of the airline tenants of the Airport that are signatory to the agreement (the Signatory Airlines) and the CDA. It sets forth the City's main financial and operational arrangement with the Signatory Airlines and provides, among other things, contractual support of the Signatory Airlines for General Airport Revenue Bonds (GARBs) and certain other obligations issued to fund the Airport Capital Program. The AULA reflects a multiyear negotiation between the CDA and the airlines operating at the Airport and it includes funding approval for various capital projects at the Airport. Under the AULA, terminal rental rates and airline landing fees are established using a residual rate-setting methodology, whereby airline rates and charges are calculated to recover any net remaining costs for each Cost-Revenue Center. The AULA has an expiration date of December 31, 2033.

Ricondo completed an analysis that demonstrates the ability of the City to comply with the requirements of the AULA and Senior Lien Indenture in each year of the Projection Period.

Based on the financial analysis in Chapter 5 of this Report, Ricondo is of the opinion that the Net Revenues Available for Senior Lien Coverage generated by the Airport in each year of the Projection Period are expected to be sufficient to comply with the Additional Bonds Tests and the Rate Covenants established in the Senior Lien Indenture.

The GARB debt service included in the financial analysis reflects debt service on outstanding GARBs, the 2018 Bonds, and future GARBs necessary for funding the Airport Capital Program and Pre-Approved Allowances.

Results of the financial analysis are as follows:

- Operation and maintenance (O&M) Expenses are projected to increase from \$639.2 million in 2018 to approximately \$1.34 billion in 2029, representing a CAGR of 7.0 percent. This increase is based on the type of expenses anticipated, the fulfillment of certain assumed City pension contributions (described in Section 5.2.2), expectations of future inflation rates (assumed to be 3.0 percent annually), and projected incremental increases to O&M Expenses associated with the completion of Airport Capital Program projects (described in Section 5.2.3).
- For purposes of this Report, it is assumed that a total of \$50 million, \$40 million of annually approved Pre-Approved Allowances and \$10 million for Infrastructure Reliability projects, will be expended in each year of the Projection Period (2019 through 2029). Of the \$768.2 million of total Pre-Approved Allowances and Infrastructure Reliability, a total of \$550 million is assumed during the Projection Period. Project costs for Pre-Approved Allowances and Infrastructure Reliability are assumed not to be financed; rather, they will be recovered directly in the calculation of airline rates and charges, as discussed in Chapter 5.
- Non-Airline Revenues are projected to increase from \$321.2 million in 2018 to \$513.0 million in 2029, a CAGR of 4.3 percent. Non-Airline Revenues include revenues from landside concessions, such as: automobile parking and automobile rentals; terminal concessions, including restaurant, news and gift, and duty free; and revenues

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derived from Aeronautical Real Estate and Commercial Real Estate Cost Centers developed under the AULA. These revenues are discussed in Section 5.3.2.

- Net Debt Service (including estimated debt service on the 2018 Bonds and projected debt service on future bonds necessary to complete the Airport Capital Program), net of capitalized interest, PFC Revenues, and Grant Receipts used to pay debt service, is budgeted to be approximately \$447.4 million in FY 2018; it is projected to increase throughout the Projection Period to approximately \$1.1 billion in 2029.
- The airline cost per enplanement (CPE) at the Airport is estimated to be approximately \$19.36 in 2018, and it is projected to increase to \$42.83 in 2029 (which equates to approximately \$30.94 in 2018 dollars).

The projected Airport rates and charges and resulting Airline Revenues derived from the AULA are found to be reasonable based on the expectation that these fees will not deter forecast demand for air traffic at the Airport as airlines continue to deploy capacity to airports based on available resources. The projected Airport Revenues in this analysis are deemed to be reasonable based on the following combination of factors:

- large population and strong economic base
- attractive geographical location and
- important hub for United and American

Additionally, increases in airline costs are associated with the Airport Capital Program agreed upon under the AULA, which is designed to allow for growth.

Table S-6 presents the Debt Service coverage ratio projected for Senior Lien Bonds from 2018 through 2029. As contained in the Senior Lien Indenture:

The City covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in an Fund or Account, will be at least sufficient... to provide for... for the 2018 Fiscal Year and earlier Fiscal Year, One and ten-hundredths times (1.10x) Aggregate Senior Lien Debt Service for the Bond Year commencing during that Fiscal Year; for the 2019 Fiscal Year, one and fifteen-hundredths times (1.15x) Aggregate Debt Service for the Bond Year commencing during that Fiscal Year; for the 2020 Fiscal Year, one and twenty-hundredths times (1.20x) Aggregate Debt Service for the Bond Year commencing during that Fiscal Year and for the 2021 Fiscal Year and each subsequent Fiscal Year, one and twenty five-hundredths times (1.25x) the Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, and, in each case, such Aggregate Debt Service shall be reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal and interest on Senior Lien Bonds or Senior Lien Obligations.

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TABLE S-6 GENERAL AIRPORT REVENUE BOND DEBT SERVICE COVERAGE

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2018	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Coverage Calculation ¹												
Total Revenue plus Pledged Other Available Moneys and Applied PFCs ^{2,3}	\$1,288,188	\$1,422,718	\$1,443,496	\$1,597,628	\$1,676,348	\$1,854,658	\$1,955,551	\$2,168,529	\$2,237,817	\$2,272,894	\$2,424,484	\$2,773,183
Plus: Prior Period Required Debt Service Coverage	56,457	57,469	87,244	113,492	157,871	166,872	190,252	203,847	234,126	242,958	245,804	253,046
Adjusted Total Revenue	\$1,344,645	\$1,480,188	\$1,530,740	\$1,711,120	\$1,834,219	\$2,021,530	\$2,145,803	\$2,372,376	\$2,471,943	\$2,515,852	\$2,670,288	\$3,026,229
Less:												
O&M Expenses	\$639,203	\$696,881	\$749,125	\$812,529	\$882,897	\$924,228	\$977,304	\$1,043,754	\$1,124,654	\$1,177,731	\$1,287,341	\$1,342,741
Net Revenue Available for Senior Lien Coverage	705,442	783,306	781,615	898,591	951,322	1,097,303	1,168,499	1,328,622	1,347,289	1,338,120	1,382,947	1,683,489
Senior Lien Debt Service	\$ 574,694	\$581,628	\$567,460	\$631,483	\$667,489	\$761,008	\$815,389	\$936,503	\$971,831	\$983,217	\$1,012,185	\$1,274,074
Senior Lien GARB Debt Service Coverage	1.23	1.35	1.38	1.42	1.43	1.44	1.43	1.42	1.39	1.36	1.37	1.32
Other Required Uses of Revenue												
O&M Reserve Fund	\$16,615	\$14,420	\$13,061	\$15,851	\$17,592	\$10,333	\$13,269	\$16,613	\$20,225	\$13,269	\$27,403	\$13,850
Supplemental O&M Reserve Fund	0	25,088	28,849	33,816	39,384	39,224	44,737	49,841	20,225	13,269	27,403	13,850
Maintenance Reserve Fund	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Special Capital Projects Fund	3,000	3,150	3,308	3,473	3,647	3,829	4,020	4,221	4,432	4,654	4,887	5,131
Total Other Required Uses of Revenue	\$22,615	\$45,657	\$48,218	\$56,140	\$63,623	\$56,385	\$65,026	\$73,675	\$47,882	\$34,193	\$62,692	\$35,831

NOTES:

1 Coverage calculation makes adjustments for certain O&M Expenses, Revenues, and other reserve funds and therefore is not directly comparable to the coverage calculation in the financial statements.

2 Net of PFC Revenues applied to pay debt service on portions of future GARBs.

3 Net of non-pledged PFC Revenues assumed to be applied to existing outstanding debt service pursuant to a letter agreement with the airlines.

4 Net of capitalized interest. Actual and projected debt service. Assumes future debt service issues as Senior Lien debt.

SOURCES: City of Chicago Department of Aviation, June 2018 (2018); Ricondo & Associates, Inc. October 2018 (2019-2029).

In addition to Airport Revenues, the City also pledged as Other Available Moneys Passenger Facility Charge (PFC) Revenues through 2018 equal to the amount of annual debt service on the Series 2008A and Series 2010F Bonds, and through maturity on the Series 2011A Bonds, plus any required coverage on all of those bonds. The City is evaluating the use of PFC Revenue after calendar year 2018 and in its sole discretion, the City plans to continue to use PFC Revenues to pay debt service on the Series 2008A Bonds and the Series 2010F Bonds. Therefore, the financial analysis in this Report assumes PFC Revenues will be applied to pay debt service on the Series 2008A and Series 2010F Bonds, or any bonds refunding those bonds, from 2019 through the end of the Projection Period. PFC Revenues will be pledged as Other Available Moneys to the Series 2011A Bonds, or any bonds refunding those bonds, and the Series 2016F Bonds through the maturity of those bonds.

As shown, the Debt Service coverage ratio is projected to meet the minimum requirement in each year of the Projection Period.

Table S-7 presents the projected CPE from 2018 through 2029, which reflects the estimated debt service, the project costs assumed to be recovered through airline rates and charges, and the operational impacts to expenses and revenues associated with the completion of the Airport Capital Program. The aforementioned assumptions on projected costs, along with the forecast passenger activity, provide the basis for Ricondo's opinion that costs at the Airport remain reasonable through the Projection Period.

Additional information on the financial analysis is provided in Chapter 5 of this Report.

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TABLE S-7 PROJECTED AIRLINE COST PER ENPLANEMENT

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2018 ¹	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Signatory Airline Revenue	\$772,370	\$850,834	\$859,022	\$983,365	\$1,060,265	\$1,154,096	\$1,163,066	\$1,342,735	\$1,390,674	\$1,431,884	\$1,603,965	\$1,908,231
Non-Signatory Airline Revenue	67,393	77,896	71,806	79,246	81,431	90,247	94,253	108,589	112,214	115,758	124,306	156,256
Less: Cargo Landing Fee Revenue	(44,697)	(51,663)	(47,624)	(52,558)	(54,007)	(59,854)	(62,511)	(72,019)	(74,424)	(76,774)	(82,443)	(103,633)
Total Passenger Airline Requirement	\$795,066	\$877,067	\$883,204	\$1,010,053	\$1,087,689	\$1,184,488	\$1,194,808	\$1,379,305	\$1,428,465	\$1,470,868	\$1,645,828	\$1,960,853
Total Projected Enplaned Passengers	41,062	42,609	42,881	43,158	43,501	43,733	44,052	44,430	44,768	45,040	45,407	45,780
Total Airline Cost per Enplaned Passenger												
Current Dollars	\$19.36	\$20.58	\$20.60	\$23.40	\$25.00	\$27.08	\$27.12	\$31.04	\$31.91	\$32.66	\$36.25	\$42.83
2018 Dollars ²	\$19.36	\$19.98	\$19.41	\$21.42	\$22.22	\$23.36	\$22.71	\$25.24	\$25.19	\$25.03	\$26.97	\$30.94

NOTES:

1 Derived from City 2018 2nd Half Budget information with certain adjustments.

2 Inflation rate assumed at 3.0 percent.

SOURCES: City of Chicago, Department of Aviation, June 2018 (2018); Ricondo & Associates, Inc., October 2018 (2019–2029).

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2018 Report

1. THE 2018 BONDS

1.1 THE 2018 BONDS

The 2018 Bonds will be issued pursuant to an ordinance adopted by the Chicago City Council on March 28, 2018 (the Bond Ordinance), and the Amended and Restated Master Indenture of Trust securing Chicago O'Hare International Airport (the Airport or ORD) Senior Lien Obligations, dated as of June 1, 2018 and effective on the Effective Date (the Senior Lien Master Indenture), between the City of Chicago (the City) and U.S. Bank National Association, Chicago, Illinois, as supplemented by the Supplemental Indentures from the City to the Trustee. The Senior Lien Master Indenture, as supplemented by the Supplemental Indentures, and as it may be amended and supplemented from time to time in accordance with its terms, is herein referred to as the Senior Lien Indenture.

Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statements for the 2018 Bonds and/or the Senior Lien Indenture. The 2018 Bonds include the 2018A Bonds, 2018B Bonds, and 2018C Bonds.

The City will use the proceeds from the sale of the 2018 Bonds, together with other available funds, to:

- (i) fund portions of the Airport Capital Program, as herein defined
- (ii) refund certain outstanding Airport Obligations to generate debt service savings
- (iii) retire certain portions of the City's outstanding Commercial Paper Notes and Credit Agreement Notes used to fund certain costs of the Airport Capital Program
- (iv) fund the Debt Service Reserve Fund requirements for the 2018 Bonds
- (v) fund certain capitalized interest on a portion of the 2018 Bonds¹
- (vi) pay costs and expenses incidental thereto and to the issuance of the 2018 Bonds

The Series 2018 Bonds are payable from Revenues (as defined in the Senior Lien Indenture) pledged to the payment thereof under the Senior Lien Indenture and certain other moneys held by or on behalf of the Trustee.

Table 1-1 presents the estimated uses of the proceeds of the 2018 Bonds. These preliminary numbers, presented for illustrative purposes, serve as the basis for the debt service on the 2018 Bonds reflected in the financial analysis herein and are subject to change.

1.2 INDENTURE OF TRUST

Security for the Series 2018 Bonds

Pursuant to the terms of the Senior Lien Indenture, the 2018 Bonds will be secured by a first lien pledge of Revenues (meaning, generally, all amounts received or receivable, directly or indirectly, by the City for the use and operation of the Airport), on a parity basis with the City's Outstanding Senior Lien Bonds and such other Senior Lien Obligations as may be outstanding from time to time, and will be paid from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture. Revenues are defined in the Official Statement.

¹ A portion of interest on the 2018 Bonds will be paid from the Capitalized Interest Fund with interest associated with all costs capitalized through DBO. Capitalized interest on projects with DBO beyond January 1, 2020 will be financed by future transactions.

TABLE 1-1 2018 BONDS SOURCES AND USES

	2018 BONDS
	TOTAL
Sources	
Par Amount of Bonds	\$1,848,005,000
Net Original Issue Premium	117,015,677
Total Sources of Funds at Closing	\$1,965,020,677
Uses	
Construction Fund Deposit	\$1,518,369,376
Commercial Paper Redemption	250,992,000
Capitalized Interest Deposit	85,797,290
Debt Service Reserve Fund Deposit	91,380,605
Underwriters' Discount and Cost of Issuance	18,481,406
Total Uses of Funds at Closing	\$1,965,020,677

NOTES: Assumes market rates as of October 29, 2018 plus 50 basis points.

Capitalized Interest Fund finances interest accrued through January 1, 2020. A portion of interest on the 2018 Bonds will be paid from the Capitalized Interest Fund with interest associated with all costs capitalized through DBO. Capitalized interest on projects with DBO beyond January 1, 2020 will be financed by future transactions.

SOURCE: JPMorgan Chase & Co., October 2018.

Under the Senior Lien Indenture, the City has covenanted to establish rentals, rates, and charges for the use and operation of the Airport so that Revenues, together with certain other moneys deposited with the Trustee, are sufficient to pay the Operation and Maintenance (O&M) Expenses at the Airport and to satisfy the debt service coverage covenants contained in the Senior Lien Indenture.

Debt Service Coverage Covenants

The City covenants in the Senior Lien Indenture to fix and establish, and to revise from time to time whenever necessary, the rentals, rates, and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient:

- (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and
- (ii) to provide for the greater of (A) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures, and trust agreements pursuant to which all Outstanding Senior Lien Obligations or other Outstanding Airport Obligations are issued and secured, and (B) (1) for the 2018 Fiscal Year and earlier Fiscal Year, one and ten hundredths times the Aggregate Debt Service for the Bond Year commencing during that Fiscal Year; (2) for the 2019 Fiscal Year, one and fifteen-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year; (3) for the 2020 Fiscal Year, one and twenty-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year and (4) for the 2021 Fiscal Year and each subsequent Fiscal Year, one and twenty five-hundredths times the Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, and, in each case, such Aggregate Debt Service shall be reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations.

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The City further covenants in the Senior Lien Indenture to fix and establish, and revise from time to time whenever necessary, the rentals, rates, and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys consisting solely of: (a) any Passenger Facility Charge (PFC) revenues deposited with the Trustee for that Fiscal Year; and (b) any other moneys received by the City in the immediately prior Fiscal Year and deposited with the Trustee no later than the last day of the immediately prior Fiscal Year, will be at least sufficient:

- (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and
- (ii) to provide for the payment of Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during the Bond Year to pay the principal of and interest on Senior Lien Obligations.

Flow of Funds

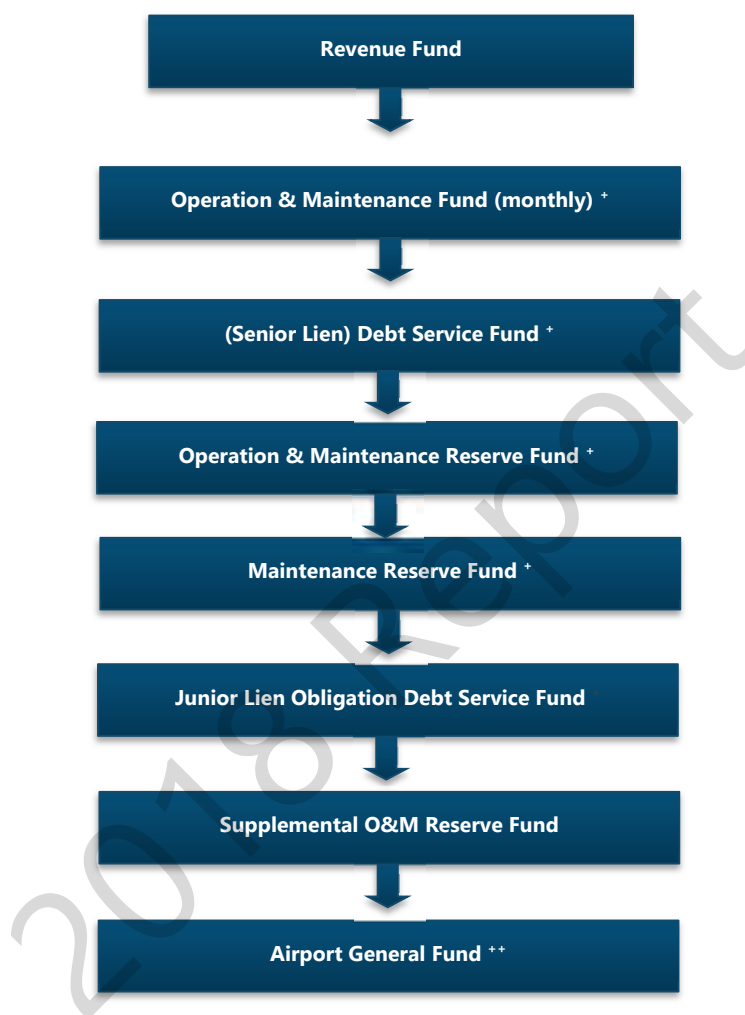
Airport Revenues and expenses are accounted for as a separate enterprise fund of the City, subject to the provisions of the Senior Lien Indenture and the new Airline Use and Lease Agreement (AULA) between the City and the airlines, described in Chapter 5 of this Report. The Flow of Funds identified in the Senior Lien Indenture is illustrated graphically on **Exhibit 1-1**. Additional information regarding the Flow of Funds, including the flow of PFC Revenues, is described under "Flow of Funds" in the Senior Lien Indenture.

Additional Bonds

Additional Senior Lien Bonds, except in the case of Refunding Bonds and Completion Bonds (both as defined in the Senior Lien Indenture), may be issued only upon the satisfaction of certain conditions, as described in the Senior Lien Indenture.

The City may issue Refunding Bonds, either by satisfying the debt service coverage requirement, or by satisfying the applicable requirements in the Senior Lien Indenture.

EXHIBIT 1-1 FLOW OF FUNDS



NOTES: O&M – Operation and Maintenance

+ Balance at year end transferred to Revenue Fund.

++ Moneys in the Airport General Fund may be applied, used, and withdrawn by the City for any lawful corporate purpose of the City, free from any lien or security interest in favor of the Trustee and the owners of the Senior Lien Obligations.

SOURCE: Senior Lien Indenture, as defined herein.

2. THE AIRPORT FACILITIES AND CAPITAL PROGRAM

The Airport is the primary commercial-service airport serving Chicago and the surrounding region. This chapter presents a summary of existing Airport facilities, and it describes the Airport Capital Program (defined herein), which includes the projects anticipated to be funded with the 2018 Bonds.

2.1 AIRPORT FACILITIES

The Airport occupies over 7,200 acres of land 18 miles northwest of downtown Chicago. Its primary facilities consist of the airfield, terminal area, rental car facilities, air cargo areas, maintenance/Airport support areas, and surface access/parking areas. These facilities are described in the following subsections.

Exhibit 2-1 shows the Airport's existing layout.

2.1.1 AIRFIELD

Currently, the airfield contains seven active runways and one runway under construction.¹ A network of taxiways, aprons, and aircraft holding areas supports the existing runways. All runways have electronic and other navigational aids that permit aircraft to land in most weather conditions. All runways are equal to or greater than 7,500 feet in length, including one 13,000-foot runway and a 10,800-foot runway that meets Airplane Design Group (ADG) VI standards for aircraft, such as the Airbus A380 and the Boeing 747-8.

2.1.2 TERMINAL AREA

The airlines serving the Airport operate from four terminal buildings with a total of 191 gates,² which include 5 new gates commissioned in May 2018.³ Three terminal buildings, with a total of 171 gates, serve predominantly domestic flights.⁴ The domestic terminal complex is centrally located within the airfield area. The domestic terminal complex includes Terminal 1 (Concourses B and C), Terminal 2 (Concourses E and F), and Terminal 3 (Concourses G, H, J, K, and L). Gates are leased by the airlines on Preferential Use and Common Use bases; Preferential Use Gate Space shall only be leased to Long-Term Signatory Airlines.

¹ Runway 15-33 was decommissioned in April 2018, and Runway 9C-27C is under construction.

² Previous total counts indicated 189 gates; however, recent changes associated with the upgauging of aircraft reduced the gate count to 186 as parking positions were modified throughout 2016. The current gate count of 191 includes the additional 5 gates on Concourse L, which opened in May 2018.

³ A gate is an active aircraft parking position that is accessed through the terminal building, via either a passenger loading bridge or other means, customarily used for enplaning and deplaning passengers. The number of gates is subject to change based on the configuration of aircraft parking.

⁴ United Airlines and American Airlines international departures and international arrivals that have been precleared by U.S. CBP also operate from the domestic terminal complex.

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SOURCES: Chicago Department of Aviation, August 2018; Chicago O'Hare International Airport, *Airport Layout Plan*, September 2005; Ricondo & Associates, Inc., August 2018.

EXHIBIT 2-1



EXISTING AIRPORT LAYOUT

Drawing: P:\Project-Chicago\Chicago\ORD\Financial\2018 Feasibility Report\CAD\Ex 2_2018-08-01.dwg Layout: Ex 2-1 Plotted: Oct 23, 2018, 10:30AM

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Terminal 5 (Concourse M), formerly known as the International Terminal, is located in the eastern portion of the terminal area; it has 20 gates and 4 hardstand⁵ aircraft parking positions. Terminal 5 currently serves international departures and arrivals, including all international arrivals requiring Federal Inspection Services (FIS). Terminal 5 gates are operated on a Common Use basis. Frontier Airlines also serves domestic departures and arrivals (in addition to its international departures and arrivals) out of Terminal 5. Gate M11 was configured to accommodate Airbus A380 aircraft in July 2016.

Terminals 2 and 3 opened in 1962; they are the oldest terminals at the Airport. Delta Concourse L was completed in 1982, United constructed Terminal 1 which opened in 1987, followed by Terminal 5 in 1993. While modifications have occurred to individual concourses, the terminal layout and individual building sizes generally remained unchanged, until the recent addition of five gates at Terminal 3 Concourse L.

Terminal 1 is used for domestic arrivals and departures by United Airlines and international departures by Star Alliance partners All Nippon Airways and Lufthansa (Lufthansa also has one departure flight to Munich from Terminal 5).

Terminal 2 is primarily utilized by United Airlines' regional affiliates and Star Alliance partner Air Canada. Delta Air Lines also operates out of Terminal 2.

Terminal 3 is primarily used by American Airlines and its regional affiliates, as well as by American Airlines' oneworld partners, Japan Airlines and Iberia, for departures only. Air Choice One, Alaska Airlines, Cape Air, JetBlue, and Spirit Airlines also operate out of Terminal 3.

Terminal 5 is the only terminal at the Airport with a U.S. Customs and Border Protection (U.S. CBP) FIS facility. Therefore, international flights originating from airports that do not have CBP Preclearance arrive at Terminal 5. Passengers arriving at Terminal 5 transferring to a departing flight in the domestic terminal complex (Terminals 1, 2, or 3) access the Airport Transit System (ATS). Passengers can recheck baggage prior to exiting the Terminal 5 FIS; however, they are rescreened through security checkpoints in the domestic terminal complex. Passengers arriving at Terminals 1, 2, or 3 and transferring to a flight departing from Terminal 5 may utilize the ATS, or they may ride the Terminal Transfer Bus (TTB) from Terminal 3 to Terminal 5.^{6, 7} Shuttle bus service is currently being provided due to a shutdown related to the extension of the ATS.

The ATS provides passengers with transportation, free of charge, among the four terminals and the long-term parking lots; it currently includes approximately 2.7 miles of dedicated guideway. The ATS is also being extended to a 6-story, 4.5-million-square-foot Multimodal Facility, which was opened on October 31, 2018. The ATS extension is expected to open in 2019; it will provide transportation between the terminals and the Multimodal Facility.

Also located within the terminal area are a hotel, a parking garage, and the Airport heating and refrigeration plant. The 10-story hotel, leased and operated by Hilton Hotels Corporation and located directly across from Terminals 1, 2, and 3, provides approximately 860 guest rooms, as well as restaurants and meeting facilities. The 6-story parking garage adjacent to the domestic terminals contains approximately 9,300 spaces for public and employee parking.

⁵ A hardstand is a paved area for parking airplanes that is remote from the terminal building. Hardstands can be used for repairs and overnight parking, as well as for enplaning and deplaning passengers.

⁶ Passengers transferring via TTB do not require rescreening at Terminal 5, but passengers utilizing the ATS to go from the domestic terminals to Terminal 5 must be rescreened at security checkpoints.

⁷ A construction-related 5-day-a-week shutdown of the ATS commenced on May 30, 2018. The Airport is providing a bus shuttle service between the terminals and the economy parking lot during the shutdown, which is scheduled to continue through the 2018–2019 winter season. A full shutdown of the ATS is expected to begin in 2019 through final testing and acceptance of the ATS extension, expected in 2019.

The heating and refrigeration plant, located northeast of the domestic terminals, provides heating and air conditioning for all terminal buildings.

2.1.3 RENTAL CAR FACILITIES

The Chicago Department of Aviation (CDA) opened the Multimodal Facility on October 31, 2018. The facility comprises a consolidated rental car facility (CRCF) and public parking. An extension to the Airport's ATS and acquisition of additional ATS vehicles is under development as part of the Multimodal Facility and anticipated to provide direct access between the facility and the Airport terminals once operational in 2019.

On-Airport rental car facilities, formerly located on Airport property remote from the terminals with company-specific shuttle buses, are now operating from the CRCF. A total of 13 rental car brands operate from the CRCF: Advantage, Alamo, Avis, Budget, Dollar, Enterprise, E-Z, Fox, Hertz, National, Payless, Sixt, and Thrifty. Off-Airport rental car operators include Routes Car Rental, and Silvercar. Avis Budget Group, Inc., operates the Avis, Budget, and Payless brands; Enterprise Holdings, Inc., operates the Alamo, Enterprise, and National brands; and The Hertz Corporation operates the Hertz, Dollar, and Thrifty brands. Advantage, E-Z, Fox, Routes, Silvercar, and Sixt operate as independent brands.

2.1.4 AIR CARGO AREAS

The Airport is a major center for air cargo shipments; it ranked in the top 20 in the 2017 Airports Council International Busiest Air Cargo Hub rankings, and it has been second among airports in the United States in terms of the value of shipments since 2014.⁸ In the area surrounding the airfield, 17 buildings are used for air cargo operations on the south and northeast sides of the Airport, including a new 820,000-square-foot cargo center developed by Aeroterm, a third-party developer, which opened the Phase I building in the northeast cargo area in 2016. Cargo areas also include Phase II of the Aeroterm development, a 240,000-square-foot building that opened in August 2017. With this new development, the Airport has approximately 2 million square feet of airside cargo facilities, with space for 40 jumbo freighters (including the B747-8F) on four separate ramps, with another 2 million square feet of cargo facilities landside. The four ramps include: the Southwest Cargo Ramp, leased and utilized exclusively by FedEx; the South Central Cargo Ramp, leased by United, who allows multiple carriers to utilize its facilities; the Southeast Cargo Ramp, leased by multiple operators and utilized by multiple airlines; and the Northeast Cargo Ramp, operated by Aeroterm, with multiple cargo carriers using the facilities.

Phase III of the Aeroterm development is anticipated to provide an additional 135,000 square feet of warehousing and apron pavement, which are expected to be developed in the next several years.

2.1.5 MAINTENANCE / AIRPORT SUPPORT AREAS

Eight aircraft maintenance facilities leased by airlines are in the northwest corner of the Airport (the Northwest Maintenance Hangar Area), along with two airline ground equipment maintenance buildings and a large aircraft service center. Two flight kitchens and a building formerly used to support office and medical personnel are also in this area; however, these buildings are being demolished as part of the Runway 9C-27C construction project. Two hangars and two ground equipment maintenance buildings are in the process of being relocated as part of the Runway 9C-27C project. These relocated facilities are currently under construction and the existing buildings will remain in operation until the new facilities are completed. In addition to the Northwest Maintenance Hangar Area, other Airport support areas surround the airfield. The Airport Maintenance Complex, which is used to store snow

⁸ Bureau of Transportation Statistics, <https://www.bts.gov/content/top-us-foreign-trade-freight-gateways-value-shipments-current-billions> (accessed August 20, 2018).

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removal and other Airport maintenance equipment, an additional flight kitchen, and miscellaneous ground support equipment facilities are located within the support area on the southeast side of the Airport. A former military area in the northeast quadrant of the Airport is now being used for general aviation activity, air cargo operations, aircraft fuel distribution, and the CDA administrative office.

2.1.6 SURFACE ACCESS

Access to the passenger terminal complex is provided via Interstate 190 (I-190) from the east side of the Airport. This roadway may be accessed from I-90 or Mannheim Road, which borders the Airport to the east. Other roadways that surround Airport property include I-294 to the east, West Higgins Road and Touhy Avenue to the north, York Road to the west, and Irving Park Road to the south. The Elgin–O'Hare Western Access (EOWA) Project, a major Illinois Tollway capital project currently underway, includes an extension of the Elgin–O'Hare Expressway and the creation of a Western Bypass along the west side of the Airport that connects I-90 and I-294. Construction of the EOWA Project began in 2013 and is expected to be completed in 2025. Once complete, EOWA will provide new access to the west side of the Airport via York Road and the south side of the Airport via Taft Avenue. The passenger terminal complex is also accessible via public transit, with the Chicago Transit Authority (CTA) O'Hare Blue Line station located in the lower level of Terminal 2.

The Chicago Infrastructure Trust, in coordination with the City, is leading a procurement process for an O'Hare Express System project to provide express transportation between the downtown business district and the Airport. In June 2018, the City announced The Boring Company as the selected respondent and has proceeded to the exclusive negotiations stage of the procurement. The service is anticipated to deliver 12-minute one-way trips using automated electric vehicles. The contract will be to design, build, finance, operate, and maintain the system. No Airport Revenues will be used to fund project design or construction costs.

2.1.7 PARKING

Parking is provided in various locations throughout the Airport. A 9,300-space parking garage adjacent to the domestic terminals accommodates a major portion of the Airport's public parking demand. Valet parking is located within the garage. The garage is supplemented by adjacent surface lots that provide approximately 2,850 spaces and additional surface parking in various locations throughout the Airport. An additional approximately 950 spaces are provided in Lot D, which is accessed primarily by passengers using Terminal 5. Long-term surface public parking capacity currently consists of approximately 7,730 spaces provided in Lots E, G, and H. The Multimodal Facility, which opened on October 31, 2018, provides an additional approximate 2,600 public parking spaces. As of November 1, available public parking spaces on the Airport totals approximately 23,430.

Employee parking consists of approximately 20,600 spaces. The main employee surface parking lots are within the Northwest Maintenance Hangar Area, and public surface parking lots are located within the terminal area and in the Airport support area along Mannheim Road.

A cell phone lot located on the recirculation road between the Terminal 3 roadway and the Terminal 1 roadway is available free of charge for people waiting to pick up arriving passengers. A 316-space Transportation Network Providers (TNP) Lot is located north of Balmoral Avenue, east of Mannheim Road, and south of I-190 for staging rideshare vehicles. The Commercial Vehicle Holding Area (CVHA), located west of Bessie Coleman Drive and north of I-190, accommodates 450 City taxis and 225 limousines. The suburban taxi staging lot, located west of the intersection of Higgins Road and Mannheim Road, provides approximately 200 spaces for suburban taxis.

In conjunction with the Multimodal Facility and opening of Runway 9C-27C, Lot E will be closed in phases for parking and transitioned to rental car company staging. Lot E, which currently includes approximately 5,000 spaces, is

expected to be fully phased out by mid-2020. Additional parking capacity is anticipated with parking facilities planned as part of the Airport Capital Program.

2.2 THE AIRPORT CAPITAL PROGRAM

The current Airport Capital Program was developed under O'Hare 21, a City initiative to improve the airport's connectivity, efficiency and capacity, and ensure the success of the Airport into the 21st century. In March 2018, the City announced that funding for approximately \$8.5 billion (in 2017 dollars) of new capital projects was approved under the AULA. The Airport Capital Program includes projects that received funding approval under previous Airport use agreements as well as projects approved in the AULA.

Since 2001, the City has reconfigured the airfield through the O'Hare Modernization Program (OMP) from intersecting runways to an east-west configuration. The reconfiguration has improved airfield capacity supporting operational growth and allowed space for terminal expansion to the west of the existing facilities. The City is in the final stages of OMP and beginning significant terminal expansion through the TAP and other Near-Term Gate Improvements. These terminal projects are anticipated to provide additional gate capacity and improve connections at the airport, among other benefits.

The capital programs, including the Capital Improvement Program (CIP) projects that maintain the facilities, are described in the following sections.

2.2.1 FUNDING APPROVAL FOR NEW CAPITAL PROJECTS UNDER THE AIRLINE USE AND LEASE AGREEMENT

The funding approved in the AULA included approximately \$8.5 billion for Phase I TAP Elements, Pre-Approved CIP Projects, and other Pre-Approved Allowances for major maintenance and infrastructure reliability projects to be undertaken over the next 15 years.

Table 2-1 presents a summary of the funding approval (in 2017 and escalated dollars) received under the AULA, including the allocation to Airport Capital Projects described in the following sections. The AULA includes funding approval for capital projects in 2017 dollars with provisions to account for project cost escalation. No additional airline approval is required for these projects. The AULA also defined Additional TAP Elements which can be pursued if certain triggers are met, described in Section 2.3.2.2.

The Airport Capital Program, described in Section 2.2.2 through 2.2.5, reflects escalated project costs and is presented in a manner consistent with the major capital program components as managed by the CDA. Pre-Approved Allowances approved under Exhibit O of the AULA are anticipated to be recovered directly through airline rates and charges as maintenance projects and do not require financing; therefore, they are not part of the Airport Capital Program as described herein but are reflected in the financial analysis in Chapter 5 of this Report.

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TABLE 2-1 AULA FUNDING APPROVAL SUMMARY

AULA PROJECT	AULA EXHIBIT	PROJECT COMPONENTS	PROJECT COSTS 2017 Dollars	Escalated Dollars ¹	FUNDING SOURCES
Phase I TAP Elements	Exhibit L	TAP Phase 1	\$5.3 billion	\$6.2 billion	2018 Bonds, Anticipated Future Revenue Bonds, PFC Revenue
		Near-Term Gate Improvements and Other Projects	\$762 million	\$823 million	
		Total Exhibit L	\$6.1 billion	\$7.1 billion	
Pre-Approved CIP Projects	Exhibit N	Remaining OMP Airfield Projects	\$334 million	\$355 million	2018 Bonds, Anticipated Future Revenue Bonds
		Capital Improvement Projects	\$1.4 billion	\$1.6 billion	
		Total Exhibit N	\$1.7 billion	\$2.0 billion	
Subtotal Total Airport Capital Program Projects			\$7.8 billion	\$9.0 billion	
Pre-Approved Allowances (including Infrastructure Reliability) ²	Exhibit O		\$768 million	\$768 million	Airport Revenues – major maintenance costs recovered directly through airline rates and charges
Total AULA Funding Approval			\$8.5 billion	\$9.8 billion	

NOTES: CIP – Capital Improvement Program PFC – Passenger Facility Charge

1 Project costs reflected in Chapter 5 are escalated for the purposes of financial projections and future bond assumptions.

2 Includes \$40 million per year of Pre-Approved Allowances 2019 through 2033 (15 years) and \$168 million of infrastructure reliability

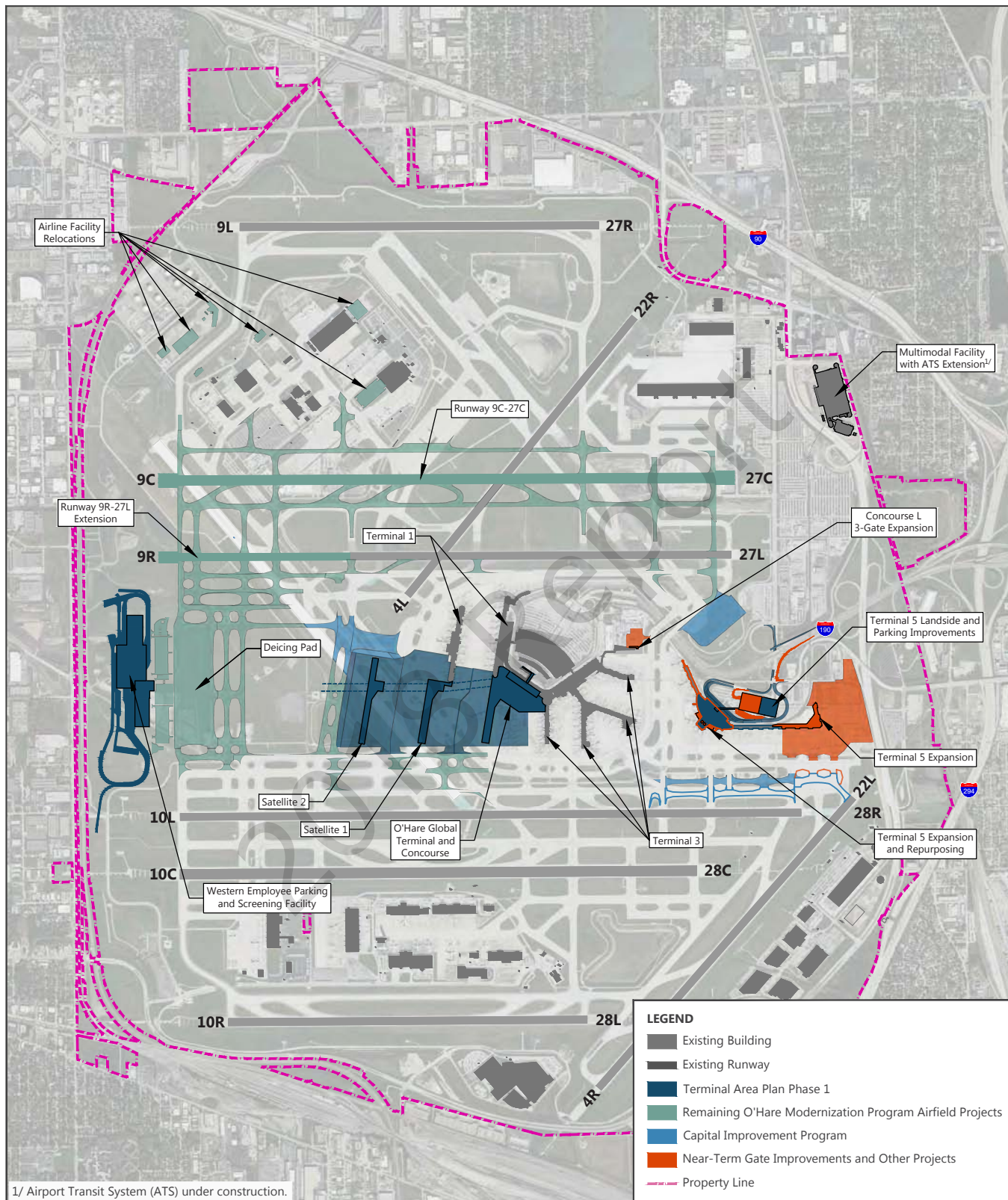
SOURCE: City of Chicago O'Hare International Airport Airline Use and Lease Agreement, June 2018; JP Morgan (escalation), October 2018.

2.2.2 SUMMARY OF CAPITAL PROJECTS

The Airport Capital Program, reflected in the financial analysis included in this Report, includes four major capital program components: Remaining OMP) Airfield Projects, TAP Phase 1, Near-Term Gate Improvements and Other Projects, and a CIP that addresses the Airport's ongoing capital needs. The Airport Capital Program components are described in the following subsections and shown on **Exhibit 2-2**.

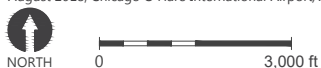
The Airport Capital Program, described in this section, reflects escalated project costs. For those projects that were approved in 2017 dollars, project costs were increased assuming an annual escalation factor of 3.0 percent from 2017 until the year of construction. Pre-Approved Allowances approved under Exhibit O of the AULA are anticipated to be recovered directly through airline rates and charges as maintenance projects and do not require financing; therefore, they are not part of the Airport Capital Program as described herein but are reflected in the financial analysis in Chapter 5 of this Report.

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SOURCES: Quantum Spatial, Inc., October 13, 2016 (aerial photography - for visual reference only, may not be to scale), Chicago Department of Aviation, August 2018; Chicago O'Hare International Airport, *Airport Layout Plan*, September 2005; Ricondo & Associates, Inc., October 2018.

EXHIBIT 2-2



AIRPORT CAPITAL PROGRAM

Drawing: P:\Project-Chicago\Chicago\ORD\Financial\2018 Feasibility Report\CAD\Ex 2-2_2018-10-29v2.dwg Layout: 2-2 Plotted: Oct 30, 2018, 12:20PM

2.2.3 THE O'HARE MODERNIZATION PROGRAM AIRFIELD PROJECTS

In 2001 the City announced the OMP, a comprehensive program providing for the phased reconfiguration of the airfield from sets of converging parallel runways in three main directional orientations (northeast/southwest, east/west, and northwest/southeast) to six parallel runways in the east/west direction and two crosswind runways in the northeast/southwest direction.⁹ The airfield has been reconfigured to a modern, parallel runway system, with only two more runway projects remaining to be completed. The progress made to date has resulted in more efficient operations, reduced delays, and enhanced capacity.

The final elements of the OMP Airfield Projects are under construction and in design stages. Runway 9C-27C is under construction and anticipated to open in December 2020. It is a 11,245-foot-long runway, which will be the second runway at the Airport to meet ADG-VI standards. The extension of Runway 9R-27L is under design and it is anticipated to open in 2021. The extension will result in the runway increasing from 7,967 feet in length to 11,260 feet. The completion of these two projects, and the associated taxiway network, will complete the OMP runways and is anticipated to balance operations north and south of the terminal complex.

Prior to implementing the OMP, operational limitations, in various forms, were imposed at the Airport, including the "High Density Rule" established in 1969 to manage congestion at five high-density airports, including O'Hare. The rule was relaxed by the U.S. Congress in 2000 and was phased out completely at the Airport by July 2002. Following the phasing out of the High Density Rule, the Airport experienced significant delays, and flight caps were imposed starting in 2004.¹⁰ The OMP was designed to reduce delays and increase airfield capacity at the Airport, and is described by the Federal Aviation Administration (FAA) as a major system capacity enhancement project. The flight caps expired in 2008 in conjunction with the completion of the first OMP runway project.

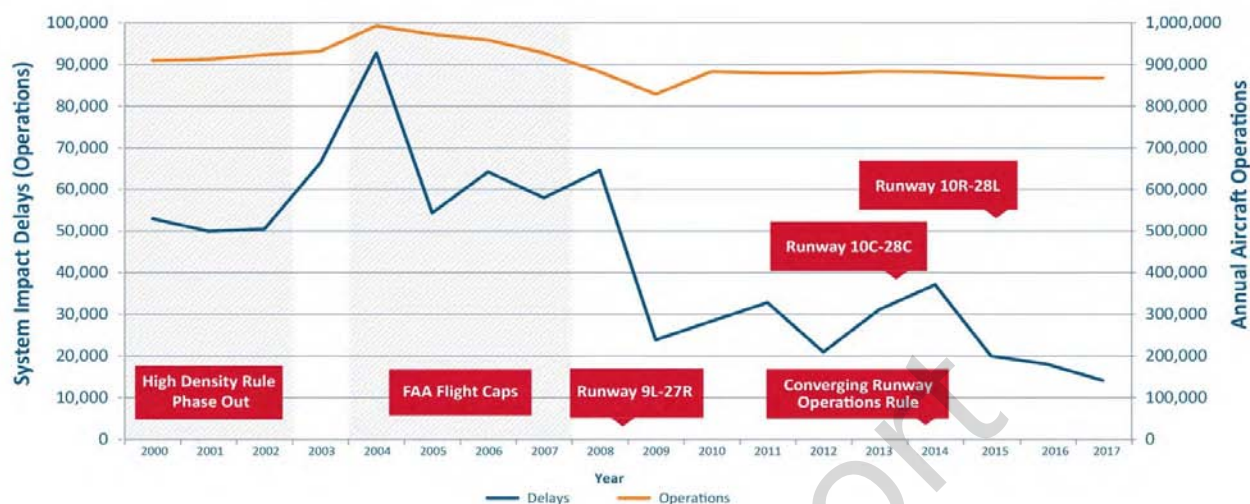
Since implementing the OMP Airfield Projects, arrival and departure throughput rates at the Airport have increased. With the opening of Runway 9L-27R and the Runway 10L-28R extension in 2008, the opening of Runway 10C-28C in 2013, and the opening of Runway 10R-28L in 2015, average hourly arrival throughput rates have increased approximately 20 percent. The runway projects have minimized the impacts of "converging runway operations," which were addressed nationwide by the FAA in 2014 with the implementation of new rules to manage runways with converging flight paths, which further decreased the efficiency of the Airport's intersecting runways. Without the OMP Airfield Projects, the Airport's capacity could have been further reduced as a result of the "converging runway operations" rule.

Exhibit 2-3 shows the general decrease in FAA system impact delays at the Airport and the historical operations following the implementation of OMP Airfield Projects. Also shown are periods of restricted operations at the Airport due to the High Density Rule and the FAA flight caps. When comparing the six years prior to the OMP (2003–2008) to the entire period since the OMP began (2009–2017), system impact delays attributed to the Airport have been reduced by approximately 63 percent.

⁹ Runway 15-33 was decommissioned in April 2018, and Runway 9C-27C is under construction.

¹⁰ In November 2004, the FAA and airlines serving the Airport agreed to voluntarily limit scheduled domestic and Canadian arrivals at the Airport. Formal flight caps were established in October 2006 when the FAA implemented a flight-reduction rule with the same limitations as the voluntary flight caps.

EXHIBIT 2-3 HISTORICAL FEDERAL AVIATION ADMINISTRATION SYSTEM IMPACT DELAYS



NOTE: FAA – Federal Aviation Administration

SOURCE: Federal Aviation Administration, Operations Network, May 2018.

2.2.3.1 REMAINING OMP AIRFIELD PROJECTS

The Airport Capital Program includes the Remaining OMP Airfield Projects necessary to complete the OMP. These components include: construction of Runway 9C-27C and enabling projects, Runway 9R-27L extension, relocation of airline support facilities, cross field taxiway system and taxiway relocation, and other remaining modifications and improvements covered under the OMP. All necessary airline funding approvals have been received for the Remaining OMP Airfield Projects through a combination of funding approvals received under the previous Airport use agreement and funding approvals included in the AULA.

2.2.4 TERMINAL AREA PLAN

The Airport has experienced a need for new terminal facilities because of increased activity and age and operational constraints of the existing facilities. The OMP provided increased airfield capacity and supported the removal of historical operational flight caps which has resulted in increased activity at the Airport. The OMP also supports terminal expansion to the west through the decommissioning of Runway 15/33 and the reconfiguration of Taxiways A and B. The increased activity at the Airport, along with flight schedules with higher peak operations, have resulted in the need for a new terminal capital program that addresses long-term terminal needs and future increases in gate demand resulting from anticipated growth in airline activity.

The City has completed a planning process, in consultation and coordination with the airlines serving the Airport, to evaluate alternatives that address potential terminal capacity constraints and improve connectivity of passengers of the hub airlines, United and American, within their domestic networks and with their alliance partners, as well as to improve customer service. This process culminated in the development of the TAP designed to address these issues through a variety of terminal and facility expansion projects and other capital improvements.

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Changes in the airline industry since the completion of the domestic terminal complex and Terminal 5 have created the following pressures on the Airport's existing terminal infrastructure and to the airline operations:

- Increasing aircraft gauges impact the capacity of holdrooms and aprons.
- Increasing size of security screening checkpoints impacts the utilization and functionality of available terminal space.
- Growing inter-airline cooperation through the creation of airline alliances and joint-ventures impacts the demand for efficient connections between domestic and international flights.
- Growing hub operations impact the demand for a limited number of gates and passenger amenities.
- Increasing number of international flights impacts the utilization of the FIS, ATS, and domestic terminal complex security screening checkpoints.
- Increasing scheduling of flights by the hub airlines to arrive and depart within a narrow window of time impacts the number of gates required and the Airport facilities needed to accommodate increased passenger volumes during peak times.

The TAP includes the O'Hare Global Terminal (OGT), which is a partial demolition and redevelopment of Terminal 2 and an extended concourse with gates, and satellite concourses extending west of the existing terminal facilities. The TAP is anticipated to provide increased capacity of aircraft gates and terminal processing areas, while also meeting functional needs in several areas. The TAP is entering the design phase.

The TAP includes several major elements that are part of a first phase, which received airline funding approval in the AULA. Additional demand-driven terminal facilities are planned and can be accommodated at the Airport.

2.2.4.1 TAP PHASE 1 PROJECTS

TAP Phase 1 includes construction of the OGT and concourse, two satellite concourses, and related terminal projects described in this section. All of the TAP Phase 1 projects have received airline funding approval under the new AULA. TAP Phase 1 is anticipated to reduce delays, deliver more connectivity, and expand gate capacity. The projects consolidate most global airline alliances into single terminal facilities, align terminals to enable aircraft to more efficiently taxi through the terminal area, and establish a western employee parking and screening facility. Additionally, TAP Phase 1 includes a CBP FIS facility connected by sterile corridors to gates on the concourse and Satellite 1 Concourse, permitting the arrival of international flights to the domestic terminal complex.

The City continues to evaluate implementation and construction phasing. On June 19, 2018, the City issued a Request for Qualifications for lead architectural design services. The timing of the project completion is subject to change, but for purposes of this Report and the financial analysis herein, it is assumed the that TAP Phase 1 will be completed by the end of 2028. The City will be phasing the project with consideration of existing airport operations and anticipates an approach which maintains capacity of existing facilities during construction, particularly aircraft gate capacity.

Upon completion of TAP Phase 1, there will be between 215 and 220 gates at the Airport, including at least four ADG-VI gate positions (at least two of which are being developed as part of TAP Phase 1). TAP Phase 1 will include aircraft stands that will feature a multiple aircraft ramp system (MARS), enabling flexible use of the apron to accommodate a broad range of aircraft gauges and allow dynamic changes to gate sizes throughout the day. The construction of TAP Phase 1 will enable the optimization of existing terminals for smaller aircraft that better fit the existing space available on the apron and within the buildings. TAP Phase 1 will also: increase the functional space

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available for check-in, bag check, security screening, baggage handling and screening, baggage claim, airline and tenant support, concessions, and airline passenger clubs/lounges; increase landside curbside and close-in parking capacity; and improve roadway access. The completion of TAP Phase 1 is expected to result in an increase of linear gate frontage from 25,205 feet to 30,979 feet, an increase of 22 percent.

TAP Phase 1 consists of the following projects:

Terminal 2 Redevelopment – O'Hare Global Terminal and Concourse

- This project includes the redevelopment of existing Terminal 2 with a new multilevel facility expansion totaling 1,900,000 square feet. The new concourse will extend in the same alignment from the south end of Concourse B. The OGT includes an FIS facility and is designed to serve both domestic flights and international arrivals from origins without CBP Preclearance, as well as departures and arrivals from domestic and international Precleared markets. The project is anticipated to consolidate United, American, and their respective alliance operations into facilities served by the OGT, significantly reducing the number of passengers required to connect between the domestic terminal complex and Terminal 5. American and United, and their alliance partners, currently operate domestic departures and arrivals, international departures, and international arrivals from some international Precleared markets out of the domestic terminal complex, and they operate international arrivals from airports without CBP Preclearance out of Terminal 5, causing international travelers arriving in Terminal 5 and connecting domestically to travel via the ATS to the domestic terminal complex and be rescreened through security checkpoints. After TAP, United and American, and their alliance partners, will all operate out of the OGT and satellite concourses. Terminal 5 will then serve other airlines.

Satellite 1 Concourse

- This project includes the construction of a new multilevel concourse, totaling 700,000 square feet, to be built to the south of existing Concourse C, including a two-level, 65-foot temporary connector between Concourse C and the Satellite 1 Concourse.

Satellite 2 Concourse

- This project includes the construction of a new multilevel concourse, totaling 530,000 square feet, to be built to the west of the new Satellite 1 Concourse.

Consolidated Automated People Mover, Pedestrian, and Utility Tunnel

- This project includes the construction of a tunnel system from the east end of Terminal 3, through future Satellite Concourse 1 and Satellite Concourse 2, to a point beyond the relocated Taxiways A and B, which will convey passengers (sterile and nonsterile), baggage, utilities, bag carts, and ground service equipment between the OGT and the satellite concourses. Tunnel construction will provide sufficient width to enable the installation of a future automated people mover (APM).

Baggage Handling System Equipment

- This project includes the construction of baggage handling system (BHS) equipment and related infrastructure (other than shell space build-out) within the future OGT and concourse, Satellite 1, Satellite 2, and adjacent to the consolidated tunnel.

Terminal 5 Landside Improvements

- This project includes the curbside and roadway expansion of the upper level roadway adjacent to T5, a bridge connecting the future parking garage to Terminal 5, and widening of the inbound terminal roadway.

Terminal 5 Repurposing

- This project includes additional reconfiguration of Terminal 5 facilities, beyond the Terminal 5 Expansion project included in the Airport CIP, to accommodate increased domestic passengers and flows.

Phase I TAP Utilities Allowance

- This project includes installation of the distribution and collection systems to locations immediately outside the future Satellite 1 Concourse, Satellite 2 Concourse, and OGT and O'Hare Global Concourse. The costs to extend these systems from the termination points to and inside the building are included in the estimates for those project components.

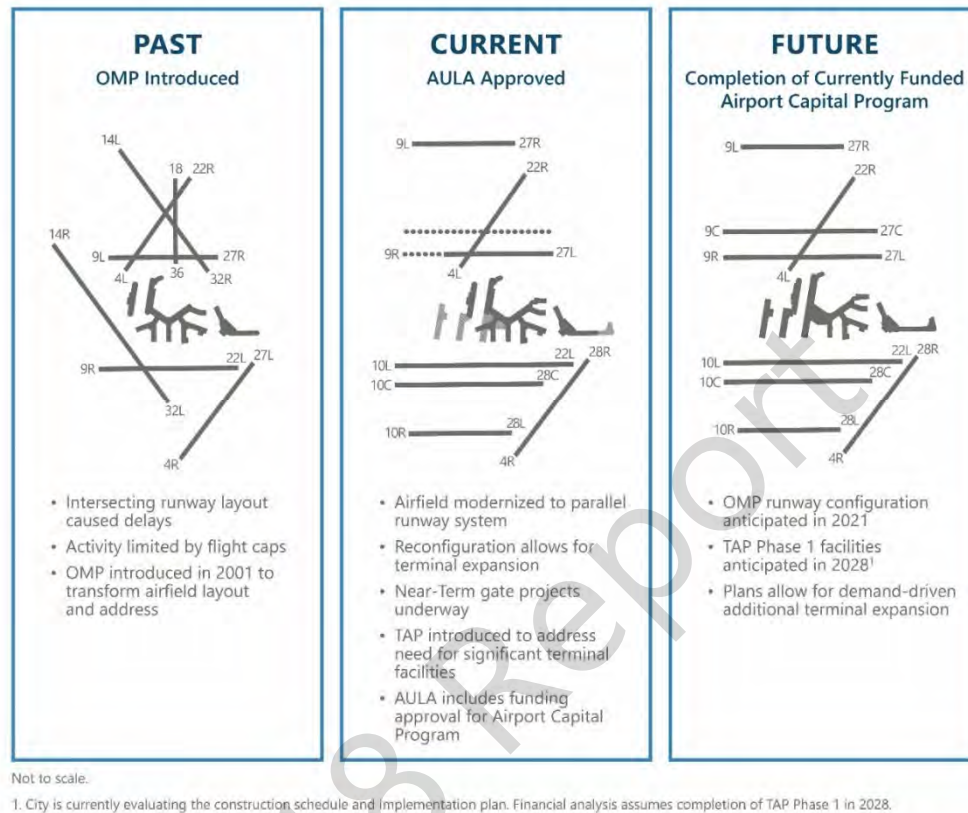
Western Employee Parking and Screening Facility Allowance

- This project includes the construction of an employee parking and security screening facility on the western side of the Airport, with the number of parking spaces to be confirmed following a future demand study.

The TAP is planned to be implemented in phases, including TAP Phase 1 and Additional TAP Elements to be undertaken in the future. The TAP Phase 1 projects received airline funding approval under Exhibit L of the AULA and is included in the Airport Capital Program in the financial analysis in this Report. The AULA includes approval of the Additional TAP Elements based on triggers specified for each project. The operational trigger is not projected to be met during the Project Period and therefore, Additional TAP Elements are not included in the financial analysis included in this Report.

Exhibit 2-4 shows the evolution of the OMP Airfield Projects and TAP Phase 1 from before the OMP in 2001 to today, as well as shows the Airport's anticipated configuration after completion of the OMP Airfield Projects and TAP Phase 1.

EXHIBIT 2-4 CAPITAL PROJECT DEVELOPMENT AT THE AIRPORT



NOTES: OMP – O'Hare Modernization Program

TAP – Terminal Area Plan

AULA – Airport Use and Lease Agreement

Not to scale

SOURCES: Chicago Department of Aviation, October 2018; Ricondo & Associates, Inc., October 2018.

2.2.4.2 ADDITIONAL TAP ELEMENTS

Additional TAP Elements have been approved in the AULA to be implemented based on triggers specified for each project. Triggers are conditions that must be met before the City may proceed with the design, construction, and equipping of an Additional TAP Element. The projects are planned to accommodate the growth of the terminal area as the Airport's capacity continues to expand.

The Additional TAP Elements include the following components:

- Completion of Consolidated APM and Utility Tunnel and Installation of APM
- Satellite 3 Concourse
- Satellite 4 Concourse
- Terminal 1 / Concourses B and C Redevelopment
- Satellite 1 Northern Extension
- Concourse G Redevelopment
- Terminal 3 Redevelopment

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- Garage at the Terminal Core
- Terminal 5 Landside and Parking Improvements (Phase 2)
- Western Parking and Screening Facility (Phase 2)
- BHS Equipment Expansion

The AULA sets an Additional TAP Element Trigger for two of the Additional TAP Elements: Completion of Consolidated APM and Utility Tunnel and Installation of APM and Satellite 3 Concourse. A passenger activity trigger of 101,500,000 annual passengers is in place for both projects.

The City may proceed with the design and construction of each Additional TAP Element that includes an Additional TAP Element Trigger (e.g., Completion of Consolidated APM and Utility Tunnel and Installation of APM and Satellite 3 Concourse) without further review by the Majority-in-Interest, if all of the following conditions are met:

- The Additional TAP Element Trigger(s) (e.g., greater than 101,500,000 annual passengers) specified for the project have been met for any three consecutive years;
- There are no airspace or airfield capacity constraints that would diminish the utility of the Additional TAP Element;
- The OGT and concourse are complete and in service;
- The City does not plan any modifications of the Additional TAP Elements that would result in a Change in Project Scope Requiring Majority-in-Interest Review; and
- The City provides the Executive Working Group with documentation that the previous conditions have been met and consults with the group on the estimated timing of the Additional TAP Element.

Within 12 months of substantial completion of the OGT and concourse (Phase I TAP Elements), the AULA states the City will meet with the Long-Term Signatory Carriers to determine whether the Additional TAP Element Triggers for the Additional TAP Elements (i.e., the 101,500,000 annual passengers for Completion of Consolidated APM And Utility Tunnel and Installation of APM and Satellite 3 Concourse) should be revised downward, and whether Additional TAP Elements that do not have defined triggers in the AULA (i.e., Satellite 4 Concourse, Terminal 1 / Concourses B and C Redevelopment, Satellite 1 Northern Extension, Concourse G Redevelopment, Terminal 3 Redevelopment, Garage at the Terminal Core, Terminal 5 Landside and Parking Improvements [Phase 2], Western Parking and Screening Facility [Phase 2], and BHS Equipment Expansion) should adopt triggers or otherwise proceed.

The passenger activity triggers for the construction of the Additional TAP Elements are not anticipated to occur within the Projection Period. Therefore, the financial analysis included in Chapter 5 of this Report does not include the Additional TAP Elements.

2.2.5 NEAR-TERM GATE IMPROVEMENTS AND OTHER PROJECTS

In addition to the TAP, the Airport Capital Program includes near-term gate projects separate from TAP Phase 1 as well as detention basin projects. These projects include funding approvals from prior use agreements and projects and the AULA.

Terminal 5 Expansion

- This project includes expansion of the terminal to the east, reconfiguration of gates on the west concourse, and expansion of facilities in the Terminal 5 core to accommodate increased domestic passengers and flows. The Terminal 5 Expansion is anticipated to increase the number of gates from 20 to 28 which includes wide-body gates on the east concourse. This project was fully funded with previously issued bonds.

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Additional Terminal 5 Projects

- These projects include projects associated with Terminal 5 approved in the AULA that are separate from TAP Phase 1. The projects include baggage handling system (BHS) equipment and related infrastructure; additional terminal core improvements; landside projects and a new 2,600 space parking facility adjacent to the terminal.

Concourse L Three-Gate Extension

- This project includes the construction of three gates including an additional 16,000 square feet in Concourse L for holdrooms and gates capable of accommodating domestic departures and arrivals and arrivals from international Precleared markets.

Concourse L Five-Gate Buyout

- A five-gate expansion of Concourse L was constructed by American Airlines in May 2018 and leased on an exclusive use basis to American Airlines. The Airport Capital Projects include a buy-out of the five gates which will then be leased on a preferential or common use basis.

Detention Basin Projects

- This project includes the elimination of the Central Basin, currently located west of the existing terminal facilities in the central part of the airfield, and the expansion of the existing South Basin.

2.2.6 TIMING OF TERMINAL PROJECT COMPONENTS

CDA intends to complete TAP Phase 1 and the near-term gate projects during the Projection Period, and timing of specific components will be determined as part of the design process. Anticipated timing of the major TAP Phase 1 and near-term gate project concepts are presented in **Table 2-2**.

TABLE 2-2 ANTICIPATED TIMING OF TAP PHASE 1 AND NEAR-TERM GATE PROJECTS

PROJECT CONCEPT	START	COMPLETED
Concourse L Expansion - 5-Gate Buyout	2018	2018
Terminal 5 Expansion and Additional Terminal 5 Projects (Part 1)	2019	2021
Terminal 5 Landside and Parking Improvements - Phase I (Part 1)	2020	2021
Concourse L Expansion - 3-Gate Expansion	2021	2022
Satellite 2 Concourse	2020	2023
Satellite 1 Concourse	2021	2024
Consolidated Tunnel for APM, Pedestrian, and Utility Tunnel	2020	2024
Western Employee Parking and Screening Facility Allowance	2022	2024
Terminal 5 Repurposing (Part 2)	2024	2028
Terminal 2 Redevelopment – O'Hare Global Terminal and Concourse	2023	2028

SOURCE: Chicago Department of Aviation, October 2018.

2.2.7 CAPITAL IMPROVEMENT PROGRAM PROJECTS

The CIP includes development projects at the Airport that generally address the Airport's ongoing capital needs, in addition to the OMP and TAP. In general, the primary focus of the CIP is for rehabilitation of existing airfield pavement; upgrades to the heating and refrigeration plant and additional heating and refrigeration projects in the terminals; terminal area projects, including roof replacement in Terminal 1 and upgrades to Concourses E and F in Terminal 2, as well as an upgrade to the emergency standby power system; and safety and security projects.

Airfield Improvements

Major airfield improvements in the CIP include: Runway 4L-22R Partial Reconstruction; Runway 4R-22L Rehabilitation and rehabilitation of numerous apron ramps, which consist of the removal and replacement of the apron pavement and drainage improvements at the passenger terminal and concourses; North Airfield Lighting Control Vault Upgrades; rehabilitation of Taxiway T; and Airport Maintenance Complex campus infrastructure construction.

Terminal Improvements

The CIP includes the repair and maintenance to the domestic terminals, including roof replacement and HVAC upgrades in Terminal 1; and a new emergency standby power system.

Parking and Ground Transportation Improvements

Parking and Ground Transportation improvement projects include the rehabilitation of the United North Parking Lot. Parking improvements, and projects in the Aeronautical and Commercial Real Estate Areas are included in the TAP or Near-Term Gate Improvements and Other Projects.

All necessary airline funding approvals have been received for the Airport CIP Projects included in the Airport Capital Program through a combination of funding approvals received under previous Airport use agreements and certain funding approvals included in Exhibit N of the AULA.

City Equipment

City Equipment CIP projects include the replacement of common use loading bridges in the Terminal Buildings.

Heating and Refrigeration

Heating and Refrigeration projects include maintenance of, and upgrades to, the Airport heating and refrigeration plant. Projects include electrical and lighting infrastructure projects, exhaust system upgrades, Terminal 1 and Terminal 3 back up heat exhauster pumps, and ventilation upgrades.

2.2.8 OTHER CAPITAL PROJECTS

2.2.8.1 HOTEL DEVELOPMENT

The City also intends to undertake certain hotel-related projects at the Airport. These hotel projects may include a renovation and modernization of the existing terminal hotel when the current lease expires December 31, 2018, as well as the development of one or more new hotels. The City is currently in the process of evaluating and developing a schedule and funding plan for these projects. Due to the current uncertainty of the project scopes and funding assumptions of these projects, they have not been included in the financial analysis in this Report.

2.2.9 AIRPORT CAPITAL PROGRAM PROJECTS INCLUDED IN THE FINANCIAL ANALYSIS

Table 2-3 presents a summary of the Airport Capital Program by component included in the financial analysis in this Report. Project costs shown here are escalated based on the anticipated timing of each project and the 3 percent inflation rate assumed in this Report. The Airport Capital Program costs included in the financial analysis are for demonstrative purposes and actual project costs are likely to differ from the costs presented here. The total Airport Capital Program totals approximately \$11.0 billion with approximately \$9.4 billion remaining to be funded. It is comprised of approximately \$1.7 billion of Remaining OMP Airfield projects, approximately \$6.2 billion of TAP Phase 1 projects, approximately \$1.1 billion of Near-Term Gate Improvements and Other Projects, and approximately \$2.0 billion of CIP projects.

TABLE 2-3 AIRPORT CAPITAL PROGRAM SUMMARY

PROGRAM COMPONENT	PROJECT COSTS (ESCALATED PROJECT COSTS)				
	APPROVAL FROM PREVIOUS AGREEMENTS	AULA APPROVAL	TOTAL AIRPORT CAPITAL PROGRAM	PREVIOUSLY FUNDED PROJECTS	PROJECTS TO BE FUNDED
Remaining OMP Airfield Projects	\$1.4 billion	\$355 million	\$1.7 billion	\$1.4 billion	\$355 million
TAP Phase 1	-	\$6.2 billion	\$6.2 billion	-	\$6.2 billion
Near-Term Gate Improvements and Other Projects	\$267 million	\$823 million	\$1.1 billion	\$267 million	\$774 million
CIP Projects	\$390 million	\$1.6 billion	\$2.0 billion	-	\$2.0 billion
Total	\$2.0 billion	\$9.0 billion	\$11.0 billion	\$1.6 billion	\$9.4 billion

NOTE: Totals may not add due to rounding.

SOURCE: City of Chicago Department of Aviation, June 2018; JP Morgan (escalation), October 2018.

2.3 SOURCES AND USES OF FUNDS FOR THE AIRPORT CAPITAL PROGRAM

Table 2-4 presents the estimated sources and uses of funds for the Airport Capital Program projects included in this Report's financial analysis. Table 2-3 reflects the estimated escalated cost of the Airport Capital Program broken out into OMP Remaining Airfield projects, TAP Phase 1 projects, Near-Term Gate Improvements and Other Projects, and CIP projects, included in this Report for purposes of financial projections.

Debt service on previously issued bonds, the 2018 Bonds, and future bonds needed to complete the funding of the Airport Capital Program is discussed in Chapter 5 and is reflected in the financial projections included therein; incremental O&M Expenses and revenues resulting from the completion of the Airport Capital Program is also discussed.

The 2018 Bonds are assumed to be issued to fund, in whole or in part, approximately \$1.9 billion of the Airport Capital Program, and future bonds are assumed in this analysis to fund the remaining Airport Capital Program project costs, \$7.5 billion of which is assumed to occur during the Projection Period.

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TABLE 2-4 (1 OF 2) ESTIMATED SOURCES AND USES OF FUNDS FOR AIRPORT CAPITAL PROGRAM

PROJECT	TOTAL ESTIMATED COST (ESCALATED) ¹
Remaining OMP Airfield Projects	
Runway 9C-27C and Enabling Projects (Fully Funded)	\$1,037.6
Centralized De-Icing Pad (Fully Funded)	\$148.4
Cross-Field Taxiway System and Relocation of Taxiways A and B (Fully Funded)	\$186.3
Subtotal Runway 9C/27C and Additional Airfield Improvement Projects (Fully Funded)	\$1,372.3
Runway 9R Extension (Approved in AULA)	\$354.8
TOTAL REMAINING OMP AIRFIELD PROJECTS	\$1,727.1
TAP Phase 1 Projects (Approved in AULA)	
Terminal 2 Redevelopment - O'Hare Global Terminal & Concourses (OGT)	\$2,597.6
Satellite 1 Concourse	\$895.0
Satellite 2 Concourse	\$672.2
Other TAP Phase 1 Projects (Consolidated Tunnel, Baggage Handling Systems, Terminal 5 Improvements and Repurposing, Utilities, Western Employee Parking)	\$2,075.6
TOTAL TAP PHASE 1 PROJECTS	\$6,240.4
Near-Term Gate Improvements and Other Projects	
Terminal 5 Expansion - Includes east concourse extension and west concourse reconfiguration (Fully Funded)	\$266.8
Terminal 5 Baggage Handling System, Repurposing, Landside and Parking (Approved in AULA)	\$515.0
Concourse L 5-Gate Buyout (Approved in AULA)	\$78.0
Concourse L 3-Gate Expansion (Approved in AULA)	\$28.0
Detention Basin Projects	\$201.6
TOTAL NEAR-TERM GATE IMPROVEMENTS AND OTHER PROJECTS	\$1,089.4
CIP Projects	
Previously Approved AIP Projects (Previously Approved, To Be Funded)	\$389.9
CIP Projects (Approved in the AULA)	
Airfield	\$522.9
Terminal	\$1,001.1
Parking and Ground Transportation	\$24.1
City Equipment	\$54.1
Heating and Refrigeration	\$30.0
TOTAL CIP PROJECTS	\$2,022.1
TOTAL AIRPORT CAPITAL PROGRAM	\$11,079.0

NOTES: Dollars in millions.

1 Project costs are escalated for the purposes of financial projections and future bond assumptions reflected in Chapter 5.

SOURCE: Chicago Department of Aviation, October 2018.

TABLE 2-4 (2 OF 2) ESTIMATED SOURCES AND USES OF FUNDS FOR AIRPORT CAPITAL PROGRAM

FUNDING SOURCES ¹	TOTAL ESTIMATED FUNDING SOURCES (ESCALATED) ²
Remaining OMP Airfield Projects	
FAA LOI Grant PAYGO	\$205.0
2016F New Money Bonds (FAA LOI Grant Receipts-Backed)	\$140.0
Existing GARBs	\$977.3
PFC pay-as-you-go	\$50.0
2018 Bonds	\$354.8
TOTAL REMAINING OMP AIRFIELD PROJECTS	\$1,727.1
TAP Phase 1 Projects	
2018 Bonds and Future Bonds	\$6,240.4
TOTAL TAP PHASE 1 PROJECTS	\$6,240.4
Near-Term Gate and Other Projects	
Series 2017D Bonds	\$266.8
2018 Bonds	\$822.6
TOTAL NEAR-TERM GATE IMPROVEMENTS AND OTHER PROJECTS	\$1,089.4
CIP Projects	
2018 Bonds and Future Bonds	\$2,022.1
TOTAL CIP PROJECTS	\$2,022.1
TOTAL AIRPORT CAPITAL PROGRAM	\$11,079.0
TOTAL 2018 BONDS ASSUMED IN THIS ANALYSIS	\$1,869.8
TOTAL FUTURE BONDS ASSUMED TO FUND AIRPORT CAPITAL PROGRAM	\$7,537.1

NOTES: Dollars in millions.

1 Under the new AULA, the City agreed to use a total of \$730 million of PFC Revenues to fund debt service over the term of the 15-year agreement. Portions of the PFC Revenues used to fund the Airport Capital Program may serve to offset future bonds currently assumed; however, the timing and use of these PFC Revenues has not yet been determined.

2 Project costs are escalated for the purposes of financial projections and future bond assumptions reflected in Chapter 5.

SOURCE: Chicago Department of Aviation, October 2018.

3. DEMOGRAPHIC AND ECONOMIC ANALYSIS

The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area served by an airport, commonly referred to as an airport's air trade area. This dependence is particularly significant for origin and destination (O&D) passenger traffic, which has historically accounted for approximately half of the passenger traffic at the Airport. The major portion of demand for air transportation at the Airport, therefore, is influenced more by the local characteristics of the area served by the Airport than by individual airline decisions regarding service patterns in support of connecting activity. This chapter¹ presents data indicating that the Airport's 15-county Air Trade Area (ATA) has an economic base capable of supporting increased airline traffic demand through the Projection Period (ending Fiscal Year [FY] 2029).

3.1 THE AIR TRADE AREA

The borders of an airport's air trade area are influenced by such factors as the location of other metropolitan areas and their associated airport facilities. For purposes of this Report, the ATA for the Airport consists of the Chicago-Naperville-Elgin Metropolitan Statistical Area (MSA)² and the Kankakee MSA. As presented on **Exhibit 3-1**, the ATA encompasses 15 counties in three states: Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, and Will Counties in Illinois; Jasper, Lake, Newton, and Porter Counties in Indiana; and Kenosha County in Wisconsin.

3.2 DEMOGRAPHIC ANALYSIS

3.2.1 POPULATION

With a population of nearly 9.7 million in 2017, the 15-county ATA is the fourth most populous metropolitan region in the United States (see **Exhibit 3-2**), and it is a major air transportation market.

¹ This chapter was prepared, in part, by Partners for Economic Solutions, a consulting firm based in Washington, D.C., that specializes in regional economic analysis.

² An MSA is a geographic entity delineated by the Office of Management and Budget for use by Federal statistical agencies in collecting, tabulating, and publishing Federal statistics. MSAs have at least one urbanized area with a population of 50,000 or more, plus adjacent territory that has a high degree of social and economic integration with the urbanized area, as measured by commuting ties.

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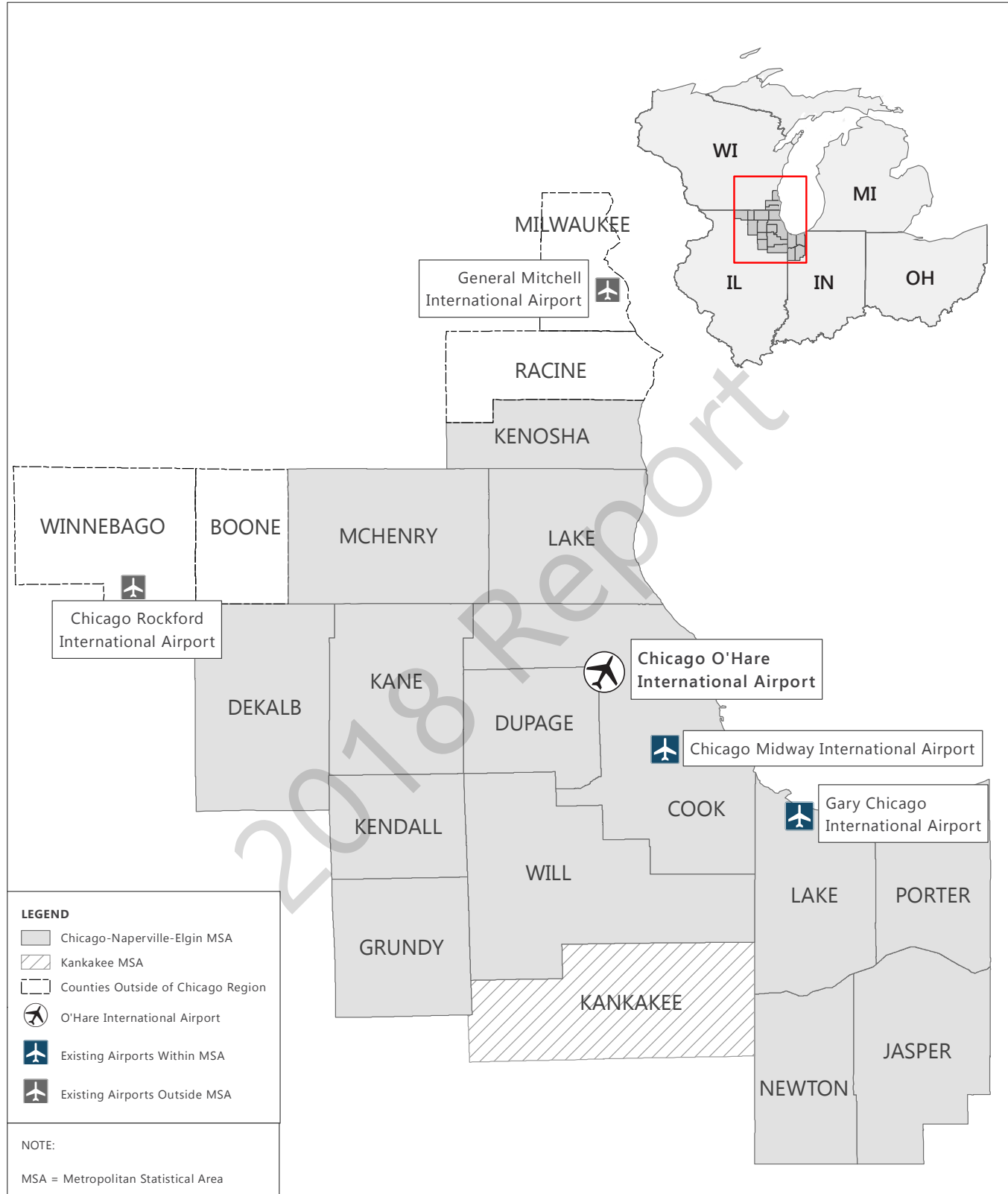


EXHIBIT 3-1



AIR TRADE AREA

EXHIBIT 3-2 TEN LARGEST METROPOLITAN REGIONS IN THE UNITED STATES (2017)



NOTE: CSA – Combined Statistical Area

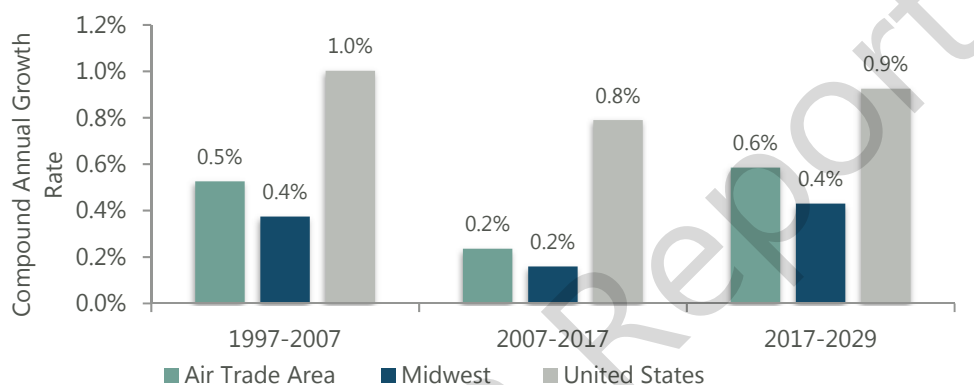
SOURCES: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source (CEDDS), April 2018; ESRI Basemap Database, 2018.

Population growth is a key factor regarding demand for airline travel. Data in **Table 3-1** show the ATA added approximately 225,000 to its population between 2007 and 2017, or approximately 22,500 per year. The ATA's historical rate of population growth was higher than that of the Midwest population, but it was lower than that of the United States—a relationship that is expected to prevail through 2029. The ATA population projected for the period 2017 through 2029 reflects a compound annual growth rate (CAGR) of 0.6 percent—a rate that is higher than what is projected for the Midwest (0.4 percent) but lower than what is projected for the United States (0.9 percent). The projected increase of approximately 702,000 new residents in the ATA during this period is expected to generate additional demand for airline service at the Airport.

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TABLE 3-1 HISTORICAL AND PROJECTED POPULATION (1997–2029)

AREA	HISTORICAL			PROJECTED
	1997	2007	2017	2029
Air Trade Area	8,965,670	9,448,639	9,673,648	10,375,207
Chicago-Naperville-Elgin MSA ¹	8,862,719	9,337,140	9,563,202	10,258,975
Kankakee MSA ²	102,951	111,499	110,446	116,232
Midwest ³	44,493,603	46,187,992	46,927,765	49,405,424
United States	272,646,878	301,231,167	325,888,129	363,960,155



NOTES: MSA – Metropolitan Statistical Area

1 The Chicago-Naperville-Elgin MSA comprises the following counties: Cook (IL), DeKalb (IL), DuPage (IL), Grundy (IL), Kane (IL), Kendall (IL), Lake (IL), McHenry (IL), Will (IL), Jasper (IN), Lake (IN), Newton (IN), Porter (IN), and Kenosha (WI).

2 The Kankakee MSA comprises Kankakee County (IL).

3 The Midwest is defined as Illinois, Indiana, Michigan, Ohio, and Wisconsin.

SOURCE: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source (CEDDS), April 2018.

3.2.2 AGE DISTRIBUTION AND EDUCATION

Demand for airline travel varies by age group, and this is a factor influencing O&D passenger activity at the Airport. According to Consumer Expenditure Survey data from the U.S. Department of Labor, Bureau of Labor Statistics, in the United States, persons between the ages of 35 and 54 account for 44 percent of expenditures on airfares.³

Table 3-2 shows that in 2017, residents in the 15-county ATA aged 35 to 54 accounted for 26.7 percent of the population. Thus, the age group that generates the most expenditures on airfares is represented in the ATA at a higher rate than the population in both the Midwest (25.2 percent) and the United States (25.5 percent).

³ New Strategist Press, *Who's Buying for Travel*, 12th ed. Ithaca, NY: New Strategist Press, 2018. Data in *Who's Buying for Travel* are based on the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Expenditure Survey, an ongoing nationwide survey of household spending.

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TABLE 3-2 AGE DISTRIBUTION AND EDUCATIONAL ATTAINMENT (2017)

AGE DISTRIBUTION	AIR TRADE AREA	MIDWEST	UNITED STATES
Total Population	9,673,648	46,927,765	325,888,129
<i>By Age Group</i>			
19 and Under	25.7%	25.2%	25.3%
20 to 24 Years	6.7%	6.8%	6.8%
25 to 34 Years	14.4%	13.2%	13.9%
35 to 44 Years	13.3%	12.1%	12.5%
45 to 54 Years	13.4%	13.1%	13.0%
55 to 64 Years	12.7%	13.6%	12.9%
65 and Above	13.8%	16.0%	15.6%
Total	100.0%	100.0%	100.0%
Median Age	37.3 years	38.8 years	38.0 years
EDUCATIONAL ATTAINMENT	AIR TRADE AREA	MIDWEST	UNITED STATES
Population 25 Years and Over	6,538,982	31,918,812	221,345,746
<i>By Highest Level Achieved</i>			
Less than 9th Grade	5.9%	3.6%	5.4%
9th–12th Grade, No Diploma	5.9%	6.6%	7.2%
High School Graduate	21.7%	26.5%	23.4%
GED/Alternative Credential	2.9%	4.0%	4.0%
Some College, No Degree	19.8%	21.4%	20.6%
Post-Secondary Degree	43.7%	37.9%	39.4%
<i>Associate's Degree</i>	7.5%	8.9%	8.3%
<i>Bachelor's Degree</i>	22.1%	18.2%	19.3%
<i>Master's Degree or Doctorate</i>	14.1%	10.8%	11.8%
Total	100.0%	100.0%	100.0%

SOURCES: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source (CEDDS), April 2018; ESRI, June 2018 (market profiles for MSAs, states, and United States).

According to Consumer Expenditure Survey data, persons with a college degree generate a high percentage of expenditures on airline travel. Data indicate that 74.0 percent of airfares are purchased by college graduates, while 18.0 percent are purchased by consumers who have had some college, and 8.0 percent are purchased by consumers who never attended college.⁴ As shown in Table 3-2, 43.7 percent of the ATA's population over the age of 25 have a post-secondary degree (associate's, bachelor's, master's, or doctorate)—a higher percentage than the populations of both the Midwest (37.9 percent) and the United States (39.4 percent).

In addition to having a highly educated population, the ATA is also home to 42 colleges and universities, with total enrollment of approximately 295,000 students. These educational institutions generate demand for airline service through academic meetings and conferences, visiting professorships, study abroad programs, and individual student and faculty travel.

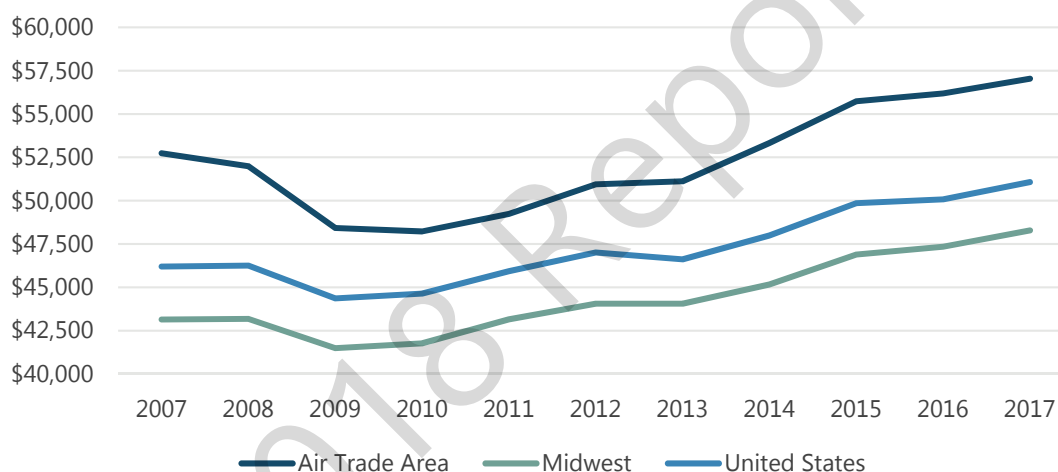
⁴ New Strategist Press, *Who's Buying for Travel*, 12th ed. Ithaca, NY: New Strategist Press, 2018.

3.2.3 PER CAPITA PERSONAL INCOME

Another key indicator of a region's demand for airline travel is per capita personal income.⁵ Per capita personal income indicates the relative affluence of a region's residents, as well as their ability to afford airline travel. It can also be an indicator of an area's attractiveness to business and leisure travelers. Regions with higher per capita personal income often have stronger business connections to the rest of the nation, as well as a more developed market for tourism.

Exhibit 3-3 presents historical per capita personal income for 2007 through 2017 for the 15-county ATA, the Midwest, and the United States. As shown, between 2007 and 2017, per capita personal income in the ATA was higher than that of the Midwest and the United States. Per capita personal income for the ATA increased at a CAGR of 0.8 percent between 2007 and 2017, which is lower than the rate in both the Midwest (1.1 percent) and the United States (1.0 percent) during the same period.

EXHIBIT 3-3 PER CAPITA PERSONAL INCOME (2007–2017)



ANNUAL PER CAPITA PERSONAL INCOME GROWTH	AIR TRADE AREA	MIDWEST	UNITED STATES
2007–2017	0.8%	1.1%	1.0%
2017–2029 (Projected)	1.2%	1.3%	1.2%

NOTE: Amounts are in 2017 dollars.

SOURCE: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source (CEDDS), April 2018.

Exhibit 3-3 also shows that projected per capita personal income in the ATA is expected to increase at a CAGR of 1.2 percent, from \$57,204 in 2017 to \$65,915 in 2029.⁶ The projected growth rate for per capita personal income in the ATA (1.2 percent) is slightly lower than that of the Midwest (1.3 percent) and equal to the United States (1.2 percent) between 2017 and 2029.

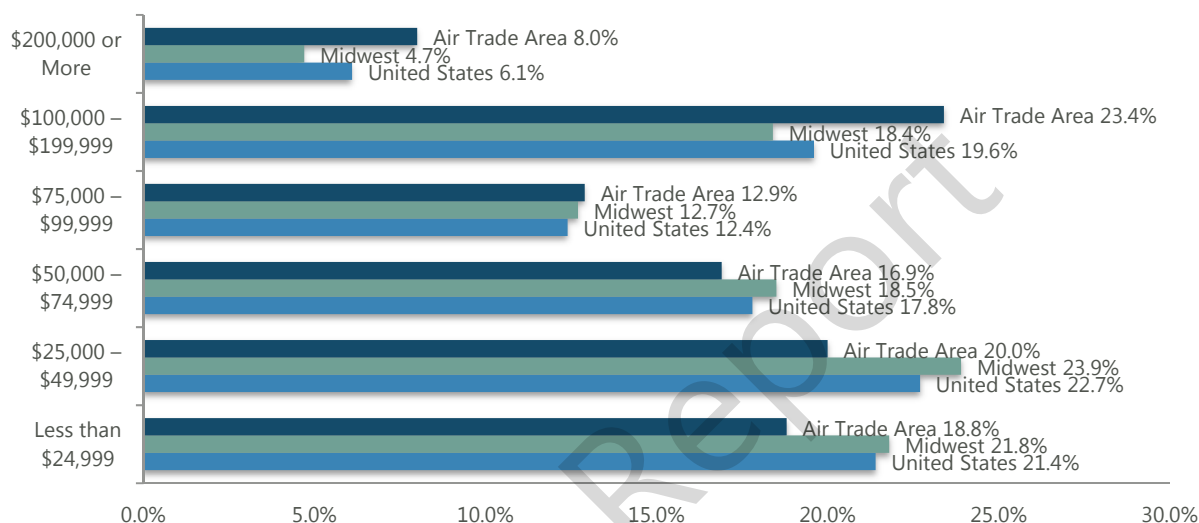
⁵ Per capita personal income is the sum of wages and salaries, other labor income, proprietors' income, rental income, dividend income, personal interest income, and transfer payments, less personal contributions for government social insurance, divided by the region's population.

⁶ Amounts are in 2017 dollars.

3.2.4 HOUSEHOLD INCOME DISTRIBUTION AND MEDIAN HOUSEHOLD INCOME

Exhibit 3-4 shows the distribution of households among the income categories for the ATA, the Midwest, and the United States in 2017. The 15-county ATA's estimated 2017 median household income is significantly higher than that of both the Midwest and the United States. The ATA's median household income of \$64,529 in 2017 was 19.1 percent higher than that of the Midwest (\$54,180) and 15.0 percent higher than that of the United States (\$56,120).

EXHIBIT 3-4 HOUSEHOLD INCOME DISTRIBUTION (2017)



NOTE: Amounts are in 2017 dollars.

SOURCE: ESRI, June 2018 (market profiles for MSAs, states, and United States).

3.2.4.1 HOUSEHOLDS WITH INCOME OF \$100,000 AND ABOVE

The percentage of higher-income households (defined as those earning \$100,000 or more annually) within the ATA is another key indicator of potential demand for airline travel. According to Consumer Expenditure Survey data from the U.S. Department of Labor, Bureau of Labor Statistics, 55 percent of airfare expenditures are made by households with annual incomes of \$100,000 or more.⁷ With approximately 1,121,000 households earning \$100,000 or more in 2017, the ATA is among the wealthiest markets in the United States.

3.3 ECONOMIC ANALYSIS

3.3.1 PER CAPITA GROSS DOMESTIC/REGIONAL PRODUCT

Per capita gross domestic product (GDP; U.S.-level data) and per capita gross regional product (GRP; state- and county-level data) are measures of the market value of all final goods and services produced within a defined geographic area, divided by the total population of the area. These indicators are broad measures of the economic health of an area and, consequently, of the area's potential demand for airline travel.

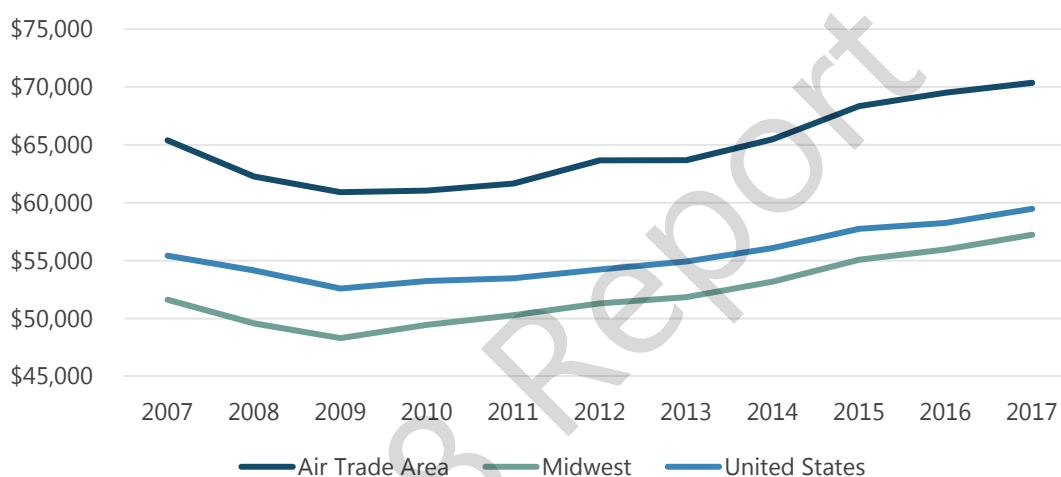
⁷ New Strategist Press, *Who's Buying for Travel*, 12th ed. Ithaca, NY: New Strategist Press, 2018.

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Exhibit 3-5 presents historical per capita GRP data for the 15-county ATA and the Midwest, as well as per capita GDP data for the United States, for 2007 through 2017.⁸ The ATA's per capita GRP increased from \$65,390 in 2007 to \$70,358 in 2017. Per capita GRP for the ATA increased at a CAGR of 0.7 percent between 2007 and 2017, which is lower than the CAGR for the Midwest (1.0 percent) and equal to the CAGR for the United States during the same period.

Per capita GRP for the ATA is projected to increase from \$70,358 in 2017 to \$79,259 in 2029. This increase represents a CAGR of 1.0 percent for the ATA, which is equal to the Midwest but slightly higher relative to the United States (0.9 percent) over the same period.

EXHIBIT 3-5 PER CAPITA GROSS DOMESTIC/REGIONAL PRODUCTS (2007–2017)



ANNUAL PER CAPITA GDP/GRP GROWTH	AIR TRADE AREA	MIDWEST	UNITED STATES
2007–2017	0.7%	1.0%	0.7%
2017–2029 (Projected)	1.0%	1.0%	0.9%

NOTES: Amounts are in 2017 dollars.

GDP – Gross Domestic Product

GRP – Gross Regional Product

SOURCE: Woods & Poole Economics, Inc., 2018 Complete Economic and Demographic Data Source (CEDDS), June 2018.

3.3.2 EMPLOYMENT TRENDS

Between 2007 and 2017, the ATA labor force grew at a CAGR of approximately 0.1 percent—higher than the rate of the Midwest (-0.1 percent) but lower than that of the United States (0.5 percent).

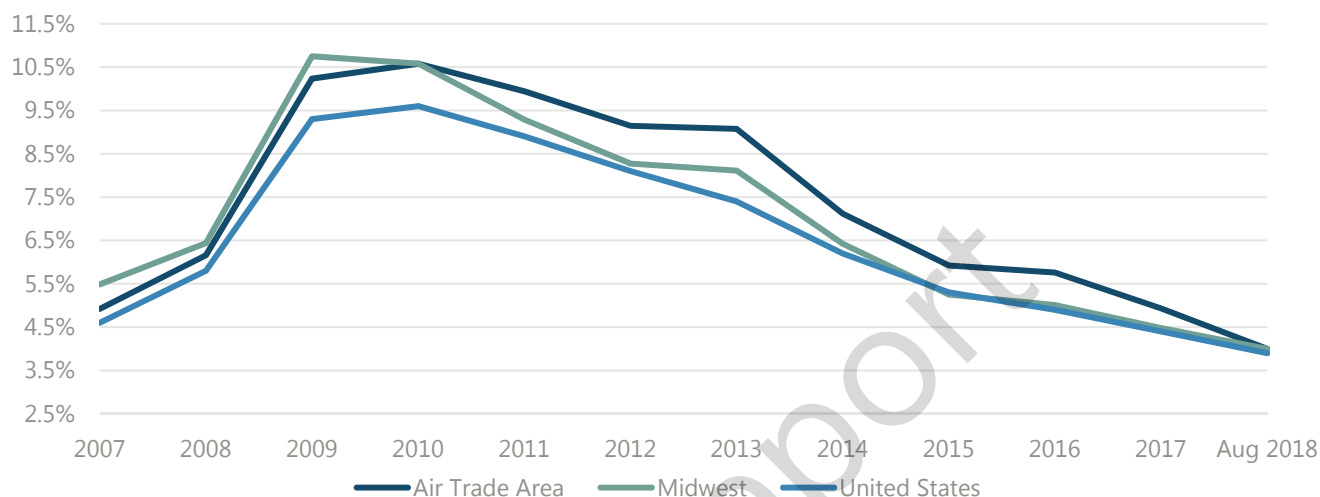
Exhibit 3-6 shows that the annual unemployment rate in the 15-county ATA was higher than that of the United States in all years from 2007 through 2017. The ATA's unemployment rate was lower than that of the Midwest from

⁸ Amounts are in 2017 dollars.

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2007 through 2009 and higher than the Midwest rate from 2010 through 2017. The ATA's unemployment rate was lower than or equal to that of the Midwest from 2006 through 2010.

EXHIBIT 3-6 UNEMPLOYMENT RATE (2007–AUGUST 2018)



NOTE: August 2018 data are not seasonally adjusted. In August 2018, the seasonally adjusted unemployment rate was 4.0 percent in the Midwest and 3.9 percent in the United States. Seasonally adjusted unemployment data are not available for the ATA.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, October 2018.

In August 2018, the unemployment rate in the ATA was 4.0 percent (non-seasonally adjusted);⁹ this was equal to the 4.0 percent non-seasonally adjusted unemployment rate in the Midwest and slightly higher than the 3.9 percent rate in the United States.^{10 11}

3.3.3 BUSINESS CLIMATE

The 15-county ATA is the largest inland region in the United States with a global reach; if it were measured as a country, it would be the 19th largest economy in the world.¹² As the region's largest public-private, nonprofit economic development partnership, World Business Chicago (WBC) works with numerous companies and economic development partners to attract, retain, and create new businesses in the ATA. In 2017, WBC tracked 351 business expansions and relocations to the ATA that added nearly 14,000 new jobs. These companies accounted for \$2.2 billion in investment to the regional economy.¹³ Major corporate relocations and expansions in 2017 included KPMG,

⁹ Monthly unemployment data published for the ATA are not seasonally adjusted.

¹⁰ In August 2018, the seasonally adjusted unemployment rate was also 4.0 percent in the Midwest and 3.9 percent in the United States.

¹¹ All August 2018 unemployment data for Midwest and ATA are preliminary.

¹² The World Bank, World Development Indicators, https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?year_high_desc=true (accessed June 2018).

¹³ World Business Chicago, Business Location and Expansion Services, <http://www.worldbusinesschicago.com/location-expansion> (accessed June 2018).

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GE Healthcare, Walgreens Technology Center, Peapod, Mars Food North America, Iam Bank, ServiceNow, TrustWave, Microsystems, Aspen Dental Management, and Whole Foods Market Distribution Center.¹⁴

In 2018 Chicago was named "Top Metro for Corporate Investment/Relocation" by *Site Selection* magazine for the fifth year in a row. According to Choose Chicago, the number of business visitors to the Chicago metropolitan area increased from 10.8 million in 2013 to 11.8 million in 2016 (latest data available).¹⁵ In 2017 *fDi Magazine* named Chicago the top city in North America for foreign direct investment strategy. The award cited WBC's work in attracting foreign investment, its sister cities program with 28 international cities, and state and local financial incentives for foreign companies. The *fDi Magazine* award also recognized WBC's trade missions and joint conferences with officials in Beijing, Shanghai, and Tianjin, as well as recognized the 2013 memorandum of understanding designating Chicago as the official gateway city for these cities.¹⁶ Chicago is well-positioned to forge partnerships with companies abroad as it is the home of 80 consulates and honorary consulates. It also has 100 international/ethnic chambers of commerce and international trade-based organizations and more than 1,800 foreign-based companies representing over \$100 billion in foreign direct investment.¹⁷ In 2017, the Chicago area was ranked sixth in the world in terms of the number of foreign direct investment projects (excluding projects of less than 10 jobs); Chicago was the only North American city in the top 20.¹⁸

The region is also making a \$492 million investment in modernizing the CTA Blue Line, which serves the Airport. In addition, the new \$280 million South Terminal at 95th Street was opened on the CTA Red Line.

The Airport's capital program, O'Hare 21, is expected to create 60,000 construction jobs and 35,000 permanent tourism jobs in Cook County. In addition, it will result in 25,000 new jobs for the Airport, airlines, and supporting industries, and it will contribute \$16 billion per year to the regional economy.¹⁹

¹⁴ "Mayor Emanuel announces Iam Bank expanding Global Headquarters in Chicago," April 2, 2018, <http://www.worldbusinesschicago.com/mayor-emanuel-announces-iam-bank-expanding-global-headquarters-chicago> (accessed June 2018); "Mayor Emanuel and ServiceNow announce new technology Development Center in Chicago's Fulton Market," February 22, 2018, <http://www.worldbusinesschicago.com/mayor-emanuel-servicenow-announce-new-technology-development-center-chicagos-fulton-market> (accessed June 2018); "Mayor Emanuel and Trustwave Announce Major Expansion of Company's Chicago Headquarters," June 5, 2017, <http://www.worldbusinesschicago.com/mayor-emanuel-trustwave-announce-major-expansion> (accessed June 2018); "Mayor Emanuel announces Aspen Dental Management to open Chicago Headquarters," March 5, 2018, <http://www.worldbusinesschicago.com/mayor-emanuel-announces-aspen-dental-management-open-chicago-headquarters> (accessed June 2018); "Whole Foods Distribution Center Opens in Pullman," January 31, 2018, <http://www.worldbusinesschicago.com/whole-foods-pullman> (accessed June 2018); "Chicago Growing, Second and Third Quarter 2017," October 23, 2017, <http://www.worldbusinesschicago.com/chicago-growing-second-third-quarter-2017> (accessed June 2018); "Chicago Growing, First Quarter 2017," June 23, 2017, <http://www.worldbusinesschicago.com/chicago-growing-first-quarter-2017> (accessed June 2018); "Chicago Ranked Top Corporate Metro for Fourth Consecutive Year," March 1, 2017, <http://www.worldbusinesschicago.com/top-metro-four-years> (accessed June 2018).

¹⁵ Choose Chicago Research & Analysis, *Tourism_Volume_Update_8_22_17.pdf* (accessed June 2018).

¹⁶ fDi Strategy Awards 2017, www.fdiintelligence.com/Rankings/fDi-Strategy-Awards-2017 (accessed June 2018).

¹⁷ World Business Chicago, "Chicago Named Top Major City for Foreign Direct Investment Strategy," April 25, 2017, <http://www.worldbusinesschicago.com/chicago-top-foreign-direct-investment-strategy> (accessed June 2018).

¹⁸ IBM, *2017 IBM Global Locations Trend Annual Report*, <https://www-01.ibm.com/common/ssi/cgi-bin/ssialias?htmlfid=GBE03868USEN> (accessed June 2018).

¹⁹ World Business Chicago, "O'Hare Will Get Historic \$8.5 Billion Transformation," March 30, 2018, www.worldbusinesschicago.com/ohare-transformation (accessed June 2018).

3.3.4 TRADE BY AIR

The ATA's outstanding access to overseas markets gives businesses in the region the ability to operate internationally. Many of the ATA's major employers depend on offshore plants and suppliers for manufacturing and assembly, as well as for raw materials. This expanding international business activity generates demand for international airline travel and for air freight services. In 2017, total trade activity (total imports and exports) between the Chicago Customs District²⁰ and the rest of the world was valued at \$200.7 billion. In 2017, more than \$160.2 billion in trade through the Chicago Customs District was conveyed by air. This represents nearly 80 percent of all trade through the Chicago Customs District and more than 64 percent of the Midwest's value of total trade by air (see **Table 3-3**). The ATA's high rate of trade by air reflects the prevalence of the just-in-time inventory management of high-value goods (especially in the electronics and industrial components sectors), as well as an expanding global network of suppliers and manufacturers.

TABLE 3-3 TOTAL TRADE BY CONVEYANCE (2017)

CUSTOMS DISTRICT	(\$ BILLIONS)		
	VALUE OF TOTAL TRADE ¹	VALUE OF TOTAL TRADE BY AIR	PERCENT OF TOTAL TRADE BY AIR
Chicago	\$200.7	\$160.2	79.8%
Midwest ²	\$547.2	\$247.0	41.6%
United States	\$3,889.7	\$1,068.8	25.9%

NOTES:

1 Total Trade = Total Imports and Exports

2 Data for the Midwest are an aggregation of the Chicago, Cleveland, Detroit, and Milwaukee Customs Districts.

SOURCE: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division, February 2018.

3.3.5 MAJOR EMPLOYERS AND FORTUNE 500 HEADQUARTERS

Table 3-4 lists the 25 largest employers²¹ in the ATA. In addition to providing an important source of local employment, the private sector employers, which comprise 56 percent of the list in Table 3-4, depend on airline passenger and freight services for the continued health and expansion of their enterprises. The Airport's role as an international passenger and air cargo hub makes it an important resource for employers in the ATA.

Major employers in the ATA represent a wide range of industries. These include: health care (Advocate Health Care, Northwestern Memorial Healthcare); airline companies (United Continental Holdings, American Airlines); higher education (University of Chicago, Northwestern University, University of Illinois at Chicago); financial services (JPMorgan Chase), pharmaceuticals (Abbott Laboratories); insurance (Allstate); telecommunications (AT&T); and retail (Amazon, Walgreens Boots Alliance, Walmart Stores).

²⁰ U.S. Census Bureau, Foreign Trade Statistics, Schedule D – District and Port Codes and Descriptions, <http://www.census.gov/foreign-trade/schedules/d/dist.txt> (accessed June 2018). The Chicago Customs District consists of 12 ports in Illinois and 6 ports in Indiana, Iowa, and Nebraska.

²¹ The list in Table 3-4 includes employers in Cook, DuPage, Kane, Lake, McHenry, and Will Counties. These six counties comprised more than 90 percent of total employment in the ATA in 2018.

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TABLE 3-4 LARGEST EMPLOYERS IN THE AIR TRADE AREA (2017)

COMPANY ¹	NUMBER OF FULL-TIME LOCAL EMPLOYEES	INDUSTRY
U.S. Government	41,500	Government
Chicago Public Schools	35,447	Government
City of Chicago	31,160	Government
Cook County	21,316	Government
Advocate Health Care	19,049	Health Care
Northwestern Memorial Healthcare	16,667	Health Care
University of Chicago	16,583	Higher Education
JPMorgan Chase & Co. (#20) ²	15,701	Financial Services
State of Illinois	14,690	Government
Amazon.com (#8) ²	13,240	Internet Retail and Services
United Continental Holdings (#81) ²	12,994	Airline
Walgreens Boots Alliance (#19) ²	12,751	Retail
Northwestern University	10,847	Higher Education
Presence Health	10,225	Health Care
Walmart, Inc. (#1) ²	10,220	Retail
Abbott Laboratories (#111) ²	9,860	Pharmaceuticals
Jewel-Osco	9,660	Retail
University of Illinois at Chicago	9,566	Higher Education
American Airlines Group Inc. (#71) ²	9,520	Airline
Rush University Medical Center	9,402	Health Care
Chicago Transit Authority	9,373	Government
AT&T Inc. (#9) ²	9,200	Telecommunications
University of Chicago Medical Center	9,161	Health Care
Allstate Corp. (#79) ²	7,670	Insurance
Employco USA, Inc.	7,657	Payroll Services

NOTES:

1 Represents employers with the most full-time employees in Cook, DuPage, Kane, Lake, McHenry, and Will Counties.

2 (#) indicates 2018 Fortune 500 Ranking.

SOURCES: Crain's Chicago Business, "Chicago's Largest Employers," December 31, 2017; Fortune, "2018 Fortune 500," May 21, 2018.

Each year *Fortune* magazine ranks the top 500 U.S. public companies in terms of annual revenue. According to the 2018 rankings, the 15-county ATA has the second highest number of Fortune 500 company headquarters in the nation, after the New York City metropolitan area. Corporations headquartered in the ATA include Walgreens Boots Alliance (ranked 19th among the Fortune 500), Boeing (ranked 27th), Archer Daniels Midland (ranked 48th), Allstate (ranked 79th), United Continental Holdings (ranked 81st), and Exelon (ranked 92nd). Two of the 17 new U.S. companies to join the Fortune 500 in 2018 are headquartered in the ATA: Ulta Beauty (ranked 471st) and Northern Trust (ranked 486th). **Exhibit 3-7** illustrates the Fortune 500 companies headquartered in the ATA.²² In 2018, the ATA's 35 Fortune 500 headquarters represent 95 percent of the 37 Fortune 500 headquarters in Illinois and 35 percent of the 99 Fortune 500 headquarters in the Midwest.²³

²² Exhibit 3-7 includes only those counties within the ATA in which Fortune 500 companies are located. See Exhibit 3-1 for a map of the entire (15-county) ATA.

²³ The Midwest is defined as the states of Illinois, Indiana, Michigan, Ohio, and Wisconsin.

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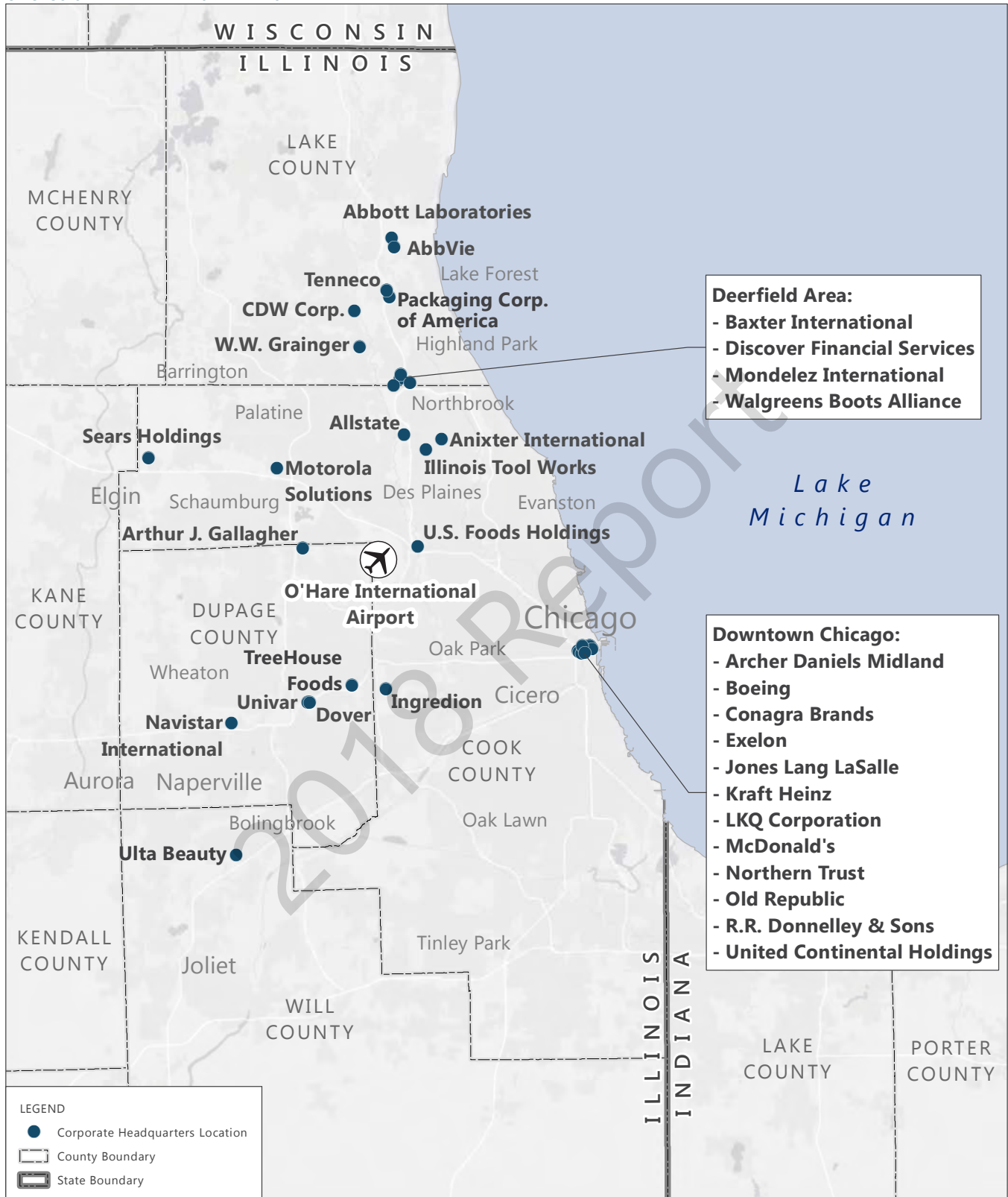


EXHIBIT 3-7

FORTUNE 500 COMPANIES HEADQUARTERED
IN THE AIR TRADE AREA



In June 2018, McDonald's Corporation officially relocated its corporate headquarters from Oak Brook to Chicago's West Loop, moving approximately 2,000 employees to the new 490,000-square-foot office location.

3.3.6 MAJOR INDUSTRY SECTORS

Exhibit 3-8 presents data for nonagricultural employment by major industry sector, which indicates the sources of jobs in the 15-county ATA's economy. This exhibit compares employment by industry in the ATA to data for the Midwest and the United States in 2017.

The ATA had greater percentages of employment in services, finance/insurance/real estate, and transportation/utilities compared with the Midwest and the United States in 2017. Wholesale/retail trade, government, and construction jobs in the ATA accounted for lower shares of employment in 2017 compared with the Midwest and the United States. The percentage of manufacturing jobs in the ATA was lower compared with that of the Midwest but higher compared with that of the United States in 2017.

Data on Exhibit 3-8 indicate the ATA has a diversified employment base that is expected to provide the region with a stable foundation to withstand periodic downturns in the business cycle.

3.3.7 AIR TRADE AREA TOURISM INDUSTRY

Approximately 55.0 million people traveled to the ATA in 2017,²⁴ representing a 2.6 percent increase over the visitor level in 2016 (53.8 million). Chicago is one of only three U.S. cities that receive more than 50.0 million visitors annually.²⁵ Between 2012 and 2017, the number of visitors to the ATA increased by 19.0 percent. In 2017 the ATA's visitors generated approximately \$15.2 billion in direct spending and \$972.0 million in state and local tax revenue.²⁶

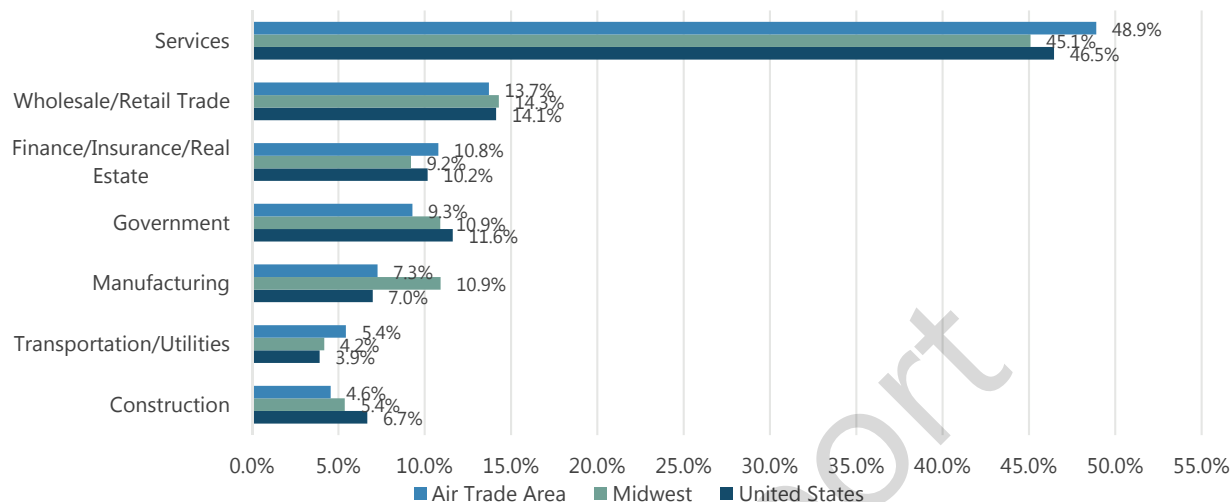
Chicago and its surrounding region host a variety of cultural institutions, including art museums, science museums, performing arts facilities (symphony, opera, theater), and comedy venues. Other visitor attractions include two zoos (Lincoln Park and Brookfield), an aquarium, Skydeck Chicago in Willis Tower (formerly Sears Tower), and Millennium Park. Major league sports based in the ATA include football, basketball, hockey, and baseball (two teams). The region's wide array of cultural choices and entertainment options is an important factor supporting repeat visitation. The ability to see attractions or undertake activities that were missed on a previous visit is an important factor in a visitor's intent to return to a travel destination.

²⁴ Choose Chicago, *Choose Chicago Annual Report 2017*, <https://www.choosechicago.com/about-us> (accessed June 2018).

²⁵ The two others were Orlando (72 million) and New York (63 million). "72 million tourists visited Orlando in 2017, a record number," May 10, 2018, <http://www.orlandosentinel.com/business/tourism/os-bz-visit-orlando-tourism-2017-story.html> (accessed June 2018); "New York City Saw Record Tourist Numbers in 2017, Despite Trump Policies," March 21, 2018, <http://www.meetings-conventions.com/News/Convention-and-Visitors-Bureaus/New-York-City-Record-Tourist-Numbers-2017> (accessed June 2018).

²⁶ Choose Chicago, *Choose Chicago Annual Report 2017*, <https://www.choosechicago.com/about-us> (accessed June 2018).

EXHIBIT 3-8 JOBS BY MAJOR INDUSTRY SECTORS (2017)



	AIR TRADE AREA	MIDWEST	UNITED STATES
2017 Jobs	6,188,684	28,026,303	194,376,596
2029 Jobs (Projected)	7,089,996	31,732,793	230,232,428
CAGR 2017–2029	1.1%	1.0%	1.4%

NOTES: Nonagricultural civilian employment only. Construction employment includes mining and forestry industries.

CAGR – Compound Annual Growth Rate

SOURCE: Woods & Poole Economics Inc., 2018 Complete Economic and Demographic Data Source (CEDDS), April 2018.

Numerous travel magazines, such as *Travel + Leisure*, *Condé Nast Traveler*, *Lonely Planet*, *Time Out*, and *Bon Appétit*, regularly name Chicago a top travel destination. Chicago and its surrounding region have also been cited as a top location for commerce, sporting events, and cultural attractions by *Forbes*, *Business Traveler*, *Site Selection*, *U.S. News & World Report*, *Fodor's Travel*, *Bicycling* magazine, *Michelin Guide*, *WalkScore.com*, *TripAdvisor.com*, and *American Style*. Chicago also won the 2017 Best Destination Travel Infrastructure award from the Pacific Area Travel Writers Association. In addition, Choose Chicago (the Chicago Convention and Tourism Bureau) has been a frequent winner of the Pinnacle Award from *Successful Meetings* in recognition of its meeting planning services.²⁷

3.3.7.1 CONVENTION FACILITIES, TOURISM MARKETING, AND SPECIAL EVENTS

Chicago ranks second in the United States in terms of the number of conventions hosted.²⁸ Containing 2.6 million square feet of exhibit space, McCormick Place is the ATA's primary meeting and exhibition venue. With four separate

²⁷ Choose Chicago, Destination Awards and Accolades, <https://www.choosechicago.com/plan-your-trip/awards-and-accolades> (accessed June, 2018); Choose Chicago, *Choose Chicago Annual Report 2017*, <https://www.choosechicago.com/about-us> (accessed June 2018).

²⁸ Cvent, 2017 Cvent Top 50 Meeting Destinations, <https://www.cvent.com/en/marketing/top-50/2017-top-destinations-us.php> (accessed June 2018).

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buildings connected by concourses and sky bridges, McCormick Place is designed to be flexible in accommodating a range of events, and it can host two conventions simultaneously.

Effective national and international marketing is a high priority for Choose Chicago and its strategic marketing partners, which include United Airlines, American Airlines, and American Express. A new media campaign, "Welcome Home," launched in 2017; it highlights the region's diverse visitor experiences with themes such as culture and entertainment, sports and urban recreation, food and culinary, art and architecture, etc. The Welcome Home campaign was promoted nationally, as well as in nine international markets. Since launching, the campaign has increased Choose Chicago's social media followers by 51 percent, and website visits from international users have increased by 114 percent. In 2017 Expedia rated Chicago first among "America's Most Asked About Cities," explaining that more people search for travel recommendations in the Windy City on their website than any other destination in the U.S.

In addition, Chicago hosts national events, such as the James Beard Foundation Awards, an internationally renowned culinary award that moved its venue to Chicago in 2015 after 25 years in New York. Chicago will continue to be the event's host city through 2021. Other highlights in 2018 and beyond include the selection of Chicago to host the 2018 Laver Cup (an international tennis tournament), the 2019 NCAA Division I Women's Basketball Regional Tournament, and the 2020 NBA All Star Game.²⁹

3.3.7.2 OVERSEAS VISITORS

Table 3-5 shows that more than 1.4 million travelers from overseas (excluding Canada and Mexico) selected Chicago as their destination city in 2016 (latest data available). Chicago was the 10th most popular U.S. destination for overseas travelers in 2016, ranking ahead of other major cities such as San Diego, Fort Lauderdale, Houston, Flagstaff, Atlanta, Anaheim, Florida Keys, Seattle, Philadelphia, and Tampa.

3.4 ECONOMIC OUTLOOK

3.4.1 SHORT-TERM ECONOMIC OUTLOOK

The U.S. economy expanded at a moderate and steady rate in 2017, with employment growing by an average of 175,000 jobs per month.³⁰ Between January and September 2018, U.S. employment growth averaged 208,300 jobs per month.³¹ The most recently published survey of business economists from the National Association for Business Economics (NABE) indicates consensus for continued employment growth, modest inflation, and modest growth in business investment and industrial production in 2018. A recession this year or next is not anticipated by the majority of NABE survey panelists—56 percent of NABE survey panelists expect the next recession in the United States to occur in 2020 and another one-third of the panelists believe a recession will not occur until 2021 or later. The risk to the U.S. economy most commonly cited in the survey is trade policy.³²

²⁹ Choose Chicago, *Choose Chicago Annual Report 2017*, <https://www.choosechicago.com/about-us> (accessed June 2018).

³⁰ U.S. Department of Commerce, Bureau of Labor Statistics, 2017 Employment Situation, www.bls.gov/schedule/archives/empisit_nr.htm (accessed June 2018).

³¹ U.S. Department of Commerce, Bureau of Labor Statistics, 2018 Employment Situation, January–September 2018, www.bls.gov/schedule/archives/empisit_nr.htm (accessed October 2018).

³² National Association for Business Economics, *NABE Outlook*, October 2018.

TABLE 3-5 TOP DESTINATION CITIES FOR OVERSEAS VISITORS (2016)

RANK	DESTINATION CITY	OVERSEAS VISITORS ¹
1	New York City	9,800,000
2	Miami	5,379,000
3	Los Angeles	4,977,000
4	Orlando	4,473,000
5	San Francisco	3,571,000
6	Las Vegas	3,327,000
7	Honolulu	2,394,000
8	Washington, D.C.	2,090,000
9	Boston	1,526,000
10	Chicago	1,466,000
11	San Diego	1,169,000
12	Fort Lauderdale	1,015,000
13	Houston	819,000
14	Flagstaff	771,000
15	Atlanta	725,000
16	Anaheim	695,000
17	Florida Keys	662,000
18	Seattle	658,000
19	Philadelphia	628,000
20	Tampa	628,000

NOTE:

¹ Excluding visitors from Canada and Mexico.

SOURCE: U.S. Department of Commerce, International Trade Administration, Office of Tourism Industries, August 2017.

NABE's most recent survey also indicated consensus for real GDP growth of 2.9 percent in 2018 and 2.7 percent in 2019. The NABE survey estimates the average annual U.S. unemployment rate will be 3.9 percent in 2018 and 3.6 percent in 2019.³³

3.4.2 LONG-TERM ECONOMIC OUTLOOK

Table 3-6 presents selected 2017 and 2029 economic figures for the ATA and the United States, including population, employment, personal income, and GRP and GDP. Growth expectations for these variables in the 15-county ATA are generally equivalent to those of the United States, and they indicate the ongoing capacity of the ATA to continue to generate demand for air travel services during the Projection Period.

³³ National Association for Business Economics, *NABE Outlook*, October 2018.

TABLE 3-6 PROJECTED SELECT ECONOMIC VARIABLES (2017–2029)

VARIABLE	2017	2029	CAGR 2017–2029
Air Trade Area Population	9,673,648	10,375,207	0.6%
United States Population	325,888,129	363,960,155	0.9%
Air Trade Area Total Employment	6,188,684	7,089,996	1.1%
United States Total Employment	194,376,596	230,232,428	1.4%
Air Trade Area Total Personal Income (\$ billion)	\$553.38	\$683.88	1.8%
United States Total Personal Income (\$ billion)	\$16,644.23	\$21,482.13	2.1%
Air Trade Area Per Capita Personal Income	\$57,204	\$65,915	1.2%
United States Per Capita Personal Income	\$51,074	\$59,023	1.2%
Air Trade Area Gross Regional Product (\$ billion)	\$680.61	\$822.33	1.6%
United States Gross Domestic Product (\$ billion)	\$19,382.30	\$24,084.96	1.8%
Air Trade Area Per Capita Gross Regional Product	\$70,358	\$79,259	1.0%
United States Per Capita Gross Domestic Product	\$59,476	\$66,175	0.9%

NOTES: Dollar amounts are in 2017 dollars.

CAGR – Compound Annual Growth Rate

SOURCE: Woods & Poole Economics, Inc., *Complete Economic and Demographic Data Source (CEDDS)*, April 2018.

3.4.3 CONCLUSIONS

The 15-county ATA has a population of nearly 9.7 million that is projected to increase to approximately 10.4 million by 2029.

Median household income and per capita personal income in the ATA are both higher than U.S. levels. Median household income in the ATA in 2017 was \$64,529, which is 15 percent higher than in the United States (\$56,124). The ATA's 2017 per capita personal income (\$57,204) was 12 percent higher than in the United States (\$51,074).

Regarding percentages, the industry sectors in the ATA with employment that exceeds levels in the United States are services, finance/insurance/real estate, manufacturing, and transportation/utilities.

The ATA's 6.2 million jobs contributed to a GRP of more than \$680 billion in 2017. Jobs in the ATA are projected to increase by more than 901,000 to approximately 7.1 million by 2029. The ATA's GRP is projected to increase by nearly 21 percent, in real terms, to approximately \$822 billion by 2029.

The data cited in this chapter support the conclusion that the 15-county ATA has a large and diverse economy that can support increased airline traffic demand through the Projection Period (ending FY 2029).

4. AIR TRAFFIC

This section describes the airlines serving the Airport, historical Airport activity, factors affecting aviation demand, and the forecast of Airport activity.

4.1 NATIONAL AND GLOBAL PERSPECTIVE OF THE AIRPORT

Based on U.S. Department of Transportation (U.S. DOT) survey data, the Chicago market¹ was ranked fourth in the nation in terms of domestic O&D passengers in calendar year 2017—following the New York,² Los Angeles,³ and San Francisco⁴ markets. With its location, facilities to accommodate domestic and international passengers, and status as the largest midcontinent international airport and the largest major “dual hub” airport in the United States (measured by enplaned passengers),⁵ the Airport is a key component of the national air transportation system.

Table 4-1 presents the Airport’s worldwide rankings of activity for calendar year 2017. The Airport served approximately 79.8 million enplaned and deplaned passengers, or approximately 218,700 average daily passengers, during this period. This is an increase from the approximately 78.0 million passengers, or approximately 213,700 average daily passengers, in 2016. The Airport ranked second worldwide in total aircraft operations, with 867,049 takeoffs and landings; it ranked sixth worldwide and third in the United States in total passengers; it ranked twentieth worldwide and sixth in the United States in total cargo. The Airport has historically ranked at or near the top of the world's busiest airports in terms of passenger and operational activity.

Chicago’s location along the heavily traveled east/west air routes and its large population base make it a natural location for airline hub operations. American Airlines (American) and United Airlines (United), the world’s largest and second largest carriers in terms of available seat miles (ASMs), operate major connecting hub operations at the Airport.

¹ Includes Chicago O’Hare International and Chicago Midway International Airports.

² Includes John F. Kennedy International, Newark Liberty International, and LaGuardia Airports.

³ Includes Los Angeles International, John Wayne (Orange County), Ontario International, Bob Hope, and Long Beach Airports.

⁴ Includes San Francisco International, Metropolitan Oakland International, and Norman Y. Mineta San Jose International Airports.

⁵ Based on 2017 U.S. DOT T-100 data.

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TABLE 4-1 TOP 20 WORLDWIDE RANKING OF ACTIVITY

RANK	RANKINGS BY AIRCRAFT OPERATIONS		RANKINGS BY TOTAL PASSENGERS		RANKINGS BY TONS OF CARGO	
	CITY AND AIRPORT	TOTAL OPERATIONS	CITY AND AIRPORT	TOTAL PASSENGERS	CITY AND AIRPORT	TOTAL CARGO (METRIC TONS)
1	Atlanta GA, U.S. (ATL)	879,560	Atlanta GA, U.S. (ATL)	103,902,992	Hong Kong, HK (HKG)	5,049,898
2	Chicago IL, U.S. (ORD)	867,049	Beijing, CN (PEK)	95,786,442	Memphis TN, U.S. (MEM)	4,336,752
3	Los Angeles CA, U.S. (LAX)	700,362	Dubai, AE (DXB)	88,242,099	Shanghai, CN (PVG)	3,824,280
4	Dallas/Fort Worth TX, U.S. (DFW)	654,344	Tokyo, JP (HND)	85,408,975	Incheon, KR (ICN)	2,921,691
5	Beijing, CN (PEK)	597,259	Los Angeles CA, U.S. (LAX)	84,557,968	Anchorage AK, U.S. (ANC)	2,713,230
6	Denver CO, U.S. (DEN)	574,966	Chicago IL, U.S. (ORD)	79,828,183	Dubai, AE (DXB)	2,654,494
7	Charlotte NC, U.S. (CLT)	553,817	London, GB (LHR)	78,014,598	Louisville KY, U.S. (SDF)	2,602,695
8	Las Vegas NV, U.S. (LAS)	542,994	Hong Kong, HK (HKG)	72,664,075	Tokyo, JP (NRT)	2,336,427
9	Amsterdam, NL (AMS)	514,625	Shanghai, CN (PVG)	70,001,237	Taipei, TW (TPE)	2,269,585
10	Shanghai, CN (PVG)	496,774	Paris, FR (CDG)	69,471,442	Paris, FR (CDG)	2,195,229
11	Paris, FR (CDG)	482,676	Amsterdam, NL (AMS)	68,515,425	Frankfurt, DE (FRA)	2,194,056
12	London, GB (LHR)	475,915	Dallas/Fort Worth TX, U.S. (DFW)	67,092,194	Singapore, SG (SIN)	2,164,700
13	Frankfurt, DE (FRA)	475,537	Guangzhou, CN (CAN)	65,887,473	Los Angeles CA, U.S. (LAX)	2,158,324
14	Toronto ON, CA (YYZ)	465,555	Frankfurt, DE (FRA)	64,500,386	Miami FL, U.S. (MIA)	2,071,722
15	Guangzhou, CN (CAN)	465,295	Istanbul, TR (IST)	64,119,374	Beijing, CN (PEK)	2,029,584
16	Istanbul, TR (IST)	460,785	New Delhi, IN (DEL)	63,451,503	Doha, QA (DOH)	2,020,942
17	San Francisco CA, U.S. (SFO)	460,343	Jakarta, ID (CGK)	63,015,620	London, GB (LHR)	1,794,276
18	Tokyo, JP (HND)	453,126	Singapore, SG (SIN)	62,220,000	Guangzhou, CN (CAN)	1,780,423
19	Houston TX, U.S. (IAH)	450,383	Incheon, KR (ICN)	62,157,834	Amsterdam, NL (AMS)	1,778,382
20	Mexico City, MX (MEX)	449,664	Denver CO, U.S. (DEN)	61,379,396	Chicago IL, U.S. (ORD)	1,721,807

NOTES: For a 12-month period ending December 2017. All results are preliminary.

SOURCE: Airports Council International, *2017 World Airport Traffic Report*, September 2018.

4.2 AIRLINES SERVING THE AIRPORT

The Airport is an important O&D market within the networks of the passenger airlines that it accommodates. The Airport also serves as a major connecting hub for both United and American. **Table 4-2** lists the airlines serving the Airport during the 12 months ended June 2018, and includes seasonal service.

Table 4-3 presents the scheduled U.S. airlines that have served the Airport at any time since 2008. The Airport has had the benefit of a large and stable airline base, which has helped promote competitive pricing and scheduling diversity in the Airport's major domestic markets. As of the 12 months ending June 2018, United and its regional affiliates provided nonstop service from the Airport to 157 domestic markets and 40 international markets⁶; American and its regional affiliates provided nonstop service to 130 domestic markets and 21 international markets from the Airport.

In addition to United, American, and their regional affiliates, other major U.S. airlines at the Airport include Alaska Airlines (Alaska), Delta Air Lines (Delta), and three low-cost carriers (LCCs): Frontier Airlines (Frontier), JetBlue Airways (JetBlue), Spirit Airlines (Spirit). Together, these airlines provide nonstop service to a total of 38 domestic markets and four international markets.

Table 4-4 lists the foreign-flag airlines that have served the Airport since 2008. Twenty of the 43 foreign-flag airlines currently serving the Airport have operated at the Airport each year since at least 2008. In addition, the number of new airlines has steadily grown. Seven new foreign-flag airlines have begun service to the Airport since 2016 (China Eastern, EVA Air, and Icelandair in 2016; Jazz Air, Interjet, and WOW Air in 2017; and Viva Aerobus in 2018). As shown on **Exhibit 4-1**, the Airport is tied with San Francisco International Airport for the fourth most foreign-flag airlines operating in the United States (after John F. Kennedy International, Los Angeles International, and Miami International Airports). **Exhibit 4-2** presents the market shares, as measured by 2017 total enplaned passengers at the Airport. In 2017, United and American, and their regional affiliates, represented approximately 80 percent of the enplaned passengers at the Airport.

4.3 HISTORICAL AIRPORT ACTIVITY

The following subsections describe the Airport's historical passenger activity and air service.

4.3.1 ENPLANED PASSENGER ACTIVITY AND AIRLINE OPERATIONS

Table 4-5 presents historical data on enplaned passengers at the Airport. Total enplaned passengers at the Airport increased by a CAGR of 1.8 percent from 2008 to 2017. In 2017, the Airport set a record for enplaned passengers with approximately 39.8 million. Enplaned passengers at the Airport grew 2.4 percent from the prior year, with domestic enplaned passengers increasing by 1.7 percent and international enplaned passengers increasing by 6.3 percent. Through the first eight months of 2018, enplaned passenger activity at the Airport has increased 4.9 percent from the same period in 2017.

⁶ Includes seasonal service.

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TABLE 4-2 AIRLINES SERVING THE AIRPORT

SCHEDULED U.S. AIRLINES (18)	FOREIGN-FLAG AIRLINES (43)	NONSCHEDULED AIRLINES (5)	ALL-CARGO OPERATORS (26)
Air Choice One	Aer Lingus	Casino Express	Aerologic
Air Wisconsin (United Express)	Aeromexico	Miami Air International	Aerounion
Alaska *	Air Canada ¹ *	Omni Air International	Air Bridge Cargo
American *	Air France ¹ *	Sunwing Airlines	Air China Cargo
Cape Air	Air India *	Vision Air	Airborne Express
Delta *	Alitalia ¹		Atlas Air
Endeavor Air (Delta Connection)	All Nippon *		Cargolux
Envoy (American Eagle)	Asiana *		China
ExpressJet (American Eagle, Delta Connection & United Express)	Austrian *		China Cargo
Frontier	AVIANCA *		China Eastern
GoJet (Delta Connection & United Express)	Bahamasair		China Southern
JetBlue *	British Airways		DHL
PSA (American Eagle)	Cathay Pacific *		Dubai Airwing
Republic (American Eagle)	Cayman ¹		EVA Airways
SkyWest (American Eagle, Delta Connection & United Express)	China Eastern Airlines *		FedEx *
Spirit*	COPA		Kalitta
Trans States (United Express)	Emirates *		Lufthansa Cargo
United *	Ethiopian Airlines *		National
	Etihad *		Nippon *
	EVA Air *		Polar Air
	Finnair ¹		Qantas
	Hainan *		Qatar Airways
	Iberia		Silk Way West
	Icelandair *		United Parcel Service *
	InterJet *		Western Global
	Japan Air Lines *		Yangtze River
	Jazz (Air Canada Express)		
	KLM Royal Dutch *		
	Korean Air *		
	LOT *		
	Lufthansa *		
	Norwegian Air		
	Qatar		
	Royal Jordanian *		
	SAS *		
	Sky Regional (Air Canada Express)		
	SWISS International *		
	Taca International (AVIANCA subsidiary) *		
	Turkish *		
	Viva Aerobus		
	Volaris		
	WestJet ¹		
	WOW Air		

NOTES: Airlines scheduled for a 12-month period ending June 2018.

* = Signatory to the AULA

1 Provides seasonal service at the Airport.

SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018; Diio, LLC, June 2018.

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TABLE 4-3 SCHEDULED U.S. PASSENGER AIRLINE BASE

AIRLINE	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ¹
Alaska ²	•	•	•	•	•	•	•	•	•	•	•
American ³	•	•	•	•	•	•	•	•	•	•	•
Delta ⁴	•	•	•	•	•	•	•	•	•	•	•
Envoy ⁵	•	•	•	•	•	•	•	•	•	•	•
ExpressJet	•	•	•	•	•	•	•	•	•	•	•
GoJet	•	•	•	•	•	•	•	•	•	•	•
Republic	•	•	•	•	•	•	•	•	•	•	•
SkyWest	•	•	•	•	•	•	•	•	•	•	•
Spirit	•	•	•	•	•	•	•	•	•	•	•
Trans States	•	•	•	•	•	•	•	•	•	•	•
United ⁶	•	•	•	•	•	•	•	•	•	•	•
JetBlue	•	•	•	•	•	•	•	•	•	•	•
Endeavor ⁷	•	•	•	•	•	•	•	•	•	•	•
Air Choice One			•	•	•	•	•	•	•	•	•
Air Wisconsin	•	•	•	•							•
Frontier				•	•	•	•	•	•	•	•
PSA	•	•	•				•	•	•	•	•
Cape Air											•
Shuttle America	•	•	•	•	•	•	•	•	•	•	
Compass			•	•	•	•	•	•	•	•	
Mesa	•	•	•	•	•	•	•	•		•	
Aerodynamics									•		
Chautauqua	•	•	•	•	•	•	•				
Comair	•	•	•	•	•						
USA 3000	•	•	•	•							
Atlantic Southeast	•	•	•	•							
Freedom	•	•	•								
Mesaba			•	•							
MidAtlantic		•	•								
Total Airlines Serving the Airport	22	23	26	25	21	20	21	20	20	20	19

NOTES:

1 Scheduled service in 2018, as of April 2018.

2 In December 2016, Alaska Airlines and Virgin American merged. The FAA granted a single-operating certificate on January 11, 2018.

3 In December 2013, American and US Airways merged. The FAA granted a single-operating certificate on April 8, 2015.

4 In October 2008, Delta and Northwest Airlines merged. The FAA granted Delta a single-operating certificate on January 1, 2010.

5 American Eagle was rebranded as Envoy in April 2014.

6 In October 2010, United and Continental Airlines merged. The FAA granted United a single-operating certificate on November 30, 2011.

7 Pinnacle was rebranded as Endeavor Air on August 1, 2013.

SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018; Diio, LLC, June 2018.

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TABLE 4-4 FOREIGN-FLAG AIRLINE BASE

AIRLINE	2008	2009	2010	2011	2012	2013	2014	2015	2016 ¹	2017	2018
Aer Lingus	•	•	•	•	•	•	•	•	•	•	•
Aeromexico	•	•	•	•	•	•	•	•	•	•	•
Air Canada ²	•	•	•	•	•	•	•	•	•	•	•
Air France ²	•	•	•	•	•	•	•	•	•	•	•
Air India	•	•	•	•	•	•	•	•	•	•	•
Asiana	•	•	•	•	•	•	•	•	•	•	•
British Airways	•	•	•	•	•	•	•	•	•	•	•
Cayman Airways ²	•	•	•	•	•	•	•	•	•	•	•
Iberia	•	•	•	•	•	•	•	•	•	•	•
Japan Airlines	•	•	•	•	•	•	•	•	•	•	•
KLM Royal Dutch	•	•	•	•	•	•	•	•	•	•	•
Korean Air	•	•	•	•	•	•	•	•	•	•	•
LOT	•	•	•	•	•	•	•	•	•	•	•
Lufthansa	•	•	•	•	•	•	•	•	•	•	•
Royal Jordanian	•	•	•	•	•	•	•	•	•	•	•
SAS Scandinavian	•	•	•	•	•	•	•	•	•	•	•
Swiss International	•	•	•	•	•	•	•	•	•	•	•
Turkish	•	•	•	•	•	•	•	•	•	•	•
All Nippon – ANA	•	•	•	•	•	•	•	•	•	•	•
Virgin Atlantic ²	•	•	•	•	•	•	•	•	•	•	•
Etihad	•	•	•	•	•	•	•	•	•	•	•
Copa	•	•	•	•	•	•	•	•	•	•	•
Cathay Pacific	•	•	•	•	•	•	•	•	•	•	•
WestJet ²	•	•	•	•	•	•	•	•	•	•	•
Austrian	•	•	•	•	•	•	•	•	•	•	•
Hainan	•	•	•	•	•	•	•	•	•	•	•
Qatar	•	•	•	•	•	•	•	•	•	•	•
Sky Regional	•	•	•	•	•	•	•	•	•	•	•
Volaris	•	•	•	•	•	•	•	•	•	•	•
AVIANCA ³	•	•	•	•	•	•	•	•	•	•	•
Emirates ⁴	•	•	•	•	•	•	•	•	•	•	•
Finnair ²	•	•	•	•	•	•	•	•	•	•	•
China Eastern	•	•	•	•	•	•	•	•	•	•	•
EVA Air ⁵	•	•	•	•	•	•	•	•	•	•	•
Icelandair	•	•	•	•	•	•	•	•	•	•	•
Jazz Air	•	•	•	•	•	•	•	•	•	•	•
Interjet	•	•	•	•	•	•	•	•	•	•	•
WOW Air	•	•	•	•	•	•	•	•	•	•	•
Viva Aerobus	•	•	•	•	•	•	•	•	•	•	•
BahamasAir	•	•	•	•	•	•	•	•	•	•	•
Ethiopian	•	•	•	•	•	•	•	•	•	•	•
Volaris	•	•	•	•	•	•	•	•	•	•	•
Alitalia/Air One ²	•	•	•	•	•	•	•	•	•	•	•
Air Berlin	•	•	•	•	•	•	•	•	•	•	•
Pakistan International	•	•	•	•	•	•	•	•	•	•	•
Air Jamaica	•	•	•	•	•	•	•	•	•	•	•
Mexicana	•	•	•	•	•	•	•	•	•	•	•
BMI - British Midland	•	•	•	•	•	•	•	•	•	•	•
Total Airlines Serving the Airport	26	25	26	25	26	32	33	34	37	40	42

NOTES:

1 Scheduled service in 2018, as of April 2018.

2 Provides seasonal service at the Airport.

3 AVIANCA merged with TACA and LACSA in 2009; the combined carrier has been operating as AVIANCA at the Airport since February 2014.

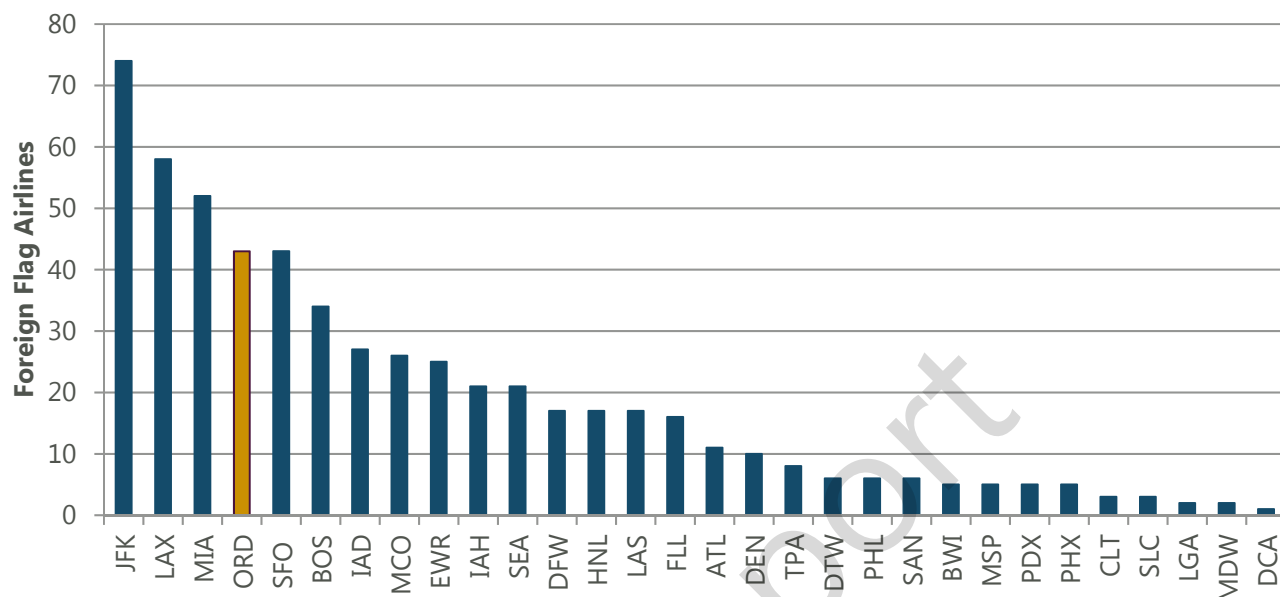
4 Emirates began service in August 2014.

5 EVA Air began service at the Airport in November 2016.

SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018; Diio, LLC, June 2018.

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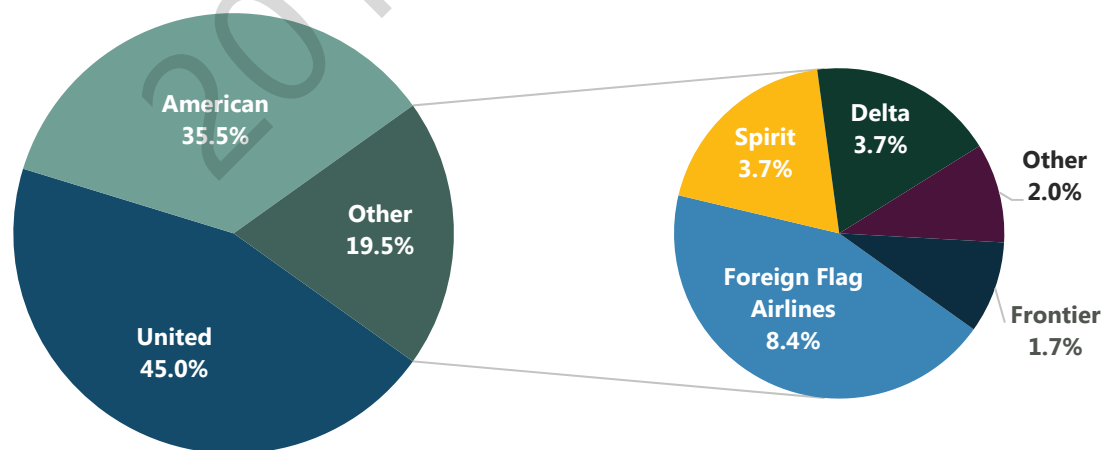
EXHIBIT 4-1 LARGE-HUB AIRPORT FOREIGN-FLAG AIRLINE COUNT



NOTE: Foreign-flag airlines scheduled in 12 months leading up to June 2018; includes seasonal service.

SOURCE: Innovata, June 2018.

EXHIBIT 4-2 2017 AIRLINE MARKET SHARE (MEASURED BY ENPLANED PASSENGERS)



NOTE: United, American, and Delta include regional affiliates.

SOURCE: U.S. Department of Transportation, T-100, June 2018.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 4-5 HISTORICAL ENPLANED PASSENGERS

YEAR	DOMESTIC		INTERNATIONAL		TOTAL	
	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH
2008	28,378,531	(11.6%)	5,632,655	(0.4%)	34,011,186	(9.9%)
2009	26,851,150	(5.4%)	5,184,005	(8.0%)	32,035,155	(5.8%)
2010	28,087,634	4.6%	5,131,768	(1.0%)	33,219,402	3.7%
2011	28,293,579	0.7%	4,901,129	(4.5%)	33,194,708	(0.1%)
2012	28,275,113	(0.1%)	4,956,088	1.1%	33,231,201	0.1%
2013	28,182,287	(0.3%)	5,102,501	3.0%	33,284,788	0.2%
2014	29,546,907	4.8%	5,392,787	5.7%	34,939,694	5.0%
2015	32,863,551	11.2%	5,517,938	2.3%	38,381,489	9.9%
2016	33,001,262	0.4%	5,856,818	6.1%	38,858,080	1.2%
2017	33,574,645	1.7%	6,228,043	6.3%	39,802,688	2.4%
FYTD (JAN - AUG)						
2017	22,090,507	0.2%	4,229,233	6.8%	26,319,740	1.2%
2018	23,024,541	4.2%	4,587,619	8.5%	27,612,160	4.9%
Compound Annual Growth Rate						
2008 – 2013	(0.1%)		(2.0%)		(0.4%)	
2013 – 2017	4.5%		5.1%		4.6%	
2008 – 2017	1.9%		1.1%		1.8%	

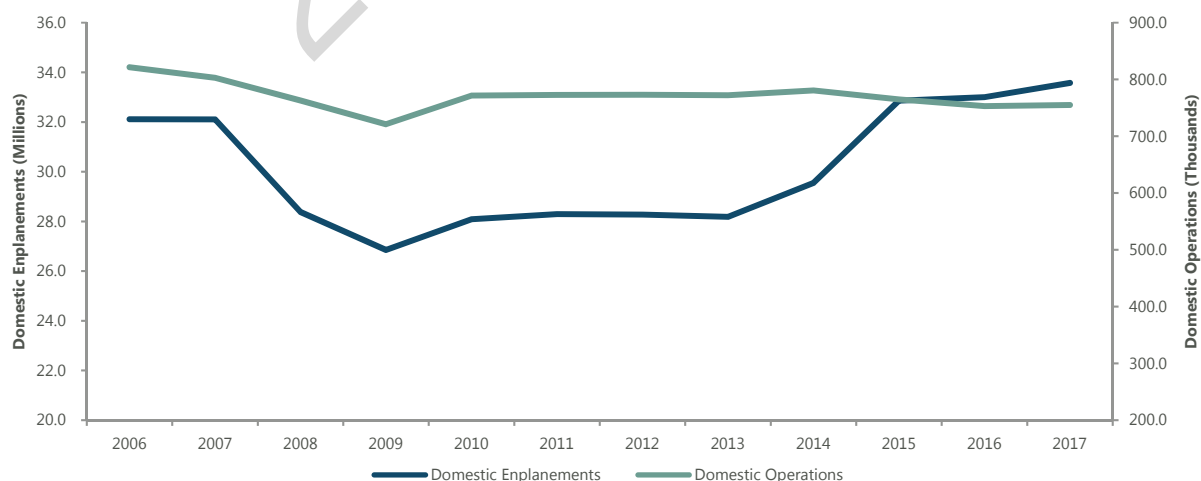
NOTE: Excludes general aviation, helicopter, and miscellaneous passengers included in the City of Chicago's Airport Activity Statistics.

SOURCE: City of Chicago, Department of Aviation, Management Records, October 2018.

4.3.1.1 DOMESTIC ENPLANED PASSENGERS AND OPERATIONS

Exhibit 4-3 depicts trends in domestic enplaned passengers and operations over a 12-year period.

EXHIBIT 4-3 DOMESTIC ENPLANED PASSENGERS AND OPERATIONS

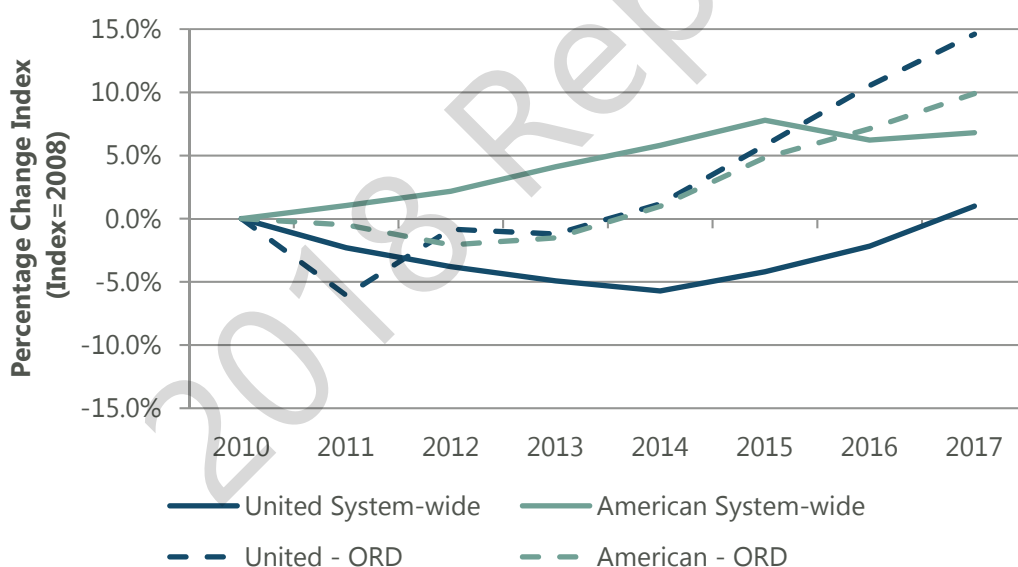


SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018; Ricondo & Associates, Inc., June 2018 (based on the analysis and assumptions described in the Report).

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In 2006, the FAA implemented mandatory flight restrictions on operations from the Airport to destinations within the United States and Canada⁷ due to continued congestion. Though this mandatory restriction limited operations at the Airport, domestic enplaned passengers decreased slightly in 2007, but they fell significantly in 2008 and 2009, as a result of the economic recession and self-imposed capacity reductions by the airlines in response to the recession. In 2008, airlines further reduced capacity through consolidation and aircraft retirements in response to lower demand and record-high oil prices. Airlines held capacity relatively flat as the economy began to improve, keeping control on costs and generating higher revenues through increased fares and new fees, while emphasizing service in profitable markets. Domestic enplaned passengers grew in 2010 and then remained relatively constant from 2011 to 2013, as United worked through merger integration issues and American filed for bankruptcy protection in 2011. Since 2008, United's system-wide enplaned passengers have decreased 8.1 percent, while at the Airport United's enplaned passengers have decreased 3.1 percent. Over this same timeframe, American's system-wide enplaned passengers have grown 3.3 percent, while they have decreased 0.9 percent at the Airport. Since 2013, both United and American have grown at O'Hare, increasing enplaned passengers 6.4 and 6.8 percent, respectively. **Exhibit 4-4** presents the system-wide enplaned passenger trends for United and American (including their respective merger partners and affiliates) since 2010.

EXHIBIT 4-4 UNITED AND AMERICAN ENPLANED PASSENGER TRENDS



NOTE: Includes regional partners and merged airlines (Continental Airlines and US Airways).

SOURCE: U.S. Department of Transportation, T-100, June 2018.

⁷ Mandatory flight restrictions became effective October 29, 2006. They expired October 31, 2008, in conjunction with the opening of Runway 9L-27R.

CHICAGO O'HARE INTERNATIONAL AIRPORT

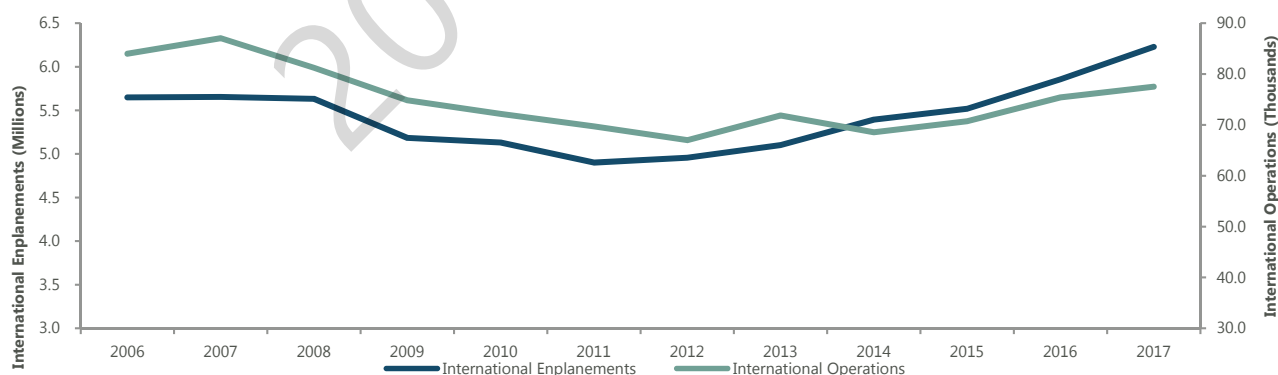
LCC growth at the Airport has accelerated since 2013. In 2014, Spirit increased seat capacity at the Airport by 17.2 percent from the prior year, and in 2015 the airline increased scheduled seat capacity by another 39.6 percent. The airline increased scheduled seat capacity by another 4.1 percent in 2016, serving 20 destinations by the end of 2016. In the third quarter of 2014, Frontier commenced domestic service at the Airport (prior to 2014 Frontier operated international charter service at the Airport), and by the end of 2016 it served 24 destinations. Frontier increased scheduled domestic seat capacity by 3.4 percent in 2016. In addition to Frontier and Spirit, LCCs JetBlue and Virgin America have served the Airport since 2007 and 2011, respectively. Combined, the two airlines offer service to five major destinations: Boston, New York-Kennedy, Los Angeles, San Francisco, and San Juan, Puerto Rico. Additional information on LCCs can be found in Section 4.5.2.

In 2015, domestic enplaned passengers increased 11.2 percent over 2014. Scheduled domestic seat capacity increased 5.7 percent during this period. Higher enplaned passenger growth relative to seat capacity growth is due, in part, to United and American's schedule restructuring, referred to as rebanking. By rebanking, airlines schedule flights to arrive and depart within a narrow window of time to facilitate efficient connecting itineraries, which maximize the number of connecting passengers that can be accommodated on existing flights, and it results in fuller aircraft on average. In 2015, United and American increased domestic seat capacity at the Airport by 1.5 percent and 2.3 percent, respectively, which was driven by increased seats per departure as smaller regional jets seating 50 passengers or less were being replaced by larger regional jets. United's scheduled domestic seat capacity at the Airport increased 4.5 percent in 2016, and American's scheduled domestic seat capacity increased 2.5 percent. In 2017, domestic enplaned passengers grew 1.7 percent on a 2.5 percent increase in departing seats. In 2018, domestic departing seats are scheduled to increase 3.8 percent year over year.

4.3.1.2 INTERNATIONAL ENPLANED PASSENGERS

Exhibit 4-5 depicts trends in international enplaned passengers and operations over a 12-year period.

EXHIBIT 4-5 INTERNATIONAL ENPLANED PASSENGERS AND OPERATIONS



SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018; Ricondo & Associates, Inc., June 2018 (based on the analysis and assumptions described in the Report).

International enplaned passengers and operations at the Airport remained relatively flat through 2007. Operations began to decline in 2008 as airlines reacted to the worsening economic environment by reducing seat capacity. The recession continued to negatively impact international activity in 2009, and international activity was further impacted by the H1N1 swine flu outbreak that reduced demand to Asia, Mexico, and South America.

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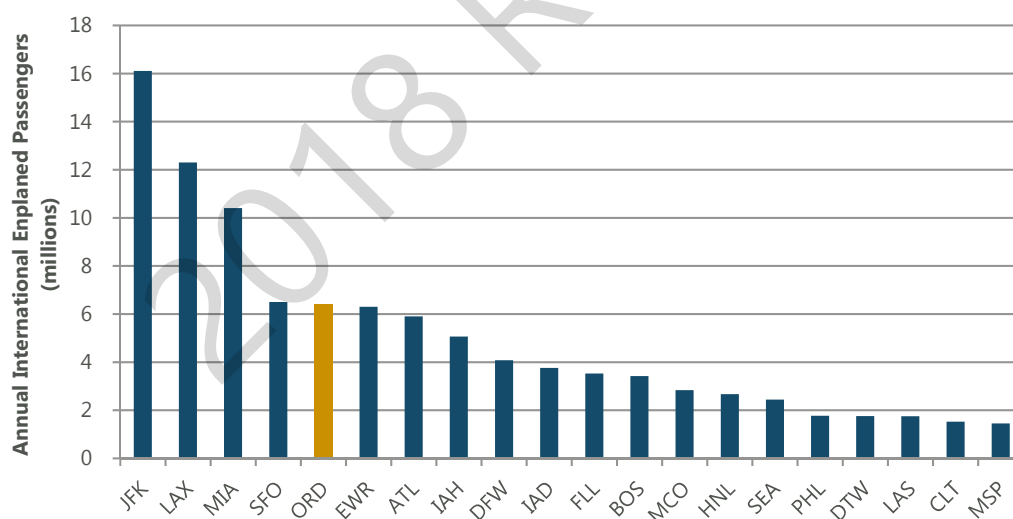
Lagging demand for international travel, United's merger integration issues, and the bankruptcy of Mexicana (which at the time was the second largest foreign-flag airline at the Airport) combined to further depress international activity in 2010 and 2011. International enplaned passengers decreased to their lowest point of the last 10 years in 2011. International activity began to increase again in 2012, and it experienced further growth in 2013 and 2014 as a result of service provided by new foreign-flag airlines and the expansion of international service by United and American.

In 2015, new international service was initiated by United to Vieux-Fort, Saint Lucia (UVF); Providenciales, Caicos Islands (PLS); and Ixtapa, Mexico (ZIH). In 2016, new international service was initiated by Icelandair to Reykjavik, Iceland (KEF), EVA Air to Taipei, Taiwan (TPE), InterJet to Mexico City, Mexico (MEX), and China Eastern Airlines to Shanghai, China (PVG). In 2017 WOW Air initiated service to Reykjavik, Iceland (KEF). Icelandair, EVA Air, InterJet, China Eastern Airlines and WOW Air are foreign-flag airlines that had not previously served the Airport. In 2017 American initiated new international service to Barcelona, Spain (BCN) and Guatemala City, Guatemala (GUA).

Enplanements and operations increased in 2016, related to an increase in international demand driven in part by improvements in the economic climate and the low price of jet fuel.

In 2017, international enplaned passengers increased 6.3 percent from the prior year. As depicted on **Exhibit 4-6**, the Airport ranked fifth among U.S. airports as measured by international enplaned passenger volumes.

EXHIBIT 4-6 TOP 20 U.S. AIRPORTS BY INTERNATIONAL ENPLANED PASSENGER VOLUMES (2017)



SOURCE: U.S. Department of Transportation, T-100, June 2018.

Table 4-6 presents total enplaned passengers by airline at the Airport from 2013 through 2017. The total enplaned passenger share of United and its regional affiliates has declined since 2013 (from 46.3 percent to 45.0 percent). This is due to minor capacity reductions by United and growth by other airlines at the Airport, which is consistent with nationwide trends. American and its regional affiliates have also experienced a reduced share of enplaned passengers over the same period (from 37.8 percent to 35.5 percent), despite growth in the total number of enplaned passengers, as a result of growth by other airlines at the Airport. **Exhibit 4-7** provides further detail of the shares of United, American, and their regional affiliates at the Airport from 2012 to 2017.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 4-6 HISTORICAL TOTAL ENPLANED PASSENGERS BY AIRLINE

AIRLINE	2013		2014		2015		2016		2017	
	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE
United Airlines Combined ¹	15,417,514	46.3%	15,953,464	45.7%	16,964,618	44.2%	17,291,845	44.5%	17,908,772	45.0%
American Airlines Combined ²	12,574,993	37.8%	13,025,518	37.3%	13,740,573	35.8%	13,716,902	35.3%	14,148,611	35.5%
1 United ¹	8,990,732	27.0%	9,227,495	26.4%	10,556,509	27.5%	11,722,663	30.2%	12,534,578	31.5%
2 American ²	8,278,339	24.9%	8,089,327	23.2%	9,694,172	25.3%	9,606,479	24.7%	9,763,126	24.5%
3 SkyWest (American Eagle, Delta Connection, and United Express)	1,386,813	4.2%	1,873,838	5.4%	2,363,825	6.2%	2,279,699	5.9%	3,997,933	10.0%
4 Envoy Air 3 (American Eagle)	3,322,933	10.0%	2,868,392	8.2%	2,992,870	7.8%	3,494,513	9.0%	2,606,809	6.5%
5 Spirit	956,297	2.9%	1,151,516	3.3%	1,505,460	3.9%	1,542,101	4.0%	1,463,450	3.7%
6 ExpressJet (American Eagle, Delta Connection, and United Express)	2,507,154	7.5%	2,265,376	6.5%	2,080,030	5.4%	1,781,348	4.6%	1,021,818	2.6%
7 Delta	716,938	2.2%	844,445	2.4%	972,132	2.5%	906,920	2.3%	898,063	2.3%
8 Republic (American Eagle and United Express)	214,238	0.6%	1,673,668	4.8%	1,477,878	3.9%	872,153	2.2%	857,057	2.2%
9 GoJet (Delta Connection and United Express)	795,407	2.4%	783,363	2.2%	867,993	2.3%	750,452	1.9%	709,925	1.8%
10 Trans States (United Express)	475,863	1.4%	637,489	1.8%	279,635	0.7%	353,453	0.9%	486,191	1.2%
11 Alaska	243,625	0.7%	264,947	0.8%	306,030	0.8%	316,344	0.8%	317,065	0.8%
12 JetBlue	185,653	0.6%	241,582	0.7%	263,947	0.7%	259,176	0.7%	254,715	0.6%
13 Lufthansa	295,435	0.9%	301,482	0.9%	279,972	0.7%	240,902	0.6%	252,273	0.6%
14 Aeroméxico	127,106	0.4%	165,963	0.5%	180,364	0.5%	198,681	0.5%	207,317	0.5%
15 Frontier	85,589	0.3%	153,838	0.4%	809,191	2.1%	816,554	2.1%	156,510	0.4%
Other	4,702,666	14.1%	4,396,973	12.6%	3,751,481	9.8%	3,716,642	9.6%	4,275,858	10.7%
Airport Total ⁴	33,284,788	100.0%	34,939,694	100.0%	38,381,489	100.0%	38,858,080	100.0%	39,802,688	100.0%

NOTES: Excludes general aviation, helicopter, and miscellaneous passengers included in the City of Chicago's Comprehensive Annual Financial Report. U.S. DOT T-100 data were used to determine United and American combined shares. Share totals for United and American airlines combined include regional affiliates and are separate from the total calculation.

1 In October 2010, United and Continental Airlines merged. The FAA granted United a single-operating certificate on November 30, 2011. Data for the two airlines are combined.

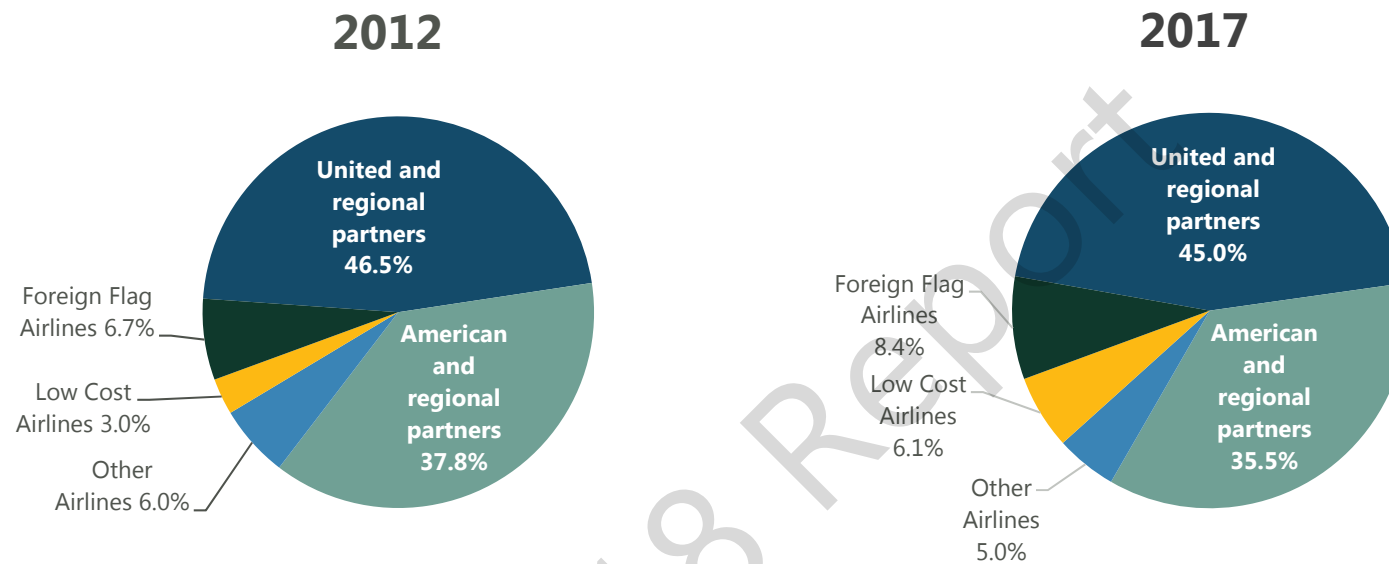
2 In December 2013, American and US Airways merged. The FAA granted a single-operating certificate on April 8, 2015. Data for the two airlines are combined.

3 In January 2014, American Eagle was rebranded as Envoy Air.

4 Columns may not add to totals shown because of rounding.

SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018; U.S. Department of Transportation, T-100, June 2018.

EXHIBIT 4-7 2012 AND 2017 AIRLINE MARKET SHARES



NOTE: LCCs include Frontier, JetBlue, and Spirit.

SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018; U.S. Department of Transportation, T-100, June 2018.

4.3.2 AIR SERVICE

Table 4-7 presents the historical O&D and connecting enplaned passenger shares at the Airport. The share of O&D passengers increased from 49.3 percent in 2008 to a high of 53.6 percent in 2016. In 2016, O&D passengers comprised 53.6 percent of total Airport enplaned passengers, which was a result of new domestic seat capacity introduced by United, American, and the LCCs. Further supporting O&D growth was a decline in fares enabled by a decline in oil prices. Through higher passenger volumes, airlines were able to increase passenger revenues despite the lower fare environment⁸.

Exhibit 4-8 shows historical O&D passengers and fares at the Airport and the average annual oil prices. Between 2008 and 2017, O&D passenger volumes grew at a CAGR of 2.5 percent, while average domestic fares increased 0.2 percent throughout that time. The average price of oil decreased 6.8 percent throughout the period to record-low prices. In 2017 the average price of oil per barrel was \$49. The cost of operating additional capacity has decreased, and airlines can profitably fly passengers at those lower fares. Should the price of oil return to the levels of 2012 and 2013, airlines may reduce capacity and capture revenue growth through higher fares.

An important characteristic of an airport's activity is the distribution of the airport's O&D markets, which is a function of air travel demand and available services and facilities. **Table 4-8** presents data on the Airport's top 50 domestic O&D markets in 2017, the latest full year of data available, as measured by the number of passengers. Given the Airport's central location in the United States, the domestic O&D markets are predominately medium-haul markets (between 601 and 1,800 miles).

Also shown in Table 4-8 are the number of weekly nonstop departures in each of the Airport's top 50 domestic O&D markets for the week of August 7, 2017, which represents an average week of the busiest month of the year, as measured by scheduled departures. **Exhibit 4-9** illustrates the domestic markets served nonstop from the Airport as of June 2018. An average of 1,153 domestic departures per day were flown to 170 nonstop destinations in June, which reflects an increase of nine destinations since August 2016. **Exhibit 4-10** illustrates the international markets served nonstop from the Airport as of June 2018. During the month of June, the Airport averaged 140 international departures per day to 61 nonstop destinations, an increase of five destinations since August 2016.

4.3.3 AIRCRAFT OPERATIONS

Table 4-9 presents aircraft operation levels at the Airport by major user group between 2008 and 2017. A notable trend in passenger airline operations through the period is the increasing number of regional/commuter affiliate operations relative to those of majors/nationals. As airline labor agreements have become less restrictive, airlines have increased the amount of capacity flown using regional aircraft, specifically those seating more than 60 passengers. This has allowed airlines to increase average seat capacity with larger regional jets. The trend toward regional/commuter affiliate operations at the Airport began to change in 2015, however, as airlines increasingly replaced smaller regional jets with larger regional jets and mainline aircraft. Additionally, the relaxation of restrictive labor agreements has enabled a 1.0 percent compound annual decrease in total operations at the Airport, which, as shown on **Exhibit 4-11**, is similar to operation trends at the 10 largest North American airports.

⁸ Excludes ancillary fees.

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TABLE 4-7 HISTORICAL ORIGIN AND DESTINATION AND CONNECTING ENPLANED PASSENGERS

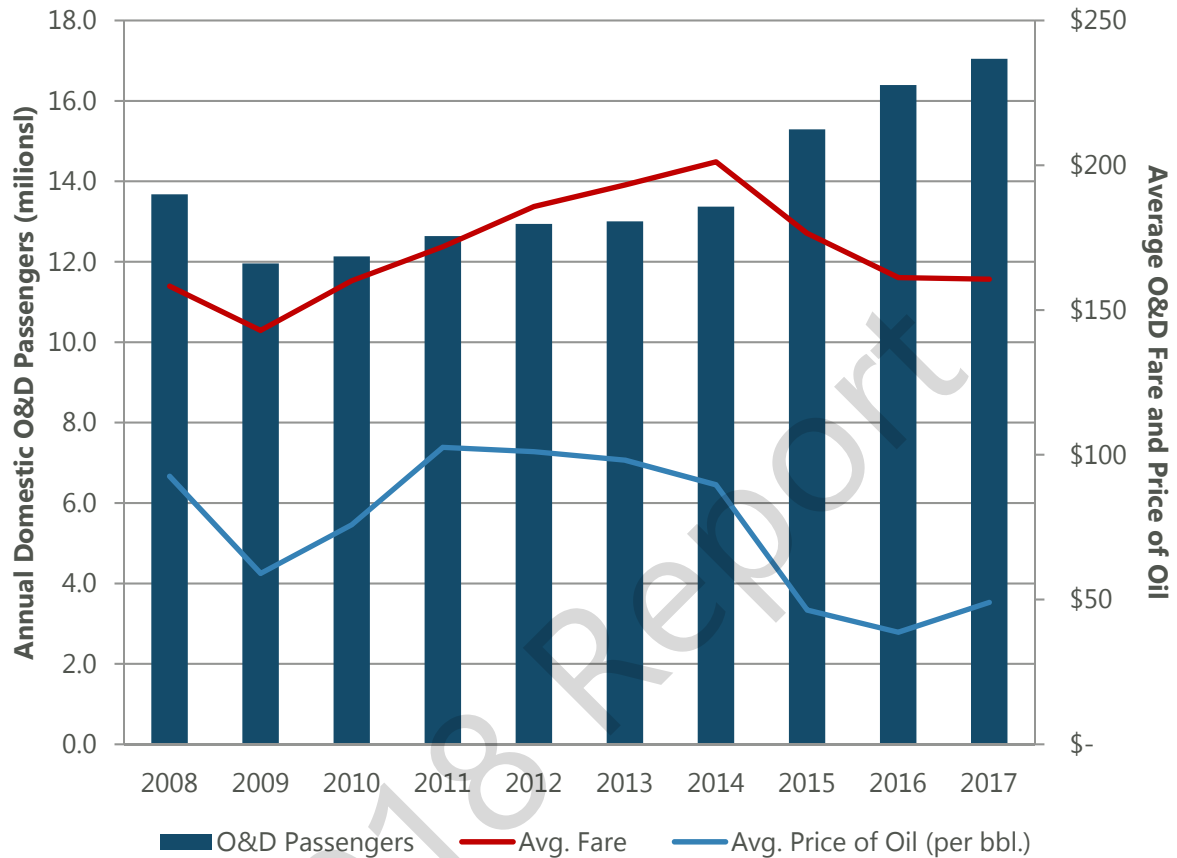
YEAR	TOTAL ORIGINATING ENPLANED PASSENGERS	ORIGINATING ENPLANED PASSENGER ANNUAL GROWTH	TOTAL CONNECTING ENPLANED PASSENGERS	CONNECTING ENPLANED PASSENGER ANNUAL GROWTH	TOTAL ENPLANED PASSENGERS	TOTAL ENPLANED PASSENGER ANNUAL GROWTH	ORIGINATING ENPLANED PASSENGER PERCENTAGE
2008	17,300,942	-7.1%	16,710,244	-12.70%	34,011,186	-9.9%	50.9%
2009	15,173,995	-12.3%	16,861,160	0.90%	32,035,155	-5.8%	47.4%
2010	15,492,369	2.1%	17,726,933	5.10%	33,219,302	3.7%	46.6%
2011	16,129,630	4.1%	17,065,078	-3.70%	33,194,708	-0.1%	48.6%
2012	16,275,613	0.9%	16,955,588	-0.60%	33,231,201	0.1%	49.0%
2013	16,351,568	0.5%	16,933,220	-0.10%	33,284,788	0.2%	49.1%
2014	17,107,955	4.6%	17,831,739	5.30%	34,939,694	5.0%	49.0%
2015	19,367,336	13.2%	19,014,153	6.60%	38,381,489	9.9%	49.3%
2016	20,843,789	7.6%	18,014,291	-5.30%	38,858,080	1.2%	53.6%
2017	21,645,738	3.8%	18,156,950	0.8%	39,802,688	2.4%	54.4%
Compound Annual Growth Rate							
2008 – 2012	-1.5%		0.4%		-0.6%		
2013 – 2017	7.3%		1.8%		4.6%		
2008 – 2017	2.5%		0.9%		1.8%		

NOTE: Excludes general aviation, helicopter, and miscellaneous passengers included in the City of Chicago's Comprehensive Annual Financial Report.

SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018 (historical enplaned passengers); Ricondo & Associates, Inc., June 2018 (analysis of passenger components).

CHICAGO O'HARE INTERNATIONAL AIRPORT

EXHIBIT 4-8 AVERAGE DOMESTIC ORIGIN AND DESTINATION PASSENGERS AND FARES AT THE AIRPORT AND AVERAGE ANNUAL PRICE OF OIL



NOTES: Domestic O&D revenue passengers and fares. Fares exclude ancillary fees. Price of oil averaged over the calendar year. All values are nominal.
O&D – Origin and Destination

SOURCES: U.S. Department of Transportation, DB1B Survey, October 2018; U.S. Department of Energy, October 2018.

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TABLE 4-8 TOP 50 DOMESTIC ORIGIN AND DESTINATION PASSENGER MARKETS – 2017

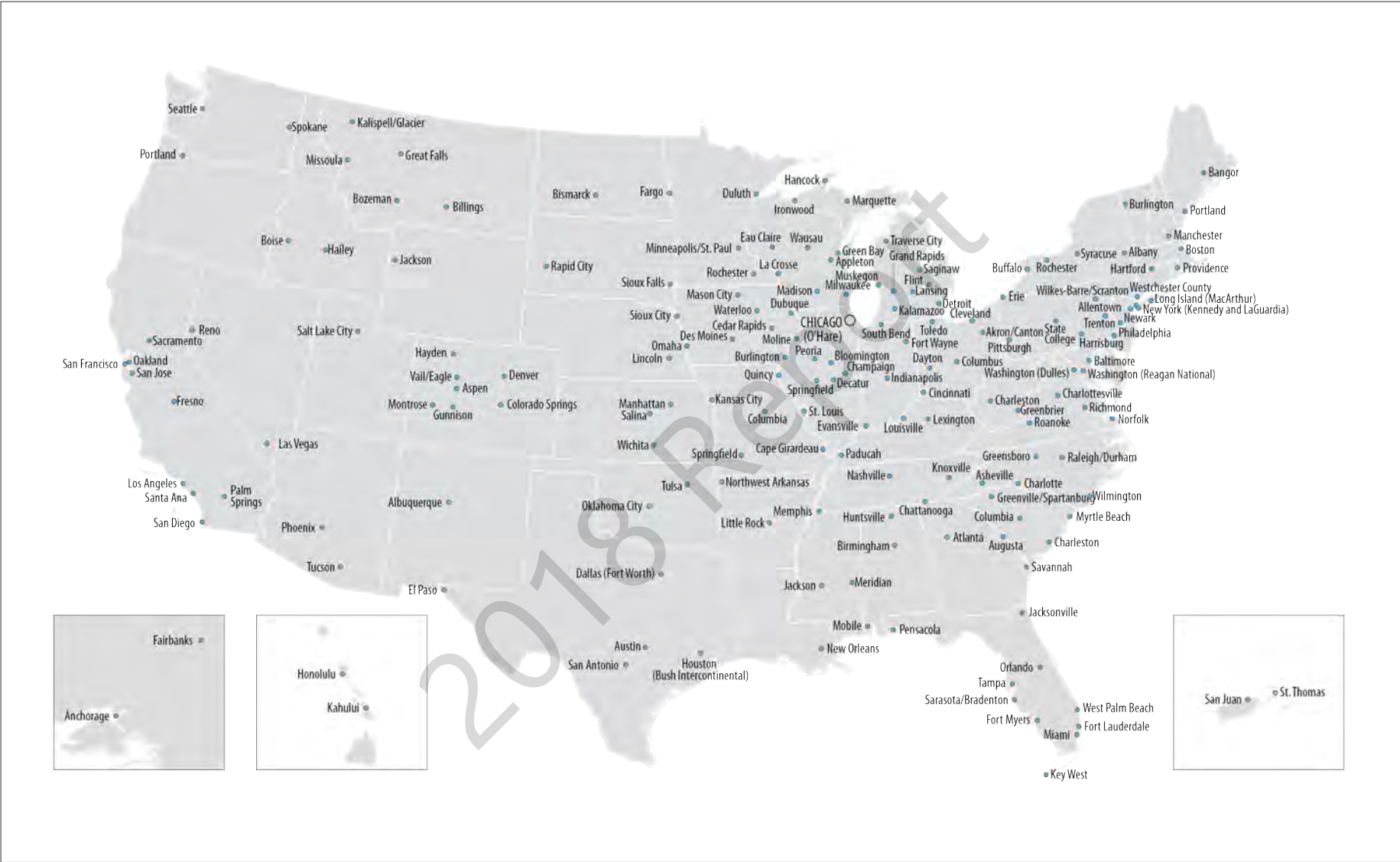
RANK	MARKET	TRIP LENGTH ¹	TOTAL O&D PASSENGERS ²	WEEKLY NONSTOP DEPARTURES ³	NUMBER OF AIRLINES ³	AIRLINES ⁴
1	New York City ⁵	SH	3,727,568	479	5	AA, DL, NK, UA, B6
2	Los Angeles ⁶	MH	2,277,417	245	5	AA, F9, NK, UA, VX
3	San Francisco ⁷	LH	1,624,509	201	4	AA, NK, UA, VX
4	Washington, D.C. ⁸	SH	1,508,292	269	3	AA, NK, UA
5	Boston	MH	1,259,600	160	4	AA, B6, NK, UA
6	Dallas ⁹	MH	1,214,468	148	3	AA, NK, UA
7	Orlando	SH	1,125,013	91	4	AA, F9, NK, UA
8	Denver	MH	1,101,062	144	4	AA, F9, NK, UA
9	Las Vegas	MH	1,074,930	96	4	AA, F9, NK, UA
10	Atlanta	SH	1,038,921	174	4	AA, DL, NK, UA
11	Minneapolis/St. Paul	MH	994,087	174	5	AA, DL, NK, UA
12	Phoenix	MH	981,087	104	3	AA, F9, UA
13	Miami	MH	763,343	90	2	AA, UA
14	Fort Lauderdale	MH	753,287	69	4	AA, B6, NK, UA
15	Houston ¹⁰	MH	723,238	113	3	AA, NK, UA
16	Philadelphia	SH	705,667	104	2	AA, UA
17	Seattle	MH	693,600	123	4	AA, AS, DL, UA
18	Tampa	MH	605,087	49	3	AA, NK, UA
19	San Diego	MH	553,637	70	3	AA, NK, UA
20	Fort Myers	MH	528,371	35	3	AA, NK, UA
21	Charlotte	SH	457,392	103	2	AA, UA
22	Austin	MH	390,905	58	3	AA, F9, UA
23	Detroit	MH	381,140	140	3	AA, DL, UA
24	New Orleans	LH	362,162	42	3	AA, NK, UA
25	Portland, OR	MH	356,255	70	4	AA, AS, NK, UA
26	Salt Lake City	MH	333,601	65	3	AA, DL, UA
27	Raleigh/Durham	SH	309,355	66	2	AA, UA
28	Cleveland	SH	307,454	107	2	AA, UA
29	Pittsburgh	MH	246,417	82	2	AA, UA
30	Nashville	MH	242,088	101	3	AA, UA
31	Kansas City	SH	235,592	83	2	AA, UA
32	Columbus	SH	234,437	101	2	AA, UA
33	Cincinnati	SH	213,824	121	3	AA, DL, UA
34	San Antonio	MH	212,695	44	3	AA, F9, UA
35	St. Louis	SH	212,242	108	2	AA, UA
36	Hartford	SH	201,251	54	2	AA, UA
37	San Juan	LH	199,504	16	3	AA, UA
38	Palm Beach	MH	170,097	7	1	AA
39	Honolulu/Oahu	LH	157,787	7	1	UA
40	Sacramento	MH	145,715	21	2	AA, UA
41	Memphis	SH	139,267	55	2	AA, UA
42	Jacksonville	MH	138,153	35	2	AA, UA
43	Richmond	SH	136,968	61	2	AA, UA
44	Omaha	SH	131,182	75	2	AA, UA
45	Buffalo	LH	120,265	75	2	AA, UA
46	Norfolk	SH	119,412	44	2	AA, UA
47	Charleston	SH	113,318	23	1	UA
48	Myrtle Beach	SH	107,029	9	2	NK, UA
49	Tucson	SH	100,553	21	1	AA
50	Indianapolis	SH	95,862	116	2	AA, UA
Other Markets			4,264,120	3,072		
Total			30,554,048	7,920		

NOTES:

- Short Haul (SH) = 1 to 600 miles; Medium Haul (MH) = 601 to 1,800 miles; Long Haul (LH) = over 1,800 miles
- Passengers travelling in both directions.
- For the week of August 7, 2017, regional affiliates are counted as part of their mainline carrier.
- AA–American; AS–Alaska; B6–JetBlue; DL–Delta; F9–Frontier; NK–Spirit; UA–United; VX–Virgin America
- Includes John F. Kennedy International, Newark Liberty International, and LaGuardia Airports.
- Includes Los Angeles International, John Wayne (Orange County), Ontario International, Bob Hope, and Long Beach Airports.
- Includes San Francisco International, Metropolitan Oakland International, and Norman Y. Mineta San Jose International Airports.
- Includes Washington Dulles International, Ronald Reagan Washington National, and Baltimore/Washington International Thurgood Marshall Airports.
- Includes Dallas Fort Worth International and Dallas Love Field Airports.
- Includes George Bush Intercontinental (Houston) and William P. Hobby (Houston) Airports.

SOURCES: U.S. Department of Transportation, DB1B Survey, June 2018; Innovata, June 2018.

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SOURCE: Diio, LLC, June 2018; Ricondo & Associates, Inc., June 2018.

EXHIBIT 4-9
NONSTOP DOMESTIC MARKETS

CHICAGO O'HARE INTERNATIONAL AIRPORT



SOURCE: Diio, LLC, June 2018; Ricondo & Associates, Inc., June 2018.

EXHIBIT 4-10
NONSTOP INTERNATIONAL MARKETS

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 4-9 HISTORICAL AIRCRAFT OPERATIONS

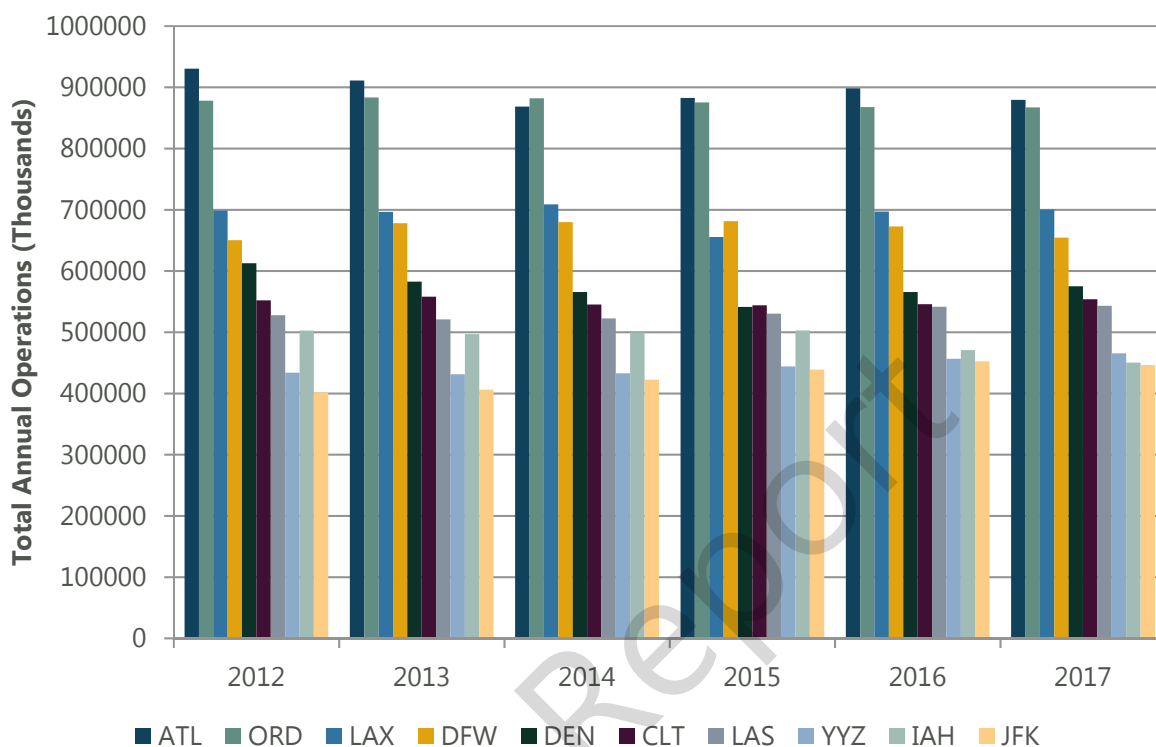
	DOMESTIC			INTERNATIONAL			TOTAL PASSENGER AIRLINES	GENERAL AVIATION ¹	ALL CARGO	TOTAL
	MAJORS/ NATIONALS	REGIONALS/ COMMUTERS	DOMESTIC TOTAL	U.S. FLAG AIRLINES	FOREIGN- FLAG AIRLINES	INTERNATIONAL TOTAL				
2008	366,143	396,848	762,991	45,378	35,833	81,211	844,202	19,802	17,562	881,566
2009	318,513	402,656	721,169	42,074	32,768	74,842	796,011	17,900	13,988	827,899
2010	283,194	488,376	771,570	41,452	30,702	72,154	843,724	21,645	17,248	882,617
2011	279,466	493,249	772,715	41,492	28,212	69,704	842,419	19,230	17,149	878,798
2012	274,841	498,295	773,136	38,560	28,432	66,992	840,128	21,103	16,877	878,108
2013	267,838	504,491	772,329	41,959	29,899	71,858	844,187	22,774	16,326	883,287
2014	267,044	513,552	780,596	32,697	35,863	68,560	849,156	17,344	15,433	881,933
2015	306,670	458,210	764,880	33,873	36,855	70,728	835,608	21,828	17,700	875,136
2016	322,848	430,341	753,189	36,090	39,305	75,395	828,584	21,119	17,932	867,635
2017	330,956	424,008	754,964	42,937	34,537	77,474	832,438	15,528	19,083	867,049
COMPOUND ANNUAL GROWTH RATE										
2008–2017	(1.1%)	(0.7%)	(0.1%)	(0.6%)	(0.4%)	(0.5%)	(0.2%)	(2.7%)	0.9%	(0.2%)

NOTE:

¹ Includes general aviation, helicopter, and other miscellaneous operations.

SOURCE: City of Chicago, Department of Aviation, Management Records, June 2018.

EXHIBIT 4-11 OPERATIONS AT OTHER NORTH AMERICAN AIRPORTS (2012–2017)



SOURCE: Airports Council International–North America, 2016 North American Airport Traffic Report, June 2018.

4.3.3.1 GENERAL AVIATION OPERATIONS

In 2017, general aviation activity at the Airport was relatively low, accounting for approximately 1.8 percent of total operations.

4.3.3.2 ALL-CARGO OPERATIONS

At the Airport, 26 all-cargo operators provide scheduled service. FedEx provides most of the all-cargo activity with approximately 6 daily departures. The second busiest all-cargo operator at the Airport is United Parcel Service (UPS) with approximately 3 daily departures. Approximately 51.7 percent of all-cargo operations in 2017 were international flights. All-cargo operations at the Airport decreased 20.4 percent from 2008 to 2009 due to the global economic recession. High fuel prices and a weak economy led to a further reduction in all-cargo operations from 2008 to 2009. Cargo operations at the Airport increased in 2010 and have remained relatively stable since that time as air cargo demand has recovered more slowly than passenger demand. The CAGR throughout the outlook period was 0.90 percent; all-cargo operations increased 6.4 percent from 2016 to 2017.

4.3.4 LANDED WEIGHT

Table 4-10 presents the shares of landed weight for the passenger airlines and all-cargo operators serving the Airport from 2013 through 2017. Landed weight increased year-over year throughout the outlook period, for a CAGR of 3.8 percent over the 5-year period.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE 4-10 HISTORICAL LANDED WEIGHT BY CARRIER

	CARRIER	2013		2014		2015		2016		2017	
		LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE
1	United ¹	10,960,264	23.4%	11,663,237	24.0%	12,730,525	24.9%	13,964,513	26.6%	14,879,648	27.3%
2	American ²	9,541,537	20.3%	8,073,078	16.6%	9,732,775	19.0%	10,463,577	19.9%	10,757,112	19.7%
3	SkyWest	1,695,000	3.6%	2,227,276	4.6%	2,714,343	5.3%	2,614,489	5.0%	4,189,470	7.7%
4	Envoy	4,001,689	8.5%	3,384,444	7.0%	3,459,174	6.8%	4,125,434	7.9%	3,154,753	5.8%
5	Spirit	968,402	2.1%	1,132,865	2.3%	1,531,291	3.0%	1,528,467	2.9%	1,442,931	2.6%
6	Delta	889,087	1.9%	951,907	2.0%	1,059,371	2.1%	1,029,277	2.0%	1,038,557	1.9%
7	Republic	0	0.0%	1,964,398	4.0%	1,724,985	3.4%	1,013,168	1.9%	967,474	1.8%
8	Express Jet	2,652,899	5.7%	2,365,856	4.9%	2,180,012	4.3%	1,843,901	3.5%	920,714	1.7%
9	FedEx	675,957	1.4%	686,323	1.4%	735,579	1.4%	809,940	1.5%	782,310	1.4%
10	GoJet	975,520	2.1%	886,410	1.8%	991,062	1.9%	851,182	1.6%	627,274	1.2%
11	Frontier	86,845	0.2%	159,000	0.3%	787,639	1.5%	771,097	1.5%	608,929	1.1%
12	Cargolux Airlines	343,218	0.7%	390,218	0.8%	452,864	0.9%	495,088	0.9%	593,129	1.1%
13	Lufthansa German	631,882	1.3%	634,908	1.3%	616,827	1.2%	561,728	1.1%	572,189	1.1%
14	Cathay Pacific	474,272	1.0%	627,346	1.3%	621,978	1.2%	568,612	1.1%	559,510	1.0%
15	Trans States	492,505	1.0%	657,935	1.4%	288,688	0.6%	370,408	0.7%	540,668	1.0%
	Other	12,534,752	26.7%	12,758,389	26.3%	11,513,152	22.5%	11,455,512	21.8%	12,832,040	23.6%
	Airport Total ³	46,923,829	100.0%	48,563,589	100.0%	51,140,266	100.0%	52,466,393	100.0%	54,466,708	100.0%

NOTES: Weight in 1,000-pound units.

1 In October 2010, United and Continental Airlines merged. The FAA granted United a single-operating certificate on November 30, 2011. Data for the two airlines are combined.

2 American and US Airways merged on December 9, 2013. The FAA granted American a single-operating certificate on April 8, 2015. Data for the two airlines are combined.

3 Columns may not add to totals shown because of rounding.

SOURCE: City of Chicago, Department of Aviation, Management Records, June 2018.

CHICAGO O'HARE INTERNATIONAL AIRPORT

4.3.5 AIR CARGO VOLUMES

Table 4-11 presents historical enplaned and deplaned air cargo at the Airport between 2008 and 2017. Similar to the passenger airlines, the air cargo industry has been impacted in recent years by the global economy, foreign currencies, uncertainties in the Middle East, and new security regulations. Between 2008 and 2017, cargo volumes at the Airport increased at a CAGR of 3.8 percent. In 2014 and 2015, international cargo volumes increased by 13.1 percent and 13.6 percent, respectively, as international cargo markets began to recover from the period of reduced demand for air cargo. In 2016 air cargo at the Airport decreased 0.8 percent, while in 2017 it increased 12.8 percent from the prior year. Throughout the outlook period, the CAGR for international cargo was 4.7 percent, while the CAGR for domestic cargo was 1.5 percent.

TABLE 4-11 HISTORICAL ENPLANED AND DEPLANED CARGO WEIGHT

YEAR	DOMESTIC CARGO	ANNUAL GROWTH	INTERNATIONAL CARGO	ANNUAL GROWTH	TOTAL CARGO	ANNUAL GROWTH
2008	443,036	(16.5%)	950,813	(14.1%)	1,393,849	(14.9%)
2009	393,522	(11.2%)	761,843	(19.9%)	1,155,366	(17.1%)
2010	522,042	32.7%	1,055,006	38.5%	1,577,048	36.5%
2011	476,595	(8.7%)	1,028,623	(2.5%)	1,505,218	(4.6%)
2012	431,533	(9.5%)	1,011,749	(1.6%)	1,443,281	(4.1%)
2013	405,754	(6.0%)	1,028,623	1.7%	1,434,377	(0.6%)
2014	415,457	2.4%	1,162,874	13.1%	1,578,331	10.0%
2015	421,992	1.6%	1,320,509	13.6%	1,742,501	10.4%
2016	446,770	5.8%	1,282,486	(2.9%)	1,729,256	(0.8%)
2017	508,378	13.8%	1,441,759	12.4%	1,950,137	12.8%
Compound Annual Growth Rate						
2008–2017	1.5%		4.7%		3.8%	

NOTE: Weight in tons.

SOURCE: City of Chicago, Department of Aviation, Management Records, June 2018.

4.4 IMPORTANCE OF THE AIRPORT TO AIRLINES

4.4.1 HUB AIRLINES

The Airport is a critical component in the route networks of both United and American, not only in the access it provides to the robust Chicago O&D market, but also in its geographic location that supports each airline's presence in surrounding cities and enables connectivity between numerous regions. Questions arise as to the impact of increased Airport costs on service levels operated by the hub airlines, including the likelihood of either airline's termination of its hub operations. This section describes why this is unlikely in either airline's case by exploring:

- The strategic importance of the Airport's hub to the route networks of American and United.
- How a reduction in either airline's presence at the Airport would have a wide-reaching negative impact across that airline's network and not just Chicago.
- How the TAP could enhance American's and United's revenue performance and product offering.
- The profitability the Airport generates relative to other hubs.

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4.4.1.1 THE STRATEGIC IMPORTANCE OF THE ORD HUB TO THE AMERICAN AND UNITED ROUTE NETWORKS

The importance of Chicago can be demonstrated through an analysis of how each airline uses its hubs to transport passengers. **Table 4-12** presents the percentage of United's 2017 enplaned passengers carried from points in the United States to various regions. Domestic enplaned passengers accounted for 89 percent of United's total, and its Chicago hub handled more of these passengers than any of United's other hubs. To international points (excluding Canada), Chicago ranked third, which is respectable considering its northern midcontinental location, as well as the more favorable location of other hubs in accessing these regions. For United, Chicago ranked first in enplaned passengers to Canada and first in United's total system.

TABLE 4-12 UNITED AIRLINES ENPLANED PASSENGERS BY REGION AND HUB INVOLVEMENT

REGION (FROM UNITED STATES)	PORTION OF TOTAL ENPLANED PASSENGERS	CHICAGO HUB RANK (7 TOTAL HUBS)	TOP HUB CITY
Domestic	89%	1	Chicago
Central America/Mexico/Caribbean	4%	3	Houston
Europe/Middle East/Africa	3%	3	New York
Asia	2%	3	San Francisco
South America	1%	3	Houston
Canada	1%	1	Chicago
South Pacific	0%	N/A	Los Angeles
Total	100%	1	Chicago

NOTES: For the 12-month period ending December 2017.

N/A – Not Applicable

SOURCE: U.S. Department of Transportation, T-100, October 2018.

Table 4-13 presents similar information for American's system. As with United, domestic enplaned passengers comprise most activity. Of American's nine hub cities, Chicago ranks third for domestic enplaned passengers and fourth overall, reflecting its important role in American's route network.

TABLE 4-13 AMERICAN AIRLINES ENPLANED PASSENGERS BY REGION AND HUB INVOLVEMENT

REGION (FROM UNITED STATES)	PORTION OF TOTAL ENPLANED PASSENGERS	CHICAGO HUB RANK (9 TOTAL HUBS)	TOP HUB CITY
Domestic	91%	3	Dallas
Central America/Mexico/Caribbean	4%	8	Miami
Europe/Middle East/Africa	2%	5	Philadelphia
South America	1%	N/A	Miami
Asia	1%	3	Dallas
Canada	1%	4	Dallas
South Pacific	0%	N/A	Los Angeles
Total	100%	4	Dallas

NOTES: For the 12-month period ending December 2017.

N/A – Not Applicable

SOURCE: U.S. Department of Transportation, T-100, October 2018.

4.4.1.2 NETWORK DYNAMICS AND THE VALUE OF MARKET PRESENCE

U.S. network (hub-and-spoke) airlines can provide nonstop flights to a wide range of destinations due to the network dynamics that help fill those flights with a combination of O&D and connecting passengers. These passengers contribute revenue that helps offset the cost of service, preferably with a surplus (or profit), which in turn supports additional nonstop flying.

An airline's increased utility enables it to capture a greater share of passenger demand. As an airline operating in a city increases its share of service, it can gain a disproportionately higher share of passenger demand. The opposite is also true, and an airline can lose passengers in a city as its utility wanes. Because Chicago is a three-airline hub city (including Southwest Airlines at Chicago Midway International Airport), it is difficult for either American or United to maintain a much larger share at the Airport than they already do. Hub airlines in a single-airline hub city, such as Delta in Atlanta or American in Charlotte, operate in a less competitive environment, which enables them to generate revenue share premium over their fair share that exceeds that of the hub airlines in Chicago. However, American and United derive efficiencies at their O'Hare hubs nevertheless. Due to the scope of their networks and their significant presence in a large and strategic market, they can generate a revenue premium and positive operating profit margins. And in the event of a service reduction, the reducing airline would not only lose its fair share of revenue but also lose the additional efficiency of tracking along the actual share curve. In addition, because Chicago is a strategic hub for multiple airlines, a hub reduction by one airline would provide the remaining hub airlines the opportunity to further strengthen their shares, thus accelerating the decline of the reducing airline's market share across its broader network. To any of the hub airlines, this loss would be significant.

4.4.1.3 INCREMENTAL REVENUE AND COST CONSIDERATIONS OF THE TAP FOR HUB AIRLINES

The TAP is expected to result in terminal facility improvements that will enable American and United to increase operations and grow their hubs. Evolving industry economic conditions limit the ability to accurately estimate the specific impact to unit revenues and expenses. However, the terminal upgrades will enable conditions, the nature of which are described below, to generate incremental revenues and increase profitability:

- **Grow Network Size and Scope:** An expanded terminal facility would enable both hub airlines to grow the size and scope of their hub operations through an increase in the overall number of gates and gates that can accommodate larger aircraft. Service to new destinations and increased capacity to existing destinations would create more connecting opportunities, which would generate incremental revenue because of both an increase in departing seats and higher load factors.
- **Improve Connectivity:** The consolidation of gates into a single facility would expedite connections and permit airlines to shorten minimum connect times, resulting in more efficient connections and shorter overall journey times. The shorter journey times would enhance the attractiveness of the Airport compared to other connecting hubs.
- **Enhance Passenger Experience:** The expanded facilities would support an improved passenger experience and would enhance the airlines' comprehensive product offering, driving incremental revenue through increased volume of passengers and higher yields.

Airlines would incur incremental costs associated with the terminal modernization through increases in rates and charges. However, the facility improvements will enable efficiencies that offset these incremental costs:

- **Reduce Baggage Handling Expenses:** Baggage handling system improvements would reduce baggage handling labor costs, as well as the volume of mishandled bags and the associated costs of recovery or replacement. Early bag storage would allow airlines to more efficiently store and process bags, reducing real estate and baggage handling equipment expenses.
- **Reduce Taxi Times:** A more efficient gate layout would shorten taxi times, reducing fuel and labor expenses associated with aircraft taxiing around the Airport and waiting for available gates.
- **Reduce Towing:** Consolidation of facilities would decrease the towing of aircraft between terminals, enabling faster turn times and increasing aircraft utilization. Reduced towing would decrease the use of ground service equipment and associated labor, maintenance, and depreciation expenses.
- **Increase Staffing Efficiency:** Consolidation of facilities would enable airlines to staff gates and ticket counters more efficiently, in addition to efficiencies driven by an increased volume of operations.

4.4.1.4 PROFITABILITY OF THE AMERICAN AND UNITED HUBS AT O'HARE

Ricondo analyzed publicly available sources of financial and operational data and applied commonly used allocation methodologies in the airline industry to derive estimates of the operating profits of each of United's and American's hubs. Ticket revenue was identified through U.S. DOT O&D data accessed at the individual itinerary level and prorated to flight segments using a distance-based proration methodology. Non-ticket revenue was allocated using drivers that include revenue passenger miles and cargo volumes. Cost allocation drivers included block hours, departures, revenue passenger miles, available seat mile, and ticket revenue. To represent the economic impact of the mix of fleet types operating across the hubs, aircraft-type allocation rates were used where reporting is available at that level of detail. While Ricondo has applied commonly used approaches to the alignment of costs and revenues with activity-based allocation drivers, the estimates of hub profitability may differ from those of airlines that employ many different methodologies using detailed internal data sources.

Exhibits 4-12 and 4-13 present the estimated operating revenue and expense, as well as the percentage of total system operating profit, of each of American's and United's hubs in 2017. The Airport was American's fourth largest hub in terms of operating revenue, representing 13.0 percent of the system operating profit. The Airport was United's second largest hub in terms of operating revenue and represented 17.0 percent of the system operating profit.

4.4.2 GATE ALLOCATION PROTOCOL

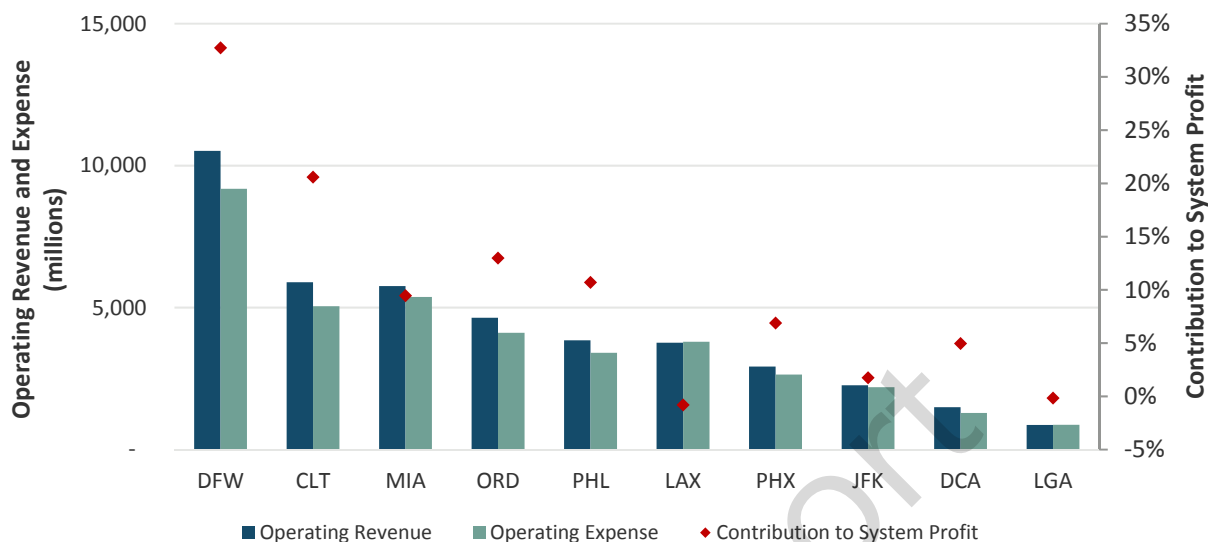
The City is developing Terminal Space Use Protocols which are anticipated to govern priorities, procedures and requirements for the assignment and use various terminal and apron space. The protocols, which were authorized in the AULA, are anticipated to provide guidelines for assignment, scheduling and accommodation of activity and use of space.

4.5 FACTORS AFFECTING AVIATION DEMAND AT THE AIRPORT

This section discusses qualitative factors that could influence future aviation activity at the Airport. Data and information related to these factors have been either directly or indirectly incorporated into the development of the activity forecasts for the Airport.

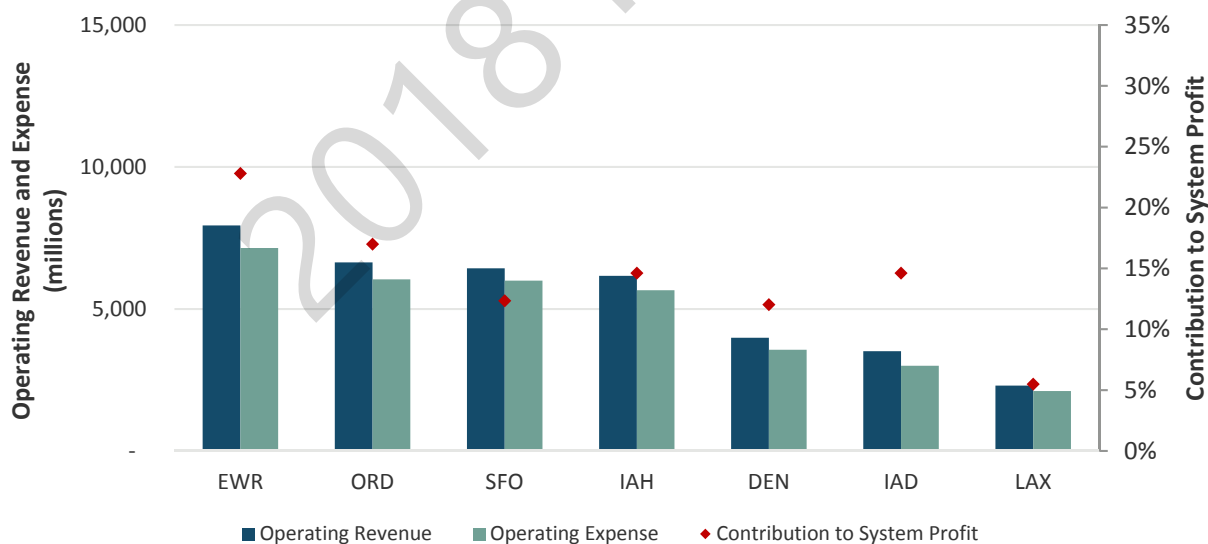
CHICAGO O'HARE INTERNATIONAL AIRPORT

EXHIBIT 4-12 ESTIMATE OF AMERICAN AIRLINES PROFITABILITY BY HUB (FULL YEAR 2017)



SOURCES: U.S. Department of Transportation, O&D Survey, June 2018; U.S. Department of Transportation, T-100, June 2018; U.S. Department of Transportation, Form 41, June 2018; Ricondo & Associates, Inc., July 2018 (based on the analysis and assumptions described in the Report).

EXHIBIT 4-13 ESTIMATE OF UNITED AIRLINES PROFITABILITY BY HUB (FULL YEAR 2017)



SOURCES: U.S. Department of Transportation, O&D Survey, June 2018; U.S. Department of Transportation, T-100, June 2018; U.S. Department of Transportation, Form 41, June 2018; Ricondo & Associates, Inc., July 2018 (based on the analysis and assumptions described in the Report).

4.5.1 NATIONAL ECONOMY

Historically, trends in airline travel demand, measured by either passenger volumes or passenger revenue, have been closely correlated with national economic trends, most notably changes in GDP. Chapter 3 presents an analysis of general economic trends, both national and local, that may influence demand for air service over time. As noted in Chapter 3, national GDP is expected to increase at a 2.2 percent annual rate through the Projection Period, which should support increasing demand for air service. Actual economic activity is likely to differ from this projection, especially on a year-to-year basis, with demand for air service likely reacting in kind.

4.5.2 STATE OF THE AIRLINE INDUSTRY

In the aftermath of the terrorist attacks on September 11, 2001, the U.S. airline industry experienced a material adverse shift in the demand for airline travel, which exacerbated problems for a U.S. airline industry already weakened by a slowing economy and rising labor and fuel costs. The result was 4 years of reported industry operating losses in 2001 through 2004, totaling more than \$22 billion (excluding extraordinary charges and gains). Following these years, the airline industry recovered through 2007, with U.S. airlines posting combined operating profits in all 3 years.⁹ In 2008 and through the first half of 2009, the combination of record-high fuel prices, weakening economic conditions, and a weak dollar resulted in the worst financial environment for U.S. airlines since the September 11 terrorist attacks.

In 2008, many domestic network airlines announced significant capacity reductions; increases in fuel surcharges, airfares, and fees; and other measures to address the challenges. Capacity cuts improved conditions for the airlines, even if the recovery was uneven across different regions. After a \$4.6 billion loss in 2009, the global airline industry recovered and remained profitable with annual net profits ranging from \$6.1 billion (2012) to \$17.3 billion (2010). Globally, passenger traffic increased 5.5 percent from 2013 to 2014. After a nearly \$19.9 billion net profit for the global airline industry in 2014, the industry recorded \$35.3 billion in profits in 2015. North American airline net profits reached \$13.2 billion in 2015, compared with \$11.9 billion in 2014. Declining fuel prices since 2015 have enabled greater capacity growth and sustained profitability. North American airlines grew capacity 4.6 percent in 2016, and a further 3.9 percent in 2017. In 2017, North American airline net profit reached \$15.6 billion, and the International Air Transport Association projects it will grow to \$16.4 billion in 2018.

4.5.3 MERGERS AND ACQUISITIONS

U.S. airlines have merged or acquired competitors to achieve operational and commercial synergies and to improve their financial performance. A wave of consolidation began in 2005 when America West Airlines merged with US Airways, retaining the US Airways brand for the consolidated airline. In 2009, Delta acquired Northwest Airlines. In 2010, United acquired Continental Airlines. In 2011, Southwest acquired AirTran Airways. In 2013, US Airways and American merged, with the consolidated airline retaining the American Airlines brand. The most recent consolidation occurred in 2016 when Alaska Airlines acquired Virgin America. The two airlines completed their operational integration in 2018. This consolidation across the industry has resulted in the realignment of some capacity as airlines integrate their networks and rationalize their deployment of aircraft and departing seats. Further consolidation of the U.S. airline industry could affect the amount of capacity offered and could alter the competitive landscape.

4.5.4 COST OF AVIATION FUEL

The price of fuel is one of the most significant and volatile expenses for airlines. Historically, fuel has been the first or second largest operating expense for the airline industry, shifting with labor as the cost of fuel fluctuated.

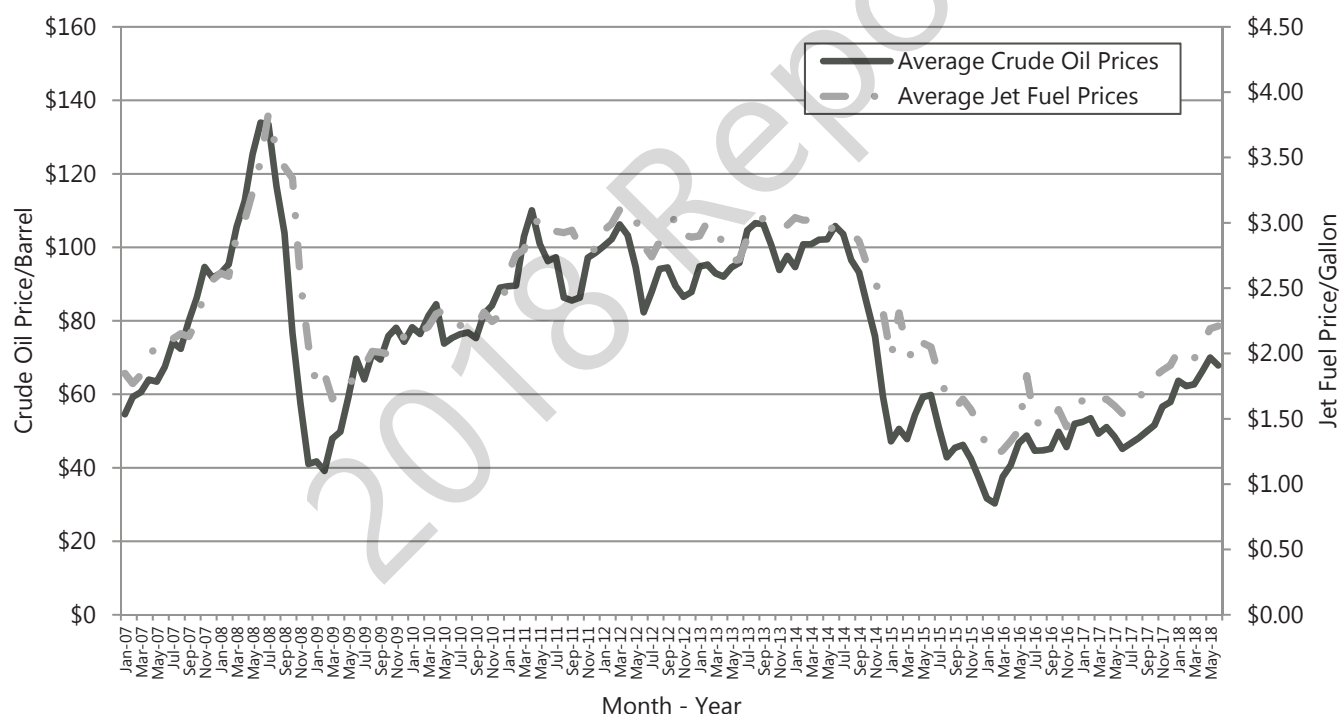
⁹ Airlines for America, *2009 Economic Report*, July 2009.

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According to the International Air Transport Association, fuel represented 21 percent of operating costs for airlines in 2017, and it is projected to be 24 percent of operating costs for 2018.

Exhibit 4-14 shows the monthly average prices of jet fuel and crude oil from January 2007 through June 2018. Since 2007, the average monthly price of jet fuel fluctuated between a high of \$3.84 per gallon in July 2008 to a low of \$1.21 per gallon in February 2016. While the price of jet fuel has increased over the past two years, the average price in June 2018 was 27.3 percent lower than it was in January 2014. The decreasing price of oil has provided airlines with more flexibility in terms of pricing and allocation of capacity, while they maintain a disciplined approach to achieving their return on invested capital and profitability goals. Between 2010 and 2014, airlines managed seat capacity growth at or below U.S. GDP growth. Between 2015 and 2018, scheduled departing seats increased 7.9 percent, exceeding the increase of 4.6 percent for the U.S. GDP. In 2018 scheduled departing seats increased 4.4 percent compared to 2017, while U.S. GDP is projected to increase 2.3 percent. Prolonged low fuel prices have enabled this higher-than-expected seat capacity growth in a way that may not continue should fuel prices rise.

EXHIBIT 4-14 HISTORICAL MONTHLY AVERAGES OF JET FUEL AND CRUDE OIL PRICES



SOURCES: U.S. Bureau of Transportation Statistics, October 2018 (average jet fuel prices); U.S. Energy Information Administration, October 2018 (average crude oil prices).

Fluctuating fuel costs will continue to affect airline profitability, and this could lead to changes in air service as airlines restructure air service to address increases or decreases in the cost of fuel.

4.5.5 THREAT OF TERRORISM AND GEOPOLITICAL ISSUES

Since the terrorist attacks of September 11, 2001, the recurrence of terrorism incidents against either domestic or world aviation during the Projection Period remains a risk to achieving the activity forecasts contained herein.

Tighter security measures have restored the public's confidence in the integrity of U.S. and world aviation security systems. Any terrorist incident aimed at aviation could have an immediate and significant impact on the demand for aviation services.

Additionally, geopolitical issues may affect aviation activity during the Projection Period. Potential governmental or regional instability in certain countries or locations may affect access to, or demand for, aviation service in these places. As an international gateway, the Airport provides service to nearly all major regions of the world. Future governmental or regional instability may have an impact on international aviation service demand at the Airport.

4.5.6 OPERATIONAL CAPACITY OF THE NATIONAL AIRSPACE SYSTEM

One of the FAA's concerns is how increased delays at busy airports impact the efficiency of the National Airspace System. In its report *Airport Capacity Needs in the National Airspace System* (January 2015), the FAA stated the need to address delays that remain at key airports since its 2007 assessment, as well as to implement NextGen airspace system improvements. The report emphasized the need to continue to invest in system improvements with airfield enhancements and NextGen capabilities.

4.5.7 OTHER AIRPORTS IN THE REGION

There are two other commercial service airports in the area: Chicago Midway International Airport and General Mitchell International Airport. In addition, Gary/Chicago International Airport and the proposed South Suburban Airport are focused on future air service development. These regional airports and their relationship to the Airport are described in this section.

Chicago Midway International Airport (Midway), classified as a large-hub commercial service airport, is located 15 miles south of the Airport. The City owns both the Airport and Midway, and the CDA operates both airports. Midway is a hub for Southwest and serves as the largest airport in its system, when measured by both enplaned passengers and operations. In the 12 months ending June 2018, 43 of Midway's top 50 domestic O&D markets were included in O'Hare's top 50 domestic O&D markets. International service from Midway includes flights to Canada, Mexico, and the Caribbean. Long-haul international markets cannot be served from Midway due to constrained runway lengths.

Table 4-14 presents enplaned passengers for the Airport and Midway between 2008 and 2017. The Airport maintained nearly 79 percent share of total enplaned passengers between 2008 and 2017, despite Southwest's expansion of service at Midway after the bankruptcy of ATA Airlines. Between 2010 and 2013, as Southwest grew at Midway, enplaned passengers at the Airport remained relatively stable. As a result, Midway achieved an enplaned passenger share of greater than 23 percent by 2013. However, as the Airport outpaced Midway in enplaned passenger growth in three of the past four years, the Airport's share of total enplaned passengers increased from the low experienced in 2013.

Table 4-15 compares the average fares for the Airport and Midway from 2008 through 2017. In 2008 fares grew at a faster rate at Midway because of the bankruptcy of ATA Airlines. After decreasing in 2009 because of the economic recession, fares began to recover at both airports in 2010. Fares grew at Midway in 2011 as Southwest added additional service on longer-range routes from Midway. Domestic fares increased at both airports from 2012 to 2014. Since 2015, the Airport and Midway have experienced a decrease in average domestic fares, as a low-fuel-cost environment led airlines to expand domestic capacity, maximizing profitability by carrying additional, lower-fare-paying passengers.

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TABLE 4-14 HISTORICAL ENPLANED PASSENGERS AT CHICAGO O'HARE AND CHICAGO MIDWAY INTERNATIONAL AIRPORTS

YEAR	O'HARE			MIDWAY			TOTAL	
	ENPLANED PASSENGERS ^{1/}	ANNUAL GROWTH	SHARE	ENPLANED PASSENGERS ¹	ANNUAL GROWTH	SHARE	ENPLANED PASSENGERS	ANNUAL GROWTH
2008	34,011,186	(9.9%)	80.5%	8,229,304	(11.4%)	19.5%	42,240,490	(10.2%)
2009	32,035,155	(5.8%)	79.1%	8,468,470	2.9%	20.9%	40,503,625	(4.1%)
2010	33,219,772	3.7%	79.2%	8,734,214	3.1%	20.8%	41,953,986	3.6%
2011	33,194,708	(0.1%)	78.0%	9,352,766	7.1%	22.0%	42,547,474	1.4%
2012	33,231,201	0.1%	77.5%	9,671,619	3.4%	22.5%	42,902,820	0.8%
2013	33,284,788	0.2%	76.6%	10,155,389	5.0%	23.4%	43,440,177	1.3%
2014	34,939,694	5.0%	76.9%	10,497,727	3.4%	23.1%	45,437,421	4.6%
2015	38,381,489	9.9%	77.7%	11,003,697	4.8%	22.3%	49,385,186	8.7%
2016	38,858,080	1.2%	77.6%	11,232,443	2.1%	22.4%	50,090,523	1.4%
2017	39,802,688	2.4%	78.2%	11,117,333	(1.0%)	21.8%	50,920,021	1.7%
Weighted Average								
2008–2017			78.1%			21.9%		
Compound Annual Growth Rate								
2008–2010	(1.2%)			3.0%			(0.3%)	
2010–2017	2.6%			3.5%			2.8%	
2008–2017	1.8%			3.4%			2.1%	

NOTE:

¹ Excludes general aviation, helicopter, and miscellaneous passengers included in the City's Airport Activity Statistics.

SOURCE: City of Chicago, Department of Aviation, Management Records, June 2018.

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TABLE 4-15 COMPARISON OF DOMESTIC FARES FOR CHICAGO O'HARE AND CHICAGO MIDWAY INTERNATIONAL AIRPORTS

CALENDAR YEAR	AVERAGE O&D FARE ¹			
	CHICAGO O'HARE	O'HARE CHANGE	CHICAGO MIDWAY	MIDWAY CHANGE
2008	\$158	6.7%	\$123	19.0%
2009	\$143	-9.5%	\$113	-8.1%
2010	\$160	11.9%	\$128	13.3%
2011	\$172	7.5%	\$140	9.4%
2012	\$187	8.7%	\$145	3.6%
2013	\$194	3.7%	\$150	3.4%
2014	\$201	3.6%	\$154	2.7%
2015	\$176	-12.4%	\$140	-9.1%
2016	\$161	-8.5%	\$127	-9.3%
2017	\$161	0.0%	\$126	-0.8%

NOTES: O&D – Origin and Destination

¹ Calculation includes frequent-flyer passengers.

SOURCE: U.S. Department of Transportation, DB1B Survey, June 2018.

General Mitchell International Airport (General Mitchell) is the nearest medium- or large-hub commercial service airport outside of Chicago. This medium-hub airport¹⁰ is located approximately 70 miles north of the Airport near Milwaukee, Wisconsin. This airport serves the commercial air service needs of Milwaukee, southeast Wisconsin, and portions of northern Illinois. Although General Mitchell is near the Airport (overlapping catchment areas include three counties in the northern Chicago region, which represent approximately 12 percent of the population in the region), the higher frequency of nonstop service to key markets from the Airport diverts a portion of potential traffic from the General Mitchell catchment area to the Airport.

Gary/Chicago International Airport (Gary/Chicago), which is owned by the City of Gary, Indiana, and operated by the Gary/Chicago International Airport Authority, is also located in the ATA (see Exhibit 3-1 in Chapter 3). Currently, no scheduled passenger airline service is offered at this airport. In January 2014, Gary/Chicago entered into a Public Private Partnership with AFCO/AvPorts to further develop airport property and to increase the economic impact of the airport.

4.5.8 LOW-COST CARRIERS

The Airport is an increasingly important airport within the route networks of several U.S. LCCs. The low-cost structure of these airlines has enabled their growth at the Airport, as they have taken advantage of an increasingly valuable passenger base. In 2011, the City purchased the Concourse L leasehold from Delta. By purchasing the leasehold, the City could convert five gates on Concourse L from exclusive-use to common-use. In 2014, the City acquired an additional two gates on Concourse L as a result of the merger between US Airways and American; these gates were also converted to common-use. While other gates at the Airport were preferential-use or exclusive-use (meaning an airline has priority or the exclusive use of a gate), the seven common-use gates on Concourse L, and the one common-use gate in Terminal 2, can be allocated at the Airport's discretion. Access to these gates has allowed Frontier, JetBlue, Spirit, and Virgin America to either begin or grow service at the Airport. Since 2009, the Airport's rank, as measured by total system-wide departures among these airlines, jumped to 9th from the 25th busiest.

¹⁰ Medium hub airport enplane at least 0.25 percent but less than 1.00 percent of total nationwide enplaned passengers.

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Under the AULA, Alaska Airlines (which consolidated its operations with merger-partner Virgin America at the Airport in June 2018), JetBlue, and Spirit all received preferential use gates with similar rights and privileges as the gates used by the hub airlines, which are also all preferential use gates. Frontier relocated in May 2018 to the City's common use gates in Terminal 5, which are capable of accommodating both domestic and international flights. Additional common use gates are expected to be created at Terminal 2 when the Terminal 5 gate expansion is completed and Delta relocates to Terminal 5.

As shown in **Table 4-16**, between 2011 and 2017, annual LCC enplaned passengers grew by approximately 200 percent, from approximately 791,000 to over 2.4 million. The greatest year-over-year growth occurred in 2015, when total LCC enplaned passengers grew 59.5 percent.

TABLE 4-16 LOW-COST CARRIER ENPLANED PASSENGERS AT CHICAGO O'HARE INTERNATIONAL AIRPORT (2011–2017)

	2011	2012	2013	2014	2015	2016	2017	2011–2017 CHANGE	2016–2017 CHANGE
Spirit	565,117	875,403	956,297	1,151,516	1,505,460	1,542,101	1,463,450	159.0%	-5.1%
Frontier ¹	612	86,198	87,941	153,838	809,191	816,554	692,996	704.0%	-15.1%
JetBlue	225,175	205,707	185,653	241,582	263,947	259,176	254,715	13.1%	-1.7%
Total	790,904	1,167,308	1,229,891	1,546,936	2,578,598	2,617,831	2,411,161	204.9%	-7.9%

NOTE:

1 Percent change for Frontier is between the first full year of service (2012) and 2017.

SOURCE: Chicago Department of Aviation, June 2018.

As shown in **Table 4-17**, since 2009, departures operated collectively by Frontier, JetBlue, and Spirit have increased at the Airport by nearly five-fold (from approximately 10 daily departures in 2009 to approximately 44 daily departures for the 12-month schedule period ending June 2018). This LCC growth at the Airport has occurred at the same time as record growth by Southwest at Midway, indicating growing demand for LCC service at the Airport concurrent with growth at Midway.

Exhibit 4-15 presents a comparison of the average daily scheduled seat capacity of LCCs at the Airport from 2014 through 2018.

4.6 FORECASTS OF AVIATION DEMAND

Forecasts of aviation demand (i.e., enplaned passengers, aircraft operations, and landed weight) were developed considering historical activity, including passenger volume and revenue trends at the Airport and across the industry, historical trends and projections of local and national socioeconomic factors, and anticipated trends in use of the Airport by American, United, and other airlines. This section describes the methodologies used in forecasting activity at the Airport, and it presents the results of those forecasts through 2029.

4.6.1 ASSUMPTIONS UNDERLYING THE FORECASTS

Forecasts of enplaned passengers, aircraft operations, and landed weight were based on several underlying assumptions:

- The Airport will continue its role serving O&D passengers and serving as a major connecting hub for United and American. The Airport will continue to serve as a connecting hub within the U.S. domestic route network, and it will continue to be an important international gateway for European, Asian, and Canadian passenger traffic.

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- No terrorist incidents will occur during the Projection Period that would have significant, negative, and prolonged effects on aviation demand at the Airport or nationwide.

TABLE 4-17 2009 VERSUS 2018 LOW-COST CARRIER ACTIVITY

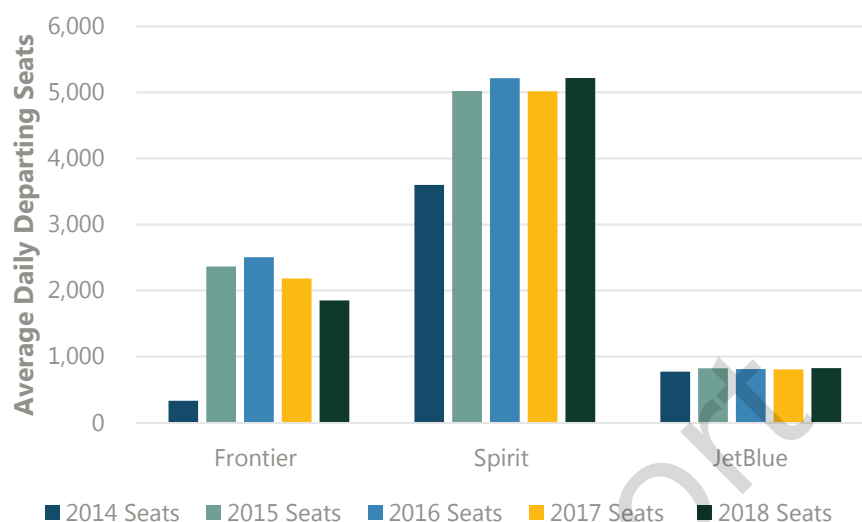
RANK	2009		2018 ¹	
	MARKET	AVERAGE DAILY DEPARTURES	MARKET	AVERAGE DAILY DEPARTURES
1	Denver	163	Boston	159
2	New York Kennedy	153	Fort Lauderdale	157
3	Fort Lauderdale	88	New York-Kennedy	153
4	Boston	59	Orlando	127
5	Orlando	56	Denver	73
6	Long Beach	28	Las Vegas	70
7	San Juan	22	Los Angeles	45
8	New York-LaGuardia	21	Chicago-O'Hare	44
9	Las Vegas	17	Atlanta	37
10	Washington-Dulles	17	Newark	36
11	Detroit	16	Tampa	35
12	Fort Myers	16	Detroit	35
13	Tampa	16	Long Beach	35
14	West Palm Beach	15	San Juan	34
15	Buffalo	13	Washington Reagan	32
16	Newark	12	New York-LaGuardia	31
17	White Plains	11	Baltimore	30
18	Austin	10	Fort Myers	28
19	Atlantic City	10	Dallas Fort Worth	28
20	Salt Lake City	10	Philadelphia	27
21	San Francisco	10	West Palm Beach	24
22	Chicago-O'Hare	10	New Orleans	22
23	Santo Domingo	10	Houston	22
24	San Diego	10	San Francisco	21
25	Los Angeles	9	Cleveland	20

NOTES: Low-cost carriers include Frontier, JetBlue, and Spirit.

1 2018 data represent the 12-month period ending June 2018.

SOURCE: Innovata, June 2018.

EXHIBIT 4-15 LOW-COST CARRIER SEAT CAPACITY GROWTH (2014–2018)



SOURCE: Innovata, June 2018.

- No cyber-attacks or breaches of information technology systems will occur that would result in a prolonged disruption in the efficient operation of the Airport and/or the airlines serving the Airport.
- Economic disturbances will occur during the Projection Period, causing year-to-year variations in airline traffic; however, long-term economic growth is assumed.
- No major “acts of God” that may disrupt the national or global airspace system will occur during the Projection Period that would negatively affect aviation demand.
- Major health issues, such as H1N1, SARS, or Zika, are not expected to have a prolonged impact on demand during the Projection Period.

Many of the factors influencing aviation demand cannot be quantified, and any forecast is subject to uncertainties. As a result, the forecast should not be viewed as precise. Actual airline traffic at the Airport may differ from the forecasts presented herein, because events and circumstances do not occur as expected, and these differences may be material.

4.6.2 NEAR-TERM (2018 AND 2019) ENPLANED PASSENGERS AND OPERATIONS FORECAST METHODOLOGY AND RESULTS

Published airline schedules for 2018 and 2019 were analyzed, and flight segment-level estimates of performance were developed based on trends of load factors and completion rates identified through analysis of actual performance data furnished by the CDA through April 2018, as well as through analysis of U.S. DOT enplaned passenger and O&D data available through December 2017. Estimates of load factors and completion rates were applied to scheduled capacity to derive enplaned passenger and operation forecasts for the balance of 2018. For 2019, air service profiles were estimated using a partial year of published airline schedules for the Airport (number of operations, fleet, and seat capacity). Also, 2017 and estimated 2018 load factor trends and completion rates were used as a reference for the development of 2019 passenger activity.

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Table 4-18 presents historical and forecast enplaned passengers at the Airport. The total number of enplaned passengers is forecast to increase 3.2 percent between 2017 and 2018, from approximately 39.8 million to approximately 41.1 million. The number of domestic enplaned passengers is forecast to increase 2.8 percent in 2018, from approximately 33.6 million to approximately 34.5 million, while the number of international enplaned passengers is forecast to increase 5.4 percent in 2018, from approximately 6.2 million to approximately 6.6 million. Growth in domestic enplaned passengers will be supported by United, with scheduled departing seats increasing 5.1 percent in 2018 on service to 8 new destinations and increased capacity to key existing destinations. American's scheduled domestic departing seats increase 3.5 percent in 2018 on service to 11 new destinations. Growth in international enplaned passengers will be supported in part by new service by Norwegian to London Gatwick International Airport (LGW), England, Ethiopian Airlines to Addis Ababa Bole International Airport (ADD), Ethiopia, Viva Aerobus service to Cancun International Airport (CUN), Mexico, and Air New Zealand service to Auckland Airport (AKL), New Zealand. American's scheduled international departing seat capacity increases 4.1 percent in 2018 on new service to Venice Marco Polo Airport (VCE), Italy, Vancouver International Airport (YVR), Canada, and Calgary International Airport (YYC), Canada.

TABLE 4-18 HISTORICAL AND FORECAST DOMESTIC AND INTERNATIONAL ENPLANED PASSENGERS

YEAR	DOMESTIC		INTERNATIONAL		TOTAL	
	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH	ENPLANED PASSENGERS	ANNUAL GROWTH
Historical						
2008	28,378,531	-11.6%	5,632,655	-0.4%	34,011,186	-0.4%
2009	26,851,150	-5.4%	5,184,005	-8.0%	32,035,155	-5.8%
2010	28,087,634	4.6%	5,131,768	-1.0%	33,219,402	3.7%
2011	28,293,579	0.7%	4,901,129	-4.5%	33,194,708	-0.1%
2012	28,275,113	-0.1%	4,956,088	1.1%	33,231,201	0.1%
2013	28,182,287	-0.3%	5,102,501	3.0%	33,284,788	0.2%
2014	29,546,907	4.8%	5,392,787	5.7%	34,939,694	5.0%
2015	32,863,551	11.2%	5,517,938	2.3%	38,381,489	9.9%
2016	33,001,262	0.4%	5,856,818	6.1%	38,858,080	1.2%
2017	33,574,645	1.7%	6,228,043	6.3%	39,802,688	2.4%
Forecast						
2018	34,499,133	2.8%	6,562,651	5.4%	41,061,784	3.2%
2019	35,903,424	4.1%	6,705,521	2.2%	42,608,945	3.8%
2020	36,078,861	0.5%	6,801,895	1.4%	42,880,756	0.6%
2021	36,291,750	0.6%	6,866,341	0.9%	43,158,090	0.6%
2022	36,553,824	0.7%	6,947,503	1.2%	43,501,327	0.8%
2023	36,757,154	0.6%	6,975,791	0.4%	43,732,945	0.5%
2024	37,028,327	0.7%	7,024,155	0.7%	44,052,482	0.7%
2025	37,332,320	0.8%	7,097,541	1.0%	44,429,862	0.9%
2026	37,594,056	0.7%	7,173,977	1.1%	44,768,033	0.8%
2027	37,802,710	0.6%	7,237,476	0.9%	45,040,185	0.6%
2028	38,084,146	0.7%	7,323,140	1.2%	45,407,285	0.8%
2029	38,372,876	0.8%	7,407,336	1.1%	45,780,212	0.8%
Compound Annual Growth Rate						
2008–2017	1.9%		1.1%		1.8%	
2017–2029	1.1%		1.5%		1.2%	

NOTE: Excludes general aviation, helicopter, and miscellaneous passengers included in the City's Airport Activity Statistics.

SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018 (historical); Ricondo & Associates, Inc., July 2018 (forecast).

Between 2018 and 2019 the total number of enplaned passengers is forecast to increase 3.8 percent from approximately 41.1 million to approximately 42.6 million. The number of domestic enplaned passengers is forecast to increase 4.1 percent in 2019 from approximately 34.5 million to approximately 35.9 million, while the number of international enplaned passengers is forecast to increase 2.2 percent in 2019, from approximately 6.6 million to approximately 6.7 million. The 2019 growth forecasts are supported by an analysis of published schedule data through May 2019, the latest period for which complete schedule data are available. Domestic scheduled departing seats increase 8.2 percent in the first five months of 2019 compared to the first five months of 2018, which is driven by a 9.1 percent increase in United's departing seats and a 7.8 percent increase in American's departing seats. For both airlines, the growth is due primarily to an increase in capacity to existing key destinations rather than service to new destinations. Domestic capacity growth is forecast to slow in the second half of 2019, with full-year domestic departing seats forecast to increase 5.2 percent compared to 2018. Forecast load factors decrease slightly on the sharp increase in capacity, resulting in the 4.1 percent increase in enplaned passengers compared to the 5.2 percent increase in departing seats. International scheduled departing seats increase 4.1 percent in the first five months of 2019 compared to the first five months of 2018, which is driven in large part by a 6.1 percent increase in United's departing seats on increased capacity to Calgary International Airport (YYC), Canada, Guanajuato International Airport (BJX), Mexico, and Heathrow Airport (LHR), England. International capacity growth is forecast to slow in the second half of 2019, with full-year domestic departing seats forecast to increase 3.3 percent compared to 2018.

Table 4-19 presents historical and forecast aircraft operations at the Airport. Total passenger airline aircraft operations are forecast to increase 4.9 percent from 2017 to 2018 due in large part to increased service to domestic destinations and a small decrease in the average seats per departure. Passenger operations are forecast to increase 5.4 percent in 2019 with average seats per departure that remain largely unchanged compared to the previous year. Other factors and methodologies regarding forecast enplaned passengers and operations in the longer term (2020 through 2029) are discussed in the following subsection.

4.6.3 LONGER-TERM (2020 THROUGH 2029) ENPLANED PASSENGERS FORECAST METHODOLOGY

To understand the long-term growth potential of enplaned passengers at the Airport, projections of nationwide and local economic activity were examined, as discussed in Chapter 3. It was concluded that the economic bases of the ATA and the nation are diversified, stable, and capable of generating longer-term increases in demand for air transportation at the Airport during the Projection Period.

Longer-term passenger demand growth rates at the Airport were derived using socioeconomic regression analysis. Socioeconomic regression analysis is used to identify predictive relationships between a dependent variable (e.g., passenger volume, passenger revenue, or other metric representing passenger demand) and one or more independent variables (e.g., socioeconomic factors, such as population, employment, per capita personal income). These relationships, or regression models, can be employed to forecast future growth in aviation activity using projections of independent variables. A standard measure of how well each socioeconomic variable explains passenger demand is the regression model's coefficient of determination, or R-squared. A result of 100 percent is the maximum value possible for a coefficient of determination; it represents a perfect fit between the variables analyzed. For purposes of this analysis, an R-squared value of 70 percent or better was considered adequate.

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TABLE 4-19 HISTORICAL AND FORECAST AIRCRAFT OPERATIONS

YEAR	TOTAL PASSENGER AIRLINES	AVERAGE SEATS PER DEPARTURE	AVERAGE LOAD FACTOR	GENERAL AVIATION ¹	ALL-CARGO OPERATORS	AIRPORT TOTAL
Historical						
2008	844,202	105	77.3%	19,802	17,562	881,566
2009	796,011	103	78.6%	17,900	13,988	827,899
2010	843,724	98	81.6%	21,645	17,248	882,617
2011	842,419	97	82.8%	19,230	17,149	878,798
2012	840,128	95	84.0%	21,103	16,877	878,108
2013	844,187	95	84.0%	22,774	16,326	883,287
2014	849,156	98	85.7%	17,344	15,433	881,933
2015	835,608	105	88.8%	21,828	17,700	875,136
2016	828,584	110	86.8%	21,119	17,932	867,635
2017	832,438	114	85.8%	15,528	19,083	867,049
Forecast						
2018	873,303	112	85.2%	15,672	19,150	908,125
2019	920,817	112	84.3%	15,716	19,016	955,549
2020	936,675	110	84.6%	15,761	19,150	971,585
2021	936,855	111	84.8%	15,806	19,239	971,900
2022	938,359	111	85.0%	15,851	19,440	973,650
2023	937,817	112	85.1%	15,896	19,820	973,533
2024	939,065	112	85.3%	15,942	19,998	975,005
2025	942,022	113	85.4%	15,987	20,177	978,186
2026	944,560	113	85.4%	16,034	20,378	980,971
2027	945,698	114	85.4%	16,080	20,712	982,490
2028	948,718	114	85.4%	16,127	21,069	985,914
2029	951,851	115	85.4%	16,174	21,583	989,607
Compound Annual Growth Rate						
2008–2017	-0.2%	0.8%		-2.7%	0.9%	-0.2%
2017–2029	1.1%	0.1%		0.3%	1.0%	1.1%

NOTE:

¹ Includes general aviation, helicopter, and other miscellaneous operations.

SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018 (historical); Ricondo & Associates, Inc., July 2018 (forecast).

Socioeconomic regression analysis was conducted to identify predictive relationships between passenger demand at the Airport and socioeconomic variables at the national level and for the ATA. The Airport serves originating passengers who reside in the ATA, as well as those who visit or connect through the ATA or Airport for business or leisure. With the Airport's diverse customer base, demand for air service is driven by factors directly related to the demographic and economic characteristics of both the ATA and the nation. As such, the following five socioeconomic factors were analyzed separately as independent variables in the regression analyses for both the nation and the ATA: population, income, per capita personal income, employment, and GRP/GDP. Historical and projected data for these independent variables were obtained from Woods & Poole Economics, Inc.

4.6.3.1 PASSENGER SEGMENTATION

The relationship between socioeconomic variables and passenger activity was explored for four segments of demand:

- Origin and Destination (54.4 percent of Airport passengers in 2017):
 - Domestic O&D: Passengers using the Airport as an origin or destination point for journeys within the United States.
 - International O&D: Passengers using the Airport as an origin or destination point for journeys to or from points outside of the United States. This category includes passengers whose ultimate destination is an international point, but who use a flight segment to or from another domestic Airport that serves as the international gateway (e.g., a passenger flying from the Airport to Belfast International Airport [BFS], Northern Ireland, via Newark Liberty International Airport [EWR]). While this type of passenger is on an international itinerary, the Airport reports this type of passenger as a domestic enplaned passenger.
- Connection (45.6 percent of Airport passengers in 2017):
 - Domestic Connection: Passengers using the Airport as a waypoint for journeys between two other airports within the United States.
 - International Connection: Passengers using the Airport as a waypoint for journeys between two other airports, at least one of which is an international point. This category includes international to international journeys. This category also includes passengers who depart from the Airport on a domestic flight after arriving at the Airport on a flight from an international origin. While this type of passenger is on an international itinerary, the Airport reports this type of passenger as a domestic enplaned passenger.

While this categorization for passengers differs slightly from how the Airport reports passenger activity, passengers were recategorized to Airport standards for presentation in Table 4-18.

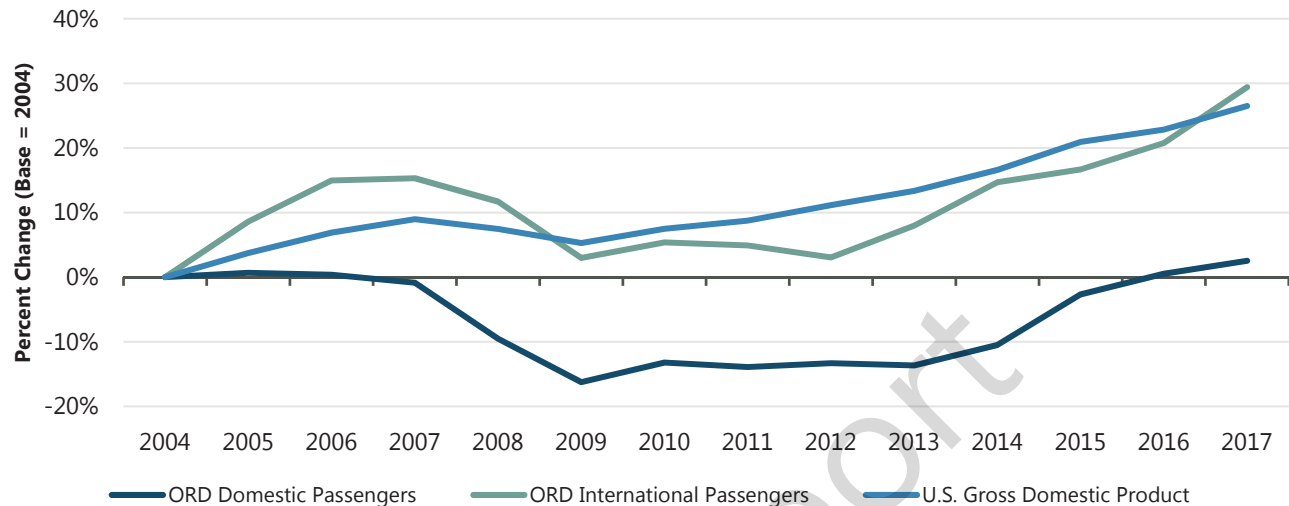
4.6.3.2 REGRESSION ANALYSIS SPECIFICS

This section outlines the approach to determining forecast Airport demand.

Two different regression approaches were utilized to derive the ultimate forecast of enplaned passengers for the Airport. Forecasting models were explored utilizing regression analysis between:

- A) Socioeconomic Variables and Passenger Volumes (Single-Variable Regression): Enplaned passenger forecasts commonly employ this approach, leveraging historical relationships between passenger volumes and socioeconomic variables to estimate future passenger volumes. However, the capacity discipline business model adopted by U.S. airlines across their domestic route networks has altered the historical relationship between socioeconomic elements and domestic passenger volumes nationally. This is also the case specifically for the Airport, as illustrated on **Exhibit 4-16**. As a result, predictive relationships between the Airport's domestic passenger volumes and socioeconomic elements were not adequate for use in forecasting future domestic air traffic.

EXHIBIT 4-16 GROWTH TRENDS OF CHICAGO PASSENGERS AND U.S. GROSS DOMESTIC PRODUCT (2015 REPORT)



SOURCES: Woods & Poole Economics, Inc., 2018; U.S. Department of Transportation, T-100, July 2018.

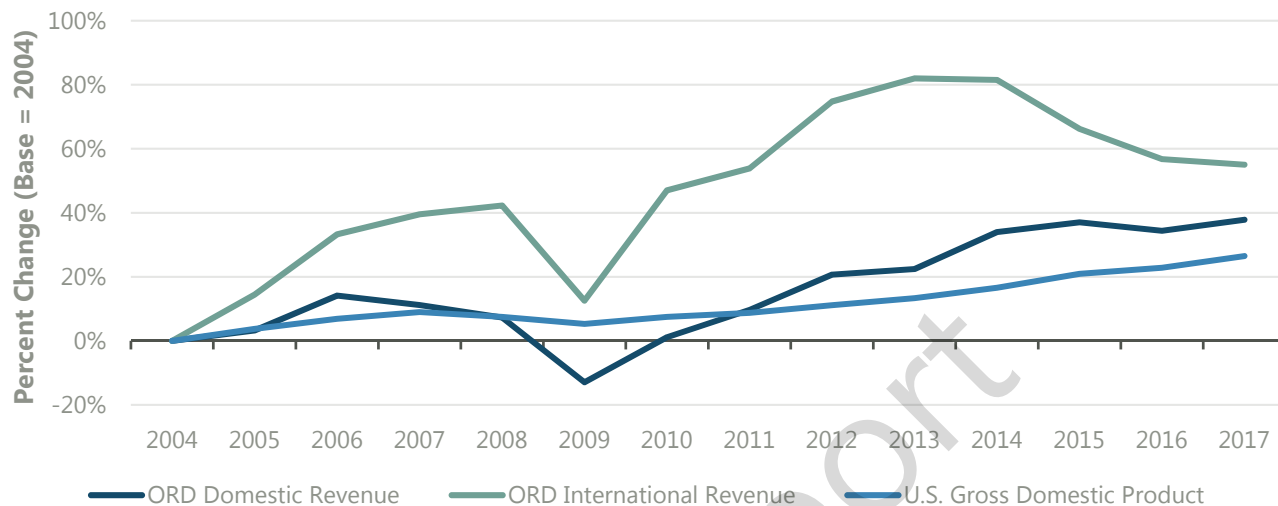
- B) Socioeconomic Variables and Passenger Revenues (Single-Variable Regression): While the capacity discipline model has altered the relationship between passenger and economic activity, passenger airline revenue continues to maintain a positive relationship with socioeconomic variables. **Exhibit 4-17** presents the positive relationship between passenger revenues and socioeconomic variables that exists for both domestic and international passenger revenues. As illustrated on **Exhibit 4-18**, since the implementation of the capacity discipline business model by the airlines, revenue growth at the Airport and at many other large U.S. airports has come primarily through increased average passenger fares and less so through passenger volumes. This contrasts with several other large airports that have experienced revenue growth through a higher component of passenger volume growth. As a result, the Airport has among the highest passenger yield (cents paid per passenger mile flown) at the top 30 U.S. airports, as presented on **Exhibit 4-19**.

*Regression analysis was conducted between socioeconomic variables and the passenger revenues generated by each passenger segment. For each segment, adequate regression models were identified that provided a range of future growth for passenger revenue for the period through 2029. This range is illustrated in **Table 4-20**.*

To derive passenger volume growth associated with the range of forecast passenger revenue growth, a second step was necessary to estimate how airlines might capture that revenue at the Airport, through a combination of passenger volume growth and/or passenger fare growth. A forecast of average fares for each year of the Projection Period was developed to convert the revenue forecast to enplaned passengers.

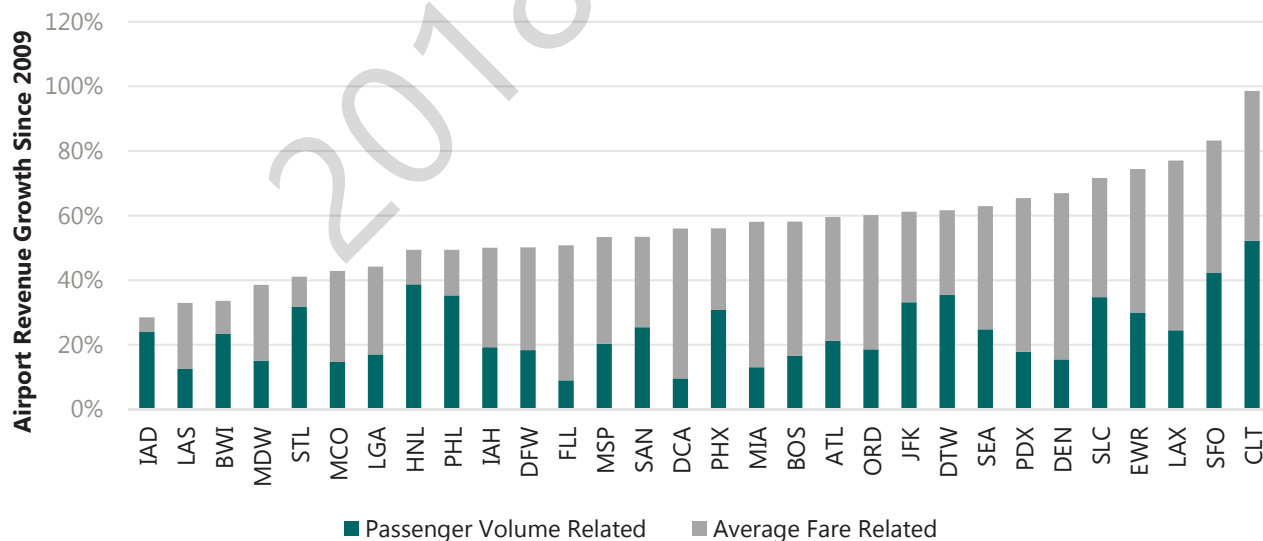
CHICAGO O'HARE INTERNATIONAL AIRPORT

EXHIBIT 4-17 GROWTH TRENDS OF CHICAGO PASSENGER REVENUE AND U.S. GROSS DOMESTIC PRODUCT



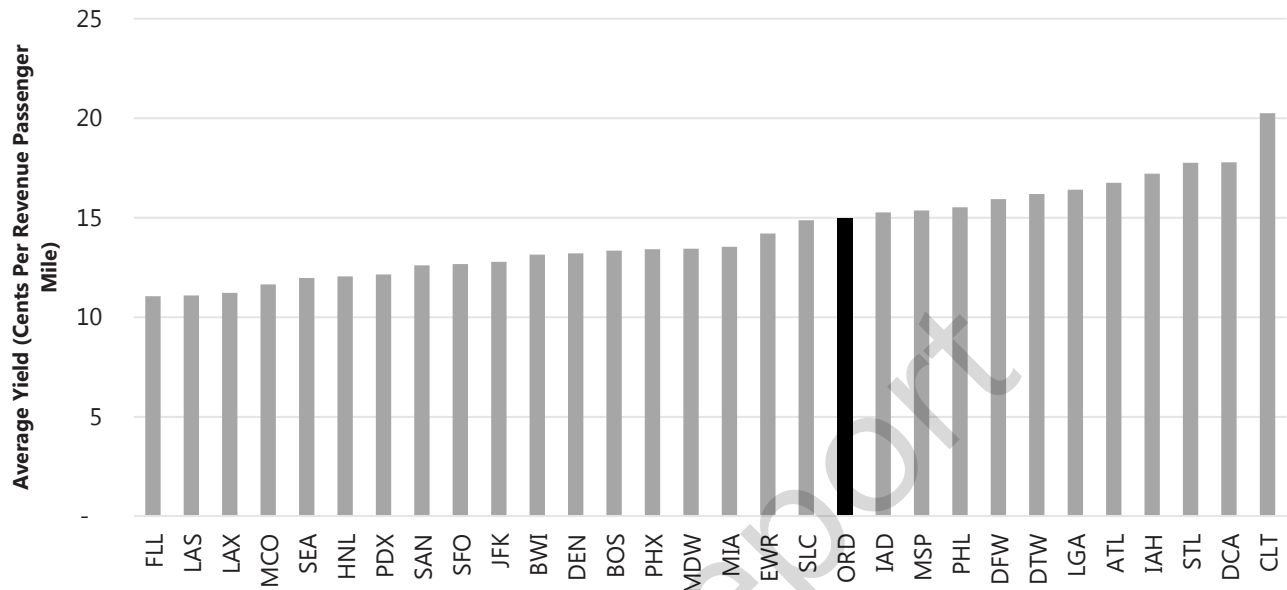
SOURCES: Woods & Poole Economics, Inc., 2016; U.S. Department of Transportation, O&D Survey, July 2018; Sabre, July 2018.

EXHIBIT 4-18 COMPONENTS OF REVENUE GROWTH SINCE CALENDAR YEAR 2009 FOR TOP 30 U.S. AIRPORTS BY DEPARTURES – U.S. AIRLINE DATA ONLY



SOURCE: U.S. Department of Transportation, DB1B Survey, August 2015.

EXHIBIT 4-19 2017 AVERAGE YIELD (CENTS / PASSENGER MILE) FOR TOP 30 U.S. AIRPORTS BY DEPARTURES – U.S. AIRLINE DATA ONLY



SOURCE: U.S. Department of Transportation, O&D Survey, July 2018.

TABLE 4-20 RANGE OF FORECAST REVENUE GROWTH (2015 REPORT)

	LOW	SELECTED	HIGH
Domestic Revenue	2.3%	3.0%	4.1%
International Revenue	3.1%	43.9%	5.3%
Total Revenue	2.8%	3.5%	4.8%

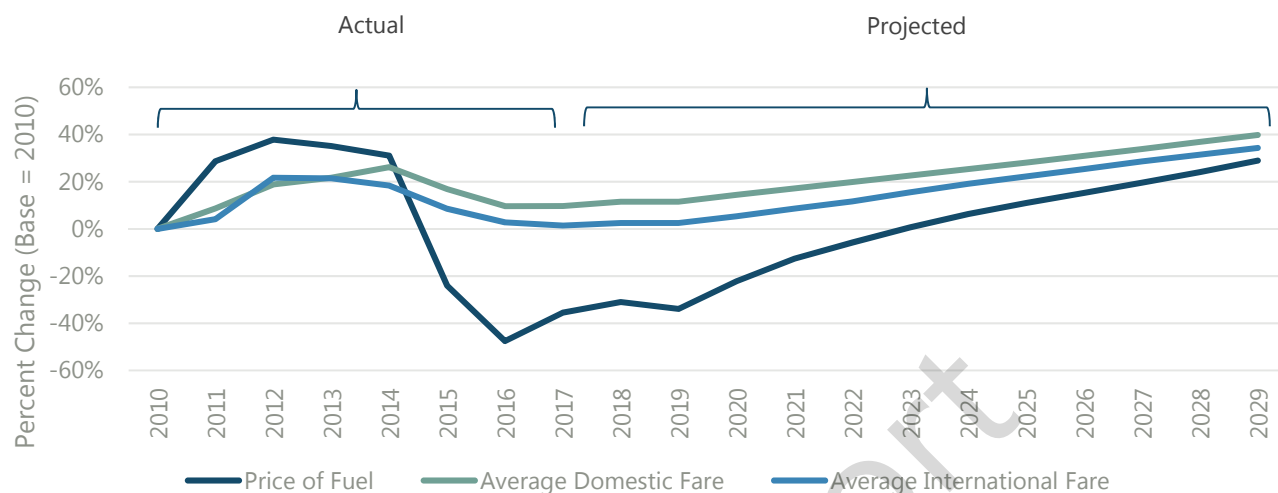
SOURCE: Ricondo & Associates, Inc., July 2018 (analysis).

Airlines manage pricing and inventory levels with the objective of offsetting higher passenger carrying costs with higher fares. Conversely, decreases in carrying costs enable airlines to profitably expand capacity and carry increased passenger volumes at lower fares. While total passenger carrying costs comprise many components, fuel has been the first or second largest operating expense for the airline industry, alternating with labor expense. According to the International Air Transport Association, fuel accounted for 21 percent of airline operating costs in 2017, and it is projected to increase to 24 percent in 2018.¹¹

Exhibit 4-20 presents changes in actual and projected average fares and price of fuel, indexed to a base year of 2010. Between 2010 and 2017, there has been a positive correlation between changes in fuel prices and average fares at the Airport. The projected average fares from 2018 through 2029 maintain this correlation, with both domestic and average fares increasing over time as the price of fuel is projected to increase over the Projection Period.

¹¹ International Air Transport Association, *Fact Sheet—Fuel*, June 2018.

EXHIBIT 4-20 CHANGE IN AVERAGE FARES AND PRICE OF FUEL



SOURCES: Ricondo & Associates, Inc., July 2018 (analysis); Federal Aviation Administration, 2017 *Aerospace Forecast*, 2017.

4.6.3.3 ENPLANED PASSENGER FORECAST RESULTS

Enplaned passenger forecasts are presented in Table 4-18. Domestic enplaned passengers are forecast to increase from approximately 33.6 million in 2017 to approximately 38.4 million in 2029, which represents a CAGR of 1.1 percent. International enplaned passengers are forecast to increase from approximately 6.2 million in 2017 to approximately 7.4 million in 2029, which represents a CAGR of 1.5 percent. In aggregate, total Airport enplaned passengers are forecast to grow from 39.8 million in 2017 to 45.8 million in 2029, at a CAGR of 1.2 percent.

The forecast of enplaned passenger and operational activity is anticipated to be accommodated by the available facilities at the airport throughout the Projection Period which includes the Airport Capital Program described in Chapter 2. While the total annual forecasted activity is anticipated to be accommodated, the profile of daily enplaned passengers and operations has not been evaluated as part of this Report and it is possible the distribution of activity could be influenced by availability or capacity of facilities or other factors.

4.6.4 AIRCRAFT OPERATIONS AND LANDED WEIGHT FORECASTS

Forecasts of annual aircraft operations at the Airport are presented in Table 4-19 for 2018 through 2029. Forecasts of passenger airline aircraft operations are based on assumptions of load factor management by the airlines serving the Airport and an analysis of future fleet plans. Passenger airline aircraft operations are forecast to increase at a CAGR of 1.1 percent. The following is specific information regarding forecasts of passenger airline aircraft operations:

- Average seat capacity for passenger airline aircraft operations at the Airport is expected to decrease slightly between 2017 and 2020 due in large part to both United and American deploying smaller-gauge aircraft to launch service to new domestic destinations, as reflected in published schedules through May 2019. Average seats per departure increase from 2020 through 2029 as both United and American are expected to deploy larger mainline aircraft that are currently on order for delivery during this period. Average seats per departure are forecast to increase from 114 in 2017 to 115 in 2029.
- Load factors are forecast to decrease slightly in 2018 and 2019 as both United and American increase departing

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seat capacity. Average load factor increases marginally over the rest of the Projection Period, reaching 85.4 percent in 2029, virtually the same as the 2017 load factor of 85.8 percent.

General aviation operations at the Airport (including helicopter and miscellaneous operations as reported by the CDA) are expected to increase marginally from 15,528 operations in 2017 to 16,174 operations in 2029, reflecting the long-term assumption that growth in this sector will occur primarily at outlying airports within the Chicago region because of cost and delay considerations. The increase between 2017 and 2029 represents a CAGR of 0.3 percent during this period, which aligns with the 0.3 percent growth forecast nationwide by the FAA for general aviation operations.

All-cargo aircraft activity at the Airport is forecast to increase from 19,083 operations in 2017 to 21,583 operations in 2029, a CAGR of 1.0 percent, which aligns with the 1.0 percent growth forecast nationwide by the FAA for all cargo operations.

Due to the increased volume of passenger aircraft operations, total aircraft operations at the Airport are forecast to increase from 867,049 operations in 2017 to 989,607 operations in 2029, a CAGR of 1.1 percent.

Table 4-21 presents historical and forecast landed weight at the Airport through 2029. Total landed weight is forecast to increase at a CAGR of 1.2 percent between 2017 and 2029, from approximately 54.4 million 1,000-pound units to 62.8 million 1,000-pound units.

TABLE 4-21 HISTORICAL AND FORECAST LANDED WEIGHT

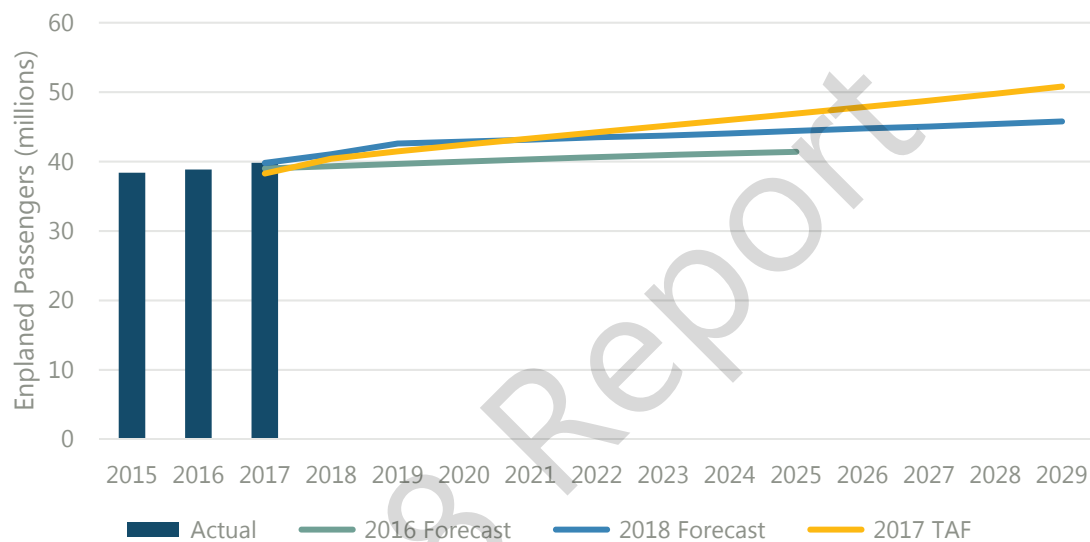
YEAR	PASSENGER AIRLINES	ALL-CARGO OPERATORS	TOTAL	
	LANDED WEIGHT	LANDED WEIGHT	LANDED WEIGHT	ANNUAL GROWTH
Historical				
2008	47,784,241	4,459,511	52,243,752	-7.0%
2009	44,544,600	3,512,231	48,056,831	-8.0%
2010	44,614,250	4,426,768	49,041,018	2.0%
2011	43,876,584	4,404,858	48,281,442	-1.5%
2012	42,712,863	4,426,307	47,139,170	-2.4%
2013	42,545,672	4,378,157	46,923,829	-0.5%
2014	44,095,348	4,490,079	48,585,427	3.5%
2015	45,867,833	5,272,433	51,140,266	5.3%
2016	49,177,197	3,230,256	52,407,453	2.5%
2017	50,843,957	3,569,421	54,413,378	3.8%
Forecast				
2018	52,821,397	3,581,946	56,403,343	3.7%
2019	55,407,025	3,556,897	58,963,922	4.5%
2020	55,541,618	3,581,946	59,123,564	0.3%
2021	55,786,359	3,598,645	59,385,004	0.4%
2022	56,116,370	3,636,218	59,752,587	0.6%
2023	56,299,294	3,707,188	60,006,483	0.4%
2024	56,596,186	3,740,587	60,336,773	0.6%
2025	57,046,876	3,773,985	60,820,860	0.8%
2026	57,482,488	3,811,558	61,294,045	0.8%
2027	57,833,182	3,874,179	61,707,361	0.7%
2028	58,306,226	3,940,975	62,247,201	0.9%
2029	58,786,602	4,036,995	62,823,596	0.9%
Compound Annual Growth Rate				
2008–2017	0.7%	-2.4%	0.5%	
2017 - 2029	1.2%	1.0%	1.2%	

SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018 (historical); Ricondo & Associates, Inc., July 2018 (forecast).

4.6.5 COMPARISON OF ACTIVITY FORECASTS

Exhibit 4-21 compares the forecast of enplaned passengers in the Report to the forecast in the 2016 Report and the 2017 FAA *Terminal Area Forecast (TAF)*. Between 2017 and 2029, this Report forecasts enplaned passengers to increase from 39.8 million to 45.8 million (a CAGR of 1.2 percent), while the FAA TAF forecasts enplaned passengers at the Airport to increase to 50.8 million in the corresponding Federal FY 2029 (a CAGR of 2.1 percent). The 2016 Report forecast enplaned passengers to increase at a CAGR of 0.7 percent from 2017 to 2025, resulting in enplaned passengers growing to 41.4 million in 2025.

EXHIBIT 4-21 ENPLANED PASSENGER FORECAST COMPARISON



NOTES: TAF – Terminal Area Forecast

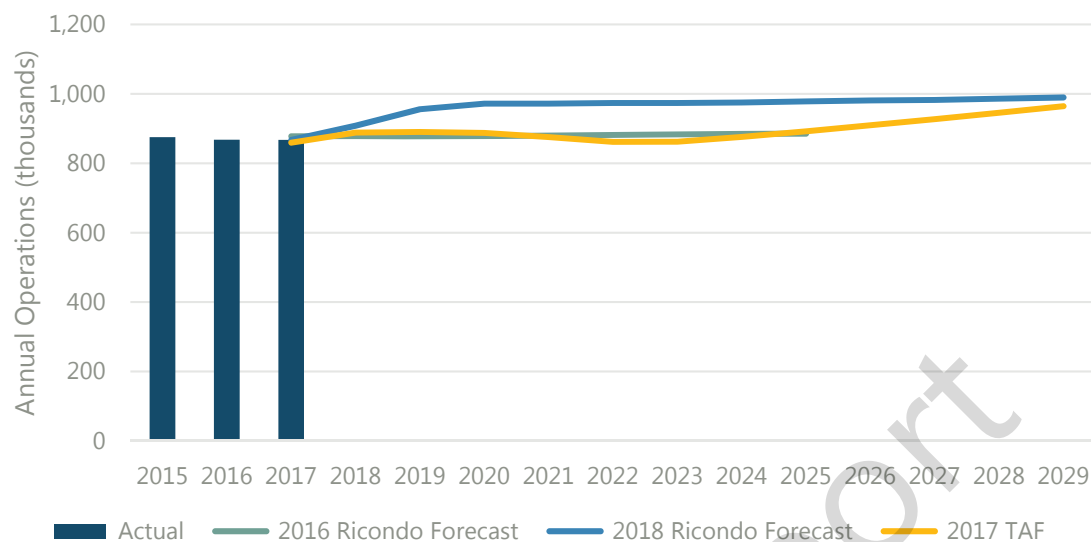
The FAA TAF is presented on a Federal FY (October through September) basis and excludes nonrevenue passengers.

SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018 (historical); Ricondo & Associates, Inc., July 2018 (forecast); Federal Aviation Administration, *2017 Terminal Area Forecast*, June 2018.

Exhibit 4-22 compares the aircraft operations forecasts among the same three forecasts. This Report forecasts total aircraft operations to increase at a CAGR of 1.1 percent from 867,049 operations in 2017 to 989,607 operations in 2029, while the FAA TAF forecasts total aircraft operations to increase 1.0 percent during the same period from 859,271 operations in 2017 to 964,300 operations in 2029. The 2016 Report forecast total aircraft operations to increase at a CAGR of 0.1 percent from 877,271 operations in 2017 to 885,312 operations in 2025.

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EXHIBIT 4-22 AIRCRAFT OPERATIONS FORECAST COMPARISON



NOTES: TAF – Terminal Area Forecast

The FAA TAF is presented on a Federal FY (October through September) basis and excludes nonrevenue passengers.

SOURCES: City of Chicago, Department of Aviation, Management Records, June 2018 (historical); Ricondo & Associates, Inc., July 2018 (forecast); Federal Aviation Administration, *2017 Terminal Area Forecast*, June 2018.

5. FINANCIAL ANALYSIS

Chapter 5 presents the financial framework of the Airport, and it describes the cost and other financial implications following the issuance of the 2018 Bonds and the future bonds necessary to complete the funding of the Airport Capital Program (described in Section 2.2) anticipated during the Projection Period. This chapter presents the following: O&M Expenses; Non-Signatory Airline and Non-Airline Revenues; Other Available Revenues, including PFC Revenue and Grant Receipts, and other federal funds; Net Debt Service; the Net Signatory Airline Requirement; and the calculation of the Signatory Airlines Airport Rates and Charges. The reasonableness of Airport Revenues derived from Signatory Airlines Airport Rates and Charges, including cost per enplaned passenger and General Airport Revenue Bond (GARB) Debt Service coverage, are also discussed.

The GARB debt service included in the financial analysis reflects debt service on outstanding GARBs, the 2018 Bonds, and future GARBs that are necessary for funding the Airport Capital Program during the Projection Period. In combination, the 2018 Bonds and future GARBs assumed in the financial analysis reflect the following capital project funding assumptions:

- Remaining OMP Airfield Projects (approximately \$355 million)
- TAP Phase 1 (approximately \$6.2 billion)
- Near-Term Gate Improvements and Other Projects (\$774 million)
- Airport CIP Projects (approximately \$2.0 billion assumed to be undertaken during the Projection Period)

In addition, the financial analysis also assumes that a total of \$50 million Pre-Approved Allowance costs, \$40 million for Pre-Approved Allowances, and \$10 million for Infrastructure Reliability projects will be expended by the City in each year of the Projection Period and will be recovered from the airlines through the annual calculation of airline rates and charges.

Financing assumptions of the 2018 Bonds and future GARBs are described in Section 5.5.

5.1 FINANCIAL FRAMEWORK

The Airport is owned by the City and operated by the CDA; it is accounted for as a self-supporting enterprise fund of the City on a FY basis. The City's FY ends December 31. The City maintains the books, records, and accounts of the Airport in accordance with generally accepted accounting principles, and as required by the provisions of the AULA and the Senior Lien Indenture. Neither City nor State of Illinois tax revenues are pledged to the payment of Net Debt Service or to fund the cost of operations at the Airport.

5.1.1 AIRLINE USE AND LEASE AGREEMENT

A new AULA went into effect May 12, 2018, following the expiration of the previous 35-year use agreement. The new AULA is a 15-year agreement that formalizes the rights and responsibilities of the airline tenants of the Airport that are signatory to the agreement (the Signatory Airlines) and the CDA. It sets forth the City's main financial and operational arrangement with the Signatory Airlines and provides, among other elements, contractual support of the Signatory Airlines for GARBs and certain other obligations issued to fund the Airport Capital Program. The AULA reflects a multiyear negotiation between the CDA and the airlines operating at the Airport and includes funding approval for various capital projects at the Airport. The AULA has an expiration date of December 31, 2033.

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The AULA is designed to expand and elevate the Airport into a global gateway. The AULA will launch the largest capital expansion of the Airport's history, with construction and implementation scheduled to occur through 2028 for the TAP Phase 1. As part of the expansion, the City is making a series of investments in terminals and the core Airport design to increase capacity, connectivity, and growth to match passenger demand.

The Signatory Airlines comprise the Long-Term Signatory Airlines, which have executed the AULA with a 15-year term that expires on December 31, 2033, and the Short-Term Signatory Airlines, which have executed the AULA with a 5-year term that expires December 31, 2023. Long-Term Signatory Airlines have the right to participate in the Majority-in-Interest approval process and be eligible to receive assignments of Preferential Use Gate Space, Preferential Use Check-in Space, Preferential Use Baggage Claim Space, or Preferential Use Baggage Makeup Space; Short-Term Signatory Airlines do not retain such rights. Non-Signatory airlines must sign operating agreements to operate at the Airport and have a separate month-to-month lease of space.

The AULA does not provide airlines with exclusive-use gates. Rather, Long-Term Signatories are given the first right to schedule use of preferential gates. Long-Term Signatories can earn additional preferential gates by increasing flight activity. Reallocation of the preferential gates will occur on a yearly basis beginning in 2021. During extended windows without scheduled use, the City can allocate such preferential gates for use by another airline. Common-use gates are available for any airline.

The AULA permits the City to increase debt service coverage on its Senior Lien Obligations issued under the Senior Lien Indenture in .05 increments annually from 1.10x to 1.25x by 2021. To enhance the CDA's cash position, the AULA also adds a supplemental O&M Expense reserve. As presented in **Table 5-1**, this reserve will be funded over time, beginning in 2019 at 3.6 percent and increasing annually thereafter, until reaching 25.0 percent of the following year's projected O&M Expenses by 2025.

TABLE 5-1 OPERATION AND MAINTENANCE EXPENSE RESERVES

FISCAL YEAR	O&M RESERVE FUND PERCENTAGE	SUPPLEMENTAL O&M RESERVE FUND PERCENTAGE	TOTAL O&M RESERVE FUNDS PERCENTAGE
2018	25.0%	0.0%	25.0%
2019	25.0%	3.6%	28.6%
2020	25.0%	7.2%	32.2%
2021	25.0%	10.8%	35.8%
2022	25.0%	14.4%	39.4%
2023	25.0%	18.0%	43.0%
2024	25.0%	21.6%	46.6%
2025	25.0%	25.0%	50.0%
2026	25.0%	25.0%	50.0%
2027	25.0%	25.0%	50.0%
2028	25.0%	25.0%	50.0%
2029	25.0%	25.0%	50.0%

NOTE: O&M – Operation and Maintenance

SOURCE: City of Chicago, Department of Aviation, October 2018.

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As of October 18, 2018, the City has executed the AULA with the following 34 Signatory Airlines at the Airport:

Long-Term Signatories

- Air Canada
- Alaska
- American
- Austrian
- Delta
- FedEx
- Interjet
- JetBlue
- KLM
- LOT Polish
- Lufthansa
- Royal Jordanian

- Spirit

- Swiss
- Turkish
- United
- UPS

- Cathay Pacific

- China Eastern
- Emirates
- Ethiopian
- Etihad
- EVA

Short-Term Signatories

- Air France
- Air India
- All Nippon
- Asiana
- Avianca (TACA)

- Hainan
- Icelandair
- Japan Airlines
- Korean
- Nippon Cargo
- SAS

In the aggregate, the current Signatory Airlines, including their regional affiliates, accounted for approximately 85.2 percent of the total landed weight at the Airport in 2017. Non-Signatory Airlines, the airlines that are not signatory to the AULA or a regional affiliate to one of the Signatory Airlines, accounted for the remaining 14.8 percent of landed weight at the Airport in 2017.

The financial projections presented herein reflect the rate-setting methodology set forth in the AULA for the entirety of the Projection Period, as well as assume the current Signatory Airlines as of October 18, 2018 will remain signatory to the AULA and no new airlines will become signatory to the AULA.

5.1.2 AIRLINE FEES AND CHARGES

Under the new AULA, terminal rental rates and airline landing fees are established using a residual airport rate-setting methodology;¹ whereby airline rates and charges are calculated to recover any net remaining costs for each Airline-Supported Cost Center (Cost Center). To allocate the net cost of operating, maintaining, improving, and expanding the Airport among the Signatory Airlines, various physical and functional areas of the Airport are separated into Cost Centers for the purposes of accounting for O&M Expenses, revenues, required fund deposits, and debt service on Airport Obligations. An allocable share of the net deficit generated in the Terminal Area, Airfield Area, and Fueling System Cost Centers is paid by the Airline Parties as part of their Airport Fees and Charges for the use of the Airport. The AULA provides that the aggregate of Airport Fees and Charges paid by the Airline Parties must be sufficient to pay the net cost of operating, maintaining, and developing the Airport (excluding the CRCF Area), including the satisfaction of debt service coverage, deposit, and payment requirements of the Senior Lien Indenture. Airlines or other users of the Airport that are not signatories to the AULA are assessed Airport fees and charges enacted by City ordinances.

¹ A modified rate-setting methodology is in effect for portions of the Airfield Area to avoid "private business use" under Federal tax regulations. See Section 5.10.1.

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Six Cost Centers in the Airport's financial structure are included in the residual rate-setting calculation and in the adjustment of Airport Fees and Charges:

- **Airfield Area:** The Airfield Area includes the aircraft parking areas, runways, taxiways, approach and runway protection zones, infield areas, navigational aids, and other facilities related to aircraft taxiing, landing, and takeoff.
- **Terminal Area:** The Terminal Area includes the terminal buildings and the heating and refrigeration plant.
- **Fueling System:** The Fueling System includes the tank farm and all facilities that are part of the Airport's hydrant fueling system.
- **Parking and Ground Transportation Area:** The Parking and Ground Transportation Area includes the public parking facilities, including off-Airport parking; employee parking provided by the City; taxi, TNP, and other ground transportation services; and rental car services and facilities, excluding the CRCF.
- **Aeronautical Real Estate Area:** The Aeronautical Real Estate Area includes aviation support, cargo, hangar and maintenance facilities, including all roads, and facilities serving such areas and associated air rights.
- **Commercial Real Estate Area:** The Commercial Real Estate Area includes hotel, office, non-terminal retail, public vehicle fueling and charging stations (not otherwise located in facilities included in the Parking and Ground Transportation Cost Center), and other real estate development, including all roads, utilities, and facilities serving such areas and associated air rights.

The CRCF Area includes those portions of the Multimodal Facility dedicated to rental car operations, the customer service area, and the quick-turnaround facility. As described in Chapter 2, O&M Expenses of the CRCF Area are paid for using Customer Facility Charge (CFC) Revenues and Facility Rent, which are not included in the calculation of Signatory Airline Airport Fees and Charges or pledged to pay debt service on bonds not backed by CFC Revenues, including the 2018 Bonds. Therefore, CFC Revenues and Facility Rent generated at the Airport, and expenses generated within the designated CRCF Area, are excluded in the financial projections in this Report.

5.2 OPERATION AND MAINTENANCE EXPENSES

O&M Expenses include expenses associated with operating and maintaining the Airport, including the airfield, terminal, and landside facilities.

5.2.1 HISTORICAL OPERATION AND MAINTENANCE EXPENSES

O&M Expenses for 2013 through 2017, as presented each year in the City's Comprehensive Annual Financial Report (CAFR) for the years ending December 31, which excludes expenses in the Land Support Cost Center² and excludes any expenses associated with certain discretionary funds³ (i.e., the Airport Development Fund, Emergency Reserve Fund, and PFC Fund), are presented in **Table 5-2**.

² The Land Support Area was a cost center under the previous airline use and lease agreement that included certain vacant land and air rights and facilities, such as air cargo, hangar, flight kitchen, and freight forwarding facilities, which are now part of the aeronautical real estate area. Land Support Area revenues and expenses were not included in the calculation of Airline Parties' Airport Fees and Charges or pledged to pay debt service on bonds.

³ City of Chicago, Comprehensive Annual Financial Reports, https://www.cityofchicago.org/city/en/depts/fin/supp_info/comprehensive_annualfinancialstatements.html (accessed August 21, 2018).

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TABLE 5-2 HISTORICAL OPERATION AND MAINTENANCE EXPENSES (2013–2017)

	2013	2014	2015	2016	2017	COMPOUND ANNUAL GROWTH RATE
Total O&M Expenses (thousands)	\$406,318	\$463,224	\$466,426	\$514,561	\$506,323	5.7%
O&M Expenses Annual Growth Rate		14.0%	0.7%	10.3%	-1.6%	
Enplaned Passengers (thousands)	33,298	34,953	38,395	38,873	39,816	4.6%
Enplaned Passengers Growth Rate		5.0%	9.9%	1.2%	2.4%	
Total O&M Expenses per Enplaned Passenger	\$12.20	\$13.25	\$12.15	\$13.24	\$12.72	1.0%

NOTES: Dollars in thousands for FYs ending December 31.

O&M – Operation and Maintenance

SOURCES: City of Chicago Comptroller's Office, June 2018; City of Chicago, Department of Aviation, July 2018.

As shown, O&M Expenses increased from \$406.3 million in 2013 to \$506.3 million in 2017, reflecting a CAGR of 5.7 percent. This increase in O&M Expenses can partially be attributed to increases in professional and engineering costs, as well other operating expenses. Between 2013 and 2017, professional and engineering costs related to the execution of the new AULA increased at a CAGR of 5.9 percent, and other operating expenses increased at a CAGR of 23.0 percent. The Airport's contribution of its allocable share of City pension expenses, described in the following section, has contributed to increasing salaries and wages expenses. The expenses shown in Table 5-2 reflect only expenses due and payable in each year (i.e., the cash contribution, reflected in the Airport's rates and charges), and they do not reflect certain expenses that are not payable in that year, but recorded pursuant to Governmental Accounting Standards Board (GASB) 68, as reflected in the City's Airport CAFR.

The Airport's O&M Expenses per enplaned passenger from 2013 to 2017 increased at a CAGR of 1.0 percent, from \$12.20 in 2013 to \$12.72 in 2017, but they decreased from \$13.24 in 2016 to \$12.72 in 2017, which is attributable to decreasing O&M Expenses and an increase in enplaned passengers.

5.2.2 CITY PENSION OBLIGATIONS

Pension fund obligations of the Airport are limited to the share of City employee salaries allocated to the Airport; these City employees include both those working directly at the Airport and those working in other City departments that support Airport operations, such as Purchasing, Finance, and Corporation Counsel. Federal regulations prevent Airport Revenues from being used to fund pension costs for any employees not working directly at or allocated to the Airport.

The following four pension funds affect Airport expenses:

- Policemen's Annuity and Benefit Fund of Chicago (PABF)
- Firemen's Annuity and Benefit Fund of Chicago (FABF)
- Municipal Employees' Annuity and Benefit Fund of Chicago (MEABF)
- Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (LABF)

The City's pension expenses have increased over time, resulting in an actual cash contribution from the Airport to City pensions of approximately \$38.7 million, which is reflected in the Airport rates and charges in 2017. The 2018 Airport rates and charges budget includes a pension expense of approximately \$46.7 million, which is the budgeted amount of the 2018 cash contribution. The pension expense included in the Airport's rates and charges differs from that reported in its financial statements, as only the amount payable for the FY is included in Airport rates and

charges. Pension expenses reported in the financial statements may differ as these are based upon expense recognition standards promulgated by the GASB.

Due to financial reporting requirements pursuant to GASB Statement 68, the Airport's 2017 CAFR reflects the total pension liability of approximately \$1.3 billion. GASB Statement 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27, requires the Airport's pension liability to be reported as the portion of the present value of the total pension liability, defined as the projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.⁴

Pursuant to Public Act 96-1495, as modified by Public Act 99-506 (combined, the FABF/PABF Funding Legislation), beginning in fiscal year 2021, the City must contribute to FABF and PABF annually the amount necessary to achieve a Funded Ratio of 90 percent by the end of fiscal year 2055. For FYs 2016 through 2020, the FABF/PABF Funding Legislation specifies the amounts contributed by the City in gradually increasing amounts: in payment year 2018, \$727 million; in payment year 2019, \$792 million; and in payment year 2020, \$824 million.

Pursuant to Public Act 100-23 (P.A. 100-23), beginning in FY 2018, the City must contribute to LABF and MEABF annually the amount necessary to achieve a Funded Ratio of 90 percent by the end of fiscal year 2058. For FYs 2018 through 2022, P.A. 100-23 specifies the amounts contributed by the City in gradually increasing amounts: in payment year 2018, \$302 million; in payment year 2019, \$392 million; in payment year 2020, \$481 million; in payment year 2021, \$571 million; and in payment year 2022, \$660 million.

The City's FY 2019 proposed budget includes the following recommended contributions to the Retirement Funds (as indicated by total annual contribution and O'Hare proportional share): (i) \$ 421.0 million for MEABF, of which \$29.7 million, or less than 7.0 percent, is O'Hare's proportional share; (ii) \$60.0 million for LABF, of which \$3.9 million, or less than 6.5 percent, is O'Hare's proportional share; (iii) \$827.5 million for FABF and PABF, of which \$22.6 million, or 2.7 percent, is O'Hare's proportional share. The City's Fiscal Year 2019 budget is expected to be considered for approval by the City Council on November 20, 2018.

Assuming the current allocation percentage of this requirement to the Airport, pension expenses are estimated to increase at a CAGR of 9.9 percent, from approximately \$46.7 million budgeted in 2018 to approximately \$113.6 million in 2029, should the City be required to make such beneficiary payments in addition to its required contributions.

Exhibit 5-1 illustrates the impact of the estimated pension contributions over baseline growth assumptions on projected total expenses through the Projection Period. The projected personnel expenses presented in this Report include the increased pension contributions shown on Exhibit 5-1.

5.2.3 BUDGETED OPERATION AND MAINTENANCE EXPENSES AND GROWTH ASSUMPTIONS

Actual O&M Expenses Versus Budget

The CDA sets a budget for airline rates and charges annually using the rate-setting methodology set forth in the AULA, which is based on the budgeted O&M Expenses, Non-Airline Revenues, required fund deposits, and debt service on Airport Obligations. As shown in Table A-1 of **Appendix A**, between 2013 and 2017, actual O&M Expenses for the Airport have been less than the budgeted amount in four of the last five years, averaging 2.1 percent below

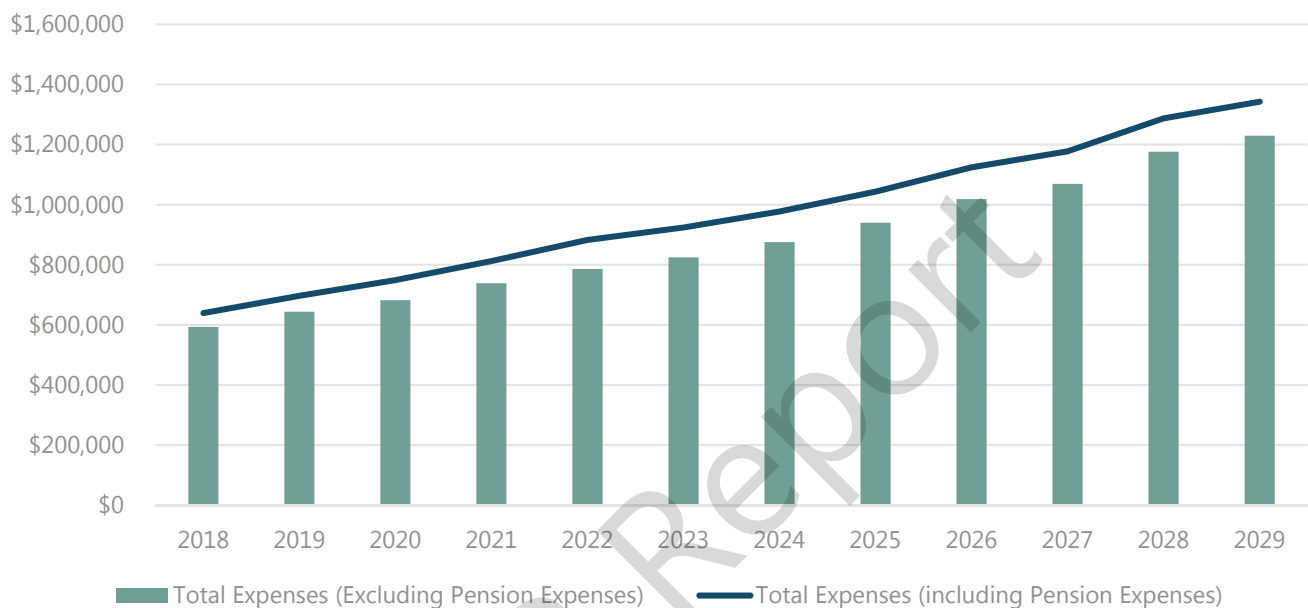
⁴ Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27, § Statement No. 68.

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budget. The Airport's 2018 final 2nd Half Airline Rates and Charges Budget, effective July 1, 2018, serves as the base from which O&M Expenses are projected.

Exhibit 5-2 presents the 2018 budgeted O&M Expenses by cost category.

EXHIBIT 5-1 PROJECTED IMPACT OF ESTIMATED PENSION CONTRIBUTIONS OVER BASELINE GROWTH

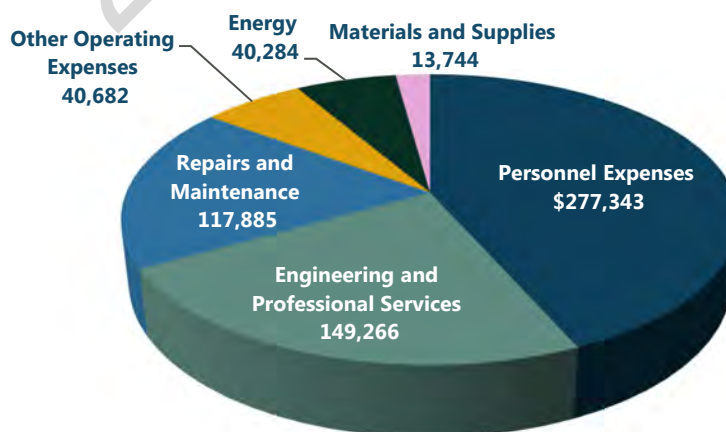


NOTE: Dollars in thousands for FYs ending December 31.

O&M – Operation and Maintenance

SOURCE: City of Chicago, Department of Aviation, October 2018.

EXHIBIT 5-2 2018 OPERATION AND MAINTENANCE EXPENSES BY COST CATEGORY (IN THOUSANDS)



NOTE: Excludes CRCF.

SOURCE: City of Chicago, Department of Aviation, October 2018.

O&M Expenses are grouped into the following categories:

Personnel

Personnel expenses include compensation for City staff working at the Airport, pension obligations, and an allocation of personnel costs from other City departments that support Airport operations, such as Purchasing, Finance, and Corporation Counsel. Personnel expenses are projected to increase at a CAGR of 5.0 percent through the Projection Period, attributable primarily to salary increases, escalating insurance premiums, and other benefits increases. When the assumed additional personnel expenses related to additional pension obligations and future capital projects are incorporated, personnel expenses are projected to increase at a CAGR of 7.9 percent through 2029.

Repairs and Maintenance

Repairs and maintenance expenses at the Airport include the cost of outside contractors that provide ramp repair, taxiway painting, outside janitorial services for terminals, heating and air conditioning, trash removal, escalator/elevator maintenance, and miscellaneous repairs. Repairs and maintenance expenses are projected to increase at a CAGR of 5.0 percent through 2029, primarily reflecting inflation and additional costs associated with maintaining the existing facilities. After the assumed additional repairs and maintenance expenses associated with the completion of the new facilities as part of the Airport Capital Program are incorporated, repairs and maintenance expenses are projected to increase at a CAGR of 6.4 percent through 2029.

Energy

Energy costs include gas, water, electricity, and fuel oil that are required to operate the Airport. Energy costs are projected to increase at a CAGR of 4.5 percent. After the assumed additional energy expenses related to the completed facilities as part of the Airport Capital Program are incorporated, energy expenses are projected to increase at a CAGR of 5.9 percent through 2029.

Materials and Supplies

Materials and supplies expenses include costs associated with the purchase of deicing fluid, office supplies, cleaning supplies, keys and locks, and other general maintenance supplies for the Airport. Materials and supplies expenses are projected to increase annually at the 3.0 percent rate of inflation. After the assumed additional material and supply expenses related to the new facilities completed as part of the Airport Capital Program are incorporated, expenses for materials and supplies are projected to increase at a CAGR of 4.4 percent through 2029.

Engineering and Professional Services

Engineering and professional services expenses include fees for specialized engineering, legal, and other technical services. Expenses related to the Chicago Airlines Terminal Consortium (CATCo) are also included in this category. These expenses are projected to increase annually at a CAGR of 5.0 percent through 2029, primarily because of increases in billing rates and additional services required for completion of the Airport Capital Program that are not included in project budgets. The assumed additional engineering and professional services expenses are projected to increase at a CAGR of 6.4 percent through 2029.

Other Operating Expenses

Other operating expenses include equipment and property rentals, insurance, miscellaneous expenses (e.g., administrative expenses, telephone and bad debt expenses), machinery, and vehicles and equipment. Equipment and property rental expenses include expenses related to the rental of heavy equipment and the contracting of equipment operators; the rental of unarmed security systems; the operation of the ATS; the operation of shuttle bus

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services; the rental of office equipment; and the lease of a warehouse. Other operating expenses are projected to increase at a CAGR of 5.0 percent through 2029, primarily reflecting inflation, the need to replace various equipment, and additional expenses associated with completed capital projects.

5.2.4 OPERATION AND MAINTENANCE EXPENSES RELATED TO THE AIRPORT CAPITAL PROGRAM

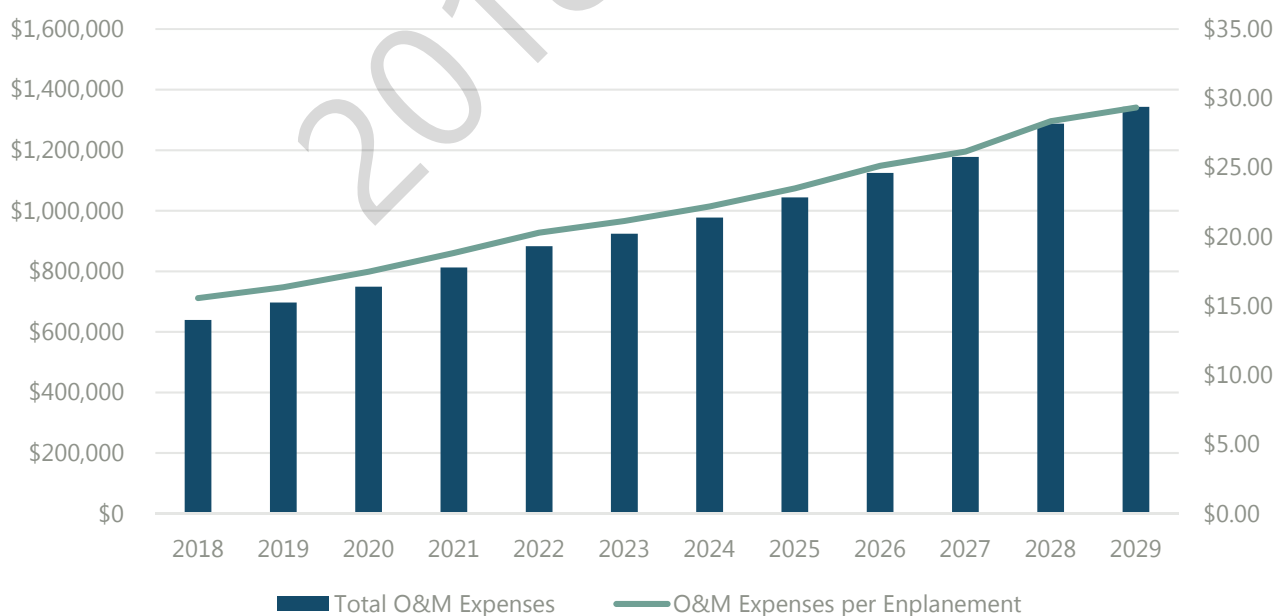
In addition to the baseline growth of existing O&M Expenses, additional incremental O&M Expenses related to the completion of certain Airport capital projects that are expected to be incurred are included in the O&M Expense projections. These incremental O&M Expenses are associated with the following: the airline portion of the extension of the ATS; incremental parking lot maintenance associated with new parking facilities; additional airfield maintenance associated with the completion of remaining OMP and airfield CIP projects; and incremental terminal maintenance costs associated with the completion of the TAP. Incremental O&M Expenses above the baseline projections are assumed to be \$16.9 million in 2019 and increase throughout the Projection Period to approximately \$167.5 million in 2029. Over 80.0 percent of these costs are attributable to the TAP and are allocable to the Terminal Cost Center.

5.2.5 OPERATION AND MAINTENANCE EXPENSE PROJECTIONS

O&M Expense projections are based on the type of expense, expectations of future inflation (assumed to be 3.0 percent annually through the Projection Period), and incremental O&M Expenses related to the completion of Airport Capital Program projects. O&M Expenses for the CRCF are assumed to be fully covered by rental car operators through CFC collections and Facility Rent.

Exhibit 5-3 presents the projected O&M Expenses.

EXHIBIT 5-3 PROJECTED OPERATION AND MAINTENANCE EXPENSES



NOTES: Dollars in thousands for FYs ending December 31.

O&M – Operation and Maintenance

SOURCES: City of Chicago, Department of Aviation, June 2018; Ricondo & Associates, Inc., October 2018 (based on the analysis and assumptions in the Report).

As shown on Exhibit 5-3, total O&M Expenses, excluding CRCF Area expenses, are projected to increase from approximately \$639.2 million in 2018 to approximately \$1.34 billion in 2029, reflecting a CAGR of 7.0 percent.

See Table B-1 in **Appendix B** for projected O&M Expense detail.

5.3 PRE-APPROVED ALLOWANCES

The AULA provides for Pre-Approved Allowances which allow the City to implement, fund, and finance major maintenance projects not included in budgeted O&M Expenses. Funding expenditures will be limited to the total annual amount of \$40 million plus any unspent transfers from previous years, as provided for in and subject to the terms of the AULA.

The Pre-Approved Allowances also include Infrastructure Reliability projects, intended for repairs, upgrades, and existing Airport infrastructure, including mechanical, electrical, and plumbing equipment. The allowance does not have an annual budget; however, the total allowance for the term of the 15-year AULA is approximately \$168.2 million.

For purposes this financial analysis, it is assumed that a total of \$50 million, \$40 million for Pre-Approved Allowances and \$10 million for Infrastructure Reliability projects, will be expended in each year of the Projection Period, totaling \$550 million between 2019 and 2029. Project costs for Pre-Approved Allowances are assumed not to be financed; rather, they are to, and instead be recovered directly in the calculation of airline rates and charges.

5.4 NON-AIRLINE REVENUES

Non-Airline Revenues consist of those Revenues generated at the Airport from sources other than those derived through Airline Fees and Charges (e.g., automobile parking, rental cars, restaurants, news and gifts).

A majority of the Airport's Non-Airline Revenues are generated from concessions, which includes automobile parking revenues. **Table 5-3** presents concession revenues at the Airport from 2013 through 2017. As shown, concession revenues were approximately \$223.3 million in 2013, and they increased each year to approximately \$257.4 million in 2017, reflecting a CAGR of 3.6 percent. The increase from 2013 through 2017 reflects recovery from the economic recession, as well as continually enhanced terminal concession offerings at the Airport, with local and national favorites well represented, as growth in restaurant and news and gift revenues was greater than the growth in enplaned passengers. Parking revenues, which represent the Airport's largest Non-Airline Revenue source, were \$95.6 million in 2013, and they increased to \$106.6 million in 2017, reflecting a CAGR of 2.8 percent.

The Airport's concession revenues per enplaned passenger have declined slightly over the past five years as growth in enplaned passengers has outpaced growth in concessions revenues.

Non-Airline Revenues include revenues from the CATCo and revenues from landside concessions, including automobile parking, automobile rentals, and concessions generated in the Terminal Area. These revenues are discussed in the following subsections.

TABLE 5-3 HISTORICAL CONCESSION REVENUES (2013–2017)

	2013	2014	2015	2016	2017	COMPOUND ANNUAL GROWTH RATE
Concession Revenues						
Automobile Parking	\$95,614	\$97,834	\$99,210	\$103,813	\$106,620	2.8%
Automobile Rentals	26,274	27,863	29,176	28,436	28,028	1.6%
Restaurants ¹	42,662	45,432	49,366	52,786	54,657	6.4%
News and Gifts ¹	18,367	24,086	24,355	25,082	24,354	7.3%
Other	40,337	45,082	41,908	43,074	43,762	2.1%
Total Concession Revenues	\$223,254	\$240,297	\$244,015	\$253,191	\$257,421	3.6%
Total Concession Revenues Annual Growth Rate		7.6%	1.6%	3.8%	1.7%	--
Enplaned Passengers (thousands)	33,298	34,953	38,395	38,873	39,816	4.6%
Enplaned Passengers Growth Rate		5.0%	9.9%	1.2%	2.4%	--
Concession Revenues per Enplaned Passenger	\$6.70	\$6.87	\$6.36	\$6.51	\$6.47	-0.9%

NOTES: Dollars in thousands for FYs ending December 31.

¹ Includes International Terminal Concession Revenues.

SOURCE: City of Chicago, Department of Aviation, July 2018.

5.4.1 CHICAGO AIRLINES TERMINAL CONSORTIUM

The City has an agreement with CATCo for work related to City-owned aeronautical operations, equipment and systems, and facilities leased at the Airport. CATCo was formed in 1990 as a Member Airline Not-for-Profit Corporation. CATCo provides the operation of Consortium equipment located in the Airport. Through the cooperative efforts of its contractors, CATCo operates and maintains the Terminal 5 baggage sortation system, inbound baggage claim system, passenger loading bridges, aircraft preconditioned air system, 400Hz ground power, hydrant fueling system, common-use computer terminals (vMUSE), flight and baggage information display systems, potable water cabinets, and triturator facility. CATCo also manages vendor services for checkpoint security support, skycap and passenger assistance, and gate allocation assignment activities. CATCo pays rent on certain leased Airport facilities, as well as reimburses the City for certain energy costs.

5.4.2 CONCESSIONS

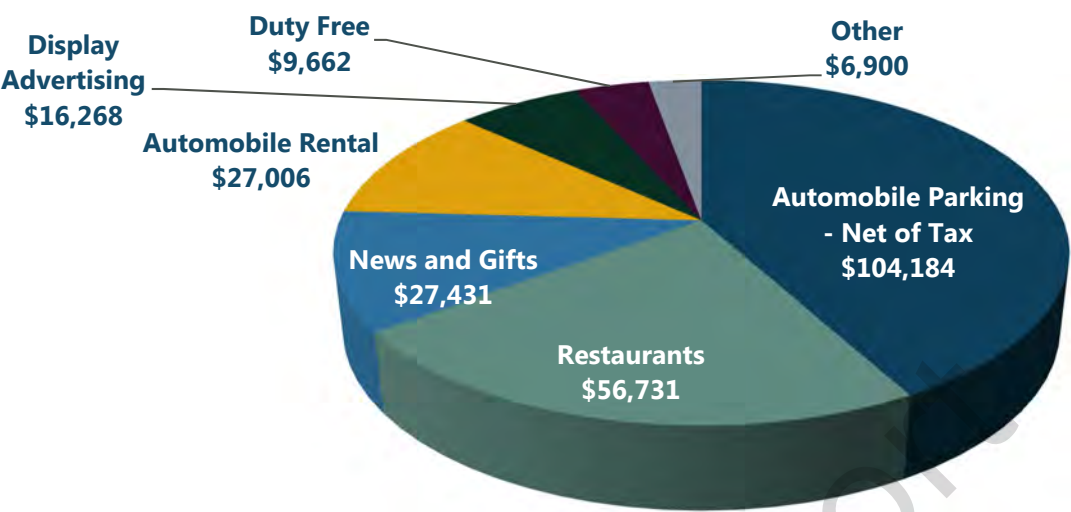
Concession revenues include those derived from the concessionaires in the terminal, such as restaurants and news and gift shops, and the Airport's landside operations, such as automobile parking, automobile rentals, and bus service. The CDA is continually looking for additional space that could be allocated to concessions, as well as considering opportunities to enhance concession revenue.

5.4.3 ACTUAL CONCESSION REVENUES VS. BUDGET

As shown in Table A-2 of Appendix A, between 2013 and 2017, actual concession revenues generated at the Airport were higher than the budgeted amount in each of the 5 years presented, averaging 4.9 percent above budget. The Airport's 2018 final rates and charges budget serves as the base from which concession revenues are projected.

Exhibit 5-4 presents the breakdown of budgeted 2018 concession revenues.

EXHIBIT 5-4 2018 CONCESSION REVENUES BY CATEGORY (IN THOUSANDS)



SOURCE: City of Chicago, Department of Aviation, June 2018.

The revenues generated by automobile parking, automobile rentals, and the concessions in the terminal buildings (i.e., restaurants, news and gifts outlets, and duty free), which together account for approximately 90.7 percent of concession revenues in the Airport’s 2018 budget, are discussed in the following subsections.

5.4.4 AUTOMOBILE PARKING REVENUES

The City has a management agreement with Standard Parking Corporation, a provider of parking facility management services. Under the agreement, Standard Parking Corporation provides personnel to operate and maintain the parking facilities at the Airport; it provides cashier services and ground transportation. Under the existing parking contract with the City, Standard Parking Corporation receives a fixed management fee adjusted annually by a pre-agreed-upon contract rate and submits daily, monthly, and annual accountings to the CDA. Budgeted parking revenues net of City taxes for 2018 are \$104.2 million, or 42.0 percent of concession revenues.

Parking revenues at the Airport are a function of on-Airport parking demand and the availability of parking spaces demanded. Several factors influence on-Airport parking demand, such as: the variety of parking products offered (e.g., terminal garage, midmarket surface spaces, and economy spaces); off-Airport parking competition; availability of alternative transportation, such as the CTA train and taxis, as well as the impact of transportation network companies (TNCs), such as Uber and Lyft; and the cost and convenience associated with each of these facilities and alternatives.

Terminal Parking Garage

The Airport currently offers hourly and daily parking in the approximately 9,300-space Terminal Parking Garage, with a maximum weekday rate of \$74.00 per day in the hourly (level 1) parking and \$40.00 per day for the daily spaces on levels 2 and 6, as well as outdoor surface spaces in Lots B and C. The hourly spaces are designed for short-term parking of less than 3 hours; while the Airport does not recommend parkers use these spaces for overnight stays, there are no restrictions on how long a parker may stay in the space. The Airport also provides valet

service with a maximum daily weekday rate of \$61.00 per day. During peak hours, holiday travel, and inclement weather, the Terminal Parking Garage approaches maximum capacity but with limited closures, approximately 384 hours (or 16 days) total in 2017.

Other On-Airport Parking

Lot E and Lot G at the Airport are designated for midmarket and economy parkers, respectively, providing approximately 7,730 surface spaces. Surface Lot E is directly adjacent to the ATS and has a maximum daily weekday rate of \$17.00 per day. Parkers in Lot E can move directly from their vehicle to the ATS, which takes them to the Terminal Area. Surface Lot G is directly west of Lot E across Bessie Coleman Drive; it has a maximum daily weekday rate of \$10.00 per day. Free shuttle buses operate 24 hours a day within these lots, dropping off passengers at the ATS station adjacent to Lot E. Lot E and Lot G also occasionally experience limited capacity; Lot E and Lot G were closed approximately 323 hours (13 days) and 652 hours (27 days), respectively, in 2017.

Additional on-Airport parking is provided in Lot D, including approximately 950 spaces primarily utilized by passengers using Terminal 5 as well as approximately 2,600 spaces recently opened in the Multimodal Facility.

Off-Airport Parking Alternatives

Off-Airport parking competitors serving the Airport, such as Park N Jet Valet and WallyPark, provide parking facilities and a shuttle service to and from the Airport; their rates are typically competitive with the on-Airport economy lot.

Factors Influencing Parking Demand

Alternative transportation options include the CTA Blue Line train that provides direct access to a station located in the terminal and connectivity between downtown Chicago and other CTA train lines. According to the CTA, ridership on the Blue Line has been increasing steadily over the past 15 years while Airport parking revenues have also grown over this period. The City is in the procurement process for express transportation service between the downtown business district and the Airport. This express service, if constructed, may impact parking demand at the Airport. The impact is unknown, but may be limited since the ridership will be going to and from the downtown business district where availability and pricing already impacts parking demand.

Taxis provide service to and from the Airport, with each departure trip requiring a tax stamp from which the Metropolitan Pier and Exposition Authority (MPEA) receives a fixed fee. Taxi service, as a well-established alternative, factors into the current level of on-Airport parking demand. The demand for taxi services is not anticipated to result in any material incremental long-term effect on parking revenues.

TNCs, such as Uber and Lyft, have gained acceptance as a mode of transportation to access airports since they began operations in 2009 and 2012, respectively. TNCs were authorized to operate at the Airport in 2013. Since then, TNCs in addition to Uber and Lyft, such as Sidecar, Via, and Wingz, have begun operating at select airports throughout the U.S. Of these three additional TNCs, Sidecar and Via are currently operating at the Airport. TNCs operated at most U.S. airports without operating agreements prior to 2015. Currently, all large-hub airports, including O'Hare, have entered into operating agreements with TNCs.⁵ This allows airports to better manage airport access and for TNCs to remit a fee that is in-line with other forms of ground transportation access. While most

⁵ Federal Aviation Administration classifies a large hub as enplaning 1 percent or more of the total passengers in the United States.

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airports received the fee revenue from TNCs, the City imposes certain fees that are remitted to the City and MPEA, similar to the taxi fee that is currently in place which is remitted to MPEA.

Originating passenger traffic is an indicator of ground transportation activity and used to better understand trends such as transaction and revenue changes.⁶ Parking and ground transportation revenue as reported by the large-hub airports is broadly increasing.⁷ This may be due to private vehicle drop-off passengers shifting to TNCs, slight growth in parking transactions, increases in parking rates, as well as an increase in originating passengers. However, multiple large-hub airports, are seeing a decline in parking and ground transportation revenues per originating passenger. This decline may be an initial trend of a broader shift occurring in ground transportation and airport access; passengers opting to use TNCs in lieu of private vehicle drop-off, parking, and other ground transportation products, such as rental cars. A third of the large-hubs, that have reported the airports' fiscal year 2017 data, are experiencing a decline in revenue per originating passenger. This is occurring while parking and ground transportation revenue grew in the airports' fiscal year 2017 at all but two large-hub airports that have reported revenue.

This initial decline in parking and ground transportation revenues per originating passenger along with the emergence of autonomous vehicle technology, and the first year-over-year decline in personal automobile sales in the U.S. since the Great Recession, may eventually lead to parking and ground transportation revenue declines.⁸ Airports may be able to prevent revenue declines for parking and ground transportation products by adopting different ground transportation fee and fee structures, such as private vehicle access fees.

A shift in Airport access during the Projection Period may occur; however, due to the uncertainty of future changes to ground transportation and associated transportation fee structures, revenue projections developed for the financial analysis included in this Report assume no impact on parking and car rental demand from TNCs during the Projection Period.

As Airport passengers are forecast to increase over the Projection Period, as discussed in Chapter 4, it is assumed that on-Airport parking demand will also increase at a rate consistent with the increase in enplaned passengers. Increased on-Airport parking demand over the Projection Period could create parking capacity issues at the Airport. To accommodate future demand, the City is currently constructing the Multimodal Facility, which will include approximately 2,600 parking spaces with direct access to the ATS, and is planning a new parking garage as part of the Airport Capital Program. The Multimodal Facility (with the public parking area expected to be completed at the end of 2018), will accommodate demand for midmarket parking. The planned parking garage construction will provide customers typically parking in the Terminal Parking Garage with another option to optimize their level of convenience. Parking rates in the Multimodal Facility have not yet been determined. An additional parking garage adjacent to Terminal 5, on the site of existing Lot D, is also planned to accommodate growth in originating passenger traffic expected from the move of certain domestic operations to Terminal 5. Parking rates and number of spaces in this planned lot have not yet been determined. For purposes of the financial projections herein, no specific revenue increases associated with these projects have been assumed.

An increase in parking rates at the Airport requires approval by the City Council, and while currently there are no proposed rate increases under City Council review, the CDA may elect to seek approval from City Council for parking rate increases on existing facilities and to set parking rates on new facilities opened during the Projection Period.

⁶ Originating passengers, Sabre Market Intelligence, April 2018.

⁷ Federal Aviation Administration, Certification Activity Tracking System (CATS), April 2018.

⁸ Auto Alliance. "Facts About Auto Sales 2017." May 2018. <https://autoalliance.org/economy/facts-about-auto-sales/>.

Parking rate increases would likely result in increases in parking revenues for the Airport. The last parking rate increase was implemented on January 10, 2017.

For purposes of this Report, parking revenues are projected to increase at a CAGR of 2.5 percent through 2029, which is a combination of increases in the number of O&D passengers and assumed periodic parking rate increases, based on historical parking rate increases at the Airport to account for inflation (1.5 percent, or half the rate of inflation, every year). Over the past 10 years, parking rates at the Airport for the Terminal Parking Garage have increased at a CAGR of 2.7 percent, excluding parking rate increases related only to tax increases. Projected parking revenue growth attributable to O&D passenger growth has been developed with consideration of parking trends from 2006 through 2017, during which time parking transaction day growth has reflected approximately 95 percent of the O&D passenger growth rather than growth being directly in-line with O&D passenger growth. Recent trends indicate that the shift in parking transactions per O&D passenger may have been caused by lot availability and shifts in modes used to access the Airport, such as the use of TNCs. For the purposes of the financial analysis included in this report, the parking demand is assumed to continue to grow at 95 percent of O&D passenger growth plus half the rate of inflation through the Projection Period.

5.4.5 OTHER CONCESSIONS REVENUES

Automobile Rentals

With the opening of the Multimodal Facility, 13 rental car brands currently operate on-Airport: Advantage, Alamo, Avis, Budget, Dollar, Enterprise, E-Z, Fox, Hertz, National, Payless, Sixt, and Thrifty. Routes Car Rental and Silvercar currently serve the Airport as off-Airport rental car operators. All off-Airport rental car facilities are currently located at sites remote from the terminals, and they are served by shuttle buses. Avis Budget Group, Inc., operates the Avis, Budget, and Payless brands; Enterprise Holdings, Inc., operates the Alamo, Enterprise, and National brands; and The Hertz Corporation operates the Hertz, Dollar, and Thrifty brands. Advantage, E-Z, Fox, Routes, Silvercar, and Sixt operate as independent brands.

A Consolidated Rental Car Facility Lease and License Concession Agreement, executed in 2013 by the on-Airport rental car companies that will operate from the Multimodal Facility, establishes a Minimum Annual Guarantee Fee and Concession Fee, which will be the greater of the Minimum Annual Guarantee Fee, or 10 percent of annual gross revenues, as defined in the agreement. At the end of each agreement year, an annual reconciliation will be computed for underpayment/overpayment. Budgeted automobile rental revenues for 2018 are \$27.0 million, or 10.9 percent of concession revenues. Automobile rentals are projected to increase at a CAGR of 2.5 percent through 2029, which is a combination of increases in the number of O&D passengers and half the rate of inflation.

Restaurants

Concessionaires operate more than 100 restaurants / food and beverage outlets in the terminal buildings at the Airport. These outlets include a mixture of national and local Chicago brands. Recent additions at the Airport include Sarah's Candies, Green Market, Publican, Summer House, and a second location of Wicker Park Seafood and Sushi Bar. Existing local favorites include the Berghoff Café, Billy Goat Tavern, Garrett Popcorn, Goose Island Brewing Company, and Tocco. The terms of the agreements for these concessionaires generally range from 5 years to 10 years; however, in Terminal 5, Westfield Group operates the concessions (including restaurants, news and gifts, and duty-free shops) under a 20-year concession agreement effective September 1, 2011. The City receives from the concessionaires a percentage of gross sales against minimum annual guarantees that are adjusted annually based on the previous year's sales.

The budgeted terminal restaurant revenues for 2018 are \$56.7 million, or 22.9 percent of concession revenues. Terminal restaurant revenues are projected to increase at a CAGR of 3.4 percent through 2029, which is a combination of increases in the number of enplanements and increases based on anticipated new concessionaire offerings during the Projection Period.

News and Gifts

Hudson Group operates approximately 30 news and gift outlets in the terminals. The City receives a percentage of gross sales against minimum annual guarantees that are adjusted annually based on the previous year's sales. The budgeted terminal news and gift revenues for 2018 are \$27.4 million, or 11.1 percent of concession revenues. News and gift revenues are projected to increase at a CAGR of 6.1 percent through 2029, which is a combination of increases in the number of enplanements plus half the rate of inflation as well as additional revenues projected to result from additional outlets and offerings to be made available through the completion of the TAP.

Duty-Free

Duty-free concessions in Terminal 5 include a 10,000-square-foot flagship duty-free store, through which all departing travelers must pass after clearing the TSA security screening checkpoint. Duty-free revenue is budgeted to be \$9.7 million in 2018 and is projected to increase at a CAGR of 9.1 percent through 2029, which is a combination of increases in the number of international enplanements plus half the rate of inflation as well as additional revenues projected to result from additional outlets and offerings to be made available through the completion of the TAP.

Display Advertising

Display advertising revenue is budgeted to be \$16.3 million in 2018 and is projected to increase with inflation and impacts associated with the completion of the TAP at a CAGR of 4.0 percent through 2029.

Other Concessions

Other concessions include revenues from bus service, retail gift shops, currency exchange/ATMs, wireless, telecommunications, and miscellaneous. Other concession revenues are budgeted to be \$6.9 million in 2018 and are projected to increase at a CAGR of 3.1 percent through 2029.

5.4.6 CONCESSIONS PLANNING

The City is making efforts to maximize concession revenues through strategic planning. These efforts include both near-term and long-term planning at the Airport, as well as space and vendor management.

Plans involving the renegotiation and remarketing of the current concession agreements expiring in the near term should yield an increase in overall concession revenue through the issuance of new contracts. The City is also maximizing the use of terminal space to increase concession revenue. A combination of CDA terminal space and space that was released by airlines is planned to be converted into concession space that will allow for increased revenues. The financial analysis presented in this chapter does not include the potential effects of planned concession initiatives in the Terminal Area.

5.4.7 REIMBURSEMENTS AND OTHER NON-AIRLINE REVENUE

Reimbursements primarily relate to utilities. Many of the buildings on Airport property are separately metered for utilities; however, the CDA pays the utility companies directly. The CDA then bills each tenant for individual metered usage at regular scheduled rates that are no higher than the rates paid by the CDA itself. Other revenue items included in this line item are CATCo energy reimbursement (CATCo's energy payments to the City) and interest income. These revenue items are not affected by increases or decreases in aviation activity; increases are based on

inflation. Other Non-Airline Revenues include interest income. Reimbursements and other Non-Airline Revenues combined are projected to increase at a CAGR of 7.7 percent through 2029, primarily related to utilities costs projected to increase as the Airport Capital Program is completed.

5.4.8 COMMERCIAL REAL ESTATE REVENUES

Commercial Real Estate Revenues, further discussed in Section 5.9.3 herein, include approximately \$7.8 million in hotel revenues budgeted in 2018. Beginning in 2019, the City intends to begin operation of the hotel, which is expected to result in additional revenues than what is currently received. Hotel revenues are estimated to be \$25.0 million in 2019 and are projected to increase with inflation thereafter. The City is currently evaluating and developing a funding plan for certain hotel-related projects, which are expected to generate additional revenues significantly beyond what is generated at the current Airport hotel. However, due to the uncertainty of those project scopes and funding plans, this Report assumes no additional revenues related to the completion of those development projects.

For purposes of this financial analysis, Commercial Real Estate Revenues are projected to increase to \$25.0 million in 2019 and then with inflation thereafter, resulting in a CAGR of 14.1 percent from 2018 through 2029.

5.4.9 AERONAUTICAL REAL ESTATE REVENUES

Revenues from the Aeronautical Real Estate Cost Center, further discussed in Section 5.9.4 herein, include those resulting from real estate leases that support aeronautical functions. These revenues are budgeted to be \$40.8 million in 2018. This amount reflects the renegotiation of existing hangars and other building leases to increase the base rental rate for aeronautical real estate. Revenues are assumed to hold at that level through 2021, and afterward they will increase at 1.0 percent annually, with an additional \$6.0 million realized in 2023 relating to a new hangar lease.

5.4.10 INCREMENTAL NON-AIRLINE REVENUES RELATED TO THE AIRPORT CAPITAL PROGRAM

Most projects included in the Airport Capital Program are not expected to directly affect Non-Airline Revenues; however, it is assumed for purposes of this financial analysis that the average spend per passenger on terminal concessions will increase upon the opening of certain components of the TAP, resulting in incremental restaurant, news and gifts, and duty free revenue increases during the Projection Period, reflected in the projected Non-Airline Revenues.

Potential hotel-related projects, as well as parking projects that may result in new parking products and/or pricing, are also likely to result in incremental increases in Non-Airline Revenues. However, these revenues are not included in this financial analysis due to current uncertainties associated with the details of those projects.

Non-Airline Revenues, shown on **Exhibit 5-5**, are projected based on a review of historical trends, forecast activity levels, and inflation. Non-Airline Revenues are projected to increase at a CAGR of 4.3 percent from 2018 through 2029.

5.5 NON-SIGNATORY AIRLINE REVENUES

Non-Signatory Airline Revenues include landing fees and terminal rentals paid by airlines that are not signatory to the AULA. Non-Signatory Airline Revenues are derived as a function of the signatory rentals, fees, and charges, based on O&M Expenses, debt service, and fund deposits. In the financial analysis in this Report, landing-fee revenues received from non-signatory affiliates of the Signatory Airlines are considered Non-Signatory Airline Revenues.

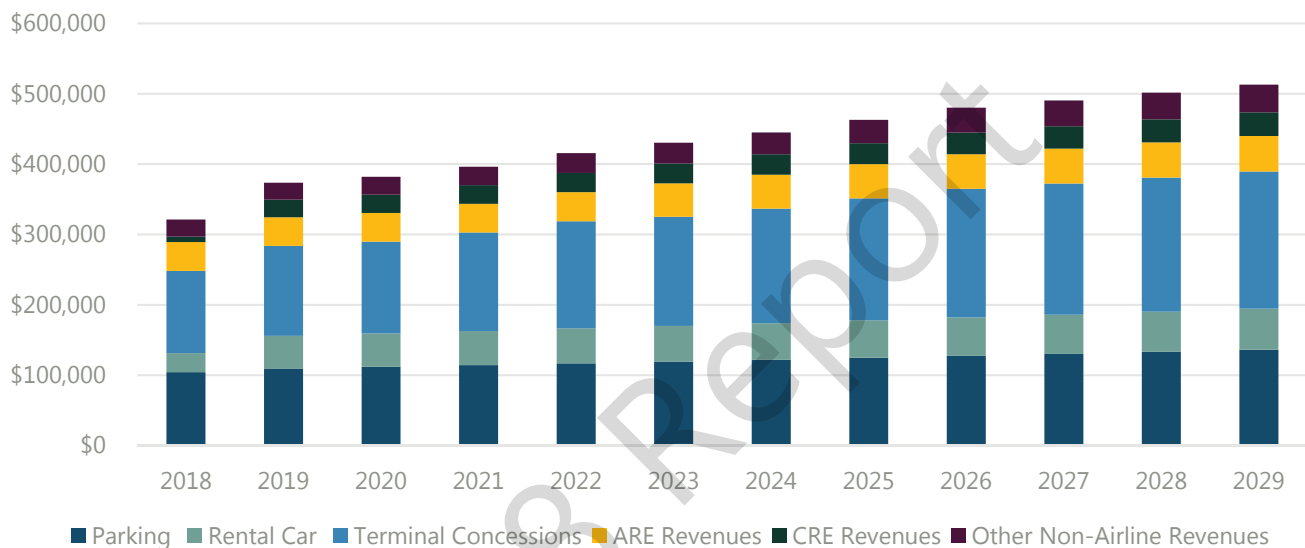
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Non-Signatory Airline Revenues are budgeted to be approximately \$67.4 million in 2018, and they are projected to increase to \$156.3 million in 2029, reflecting a CAGR of 7.9 percent, which can primarily be attributed to expected increases in the rates and charges, specifically landing fees, charged to Non-Signatory Airlines to recover increasing O&M Expenses throughout the Projection Period, as well as debt service associated with the 2018 Bonds and future GARB issuances.

Exhibit 5-6 shows the projected Non-Signatory Revenues.

EXHIBIT 5-5 PROJECTED NON-AIRLINE REVENUES

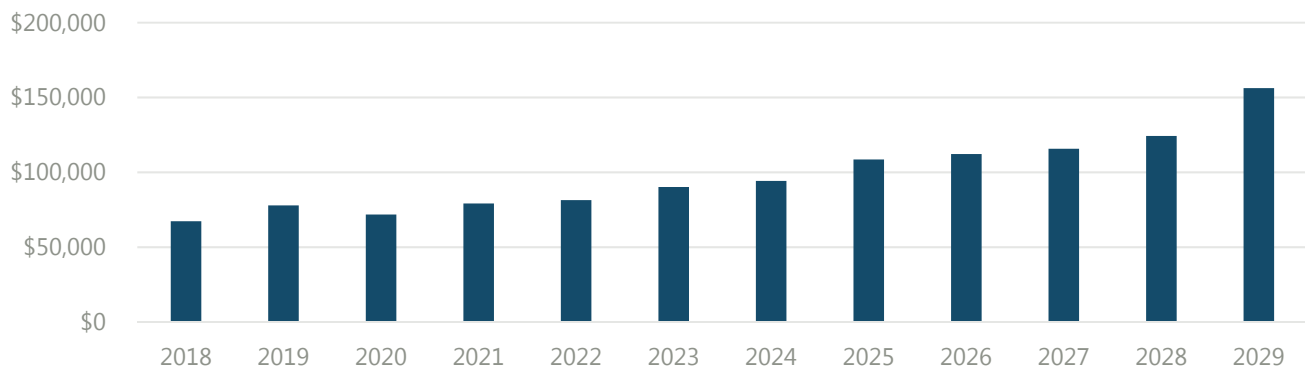
(Dollars in Thousands for Fiscal Years Ending December 31)



SOURCES: City of Chicago, Department of Aviation, October 2018; Ricondo & Associates, Inc., October 2018 (based on the analysis and assumptions described in the Report).

EXHIBIT 5-6 PROJECTED NON-SIGNATORY AIRLINE REVENUES

(Dollars in Thousands for Fiscal Years Ending December 31)



SOURCES: City of Chicago, Department of Aviation, October 2018; Ricondo & Associates, Inc., October 2018 (based on the analysis and assumptions described in the Report).

5.6 OTHER AVAILABLE REVENUE

5.6.1 PASSENGER FACILITY CHARGE REVENUE

The City has FAA approval to impose a PFC at the Airport and to use PFC Revenue for approved Airport projects, including OMP Airfield Projects.

PFC Program Highlights

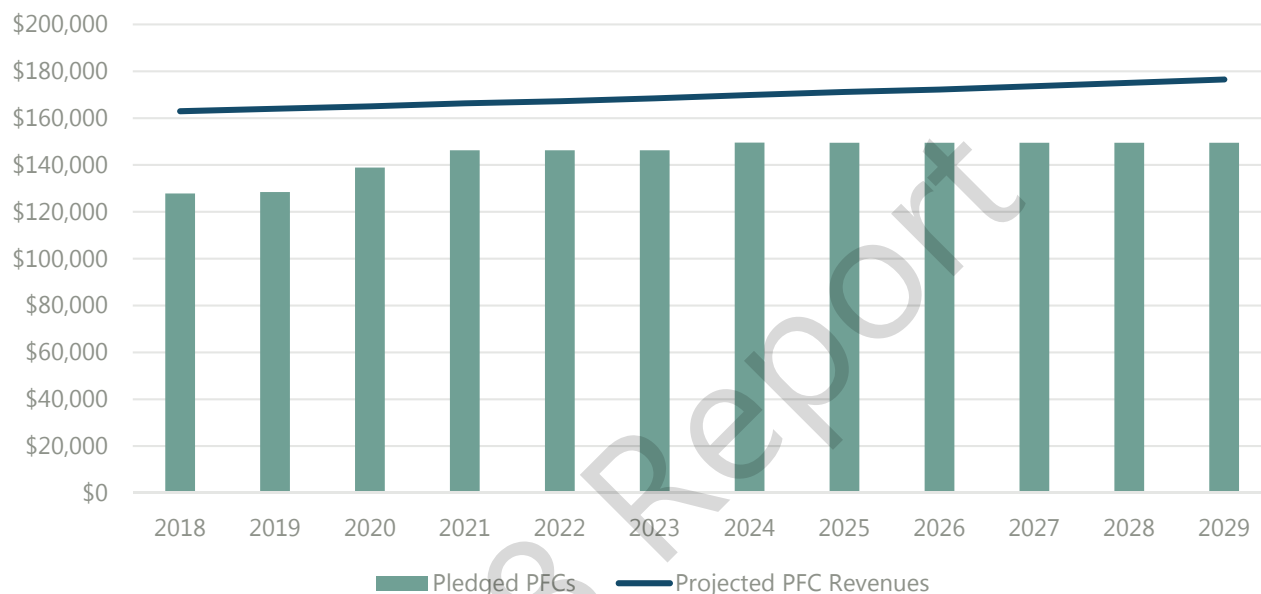
- The City collects a \$4.50 PFC per eligible enplaned passenger less an \$0.11 airline processing charge. No increase in the PFC collection level was assumed in the projections. No decrease in the PFC collection level is required based on current PFC approvals.
- The City has approved authority from the FAA to impose a PFC and use PFC Revenues for all project costs anticipated to be funded with PFC Revenues for the OMP, including the remaining OMP Airfield Projects, and the Terminal 5 Expansion project. PFC authority for the TAP has yet to be sought by the City, but it is anticipated that all required PFC approvals will be in place prior to the City expending any PFC Revenues on the TAP.
- As of June 2018, the City has received authority to impose a PFC and use \$6.93 billion of PFC Revenues at the Airport, along with an estimated charge expiration date of July 1, 2041. As of June 30, 2018, PFC Revenues received by the City for use at the Airport, including investment earnings, totaled approximately \$3.1 billion.
- In 2017, PFC Revenues totaled approximately \$153.9 million, reflecting PFCs paid by approximately 87.3 percent of enplanements at the Airport.
- The estimated balance in the City's PFC Revenue funds as of September 30, 2018 was \$208.1 million.
- Table B-3 in Appendix B presents projected debt service on PFC Revenue Bonds. Debt service on outstanding PFC Revenue Bonds is anticipated to be approximately \$50.4 million in 2018; it is anticipated to decrease to approximately \$48.3 million from 2019 through 2023, and then increase to \$51.5 million in 2024 through 2029.
- The Series 2011A Bonds through maturity and, through 2018, the Series 2008A Bonds and the Series 2010F Bonds, and any bonds refunding all those bonds, are not only secured by a pledge of Revenues but also payable from and secured by a pledge of available PFC Revenues. The City is evaluating the use of PFC Revenues after calendar year 2018 and, in its sole discretion, plans to continue to use PFC Revenues to pay debt service on the Series 2008A Bonds and Series 2010F Bonds, or on any bonds refunding those bonds, for which the City is under no obligation to use PFC Revenues. Therefore, the financial analysis in this Report assumes PFC Revenues will be applied to pay debt service on the Series 2008A and Series 2010F Bonds, or on any bonds refunding those bonds, from 2019 through the end of the Projection Period.
- PFC Revenues are pledged as Other Available Moneys to the Series 2016F Bonds through the Projection Period.
- The City received PFC authority from the FAA to use PFCs on the Terminal 5 Expansion project funded with proceeds from the Series 2017D Bonds. The City may elect to apply PFC Revenue to offset portions of the debt service on the Series 2017D Bonds; however, there is no pledge of PFC Revenues to the Series 2017D Bonds, and the financial analysis in this Report does not assume the City will apply PFC Revenues to pay debt service on the Series 2017D Bonds.
- Under the new AULA, the City agreed to use \$730 million in PFC Revenues over the term of the AULA to fund project costs associated with TAP Phase 1, including financing costs. The financial analysis in this Report assumes the City will apply approximately \$72.9 million in PFC revenues annually to pay debt service on future bonds from 2026 through the end of the Projection Period, totaling \$290.7 million. The remaining \$439.4 million of the \$730 million of PFC Revenues agreed upon in the AULA are assumed to be applied to pay debt service beyond the Projection Period, but before the expiration of the AULA.

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Projected PFC Revenues, as shown on **Exhibit 5-7**, are expected to be sufficient to cover all PFC Revenue Bond debt service and the PFC Revenues pledged to pay PFC-backed GARB debt service at the current PFC collection level of \$4.50 per PFC-eligible enplanement. If PFC Revenues generated in a given year are insufficient to fully pay PFC-backed GARB debt service in that year, then the City may elect to use existing PFC Revenues in the PFC Revenue Fund, if available, instead of using Airport Revenues to pay the shortfall.

EXHIBIT 5-7 PROJECTED PASSENGER FACILITY CHARGE REVENUE

(Dollars in Thousands for Fiscal Years Ending December 31)



NOTE: Includes only debt service with a pledge of PFC Revenues; however, PFC Revenues are projected to also be sufficient to pay debt service on the Series 2008A Bonds and Series 2010F Bonds, or on any bonds refunding those bonds, for which the City is under no obligation to use PFC Revenues after 2018.

SOURCES: Chicago Department of Aviation, October 2018; Ricondo & Associates, Inc., October 2018 (based on the analysis and assumptions described in the Report).

5.6.2 FEDERAL AVIATION ADMINISTRATION AIRPORT IMPROVEMENT PROGRAM GRANTS AND OTHER FEDERAL FUNDING

As of June 2018, the City has received \$630 million of the \$925 million multiyear Letter of Intent (LOI) grants awarded (\$300 million under grant AGL-06-01 and \$625 million under grant AGL-10-01, as amended) by the FAA for OMP Phase 1, OMP Phase 2A, and the remaining OMP Airfield Projects.

On November 21, 2005, the FAA issued an LOI (AGL-06-01) to the City for \$300 million in discretionary grants for OMP Phase 1 over a 15-year period from Federal FYs 2006 through 2020.

- A total of \$160 million of the OMP Phase 1 LOI discretionary grant is pledged to the payment of debt service on the Series 2011B Bonds, with the other \$140 million used on a pay-as-you-go basis.
- As of June 2018, the City has received \$260 million of the \$300 million Phase 1 LOI discretionary grant, of which \$120 million has been applied to date to the payment of debt service on the Series 2011B Bonds.
 - The remaining \$40 million of the OMP Phase 1 LOI grant, anticipated to be received by the City in two annual \$20 million installments through 2020, is pledged to the payment of debt service on the Series 2011B Bonds.

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On April 21, 2010, the FAA issued an LOI (AGL-10-01) to the City for \$410 million in discretionary grants for OMP Phase 2A and the remaining OMP Airfield Projects. The FAA approved a series of amendments to increase the amount and to revise the timing of the LOI grant, which resulted in an increase of the total grant amount from \$410 million to \$625 million.

- Of the \$625 million LOI discretionary grant, \$280 million is to be used to fund OMP Phase 2A, including \$45 million pledged to the payment of debt service on the 2011B Bonds, with the remaining \$345 million to be used to fund the remaining OMP Airfield Projects.
- As of June 2018, the City has received \$370 million of the \$625 million LOI discretionary grant, of which \$45 million has been applied to the payment of debt service on the Series 2011B Bonds, \$235 million has been used to reimburse the City for prior expenditures on OMP Phase 2A projects, and \$90 million will be used to fund the remaining OMP Airfield Projects.
 - The City intends to apply a total of \$345 million of LOI grant installments associated with the remaining OMP Airfield Projects, comprising \$205 million of LOI grant installments used on a pay-as-you-go basis and \$140 million pledged to the payment of debt service on the Series 2016E Bonds.

All future LOI grant installments anticipated to be received by the City are assumed to be made available by the FAA and paid to the City in accordance with the schedule shown in Table B-4 in Appendix B.

Under the Airport Improvement Program, in addition to discretionary grants, the City also receives annual entitlement grants for use at the Airport based on the number of enplaned passengers and the cargo tonnage at the Airport.

Federal funding received by the City, and aviation operations in general, could be adversely affected by implementation of the sequestration provisions of the Budget Control Act, which was signed into law by the President on August 2, 2011. Under the budget sequestration provisions, the Build America Bonds (BAB) subsidy, which is applied to offset debt service paid by the airlines on the Series 2010B Bonds, was reduced by 7.3 percent for Federal FY 2015, 6.8 percent for Federal FY 2016, and 6.9 percent for Federal FY 2017, and it will be reduced by 6.6 percent for Federal FY 2018. Absent Congressional action, the sequester will continue through Federal FY 2025; however, the percentage of future reduction is not known at this time. The amount of the BAB subsidy in 2018 is budgeted to be \$12.4 million; for purposes of the financial analysis in this Report, the amount is assumed to be available in each year of the Projection Period.

5.7 DEBT SERVICE

Projected annual Net Debt Service, net of capitalized interest, PFC Revenues, Grant Receipts, and other Federal funds used to pay debt service on all currently outstanding GARBs and projected future GARBs, is discussed in this section. Projected debt service is provided in Table B-5 in Appendix B.

Previously issued GARBs have been used in part to fund prior capital projects at the Airport, such as OMP Airfield Projects and previous CIP projects, including a portion of the Multimodal Facility.

Outstanding GARB Debt Service

Total outstanding GARB debt service totals approximately \$571.4 million in 2018. Outstanding GARB debt service is projected to remain relatively stable, ranging from between \$525.8 million and \$565.7 million throughout the Projection Period.

2018 Bond Debt Service

Proceeds from the 2018 Bonds are anticipated to be used, in part, to fund approximately \$1.6 billion of the Airport Capital Program.

The 2018 Bonds are each assumed to have a term of 35 years, and for purposes of this Report, interest on the 2018 Bonds is assumed at the current market interest rate as of October 29, 2018 plus 50 basis points.

Total debt service payable on the 2018 Bonds is projected to be approximately \$16.0 million in 2019 and then increase through the Projection Period to approximately \$98.7 million in 2029.

Net Debt Service on Future GARBs

This financial analysis includes Net Debt Service on future GARBs to be issued to fund the Airport Capital Program described in Chapter 2 of this Report. Future bonds are anticipated to fund an additional \$7.5 billion of Airport Capital Program projects through the Projection Period.

Table 5-4 lists the year and amounts of assumed future GARB issuances to fully fund the Airport Capital Program.

TABLE 5-4 ASSUMED FUTURE GENERAL AIRPORT REVENUE BOND ISSUANCES

FUTURE GARB ISSUANCE	ASSUMED PROJECT FUNDING
Series 2019	\$1.8 billion
Series 2020	\$1.0 billion
Series 2021	\$962 million
Series 2022	\$1.0 billion
Series 2023	\$1.4 billion
Series 2024	\$566 million
Series 2025	\$809 million

NOTE: GARB – General Airport Revenue Bond

SOURCES: City of Chicago, Department of Aviation, October 2018; JPMorgan Chase & Co., October 2018.

Future GARBs are each assumed to have a term of 35 years, and for purposes of this Report, interest on future GARBs is assumed at 6 percent.

Table B-5 in Appendix B shows the estimated Net Debt Service, net of capitalized interest, on the additional GARBs projected to be required to fund the Airport Capital Program within the Projection Period.

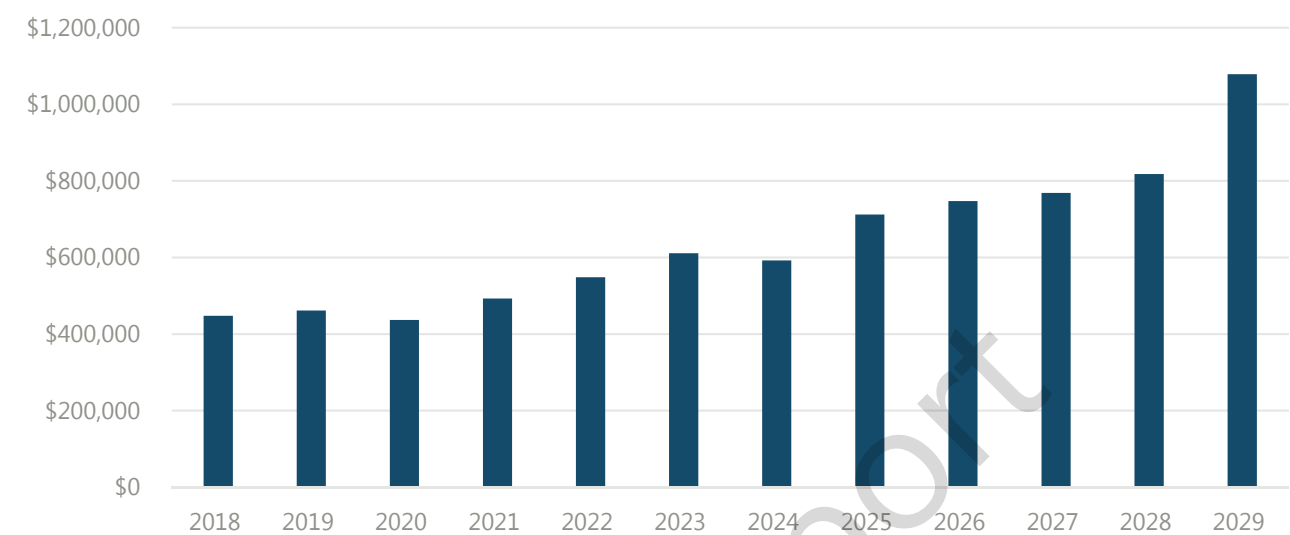
Net Debt Service

Net Debt Service in the financial analysis reflects existing and future Net Debt Service, net of capitalized interest, PFC Revenues, Grant Receipts, and other Federal funds used to pay debt service, and they are adjusted to reflect debt service coverage requirements, investment income, and program fees. In addition to pledged PFCs, additional PFCs are assumed to be applied on a non-pledged basis of approximately \$10.0 million in 2018. This Report also assumes PFCs in the amount of \$72.7 million will be applied on a non-pledged basis beginning in 2024 and continuing each year through 2029 per the terms of the AULA.

As shown on **Exhibit 5-8**, Net Debt Service is budgeted to be approximately \$447.4 million in 2018, and it is projected to increase to approximately \$1.1 billion in 2029.

EXHIBIT 5-8 PROJECTED NET DEBT SERVICE

(Dollars in Thousands for Fiscal Years Ending December 31)



SOURCES: City of Chicago, Department of Aviation, October 2018; JPMorgan Chase & Co., October 2018.

5.8 NET SIGNATORY AIRLINE REQUIREMENT

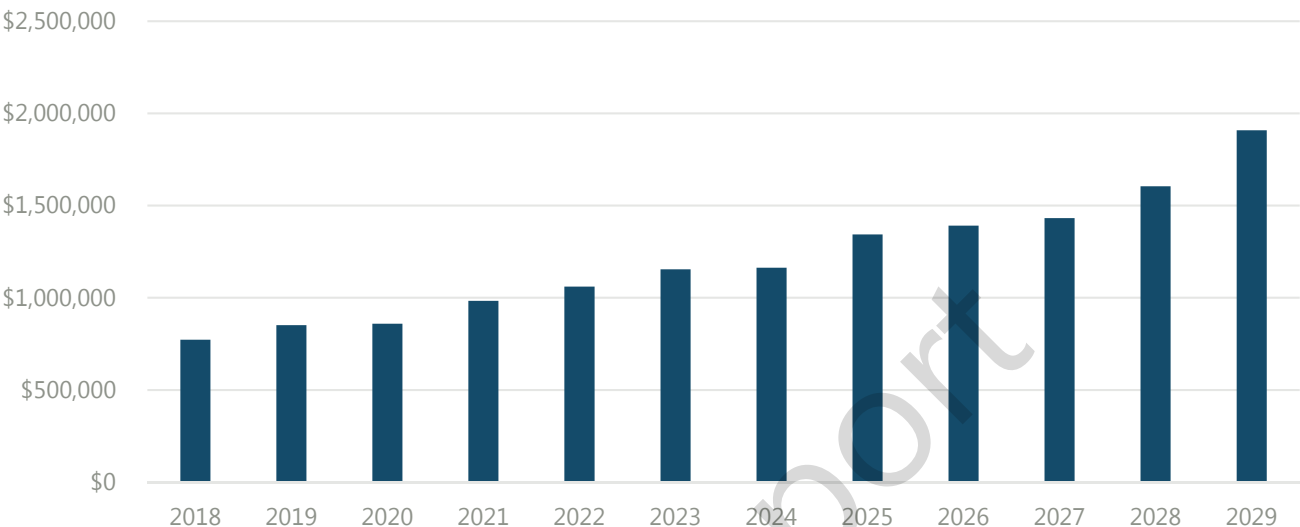
The Airport is expected to generate sufficient Revenues to pay O&M Expenses, Net GARB Debt Service, and annual required deposits to the O&M Reserve Fund, the Supplemental O&M Reserve Fund, and the Maintenance Reserve Fund.

The Net Signatory Airline Requirement constitutes the total amount that must be paid by the Airline Parties under the AULA through Landing Fees, Terminal Area Rentals, Terminal Area Use Charges (including Common Use Gate Fees, Common Use Baggage Fees, Common Use Check-in Fees, and FIS Facility Fees), and Fueling System Fees during the year.

The Net Signatory Airline Requirement is projected to increase from \$772.4 million in 2018 to \$1.9 billion in 2029, as shown on **Exhibit 5-9**.

EXHIBIT 5-9 PROJECTED NET SIGNATORY AIRLINE REQUIREMENT

(Dollars in Thousands for Fiscal Years Ending December 31)



SOURCES: City of Chicago, Department of Aviation, October 2018; Ricondo & Associates, Inc., October 2018 (based on the analysis and assumptions in the Report).

5.9 CALCULATION OF AIRLINE PARTIES' AIRPORT FEES AND CHARGES

Under the AULA, the Airfield Area, the Terminal Area, and the Fueling System each generate rentals, fees, or charges payable by the Signatory Airlines. The Airport Fees and Charges presented in this section for 2018 and the financial projections for the Projection Period reflect the rate-setting methodology in the AULA.

Applicable Non-Airline Revenues (i.e., rentals, concession revenues, and reimbursements), as well as the following costs, are allocated to each cost center to calculate applicable rates used to generate such fees, rentals, and charges:

- **O&M Expenses:** Includes the O&M Expenses (direct and allocated indirect) attributable to the cost center.
- **Net Debt Service:** Includes the portion of debt service, net of capitalized interest, and debt service coverage attributable to the cost center. The debt service amounts included in the calculation of airline rates and charges also reflect certain adjustments required to be made to actual debt service under the AULA for calculating Airport Fees and Charges.
- **Fund Deposit Requirements:** Includes the allocated portions of the amounts required to be deposited to the funds previously described.

Table B-9 in Appendix B presents the airline revenue resulting from the previously described rentals, fees, and charges. Based on the residual nature of the rate-setting methodology under the AULA, the total Signatory Airline revenue presented in Table B-9 equals the Net Signatory Airline Requirement presented in Table B-7.

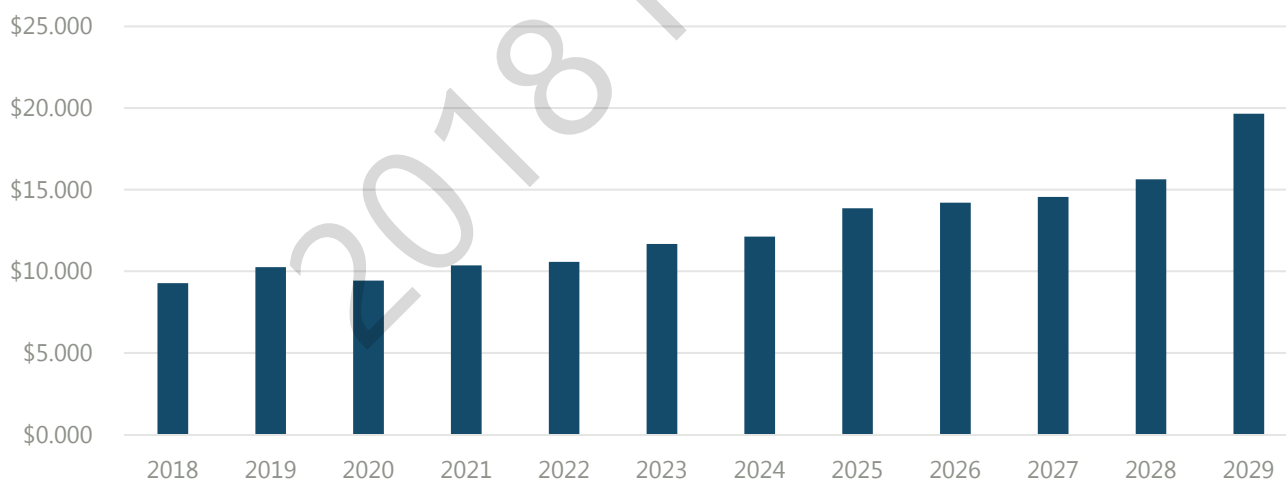
5.9.1 AIRFIELD AREA

Generally, Landing Fees are calculated by first determining the net cost of the Airfield Area, which consists of portions of the following: sum of O&M Expenses, capital costs,⁹ fund deposit requirements, and allowable airline liaison office expenses,¹⁰ minus the sum of projected Other Airfield Revenues (including revenues from general aviation operations and remain-over-night and hardstand fees, if any), interest income, bad debt, or bad debt recovery, net loss of the Fueling System Cost Center, Net Aeronautical Real Estate Revenue (if any) applied to reduce Capital Costs allocable to the Airfield, as well as any shortfall in the Air Service Incentive Program. The Net Cost of the Airfield Area is allocated among Signatory and Non-Signatory Airlines based on the approved maximum landed weight of all aircraft. Each Signatory Airline and Non-Signatory Airline pays Landing Fees based on the ratio of its total approved maximum landed weight to the total approved maximum landed weight of all Signatory Airlines and Non-Signatory Airlines. The landed weight of aircraft landed by certain classes of Non-Signatory Airlines may be increased by Non-Signatory Airline premium factors to be determined by the City's Commissioner of Aviation.

To avoid "private business use" of the Airfield Area under federal tax law, certain modifications to the rate-setting methodology have been in effect since November 2005. The purpose and effect of these modifications are to cause the Airline Fees and Charges paid by the Signatory Airlines relating to their use of the Airfield Area to be computed without regard to deficits or surpluses relating to the use of the Airfield Area by entities other than the Signatory Airlines.

Exhibit 5-10 presents the Projected Landing Fees at the Airport during the Projection Period.

EXHIBIT 5-10 PROJECTED LANDING FEES (PER 1,000 LBS LANDED WEIGHT)



SOURCES: City of Chicago, Department of Aviation, October 2018; Ricondo & Associates, Inc., October 2018 (based on the analysis and assumptions in the Report).

⁹ Capital costs under the Agreement allocable to each cost center include debt service net of pledged or applied PFC revenues, Federal funds, BAB subsidy, debt service coverage requirement, program fees and other costs, Pre-Approved Allowances, as defined in the Agreement, and Equipment Purchases and Small Capital Outlay, as defined in the Agreement.

¹⁰ According to the Agreement, "Allowable airline liaison office expenses means expenses of the Airline Liaison Office that are not Project Costs and have been approved for recovery through Landing Fees . . . by Long-Term Signatory Airlines that together accounted for at least fifty percent (50%) of the total Maximum Gross Landed Weight of all Air Carriers during the immediately preceding Fiscal Year."

5.9.2 PARKING AND GROUND TRANSPORTATION AREA

O&M Expenses, capital costs, and fund deposit requirements allocated to the Parking and Ground Transportation Area are offset by Non-Airline Revenues and reimbursements attributable to the Parking and Ground Transportation Area to arrive at the amount of Net Parking and Ground Transportation Revenue remaining at the end of each FY, which is then allocated to the Terminal Area to offset the Terminal Area costs. The Non-Airline Revenues attributable to the Parking and Ground Transportation Area include all revenues collected by the City for the right to provide Parking and Ground Transportation services and concessions at the Airport, except CFCs or any Revenues pledged to the repayment of CFC Revenue bonds or Transportation Infrastructure Finance and Innovation Act loans used to finance the Multimodal Facility.

5.9.3 COMMERCIAL REAL ESTATE AREA

Commercial Real Estate Revenue includes all revenues collected by the City for the right to use Commercial Real Estate, which primarily consists of Airport hotel revenues. Commercial Real Estate Revenue and any reimbursements offset the O&M Expenses, capital costs, and fund deposit requirements allocated to the Aeronautical Real Estate Area to arrive at the amount of Net Commercial Real Estate Revenue remaining at the end of each FY. Net Commercial Real Estate Revenue is allocated according to the following priorities: (a) to fund Air Service Incentive Programs¹¹ (with budgetary restrictions); (b) to retain in each FY \$5 million to be used for the City for interim financing or pay-go funding of Approved Projects¹² and Exempt Projects,¹³ as defined in the AULA; and (c) to use the remainder (if any) to reduce capital costs allocable to the Terminal Area in the next FY.

5.9.4 AERONAUTICAL REAL ESTATE AREA

Aeronautical Real Estate Revenue includes all revenues collected by the City for the right to use Aeronautical Real Estate, which includes the parcels and other areas of the Airport where aviation support, cargo, hangar, and maintenance activities occur. O&M Expenses, capital costs, and fund deposit requirements allocated to the Aeronautical Real Estate Area are deducted from Aeronautical Real Estate Revenue and any reimbursements to arrive at the amount of Net Aeronautical Real Estate Revenue remaining at the end of each FY. Net Aeronautical Revenue is allocated according to the following priorities: (a) an amount equal to the Pre-Approved Allowances¹⁴ allocable to the Airfield Area for the next FY to reduce capital costs allocated to the Airfield Area; and (b) the remainder (if any) to reduce capital costs allocable to the Terminal Area in the next FY.

¹¹ Under the AULA, "In order to enhance and attract new air service to the Airport, the City reserves the right to adopt and implement a program of air service incentives at the Airport, consistent with applicable Federal requirements, which may include rates and charges incentives and marketing support ('Air Service Incentive Program'). The Air Service Incentive Program, if implemented, shall be offered to all eligible Air Carriers on a non-discriminatory basis."

¹² According to the AULA, "Approved Projects means Previously Approved Projects, Phase I TAP Elements, Additional TAP Elements and Pre-Approved CIP Projects that have been approved by execution of this Agreement and New Projects submitted for Majority-in-Interest review pursuant to the procedures in Section 10.8 and not disapproved by a Majority-in-Interest."

¹³ According to the AULA, "A Capital Improvement Project that is not an Approved Project or funded with Pre-Approved Allowances but meets any one or more of the conditions set forth [in the AULA] shall be exempt from Majority-in-Interest review ('Exempt Project')."

¹⁴ According to the AULA, "Pre-Approved Allowance means amounts listed on Exhibit O of the AULA that the City may spend or encumber on Capital Improvement Projects each Fiscal Year, as approved by Airline." There are separate Pre-Approved Allowances for Capital Improvement Projects for the following categories: Taxiway Pavement Rehabilitation, Apron Pavement Repair, Airfield Roadway Repair and Replacement, Vehicle Replacement, Parking Maintenance and Repair, Roadway Pavement Replacement, Terminal Conveyance Replacement and Restroom Refresh and Modernization, and Infrastructure Reliability.

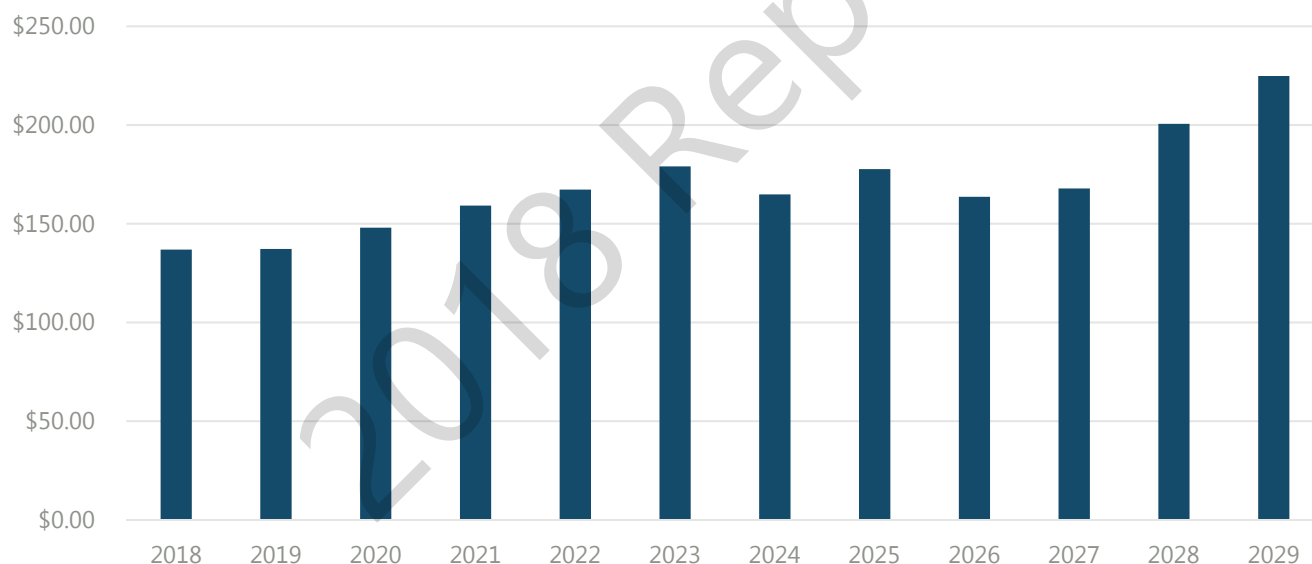
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5.9.5 TERMINAL AREA

O&M Expenses, capital costs, and fund deposit requirements allocated to the Terminal Area are added to Unrecovered Domestic Common Use Gate Costs,¹⁵ if any, and offset by the following to arrive at the Total Terminal Revenue Requirement: interest income; Non-Airline Revenues attributable to the Terminal Area, including Terminal Concession Revenue and Other Terminal Rental Payments; any remaining balance from the sale of abandoned property; bad debt or bad debt recovery allocable to the Terminal Area; net revenue or loss of Parking and Ground Transportation Area; net Aeronautical Real Estate Revenues; and net Commercial Real Estate Revenues.

The Terminal Space Revenue Requirement is calculated by subtracting from the Total Terminal Revenue Requirement the capital costs and O&M Expenses allocable to City-owned baggage makeup and claim systems, FIS equipment, and other City Equipment. The Terminal Area net deficit is paid by the Airline Parties in the form of the Terminal Rental Rate, which is calculated per each square foot of preferential-use leased space.

Exhibit 5-11 presents the projected terminal rental rates at the Airport during the Projection Period.

EXHIBIT 5-11 PROJECTED TERMINAL RENTAL RATE (PER SQUARE FOOT)

SOURCES: City of Chicago, Department of Aviation, October 2018; Ricondo & Associates, Inc., October 2018 (based on the analysis and assumptions in the Report).

Charges for common-use facilities include common-use gate fees (domestic common-use gate fee, international common-use gate fee), common-use check-in fees (domestic common-use check-in fee and international common-use check-in fee), baggage fees (domestic common-use baggage makeup fee, international common-use baggage makeup fee, common-use baggage claim fee), and FIS facility fee. These fees are determined by using the base terminal rental rate to calculate space costs for baggage makeup and claim, check-in, gate, and FIS facilities, to

¹⁵ According to the AULA, "Unrecovered Domestic Common Use Gate Costs means the portion (if any) of the Domestic Common Use Gate Revenue Requirement . . . that is not recovered due to the proviso in Section 8.10.1(c) [of the AULA] or the monthly cap on Domestic Common Use Gate Fees."

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which costs associated with the functions of the respective areas are added, determining the respective fees for common-use gate per delivered seat, common-use check-in per common-use check-in hour, common-use baggage makeup per outbound checked bag, common-use baggage claim per arriving seat, and FIS facilities fee per FIS user.

5.9.6 FUELING SYSTEM AREA

The net cost of the Fueling System consists of the portions of O&M Expenses and capital costs allocated to the Fueling System less any reimbursements, which is then divided by the total gallons of fuel distributed from the Fueling System and charged to airlines based on the number of gallons used by each airline.

5.10 REASONABLENESS OF AIRPORT USER FEES

A general test for the reasonableness of airport user fees is to compare projected airline costs in a manner that accounts for airline activity. One approach is to measure Signatory Airline Revenues generated from airline rates and charges on an airline cost-per-enplanement (CPE) basis. By comparing this metric on a year-over-year basis and by comparing it to airlines' revenue and estimated costs allocated to the Airport, the reasonableness of Airport user fees can be determined. The airline CPE is calculated by dividing the Total Airline Requirement by the number of enplaned passengers at the Airport.

Exhibit 5-12 shows the projected airline CPE at the Airport. As shown, the CPE is projected to increase from \$19.36 in 2018 to \$42.83 in 2029, which equates to \$30.94 in 2018 dollars, assuming 3.0 percent inflation. Increases in airline CPE are primarily attributable increases in O&M Expenses and Net Debt Service related to the completion of the Airport Capital Program.

EXHIBIT 5-12 PROJECTED AIRLINE COST PER ENPLANEMENT



NOTE: Assumes inflation rate of 3.0 percent.

SOURCES: City of Chicago, Department of Aviation, October 2018; Ricondo & Associates, Inc., October 2018 (based on the analysis and assumptions in the Report).

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The projected Airport user fees shown on Exhibit 5-12 were determined to be reasonable based on the expectation that these fees will not deter forecast demand for air traffic at the Airport as airlines continue to deploy capacity to airports based on available resources. The projected Airport user fees in this analysis are deemed to be reasonable based on the following combination of factors:

- **Large population and strong economic base** – The Airport is located in the third-most-populous metropolitan region in the United States and was ranked fourth in the nation in terms of domestic O&D passengers in calendar year 2017—following the New York, Los Angeles, and San Francisco markets. The Airport's ATA has a large, diverse economic base that supports business and leisure travel. Projected economic variables indicate the ATA will remain a destination that attracts both business and tourist visitors, positively affecting the demand for future inbound airline travel. Projected ATA economic variables further support the continued growth of local outbound passengers.
- **Attractive geographical location** – The Airport's central location and proximity to heavily traveled east-west airways make it a natural location for airline hub activities, and it is complementary to airline route networks.
- **Important hub for United and American** – The Airport is a major connecting hub for United and American within their U.S. domestic route networks, and it is an important international gateway for European, Asian, and Canadian passenger traffic, providing strong connectivity to flights of international alliance partners. As estimated in Section 4.5.1.5, the Airport is the second-highest contributor to profit for United and the fourth-highest contributor to profit for American. The Airport is also an increasingly important airport within the route networks of several U.S. LCCs. Generally, Airport user fees are not a key contributor to an airline's profitability in the United States.
- **Increases in debt are associated with capital projects that allow for growth** – Airport user fees during the Projection Period are calculated to recover debt service and operating costs partially attributable to significant capital projects designed to provide capacity at the Airport, which supports the ability for airlines to increase service. Although the funding of these projects is anticipated to result in increased Airport user fees, these projects support projected long-term growth at the Airport.

In summary, Airport user fees, although increasing over the Projection Period, are one of many factors that airlines consider when evaluating air service. Airport user fees were approximately 6.8 percent of system-wide total airline operating costs, according to the airline industry group Airlines for America,¹⁶ and they are one of many factors airlines consider when allocating capacity resources. The projected growth of the population and economic base, along with the geographical location and established role of the Airport in airlines' route network, support the reasonableness of projected Airport user fees.

5.11 GENERAL AIRPORT REVENUE BOND DEBT SERVICE COVERAGE

Table B-11 in Appendix B presents the Debt Service coverage ratios projected for GARBs from 2018 through 2029. As contained in the Senior Lien Indenture:

The City covenants... [that it will] fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that

¹⁶ In the fourth quarter of 2017, 1.9 percent of passenger airline operating expenses went to landing fees and 4.9 percent went to non-aircraft rents and ownership, according to data collected by Airlines for America.

Fiscal year, and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in a Fund or Account, will be at least sufficient...to provide for... for the 2018 Fiscal Year and earlier Fiscal Year, one and ten-hundredths times (1.10x) Aggregate Senior Lien Debt Service for the Bond Year commencing during that Fiscal Year, for the 2019 Fiscal Year, one and fifteen-hundredths times (1.15x) Aggregate Debt Service for the Bond Year commencing during that Fiscal Year; for the 2020 Fiscal Year, one and twenty-hundredths times (1.20x) Aggregate Debt Service for the Bond Year commencing during that Fiscal Year and for the 2021 Fiscal Year and each subsequent Fiscal Year, one and twenty five-hundredths times (1.25x) the Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, and, in each case, such Aggregate Debt Service shall be reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal and interest on Senior Lien Bonds or Senior Lien Obligations.

In addition to Airport Revenues, the City also pledged as Other Available Moneys PFC Revenues through 2018 equal to the amount of annual debt service on the Series 2008A and Series 2010F Bonds, or any bonds refunding those bonds, and through maturity on the Series 2011A Bonds, or any bonds refunding those bonds, plus any required coverage on those bonds. As previously discussed, PFC Revenues are assumed to be applied to pay debt service on the Series 2008A and Series 2010F Bonds, or any bonds refunding those bonds, from 2019 through the end of the Projection Period. It is assumed that PFC Revenues equal to the amount of annual debt service on the Series 2016F Bonds will be pledged as Other Available Moneys through the Projection Period. Also, the City has pledged as Other Available Moneys Grant Receipts from FAA LOI grants and other FAA discretionary grants to the debt service on the Series 2011B Bonds, in addition to Airport Revenues. It is assumed in this analysis that Grant Receipts from FAA LOI grants will be pledged as Other Available Moneys to pay debt service on the Series 2016E Bonds through the Projection Period. The Debt Service coverage ratio is projected to meet the minimum requirement pursuant to the Indenture in each year of the Projection Period.

5.12 ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS

The methodologies used in preparing this financial analysis are consistent with industry practices for similar studies in connection with airport revenue bond sales. While Ricondo believes the approach and assumptions are reasonable, some assumptions regarding future trends and events presented in this Report, including the implementation schedule and enplanement forecasts, may not materialize. Therefore, achievement of the projections presented in this Report is dependent upon the occurrence of future events, which cannot be assured, and the variations may be material.

APPENDIX A

Historical Budgeted versus Actual Operating Results

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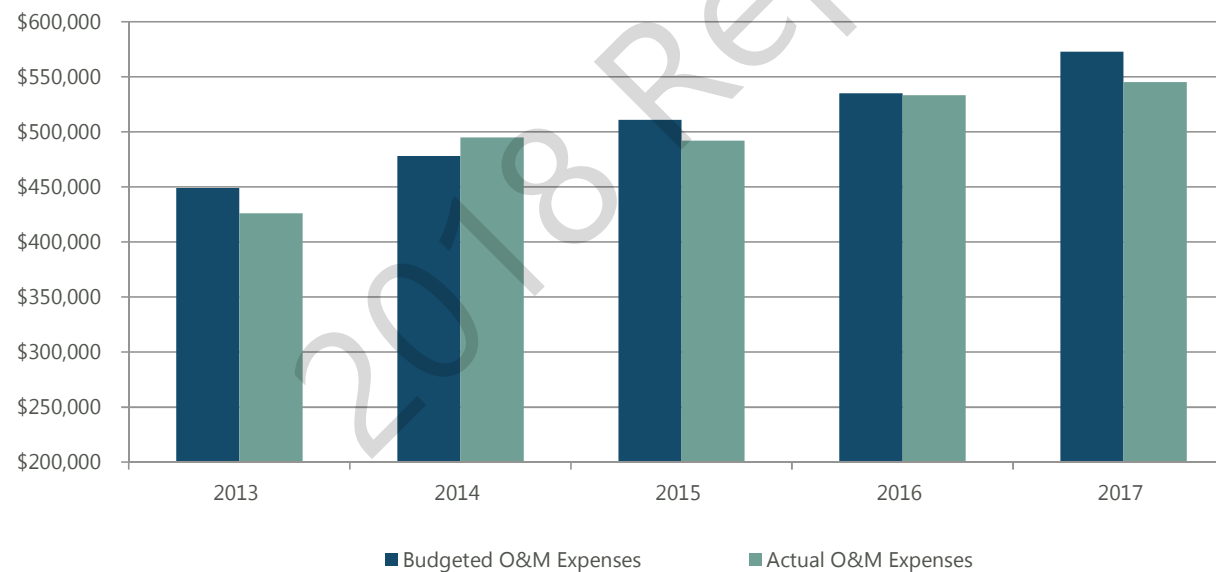
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TABLE A-1 OPERATION AND MAINTENANCE EXPENSES - ACTUAL VS BUDGET (2013-2017)

(Dollars in Thousands for Fiscal Years Ended December 31)

	2013	2014	2015	2016	2017	COMPOUNDED ANNUAL GROWTH RATE (2013-2017)
BUDGET:						
Budgeted O&M Expenses ¹	\$ 448,886	\$ 477,940	\$ 510,812	\$ 535,030	\$ 572,743	6.3%
ACTUAL:						
Actual O&M Expenses ¹	\$ 426,049	\$ 495,007	\$ 491,964	\$ 533,219	\$ 545,202	6.4%
ACTUAL (below)/above BUDGET	-5.1%	3.6%	-3.7%	-0.3%	-4.8%	



NOTES:

1 Does not include Land Support, Airport Development Fund, Emergency Reserve Fund and PFC Fund.

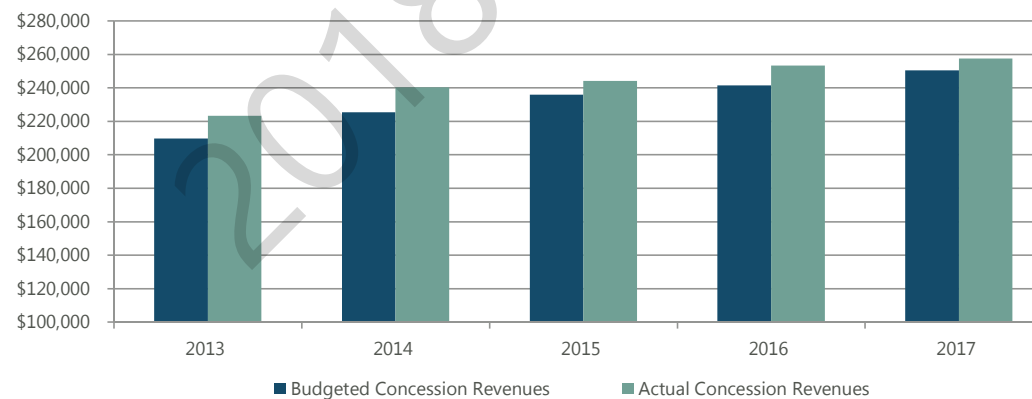
SOURCES: City of Chicago Comptroller's Office and Department of Aviation July 2018

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE A-2 CONCESSION REVENUE - ACTUAL VS BUDGET (2013-2017)

(Dollars in Thousands for Fiscal Years Ended December 31)

	2013	2014	2015	2016	2017	COMPOUNDED ANNUAL GROWTH RATE (2013-2017)
BUDGET:						
Automobile Parking - Net of Tax	\$ 99,460	\$ 97,497	\$ 102,262	\$ 101,479	\$ 107,671	2.0%
Automobile Rental ¹	22,629	24,589	26,549	26,918	27,006	4.5%
Restaurants	37,283	39,424	42,838	50,074	51,794	8.6%
News & Gifts	19,298	24,606	24,060	24,319	24,553	6.2%
Other ²	30,905	39,272	40,183	38,691	39,332	6.2%
Total Concession Revenue	\$ 209,575	\$ 225,389	\$ 235,892	\$ 241,480	\$ 250,356	4.5%
ACTUAL:						
Automobile Parking - Net of Tax	\$ 95,614	\$ 97,834	\$ 99,210	\$ 103,813	\$ 106,620	2.8%
Automobile Rental ¹	26,274	27,863	29,176	28,436	28,028	1.6%
Restaurants	42,662	45,432	49,366	52,786	54,657	6.4%
News & Gifts	18,367	24,086	24,355	25,082	24,354	7.3%
Other ²	40,337	45,082	41,908	43,074	43,762	2.1%
Total Concession Revenue	\$ 223,254	\$ 240,297	\$ 244,015	\$ 253,191	\$ 257,421	3.6%
ACTUAL (below)/above BUDGET	6.5%	6.6%	3.4%	4.8%	2.8%	



NOTES:

1 Includes percentage of gross receipts of eight rental car companies operating under agreements at the Airport.

2 Includes rentals and fees from other concessions such as other space rentals, bus service, public pay phones, other specialty shops, display advertising, hotel, and duty free.

SOURCES: City of Chicago Comptroller's Office and Department of Aviation. July 2018

APPENDIX B

Financial Projection Tables

2018 Report

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2018 Report

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-1 OPERATION AND MAINTENANCE EXPENSES

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET ¹ 2018	PROJECTED											COMPOUNDED ANNUAL GROWTH RATE (2018-2029)
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
By Line Item													
Personnel Expenses ²	\$277,343	\$306,083	\$336,012	\$367,252	\$411,201	\$429,471	\$453,223	\$483,236	\$519,952	\$543,270	\$617,730	\$639,793	7.9%
Repairs & Maintenance ³	117,885	126,977	134,465	145,374	154,286	162,024	171,940	184,338	199,447	209,507	221,449	232,747	6.4%
Energy ⁴	40,284	43,184	45,513	48,971	51,726	54,061	57,097	60,922	65,601	68,582	72,146	75,466	5.9%
Materials & Supplies ⁵	13,744	14,522	15,086	15,999	16,656	17,159	17,862	18,785	19,938	20,544	21,302	21,962	4.4%
Engineering & Professional Services ⁶	125,782	135,483	143,473	155,113	164,622	172,878	183,459	196,687	212,808	223,542	236,284	248,339	6.4%
CATCo Expenses	23,484	24,658	25,891	27,185	28,545	29,972	31,470	33,044	34,696	36,431	38,253	40,165	5.0%
Other Operating Expenses ⁷	40,682	45,974	48,685	52,635	55,861	58,663	62,253	66,742	72,212	75,855	80,179	84,269	6.8%
Total O&M Expenses ⁸	\$639,203	\$696,881	\$749,125	\$812,529	\$882,897	\$924,228	\$977,304	\$1,043,754	\$1,124,654	\$1,177,731	\$1,287,341	\$1,342,741	7.0%
By Cost Center													
Airfield	\$221,558	\$234,953	\$251,446	\$267,518	\$287,664	\$301,035	\$314,957	\$329,538	\$344,639	\$360,731	\$376,590	\$393,021	5.3%
Terminal	319,784	342,852	371,402	409,980	450,963	472,512	505,185	550,491	609,630	639,006	725,407	756,596	8.1%
Aeronautical Real Estate	3,408	3,614	3,850	4,045	4,347	4,549	4,754	4,963	5,174	5,415	5,647	5,893	5.1%
Commercial Real Estate	1,399	1,483	1,581	1,660	1,784	1,867	1,952	2,037	2,124	2,223	2,318	2,419	5.1%
Parking and Ground Transportation	93,055	113,980	120,846	129,325	138,138	144,264	150,456	156,725	163,087	170,356	177,379	184,813	6.4%
Total O&M Expenses ⁸	\$639,203	\$696,881	\$749,125	\$812,529	\$882,897	\$924,228	\$977,304	\$1,043,754	\$1,124,654	\$1,177,731	\$1,287,341	\$1,342,741	7.0%
Percent Annual Increase in O&M ⁹	10.1%	9.0%	7.5%	8.5%	8.7%	4.7%	5.7%	6.8%	7.8%	4.7%	9.3%	4.3%	

NOTES:

- 1 City 2018 2nd Half Budget
- 2 Includes all Airport staff plus an allocation of personnel costs from other City departments which support Airport operations such as Purchasing, Finance and Corporation Counsel.
- 3 Includes Equipment maintenance contracts, snow removal equipment rentals, painting, glass replacement, office fixtures, furnishings and other repair contracts.
- 4 Includes gas, water, electricity and fuel oil required to operate the Airport.
- 5 Includes disposal equipment, cleaning supplies, airfield deicing chemicals and other items used in daily Airport operations and maintenance.
- 6 Includes fees for specialized engineering, legal and other technical services.
- 7 Includes equipment and property rental, insurance, miscellaneous, machinery, and vehicles and equipment.
- 8 Totals may not add due to rounding.
- 9 Annual O&M growth is affected by pension contributions as well as by the incremental expenses from the capital improvement plan.

SOURCES: City of Chicago Department of Aviation, June 2018 (2018); Ricondo & Associates, Inc. October 2018 (2019-2029).

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-2 NON-SIGNATORY AIRLINE REVENUE & NON-AIRLINE REVENUE

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET ¹ 2018	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
NON SIGNATORY AIRLINE REVENUE ²	\$67,393	\$77,896	\$71,806	\$79,246	\$81,431	\$90,247	\$94,253	\$108,589	\$112,214	\$115,758	\$124,306	\$156,256
NON-AIRLINE REVENUE												
Real Estate and Rentals												
Aeronautical Real Estate (ARE) Revenues	\$40,828	\$40,828	\$40,828	\$40,828	\$41,236	\$47,648	\$48,125	\$48,606	\$49,092	\$49,583	\$50,079	\$50,580
Commercial Real Estate (CRE) Revenues	7,840	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598
Other Rentals ³	14,191	14,333	14,554	13,784	14,254	14,397	14,770	15,381	16,003	16,163	16,325	16,488
Real Estate and Rental Revenue	\$62,859	\$80,161	\$81,132	\$81,134	\$82,808	\$90,183	\$91,877	\$93,839	\$95,842	\$97,415	\$99,023	\$100,666
Concessions												
Automobile Parking - Net of Tax	\$104,184	\$109,532	\$111,849	\$114,224	\$116,814	\$119,166	\$121,793	\$124,626	\$127,410	\$130,068	\$133,041	\$136,090
Automobile Rental ⁴	27,006	28,429	29,037	29,660	30,341	30,957	31,648	32,394	33,126	33,825	34,608	35,411
CFC Reimbursement for ATS	-	17,933	18,388	18,855	19,334	19,825	20,329	20,845	21,374	21,917	22,474	23,045
Restaurants	56,731	58,738	60,080	64,625	70,478	71,733	74,668	76,415	76,820	78,435	80,246	82,103
News & Gifts	27,431	29,615	30,828	33,491	36,944	37,608	40,270	45,004	50,038	50,926	51,878	52,850
Duty Free	9,662	10,888	11,240	12,955	15,226	15,492	17,162	20,306	23,965	24,417	24,783	25,155
Advertising	16,268	21,288	20,992	21,380	21,804	22,187	22,617	23,081	23,303	23,797	24,350	24,919
Other Concessions ⁵	6,900	7,107	7,320	7,539	7,766	7,999	8,238	8,486	8,740	9,002	9,346	9,703
Concession Revenue	\$248,182	\$283,530	\$289,734	\$302,730	\$318,707	\$324,967	\$336,724	\$351,157	\$364,776	\$372,387	\$380,726	\$389,276
Reimbursements	10,129	9,874	11,091	12,397	14,025	15,109	16,369	17,737	19,488	20,511	21,848	23,021
TOTAL NON-AIRLINE REVENUE	\$321,171	\$373,565	\$381,957	\$396,260	\$415,540	\$430,258	\$444,970	\$462,733	\$480,106	\$490,314	\$501,597	\$512,962
TOTAL NON-SIGNATORY AIRLINE & NON-AIRLINE REVENUE ^{6/}	\$388,564	\$451,461	\$453,763	\$475,507	\$496,970	\$520,506	\$539,223	\$571,321	\$592,321	\$606,072	\$625,904	\$669,218

NOTES:

- 1 Non-Airline Revenues reflect City 2018 2nd Half Budget.
- 2 Includes landing fee revenue from the Non-Signatory Airlines, derived from rates calculated using City 2018 2nd Half Budget information with other adjustments.
- 3 Includes General Aviation Rentals, Rental Car Terminal Support Land Rentals, and Concessions Terminal Rentals.
- 4 Includes percentage of gross receipts of the eight rental car companies operating under agreements at the Airport.
- 5 Includes rentals and fees from other concessions such as other space rentals, bus service, public pay phones, and other specialty shops.
- 6 Totals may not add due to rounding.

SOURCES: City of Chicago Department of Aviation, June 2018 (2018); Ricondo & Associates, Inc. October 2018 (2019-2029).

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-3 ANNUAL PFC BOND DEBT SERVICE REQUIREMENTS

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2018	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PFC Bond Debt Service ¹												
Series 2010ABCD	10,337	9,509	9,506	9,507	9,504	9,508	12,726	12,722	12,717	12,720	12,718	12,721
Series 2011AB	3,515	276	276	276	276	276	276	276	276	276	276	276
Series 2012AB	36,506	38,508	38,517	38,512	38,510	38,512	38,514	38,512	38,513	38,511	38,505	38,508
Total PFC Bond Debt Service	\$50,358	\$48,293	\$48,299	\$48,295	\$48,290	\$48,296	\$51,516	\$51,510	\$51,506	\$51,507	\$51,499	\$51,505

NOTE:

¹ Net of capitalized interest

SOURCE: City of Chicago Department of Aviation, June 2018.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-4 LOI GRANT SCHEDULES AND USES

FEDERAL FY	LOI GRANT RECEIPTS			USES OF LOI GRANT RECEIPTS					
	OMP PHASE 1 (AGL-06-01)	OMP PHASE 2A AND 2B (AGL-10-01)	TOTAL	PLEDGED TO 2011B BONDS ^{1, 2}	PLEDGED TO 2016E BONDS ¹	PAY-AS-YOU-GO (OMP PHASE 1)	PAY-AS-YOU-GO (OMP PHASE 2A)	PAY-AS-YOU-GO (REMAINING OMP AIRFIELD)	TOTAL
Grants Received									
2006	\$20,000,000		\$20,000,000			\$20,000,000			\$20,000,000
2007	\$20,000,000		\$20,000,000			\$20,000,000			\$20,000,000
2008	\$20,000,000		\$20,000,000			\$20,000,000			\$20,000,000
2009	\$20,000,000		\$20,000,000			\$20,000,000			\$20,000,000
2010	\$20,000,000		\$20,000,000			\$20,000,000			\$20,000,000
2011	\$20,000,000	\$50,000,000	\$70,000,000			\$20,000,000	\$50,000,000		\$70,000,000
2012	\$20,000,000	\$70,000,000	\$90,000,000			\$20,000,000	\$70,000,000		\$90,000,000
2013	\$20,000,000	\$65,000,000	\$85,000,000	\$20,000,000			\$65,000,000		\$85,000,000
2014	\$20,000,000	\$45,000,000	\$65,000,000	\$20,000,000			\$45,000,000		\$65,000,000
2015	\$20,000,000	\$30,000,000	\$50,000,000	\$45,000,000			\$5,000,000		\$50,000,000
2016	\$20,000,000	\$25,000,000	\$45,000,000	\$40,000,000				\$5,000,000	\$45,000,000
2017	\$20,000,000	\$40,000,000	\$60,000,000	\$20,000,000				\$40,000,000	\$60,000,000
Total Received	\$240,000,000	\$325,000,000	\$565,000,000	\$145,000,000	\$0	\$140,000,000	\$235,000,000	\$45,000,000	\$565,000,000
Future Grants									
2018	\$20,000,000	\$45,000,000	\$65,000,000	\$20,000,000				\$45,000,000	\$65,000,000
2019	\$20,000,000	\$45,000,000	\$65,000,000	\$20,000,000				\$45,000,000	\$65,000,000
2020	\$20,000,000	\$45,000,000	\$65,000,000	\$20,000,000				\$45,000,000	\$65,000,000
2021		\$25,000,000	\$25,000,000					\$25,000,000	\$25,000,000
2022		\$30,000,000	\$30,000,000		\$30,000,000				\$30,000,000
2023		\$30,000,000	\$30,000,000		\$30,000,000				\$30,000,000
2024		\$30,000,000	\$30,000,000		\$30,000,000				\$30,000,000
2025		\$30,000,000	\$30,000,000		\$30,000,000				\$30,000,000
2026		\$20,000,000	\$20,000,000		\$20,000,000				\$20,000,000
Total Future	\$60,000,000	\$300,000,000	\$360,000,000	\$60,000,000	\$140,000,000	\$0	\$0	\$160,000,000	\$360,000,000
TOTAL	\$300,000,000	\$625,000,000	\$925,000,000	\$205,000,000	\$140,000,000	\$140,000,000	\$235,000,000	\$205,000,000	\$925,000,000

NOTES:

1 Pledged LOI Grant Receipts are applied to debt service in the year after receipt.

2 Pledge comprised of \$160 million from AGL-06-01 and \$45 million from AGL-10-01.

SOURCES: Chicago Department of Aviation, Ricondo & Associates, Inc., October 2018.

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-5 ANNUAL GARB DEBT SERVICE REQUIREMENTS

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2018	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
General Airport Revenue Bond (GARB) Debt Service												
Outstanding GARB Debt Service ^{1,2}	\$571,378	\$565,669	\$535,157	\$556,966	\$535,506	\$563,577	\$563,570	\$559,401	\$560,274	\$550,277	\$525,794	\$527,890
Series 2018 Bonds												
Series 2018 Bonds ²	\$3,316	\$15,959	\$31,139	\$68,943	\$92,220	\$88,499	\$90,181	\$97,515	\$97,518	\$97,667	\$97,717	\$98,666
Total Series 2018 Bonds Debt Service	\$3,316	\$15,959	\$31,139	\$68,943	\$92,220	\$88,499	\$90,181	\$97,515	\$97,518	\$97,667	\$97,717	\$98,666
Future GARB Debt Service												
Total Future GARB Debt Service ⁴	\$0	\$0	\$1,163	\$5,575	\$39,763	\$108,933	\$161,637	\$279,587	\$314,039	\$335,273	\$388,674	\$647,518
Total GARB Debt Service	\$574,694	\$581,628	\$567,460	\$631,483	\$667,489	\$761,008	\$815,389	\$936,503	\$971,831	\$983,217	\$1,012,185	\$1,274,074
Less: PFC's Pledged to existing GARB Debt Service	(\$77,435)	(\$80,138)	(\$90,568)	(\$97,972)	(\$97,968)	(\$97,978)	(\$97,973)	(\$97,973)	(\$97,969)	(\$97,972)	(\$97,977)	(\$97,975)
Less: PFC's Applied to existing GARB Debt Service	(10,051)	0	0	0	0	0	0	0	0	0	0	0
Less: PFC's Pledged to Future PFC-Backed GARB Debt Service	0	0	0	0	0	0	(72,665)	(72,665)	(72,665)	(72,665)	(72,665)	(72,665)
Less: Federal Funds Pledged to Series 2011B Debt Service	(20,000)	(20,000)	(20,000)	(20,000)	0	0	0	0	0	0	0	0
Less: Federal Funds Pledged to Series 2016E Debt Service	0	0	0	0	0	(30,000)	(30,000)	(30,000)	(30,000)	(20,000)	0	0
Less: Non-Pledged Federal Funds	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(2,115)	(1,498)	-
Less: BAB Subsidy Applied to Debt Service on Series 2010B	(12,354)	(12,354)	(12,354)	(12,354)	(12,354)	(12,354)	(12,354)	(12,354)	(12,354)	(12,354)	(12,354)	(12,354)
Other Adjustments ³	(5,300)	(5,816)	(5,675)	(6,315)	(6,675)	(7,610)	(8,154)	(9,365)	(9,718)	(9,832)	(10,122)	(12,741)
Net GARB Debt Service	\$447,439	\$461,205	\$436,749	\$492,728	\$548,377	\$610,952	\$592,128	\$712,031	\$747,009	\$768,279	\$817,569	\$1,078,339

NOTES:

1 Net of Series 2018 Refunding Bonds.

2 Net of capitalized interest

3 Adjustments for estimated debt service coverage, investment income, and program fees.

SOURCES: City of Chicago Department of Aviation, June 2018 (Outstanding Debt Service); JP Morgan, October 2018 (New Money Bonds Debt Service); Ricondo & Associates, Inc. October 2018 (2019-2029 pledges, transfers, and adjustments).

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-6 FUND DEPOSIT REQUIREMENTS

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET ¹ 2018	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Fund Deposit Requirements:												
O&M Reserve Fund	\$16,615	\$14,420	\$13,061	\$15,851	\$17,592	\$10,333	\$13,269	\$16,613	\$20,225	\$13,269	\$27,403	\$13,850
Supplemental O&M Reserve Fund	0	25,088	28,849	33,816	39,384	39,224	44,737	49,841	20,225	13,269	27,403	13,850
Maintenance Reserve Fund	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Special Capital Projects Fund	3,000	3,150	3,308	3,473	3,647	3,829	4,020	4,221	4,432	4,654	4,887	5,131
TOTAL FUND DEPOSIT REQUIREMENTS	\$22,615	\$45,657	\$48,218	\$56,140	\$63,623	\$56,385	\$65,026	\$73,675	\$47,882	\$34,193	\$62,692	\$35,831
Total Fund Deposits by Cost/Revenue Center:												
Airfield Area	\$9,913	\$15,968	\$18,084	\$19,267	\$22,192	\$20,911	\$22,312	\$23,168	\$12,902	\$13,619	\$13,694	\$14,225
Terminal Area	9,744	19,586	23,023	28,695	32,439	27,035	33,787	41,412	31,196	16,316	44,891	17,285
Fueling System	0	0	0	0	0	0	0	0	0	0	0	0
Aeronautical Real Estate	106	197	222	223	280	258	274	280	120	134	129	136
Commercial Real Estate	43	81	91	92	115	106	112	115	49	55	53	56
Parking and Ground Transportation	2,809	9,825	6,798	7,864	8,597	8,075	8,541	8,700	3,616	4,069	3,925	4,130
TOTAL FUND DEPOSIT REQUIREMENTS	\$22,615	\$45,657	\$48,218	\$56,140	\$63,623	\$56,385	\$65,026	\$73,675	\$47,882	\$34,193	\$62,692	\$35,831

NOTES:

1 Derived from City 2018 2nd Half Budget information with certain adjustments.

SOURCES: City of Chicago Department of Aviation, June 2018 (2018); Ricondo & Associates, Inc. October 2018 (2019-2029).

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-7 NET SIGNATORY AIRLINE REQUIREMENT

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET ¹ 2018	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
O & M Expenses	\$639,203	\$696,881	\$749,125	\$812,529	\$882,897	\$924,228	\$977,304	\$1,043,754	\$1,124,654	\$1,177,731	\$1,287,341	\$1,342,741
Net Debt Service ²	447,439	461,205	436,749	492,728	548,377	610,952	592,128	712,031	747,009	768,279	817,569	1,078,339
Other Net Capital Costs ³	7,127	74,786	71,299	89,471	54,135	68,556	58,813	75,540	54,138	48,197	53,766	111,538
Fund Deposit Requirement ⁴	22,615	45,657	48,218	56,140	63,623	56,385	65,026	73,675	47,882	34,193	62,692	35,831
Total Expenses, Net Debt Service and Fund Deposits	\$1,116,384	\$1,278,529	\$1,305,390	\$1,450,867	\$1,549,032	\$1,660,120	\$1,693,271	\$1,905,000	\$1,973,683	\$2,028,400	\$2,221,368	\$2,568,449
Less:												
Non-Airline Revenue	(\$321,171)	(\$373,565)	(\$381,957)	(\$396,260)	(\$415,540)	(\$430,258)	(\$444,970)	(\$462,733)	(\$480,106)	(\$490,314)	(\$501,597)	(\$512,962)
Non-Signatory Airline Revenue	(67,393)	(77,896)	(71,806)	(79,246)	(81,431)	(90,247)	(94,253)	(108,589)	(112,214)	(115,758)	(124,306)	(156,256)
Total Non-Airline and Non-Signatory Revenue	(\$388,564)	(\$451,461)	(\$453,763)	(\$475,507)	(\$496,970)	(\$520,506)	(\$539,223)	(\$571,321)	(\$592,321)	(\$606,072)	(\$625,904)	(\$669,218)
Adjustments:												
Current year ARE and CRE deficit/(credit)	\$37,549	\$16,766	(\$105)	\$505	\$704	\$6,481	\$1,019	\$1,056	\$812	\$1,056	\$0	\$0
Other ⁵	7,000	7,000	7,500	7,500	7,500	8,000	8,000	8,000	8,500	8,500	8,500	9,000
Total Adjustments	\$44,549	\$23,766	\$7,395	\$8,005	\$8,204	\$14,481	\$9,019	\$9,056	\$9,312	\$9,556	\$8,500	\$9,000
Net Signatory Airline Requirement	\$772,370	\$850,834	\$859,022	\$983,365	\$1,060,265	\$1,154,096	\$1,163,066	\$1,342,735	\$1,390,674	\$1,431,884	\$1,603,965	\$1,908,231

NOTES:

- 1 Derived from City 2018 2nd Half Budget information with certain adjustments.
- 2 Net of capitalized interest and BAB subsidy. Adjusted for debt service coverage, investment income, program fees, special facility debt service, grant receipts, and PFC credits.
- 3 Includes capital allowances net of other adjustments.
- 4 Includes required debt service coverage, paygo pre-approved allowance, and other obligations.
- 5 Includes air service incentive fees and discretionary cash transfer.

SOURCES: City of Chicago Department of Aviation, June 2018 (2018); Ricondo & Associates, Inc. October 2018 (2019-2029).

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-8 AIRLINE FEES, RENTALS AND CHARGES

(For Fiscal Years Ending December 31)

	BUDGET ¹ 2018	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Landing Fee Rate: ³												
Signatory Airline	\$9.270	\$10.249	\$9.422	\$10.353	\$10.573	\$11.668	\$12.119	\$13.851	\$14.203	\$14.553	\$15.628	\$19.645
Non-Signatory Airline	\$9.270	\$10.249	\$9.422	\$10.353	\$10.573	\$11.668	\$12.119	\$13.851	\$14.203	\$14.553	\$15.628	\$19.645
Terminal Area:												
Base Space Rate ⁴	\$136.86	\$137.16	\$148.00	\$159.12	\$167.26	\$179.03	\$164.83	\$177.66	\$163.60	\$167.86	\$200.58	\$224.83
Common Use Fees:												
Domestic Common Use Gate Fee ⁵	\$1.09	\$1.11	\$1.36	\$1.46	\$1.55	\$1.63	\$1.59	\$1.68	\$1.56	\$1.61	\$1.84	\$1.99
Int'l Common Use Gate Fee ⁶	\$2.86	\$2.84	\$4.84	\$5.14	\$5.37	\$5.65	\$5.38	\$5.65	\$3.74	\$3.83	\$4.31	\$4.72
Domestic Common Use Baggage Make-up Fee ⁷	\$3.11	\$3.05	\$3.24	\$3.44	\$3.58	\$3.79	\$3.64	\$3.85	\$3.71	\$3.82	\$5.16	\$5.71
Int'l Common Use Baggage Make-up Fee ⁸	\$3.02	\$3.01	\$3.17	\$3.35	\$3.47	\$3.68	\$3.53	\$3.73	\$3.58	\$3.67	\$4.76	\$5.27
Common Use Baggage Claim Fee ⁹	\$1.27	\$1.26	\$1.33	\$1.40	\$1.46	\$1.54	\$1.52	\$1.60	\$1.58	\$1.64	\$1.83	\$1.99
Domestic Common Use Check-in Fee ¹⁰	\$12.14	\$11.68	\$12.23	\$12.77	\$13.13	\$13.70	\$12.83	\$13.41	\$12.57	\$12.73	\$14.61	\$16.05
Int'l Common Use Check-in Fee ¹⁰	\$17.28	\$16.94	\$17.56	\$18.28	\$18.70	\$19.55	\$18.31	\$19.11	\$17.84	\$18.00	\$20.65	\$22.68
FIS Facility Fee ¹¹	\$9.60	\$9.51	\$10.06	\$10.66	\$11.07	\$11.75	\$11.06	\$11.73	\$18.62	\$19.01	\$22.49	\$25.22
Fueling System:												
Average Cost Per Gallon (excluding fuel)	\$0.00091	\$0.00213	\$0.00308	\$0.00532	\$0.00610	\$0.00563	\$0.00575	\$0.00594	\$0.00591	\$0.00588	\$0.00587	\$0.00548

NOTES:

- 1 Derived from City 2018 2nd Half Budget information with certain adjustments.
- 3 Per thousand pounds.
- 4 Per square foot.
- 5 Per seat.
- 6 Per international common use seat.
- 7 Per domestic outbound checked bag.
- 8 Per international outbound checked bag.
- 9 Per arriving domestic seat.
- 10 Per hour.
- 11 Per user.

SOURCES: City of Chicago Department of Aviation, June 2018 (2018); Ricondo & Associates, Inc. October 2018 (2019-2029).

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-9 AIRLINE REVENUE

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET ¹ 2018	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Landing Fee Revenue:												
Signatory Airline ²	\$455,441	\$526,416	\$485,263	\$535,543	\$550,306	\$609,886	\$636,959	\$733,837	\$758,340	\$782,288	\$840,057	\$1,055,968
Non-Signatory Airline	67,393	77,896	71,806	79,246	81,431	90,247	94,253	108,589	112,214	115,758	124,306	156,256
TOTAL LANDING FEE REVENUE	\$522,834	\$604,311	\$557,069	\$614,790	\$631,737	\$700,134	\$731,213	\$842,425	\$870,554	\$898,046	\$964,364	\$1,212,224
Terminal Area Rental and Use Charge Revenue:												
Terminal Rentals	\$315,923	\$322,061	\$370,340	\$441,894	\$503,152	\$537,918	\$519,628	\$602,144	\$625,546	\$642,787	\$757,038	\$845,790
TOTAL TERMINAL RENTAL AND USE CHARGE REVENUE	\$315,923	\$322,061	\$370,340	\$441,894	\$503,152	\$537,918	\$519,628	\$602,144	\$625,546	\$642,787	\$757,038	\$845,790
Fueling System Fee Revenue:												
Signatory Airline ²	\$1,006	\$2,357	\$3,419	\$5,928	\$6,807	\$6,291	\$6,478	\$6,754	\$6,789	\$6,809	\$6,869	\$6,472
TOTAL FUELING SYSTEM FEE REVENUE	\$1,006	\$2,357	\$3,419	\$5,928	\$6,807	\$6,291	\$6,478	\$6,754	\$6,789	\$6,809	\$6,869	\$6,472
Total Airline Revenue	\$839,763	\$928,730	\$930,828	\$1,062,612	\$1,141,696	\$1,244,343	\$1,257,319	\$1,451,324	\$1,502,889	\$1,547,642	\$1,728,271	\$2,064,486
Less: Non-Signatory Airline Revenue	67,393	77,896	71,806	79,246	81,431	90,247	94,253	108,589	112,214	115,758	124,306	156,256
TOTAL SIGNATORY AIRLINE REVENUE	\$772,370	\$850,834	\$859,022	\$983,365	\$1,060,265	\$1,154,096	\$1,163,066	\$1,342,735	\$1,390,674	\$1,431,884	\$1,603,965	\$1,908,231

NOTES:

1 Derived from City 2018 2nd Half Budget information with certain adjustments.

2 Includes airlines that are signatory to the Airport Use Agreements and/or International Terminal Use Agreements.

SOURCES: City of Chicago Department of Aviation, June 2018 (2018); Ricondo & Associates, Inc. October 2018 (2019-2029).

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-10 AIRLINE COST PER ENPLANEMENT

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET ¹ 2018	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Net Signatory Airline Revenue	\$772,370	\$850,834	\$859,022	\$983,365	\$1,060,265	\$1,154,096	\$1,163,066	\$1,342,735	\$1,390,674	\$1,431,884	\$1,603,965	\$1,908,231
Non-Signatory Airline Revenue	67,393	77,896	71,806	79,246	81,431	90,247	94,253	108,589	112,214	115,758	124,306	156,256
Less: Cargo Landing Fee Revenue	(44,697)	(51,663)	(47,624)	(52,558)	(54,007)	(59,854)	(62,511)	(72,019)	(74,424)	(76,774)	(82,443)	(103,633)
Total Passenger Airline Requirement	\$795,066	\$877,067	\$883,204	\$1,010,053	\$1,087,689	\$1,184,488	\$1,194,808	\$1,379,305	\$1,428,465	\$1,470,868	\$1,645,828	\$1,960,853
Total Projected Enplaned Passengers	41,062	42,609	42,881	43,158	43,501	43,733	44,052	44,430	44,768	45,040	45,407	45,780
Total Airline Cost per Enplaned Passenger												
Current Dollars	\$19.36	\$20.58	\$20.60	\$23.40	\$25.00	\$27.08	\$27.12	\$31.04	\$31.91	\$32.66	\$36.25	\$42.83
2018 Dollars ²	\$19.36	\$19.98	\$19.41	\$21.42	\$22.22	\$23.36	\$22.71	\$25.24	\$25.19	\$25.03	\$26.97	\$30.94

NOTES:

1 Derived from City 2018 2nd Half Budget information with certain adjustments.

2 Inflation rate assumed at 3 percent

SOURCES: City of Chicago Department of Aviation, June 2018 (2018); Ricondo & Associates, Inc. October 2018 (2019-2029).

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-11 (1 OF 2) GARB DEBT SERVICE COVERAGE ¹

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2018	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Signatory Landing Fee Revenue	\$455,441	\$526,416	\$485,263	\$535,543	\$550,306	\$609,886	\$636,959	\$733,837	\$758,340	\$782,288	\$840,057	\$1,055,968
Terminal Area Rental and Use Charge Revenue	315,923	322,061	370,340	441,894	503,152	537,918	\$19,628	602,144	625,546	642,787	757,038	845,790
Terminal Baggage Handling Systems Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Fueling System Fee Revenue	1,006	2,357	3,419	5,928	6,807	6,291	6,478	6,754	6,789	6,809	6,869	6,472
Non-Airline and Non-Signatory Airline Revenue	388,564	451,461	453,763	475,507	496,970	520,506	\$39,223	571,321	592,321	606,072	625,904	669,218
Investment Income from Debt Service Reserve Fund	5,300	5,816	5,675	6,315	6,675	7,610	8,154	9,365	9,718	9,832	10,122	12,741
Federal Subsidy (BABs) Revenue	12,354	12,354	12,354	12,354	12,354	12,354	12,354	12,354	12,354	12,354	12,354	12,354
Total Revenue	\$1,178,588	\$1,320,465	\$1,330,813	\$1,477,541	\$1,576,265	\$1,694,566	\$1,722,797	\$1,935,775	\$2,005,067	\$2,060,142	\$2,252,344	\$2,602,543
Pledged PFC Revenue ²	\$77,435	\$80,138	\$90,568	\$97,972	\$97,968	\$97,978	\$170,638	\$170,638	\$170,634	\$170,637	\$170,642	\$170,640
Applied PFC Revenue ³	10,051	0	0	0	0	0	0	0	0	0	0	0
Federal Funds Pledged to Series 2011B Debt Service	20,000	20,000	20,000	20,000	0	0	0	0	0	0	0	0
Federal Funds Pledged to Series 2016E Grant Receipts-Backed Debt Service	0	0	0	0	0	30,000	30,000	30,000	30,000	20,000	0	0
NATCT	2,115	2,115	2,115	2,115	2,115	2,115	2,115	2,115	2,115	2,115	1,498	0
Total Revenue plus Pledged Other Available Moneys and Applied PFCs	\$1,288,188	\$1,422,718	\$1,443,496	\$1,597,628	\$1,676,348	\$1,854,658	\$1,955,551	\$2,168,529	\$2,237,817	\$2,272,894	\$2,424,484	\$2,773,183

CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE B-11 (2 OF 2) GARB DEBT SERVICE COVERAGE ¹

(Dollars in Thousands for Fiscal Years Ending December 31)

	BUDGET 2018	PROJECTED										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Coverage Calculation												
Total Revenue plus Pledged Other Available Moneys and Applied PFCs	\$1,288,188	\$1,422,718	\$1,443,496	\$1,597,628	\$1,676,348	\$1,854,658	\$1,955,551	\$2,168,529	\$2,237,817	\$2,272,894	\$2,424,484	\$2,773,183
Plus: Prior Period Required Debt Service Coverage	56,457	57,469	87,244	113,492	157,871	166,872	190,252	203,847	234,126	242,958	245,804	253,046
Adjusted Total Revenue	\$1,344,645	\$1,480,188	\$1,530,740	\$1,711,120	\$1,834,219	\$2,021,530	\$2,145,803	\$2,372,376	\$2,471,943	\$2,515,852	\$2,670,288	\$3,026,229
Less:												
O&M Expenses	\$639,203	\$696,881	\$749,125	\$812,529	\$882,897	\$924,228	\$977,304	\$1,043,754	\$1,124,654	\$1,177,731	\$1,287,341	\$1,342,741
Net Revenue Available for Senior Lien Coverage	705,442	783,306	781,615	898,591	951,322	1,097,303	1,168,499	1,328,622	1,347,289	1,338,120	1,382,947	1,683,489
Senior Lien Debt Service ⁴	\$574,694	\$581,628	\$567,460	\$631,483	\$667,489	\$761,008	\$815,389	\$936,503	\$971,831	\$983,217	\$1,012,185	\$1,274,074
Senior Lien GARB Debt Service Coverage	1.23	1.35	1.38	1.42	1.43	1.44	1.43	1.42	1.39	1.36	1.37	1.32
Other Required Uses of Revenue												
O&M Reserve Fund	\$16,615	\$14,420	\$13,061	\$15,851	\$17,592	\$10,333	\$13,269	\$16,613	\$20,225	\$13,269	\$27,403	\$13,850
Supplemental O&M Reserve Fund	0	25,088	28,849	33,816	39,384	39,224	44,737	49,841	20,225	13,269	27,403	13,850
Maintenance Reserve Fund	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Special Capital Projects Fund	3,000	3,150	3,308	3,473	3,647	3,829	4,020	4,221	4,432	4,654	4,887	5,131
Total Other Required Uses of Revenue	\$22,615	\$45,657	\$48,218	\$56,140	\$63,623	\$56,385	\$65,026	\$73,675	\$47,882	\$34,193	\$62,692	\$35,831

NOTES:

- 1 Coverage calculation makes adjustments for certain O&M Expenses, Revenues, and other reserve funds and therefore is not directly comparable to the coverage calculation in the financial statements.
- 2 Includes PFC Revenues applied to pay debt service on portions of future GARBs.
- 3 Includes non-pledged PFC Revenues assumed to be applied to existing outstanding debt service pursuant to a letter agreement with the airlines.
- 4 Net of capitalized interest. Actual and projected debt service. Assumes future debt service issues as Senior Lien debt.

SOURCES: City of Chicago Department of Aviation, June 2018 (2018); Ricondo & Associates, Inc. October 2018 (2019-2029).

APPENDIX F

PROPOSED FORMS OF OPINIONS OF CO-BOND COUNSEL

_____, 2020

City of Chicago
City Hall
Chicago, Illinois

We have examined a record of proceedings relating to the issuance of \$_____,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020A (the "Bonds") of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"). The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on March 28, 2018 (the "Bond Ordinance").

The Bonds are authorized by the City for the primary purpose of refunding bonds (the "Prior Bonds") previously issued for the purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport").

The Bonds are being issued pursuant to a Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of June 1, 2018 (the "Indenture"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), and a Sixty-Sixth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020A, dated as of October 1, 2020 (the "Sixty-Sixth Supplemental Indenture"). The Bonds are Senior Lien Obligations authorized under the Indenture and are payable solely from and secured by a pledge of Revenues of the Airport as, and to the extent, provided in the Indenture and the Sixty-Sixth Supplemental Indenture. Terms used herein that are defined in the Indenture and the Sixty-Sixth Supplemental Indenture shall have the meanings set forth therein unless otherwise defined herein.

Under the terms of the Indenture, the City has previously issued Senior Lien Obligations that are presently outstanding and the City may hereafter authorize and issue additional Senior Lien Obligations as permitted by the Indenture. Senior Lien Obligations are entitled to the benefit and security of the Indenture, including the pledge of Revenues and other funds maintained for the benefit of the Senior Lien Obligations.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds are dated _____, 2020 and bear interest from their date payable on January 1, 2021, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such principal amounts in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>

The Bonds maturing on or after January 1, ____ are subject to redemption, at the option of the City, on or after _____, ____, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for Bonds of the same maturity, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption.

The Bonds maturing on January 1, 20__ are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Sixty-Sixth Supplemental Indenture on January 1 of the years 20__ to 20__, both inclusive, at a redemption price equal to the principal amount thereof to be redeemed.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, and such laws as we deemed pertinent to this opinion; (b) a certified copy of the Bond Ordinance, (c) executed counterparts of the Indenture and the Sixty-Sixth Supplemental Indenture; and (d) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Sixty-Sixth Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Sixty-Sixth Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Sixty-Sixth Supplemental Indenture have been duly

authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Sixty-Sixth Supplemental Indenture, and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Revenues deposited in the 2020A Dedicated Sub-Fund maintained by the Trustee under the Sixty-Sixth Supplemental Indenture, the Common Debt Service Reserve Sub-Fund on a parity with other Common Reserve Bonds and certain other amounts as provided in the Indenture and the Sixty-Sixth Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

5. The Indenture and the Sixty-Sixth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Sixty-Sixth Supplemental Indenture.

6. Under existing law, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. In addition, interest on the Bonds does not constitute an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the Bonds is not exempt from present Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exemption from Federal income taxes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States of America, the security and source of payment of the Bonds and the use and tax ownership of the property financed with the proceeds of the Prior Bonds and the Bonds. The City has covenanted in the Indenture to comply with these requirements.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Sixty-Sixth Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

_____, 2020

City of Chicago
City Hall
Chicago, Illinois

We have examined a record of proceedings relating to the issuance of \$_____,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020B (the "Bonds") of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"). The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on March 28, 2018 (the "Bond Ordinance").

The Bonds are authorized by the City for the primary purpose of refunding bonds (the "Prior Bonds") previously issued for the purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport").

The Bonds are being issued pursuant to a Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of June 1, 2018 (the "Indenture"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), and a Sixty-Seventh Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020B, dated as of October 1, 2020 (the "Sixty-Seventh Supplemental Indenture"). The Bonds are Senior Lien Obligations authorized under the Indenture and are payable solely from and secured by a pledge of Revenues of the Airport as, and to the extent, provided in the Indenture and the Sixty-Seventh Supplemental Indenture. Terms used herein that are defined in the Indenture and the Sixty-Seventh Supplemental Indenture shall have the meanings set forth therein unless otherwise defined herein.

Under the terms of the Indenture, the City has previously issued Senior Lien Obligations that are presently outstanding and the City may hereafter authorize and issue additional Senior Lien Obligations as permitted by the Indenture. Senior Lien Obligations are entitled to the benefit and security of the Indenture, including the pledge of Revenues and other funds maintained for the benefit of the Senior Lien Obligations.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds are dated _____, 2020 and bear interest from their date payable on January 1, 2021, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such principal amounts in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>

The Bonds maturing on or after January 1, ____ are subject to redemption, at the option of the City, on or after _____, ____, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for Bonds of the same maturity, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption.

The Bonds maturing on January 1, 20__ are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Sixty-Seventh Supplemental Indenture on January 1 of the years 20__ to 20__, both inclusive, at a redemption price equal to the principal amount thereof to be redeemed.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, and such laws as we deemed pertinent to this opinion; (b) a certified copy of the Bond Ordinance, (c) executed counterparts of the Indenture and the Sixty-Seventh Supplemental Indenture; and (d) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Sixty-Seventh Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Sixty-Seventh Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Sixty-Seventh Supplemental Indenture have been duly

authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Sixty-Seventh Supplemental Indenture, and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Revenues deposited in the 2020B Dedicated Sub-Fund maintained by the Trustee under the Sixty-Seventh Supplemental Indenture, the Common Debt Service Reserve Sub-Fund on a parity with other Common Reserve Bonds and certain other amounts as provided in the Indenture and the Sixty-Seventh Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

5. The Indenture and the Sixty-Seventh Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Sixty-Seventh Supplemental Indenture.

6. Under existing law, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. In addition, interest on the Bonds does not constitute an item of tax preference for purposes of computing alternative minimum taxable income. We express no opinion as to the exclusion from gross income for Federal income tax purposes of interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities financed with the proceeds of the Bonds or a "related person" (as defined in Section 147(a) of the Code). Interest on the Bonds is not exempt from present Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exemption from Federal income taxes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States of America, the security and source of payment of the Bonds and the use and tax ownership of the property financed with the proceeds of the Prior Bonds and the Bonds. The City has covenanted in the Indenture to comply with these requirements.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Sixty-Seventh Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

_____, 2020

City of Chicago
City Hall
Chicago, Illinois

We have examined a record of proceedings relating to the issuance of \$_____,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020C (the "Bonds") of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"). The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on March 28, 2018 (the "Bond Ordinance").

The Bonds are authorized by the City for the primary purpose of refunding bonds (the "Prior Bonds") previously issued for the purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport").

The Bonds are being issued pursuant to a Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of June 1, 2018 (the "Indenture"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), and a Sixty-Eighth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020C and General Airport Senior Lien Revenue Bonds, Series 2020E, dated as of October 1, 2020 (the "Sixty-Eighth Supplemental Indenture"). The Bonds are Senior Lien Obligations authorized under the Indenture and are payable solely from and secured by a pledge of Revenues of the Airport and Pledged Other Available Moneys as, and to the extent, provided in the Indenture and the Sixty Eighth Supplemental Indenture. The Pledged Other Available Moneys consist of passenger facility charges imposed by the City at the Airport that may be withdrawn from the PFC Capital Fund. Terms used herein that are defined in the Indenture and the Sixty-Eighth Supplemental Indenture shall have the meanings set forth therein unless otherwise defined herein.

Concurrently with the issuance of the Bonds, the City has issued \$_____ aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2020E (the "2020E Bonds"), under the Sixty-Eighth Supplemental Indenture.

Under the terms of the Indenture, the City has previously issued Senior Lien Obligations that are presently outstanding and the City may hereafter authorize and issue additional Senior Lien Obligations as permitted by the Indenture. Senior Lien Obligations are entitled to the benefit and security of the Indenture, including the pledge of Revenues and other funds maintained for the benefit of the Senior Lien Obligations.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds are dated _____, 2020 and bear interest from their date payable on January 1, 2021, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such principal amounts in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>

The Bonds maturing on or after January 1, ____ are subject to redemption, at the option of the City, on or after _____, ____, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for Bonds of the same maturity, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption.

The Bonds maturing on January 1, 20__ are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Sixty-Eighth Supplemental Indenture on January 1 of the years 20__ to 20__, both inclusive, at a redemption price equal to the principal amount thereof to be redeemed.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, and such laws as we deemed pertinent to this opinion; (b) a certified copy of the Bond Ordinance, (c) executed counterparts of the Indenture and the Sixty-Eighth Supplemental Indenture; and (d) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Sixty-Eighth Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Sixty-Eighth Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Sixty-Eighth Supplemental Indenture

have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Sixty-Eighth Supplemental Indenture, and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Revenues deposited in the 2020C Dedicated Sub-Fund, Pledged Other Available Moneys deposited in the 2020C and 2020E PFC Revenue Deposit Account and the Consolidated Debt Service Reserve Sub-Fund, each maintained by the Trustee under the Sixty-Eighth Supplemental Indenture and certain other amounts as provided in the Indenture and the Sixty-Eighth Supplemental Indenture. The 2020C and 2020E PFC Revenue Deposit Account and the Consolidated Debt Service Reserve Sub-Fund are maintained for the equal and ratable benefit of the Bonds and the 2020E Bonds. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

5. The Indenture and the Sixty-Eighth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Sixty-Eighth Supplemental Indenture.

6. Under existing law, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. In addition, interest on the Bonds does not constitute an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the Bonds is not exempt from present Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exemption from Federal income taxes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States of America, the security and source of payment of the Bonds and the use and tax ownership of the property financed with the proceeds of the Prior Bonds and the Bonds. The City has covenanted in the Indenture to comply with these requirements.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Sixty-Eighth Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

_____, 2020

City of Chicago
City Hall
Chicago, Illinois

We have examined a record of proceedings relating to the issuance of \$_____,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020D (Taxable) (the "Bonds") of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"). The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on March 28, 2018 (the "Bond Ordinance").

The Bonds are authorized by the City for the primary purpose of refunding bonds previously issued for the purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport").

The Bonds are being issued pursuant to a Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of June 1, 2018 (the "Indenture"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), and a Sixty-Ninth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020D (Taxable), dated as of October 1, 2020 (the "Sixty-Ninth Supplemental Indenture"). The Bonds are Senior Lien Obligations authorized under the Indenture and are payable solely from and secured by a pledge of Revenues of the Airport as, and to the extent, provided in the Indenture and the Sixty-Ninth Supplemental Indenture. Terms used herein that are defined in the Indenture and the Sixty-Ninth Supplemental Indenture shall have the meanings set forth therein unless otherwise defined herein.

Under the terms of the Indenture, the City has previously issued Senior Lien Obligations that are presently outstanding and the City may hereafter authorize and issue additional Senior Lien Obligations as permitted by the Indenture. Senior Lien Obligations are entitled to the benefit and security of the Indenture, including the pledge of Revenues and other funds maintained for the benefit of the Senior Lien Obligations.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds are dated _____, 2020 and bear interest from their date payable on January 1, 2021, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such principal amounts in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>

Redemption Provisions

Interest on the Bonds is not exempt from Federal income tax. Interest on the Bonds is not exempt from present Illinois income taxes.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, and such laws as we deemed pertinent to this opinion; (b) a certified copy of the Bond Ordinance, (c) executed counterparts of the Indenture and the Sixty-Ninth Supplemental Indenture; and (d) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Sixty-Ninth Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Sixty-Ninth Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Sixty-Ninth Supplemental Indenture have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Sixty-Ninth Supplemental Indenture, and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Revenues deposited in the 2020D Dedicated Sub-Fund maintained by the Trustee under the Sixty-Ninth Supplemental Indenture, the Common Debt Service Reserve Sub-Fund on a parity with other Common Reserve Bonds and certain other amounts as provided in the Indenture and the Sixty-Ninth Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

5. The Indenture and the Sixty-Ninth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Sixty-Ninth Supplemental Indenture.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Sixty-Ninth Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

_____, 2020

City of Chicago
City Hall
Chicago, Illinois

We have examined a record of proceedings relating to the issuance of \$_____,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2020E (the "Bonds") of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"). The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on March 28, 2018 (the "Bond Ordinance").

The Bonds are authorized by the City for the primary purpose of refunding passenger facility charge revenue bonds (the "Prior Bonds") previously issued for the purpose of providing funds to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport").

The Bonds are being issued pursuant to a Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations, dated as of June 1, 2018 (the "Indenture"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), and a Sixty-Eighth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020C and General Airport Senior Lien Revenue Bonds, Series 2020E, dated as of October 1, 2020 (the "Sixty-Eighth Supplemental Indenture"). The Bonds are Senior Lien Obligations authorized under the Indenture and are payable solely from and secured by a pledge of Revenues of the Airport and Pledged Other Available Moneys as, and to the extent, provided in the Indenture and the Sixty Eighth Supplemental Indenture. The Pledged Other Available Moneys consist of passenger facility charges imposed by the City at the Airport that may be withdrawn from the PFC Capital Fund. Terms used herein that are defined in the Indenture and the Sixty-Eighth Supplemental Indenture shall have the meanings set forth therein unless otherwise defined herein.

Under the terms of the Indenture, the City has previously issued Senior Lien Obligations that are presently outstanding and the City may hereafter authorize and issue additional Senior Lien Obligations as permitted by the Indenture. Senior Lien Obligations are entitled to the benefit and security of the Indenture, including the pledge of Revenues and other funds maintained for the benefit of the Senior Lien Obligations.

Concurrently with the issuance of the Bonds, the City has issued \$_____ aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2020C (the "2020C Bonds") under the Sixty-Eighth Supplemental Indenture.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds are dated _____, 2020 and bear interest from their date payable on January 1, 2021, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such principal amounts in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>

The Bonds maturing on or after January 1, ____ are subject to redemption, at the option of the City, on or after _____, ____, as a whole or in part at any time, and if in part, from such maturities as the City shall determine and by lot for Bonds of the same maturity, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption.

The Bonds maturing on January 1, 20__ are subject to mandatory redemption, in part and by lot, by the application of Sinking Fund Payments as provided in the Sixty-Eighth Supplemental Indenture on January 1 of the years 20__ to 20__, both inclusive, at a redemption price equal to the principal amount thereof to be redeemed.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, and such laws as we deemed pertinent to this opinion; (b) a certified copy of the Bond Ordinance, (c) executed counterparts of the Indenture and the Sixty-Eighth Supplemental Indenture; and (d) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Sixty-Eighth Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Sixty-Eighth Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Sixty-Eighth Supplemental Indenture

have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Sixty-Eighth Supplemental Indenture, and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Revenues deposited in the 2020E Dedicated Sub-Fund, Pledged Other Available Moneys deposited in the 2020C and 2020E PFC Revenue Deposit Account and the Consolidated Debt Service Reserve Sub-Fund, each maintained by the Trustee under the Sixty-Eighth Supplemental Indenture and certain other amounts as provided in the Indenture and the Sixty-Eighth Supplemental Indenture. The 2020C and 2020E PFC Revenue Deposit Account and the Consolidated Debt Service Reserve Sub-Fund are maintained for the equal and ratable benefit of the Bonds and the 2020C Bonds. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

5. The Indenture and the Sixty-Eighth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Sixty-Eighth Supplemental Indenture.

6. Under existing law, interest on the Bonds is not includible in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. In addition, interest on the Bonds does not constitute an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the Bonds is not exempt from present Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exemption from Federal income taxes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States of America, the security and source of payment of the Bonds and the use and tax ownership of the property financed with the proceeds of the Prior Bonds and the Bonds. The City has covenanted in the Indenture to comply with these requirements.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Sixty-Eighth Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

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APPENDIX G

DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

Global Clearance Procedures

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear Bank S.A./N.V. ("Euroclear") or Clearstream Banking SA ("Clearstream") (DTC, Euroclear and Clearstream together, the "Clearing Systems") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Authority, the Underwriters and the Initial Purchasers believe to be reliable, but none of the Authority, the Underwriters or the Initial Purchasers take any responsibility for the accuracy, completeness or adequacy of the information in this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. We will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the 2020 Senior Lien Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Euroclear and Clearstream. Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures. The 2020 Senior Lien Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such 2020 Senior Lien Bonds, the record holder will be DTC's nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or

Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfer Procedures. Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time.

The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

The Authority will not impose any fees in respect of holding the 2020 Senior Lien Bonds; however, holders of book-entry interests in the 2020 Senior Lien Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the DTC, Euroclear and Clearstream.

Initial Settlement. Interests in the 2020 Senior Lien Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the 2020 Senior Lien Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the 2020 Senior Lien Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of the 2020 Senior Lien Bonds against payment (value as on the date of delivery of the 2020 Senior Lien Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the 2020 Senior Lien Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the 2020 Senior Lien Bonds following confirmation of receipt of payment to the Authority on the date of delivery of the 2020 Senior Lien Bonds.

Secondary Market Trading. Secondary market trades in the 2020 Senior Lien Bonds will be settled by transfer of title to book-entry interests in Euroclear, Clearstream or DTC, as the case may be. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the 2020 Senior Lien Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Book-entry interests in the 2020 Senior Lien Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the 2020 Senior Lien Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the 2020 Senior Lien Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or

Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the 2020 Senior Lien Bonds, or to receive or make a payment or delivery of 2020 Senior Lien Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information. We expect that the 2020 Senior Lien Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers, common codes and CUSIP numbers for the 2020 Senior Lien Bonds are set out in the inside cover pages of the Official Statement.

General. Neither Euroclear or Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time

Neither the Authority nor any of its agents will have any responsibility for the performance by Euroclear or Clearstream or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

The information in this subsection concerning DTC, Euroclear and Clearstream has been obtained from sources that the Authority, the Underwriters and the Initial Purchasers believe to be reliable, but none of the Authority, the Underwriters or the Initial Purchasers take any responsibility for the accuracy thereof or make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The 2020 Senior Lien Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such 2020 Senior Lien Bonds, the record holder will be DTC's nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfer Procedures. Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by

the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time.

The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

The Authority will not impose any fees in respect of holding the 2020 Senior Lien Bonds; however, holders of book-entry interests in the 2020 Senior Lien Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the DTC, Euroclear and Clearstream.

Initial Settlement. Interests in the 2020 Senior Lien Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the 2020 Senior Lien Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the 2020 Senior Lien Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of the 2020 Senior Lien Bonds against payment (value as on the date of delivery of the 2020 Senior Lien Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the 2020 Senior Lien Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Senior Lien Bonds following confirmation of receipt of payment to the Authority on the date of delivery of the Senior Lien Bonds.

Secondary Market Trading. Secondary market trades in the 2020 Senior Lien Bonds will be settled by transfer of title to book-entry interests in Euroclear, Clearstream or DTC, as the case may be. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the 2020 Senior Lien Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Book-entry interests in the 2020 Senior Lien Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the 2020 Senior Lien Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the 2020 Senior Lien Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the 2020 Senior Lien Bonds, or to receive or make a payment or delivery of 2020 Senior Lien Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information. We expect that the 2020 Senior Lien Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers, common codes and CUSIP numbers for the 2020 Senior Lien Bonds are set out in the inside cover pages of the Official Statement.

General. Neither Euroclear or Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the Authority nor any of its agents will have any responsibility for the performance by Euroclear or Clearstream or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

The information in this subsection concerning DTC, Euroclear and Clearstream has been obtained from sources that the Authority, the Underwriters and the Initial Purchasers believe to be reliable, but none of the Authority, the Underwriters or the Initial Purchasers take any responsibility for the accuracy thereof or make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

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APPENDIX H
BONDS TO BE REFUNDED

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BONDS TO BE REFUNDED¹

In addition to the refunded bonds outlined in the table below, a portion of the proceeds of the Series 2020 Bonds may be used to refund all or a portion of the principal of and interest on certain additional maturities of outstanding Senior Lien Bonds or PFC Obligations of the City.

SENIOR LIEN BONDS					
Series	Maturity	Interest Rate	Redemption Date	Par Amount (\$)	CUSIP
Series 2005C	1/1/2035	Variable		140,600,000	1675926Z2
Series 2005D	1/1/2035	Variable		100,000,000	1675927A6
Series 2010B	1/1/2038	6.845%		250,000,000	167593AM4
Series 2010C	1/1/2021	4.000%		2,915,000	167593BP6
Series 2010C	1/1/2021	5.250%		4,925,000	167593CA8
Series 2010C	1/1/2022	5.250%		8,215,000	167593BQ4
Series 2010C	1/1/2023	5.250%		8,645,000	167593BR2
Series 2010C	1/1/2024	5.250%		9,100,000	167593BS0
Series 2010C	1/1/2025	4.250%		1,405,000	167593BT8
Series 2010C	1/1/2025	5.250%		8,170,000	167593CB6
Series 2010C	1/1/2026	5.250%		10,065,000	167593BU5
Series 2010C	1/1/2027	5.250%		10,590,000	167593BV3
Series 2010C	1/1/2028	5.250%		11,150,000	167593BW1
Series 2010C	1/1/2029	5.250%		11,735,000	167593BX9
Series 2010C	1/1/2030	5.250%		12,350,000	167593BY7
Series 2010C	1/1/2035	5.250%		71,985,000	167593CC4
Series 2010C	1/1/2035	4.875%		200,000	167593BZ4
Series 2010F	1/1/2021	4.250%		2,820,000	167593CW0
Series 2010F	1/1/2022	4.375%		400,000	167593CX8
Series 2010F	1/1/2022	5.250%		2,540,000	167593DH2
Series 2010F	1/1/2023	4.500%		25,000	167593CY6
Series 2010F	1/1/2023	5.250%		3,065,000	167593DJ8
Series 2010F	1/1/2024	4.500%		650,000	167593CZ3
Series 2010F	1/1/2024	5.250%		2,605,000	167593DK5
Series 2010F	1/1/2025	4.500%		100,000	167593DA7
Series 2010F	1/1/2025	5.250%		3,320,000	167593DL3
Series 2010F	1/1/2026	4.500%		3,600,000	167593DB5
Series 2010F	1/1/2027	4.625%		550,000	167593DC3
Series 2010F	1/1/2027	5.250%		3,210,000	167593DM1
Series 2010F	1/1/2028	4.750%		3,955,000	167593DD1
Series 2010F	1/1/2029	4.750%		300,000	167593DE9
Series 2010F	1/1/2029	5.250%		3,845,000	167593DN9
Series 2010F	1/1/2030	4.875%		705,000	167593DF6
Series 2010F	1/1/2030	5.250%		3,655,000	167593DP4
Series 2010F	1/1/2035	5.000%		25,340,000	167593DG4
Series 2010F	1/1/2040	5.000%		32,345,000	167593DQ2
Series 2011A	1/1/2035	5.625%		27,520,000	167593G48
Series 2011A	1/1/2039	5.750%		44,560,000	167593G30
Series 2012A	1/1/2021	3.500%		2,525,000	167593GY2
Series 2012A	1/1/2021	5.000%		9,170,000	167593HL9
Series 2012A	1/1/2022	5.000%		12,235,000	167593GZ9

¹ Preliminary; subject to change. The City is under no obligation to refund any of the Bonds listed herein.

SENIOR LIEN BONDS

Series	Maturity	Interest Rate	Redemption Date	Par Amount (\$)	CUSIP
Series 2012A	1/1/2023	5.000%		12,855,000	167593HA3
Series 2012A	1/1/2024	5.000%		13,500,000	167593HB1
Series 2012A	1/1/2025	5.000%		14,170,000	167593HC9
Series 2012A	1/1/2026	5.000%		14,880,000	167593HD7
Series 2012A	1/1/2027	5.000%		13,105,000	167593HE5
Series 2012A	1/1/2028	3.750%		13,760,000	167593HF2
Series 2012A	1/1/2029	5.000%		14,275,000	167593HG0
Series 2012A	1/1/2030	4.000%		14,990,000	167593HH8
Series 2012A	1/1/2031	5.000%		15,595,000	167593HJ4
Series 2012A	1/1/2032	4.000%		16,375,000	167593HK1
Series 2012B	1/1/2022	5.000%		12,330,000	167593HU9
Series 2012B	1/1/2023	5.000%		12,945,000	167593HV7
Series 2012B	1/1/2024	5.000%		13,590,000	167593HW5
Series 2012B	1/1/2025	5.000%		14,275,000	167593HX3
Series 2012B	1/1/2026	5.000%		14,985,000	167593HY1
Series 2012B	1/1/2027	5.000%		15,735,000	167593HZ8
Series 2012B	1/1/2028	3.750%		16,525,000	167593JA1
Series 2012B	1/1/2029	5.000%		17,140,000	167593JB9
Series 2012B	1/1/2030	5.000%		18,000,000	167593JC7
Series 2012B	1/1/2031	5.000%		18,895,000	167593JD5
Series 2012B	1/1/2032	5.000%		19,840,000	167593JE3

PFC OBLIGATIONS

Series	Maturity	Interest Rate	Redemption Date	Par Amount (\$)	CUSIP
Series 2010A	1/1/2025	5.000%		1,055,000	167593DR0
Series 2010A	1/1/2026	5.000%		1,105,000	167593DS8
Series 2010A	1/1/2027	5.000%		1,160,000	167593DT6
Series 2010A	1/1/2028	5.000%		1,220,000	167593DU2
Series 2010A	1/1/2029	5.250%		1,280,000	167593DV1
Series 2010A	1/1/2030	5.000%		1,350,000	167593DW9
Series 2010A	1/1/2035	5.000%		7,820,000	167593DX7
Series 2010A	1/1/2040	5.000%		9,975,000	167593DY5
Series 2010B	1/1/2025	5.000%		2,165,000	167593DZ2
Series 2010B	1/1/2026	5.000%		2,275,000	167593EA6
Series 2010B	1/1/2027	5.000%		2,385,000	167593EB4
Series 2010B	1/1/2028	5.000%		2,505,000	167593EC2
Series 2010B	1/1/2029	5.250%		2,630,000	167593ED0
Series 2010B	1/1/2030	5.000%		2,770,000	167593EE8
Series 2010B	1/1/2035	5.000%		16,070,000	167593EF5
Series 2010B	1/1/2040	5.000%		20,505,000	167593EG3

